

Iain Murray

Speech Before Young Britons' Foundation

27 October 2007

“Let Cooler Heads Prevail”

What a pleasure, Donal, to speak to you today, especially so soon after two old friends, Mr. J. Danforth Hannan and the lovely and talented Louise Bagshawe. I could fill my entire time today with stories of their exploits as youth activists, but shall leave that till I need the money. Instead, I shall stick to the script.

As this is a training conference first and foremost I shall begin by saying a few words about effective arguments against global warming alarmism. What we have found over many years is that it is the economic and moral arguments against massive government intervention policies that carry the most weight with the general public.

In America, for instance, and the polls are similar here, voters are convinced that the science, as presented to them, has identified a worrying problem and that governments should do something about it. The problem arises when they are asked what that something is. They are prepared to pay about an extra \$25 a year for electricity, but would like to see the price of gas lowered. In other words, they would like global warming to be solved at no cost. And wouldn't we all?

It is therefore important when talking about global warming not to be distracted. We must always concentrate on what the alarmists are asking us to do. It's not just changing a few light bulbs or biking to work, which are both fine activities if they work for you, as Boris Johnson himself has shown. What they are actually asking us to do is make massive economic sacrifices and reintroduce central planning.

That's why when we fight on the economics and morality of actions taken to "fight global warming," we win. We must remember our opponents are watermelons - green on the outside and red on the inside.

Those of you who have seen An Inconvenient Truth and managed to stay awake all the way through will remember that it concentrates on the risks associated with global warming. I will say a few words about the scientific basis of those claims later, but to start with we should mirror Al Gore's approach. What are the risks associated with climate mitigation policies like emissions reduction? That's a question that is rarely asked, because the answer is a real Inconvenient Truth for the greens.

Let's start off with a model, just like those climate models that predict further warming this century. William Nordhaus of Yale University is one of the world's most experienced

climate economists, having studied the likely costs of changes in the climate since the 1970s, when, as you may remember, the scare was something different. He has a sophisticated model that estimates just how much damage will be inflicted on the world by global warming. With 3 degrees C of warming this century – about five times the amount seen last century – he estimates that the temperature rise will inflict \$22 trillion worth of damage on the world.

That's a lot of money, and it represents a lot of suffering. Surely, as Al Gore says, we must do what we can to prevent this? Well, the sort of policies Al Gore and Sir Nicholas Stern recommend come with a cost themselves. The fact is that preventing people using affordable energy increases misery and suffering just as surely as does global warming. In fact, more so, because we see the effects of energy

poverty right now, whereas the risks of global warming are uncertain and mostly in the future.

So how much do the Stern and Gore approaches benefit and cost the world? Sir Nicholas' proposals would reduce the cost of global warming to \$9 trillion. That's a handy benefit. But they would cost the world \$27 trillion, meaning that the world would be in toto \$36 trillion poorer if Sir Nicholas' proposals were enacted.

What about Al Gore's proposals? His package of measures, as pieced together from various statements he has made, would reduce global warming damages to \$10 trillion, but at a cost of \$34 trillion, for a total cost to the world of \$44 trillion, twice the amount of unchecked global warming. If global warming is a disaster, what do we call Al Gore's policies?

How can this possibly be? To understand this we need to look at the real effects of climate mitigation policies. In over ten years of analyzing public policy issues, I have come to see that the affordable energy provided by fossil fuels is a blessing. Energy use leads to prosperity, which leads to improved living conditions. Where energy is abundant and affordable, people are better educated, live longer, and are freed from back-breaking labor. Women in particular are emancipated from the tyranny of domestic tasks and can devote their time to more rewarding activities. We are now able to see the prospect of these advances spreading to developing countries. A healthy, wealthy world is within our grasp.

