

Published in Newsweek (US) 13 December 2004

Opinion:

False Prophets, Bad Economics; The question is whether we spend money to do a little good in a rich nation far into the future, or great good in a poor Bangladesh now?

By Bjorn Lomborg

Global warming gets more scary by the minute. The European Union calls it "one of the most threatening issues that we are facing today." Britain's chief scientist considers it "more serious even than the threat of terrorism." His boss, Tony Blair, sees it as "the single most important issue," and plans to use his dual EU and G8 presidency next year to make the battle against global warming the industrial world's top priority. This message will resound at the U.N. climate-change summit starting this week in Buenos Aires: strong action, built around the Kyoto Protocol, is not only urgent. It is the moral test of our time.

This is a counterproductive exaggeration. Global warming is happening and is very important, no question, but its negative impacts are vastly overblown. Headlines warn of intense hurricanes and a deluging ocean, the Gulf Stream's shutting down, megadroughts and famine, ending in the extinction of the human race, or its confinement to Antarctica. This is fiction, the stuff of Hollywood imaginations. There is also no question that climate change will hit hardest in the Third World, but the hype has impaired our ability to ask where our money can do the most good for the poor. A group of the world's top economists, gathered by the Copenhagen Consensus project this May, asked that very question: where can we do the most good? Global warming ended up at the bottom of the priority list.

The sloppy logic of the Kyoto advocates is surprising. The protocol would demand the biggest international financial commitment in history, yet it rests on an elementary fallacy: it compares the total costs of potential damage with the marginal costs of slightly ameliorating the problem. Even if every industrial country met the Kyoto goals of reducing carbon emissions 30 percent by 2010, the impact would be tiny. By 2100 that would have postponed global warming by a mere six years. The guy in Bangladesh driven from his home by rising sea levels would have to move in 2106, instead of 2100.

This makes little sense. The best estimates of the cost of implementing Kyoto run between \$150 billion and \$350 billion a year. The best estimates of the damage from global warming reach about \$500 billion annually in 2100. Proponents argue that paying \$150 billion to avoid \$500 billion in damages is a good deal. But that's not what's on offer. We still have to pay the \$500 billion, only six years later. So the real offer is: we pay \$150 billion each year for 100 years to postpone payment of \$500 billion annually, starting in 2100. All economic models show this to be, as the Copenhagen Consensus put it, a "bad" deal.

The fearmongers assume a static world that will do nothing to protect itself. Citing Poland, the U.N. Climate Panel figures the cost of flooding could be \$46 billion, although they assume twice the likely rise in sea levels--and that Poland will not spend just \$6.1 billion to avoid it. A similar assumption underlies the theory that malaria outbreaks will rise with the temperature. Malaria has disappeared as a major

epidemic disease in the West, despite rising temperatures, because rising wealth brought better health care and infrastructure. As the developing world gets more wealthy, malaria is likely to decrease.

There are many better ways to help the poor than by fighting global warming. Directly addressing the most pressing issues of disease, hunger and polluted water will not only do obvious good, it will make the poor less vulnerable to climate change.

And poverty is a huge problem now . The United Nations projects that the average person in the developing world in 2100 will be at least as rich as we are today, and more likely two to four times richer. When Bangladesh faces those elevated seas in 2100, it will be a rich Netherlands. The real question is whether we spend money to do a little good in a rich Netherlands far into the future, or a lot of good in a poor Bangladesh now.

The world can't (or won't) pay for everything, so we have a moral obligation to set priorities. This was the starting point of the Copenhagen Consensus project, which found that problems like AIDS, hunger and malaria could be fought very cost-efficiently, but climate change could not. We can prevent HIV by handing out condoms and improving health education. We can prevent millions from dying of malnutrition with simple vitamin supplements. This does not mean we should ignore climate change. We should, for example, look at the right mix of incentives and regulations to encourage investment in renewable energy. But it does mean that there are far better ways to spend \$150 billion a year. World leaders would be well advised to let go of their obsession with the distant and exaggerated threat of climate change in order to start doing some real good for the world, now.

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