

BOOK REVIEW

Blue planet in green shackles

By Vaclav Klaus

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Review by Peter Gordon

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This book offers a concise and easy to read survey of all the reasons to question the conventional wisdom on global warming. Six of these reasons are about uncertainties (climate change is always occurring; global warming benefits some areas and harms others; the human contribution to current warming is unclear; all of the previous doomsday prophecies have been wrong; long-term forecasts of technological change are impossible; climate forecasts based on complex climate models involve large and persistent uncertainties). Seven others evoke policy problems (favored policy measures [the Kyoto accords] are not cost-effective; in cases of global commons problems, multi-lateral policies that require sacrifice are difficult to monitor and enforce; the Environmental Kuznets Curve [EKC] is real; various "green" policies [e.g. solar energy; windpower, biofuels, etc.] are costly; subsidies invite all of the problems of industrial policy; in a world of scarcity, embracing the precautionary principle is expensive; climate change is not humanity's worst problem). In fact, any interaction effects between any of these positions strengthens them. Consider the interaction between the EKC and the problem of forecasting long-term technological change. It suggests that the best way to proceed is to favor rather than stymie economic growth. From a policy perspective, there is much to be done to incite entrepreneurial and scientific discovery, including tax, regulatory and patent reform.

It is a cliché that technological change is accelerating. Living at the time of the most rapid technological change ever experienced, what are we to do with long range forecasts that are rooted in today's technology? Is there a market for my two- or three-year old camera, cell phone, laptop, or PDA? Can we extrapolate an average

annual emission of one metric ton per person per year to all of the world's population for each of the next hundred years? Klaus writes, "What will the world be like in 100 years, assuming expected economic growth? We do not know, but surely we will be unimaginably more advanced than we are today. One conclusion resulting from the debate about the likely wealth of future society – which is undoubtedly near unimaginable for us today – seems rather obvious and easy: There are some essential things that we should not try to solve on behalf of future generations." (p. 24). He quotes Schelling (2002) as aptly noting that the developing countries should not be making sacrifices today, because "their best defense against climate change will be their continued development." (p. 27). In my view, and in light of Klaus' analysis, the same sentiment could be extended to all countries.

In terms of cost-benefit analysis, this suggests that a high discount rate is appropriate for any analysis of the policy options. The Copenhagen Consensus (CC) ranked mitigation of global warming last on its list of thirty global priorities. Enhanced research and development on low-carbon energy technology was ranked higher at (14th.; <http://www.copenhagenconsensus.com/Default.aspx?ID=953>)¹. But cost-benefit rankings seldom impress true believers and politicians. The Copenhagen Consensus might add further perspective to the climate change discussion if its list of challenges were to include the other timely example of how we might respond to a low-odds-high-cost event that has been labeled as possibly globally cataclysmic: collisions with nearby large extra-terrestrial objects. In both cases, the rest of the world would be free riders on costs borne by the developed countries. But when the amounts spent

are comparatively small this is a less serious issue. NASA scientists have argued for \$250-\$450-million per year to be spent to map the trajectories of hazardous asteroids and other near-Earth objects (http://en.wikipedia.org/wiki/Near-Earth_object).² Annual U.S. costs of the Kyoto accords have been estimated to be in the range of \$20 billion-\$90 billion (EPRI 1999) (<http://global-climate.epri.com/briefs/0112666.pdf>). Can we make progress in getting catastrophists and others to start thinking about trade-offs via a detailed head-to-head comparison of these two threats?

To be sure, the points summarized in my opening paragraph have all been discussed in many places. Nevertheless, Klaus' presentation is clear and grounded in his deep appreciation of human liberty and his well founded suspicion of central planning (... "I consider environmentalism to be the most significant illiberal populist ideology of the present era ..." p. 14).

References

EPRI (Electric Power Research Institute). 1999. "The Economic Costs of the Kyoto Protocol". Climate Brief. California: EPRI.

Notes

1. Copenhagen Consensus 2008. Available at <http://www.copenhagenconsensus.com/Default.aspx?ID=953>.
2. "Near-Earth object", Wikipedia. Available at http://en.wikipedia.org/wiki/Near-Earth_object.