



*Global Warming Alarmism is
Unacceptable
and Should be Confronted*

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Global Warming Alarmism is Unacceptable and Should be Confronted

Many thanks for the invitation and for the opportunity to be here with all of you. I have visited the U.S. many times since the fall of communism in November 1989 when – after almost half a century – traveling to the free world became for people like me possible again, but I've never been to this beautiful city and to the state of Oregon before. Once again, thank you very much.

I am expected to talk here about global warming today (even though I don't really feel it, especially not in this room) and my address will be devoted mostly to this issue. As you may expect Oregon is – for me – in this respect connected with the well-known Oregon petition which warned and keeps warning against the irrationality and one-sidedness of the global warming campaign. Rational people know that the warming we experience is well within the range of what seems to have been a natural fluctuation over the last ten thousand years. We should keep saying this very loudly.

Before I start talking about this issue, I would like to put the topic of my today's speech into the broader perspective. During my visits in the U.S. in the last 19 years, I made speeches on a wide range of topics. There has, however, always been a connection between them. They were all about freedom and about threats endangering it. My today's speech will not be different. I will try to argue and to convince you that even the global warming issue is about freedom. It is not about temperature or CO₂. It is, therefore, not necessary to discuss either climatology, or any other related natural science but the implications of the global warming panic upon us, upon our freedom, our prosperity, our institutions and our legislation. It is part of a bigger story.

At the time that followed immediately after the fall of communism, I spoke here about my (and our) experience with the dismantling of this tragic, irrational, repressive and inefficient system, about the experience with the rather complicated transition from one social system to a radically different one and with the intricacies of building a free society and market economy. We had learnt some useful lessons and they should not be forgotten. This is not an issue in my country anymore now, it is all over there, even though it continues to be relevant in other places of the world.

There are other phenomena that should be discussed and warned against now. I very carefully watch and study the situation on the European continent. Applauding the end of communism is not sufficient. I am more and more nervous about the developments that followed. I have always tried to explain to the Americans the meaning and substance of the European integration process and especially the undergoing shift from evolutionary and more or less natural (or genuine) integration, based on opening up, on liberalization, on elimination of various protectionist barriers, towards politically and bureaucratically organized unification. We are close to the formation of a supranational entity called the European Union, resulting in the weakening of democracy and free markets in Europe.

To be correctly understood, I am not against my country's EU membership (by the way, it was me who handed in the formal application to enter the EU in 1996 when I was prime minister of the Czech Republic), because regretfully there is no other way to go in Europe these days. The recent developments in the EU are, however, very problematic: we see and feel less freedom, less democracy, less sovereignty, more of regulation, and more of extensive government intervention than we had expected when communism collapsed.

As if this wasn't enough, in the recent years we came to witness yet another major attack on freedom and free markets, an attack based on environmentalism and – in particular – its global

warming variant. The explicitly stated intentions of global warming activists are frightening. They want to change us, to change the whole mankind, to change human behavior, to change the structure and functioning of society, to change the whole system of values which has been gradually established during centuries. These intentions are dangerous and their consequences far-reaching. These people want to restrict our freedom. It is our duty to say NO.

As I said at the beginning, the current world-wide panic as regards dramatic, in the past allegedly unknown global climate changes and their supposedly catastrophic consequences for the future of human civilization must not remain without a resolute answer of the more or less silent majority of rationally thinking people.

After having studied this issue for a couple of years, I am convinced that this panic doesn't have a solid ground and that it demonstrates an apparent disregard for the past experience of mankind. I know that its propagandists have been using all possible obstructions to avoid exposure to rational arguments and I know that the substance of their arguments is not science. It represents, on the contrary, an abuse of science by a non-liberal, extremely authoritarian, freedom and prosperity endangering ideology of environmentalism.

It is important to demonstrate that the global warming story is not an issue belonging to the field of natural sciences only or mostly, even though Al Gore and his fellow-travelers pretend it is the case. It is again, as always in the past, the old, for many of us well-known debate: freedom and free markets vs. dirigism, political control and expansive and unstoppable government regulation of human behavior. In the past, the market was undermined mostly by means of socialist arguments with slogans like: "stop the immiseration of the masses". Now, the attack is led under the slogan: stop the immiseration (or perhaps destruction) of the Planet.

This shift seems to me dangerous. The new ambitions look more noble, more attractive and more appealing. They are also very shrewdly shifted towards the future and thus practically "immunized" from reality, from existing evidence, from available observations, and from standard testing of scientific hypotheses. That is the reason why they are loved by the politicians, the media and all their friends among public intellectuals. For the same reason I consider environmentalism to be the most effective and, therefore, the most dangerous vehicle for advocating large scale government intervention and unprecedented suppression of human freedom at this very moment.

