

Stern Review

Responses to selected Key Questions

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General

This review appears likely to be the best and most persuasive publication on response to climate change yet produced. Please do not be diverted from your main thrust by responses or comments from outside of or from within government.

It may be worth stating the need to be prepared to experiment and learn. Policy options now put forward for adaptation, mitigation and international co-operation are primitive. Improving them can be expected to yield high returns.

Para 34

How should policymakers understand and respond to the predicted increased risk of extreme events and major irreversible changes?

Predictions are uncertain. The question before we place our bets is not the margin of uncertainty, it is “What is the best estimate of the odds?” The second question is how far is it worth “laying off” with bets on other possible outcomes.

“Extreme events” and “Major irreversible (defining degrees and types of irreversibility can wait for now) changes” are in play at last. The third in that trio is the expected increase in the variability of the weather; probably best left until after the review, I judge.

Para 68

What are the roles of equity weighting and discount rates in estimates of the ‘social cost of carbon’? And are approaches both to intergenerational equity and discounting likely to vary strongly across countries?

The answer to the first part is that we have little idea, as yet. There is a paper at the Unit for Social Engineering (www.use-solon.org “Discounting, Declining Utility, Disasters & Climate Change Decisions”) which explores our ignorance.

The answer to the second part is “yes”. It is economically rational to expect variations correlated with per capita wealth, with rates of economic growth and with cultural variation in the importance placed on insurance against family discontinuity.

What is the potential for adaptation to changes in the climate, and how might this vary by country and region?

If you are in need of an illustration of this variation, the possibility of shutting out sea-level rise is only open to Mediterranean and Baltic countries.

Para 84

How can action be taken to make deep cuts in greenhouse gas emissions without a significant reduction in the rate of growth and competitiveness? Can innovation and technological change help us to move to higher growth paths?

The first part of this question appears to appeal to a non-existent base case. Would not it be more appropriately put on the lines of:

“How can action be taken to make deep cuts in greenhouse gas emissions to achieve significant improvements in the prospects for economic growth and productivity under climate change?”

Para 92

How should one assess the degree of uncertainty about aspects of climate change?

In terms of likelihoods of outcomes. In an unprecedented situation, we cannot appeal to observed probabilities.

How can discounting be used to value costs and benefits into the future in the presence of uncertainty?

- What are the implications of uncertainty, and of the possibility of very harmful outcomes, for policy-making?

In setting out what we cannot yet say the Unit for Social Engineering note referred to above appears relevant.

How should the presence of uncertainties and irreversibilities affect the analysis of the appropriate timing and scale of action?

Analysis in terms of likelihoods and odds will bring home the inherent uncertainties. Decision based upon assumption (or hope) that one possible outcome is virtually certain will be inherently flawed.

Para 112

How can the Review best illustrate how different frameworks for international action affect different parties?

The only precedent on an equivalent scale is MAD; the success of the processes of strategic gaming in deterring nuclear war. It is difficult to present, but is the basis for

thinking that the dissemination of well specified strategic “games” for nations to assess their strategies of response to climate change can make a very major impact.

How can international arrangements, and in particular the incentives, institutions and scale they embody, be taken forward to respond to the magnitude of the challenge?

The framework is that we are setting out to change the weather for everyone’s grandchildren. We

- Know climate change is important , but we don’t know how much difference it will make. Therefore we need the IPCC, for the foreseeable future.
- Have little understanding of which actions will have the best results at lowest cost. Therefore we need a common programme of analysis, experiment and learning. An International Panel for Climate Change Response?
- Know that we need to co-operate to produce change in the common interest. Should we plan for a World Climate Organisation alongside the WTO and the WHO?
- See that the more risk-averse societies are the developed economies that pay large sums for insurance. Is this a broad basis for expecting them to pay for at least the IPCC and the suggested IPCCR?
- Might ask: can the rest of the international arrangements wait until this is digested, and the nations have learned to “game” their strategic responses?