

Policy 18

Climate Change



Adopt Saner Policies



Lower Carbon Tax Better Than Carbon Trading

Benefits:

**Don't hurt Kiwi families and businesses needlessly.
Nations that cause 75% of emissions must lead.**

There's no doubt the climate is changing. Indeed, it's been changing for millennia. What's in doubt is the anthropogenic effect. That is, the level that humans contribute to this change in climate through emissions of carbon, etc. While a reduction in carbon emissions is certainly a worthy goal, this must not be at a rate which negatively impacts on the most vulnerable in our society.

Lord Lawson of Blaby questions some of the current policy initiatives aimed at eliminating climate change.



The Guts To Do What's Right.

Introduction

[In 2004, along with six others, Lawson wrote a letter to The Times criticising the Kyoto Protocol and claiming that there were substantial scientific uncertainties surrounding climate change; he also wrote on the same subject in the November 2005 issue of Prospect magazine. Shortly afterwards, the House of Lords Economics Committee of which Lawson was a member, undertook an inquiry into the topic, which produced a report consistent with the arguments of Lawson's letter.

Shortly after the release of this report, the British government launched the Stern Review, an inquiry undertaken by the UK Treasury and headed by Sir Nicholas Stern. The Stern Review argued that the potential costs of climate change far exceeded the costs of a programme to stabilise the climate.

Lawson's lecture to the Centre for Policy Studies think-tank, published 1 November 2006 criticised the Stern Review and proposed what it describes as a rational approach, advocating adaptation to changes in global climate, rather than attempting to mitigate or reverse it.

Lawson also contributed to the 2007 documentary film *The Great Global Warming Swindle*.

In 2008, Lawson published a book expanding on his 2006 lecture to the Centre for Policy Studies, *An Appeal To Reason: A Cool Look At Global Warming*. He argues the case that although global warming is happening and will have negative consequences, the impact of these changes will be relatively moderate rather than apocalyptic. He criticises those "alarmist" politicians and scientists who predict catastrophe unless urgent action is taken. The book has, in its turn, been criticised by IPCC scientists.

In July 2008 controversy was again incited when the conservative magazine *Standpoint* published a transcript of a double interview with Lawson and Tory Policy Chief Oliver Letwin, in which Lawson described Letwin's views on global warming as "pie in the sky" and called on him and the Tory frontbench to "get real".]

Lord Lawson of Blaby

Over the past half-century, we've become used to planetary scares of one kind or another.

But the latest such scare – global warming – has engaged the political and opinion-forming classes to a greater extent than anything since, a little over 200 years ago, Malthus warned that, unless radical measures were taken to limit population growth, the world would run up against the limits of subsistence, leading inevitably to war, pestilence and famine.

This is perhaps partly because, at least in the richer countries of the world, we've rightly become more concerned with environmental issues.

But that's no excuse for abandoning reason.

It's time to take a cool look at global warming.

By way of preamble, I readily admit that I'm not a scientist. But nor are those who have to take the key decisions about this scientists, let alone climatologists.

They're responsible politicians who, having listened to the opinions of the scientists, have to reach the best decisions they can in the light of the expert evidence available to them.

(Just as I did, for example, in a not wholly unrelated field, when I was Energy Secretary in Margaret Thatcher's first government in the early 1980s.)

More important still, the science is only part of the story.

Even if the climate scientists can tell us what's happening and why – not that they all agree about this, anyway – they can't tell us what governments should be doing about it.

For that, we also need an understanding of the economics – of what's the most cost-effective way of tackling any problem that may arise.

And we also need an understanding of the politics – of what measures are politically realistic.

This is a particularly tricky matter given the inescapably global nature of the issue.

It's frequently claimed, by those who wish to stifle discussion, that the science of global warming is 'settled'.

Even if it were, for the reasons I have already indicated – political, but above all economic – that wouldn't be the end of the matter.

But in fact, while some of the science is settled, there's much that is not.

So let's start with the facts.

