

Optimal Mixture of Adaptation and Mitigation Investments*

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Abstract

Optimal mixture of mitigation and adaptation investments is an important topic in policy making against climate change. Some analytical results on the relationship between the optimal ratio of adaptation to mitigation and development level have been reported in the literature. In this paper, we have a closer look at the relationship in a simple model with general return functional forms, and analytically show that the relationship can take various forms. The insights obtained in the simple model are useful to understand more complicated models.

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