

# Climate Change Issues:

## New Developments in a 20-Year Context

*Regular readers will know that the Newsletter has published a number of articles in recent years looking at aspects of the climate change debate. In this one, David Henderson<sup>1</sup> reviews the debate and puts new developments in perspective.*

THIS NOTE PRESENTS A PERSONAL SKETCH of the current debate on climate change issues, with special reference to the debate among economists. The opening sections, which give a 20-year perspective, draw in part on a paper of mine published earlier this year in the journal *Energy and Environment*. In the final section I comment on recent unexpected developments and their possible significance.

### Received opinion and its basis

In relation to climate change issues, there exists a well-established body of *received opinion* shared by the great majority of governments and by many of their citizens.

The key elements of received opinion, briefly summarised, are as follows:

- Warming caused by human activities (AGW), through rising emissions, and hence rising atmospheric concentrations, of (so-called) ‘greenhouse gases’, has already become the main influence on global average surface temperatures.
- AGW can be expected to proceed further, as emissions continue to rise as a consequence of growing world output, unless effective preventive measures are put in place.
- Such a general unconstrained rise in global temperatures would increasingly carry with it a range of serious risks, with the possibility in the longer term of developments that could be classed as catastrophic.
- Hence further prompt, sustained and world-wide governmental action is called for in order to limit the extent of warming and deal with its possible consequences. The action should chiefly take the form of ‘mitigation’ — that is, of measures designed to curb emissions of ‘greenhouse gases’ in general and CO<sub>2</sub> in particular.

It will be seen that all these four propositions relate to, or depend on, the properties of the climate system. All the

first three, and in part the last, are statements about the physical world.

Received opinion is reflected in an *official policy consensus*. With few exceptions, governments across the world are firmly committed to the view that AGW constitutes a serious problem which requires prompt and continuing official action at both national and international level. Throughout the years since its adoption, this policy consensus has gone without serious political challenge. In the OECD member countries in particular, climate change issues have been the subject of close and continuing cross-party agreement.

Received opinion has now been in place for over two decades, during which time it has spread and gained further ground. Throughout, it has gone unquestioned within what may be termed the *environmental policy milieu*. The policy consensus, which itself goes back to the end of the 1980s, has likewise remained a fixture on the world scene and a continuing basis for widespread governmental action at local, national and international level. Both have acquired an aura of permanence.

How is the emergence and continued hold of received opinion to be explained? I think the answer is straightforward. From the start the main influence was, as it still is, the scientific advice provided through what I call the *official expert advisory process*.

That advice can and does come from many sources; but the main single channel for it, indeed the only channel of advice for governments collectively, has been the series of massive and wide-ranging Assessment Reports produced by the Intergovernmental Panel on Climate Change (IPCC). The most recent of these, referred to for short as AR4, was completed and published in 2007. Work on its successor is now under way.

Throughout the series of Assessment Reports, from 1990 onwards, what has chiefly carried weight has been the presentation of climate science in the reports from the Panel's Working Group I. In this connection, continuing unqualified praise for the Panel's work and role has come, not only from its member governments, but also from many scientists outside the field of climate science and from leading scientific academies across the world.

It is often claimed that there now exists a world-wide scientific consensus on climate change issues, sometimes described as 'overwhelming'. I believe that such language is inappropriate; but I think it is correct to say that alongside the official policy consensus (which *is* a reality), and providing both rationale and support for it, there exists an established body of what I call *prevailing scientific opinion*.

## A spectrum of opinions

Predictably, received opinion is not universally shared. It remains subject to challenge by a varied collection of doubters, sceptics, critics and non-subscribers: I will label them collectively as *dissenters*. Against these, and greatly outnumbering them, are arrayed what I term the *upholders* of received opinion. Among economists, a clear majority of those who have expressed views on these matters can be classed as upholders.

Within both groups — and this is important to note — there are different schools of thought: a whole spectrum of opinions can be identified. Each of the many subject areas, including ours and those of the different sciences involved, has a spectrum of its own. At one end of each spectrum are what may be termed strong or full-blown upholders, the dark greens so to speak. Prominent among these are Lord Stern<sup>2</sup> and the team that worked under him to produce the *Stern Review*: the *Review* takes the position that AGW 'presents very serious global risks and . . . demands an urgent global response'. At the other end of the spectrum, strong dissenters — the dark blues — argue that such warming, if indeed its extent can be shown to be significant, is not a cause for alarm or concern: hence measures to curb emissions should be eschewed — or discontinued, where they are now in place. In between these two far removed positions, there are upholders and dissenters who hold more limited or qualified beliefs. I count myself as a light-to-medium blue — a limited dissenter, though a firm one.

## The dividing line

What is it that divides dissenters from upholders? Despite what is often suggested or presumed, the line of division is not a matter of action versus inaction. Dissenters do not necessarily reject prevailing scientific opinion and, in consequence, oppose all measures designed to curb emissions. Some of them do: those are my dark blues, and it may be that events and evidence will increasingly lend support to their views. However, I am not one of them.