It's customary to focus on three of them:

1. Over the past hundred years, the earth has become slightly warmer. To be precise, there appears to have been a rise in global mean annual temperature of some 0.7° centigrade.
2. Over the past hundred years, the amount of carbon dioxide in the earth's atmosphere has risen sharply – by more than a third. This is largely as a result of carbon-based industrialisation – in particular, electricity generated in coal- and oil-fired power stations and motorised transport.
3. (And this is the settled science...) Carbon dioxide is one of a number of so-called greenhouse gases – of which far and away the most important is water vapour – which in effect trap some of the heat we receive from the sun, and thus keep the planet warmer than it would otherwise be.

So is it not clear that the warming we have seen over the past hundred years must be due to the massive rise in human-induced carbon dioxide emissions, and that unless we substantially decarbonise the world economy the warming will continue, bringing doom and disaster in its wake?

No. It's not at all clear.

In the first place, while atmospheric carbon dioxide concentrations have grown steadily over the past hundred years, and indeed continue to grow briskly, the warming has occurred in fits and starts.

To be precise, it's been confined entirely to two periods:

- from 1915 to 1940, and
- from 1975 to 1998.

Between 1940 and 1975, there was a slight cooling.

And so far this [21st] century (and contrary to all predictions), there's been no trend one way or the other.

So clearly, carbon dioxide is only part of the global temperature story. It's very far from being the whole story. And this is borne out by the longer-term historical record.

It's well established, for example, that 1000 years ago, well before the onset of industrialisation, there was what's become known as the Mediaeval Warm Period.

Then, temperatures were probably at least as high as, if not higher, than they are today.

Going back even further, during the Roman Empire, agricultural records suggest that it was probably even warmer.

So we're left with a double uncertainty.

First, while we know that, other things being equal, rising atmospheric concentrations of carbon dioxide will warm the planet, we have no true understanding of how much they will do so.

And second, we know that, in fact, other things are very far from equal.

So even if we did know the answer to the first question, we would still be unable to predict what the world's temperature will be 100 years from now.

These uncertainties clearly have a profound bearing on the economics of global warming, and thus on the policies it's sensible to pursue.

For while we can do our best to estimate the cost of substantially decarbonising the world economy, we've no idea of what benefit that will bring in terms of a lower mean global temperature than would otherwise be the case.

Not that it's clear, even if we could predict the temperature of the planet 100 years from now (which we can't), how much economic damage a given rise in temperature would do.

It was to advise governments on these issues that the Intergovernmental Panel on Climate Change (or IPCC) was set up in 1988, under the auspices of the United Nations.

The IPCC concludes, on the basis of, to say the least, very slender evidence, that "most" – note, not all – of the warming that occurred during the last quarter of the twentieth century was very likely due to the growth of atmospheric carbon dioxide concentrations.

But even if – and there's clearly a case for erring on the side of caution – this is so, and even if, as the IPCC blithely assumes, the natural forces that affect the world's temperature in often unpredictable ways can be safely ignored, the policy conclusions that are widely believed to follow from this are very suspect indeed.

How much global warming is there likely to be over the next 100 years? What might the practical impact of the consequent rise in global temperatures be?

To get a line on this, the IPCC adds to the assumed nature of the link between atmospheric concentrations of carbon dioxide and temperature, estimates of how much carbon dioxide emissions are likely to increase over the next 100 years.

It bases this on a number of different economic development scenarios.

Then it assesses the likely consequences of the resulting rise in world temperature.

All the IPCC's scenarios, incidentally, assume one thing.

They assume that, over the present century, faster economic growth will mean that living standards in the developing world, in the conventional sense of gross domestic product (GDP) per head of population, will to a very considerable extent catch up with living standards in the developed world.

In other words, by 2100 poverty really has become history.

If nothing else, this should cheer up those who've been told that disaster stares us in the face if we don't take urgent action to save the planet.

It's only fair to add that what I've just spelled out is what emerges from the IPCC's scenarios before deducting the projected costs to the economy of twenty-first century global warming.

I will, of course, come to that. And it will be seen that it doesn't fundamentally change the picture.

It's true that the IPCC's projections of twenty-first century economic growth may prove to have been too optimistic.

But in that case, given the assumed growth–emissions–temperature nexus, there'll be less global warming too.

As it is, the temperature projections it does come up with in its fourth and latest report, range from a rise in the global average temperature by the year 2100 of 1.8°C for its lowest emissions scenario, to one of 4°C for its highest emissions scenario, with a mean increase of 3°C.

It describes these as its "best estimates".

