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## Comrade Chicken Little: The British government's Stern Review makes the case for environmental extortion

Matthew Stuart, Western Standard

Doomsday predictions used to be dismissed as the ravings of psychiatric patients. Today, however, when the environment is the subject of an apocalypse, prophecy is assumed. And in the case of the U.K.'s Sir Nicholas Stern, the anxious art of environmentalism comes wrapped in the "dismal science" of economics. The Stern Review, released in October, stern indeed, predicts worldwide economic catastrophe--equivalent to both world wars and the Great Depression combined-- if "greenhouse gases" remain unchecked.

As the permanent secretary of Her Majesty's Treasury, Stern led a team of 23 analysts for more than a year in the production of the review, which demands immediate action--the spending of hundred of billions of dollars yearly--to avoid a looming five per cent decrease in the worldwide gross domestic production, "now and forever."

British Prime Minister Tony Blair hailed Stern's findings as "the most important report on the future published by this

government," and used it as a lever on U.S. President George Bush. Around the world, reporters jumped on the prediction of a 20 per cent decline in world GDP that was tossed into the review--if global warming takes an unexpectedly severe turn. Thus the worst case of an already worst-case scenario graced the headlines. The demand is government action, regulating industry, taxing carbon and buying credits from low emitters.

Immediately after the Stern Review's release, Britain's Environment Secretary David Milliband gave a foreshadowing of legislation now justified. Included among the administrative imperatives is the establishment through future legislation of a "carbon committee" that will "create enabling powers to put in place new emissions reduction measures needed to achieve our goals." For good measure, it will also improve "monitoring and reporting arrangements," so government can make its presence felt in the marketplace.

It didn't take long for critics to spot cracks in the report. Stern's method was to generate a cost-benefit analysis to give even the most ardent capitalists a monetary incentive to change their ways, and accept the guiding hand of a centralized planning committee. But Richard Tol of the Economic and Social Research Institute in Hamburg, Germany, says an accurate analysis of the world economy and climate is not what the Stern Review actually provided. In a scathing analysis, Tol says, "The costs of climate change do not equal the benefits of emission reduction--any abatement will only slow climate change rather than avoid it altogether--therefore the benefits of emission reduction are smaller than the costs of climate change." He goes on to say that "marginal costs should be compared to marginal benefits, rather than total costs to total benefits"--a basic necessity of cost-benefit analysis--and he finds it "puzzling that economists of HM Treasury can make such basic mistakes." Tol's conclusion: "The report claims that a cost-benefit analysis was done, but none was carried out. The Stern

Review can therefore be dismissed as alarmist and incompetent."

Similar criticisms were voiced by (among others) "skeptical environmentalist" Bjorn Lomborg, **H. Sterling Burnett at the National Centre for Policy Analysis** and geologist Bob Carter at the Australian Environment Foundation, all of whom discounted the review on both economic and environmental criteria. Yet the "alarmist and incompetent" report was accepted as gospel by both government and media. So University of Calgary political scientist Barry Cooper suggests that one look for a motive beyond the "pure" sciences of biology and economics.

"They think they're in the business of managing risk, so they need to exaggerate it. It's a deliberate rhetorical device to get across a political position," Cooper says. "Once you accept all these premises regarding the sources of climate change, then the economics of it is just a problem of working out the numbers. And if you're a socialist to begin with, you look to government to control the economy. A lot of critics have talked about these guys basically as watermelons"--green on the outside and red on the inside--"and I think there's a great deal of truth in that."

For some, the Stern Review was *deja vu* all over again. Its predictions mirror the first chapter of Maurice Strong's 2001 book, *Where on Earth Are We Going*--perhaps not surprisingly, since the father of the Kyoto accord was a senior adviser to the World Bank in 2000, when Stern was appointed its senior vice-president. While Stern has been content to suggest the formation of committees and carbon markets--along with heavy taxes--for those who spew CO<sub>2</sub> (oceanic plankton excepted), Strong has been less shy about his leftist tendencies, suggesting violent revolution as a legitimate tool to save the planet from the ravages of capitalism.

Cooper isn't surprised by the similarities between the two economic prophecies: "If [Stern] and Strong were at the World Bank at the same time, then you can be sure they have stayed in touch. Strong has an enormous network, and all the people involved in it seem to be on the same side."

Pete Geddes, vice-president of the Foundation for Research on Economics and the Environment, says the socialist goals of the review are bound to fail, but that won't stop some from trying to gain control over the world market.

"The notion that we should throw a big bunch of money at

this right away I don't think makes much economic sense. Whatever solution we decide to do, we need to apply as many market mechanisms as we can, because that will fix it cheaper and faster than anything else. If we can let market forces harness and provide incentives, we are going to be much better off than some grand centralized scheme."

If the Stern Review is implemented, governments will begin taxing heavily imported goods (such as "exotic fruit") due to the carbon consumed in their transport--thereby stifling producers in the developing world. If there is any cash left to the wealthy nations, Stern recommends purchasing carbon credits and investing in developing countries-- a global transfer of wealth from government to government rather than consumer to producer. And fuel prices of course would have to double.

With the Kyoto accord set to expire in six years, and the Stern Review coming days before the UN's climate change conference in Nairobi, it may be the groundwork for a world agreement on centralized economic regulation, with the environment as justification. The result then may be an apocalypse of a limping, more tax-burdened, more political sort.