

Climate change: mitigation vs adaptation

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Dr. James Smith has specialized in energy studies since receiving his PhD in economics from Harvard University in 1977 and has published many scholarly articles on the oil and gas industry. Dr. Smith currently serves as co-editor of The Energy Journal - the flagship journal of the International Association for Energy Economics, and as President of the International Association for Energy Economics. In addition to the academic services he provided to the students at Southern Methodist University, Dr. Smith frequently provides consulting services to energy companies, regulatory agencies, and government officials, in the US and abroad.

1. Two approaches:

1.1 Mitigating greenhouse gas emissions (e.g., clean energy).

1.2 Adapting to changes that are likely to occur.

2. We need an optimal mixture. The balance so far weighs heavily in favor of mitigation - too much so.

a. Mitigation and adaptation are “substitutes” not “complements”.

b. Economists have long recognized that there exists an “efficient amount of adaptation”. But we are way below that efficient level.

3. What is the structural impediment that hampers adaptation?

- Private investment isn't suited to adaptation, especially when compared to mitigation.

4. What can be done?

4.1 Private sector insurance

4.2 Public sector initiatives (e.g., UN Adaptation Fund)

5. Conclusion

- Talk is cheap. The US Treasury's comment:
“Although those steps (toward adaptation) will be costly, not making adaptation investments would be even more costly.....”

~Thank You~