At this point, it might be a good idea to leave the rarefied world of the IPCC for a moment and take a brief reality check.

Is it really plausible that there's an ideal average world temperature, which by some happy chance has recently been visited on us, from which small departures in either direction would spell disaster?

Moreover, while a sudden change would indeed be disruptive, what's at issue here is the prospect of a very gradual change over 100 years and more.

In any case, average world temperature is simply a statistical artefact.

The actual experienced temperature varies enormously in different parts of the globe.

Yet people, whose greatest quality is their adaptability, have successfully colonised most of it.

Two countries at different ends of the earth, both of which are generally considered to be economic success stories, are Finland and Singapore.

The average annual temperature in Helsinki is less than 5°C.

That in Singapore is in excess of 27°C.

A difference of more than 22°C.

If humans can successfully cope with that, it's not immediately apparent why they should not be able to adapt to a change of 3°C – when they're given 100 years in which to do so.

The IPCC seeks to assess the likely impact of projected global warming over the next 100 years in two ways.

First, it looks separately at five major headings:

- water
- ecosystems
- food
- coasts, and
- health.

Then it adds all these impacts together to provide an overall figure of the cost to the world of the projected warming.

This last is, of course, intended to be the net cost.

It's clear that while warming brings costs, it also brings benefits.

Given the wide geographical variation in temperatures around the world, in the warmer regions the costs are obviously likely to exceed the benefits.

But in the colder regions the benefits might well exceed the costs.

The IPCC report claims to take into account both costs and benefits. Yet it devotes large amounts of space to the costs, and very little to the benefits.

It's difficult not to sense a lack of even-handedness, leading to a bias in the overall assessment.

But let's first take a brief look at the IPCC's five impact headings.

The first is water.

There is indeed a worldwide water problem. But it has nothing whatever to do with global warming.

Indeed, scientists agree that carbon dioxide-induced warming will, if anything, tend to increase, rather than reduce, rainfall.

The problem is the huge increase in the world's population. This has led to a massive increase in the demand for fresh water, without any corresponding increase in the effective supply.

Thus improved water resource management, and above all the proper pricing of water, are of the first importance.

But what's abundantly clear is that cutting back on carbon dioxide emissions is irrelevant.

As to ecosystems, here again it's well established that those animal species at risk of extinction are threatened far more by other factors, such as deforestation, than they are by warming.

Warming is, at most, of marginal significance.

The IPCC's third heading, food, is clearly of the first importance to people.

But what it has to say here has not been sufficiently reported.

I quote:

“Globally, the potential for food production is projected to increase with increases in local average temperature over a range of 1–3°C. But above that, it is projected to decrease.”

It will be recalled that the mean temperature increase suggested by the IPCC's various scenarios for the end of the present century is some 3°C.

Moreover, this is an area where the scope for adaptation is particularly pronounced.

It's not simply a matter of farmers being able to make better use of irrigation and fertilisers, and indeed to switch to strains or crops better suited to warmer climes, should the need arise.

(Something, incidentally, that will happen autonomously, without any need for government intervention.)

It's also because we're in the early stages of a revolution in agricultural technology, through the development of bio-engineering and genetic modification.

The IPCC's fourth impact category is coasts.

It's concerned about sea level rise – brought about by a combination of ocean warming expanding the volume of water and some melting of the Greenland and West Antarctic ice sheets, causing coastal flooding in low-lying areas.

Sea levels have, in fact, been rising very gradually for as long as records exist. And there's little sign of any acceleration so far.

Indeed, if anything, the reverse is the case.

The fifth and last of the IPCC's impact categories is health.

There are, of course, very serious health problems of many kinds throughout much of the developing world.

These need to be tackled in their own right – global warming or no global warming – much more urgently than they are being at the present time.

There's no medical mystery about how to do so.

But the connection with global warming is, if anything, the reverse of what the IPCC assumes.

The major cause of ill health, and the deaths it brings in the developing world, is poverty.

Faster economic growth means less poverty but – according to the human-induced carbon dioxide warming theory incorporated in the IPCC's scenarios – a warmer world.

Warmer-but-richer is in fact healthier than colder-but-poorer.

What, then, of the IPCC's overall figure for the likely net cost of a warmer world?

