Garnaut Abandons professionalism for politics

By Des Moore

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Professor Ross Garnaut has now submitted two major reports on climate change to the Labor government, one in 2008 and one (involving eight updates) this year. He has been a much used economic adviser by Labor governments, including as senior economic adviser to Prime Minister Hawke from 1983-85, and was an important influence on Labor's reductions in tariffs and floating of the exchange rate in the 1980s. Against these roles Garnaut has been regarded as a prominent advocate of reforms that allow market forces greater play.

How, then, should one assess his advocacy of the opposite - majorgovernment interventions in the economy to stop the emissions of greenhouse gases because of the alleged threat that over time temperatures will otherwise increase to levels that threaten human existence?

The basic rationale here is that government action is needed to reduce greenhouse gases emitted as a result of human activity because individuals will otherwise continue to consume fossil fuels even if temperatures increase. Hence, it is argued, just as individuals need to be stopped by government regulation from polluting air or water, they also need to be prevented from using fossil fuels moving instead to usage of other energy sources. Accordingly, Garnaut's support for government intervention is fundamentally based on the claim by a group of scientists that threatening temperatures from the greenhouse effect, arising from increased radiations back to earth from the concentrations of greenhouse gases that accumulate in the atmosphere, will reach dangerous levels.

But as Garnaut is not a scientist, he has decided simply to accept this claim without further investigation. In his 2008 report he said that "on the balance of probabilities, the mainstream science is right in pointing to high risks from unmitigated climate change". But his 2011 report has upped the ante by claiming that since 2008 advances have "broadly confirmed" what he now calls "reputable science" and the premise is "beyond reasonable doubt".

Garnaut's uncritical acceptance of "the" science is clearly politically based, reflecting a wish to satisfy the government that commissioned his reports. Like any responsible economist he should have undertaken a detailed investigation of any major claim predicting serious adverse consequences for the economy unless the government intervenes. Moreover, he is totally

wrong in saying the science has "advanced" since 2008. It has become even more uncertain as a result of the exposure by ClimateGate of highly questionable analytical methods used by scientific advisers to an IPCC that employs no scientists itself, and the publication of large numbers of peer reviewed critiques of "the" science.

True, Garnaut's 2011 report does refer to advice received in support of his earlier claim that there has been no downward trend in temperatures since 2001 or 1998. He claims this "expert" statistical advice reiterated that there is a statistically significant warming trend, which did "not end in 1998 or in any other year". But other "expert" statistical analysis shows a slight downward trend in temperatures during this period despite a large increase in emissions and a break from increasing temperatures at the end of the 1990s.

But perhaps the major defect of Garnaut's 2011 report is the absence of any statistical analysis of other aspects of "the" science that are open to serious question and which should have been considered by any expert economist. There is no reference, for example, to the absence of an increase in temperatures in about half of the last 60 years when emissions increased and, according to "the" science, temperatures should have too. Nor is there any reference to the expert statistical analysis to the US Congress of derived measurements of past temperatures confirming that they were almost certainly slightly higher than they are now in some past periods when fossil fuel use was low.

A similar defect arises from the absence of any comment by Garnaut on the possible increase in sea levels between now and 2100. This may be because there would be political difficulties if any public questioning arose of the predicted increase of up to 1.1 metre by Prime Minister Gillard and Climate Change Minister Combet. That clearly exaggerated prediction, obviously designed as a scare, would require a much faster rate of increase than over recent years and is well above the highest end of the IPCC range (59 cms).

Garnaut's politics are also evident in his attempt to portray Australia as already behind the ball game in instituting policies designed to reduce emissions. This is an attempt to provide a catch-up rationale for the government to justify Australia starting an emissions reduction scheme.

But it fails utterly largely because it is based on pledges made at the Cancun conference. Such pledges are not binding on any of the countries involved and, in the case of the largest emitters (China and India), they only apply to emissions intensity. An examination of analyses by bodies such as the IEA suggests that both countries are likely to continue as large and increasing emitters in absolute terms.

What might or might not happen in the future is also important in considering whether there is any basis to the claimed urgent need to start an emissions reduction policy now. Garnaut does acknowledge that technological change can lead to the establishment of alternatives to

fossil fuels but argues that this will require very large government research subsidies as well as restrictions on fossil fuel usage. However, such technologies are most likely to be developed by private investors who see commercial opportunities for their exploitation and take risks in the market. Again for what must be political reasons, Garnaut makes no mention of the fact that nuclear power is already an almost economically efficient alternative source. In short, it is very likely that before 2100, and without restrictions on usage of fossil fuels, technological developments and/or

policy decisions on nuclear power will produce economically efficient sources of energy that do not produce greenhouse gases.

I have not delved into the economics of the Garnaut report. Professor Henry Ergas did that in his article in The Australian on 3 June ("Assertions Fly Thick and Fast") when he identified major analytical errors, a delusional and misleading assessment of the world and taxation proposals for trying to buy public approval that would increase marginal tax rates.

In writing elsewhere about the Garnaut report I compared the rationale for measures to stop emissions of greenhouse gases with the rationale advanced in the 1970s for stopping economic and population growth. Those proposals by experts such as Professor Paul

Ehrlich, the Club of Rome and numerous members of the Royal Society emanated from their analyses suggesting that the supply of resources would otherwise expire. Fortunately, these dreamers were largely ignored. While some will think it is stretching a long bow to compare the two rationales, careful consideration of the stop-the-end-of-the-world-Garnaut-analysis suggests it should be largely forgotten as was the same theme promulgated by the 1970s experts.

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