Given past history and the present situation, I am inclined to favour conditional action in the form of taxes (or charges) on CO<sub>2</sub> which would not be confined to developed countries.

Some of my fellow-dissenters, more in sorrow than in anger, have taken me to task for adopting this line. One of them, a scientist, surmised pityingly that as a person with no scientific qualifications I had felt constrained to endorse prevailing scientific opinion. He was mistaken. Equally mistaken, however, was the prominent economist-upholder who made the opposite presumption. He wrote to me, with manifest signs of incredulity: 'You have formed the clear and strong view that what is overwhelmingly the opinion of the relevant scientific community in all of the leading countries is wrong'. Not so: I have never taken such a position. My correspondent had forgotten that there is a clear and well recognised difference between questioning and denial, between being an agnostic and being an atheist.

Among economists, the dividing line between upholders and dissenters is not a matter of policy prescription or of economic doctrine, and it falls outside the accepted limits of our subject. It concerns the choice of initial working assumptions; and this choice depends on a judgement as to what conclusions it is appropriate to draw from arguments and evidence that are scientific rather than economic. Received opinion among economists, as within governments and international agencies, takes as a point of departure what it sees as scientific evidence and conclusions that are not to be questioned: with honourable exceptions, these upholders are apt to refer to 'the science'. I think this is a bad mistake.

In a recent paper, I presented a critique of positions taken by a range of prominent economist-upholders of varying shades of green.<sup>3</sup> I commented there on the *Stern Review*; on its Australian counterpart, the officially commissioned *Garnaut Report*; on papers by Dieter Helm, William Nordhaus, and Martin Weitzman; and on the treatment of climate change issues by the IMF. (I could now add the World Bank, the International Energy Agency, and the OECD Secretariat). I charge this impressive array of authors and agencies with three interrelated failings: over-presumption, credulity and inadvertence:

- *Over-presumption*, in accepting too readily that received opinion on global warming is firmly grounded on scientific findings which can no longer be seriously questioned. In so doing, they are treating as established facts what should be viewed as no more than working hypotheses which have won considerable expert support.
- *Credulity*, through placing unwarranted trust in a flawed official expert advisory process, and
- *Inadvertence*, in that they have disregarded published evidence, *evidence which they are competent to weigh and evaluate*, which puts that process in serious question.<sup>4</sup>

The latter two aspects, the credulity and the inadvertence, go together. Economist upholders, both in the groves of academe and around the corridors of power, have not woken up to the ways in which the official expert advisory process, and the IPCC process as its leading element, have been revealed as professionally not up to the mark. Hence there is a missing dimension in their treatment of policy aspects: they have not caught on to the need to strengthen the basis of policy, by making the advisory process more objective and professionally watertight.

## A new beginning?

In recent months, new developments have cast further doubt on the claims to objectivity and competence of the official expert advisory process and the environmental policy milieu more generally. Two episodes and their respective sequels are especially noteworthy.

*'Climategate'*. In November 2009 there was an unauthorised release of a mass of emails, data and code from the influential Climatic Research Unit (CRU) at the University of East Anglia. These exchanges between CRU staff and fellow-scientists elsewhere, all of them closely involved in the IPCC process, revealed attitudes and practices which appeared as unprofessional. Among other things, there was a dogged determination, on one pretext after another, to continue to withhold information that should from the start have been in the public domain. To such an extreme was this propensity carried that one message proposed the deletion of emails whose content had been made subject to freedom of information requests.

These email disclosures promptly gave rise to three formal inquiries in Britain. The first, curtailed in scope by the advent of the May general election, was held by the House of Commons Select Committee on Science and Technology. The other two were commissioned by the University of East Anglia. One was conducted by a 'Science Assessment Panel', chaired by Lord Oxburgh. Its brief report appeared in April. A second and weightier inquiry was the 'Climate Change Emails Review', headed by Sir Muir Russell, whose report was published in July.

All of these three reports, while critical of some aspects of the CRU's conduct, gave it and the scientists involved a largely clean bill of health: they offer qualified reassurance. In my opinion, however, none of them measures up to professional standards of objectivity, thoroughness and concern for the truth. In varying degrees, each in its own way, they reflect a combination of flawed procedures, defective understanding, material omissions, and flagrant bias.<sup>5</sup>

*'Glaciergate'*. In January last it emerged that in the report from the AR4 Working Group II alarming statements about the melting away of Himalayan glaciers were

unfounded. Further, these statements had been based on worthless non-peer-reviewed sources, while expert criticism of them in the AR4 review process had been set aside. After initial resistance, the Chair of the IPCC, Dr Pachauri, admitted these lapses and issued a formal apology for them. After some further questionable aspects of AR4 had come to light, the UN Secretary-General and Pachauri jointly requested the InterAcademy Council, a creation of science academies around the world, to appoint an expert independent review committee to report on the process and procedures of the IPCC. The resulting report was published at the end of August.<sup>6</sup>

Contrary to the predictions of some dissenters, the review committee has produced a serious and thoughtful report. Because of its careful and qualified wording, both sides of the climate change debate have been able to quote from it statements which lend support for their views: conflicting overall assessments can therefore be found.

