The politics and economics of climate change

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Thank you to the Institute of Public Affairs for inviting me to deliver the 2007 HV McKay Lecture in Sydney.

Over the past half century we have 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 partly perhaps because, at least in the richer countries of the world, we have rightly become more concerned with environmental issues. But that is no excuse for abandoning reason. It is time to take a cool look at global warming.

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

They are 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 is happening and why—not that they all agree about this, anyway—they cannot tell us what governments should be doing about it. For that we also need an understanding of the economics, of what is 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, a particularly tricky matter given the inescapably global nature of the issue.

It is 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 would not be the end of the matter.

But in fact, while some of the science is settled, there is much that is not. So let's start with the facts.

It is customary to focus on three of them. The first is that, over the past hundred years, the earth has become slightly warmer. To be precise, there has been a rise in global mean annual temperature of some 0.7º centigrade.

The second is that, over the past hundred years, the amount of carbon dioxide in the earth's atmosphere has risen sharply, by well over 30 per cent, largely as a result of carbon-based industrialisation—in particular, electricity generated in coal- and oil-fired power stations and motorized transport.

And the third fact (and this is the settled science) is that carbon dioxide is one of a number of so-called greenhouse gases—of which far and away the most important is water vapour, including water suspended in clouds—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 man-made 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 is 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 has been confined entirely to two periods: from 1920 to 1940, and from 1975 to 2000. Between 1940 and 1975 there was a slight cooling; and so far this century (and contrary to all predictions) there has been no trend one way or the other.

So clearly carbon dioxide is only part of the global temperature story: it is very far from being the whole story.

And this is borne out by the longer term historical record. It is well established, for example, that a thousand years ago, well before the onset of industrialisation, there was what has become known as the mediaeval warm period, when 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 are 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 a hundred years from now.

These uncertainties clearly have a profound bearing on the economics of global warming, and thus on the policies it is sensible to pursue. For while we can do our best to make an estimate of the cost of substantially decarbonising the world economy, we have 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 is clear, even if we could predict the temperature of the planet a hundred 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 20th century was very likely due to the growth of atmospheric carbon dioxide concentrations.

But even if—and there is 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 which are widely believed to follow from this are very suspect indeed.

In a nutshell, to get a line on how much global warming there is likely to be over the next hundred years, and what the practical impact of the consequent rise in global temperatures might be, the IPCC adds to the assumed nature of the link between atmospheric concentrations of carbon dioxide and temperature, estimates of how much CO2 emissions are likely in fact to increase over the next hundred years, based on a number of different economic development scenarios; and then assesses, largely in quantified form, the likely consequences of the resulting rise in world temperature.

All the IPCC's scenarios, incidentally, assume that, over the present century, faster economic growth will mean that living standards in the developing world, in the conventional sense of 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 have been told that disaster stares us in the face if we do not take urgent action to save the planet.

It is only fair to add that what I have just spelled out is what emerges from the IPCC's scenarios before deducting the projected costs to the economy of 21st century global warming. I will of course come to that; and it will be seen that it does not fundamentally change the picture.

It is also of course true that the IPCC's projections of 21st century economic growth may prove to have been too optimistic; but in that case, given the assumed growth-emissions-temperature nexus, there will 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 1.8ºC for its lowest emissions scenario to one of 4ºC for its highest emissions scenario, with a mean increase of slightly under 3ºC.

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 is 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 is at issue here is the prospect of a very gradual change over a hundred 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; and man, whose greatest quality is his adaptability, has successfully colonized 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 5ºC. That in Singapore is in excess of 27ºC—a difference of more than 22ºC. If man can successfully cope with that, it is not immediately apparent why he should not be able to adapt to a change of 3ºC, when he is given a hundred years in which to do so.

The IPCC seeks to assess the likely impact of projected global warming over the next hundred 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 is clear that while warming brings costs, it also brings benefits. Given the wide geographical variation in temperatures around the world, it is obviously likely that, while in the warmer regions the costs could be expected to exceed the benefits, 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 is difficult not to sense a lack of even-handedness, leading to a bias in the overall assessment.

But let us 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 tend to increase, rather than reduce, rainfall. The problem is the huge increase in the world's population, which 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 is abundantly clear is that cutting back on carbon dioxide emissions is irrelevant.

