

Econ Club – The Treasury’s Role in Net Zero – Rain Newton-Smith

Questions for Further Discussion/Debate

1. What economic instruments can the Treasury employ to incentivise industries and individuals to adopt green practices?
2. How can the Treasury balance the pressing need for sustainability with the economic challenges of the present and the future?
3. How might the goals of the Treasury, traditionally concerned with fiscal prudence, align or conflict with the long-term investments needed for a Net Zero transition?
4. How can the Treasury ensure that the transition to Net Zero doesn't exacerbate economic inequalities within the UK?
5. Should the Treasury prioritize subsidies and incentives for green technologies or penalties and disincentives for non-green practices? Or a combination of both?
6. What role does the Treasury have in influencing public opinion and driving behavioural change towards a more sustainable future?
7. Given the global nature of climate change, how should the Treasury navigate international cooperation and competition in the transition to Net Zero?

Source Based Questions

The questions below are all linked to the sources above them. Read through the sources prior to answering the questions.

[Institute of Government - The Treasury net zero review only offers partial answers](#)

1. The article suggests that certain green investments may result in diminishing returns over time. Illustrate this concept in the context of green investment.
2. Jill Rutter mentions the Treasury's preference for an emissions trading scheme over a rising carbon tax. Assess the economic benefits and drawbacks of each system in achieving net zero targets.

[Institute for Government – Paying for Net Zero](#)

1. Assess the implications of the Treasury losing up to 4% of tax revenues (approximately £37bn) from taxes on fossil fuels. How might this reshape the country's fiscal policies in the future?
2. Explain the role of behavioural change, technological advances, and policy decisions in determining the actual costs of transitioning to net zero.
3. Analyse the potential benefits and drawbacks of financing the transition to net zero through borrowing, particularly in the context of the “Green New Deal” arguments.

General Questions

Behavioural Economics and Incentives

- Analyse: Explain the concept of behavioural economics and how it can be applied to encourage individuals and businesses to make environmentally friendly choices during the transition to net zero.
- Apply: Propose behavioural economic strategies or incentives that the government can implement to accelerate the adoption of low-carbon technologies, such as electric vehicles and energy-efficient homes.
- Evaluate: Assess the potential challenges and ethical considerations associated with using behavioural economics to influence individual and corporate behaviour in the context of environmental policy.

Investment and Growth

- Analyse: Discuss the role of private sector investment in achieving the UK's net zero target. How does the interaction between government policies and private investment impact economic growth?
- Apply: Explain how the transition to net zero, if managed efficiently, can contribute to long-term economic growth.

- Evaluate: Evaluate the argument that transitioning to net zero emissions will not be a drag on economic growth but could, in fact, enhance it. Consider both short-term and long-term effects on GDP and employment.

Further Reading

- [Net Zero Review Final Report](#) – HM Treasury
- [The Fiscal Cost of Net Zero in the UK in an International Context](#) – OBR
- (Video) [Achieving a Green Transition - the role of the financial sector](#) – Society of Professional Economists