

# Climate change is not our #1 problem

John-Paul Fenwick

It is easy to forget that climate change is not the only issue facing the world today. In ignoring other problems we run the risk of introducing inefficient solutions that make other problems worse. A good example is the promotion of bio-fuels which is now acknowledged as contributing to the global food crisis.

Unfortunately, most Australians are unlikely to have heard of the 2008 Copenhagen Consensus, run by Bjorn Lomborg, author of *The Skeptical Environmentalist*. The idea behind the Copenhagen Consensus is quite simple. If US \$75 billion (over a four year period) was available for worthwhile causes, what would be the best way to spend it in order to achieve the best outcome?

The Copenhagen Consensus has been totally ignored by the Australian media which is disappointing given the involvement of 5 Nobel prize winners and Australian International Trade economist, Professor Kym Anderson of the University of Adelaide.

Ten major world problems were identified—Global warming, Malnutrition and Hunger, Trade and Subsidies, Diseases, Education, Women and Development, Sanitation and Water, Conflict, Air Pollution and Terrorism. Looking at the major problems and solutions together should be a necessity as quite often a solution to one problem might lessen the impact of another.

For each of the ten problems a challenge paper was written by a panel of three experts (Anderson was a lead author on the Trade & Subsidies challenge paper) and two commentators provided alternative analysis through their perspective papers. This work, conducted over a two year period was aimed at developing an up to date cost benefit analysis of

potential solutions to the ten problems. These experts have a much greater claim to being the ‘best and brightest’ than those who attended Rudd’s 2020 summit in April and their work provides more tangible opportunities to provide lasting benefit than was achieved in two days with butcher’s paper and post it notes.

The challenge and perspective papers were presented to a panel of eight economists, including the five Nobel winners in late May and their task was to rank the thirty solutions identified in order of maximum return on a cost–benefit basis. This is a process that many business leaders will be familiar with. If resources were unlimited we would want to undertake all projects that provide a positive net present value (i.e. discounting future returns back to today’s value), but when resources are finite, projects have to be ranked in order of which will provide the maximum benefit. Of course cost–benefit analysis on problems affecting people’s lives will always be controversial, not the least because a value has to be put on things such as increased life expectancy.

## Micronutrients before climate

The top ranked solution—the provision of micronutrients (Vitamin A and zinc) to 80 per cent of the 140 million children in developing countries who are undernourished—has a cost of \$60 million but would provide benefits in health and cognitive development of over \$1 billion per annum. Expert panel member Douglass North noted in the Copenhagen Consensus press release of the results that this solution ‘has immediate and important consequences for improving the wellbeing of poor people around the world—that is why it should be our number one priority.’

The second ranked solution, the Doha development agenda, was assessed as increasing global income by more

than \$3 trillion per year, \$2.500 trillion of which would go to the developing world. Nobel Prize winner and expert panel member Finn Kydland stated that ‘by reducing trade barriers, income per capita will grow, enabling more people in developing countries to take care of some of these problems for themselves’. Unfortunately there appears to be little political will to make this a reality. Unlike global warming, free trade doesn’t have high profile celebrities rallying to the cause and the mainstream media seems unwilling to highlight this issue, except negatively.

Solutions to Malnutrition, Diseases, Trade, Education and Women ranked much higher than those for Global Warming and Air Pollution. Thomas Schelling, also an expert panelist and Nobel Prize winner noted that ‘the best defence against climate change in the developing world is going to be their own development’. It should be obvious that having a healthy and educated labour force and reduced trade barriers will enable developing countries to boost their economic growth and be more able to address future uncertainties, including any climate change related problems. It is often noted that the impacts of climate change will have a greater impact on poorer nations, but assisting these nations to become wealthier is usually ignored as a potential solution.

Too often this point is lost in the climate change debate as the focus has been narrowed down to by how much emissions should be reduced by rather than discussing whether adaption and other methods should be included in the overall solution.

Unfortunately while global warming has a number of high profile spruikers who receive endless amounts of media coverage, regardless of whether their claims are credible or not, most of the

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The Copenhagen Consensus 2008:

## Imagine you had US\$75 billion. What should you spend it on?

### TOP PRIORITY

1	<b>Micronutrient supplements for children</b>
2	The Doha development agenda
3	Micronutrient fortification (iron and salt iodisation)
4	Expanded immunisation coverage for children
5	Biofortification
6	Deworming and other nutrition programs at school
7	Lowering the price of schooling
8	Increase and improve girls' schooling
9	Community-based nutrition promotion
10	Provide support for women's reproductive role
11	Heart attack acute management
12	Malaria prevention and treatment
13	Tuberculosis case finding and treatment
14	R&D in low-carbon energy technologies
15	Bio-sand filters for household water treatment
16	Rural water supply
17	Conditional cash transfers
18	Peace-keeping in post-conflict situations
19	HIV combination prevention
20	Total sanitation campaign
21	Improving surgical capacity at district hospital level
22	Microfinance
23	Improved stove intervention
24	Large, multipurpose dam in Africa
25	Inspection and maintenance of diesel vehicles
26	Low sulfur diesel for urban road vehicles
27	Diesel vehicle particulate control technology
28	Tobacco tax
29	R&D and mitigation
30	Mitigation only

other top ten problems do not receive nearly enough media attention to bring them to the forefront of our thinking. Bob Geldof, who 23 years after Live Aid is still trying to bring the world's attention to problems in Africa has noted the failure of the media to highlight the very real and significant contribution the Bush administration has made to the fight against AIDS and Malaria. Bush has also twice re-authorised the *African Growth and Opportunity Act* which allows previously high taxed goods to enter the US tax free. Geldof believes that the Bush administration has saved millions of lives in Africa, yet the media seem uninterested in letting us know.

So why was mitigation of global warming by cutting emissions ranked at the bottom of the priority list? As Schelling noted, spending US\$75 billion to cut emissions would not achieve much, but even the analysis presented to the expert panel showed that spending \$800 billion until 2100 would only result in \$685 billion in benefits. This does not suggest that we should ignore climate change, but does highlight that governments should reassess how they intend to tackle the problem and weakens case for mitigation, whether through taxes or emissions trading. As Bjorn Lomborg has pointed out many times, we know that providing vitamins to impoverished children will certainly save lives, but we cannot be certain that spending billions on reducing carbon emissions will have a similar effect.

Funding for research and development in to low-carbon energy technologies ranked significantly higher at number 14. Ultimately any objective to reduce carbon emissions will only be achieved when new technologies are as reliable and as cheap as current fuel sources. If this can be achieved it will be much easier to convince the developing world that they can be part of the solution. Actions to reduce carbon emissions currently are expensive, which is why an emissions trading scheme will only capture some low hanging fruit rather than making a significant difference to emission levels.

The Copenhagen Consensus process is not perfect, and some criticism is valid. The number and list of problems to be solved could be debated. It can also be argued that prioritising problems and solutions should not simply be a matter of comparing the cost-benefit analysis of each solution; social, environmental and political factors should also be considered.

Nevertheless the Copenhagen Consensus is a very good starting point if we are serious about addressing the world's biggest problems and making informed choices about potential solutions. As Kydland said in the final Copenhagen Consensus press release 'It's hard to see how one could do any better in terms of coming up with a well founded list of where to start for the purpose of the betterment of the dire conditions in much of the rest of the world.' It is a great pity that our media have ignored their efforts.

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