As to ecosystems, here again it is 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, which is at most of marginal significance.

The IPCC's third heading, food, is clearly of the first importance to mankind. 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 1-3ºC, 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 a little under 3ºC.

Moreover this is an area where the scope for adaptation is particularly pronounced. It is not simply a matter of farmers being able to make better use of irrigation and fertilizers, and indeed to switch to strains or crops better suited to warmer climes, should the need arise—something, incidentally, which will happen autonomously, without any need for government intervention. It is also because we are 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, where it is 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 is 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, which 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 is 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 manmade CO2 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, on the assumption that no measures are taken to curb carbon dioxide emissions, and 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 hundred years range from a rise of 1.8ºC to one of 4ºC, depending on the emissions scenario chosen.

The Report then takes the upper end of the range—a 4ºC warming—and claims that, overall, this would mean a loss, by the end of the 21st century, of anything between 1% and 5% of global gross domestic product. It adds that this is the global average figure, and that developing countries will experience larger percentage losses.

Given that this derives from the top end of the range, and given that the IPCC insists that all its scenarios are of equal validity, it is clear that, on the basis of the IPCC's own methodology, there may be no net cost at all from global warming over the next hundred years: it may even be beneficial.

But let us err on the side of caution, and take not only the top end of the IPCC's warming range—a rise of 4ºC over the next hundred years—but also the top end of its projection of the net damages, a loss of 5% of world GDP. A loss of 5% of world GDP is undoubtedly a very large loss indeed; but to put it in perspective we need to do some simple arithmetic.

Heeding the IPCC's very proper warning 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 us look at the gloomiest of the IPCC's economic development scenarios, according to which 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 that our great-grandchildren in the developed world would, in a hundred 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—and one based, moreover, as they all are, on a ludicrously pessimistic assumption of mankind'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, which leads to a systematic exaggeration of the putative cost of global warming—if, indeed, over the next hundred 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 mankind. We have adapted to different temperatures over the millennia we have 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 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, because of their "low adaptive capacity". This somewhat patronizing judgment seems ill-founded for three reasons. First, as we have 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 a hundred years time. Second, for those parts that do remain poor, overseas aid programmes will clearly be focused on improving their adaptive capacity, should the need arise. (This is, incidentally, a much more realistic objective for overseas aid than the promotion of economic development.) And third, there will almost certainly be substantial technological development over the next hundred years, which 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, deriving both from its assumption that 'adaptive capacity' is severely and permanently constrained by economic underdevelopment in the developing world, and its assumption that, for the world as a whole, it is constrained by the limits of existing technology—that is, the assumption that there will be no further technological development over the next hundred years.

This last is clearly absurd in the important case of agriculture and food production, and is implausible in general. As a result, the IPCC's overall cost assessment inevitably suffers from a pronounced upward bias.

It is 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, declaring 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 16th 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 man has 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 is 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 ten 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 ten occurred before 1975, that is to say, before the period when the bulk of the modest 20th 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 is 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 cannot cause any rise in sea levels—just as the melting of ice cubes in your glass of water cannot 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 but over the vast continent of Antarctica in the south.

Here it is perfectly true that the West Antarctic ice sheet, covering the peninsular which points its finger

towards the southern tip of South America, is showing evidence of melting and glacier retreat. But the West Antarctic peninsular accounts for only around 10 per cent of Antarctic land borne ice, and has a different climate from the rest of Antarctica. In most of the other 90 per cent of the continent, according to the most recent research, the ice sheet appears to be growing.

Finally, in Europe in particular, there is a fear of a reversal of the Gulf Stream and thus—paradoxically—the onset of very much colder weather. Although there is 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 is further global warming over the coming decades, since the Gulf Stream is largely a surface current and thus a wind-driven phenomenon.

It is clear, therefore, that even after looking carefully at the worst nightmare scenarios the alarmists can conjure up, there is no reason to believe that, even if the IPCC's projections of global warming over the coming century are realized, which is unlikely, there is anything to which mankind cannot adapt.

Moreover, to the extent that there is a problem of global warming, it is 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 is 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 has not done so already, 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 is thoroughly understandable, and 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 which still afflicts their people be relieved. They observe that the industrialized countries of the western world achieved their prosperity thanks to cheap carbon-based energy, and they believe that it is now their turn to do the same.

