

The Economic Implications of Climate Change on Oregon and Washington



Climate change is already affecting Oregon's economy, generating some benefits, but greater costs. Compelling scientific research predicts high probabilities that the negative effects will gradually intensify and an unknown probabilities that abrupt, severe impacts will occur with catastrophic results. Many of the effects involve changes in water resources: rising sea levels, increased flooding during winters, drier soils during summers, reduced quantity and quality of surface waters during summers.

How we allocate our water and related resources can affect the frequency and severity of these effects. Allocating our water and related resources among the competing demands for aquatic habitat, recreational opportunities, municipal-industrial water supplies, hydropower, and irrigation is, by definition, a classic economic challenge as well as classic scientific, engineering, political and rhetorical challenges.

Economic analysis combined with decision analysis reveals some of the high-priority steps we should take to reduce the emission of greenhouse gases, prepare for the impacts of climate change, and rationalize our management of scarce water and related resources. Especially in the context of climate-change analysis recurs a valuable lesson, namely, relying on the ever-popular "scenario analysis" all too frequently ignores outcomes with small probabilities but large consequences.



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~COLLOQUIUM~

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