

Copenhagen consensus - wrong question leads to wrong answer on climate change



In theory, it would be good to prioritise resources for global do-gooding by asking what is the best use of an additional \$50 billion, and weighing costs and benefits of different approaches. The [Copenhagen Consensus Center](#), headed by Bjørn Lomborg author of the *Skeptical Environmentalist* and bête noire of the greens, attempts to address this sort of question. In doing so, they've created a list of 40 possible global interventions and asked workshop participants drawn mostly from UN representatives (China, India, Pakistan, Tanzania, Thailand, the United States, Vietnam and Zambia) to rank them. [The ranking they came up with](#) places climate change at the bottom and tackling communicable diseases at the top. There are several flaws in this superficially attractive approach. These are:

- **The climate change measures listed are really 'efficiency' measures...** ie. an "optimal carbon tax", meaning that the carbon externality is reflected in energy prices. *Not to do this is inefficient.* A carbon tax doesn't cost anything: it represents redistribution of the tax burden to pollution and away from other tax bases, like employment or investment. Most of the other measures are 'equity' approaches, and involve transfers from one group to another. Measures taken for efficiency reasons should be done anyway, and not compared with measures taken for equity reasons. The question is badly framed in this critical respect.
- **The choice as framed is artificial** - not dissimilar to asking someone if they would spend all their money on health care or on fire insurance. Most people, and most governments, establish a *portfolio* of responses designed to manage risks of very different types and timetables. The climate risks are long-term, potentially disastrous but uncertain in magnitude and form, and likely to be irreversible. It is difficult to compare these in isolation with more immediate risks.

- **The choices made may reflect indifference to *intergenerational equity consequences*** by those seeking equity-driven transfers for the current generation - ie. most of the participants. It is true that societies have tended to under-provide for and over-exploit the resources of future generations... and this is likely to be the case for climate change. If there are going to be transfers, the case for transfers to future generations is unlikely to be made convincingly by those that want transfers to them now. However, in deciding on priorities for transfers for equity reasons, principles of justice need to be applied (usually by the donors, which must also strike a bargain with their own taxpayers over altruistic use of funds). They should not just respond to the aggregated expressed preferences of those representing current generations at a workshop. A type of '[Rawlsian veil of ignorance](#)' could have been drawn over the exercise and participants asked to imagine they did not know when in the next 200 years they were living or who they were serving.
- **The responses of participants may reflect a general belief in the underprovision of aid and global public goods.** There may well have been different choices made for the marginal \$50 billion if we had been more effective in securing efficient level of provision of global public goods.

Having said all this, I welcome Lomborg's approach and wish there was more of this sort of challenge and debate - though with a more thoughtful approach to what is a transfer for equity reasons and what is an attempt to deliver efficient provision of public goods and internalisation of externalities.