

Notes for the speech at the 2008 International Conference on Climate Change,
New York, 4 March 2008

From Climate Alarmism to Climate Realism

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Mr Chairman,

I first wish to thank the organisers of this important conference for making it possible, and also for inviting one politically incorrect politician from Central Europe to come and speak here. This meeting will undoubtedly make a significant contribution to the moving away from the irrational climate alarmism to the much needed climate realism.

I know it is difficult to say anything interesting after two days of speeches and discussions here. If I am not wrong, I am the only speaker from a former communist country, and I have to use this as a comparative -- paradoxically -- advantage. Each one of us has his or her experiences, prejudices, and preferences. The ones I have are - quite inevitably - connected with the fact that I spent most of my life under the communist regime.

A week ago, I gave a speech at an official gathering at Prague Castle commemorating the 60th anniversary of the 1948 communist putsch in the former Czechoslovakia. One of the arguments of my speech, quoted in all the leading newspapers in the country the next morning, went as follows:

Future dangers will not come from the same source. The ideology will be different. Its essence will nevertheless be identical: the attractive, pathetic, at first sight noble idea that transcends the individual in the name of the common good, and the enormous self-confidence on the side of its proponents about their right to sacrifice the man and his freedom in order to make this idea reality.'

What I had in mind was, of course, environmentalism and its present strongest version, climate alarmism

This fear of mine is the driving force behind my active involvement in the Climate Change Debate and behind my being the only head of state who, in September 2007 at the UN Climate Change Conference, only a few blocks from here, openly and explicitly challenged the current global warming hysteria. My central argument was - in a condensed form - formulated in the subtitle of my recently published book devoted to this topic, which asks 'What is endangered: Climate or Freedom?' My answer is clear and resolute: 'it is our freedom'. I may also add: 'and our prosperity'.

What frustrates me is the feeling that everything has already been said and published, that all rational arguments have been used, yet it is still does not help. Global warming alarmism is marching on. We have to concentrate (here and elsewhere) not only on adding new arguments to the already existing ones, but also on the winning of additional supporters for our views. The insurmountable problem as I see it lies in the political populism of its exponents and their unwillingness to listen to arguments. They – in spite of their public roles – maximize their own private utility function where utility is not any public good but their own private good – power, prestige, carrier, income, etc. It is difficult to motivate them differently. The only way out is to make the domain of their power over our lives much more limited. But that will be a different discussion.

We have to deal repeatedly with the simple questions that have been discussed many times here and elsewhere.

1. Is there a statistically significant global warming?
2. If so, is it man-made?
3. If we decide to stop it, is there anything mankind can do about it?
4. Should an eventual moderate temperature increase bother us?

We have our answers to these questions and are fortunate to have many well-known and respected experts here who have made important contributions in answering them. Yet, I am not sure this is enough. People tend to believe blindly in the IPCC's conclusions (especially in the easier to understand formulations presented in the "Summaries for Policy makers") despite the fact that from the very beginning, the IPCC has been a political rather than a scientific undertaking.

Many politicians, media commentators, public intellectuals, bureaucrats in more and more influential international organisations, not only accept them but use them without the qualifications which exist even in the IPCC documents. There are sometimes unexpected and for me inexplicable believers in these views. A few days ago I came across a lecture given by a very respected German economist (H W Sinn, 'Global Warming: The Neglected Supply Side, in The EEAG Report, CESifo, Munich, 2008), who in his other writings is very critical of German interventionist policies and etatist institutions. His acceptance of the 'conventional IPCC wisdom' (perhaps unwisdom) is striking. His words:

- * 'the scientific evidence is overwhelming'
- * 'the facts are undeniable'
- * 'the temperature is extremely sensitive to even small variations in greenhouse gas concentrations.'
- * 'if greenhouse gases were absent from the atmosphere, average temperature of the earth's surface would be -6 deg C. With the greenhouse gases, the present temperature is +15 deg C. Therefore the impact of CO₂ is enormous'.
- * he was surprised that 'in spite of all the measures taken, emissions have accelerated in recent years. This poses a puzzle for economic theory!' he said.

To make it less of a puzzle, let me make two brief comments.

As an economist, I have to start by stressing the obvious. Carbon dioxide emissions do not fall from heaven. Their volume (E_{CO_2}) is a function of gross domestic product per capita (which means of the size of economic activity, SEA), of the number of people (POP) and of the emissions intensity (EI), which is the amount of CO₂ emissions per dollar of GDP. This is usually expressed in a simple relationship which is not of course, a tautological identity:

$$E_{CO_2} = EI \times SEA \times POP.$$

What this relationship tells is simple: If we really want to decrease E_{CO_2} we have to either stop economic growth and thus block further rise in the standard of living, or stop the population growth, or make miracles with the emissions intensity.

