

Address by Dr Richard Denniss to the National Press Club

Debate with Lord Christopher Monkton, 19th July 2011

I'll start with a confession. I would like to confirm that like my esteemed colleague I am not, and have never been, a climate scientist.

I am an economist who has watched the way we develop policy for many years. And I am also a citizen, an employer, and a father who on a regular basis has to make hard decisions.

I'll start with an analogy. Imagine you went to your doctor and they diagnosed skin cancer and recommended an immediate and unpleasant course of chemo and radio therapy. No doubt you would have questions and you might even seek a second opinion. But what if the second and third opinion confirmed the diagnosis and treatment?

Now imagine after weeks of appointments you found a doctor who didn't think that you had skin cancer at all, and even if you did that the best treatment was an herbal remedy. What would you do?

What if one of your friends suggested that you go back and test if the first doctor really knew what they were talking about by asking them: 'If I get sunburned, today where on my body will my next skin cancer appear, and on what date will it arrive?'

I reckon most people would go with the science, even if the treatment is unpleasant. I bet our friends and families would encourage us to go with the evidence-based treatment. Call me old fashioned, but it just seems like common sense to me.

Because anyone can ask tricky questions, but sometimes we need to make hard decisions in an environment of uncertainty.

Most of us know that there is a time for questions and a time for action, but some might not realise just how long scientists have been asking questions about the climate and how confident they are that the planet is warming, that it is caused by our pollution, and that we can tackle it by reducing carbon emissions.

When I say scientists, I mean NASA, the CSIRO, the Australian Academy of Science and the American Academy of Science.

We are here today to discuss climate change - whether we should take serious action to address it or wait to see.

Let's be clear, today you are watching a debate between two non-scientists about a specialised area of science. There is nothing too unusual about that: non-economists talk about economics all the time and non-doctors talk about health all of the time.

The issue isn't whether only experts should talk, but how, if at all, we value the contribution of those experts compared with the opinions of the general public.

The scientific data is telling us that the world is warming. That's what the data says. And if you don't trust data collected by NASA when George Bush was President and by CSIRO when John

Howard was Prime Minister, then you should probably have bigger concerns than just climate change.

John Howard, that well known warmist, accepts the science. As of course does Brendan Nelson and Malcolm Turnbull. Tony Abbott accepts the science at least half of the time; his support for the science is about as stable as his support for Peter Reith.

Of course it is not just conservative politicians who accept the science and the need to act. Shell and BP, Marius Cloppers, head of BHP, Ralph Hillman, head of the Coal Association believe the science.

Indeed, Woodside is using the forecasts of climate change to help design stronger oil rigs so they can keep extracting huge amounts of fossil fuels after the stronger storms and bigger projected waves begin to lash their rigs in the coming decades.

Marius Cloppers, the head of BHP, not only accepts the science of climate change but has called for a carbon tax to tackle it. Warmist!

So if this is a conspiracy, it's getting pretty big now.

Just as the overwhelming majority of climate scientists accept the science of climate change, the overwhelming majority of economists accept that the introduction of a price on carbon is the most cost effective way to reduce emissions.

Here's an interesting contradiction: in Australia the very people who are most convinced that tackling climate change is a waste of money are directing all of their anger at the cheapest way to tackle climate change, a carbon price. But at the same time they are apparently unconcerned about the much more expensive direct action approach being proposed by Tony Abbott.

Even if you were adamant that the climate change is a global conspiracy between NASA, Greenpeace, BHP and John Howard and my good self, you would surely want to see as little money wasted on the issue as possible.

Tony Abbott has literally been unable to find a single economist who will argue that his scheme makes more sense than introducing a price on carbon. Rather than introduce a price on pollution to discourage energy waste and then use half of the revenue to reduce tax rates, Tony Abbott is proposing to pay polluters to stop polluting.

And in the old fashioned bureaucratic tradition he is suggesting that companies fill out grant applications explaining how they will reduce their emissions and how much money they want to do so. An army of bureaucrats will then read through all the applications and choose their favourite ones. And when I say an army of bureaucrats, I mean an army. We have estimated that there will need to be around 150,000 grant applications if the Liberals are to achieve their emission reductions targets.

Talk about a red tape nanny state run by public servants!

So my question to the science sceptics is: why are they economic sceptics as well? Do those who believe both that climate change is crap and that a carbon tax is a worse idea than Tony Abbotts plan to reduce emissions believe that all of the world's economists are in on the conspiracy as well?

It could be a coincidence that the climate sceptics are also economic sceptics, but maybe the argument flows back the other way. Maybe those who oppose the idea that companies should pay the full cost of their pollution know that they are better off confusing people on the science than explaining why we should let them pollute free of charge.

The issue facing Australia today, and the issue facing Europe nearly a decade ago, is whether we get on with introducing a price on pollution or whether we just keep talking while our greenhouse gas emissions continue to rise and rise.

Of course there are individuals running around asking hard questions about the finer details of the science. But we must be careful to distinguish the ability to ask tricky questions from real, bona fide expertise. Just as scientists ask themselves questions about how gravity really works, my four year old son, Henry, asks me hard questions about how my iPad really works.

Asking hard questions is part of the process, but it doesn't make you an expert. And it's not a substitute for taking hard decisions even when uncertainty remains.

Of course some would argue that even if you accept the diagnosis, the prescription is worse than the illness. That is, some of the climate sceptics have actually morphed into climate policy sceptics. When pushed they accept that climate change is occurring but they then argue that we are either powerless to stop it or that the costs of the treatment are greater than the costs of the disease.

Again the issue comes back to who we are going to trust. NASA and CSIRO paint an alarming picture of the consequences of climate change. They tell us that atmospheric emissions of CO₂ have never grown so fast and that we risk catastrophic consequences. Climate change, they tell us, is a bit like a slow growing cancer: there is a long slow fuse, but it doesn't end well.

Unfortunately, we appear now to be using that long slow fuse as a reason to ignore the problem, not as a welcome opportunity to fix it.

This is not the way we make other decisions about risk. The Government is about to spend \$50 billion on twelve submarines to replace the six submarines we can't staff at the moment. We don't know who the submarines will defend us against, when they will be needed or where they will need to go, but we have decided that the risk is large enough to warrant this kind of investment.

When the risks are big enough, it's usually the conservative option that's the best course of action.

Now of course it can be argued that a country like Australia, which is responsible for around 1.5 per cent of the world's emissions, couldn't cure climate change by itself no matter how much of the cure it was willing to drink. This is obviously true, but the argument, while effective in a sound bite, is nonsensical in the clear light of a good debate.

It is certainly not the argument we used when we sent 1000 troops to be part of the invasion of Iraq. The same argument would mean we should cease all of our foreign aid spending today.

However, when it comes to emissions, 1.5 per cent is actually quite a lot by world standards. There are nearly 200 countries in the world, which means that on average we should only be putting out about 0.5 per cent of the world's total each. Yes, China pollutes a lot more than us, but they also have a few more people than us.

Of all the developed nations, only in Australia could you get away with arguing that we shouldn't be the first to act. Europe introduced a price on carbon years ago, and even the UK Conservatives recently increased their emission reduction target to 50 per cent by 2027! Republican Arnold Schwarzenegger, that other lefty warmest, oversaw the introduction of an emissions trading scheme for California which, by itself, is among the top ten economies in the world.

Like other rich nations, we can choose between ignoring the scientific consensus or adopting the insurance principle in the face of the massive risk that climate change poses.

That is what economists like me recommend - but maybe all the world's scientists are in on the conspiracy too...

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