

The Effect of Global Warming On Discounting Methodology

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Abstract

On October 30, 2006 the UK government's Stern Review on the Economics of Climate Change made startling claims about the present value today of climate change effects predicted to emerge primarily 150 years or more in the future. The ensuing debate included challenges to and defenses of the the particular methodology used and parameter values selected to perform the discounting of future values. Noticing an overlooked *faux pas* in the presentation we uncover the likely motivation for choosing the most mystifying of the parameters values, and provide a lesson on the underpinnings of the basic tool of our craft.