The need to take transition cost mitigation strategies seriously, and incorporate them systematically in policy development, as a matter of political economy, stands in relatively sharp contrast to two long-standing traditions in economics which tend to marginalize this issue. Economists, from a normative welfare economics perspective, often publish academic studies that document the gross inefficiencies associated with various existing public policies, accompanied by calls for radical reforms, apparently on the assumption that once these inefficiencies are revealed well-intentioned but unenlightened politicians will recognize the need to act. This paper explores the political economy of the 'just transition' to a low carbon economy. The idea of a 'just transition' increasingly features in policy and political discourse and appeals to the need to ensure that efforts to steer society towards a lower carbon future are underpinned by attention to issues of equity and justice: to those currently without access to reliable energy supplies and living in energy poverty and to those whose livelihoods are affected by and dependent on a fossil fuel economy. To complicate things further this transition has to be made...
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