

THE ECONOMIC CASE FOR CLIMATE POLICY

The distortion of scientific knowledge in the Italian media

Richard Tol

On July 1, La Stampa published an article under my name, with the title “All greenhouse gas calculations are mistaken”. I did not write the piece. It was put together by Mr Fabio Fantoni, press officer of Fondazione Sigma Tau. Mr Fantoni had asked me for material to create publicity for a lecture I gave on July 8 in Spoleto. He wrote a distorted summary, and passed it off as my work. This matter is now making its way to the courts.

I am grateful to the editors of the Climalteranti for giving me the opportunity to set the record straight. Neither Fondazione Sigma Tau nor La Stampa have given me this opportunity.

Climate change is often portrayed as the greatest problem of the 21st century. Politicians are promising deep cuts in greenhouse gas emissions. A substantial amount of money has already been spent on climate change, and much more will be spent if such promises are realised. The question is how much abatement is justified?

The benefits of climate policy are the avoided impacts of climate change. The impacts of climate change are uncertain and diverse. They are uncertain because climate change will take place in the future, and because we do not fully understand all mechanisms. The impacts are diverse because low-lying coasts are vulnerable to sea level rise while mountain areas may see a decline in skiing, because the very old and the very young suffer disproportionately from heat stress, or because rich people can afford air conditioning and poor people cannot. For a direct comparison to the costs of emission reduction, the impacts of climate change need to be expressed in money, a difficult and controversial step.

Despite these difficulties, there are a few robust results. Climate change has negative as well as positive impacts. For instance, homes will not need to be heated in winter, and plants will grow faster. These positive impacts are irrelevant, because they only occur in the short term. We can only affect climate change in the long term. Emission reduction therefore reduces the negative impacts of climate, but leaves the positive impacts as they are. There is thus an economic case for greenhouse gas emission reduction. You do not need to be a bleeding heart ecologist to favour climate policy. Cold economic calculus calls for action too.

At the same time, estimates of the impacts of climate change do not support the often dramatic language of the media. Climate change is not the biggest problem of humankind. Climate change may have killed 100,000 children in 2009 through malaria and diarrhoea, but poverty killed 1,000,000 or more through the same diseases. Climate change may not even be the biggest environmental problem. Air pollution is killing a great many people in India and China. However, climate change is a real problem, and it will need to be solved.

The third major insight is that climate change primarily affects poor people in faraway places, as they live in countries that are hot, as they are more exposed to the weather, and as they cannot afford the things we use to protect ourselves against the vagaries of the weather. This means that climate policy is not for our benefit, nor for the benefit of our children and grandchildren. Climate policy is for the benefit of their grandchildren. We have a moral obligation, however, to not harm others if we can avoid it.

In sum, these results argue against the hysteria that is so prevalent in the climate policy debate, and they do call for a measured policy of greenhouse gas emission reduction.