My own main reaction to the report, shared in published comments by both Clive Crook and Ross McKittrick, is positive, for two main reasons.

- The numerous considered recommendations made for reforming the IPCC process and procedures lend strong support, albeit in diplomatic language, to what the Panel's critics have been saying to no avail for years.
- The report's repeated stress on the need to ensure that a full range of informed views is taken into account is not consistent with any presumption that 'the science' is 'settled'.

I therefore believe that the report could pave the way for significant improvements in the official expert advisory process as a whole and the IPCC process in particular.

Whether and how far such improvements will be realised depends of course on governments. The report will be officially considered by governments collectively at a plenary meeting of the IPCC in October. Meanwhile individual governments are free to voice their own reactions, though so far as I am aware no official statement has yet been made.

How governments react may well depend on whether and to what extent policies remain under the firm control of the environmental policy milieu. In that connection, and given what is at stake economically, a responsibility, so far unrecognised, rests on the central economic departments of state — on treasuries, ministries of finance and economics and, in the US, the Council of Economic Advisers.

I am myself a former Treasury official; and, much later, as head of what was then the Economics and Statistics Department in the OECD Secretariat, I had close dealings over a number of years with the central economic depart-

ments in OECD member countries. I have been surprised by the failure of these agencies to go more deeply into the evidence bearing on climate change issues, their uncritical acceptance of the results of a process of inquiry that is so obviously biased and flawed, and their lack of attention to the well-founded criticisms of that process that have been voiced by independent outsiders — criticisms which, as I think, they ought to have been making themselves. A similar lack of resource has characterised the Research Department of the IMF and the Economics Department of the OECD, both of which work in close conjunction with treasuries and finance ministries. In all these official bodies with economic responsibilities, there has been a conspicuous failure of due diligence.

It would be a real step forward if, in the light of ‘Climategate’, ‘Glaciergate’ and the report of the IAC review committee, scales begin to fall from the eyes of officials in these various departments and agencies, so that, at long last, they turn their attention to reforming the official expert advisory process and reenergising the climate change debate. The events of recent months have underlined the need for due diligence.

Notes:

1. David Henderson is a Fellow of the Institute of Economic Affairs in London, and Chairman of the Academic Advisory Council of the Global Warming Policy Foundation.
2. Lord Stern delivered the RES Annual Lecture in December 2007. See RES *Newsletter*, no.140, January 2008
3. ‘Economists and Climate Science: A Critique’ *World Economics*, Vol 10 No 1, 2009.
4. Well documented evidence of this kind has come over a period of years from a number of independent commentators: in particular, the work of Stephen McIntyre, Ross McKittrick and David Holland has been outstanding, while the (2006) report of the Wegman inquiry is a key contribution.
5. Detailed and referenced evidence for this judgement can be found in two published critiques: (1) Ross McKittrick, ‘Understanding the Climategate Inquiries’, available on the author’s website; and (2) Andrew Montford, *The Climategate Inquiries*, published by the Global Warming Policy Foundation. A further notable source, particularly in relation to the Oxburgh report, is Stephen McIntyre’s blog at [climateaudit.org](http://climateaudit.org).
6. Among the written submissions made to the review committee by economists, the memorandum by Gordon Hughes is especially noteworthy.

## The Rybczynski Prize for Business Economics

Since 2000, the Society of Business Economists has awarded an annual prize for the year’s best piece of writing on an issue of importance to business economists.

The Rybczynski Prize — worth £3000, thanks to the generous sponsorship of KPMG — is awarded in memory of the late Tad Rybczynski, an eminent economist and long-serving former Chairman of the Society. Essays can be written especially for the competition, or may be work published in the course of 2010.

The judges will be looking for around 3000 — but not more than 4000 — well-written and thought-provoking words. Previous winners have been Roger Bootle, Simon Briscoe, Joanne Collins, Fergus Hicks, Thomas Mayer, Pam Woodall, Kevin Daly, Ian Bright and, jointly, a research team of four Italian economists.

The Certificate and Prize will be presented by the SBE President and Chairman at the Society’s Annual Dinner early in 2011, and the winning entry will be published in the Society’s Journal *The Business Economist*.

To have the chance of adding your own name to this list, please contact the SBE secretariat at [admin@sbe.co.uk](mailto:admin@sbe.co.uk), or visit the SBE website, for an entry form.

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**The closing date for entries is 7 December 2009.**