(Remember, this assumes that no measures are taken to curb carbon dioxide emissions. And it has been calculated after carefully examining all the likely adverse consequences, and – rather less carefully – the benefits.)

It will be recalled that the report's best estimates of the likely warming of the planet over the next 100 years range from a rise of 1.8°C to one of 4°C.

(Depending on the emissions scenario chosen.)

The report then takes the upper end of the range.

A 4°C warming.

And it claims that, overall, this would mean a loss, by the end of the twenty-first century, of anything between 1% and 5% of global GDP.

It adds that this is the global average figure. Developing countries will experience larger percentage losses.

Remember that that this derives from the top end of the range. Remember too that the IPCC insists that all its scenarios are of equal validity.

So it's clear that, on the basis of the IPCC's own methodology, there may well be *no net cost* at all from global warming over the next 100 years.

It may even be beneficial.

But let's err on the side of caution.

Let's take not only the top end of the IPCC's warming range – a rise of 4°C over the next 100 years.

Let's also take the top end of its projection of the net damages.

A loss of 5% of world GDP.

At this point, we need to do some simple arithmetic.

The IPCC very properly warn that the loss will be greater than 5% for the developing countries, and thus less than 5% for the developed world.

I shall make the calculations on the assumptions of a 10% loss of GDP in the developing world, and a 3% loss in the developed world.

Again, to err on the side of caution, let's look at the gloomiest of the IPCC's economic development scenarios.

These say living standards (measured in the conventional way as gross domestic product per head) would rise, in the absence of global warming, by 1% a year in the developed world, and by 2.3% a year in the developing world.

It can readily be calculated – using, to repeat, a cost of global warming of 3% of GDP in the developed world and as much as 10% in the developing world – that the disaster facing the planet is this...

That our great-grandchildren in the developed world would, in 100 years' time, be 'only' 2.6 times as well off as we are today.

Instead of 2.7 times.

And...

That their contemporaries in the developing world would be 'only' 8.5 times as well off as people in the developing world are today,

Instead of 9.5 times as well off.

And this, remember, is the IPCC's very worst case.

One based, moreover, as they all are, on a ludicrously pessimistic assumption of people's ability to adapt to gradual warming, should it occur.

Indeed, the single most serious flaw in the IPCC's analysis of the likely impact of global warming is its grudging and inadequate treatment of adaptation

This leads to a systematic exaggeration of the putative cost of global warming – if, indeed, over the next 100 years, there is any net cost at all.

The IPCC prefaces its assessment with the statement that:

“The magnitude and timing of impacts will vary with the amount and timing of climate change and, in some cases, the capacity to adapt”.

But adaptation will always occur. The capacity to adapt is arguably the most fundamental characteristic of humans.

We've adapted to different temperatures over the millennia we've been around. And we adapt today to widely different temperatures around the world.

And that adaptive capacity is increasing all the time with the development of technology.

Yet the absurd concept of static 'adaptive capacity' is central to the IPCC's analysis.

Thus in its review of the dangers in different parts of the world, it explicitly acknowledges that, in the case of Australia and New Zealand, these will be limited by the fact that:

“The region has substantial adaptive capacity due to well-developed economies and scientific and technical capabilities.”

Presumably, the same applies to Europe and North America. (Although, curiously, the IPCC does not say so.)

But it does express concern about the effect of projected warming on the poorer regions of the world, particularly in Africa and parts of Asia.

This is because of their “low adaptive capacity”.

This somewhat patronising judgment seems ill-founded for three reasons:

1. As we've seen, on the IPCC's own economic growth projections (on which its temperature projections rest), the poorer regions are, for the most part, not going to be poor in 100 years' time.

2. For those parts that do remain poor, overseas aid programmes would clearly be focused on improving their adaptive capacity, should the need arise.
3. There will almost certainly be substantial technological development over the next 100 years. This will significantly enhance adaptive capacity worldwide – in many cases far beyond what it is at the present time.

In short, the IPCC's analysis and conclusions are seriously undermined by the systematic underestimate of the benefits of adaptation.

This derives from its assumptions that 'adaptive capacity' is severely and permanently constrained by:

- economic underdevelopment in the developing world, and
- the limits of existing technology.

The IPCC assumes there will be no further technological development over the next 100 years.

This is clearly absurd in the important case of agriculture and food production. And it's implausible in general.