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

At the very most, they are prepared to concede that, if and when their emissions per head of population have risen to the levels of emissions per head in the rich world, there might be the basis for an international agreement which 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 is perfectly true that spokesmen 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 is no prospect whatever of this chasm—it is 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, having agreed in principle to cut its emissions by 20 per cent (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 is also the nugatory reduction in overall global emissions that this would lead to. This is because the only practical way of cutting back on carbon dioxide emissions is to raise the cost of carbon-based energy, whether by taxation or by the rationing system known as emissions trading; so that energy-saving becomes more attractive and non-carbon-based energy more competitive. But as energy prices in, for example, Australia rise, with the prospect of further rises to come, energy-intensive industries and processes would progressively decline in Australia and expand in countries like China, where cheap energy remained available.

No doubt Australia could, at some cost, adjust to this. But it is difficult to see the point of it. For if carbon dioxide emissions in Australia are reduced, only to see them further increased in, for example, China, there will be little if any 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 ac-

ing the planet, despite Kyoto 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, whereas the 70 per cent reduction in global carbon dioxide emissions which would be required to stabilize carbon dioxide concentrations in the earth's atmosphere would be very costly indeed.

So how much would it cost to reduce carbon dioxide emissions per unit of output to the extent allegedly required? The only honest answer is that we do not know; but all the signs are that it would prove very expensive indeed. One test is 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.

And it is significant that this is something which those politicians who identify global warming as the greatest threat facing the planet are conspicuously reluctant to discuss, let alone to propose. The IPCC, in its 2007 Report, suggests (and I quote) that "the costs and benefits of mitigation…are broadly comparable in magnitude"—although in fact, as we have already seen, it greatly exaggerates the benefits of mitigation by its systematic undervaluation of adaptation.

But even if it were the case that the costs and benefits of mitigation are broadly comparable in magnitude, the fundamental question, when comparing the costs and the benefits—even if we accept the conventional wisdom so far as the science is concerned, and even if we assume that a global agreement is attainable, however unlikely that may seem—is this.

How great a sacrifice is it either reasonable or realistic to ask the present generation, particularly the present generation in the developing world, suffering as it still does from extreme poverty, malnutrition, disease and premature death, to make in the hope of benefiting substantially better-off generations a hundred or two hundred years hence?

The answer is clear: not a lot.

It is not that we don't care about future generations. It is that we do care about the present generation.

Nor does invocation of the so-called precautionary principle overturn this conclusion. The fact that climate science is so uncertain that we cannot be absolutely sure that there is not a catastrophe awaiting the people of the world a hundred or two hundred years hence cannot rationally be used as the basis for horrendously costly policy decisions now.

In a world of inevitably finite resources, we cannot 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 on future dangers, such as nuclear conflict and terrorism, where 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.

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, as well as having practical utility even in the absence of warming.

Another form of R & D which is rightly taking place at the present time, although so far only in the United States, involves what has become known as geoengineering; that is, 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 is what happens naturally, when large volcanoes erupt. The most recent such occasion was the eruption of Mount Pinatubo, in the Philippines, in 1991, which 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 is needed to adapt to a warmer planet, should the late 20th century warming, which has for the time being paused, soon resume, as the majority of climate scientists are currently predicting. For the most part this can and will happen spontaneously and autonomously, just as mankind has always adapted to the environment around him, wherever he lives, 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 have 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 is true that the record of overseas aid in promoting economic development

is very disappointing. But that is 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 is only a minuscule fraction of what it would cost to attempt, by substantially cutting back on carbon dioxide emissions, to control the global temperature. What is important is that the practical measures I have outlined in the last few pages represent the sum total of what we should be doing.

It has to be said that this is not the easiest of messages to get across—not least because the issues surrounding global warming are so often discussed in terms of 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 is 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 is from this, above all, that we really do need to save the planet.

About the author

Lord Nigel Lawson is the former Chancellor of the Exchequer under Margaret Thatcher. Lord Lawson has been a prominant commentator on the *Stern Report*, and he was a key member of the 2006 UK House of Lords Economics Committee *Report into the Economics of Climate Change*. The report remains the most comprehensive investigation into climate change and its economic consequences.

Lord Lawson was a key proponent of the Thatcher Government's privatisation and tax reform programme.

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