During the 20th century, global economic output increased by a phenomenal 1800 percent. That's right. World GDP today is about 18 times bigger than it was in the year 1900. This unprecedented economic growth produced many beneficial

consequences. Average human life expectancy doubled. Per capita food supply increased even though global population nearly quadrupled. Literacy, leisure, medical care, and personal mobility ceased to be elite privileges and became widely available. Even the air and water got cleaner, at least in countries achieving the most rapid economic progress. Fossil fuels were the main energy source for this phenomenal improvement in human welfare.

Yet policies favored by the climate doomsayers will slow, halt, or even reverse this progress. Indeed, the more aggressive climate policies, such as Mr. Gore's proposal to cut carbon dioxide emissions by 90 percent, could not be accomplished without wrecking the economy of the developed world. Even much milder restrictions on energy use can chill job creation, and the burden of higher energy costs always falls most heavily on the poor.

Perhaps the greatest danger of all is that global warming activists will succeed in selling their agenda to developing countries, where billions of people lack electricity and other modern energy services. Much of the world is just beginning to industrialize. About 1.6 billion people have never flipped a light switch. Billions more do not own cars. Large segments of humanity will be industrializing for decades to come. Poor nations will need a lot more energy, and the most affordable kinds of energy. That means coal to generate electricity and gasoline to power cars and trucks. If we restrict affordable energy, the prospect of Africa freed at last from darkness will fade away before our eyes.

Already, the global warming crusade has diverted public attention, political will, and billions of dollars in resources and expertise from more urgent, yet more solvable, threats to people in developing countries—perils like HIV/AIDs, malnutrition, malaria, and water-borne disease.

In short, misguided global warming policies hurt working families and the poor.

So don't let anyone ever tell you that fossil-fuel-based energy use is immoral. It has literally been the engine of the greatest increase in human welfare ever seen.

Now let's look in detail at the preferred policies of the green lobby that are aimed at choking back this engine of progress. Their first demand – one that I am ashamed to say British politicians of all hues have accepted uncritically – is an overall deep reduction in greenhouse gas emissions in the medium term.

My organization, The Competitive Enterprise Institute, asked economist Ross McKittrick, a professor at Guelph University in Canada, to analyze various proposals for emissions

reduction being considered by the US Congress. Professor McKittrick explained to us that an economy's total emissions are determined by three factors: population, per capita economic output, and emissions intensity. This last factor you may not be familiar with. Emission intensity is the average quantity of carbon dioxide emitted per dollar of economic output. If you want to reduce emissions, you must reduce one of these three factors. There is no other way.

In the USA, emissions intensity declined a massive 54 percent from 1960 to 2005. Industry had cleaned up its act, homes became more efficient, cars poured less out through the exhaust pipe. Yet overall emissions doubled. Why? Because the US population grew substantially and per capita GDP increased by a massive 169 percent.

If you're following me, you'll realize where we are going. If you assume that emissions intensity and population will

continue to change at the same rapid pace, the US is in a bind if it wants to meet a deep emissions cut of about 70 percent by 2060 – in the same sort of arena as the target of certain political parties here. To meet the target, real per capita GDP will have to decrease by 50 to 75 percent instead of rising by 200 percent. High levels of unemployment will be institutionalized. And if you're worried about the current effect of the subprime crunch in the US, imagine what effect that will have on the rest of the world. The UK, of course, is in a similar position: growing population, growing GDP per capita, decreasing emissions intensity.

Now, what about the argument that setting a price on carbon will lead to people demanding and industry delivering new technologies, rapidly decreasing emissions intensity? The trouble is that we have a case study of that failing to happen across the European continent. Petrol taxes are massive in

Europe compared to the US. Even if the price you pay at the petrol pump is not inflated for the specific reason of carbon abatement, you are still paying a de facto penalty for carbon use. In fact, the general level of European and British taxation is equivalent to a carbon price of \$200 to \$300 a ton. The result of this massive deterrent to carbon emission – which is far above what most economists consider a fair reflection of the costs? No miracle fuels to replace petroleum. No zero-emissions vehicles. A lot of small, unsafe cars, but still an increase in overall transportation emissions in the EU of about a quarter since 1990, the baseline year for Kyoto.

