

## **Carbon legislation “or else”**

### **The UN or the EPA will provide.**

By Michael J. Economides

It is billed as a “panel of the world’s leading economists... to fight climate change.” I am not sure what kind of economists they are but the ones that have been meeting in Bonn, Germany seem to ignore what any undergraduate student in business or engineering can readily conclude: the net present value of carbon dioxide fossil fuels is positive and huge; the net present value of any “green” alternatives is negative to hugely negative.

Unless of course they start with the presumption of anthropogenic global warming, which they do, but even more to the point, they accept lock stock and barrel the most alarmist, the direst predictions of the consequences of global warming. If one accepts those, no economic calculation is necessary because the presumed damages have an incalculable impact. There is no real need for “leading economists” to congregate other than provide fake but authoritative sounding pronouncements for what it is a thinly disguised giant worldwide tax.

The panel was assembled by U.N. Secretary-General Ban Ki-Moon last March and is supposed to report to him in October. “Potential revenue sources include auctioning the right to pollute, taxes on carbon production, an international travel tax, and a tax on international financial transactions, as well as government grants and loans.” The speaker in Bonn: none other than Nicholas Stern, the author of one of the most alarmist reports on the subject in the UK.

Almost certainly because of the failure of US Congress to enact carbon legislation and the debacle in Copenhagen last December, the proposal in Bonn, unabashedly uttered by Stern is for the UN to be the revenue raiser. In a far from subtle manner, the UN has been mentioned for the first time as the vehicle to raise \$100 billion per year to fight climate change. This departure from past plans is so outlandish, so far out of any authority that the UN has ever claimed on member states that it would lend credibility of the pronouncements of not just right-wing radio talk show hosts but the most radical phobias of world governance expressed by fringe groups.

Stern is certainly not immune to cherry pick information to prove a point. One would wonder about the scholarliness of this leading economist. One of the most striking examples, one that has been quoted by many, is the Stern Report’s citing of the work of Robert Muir-Wood, head of research at Risk Management Solutions, a US consulting firm. The Report said: “New analysis based on insurance industry data has shown that weather-related catastrophe losses have increased by 2% each year since the 1970s over and above changes in wealth, inflation and population growth/movement... If this trend continued or intensified with rising global temperatures, losses from extreme weather could reach 0.5%-1% of world GDP by the middle of the century.”

Muir-Wood said his research showed no such thing and accused Stern of “going far beyond what was an acceptable extrapolation of the evidence”.

But Stern in Bonn was unfazed. He talked of a “new industrial revolution to move the world away from fossil fuels to low carbon growth... It will be extremely exciting, dynamic and productive.”

But there was nothing specific. Which technologies will shape this new industrial revolution, what is their viability, what is their own economic attractiveness? What it is certain is that the existing highly attractive, tried and true technologies and energy sources are to be taxed at the tune of \$1 trillion per decade. There will be a process, not specified, on how this massive revenue will be “distributed.” And finally the clincher, “private capital also will be crucial, and governments must adopt policies reducing the risk to investors”, i.e. subsidies, i.e., more taxes.

These ideologues seem unrepentant and unmoved by the giant signals from many countries, all in just this year, which led to the Copenhagen fiasco, the wholesale abandonment of subsidized, unrealistic green technologies throughout Europe and the huge disconnect between public pronouncements and actions by practically every country. Now they will try the UN route which is the surest way to further reduce the effort to laughable levels. How is the US going to compel countries to comply with such massive tax increases?

But never underestimate the environmentalists’ fervor once they find themselves in the government. In the United States we have a new tactic. The EPA, citing the Congressional refusal to enact the holy carbon legislation, which I would have thought would be a yet another giant signal of what the public wants (a bothersome nuisance I am sure) will now attempt to impose regulations on the power and energy industry.

Blinded by ideology and an almost religious anti-carbon devotion have they, from Bonn to Washington, lost all their senses?

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