As a result, the IPCC's overall cost assessment inevitably suffers from a pronounced upward bias.

It's true that some forms of adaptation, such as the creation or improvement of sea and flood defences, would, if and when they became necessary, require government intervention.

The IPCC, needless to say, adopts its characteristically downbeat approach to this.

It declares that:

“Adaptation for coastal regions will be more challenging in developing countries than developed countries, due to constraints on adaptive capacity.”

It must be said that the challenge ought to be a manageable one.

The Dutch, after all, managed it pretty effectively even with the technology of the sixteenth century.

And technology has scarcely stood still over the past half-millennium.

But this might well be a suitable focus for overseas aid, should the need arise.

In short, even if the conventional scientific wisdom is correct, there remains the fundamental question of what is the most cost-effective way of addressing the likely consequences of global warming.

Is it to adapt to them, as humans have adapted throughout the ages and throughout the world to the vagaries of the climate?

Or is it to attempt to prevent them – even if this means radically transforming the global economy at very considerable cost?

The answer, I believe, is clear.

The alarmists reply that global warming presents some threats to the planet that are so dire that adaptation is not possible.

But there's nothing in the current state of climate science to warrant this.

Let's take a look at the three most frequently mentioned catastrophic consequences.

First, in the light of Katrina, hurricanes.

The facts are that, of the 10 most severe Atlantic hurricanes since 1900, five occurred in the first half of the period, and five in the second half.

Seven out of the 10 occurred before 1975.

(Before the period when the bulk of the modest twentieth-century global warming began.)

The worst of all, by far, was the Great Miami Hurricane of 1926.

In the eyes of the insurance industry, there has of course been a significant rise in hurricane damage over the years.

But that's simply because the huge rise in both population and property values in the affected areas has inevitably caused a substantial increase in damage costs for any given tropical storm.

Next, the melting of the polar ice sheets, and its alleged effect on sea levels.

Clearly, the melting of floating polar ice can't cause any rise in sea levels.

(Just as the melting of ice cubes in your glass of water can't cause the water to overflow the glass.)

The issue is solely about the land-borne ice at the poles.

And the overwhelming mass of this, and thus of most significance for global sea levels in this context, is not over Greenland in the north.

It's over the vast continent of Antarctica in the south.

Here, it's perfectly true that the West Antarctic ice sheet, covering the peninsula that points its finger towards the southern tip of South America, is showing evidence of melting and glacier retreat.

But the West Antarctic peninsula accounts for only around 10% of Antarctic land-borne ice.

And it has a different climate from the rest of Antarctica.

In most of the other 90% of the continent (according to the most recent research) the ice sheet appears to be *growing*.

Finally, in Europe in particular, there's a fear of a reversal of the Gulf Stream. And thus – paradoxically – the onset of very much *colder* weather.

Although there's ample evidence of fluctuations in the strength of the Gulf Stream from time to time, research has shown no sign of any secular slowdown over the past decade.

Nor is there any reason to suppose that there will be – even if there's further global warming over the coming decades.

That's because the Gulf Stream is largely a surface current, and thus a wind-driven phenomenon.

So we've looked carefully at the worst nightmare scenarios the alarmists can conjure up.

And we've seen there's just no reason to believe that, even if the IPCC's projections of global warming over the coming century are realised – which is unlikely – there's anything to which people cannot adapt.

Moreover, to the extent that there is a problem of global warming, it's manifestly a global problem.

And if the chosen policy for addressing it is to cut back on carbon dioxide emissions, the cutback clearly has to be global too.

Thus, the perspective of the developing world is of the first importance.

And it's in the developing world, particularly China and India, where emissions are growing fastest.

Indeed, China is very soon set to overtake the United States as the single biggest source of emissions – if it hasn't done so already.

Its emissions are growing fastest chiefly because its rapidly growing economy is so heavily dependent on energy-intensive manufacturing industry.

Both China and India have made their position abundantly clear.

And it has to be said that it's thoroughly understandable. It reflects the perspective of most of the developing world.

Their overriding priority is to continue along the path of rapid economic growth and development.

Only in this way can the widespread poverty that still afflicts their people be relieved.

They observe that the industrialised countries of the Western world achieved their prosperity thanks to cheap carbon-based energy. And they believe that it's now their turn to do the same.