I am afraid there are still people who want to stop economic growth; stop the rise in the standard of living (though not their own); and stop man's ability to use expanding wealth, science and technology for solving the actual pressing problems of mankind, especially those of the developing countries. This ambition goes very much against past human experience which has always been connected with a strong motivation to better human conditions. There is no reason to make the change just now, especially with arguments based on such incomplete and faulty science. Human wants are unlimited and should stay so. Asceticism is a respectable individual attitude but should not be forcefully imposed upon the rest of us.

I am also afraid that the same people, imprisoned in Malthusian tenets and in their own megalomaniacal ambitions, want to regulate and constrain demographic development; which is something only the totalitarian regimes have until now dared to experiment with. Without resisting it we would find ourselves on the slippery road to serfdom. The freedom to have children without regulation and control is one of the undisputable human rights and we have to say very loudly that we do respect it and will do so in the future as well.

There are people among the global-warming alarmists who would protest against being included in any of these categories, but who do call for a radical decrease in carbon dioxide emissions. It can be achieved only by means of a radical decline in the emissions intensity.

This is surprising because we probably believe in technical progress more than our opponents. We know, however, that such revolutions in economic efficiency (and emissions intensity is part of it) have never been realised in the past and will not happen in the future either. To expect anything like that is a non-serious speculation.

I recently looked at the European CO₂ emissions data covering the period 1990-2005, the Kyoto protocol era. My conclusion is that in spite of many opposite statements the very robust relationship between CO₂ emissions and the rate of economic growth can't be disputed, at least in a relevant and meaningful time horizon. You don't need huge

computer models to very easily distinguish three different types of countries in Europe. In the less developed EU countries, Greece, Ireland, Portugal and Spain, which during this period (in which they ratified Kyoto) were trying to catch up with the economic performance of the more developed EU countries, rapid economic growth led to a 53 per cent increase in CO₂ emissions.

In the European post-communist countries, which after the fall of communism went through a fundamental, voluntarily, un-organisable, transformational shake-out, and an inevitable radical economic restructuring, with heavy industry disappearing (not stagnating or retreating) practically overnight. Their GDP drastically declined. These countries decreased their CO₂ emissions in the same period by 32 per cent. In the EU's slow-growing if not stagnating countries (excluding Germany where it's difficult to eliminate the impact of the fact that the East German economy almost ceased to exist in that period), CO₂ emissions increased by 4 per cent.

The huge differences in these three figures – + 53 per cent, -32 per cent, and + 4 per cent, are fascinating. And yet there is a dream among European politicians to reduce CO₂ emissions for the entire EU by 30 per cent in the next 13 years (compared to the 1990 level).

What does it mean? Do they assume that all countries would undergo a similar economic shock as was experienced by the central and eastern European countries after the fall of communism? Do they assume that economically weaker countries will stop their catching-up process? Do they intend to organise a decrease in the number of people living in Europe? Or do they expect a technological revolution of unheard-of proportions? With the help of a – Brussels organised – scientific and technological revolution?

What I see in Europe (and in the US and other countries as well) is a powerful combination of irresponsibility, of wishful thinking, of implicit believing in some form of Malthusianism, of a cynical approach of those who are sufficiently well-off, together with the strong belief in the possibility of changing the economic nature of things through a radical political project.

This brings me to politics. As a politician who personally experienced communist central planning of all kinds of human activities, I feel obliged to bring back the already almost forgotten arguments used in the famous plan-versus-market debate in the 1930s in economic theory (between Mises and Hayek on the one side and Lange and Lerner on the other); the arguments we had been using for decades until the moment of the fall of communism. The innocence with which climate alarmists and their fellow-travellers in politics and media now present and justify their ambitions to mastermind human society belongs to the same fatal conceit. To my great despair, this is not sufficiently challenged, neither in the field of social sciences, nor in the field of climatology. The social sciences, especially, are suspiciously silent.

The climate alarmists believe in their own omnipotency; in knowing better than millions of rationally behaving men and women what is right or wrong. They believe in their own ability to assemble all relevant data into their Central Climate Change Regulatory Office (CCCRO) equipped with huge supercomputers, and in the possibility of giving adequate instructions to hundreds of millions of individuals and institutions and in the non-existence of an incentive problem (and the resulting compliance or non-compliance of those who are supposed to follow these instructions)

We have to restart the discussion about the very nature of government and about the relationship between the individual and society. Now it concerns the whole of mankind, not just the citizens of one particular country. To discuss this means to look at the canonically structured theoretical discussion about socialism (or communism), and to learn the uncompromising lesson from the inevitable collapse of communism 18 years ago. It is not about climatology. It is about freedom.

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