

# Climate challenge requires new approach

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**CLIMATE change is a hotly contested issue in Australia. An overwhelming majority of Australians, 84 per cent, wants to do something about it, yet a clear majority is against the present carbon tax.**

While Australia has brandished its good intentions in wanting to tackle this real problem, Labor and Coalition governments of the past 20 years have done little to tackle it. The renewable share of total energy in Australia, has remained stubbornly at 6 per cent since 1990. Wind produces just 0.4 per cent of energy in the country and solar 0.1 per cent. Yet Australia spent more than \$6 billion on clean energy last year.

With Australia potentially looking to join the European emissions trading scheme, it is perhaps worth reiterating that adoption of the ETS in Europe has had no measurable effect on emissions. The carbon price collapse is perhaps the most obvious indicator of the program's ineffectiveness.

Indeed, global carbon emissions since 1990 have increased by 58 per cent. Had there been no Kyoto agreement, the increase might have been half a percentage point higher.

It is clear that the past 20 years of Australian as well as international climate policies have had little effect.

The upcoming election provides an opportunity for a fresh start that could yield an effective Australian climate policy. The Copenhagen Consensus Centre asked 27 of the world's top economists including three Nobel laureates for advice on which climate policies would do the most good per dollar spent.

They found carbon tax solutions (and the similar ETS) the least efficient. Policies with a significant CO<sub>2</sub> reduction were poor deals and should not be pursued. Each dollar spent, mostly in economic growth loss, could secure as little as 1c of global climate benefit.

Analysis showed that adaptation - from securing coastlines against sea-level rise to enlarged sewers to handle more precipitation - was a sound, if moderate, investment. Every dollar spent would likely avoid \$2-\$3 of climate damage.

They found a potentially phenomenal return from a small investment into investigating geo-engineering. Geoengineering aims to counter the temperature rise by intervening in the climate. One way is to amplify the natural cloud formation over the Pacific Ocean to make clouds slightly whiter, reflecting sunlight and cooling the planet. Estimates show that about \$6bn could potentially offset the entire 21st-century heating, meaning each dollar could avoid more than \$1000 of climate damage. For now, however, they only suggest exploring the feasibility of this opportunity, which could also work as insurance if other policies fail.

Finally, the Nobel laureates considered green research and development as the best long-term strategy. The idea is that as long as green energy is much costlier than fossil fuels, it will rely on heavy subsidies. This is unattractive to developing countries and even rich countries can afford only a moderate amount of renewables. But if innovation could reduce solar 2.0 or 3.0 below fossil fuels, everyone would switch, including the Chinese. Hence, a radical long-term CO<sub>2</sub> reduction could result from a reasonably modest R&D effort. The experts suggested 0.2 per cent of gross domestic product in R&D, which for Australia would be about \$3bn annually - half of last year's clean energy cost. Each dollar spent would avoid \$11 of climate damage.

What do you want to do? Where do you want to spend Australia's climate budget?

***Bjorn Lomborg directs the Copenhagen Consensus Centre ranking the smartest solutions to the world's biggest problems by cost-benefit.***