



Counting the Social Cost of Carbon

Derek Duncan
Global Relations Minister

“If you really fulfill the royal law according to the scripture, ‘You shall love your neighbor as yourself,’ you do well. But if you show partiality, you commit sin and are convicted by the law as transgressors.” James 2:8–9

One of the latest policies floated by the US Environmental Protection Agency has been making waves around the rest of the world. In November 2022, the EPA published a [proposal](#) designed to curb greenhouse gas emissions more aggressively by increasing the calculation for what it calls the Social Cost of Carbon. This move was praised by environmental advocates in the United States and around the globe. But the proposal, the [Supplementary Material for the Regulatory Impact Analysis](#), contains a devilishly troubling detail—a calculation that appears to value lives in some countries more than others.

What is the value of a human life? It’s a delicate question, but actuaries and insurers quantify what life is worth all the time. We weigh their calculations, consciously or not, whenever we decide how much we’re willing to pay for our insurance. Policymakers often build their case on assumptions about the value of common goods and public services when deciding how much to budget for a program or how much to fine a company that infringes on the public interest.

Policymakers concerned about climate change have looked for ways to reduce carbon emissions. The typical carrots and sticks that a government might employ with polluters often rely on calculations aimed to reduce either the amount of fossil fuels like oil, gas, and coal extracted; the amount of these fuels used for energy production, industry, or consumers; or the pollution emitted from extracting and burning these carbon sources.

In its proposal, the EPA seeks to determine the real cost of carbon use—

meaning more than just how much a company or consumer pays per kilowatt-hour of electricity, gallon of gas, or price per unit of anything. The Social Cost of Carbon also includes the value of damage done as a result of emissions.

Previous government estimates said that, after all the technical calculations, the total Social Cost of Carbon is fifty-one dollars per ton of carbon dioxide emitted. However, previous assessments of climate impact had counted costs and benefits just in the context of the United States—and on the lives of people in the United States. The new report recognizes that since our land, sea, and air don't stop at the border, US carbon use also impacts climate and people around the world. It says the Social Cost of Carbon should be increased to 190 dollars, which means the carrots and sticks the United States government uses should be three times larger.

While its more accurate evaluation of global cost is encouraging, what is troubling is that in its calculations, the EPA uses a model based on "Willingness to Pay" that recognizes higher income people (and higher per capita income countries) are willing to pay more to reduce their risks of climate harm, much like we may be willing to buy more insurance if we had more money. "EPA's benefit transfer also recognizes that as per capita income increases, willingness to pay for mortality risk reductions also increases. This parallels the fact that as their income increases, individuals are willing to pay more for most goods and services," as page 134 of the proposal reads. Consequently, the cost of emissions and benefits of cutting them is greater for higher income people.

Some have pointed out that while the EPA cost calculation values lives in rich countries more than those in poor countries, it doesn't similarly value US states with a higher per-capita GDP greater than those with a lower per-capita GDP. It seems that all US states, and lives, are equally precious, regardless of income. This inconsistency is a problem methodologically, but also reveals that if a fair social cost of carbon calculation can be made assuming that all US lives are equal, then a fair cost could be made that counts all global lives equally as well.

Tragically, some the poorest countries are those most at risk from climate change, and the social costs that poorer nations bear are largely due to the carbon use of richer nations. Low-lying Pacific Islands like Tuvalu and the Marshall Islands are facing an existential threat from rising sea level. The values of these lives—off all lives—are measured by more than just the capacity to produce income.

Communities around the world at risk of climate-induced disasters consider numerous factors other than economic output in considering

very much tied to their community's land—and waters. When Pacific ecosystems are put at risk, the the value of life. One of our partners, the Pacific Theological College in Fiji, is in the process of widening its curriculum to embrace a more “whole of life” understanding of Pasifika identity among its students, one that incorporates Pacific “communities’ life-affirming philosophies, values, and spiritualities” in its educational program. This perspective recognizes individual value is connected to one’s community and environment more than one’s personal net worth. An individual may hold specialized cultural knowledge that carries the legacy of community memory or traditional practices. The social fabric and structure of Pacific communities are integrity of Pacific cultures and everyone who inhabits that identity is at risk.

The indigenous Pacific resources that the Pacific Theological College is embracing demonstrate that the Social Cost of Carbon is more than a country’s collective net worth. This is something we should learn from and take into account when considering the true cost of our carbon activity on lives around the world. The EPA has invited [public comment](#) to its proposal until February 13.

ABOUT THE AUTHOR

Derek Duncan is the Global Relations Minister for East Asia and the Pacific for Global of the Christian Church (Disciples of Christ) and United Church of Christ.

LEARN ucc.org/justice

DONATE ucc.org/donate

ARCHIVE



bit.ly/witness4justice

The United Church of Christ has more than 5,000 churches throughout the United States. Rooted in the Christian traditions of congregational governance and covenantal relationships, each UCC setting speaks only for itself and not on behalf of every UCC congregation. UCC members and churches are free to differ on important social issues, even as the UCC remains principally committed to unity in the midst of our diversity.