

Overlapping Generations and Climate Change in a Regionally Disaggregated Framework

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To be effective tools, it is necessary for integrated assessment models to incorporate both inter-regional and inter-temporal effects. These are needed in order to address the issues of equity and efficiency that are currently being debated in the international arena. We argue that the inter-regional and inter-temporal effects can best be represented in an inter-regional Overlapping Generations model. We present a prototype of such a model, NSOLG, in which the world is divided into two regions, North and South. Discount rates obtained through both descriptive and prescriptive methodologies are used to compare the intergenerational costs of capital differentials.