Yet even if this pricing did work, and emissions intensity doubled its rate of decline, US real GDP would at best see no real increase between now and 2060 and at worst a real decline of 50 percent. Half a century of stagnation, not just for the US, but for the world. It's grim up emissions

reduction street. You just have to look at the only economies that have successfully cut emissions significantly since 1990 – those of Eastern Europe. Economic collapse is a sure fire way to guarantee emissions reduction.

There is one other way to achieve the emissions reduction targets without sacrificing living standards. That's massive social engineering to achieve a significant reduction in population, from 300 million plus today to 167 million in 2060, less than the population in 1960.

How might a government achieve this level of population reduction? Would they repatriate immigrants? Would they repeal the income tax deduction for dependent children? Would they impose surtaxes on families with more than the “right” number of children? Would they limit the number of children per household eligible for federal income-security,

health, housing, nutrition, and education benefits? None of these options look politically attractive, to say the least.

So we come back to emissions intensity reduction. Can we do that by ramping up things like clean coal technology?

Possibly, but sequestering large amounts of CO₂

underground is unproven on an economy-wide scale and comes with risks of its own. Moreover, it will increase the cost of generating electricity which will in turn have adverse effects on the poor. One study from Johns Hopkins

University found that replacing $\frac{3}{4}$ of US coal-fired electricity with higher priced alternatives like clean coal or renewable energy would lead to an extra 150,000 premature deaths a year in the US - about the same as is claimed for the effects of global warming worldwide. Another study from Penn State calculated that replacing $\frac{2}{3}$ of US coal with higher priced alternatives would cost 3-4 million jobs. These are illustrations of what really happens when you try to cap

emissions without thinking of the consequences. Making energy more expensive affects the poor severely. Not only do they spend a higher proportion of their income on energy than the middle and upper classes, but their other purchases are highly sensitive to the price of energy. They can't buy iPhones even when the price goes down, but they do buy food whose price is raised by biofuel mandates.

None of the other potential miracle technologies is yet up to the task. Wind is pretty useless as a source of base-load power, especially land-based wind. It needs extensive back-up conventional sources. As for Solar, economic large-scale or even house-size solar installations remain as elusive as ever. Back in 1978, there was a headline in the Wall Street Journal, "Solar Power Seen Meeting 20% of Needs by 2000; Carter May Seek Outlay Boost." Indeed, President Carter's environmental council actually predicted 25%. I'm not holding my breath. Germany is keeping its solar hopes

afloat by massive, unsustainable subsidy. Her Majesty's Treasury recognizes how foolish this is. Just this week, a leak revealed, it has decided to drop the 20 percent renewables target as unachievable, and to work with governments like Poland against Germany in EU deliberations on the subject. If Labour recognize the foolishness of ambitious targets for renewable energy, what should conservatives think?

Then there's nuclear. If a previous generation of environmentalists hadn't protested so much about nuclear power, we might have safe, reliable carbon-free electricity all over the developed world, just like they have across the channel in France. We might not even be having this debate at all. As someone suggested recently, given the anti-nuclear hysteria in the US after The China Syndrome, blame for global warming could plausibly be pinned on Jane Fonda.

Their successors are just as bad. It is funny for them how global warming is a potential catastrophe worth sacrificing our entire way of life for, until you mention carbon-free nuclear power. Suddenly, there are greater threats to the planet than global warming. The government is to be commended for looking seriously at a new fleet of reactors, but I'll believe 'em when I see 'em. The anti-nuclear lobby has more than a few tricks left up its sleeve.