They add that if there's now a problem of excessive carbon dioxide concentrations in the earth's atmosphere, it's the responsibility of those who overwhelmingly caused it to remedy it.

At the very most, they're prepared to concede that, if and when their emissions per head of population have risen to the levels in the rich world, there might be the basis for an international agreement that would be fair for all.

But until then, there can be no question of their agreeing to any restrictions on their emissions.

Indeed, following this year's G8 Summit in Germany, the official German news agency reported that:

“Chinese President Hu Jintao and Indian Prime Minister Manmohan Singh have created a new alliance to spearhead emerging economies' opposition to developed nations seeking to impose limits on their greenhouse gas emissions.”

So where does this leave the prospect of an effective global agreement to prevent the further growth of carbon dioxide concentrations in the atmosphere?

Not, it has to be said, in very good shape.

It's perfectly true that spokespeople for both the United States and the major developing countries are from time to time prepared to pay lip service to the idea of a global agreement on limiting emissions.

(Provided the burden of doing so is equitably shared.)

But what the United States considers an equitable sharing of the burden is worlds apart from what China and India consider equitable.

And there's no prospect whatever of this chasm – it's far more than a gap – being closed.

This, then, is where we are now.

The Kyoto approach is dead and buried.

Admittedly, the European Union is still theoretically committed to going it alone. It's agreed in principle to cut its emissions by 20% (below 1990 levels) by 2020.

But the problem with one or more countries going it alone is not simply the heavy cost to those who do so.

It's also the nugatory reduction in overall global emissions that this would lead to.

The only practical way of cutting back on carbon dioxide emissions is to raise the cost of carbon-based energy.

This can be by taxation, or by the rationing system known as emissions trading.

Either way, energy-saving would become more attractive, and non-carbon-based energy more competitive.

This would cause energy prices in, for example, New Zealand, to rise – with the prospect of further rises to come.

It means energy-intensive industries and processes would progressively decline in New Zealand, and expand in countries like China, where cheap energy remained available.

No doubt New Zealand could, at some cost, adjust to this.

But it's hard to see the point of it.

What would happen if we reduce carbon dioxide emissions in New Zealand (which are negligible in world terms anyway), only to have them further increase in China?

Nothing. There'd be no net reduction in global emissions at all.

Meanwhile, the most striking feature of the so-called climate change debate is the complete disconnection between the rhetoric and the reality.

Despite the posturing of politicians throughout much of the world... despite the declarations that global warming is the greatest threat facing the planet... despite the Kyoto Protocol... and despite innumerable international gatherings of the great and the good... little in practice has been done.

And global carbon dioxide emissions continue to rise.

The reason for this, of course, is that fine words are cheap.

But the 70% reduction in global carbon dioxide emissions that would be required to stabilise carbon dioxide concentrations in the earth's atmosphere would be very costly indeed.

So how much would it cost to reduce carbon dioxide emissions to the extent allegedly required?

The only honest answer is that we don't know. But all the signs are that it would prove very expensive indeed.

There's one test we could apply.

And that's to consider how high a carbon tax would need to be in order to generate the necessary change in behaviour – both on the supply side and the demand side.

When we suggest that, something significant tends to happen.

Those politicians who identify global warming as the greatest threat facing the planet are conspicuously reluctant to discuss it. (Let alone to propose an answer.)

The IPCC, in its 2007 report, suggests that:

“The costs and benefits of mitigation ... are broadly comparable in magnitude.”

Yet, in fact, as we've already seen, it greatly exaggerates the benefits of mitigation by its systematic undervaluation of adaptation.

Suppose it's true that the costs and benefits of mitigation are broadly comparable in magnitude.

And suppose we accept the conventional wisdom so far as the science is concerned.

And suppose we assume that a global agreement is attainable. (However unlikely that may seem.)

Suppose we accept all that.

Then the fundamental question, when comparing the costs and the benefits, is this.

How great a sacrifice is it either reasonable or realistic to ask the present generation to make, in the hope of benefiting substantially better-off generations 100 or 200 years hence?

(Particularly the present generation in the developing world, suffering as

it still does from extreme poverty, malnutrition, disease and premature death.)

The answer's clear. Not a lot.

It's not that we don't care about future generations.

