

# Leontief prize-winners speak about distribution of wealth, climate change

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Economists Stephen DeCanio and Jomo Kwame Sundaram received the Leontief Prize for Advancing the Frontiers of Economic Thought yesterday.

The prize is given annually by Tufts' Global Development and Environment Institute to economists whose work combines theoretical and empirical research and promotes a better understanding of social and environmental processes.

Both recipients addressed a crowded Coolidge Room in a presentation entitled, "Climate Change, Economic Development and Global Equity."

DeCanio, an economics professor at the University of California, Santa Barbara, spoke about the "cruel dilemma" the world faces in dealing with this topic.

While economics can be "quite valuable for approaching ordinary policy problems," dealing with climate change is different, he said.

This distinction stems from differences in the distribution of benefits. In regular policy categories, since there are so many policies made, a rule of averages tends to make it so everyone sees some benefits. With efforts to roll back climate change, however, future generations will be the main beneficiaries.

"The costs have to be borne by us today," DeCanio said. "Future generations can't compensate."

As such, he said that all of the economic models developed about climate change have underlying moral assumptions about the duties current citizens have to future ones.

"All of the models recommend there be steps taken, and they should be taken now," he said.

But these models differ about how many steps should be taken and how quickly they should be accomplished. These variables depend on what sort of link their developers see between generations.

Another moral problem, according to DeCanio, is the distribution of wealth.

While policies such as carbon taxes could bring about a huge reduction in emissions, he said that tax revenues may not be dispersed fairly.

DeCanio said that economics cannot provide answers to this quandary. Rather, other principles must be called into play, such as fairness, charity and prudence.

"[An economic model] looks like science, because it can be cast in math form," he said. But he believes that this scientific front is just a facade and cannot erase the underlying moral questions.

DeCanio ended on a positive note. "Is there hope for economics? Is there hope to solve these problems?" he asked. "I would argue that there is."

Sundaram, the assistant secretary general for economic development at the United Nations' Department of Economic and Social Affairs, spoke next and addressed the large wealth disparities between nations.

Using several different graphs, he emphasized "the clear inequality in the world today."

According to Sundaram, most of the progress in overcoming poverty has been made in East Asia. The rest of the world has seen much less change.

Poverty can have grave consequences, he said, as there is a strong connection between civil wars and impoverished people.

"It's important to recognize the brutality of human existence and the strong likelihood of conflict occurring," he said.

Sundaram also examined some of the history behind the inequalities among countries.

"The inequalities which we see today are of fairly recent origin," he said, noting that such inequalities began to appear about five decades ago and increased drastically.

Specifically, he said there are many current challenges caused by both trade and international financial liberalization. He said that neither type of liberalization necessarily helps developing countries.

Trade liberalization has caused a loss of tariff revenue and a decrease in production and export capacities. Theoretical problems with international financial liberalization have also become apparent.

"Problems [with] the financial liberalization have actually become very real for us," he said.

According to Sundaram, the major lesson the global community has learned so far is the need to respect the economic policies of the various nations that compose it.

Turning to the climate change challenge, Sundaram said that policies regarding it need to exist in a framework that is "essentially developmental as well as equitable."

Finally, Sundaram stressed the importance of international cooperation on these global problems.

"International cooperation is obviously necessary," he said. "[But] it has not been ... achieved in