[The following section was omitted from the speech as delivered owing to time constraints]

[So let's examine that point now. Just how great of a threat is global warming? Let's start by examining whether the current warm period is unprecedented. The clear answer to that is no. There are dozens of temperature records from all over the world that show that the Mediaeval Warm Period, when there were vineyards in Yorkshire (and more vineyards

per head than there are now nationally, to answer a common gotcha point from the alarmists), was warmer than it is today.

[Moreover, it is accepted scientific fact that the Holocene Climate Optimum of 5,000 to 9,000 years ago, was considerably warmer than it is today, especially in the Arctic region including Northern Canada and Northern Russia. This was the time of the fabled Northwest Passage—when Arctic sea ice retreated enough to open a maritime route from the Atlantic Ocean to the Pacific Ocean through the Canadian Archipelago, something that we see signs of returning. Temperatures in the region were several degrees Celsius warmer than they are today. Somehow the polar bears survived—as they did in the previous interglacial period, when Arctic temperatures were 4-5 degrees Celsius warmer than the present for thousands of years.

[These warm periods, including another from the height of classical Greece to the decline of the Roman Empire, were moments of great success for humanity. Climatic warmth was a boon to agriculture, because growing seasons got longer. Glaciers and sea ice receded, which made trade easier. In the Middle Ages, there were fewer plagues and fewer severe storms than in the preceding Dark Ages, which were “dark” partly because the climate was so cold. Nutrition improved. People lived longer and grew taller. This was the era of cathedral building. Only a civilization with a sustained economic surplus could afford to build all those beautiful cathedrals. A warm climate helped them achieve that prosperity.

[So warmth is not to be feared in itself. There are even benefits that can come from it, in terms of lives saved during winters and improved agricultural productivity. If we can capture those benefits and work out ways of avoiding the

costs of a warmer world, we might well see another golden age for humanity.

[But what about the catastrophes Al Gore predicts and Stern accepts? What about the floods and famines, pestilence and storms? What about the Thames flooding London? In fact, Gore likes to use current events, suggesting that weather has already got a lot worse.

[The data on deaths related to extreme weather events tell a very different story. Since the 1920s, not only death rates but also the total number of deaths related to extreme weather declined dramatically. The decline in total deaths is particularly impressive because there are so many more people in the world today than there were 80 years ago. With regard to extreme weather, the world is becoming safer.

[Some of Gore's most stunning images come from scenes of Hurricane Katrina. This is sheer demagoguery. Katrina was a category 3 storm by the time it made landfall. What made Katrina so devastating was not the extra oomph it allegedly got from global warming, but the failure of government at all levels, especially the federal government, to build adequate flood and hurricane defenses for New Orleans.

[I should add that my colleague John Berlau has uncovered convincing evidence that plans to build sea defenses for New Orleans that would certainly have saved the city in 2005 were shelved in the 1970s. Why? Because of pressure from environmentalists.

[And the risk of floods from sea level rise? Even under the most extreme scenarios it will take centuries for sea levels to rise 20 feet, something that Stern accepts. When the Dutch have been living below sea level for centuries, this should

make us realize that we'll have enough time to stop any damage. As for this century, the UN climate panel, the IPCC, projects anywhere from 7 to 23 inches, with a mean estimate of 14 inches. That is a far cry from 20 feet.]

[Delivered speech resumes]

So it seems pretty clear that Al Gore and other greenhouse crusaders exaggerate the risks of global warming and ignore the risks of global warming policy.

Yet we must accept that global warming could well inflict damage on the world, as Nordhaus' figures suggest. So what should we do?

My colleagues and I propose a three-pronged approach: technology, resiliency and adaptation.

We should increase the amount of money we are spending as a society on technological answers to the emissions intensity problem. Bjorn Lomborg has suggested a benchmark of around 0.05% of GDP, or \$25 billion annually worldwide. There are ways to do this without government picking winners or directing private investment decisions. I applaud Sir Richard Branson's billion dollar prize for a less-emitting jet fuel. That's exactly the sort of thing we need to see more of.

