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**Larry S Karp\*** ([karp@are.berkeley.edu](mailto:karp@are.berkeley.edu)), 207 Gianni Hall, Berkeley, CA 94720, and **Yacov Tsur**. *Time perspective and climate change policy*.

The tendency to foreshorten time units as we peer further into the future provides an explanation for hyperbolic discounting at an intergenerational time scale. We study implications of hyperbolic discounting for climate change policy, when the probability of a climate-induced catastrophe depends on the stock of greenhouse gasses. We provide a positive analysis by characterizing the set of Markov perfect equilibria (MPE) of the intergenerational game amongst a succession of policymakers. Each policymaker reflects her generation's preferences, including its hyperbolic discounting. For a binary action game, we compare the MPE set to a "restricted commitment" benchmark. We compare the associated "constant equivalent discount rates" and the willingness to pay to control climate change with assumptions and recommendations in the Stern Review on Climate Change. (Received September 21, 2009)