It's that we *do* care about the present generation.

Nor does invocation of the so-called precautionary principle overturn this conclusion.

Climate science is so uncertain that we can't be absolutely sure that there's not a catastrophe awaiting the people of the world 100 or 200 years hence.

But we can't rationally use that as the basis for horrendously costly policy decisions now.

In a world of inevitably finite resources, we can't possibly spend large sums on guarding against any and every possible eventuality in the future.

Reason suggests that we concentrate on present ills, such as poverty and disease. And also future dangers, like nuclear conflict and terrorism.

In all of these, the probability appears significant – usually because the signs of their emergence are already incontrovertible.

The fact that a theoretical future danger might be devastating is not enough to justify substantial expenditure of resources here and now.

(Particularly since there are many other such dangers wholly unconnected with global warming.)

So does all this mean that we should do nothing about global warming?

Not quite.

(Although doing nothing is better than doing something stupid.)

But there are, in fact, some sensible things that can be done.

It clearly makes sense to press ahead with research and development in technologies that might assist the process of adaptation, should that be required.

Another form of research and development that's rightly taking place at the present time, although so far only in the United States, involves what has become known as geo-engineering.

That's the technology of cooling the planet, in relatively short order, should the need become pressing.

The front runner here is the idea of blasting sulphur aerosols into the stratosphere, so as to impede the sun's rays.

This is not as far-fetched as it seems. It's what happens naturally when large volcanoes erupt.

The most recent such occasion was the eruption of Mount Pinatubo in the Philippines in 1991.

This led to a two-year cooling of the earth's temperature, with no adverse side effects.

More importantly, there is, of course, the need to do whatever's needed to adapt to a warmer planet.

(That's should the late twentieth-century warming – which has for the time being paused – in due course resume, as most climate scientists are predicting.)

For the most part this can and will happen spontaneously and autonomously, just as humans have always adapted to the environment around them, wherever they live, without any need for government intervention.

But there are some exceptional areas – what the economists call the supply of 'public goods' – where governments do need to stand ready to act.

The provision of adequate sea and flood defences is the most obvious example.

Moreover, as we've seen, even though the IPCC's projected warming over the next hundred years, if it occurs, may well not be harmful overall, there would be losers in the warmer regions of the developing world.

Should this seem likely to occur, I believe we have a clear moral obligation to help them.

It's true that the record of overseas aid in promoting economic development is very disappointing.

But that's no argument against assistance in, for example, the building of effective sea defences.

Of course it would cost money.

But quite apart from our moral obligation, it's only a minuscule fraction of what it would cost to attempt to control the global temperature (by substantially cutting back on carbon dioxide emissions).

What's important is that the practical measures I've outlined tonight represent the sum total of what we should be doing.

It has to be said that this isn't the easiest of messages to get across.

(Not least because the issues surrounding global warming are so often discussed in terms of quasi-religious belief, rather than reason.)

Indeed, the more one examines the current global warming orthodoxy, the more it resembles a Da Vinci Code of environmentalism.

It's a great story, and a phenomenal best seller.

It contains a grain of truth – and a mountain of nonsense.

And that nonsense could be very damaging indeed.

We appear to have entered a new age of unreason, which threatens to be as economically harmful as it is profoundly disquieting.

It's from this, above all, that we really do need to save the planet.

ACT'S 20-Point Plan To Out-Perform Australia By 2020

This paper is the eighteenth in a series of twenty papers, designed to give you an insight into why New Zealand needs ACT's 20 Point Plan.

Most of our 20 policies are already working in countries that are doing better than New Zealand. If we can implement these policies, they'll make the average Kiwi \$500 a week richer, we'll beat Australia and we'll bring our children home.

Please note that we converted some of the original writing and formatting into Plain English to make it easier to read.

Papers on all 20 points of our plan are available on the ACT website: www.act.org.nz


The Guts To Do What's Right.

The 20 Points:

1. Government Waste
2. Tax
3. Local Government
4. Public Service
5. Red Tape
6. Resource Management
7. Education
8. Healthcare
9. Accident Compensation
10. Welfare
11. Immigration
12. Labour
13. Privatisation
14. Infrastructure
15. Tariffs
16. Housing
17. Law And Order
18. Climate Change
19. Constitutional Framework
20. Families At Risk