Secondly, we should strengthen societies to be more resilient. By that, I mean changes in institutions to make people wealthier and less vulnerable to the big hit. As Bjorn Lomborg relates, when Hurricane Katrina hit, one insurance firm found that the places that had implemented hurricane-loss prevention methods experienced one-eighth the losses of those that had not done so. By spending \$2.5 million, these communities avoided \$500 million in damage. With

Kyoto, the world would spend \$180 billion annually to reduce hurricane damage by about half of one percent. At a fraction of the cost, proven hurricane protection methods and reforms in government insurance and disaster relief policies could reduce hurricane damage by 50 percent.

In Mexico this year, we saw the value of resiliency in another way. Fifty years ago, Hurricane Janet slammed into the Yucatan Peninsula in Mexico and killed 600 people. In 2007, Hurricane Dean hit the Yucatan and killed no-one. The hurricanes were identical in speed, intensity and ferocity. What was different was that Mexico was richer. Even if storms like Dean become more frequent in the future, people will adapt and survive if they have the financial resources. How silly it seems to take those resources away in futile attempts to “stop global warming”—which no one even knows how to do—when they could save lives by allowing people to adapt to our ever-changing climate.

How do we change those institutions? We have already heard today from Peter Lilley on how we should be working with the developing world governments to liberalize their economies, reduce corruption and allow genuine property rights. Those simple steps will provide the basis for wealth, and therefore resiliency. The report of the Conservative Party's Globalization and Global Poverty working group in fact provides the best groundwork for policies to fight the worst effects of any harmful global warming.

Adaptation – responses to specific threats enabled by resiliency – is the third leg of the strategy. We are often told that global warming will make malaria much worse, for instance. This is not true, by the way, as climate is a very minor factor in the spread of malaria. But even assuming it was, which makes more sense – fighting malaria directly now or trying to change the composition of the atmosphere

to make the temperature slightly less warm in 50 years time?

To ask the question is to answer it. And fighting malaria directly costs vastly less than atmospheric tinkering.

According to my good friend Indur Goklany, even if we could somehow stabilize atmospheric carbon dioxide concentrations, this would at best reduce the number of people at risk of hunger by 2% and malaria by 3.2%. Even coastal flooding would be reduced by just 20%. All this would be at an annual cost of over \$180 billion. Yet according to the UN, we could reduce hunger, malaria and coastal flooding with half to three-quarters each at an annual cost of only \$22 billion.

[References were also made to the detailed charts contained in the attached presentation]

To those who say, "let's do both!," the sad answer is that we do not have finite resources. Resources devoted to combating climate change are simply not available to combat malaria, hunger, and hurricane risk. What's more, if we adopt climate policies that limit economic growth, even fewer resources will be available to address more urgent threats to human welfare. We need to set priorities. We need to tackle the biggest threats first.

That's why Bjorn Lomborg got together some of the world's top economists in Copenhagen a couple of years ago. They found that in order of priority, measures aimed at changing future temperatures ranked dead last. There are far better things we can do with our money rather than making carbon offsets salesmen rich and taking diesel pumps away from Indians to replace with foot treadles.

Finally, I'd like to finish with a suggestion from The Guardian, an odd place to find such a useful insight. In 2004, Catherine Bennett, wrote, "In short, if we can rise to the challenge, the permanent abolition of the wheel would have the marvelously synergistic effect of creating thousands of new jobs - as blacksmiths, farriers, grooms and so on - at the same time as it conserved energy and saved the planet from otherwise inevitable devastation." That is essentially the argument that is advanced by the emissions reduction alarmists. They are trying to sell us a pup, and we should always be wary of that.

Hopefully, this session will have provided you with tools you need to convince people who think we need to do something about global warming, not to go down the dead end of emissions reduction. Ask them to think about technology, think about resiliency, think about adaptation. That's a

responsible program, a moral program, and, dare I say it, a
Conservative program.