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A Better Way Than Cap and Trade

By Bjorn Lomborg
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The bitter arguments in the Senate this month over the Lieberman-Warner climate change bill, which would have required major emitters to pay for the right to discharge greenhouse gases, proved that climate change caused by humans has come to the fore of U.S. policy debates. This fact may comfort those who believe that future generations will judge us on the zeal with which we face the challenge. It may even assuage the fears of those who believe that warming will end life as we know it. But political rhetoric is unlikely to put us on a path toward solving the problem of climate change in the best possible way.

Sen. [Barbara Boxer](#) (D-Calif.), a co-sponsor of the bill, has called it "the world's most far-reaching program to fight global warming." It is indeed policy on a grand scale. It would slow American economic growth by trillions of dollars over the next half-century. But in terms of temperature, the result will be negligible if China and India don't also commit to reducing their emissions, and it will be only slightly more significant if they do. By itself, Lieberman-Warner would postpone the temperature increase projected for 2050 by about two years.

Politicians favor the cap-and-trade system because it is an indirect tax that disguises the true costs of reducing carbon emissions. It also gives lawmakers an opportunity to control the number and distribution of emissions allowances, and the flow of billions of dollars of subsidies and sweeteners.

Many people believe that everyone has a moral obligation to ask how we can best combat climate change. Attempts to curb carbon emissions along the lines of the bill now pending are a poor answer compared with other options.

Consider that today, solar panels are one-tenth as efficient as the cheapest fossil fuels. Only the very wealthy can afford them. Many "green" approaches do little more than make rich people feel they are helping the planet. We can't avoid climate change by forcing a few more inefficient solar panels onto rooftops.

The answer is to dramatically increase research and development so that solar panels become cheaper than fossil fuels sooner rather than later. Imagine if solar panels became cheaper than fossil fuels by 2050: We would have solved the problem of global warming, because switching to the environmentally friendly option wouldn't be the preserve of rich Westerners.

This message was recently backed up by the findings of the [Copenhagen Consensus](#) project, which gathered eight of the world's top economists -- including five Nobel laureates -- to examine research on the best ways to tackle 10 global challenges: air pollution, conflict, disease, global warming, hunger and malnutrition, lack of education, gender inequity, lack of water and sanitation, terrorism, and trade barriers.

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These experts looked at the costs and benefits of different responses to each challenge. Their goal was to create a prioritized list showing how money could best be spent combating these problems.

The panel concluded that the least effective use of resources in slowing global warming would come from simply cutting carbon dioxide emissions.

Research for the project was done by a lead author of the report of the [Intergovernmental Panel on Climate Change](#) -- the group that shared last year's [Nobel Peace Prize](#) with former vice president [Al Gore](#) -- who noted that spending \$800 billion over 100 years solely on mitigating emissions would reduce inevitable temperature increases by just 0.4 degrees Fahrenheit by the end of this century. Even accounting for the key environmental damage from warming, we would lose money, with avoided damage of just \$685 billion for our \$800 billion

investment.

The economists didn't conclude that the world should ignore the effects of climate change. They pointed out that a better response than cutting emissions would be to dramatically increase research and development on low-carbon energy -- such as solar panels and second-generation biofuels.

The United States has an opportunity to lead the world on research and development, which would give it the moral authority to demand that everyone else do the same. The world's sole superpower could finally provide the leadership on climate change that has been lacking in the [White House](#).

Even if every nation spent 0.05 percent of its gross domestic product on research and development of low-carbon energy, this would be only about one-tenth as costly as the [Kyoto Protocol](#) and would save dramatically more than any of Kyoto's likely successors.

In the United States, this approach would open up new avenues for the nation's creative, innovative spirit and leave behind the political mess of Kyoto-type negotiations.

A low-carbon energy, high-income future is possible. Unfortunately, the political battles we just witnessed in Washington have done nothing to make it a reality.

The writer is an adjunct professor at the Copenhagen Consensus Center, Copenhagen Business School.

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