Feeling very strongly about this danger and trying to oppose it was the main reason for my writing the book "Blue Planet in Green Shackles" (2) with its hopefully sufficiently understandable subtitle "What is endangered: Climate or Freedom?". It has also been the driving force behind my active involvement in the current Climate Change Debate and behind my being the only head of state who openly and explicitly challenged the undergoing global warming hysteria at the UN Climate Change Conference in New York City in September 2007. (3)

I am frustrated by the fact that many people, including some leading politicians, who privately express similar views, are more or less publicly silent. We keep hearing one-sided propaganda regarding the greenhouse hypothesis, but we are not introduced to serious counter-arguments, both inside climatology, and in the field of social sciences.

We, economists, owe the society a lot. We did not succeed in explaining the practical inexhaustibility of resources, including energy resources (on condition they are rationally used, which means with the help of undistorted prices and well-defined property rights). We did not come up with simple, well-argued and convincing studies about the costs and benefits of the currently proposed "green" measures and policies and about many other things.

I feel very strongly about it. I used to live in a world where prices and property rights were made meaningless. It gave me the opportunity to see how irrationally the economy was organized and how damaged the environment was as a result. This experience tells me that we should not let

anyone play the market again and dictate what to produce, how to produce it, what inputs to use, what technologies to implement. This would result in another disaster and in the true “immiseration of the masses”, especially in developing countries. We already see some evidence for this now.

We should also speak about the convincing human experience with technological progress and give reasons for our justified belief not only in its continuation but very probable acceleration in the future. It is rational to expect that technological changes will be more important than any potential climate changes. There is no need for technologic skepticism and no reason to expect that we will enter a stationary world – unless the environmentalists win the debate and stop human progress. (4)

The economists should also discuss very relevant future shift in the structure of demand which will be based on the so called income or wealth effect. With higher income and wealth, people demand more of environmental protection which is a classic luxury good. It is, therefore, not necessary to radically decrease today’s consumption by coercion, because the much more affluent people in the future will have enough time to make rational consumption and investment decisions without our today’s “quasi-help”. Economic growth and the accumulation of wealth do not lead to deterioration of the environment. The empirical work in the field of the environmental Kuznets curves gives us reassuring arguments about it.

We should also explain to the non-experts the idea of discounting as the only rational basis for intergenerational comparisons, and for our today’s decisions about the future. Everyone who wants to protect future generations should express his or her presumptions about this intergenerational relationship and to clarify how he or she sees the future and what weight and importance he or she attaches to it. The environmentalists assume that no matter how distant the future is, it is of equal importance as the present, which is against human nature and experience. The objectively existing preference of rational human beings of the present over the future is traditionally discussed by means of the term discount rate. To defend this position is neither shortsightedness nor ignorance on our side. The models of the environmentalists produce strange results mainly because they consider the “social discount rate” to be zero or close to zero.

Another issue is the rational or irrational risk aversion. Every rational human being minimizes risks – but not at all costs. The precautionary principle, this dogma of environmentalists, leads to an unjustifiable maximization of risk aversion, which can in the end succeed in blocking and prohibiting almost everything. The environmentalists systematically overestimate the negative impacts of human activities and forget the positive ones. Such approach cannot bring good outcomes. We should offer standard cost-benefit analysis instead.

Even more frustrating is the fact that the economists do not pay sufficient attention to the abuse of the words “market” and “price” by the global warming alarmists. They want nothing else than to tax us, but instead speak about market-friendly “emissions trading schemes”. We have to tell them that the emissions licenses are implicit taxes and that playing the market is impossible. The economists convincingly argue that tax changes have very large effects. Recent U.S. study (5) shows that “an exogenous tax increase of GDP lowers real GDP by roughly 2 to 3 per cent.” It works mostly through the strong response of investment to tax changes. And the environmentalists keep advocating large tax increases under the disguise of the “price of carbon”.

The global warming alarmists succeeded also in creating incentives which led to the rise of a very powerful rent-seeking group. These rent-seekers profit

- from trading the licenses to emit carbon dioxide;
- from constructing unproductive wind, sun and other equipments able to produce only highly subsidized electric energy;

- from growing non-food crops which produce non-carbon fuels at the expense of producing food (with well-known side effects);

- from doing research, writing and speaking about global warming.

These people represent a strong voice in the global warming debate. They are not interested in CO₂, freedom or markets, they are interested in their businesses and their profits – “produced” with the help of politicians.

With all my criticism, I hope it is evident that I am not speaking against paying due attention to the environment and to environmental protection, because that’s another story. I would also like to stress that I don’t oppose the claim that the climate-anthropogenic carbon dioxide nexus justifies watching and research, but I am convinced that the existing evidence does not justify the currently proposed expensive, economy and society disrupting and probably useless and ineffective measures.

As I said many times before: the current world-wide dispute is not about environment, it is about freedom. And I would add “about prosperity and living conditions of billions of people.” To avoid a disaster, “we should trust in the rationality of man and in the outcome of spontaneous evolution of human society, not in the virtues of political activism.”



Bio:

Vaclav Klaus is the current President of the Czech Republic. He gave this speech at the Hilton Hotel in Portland, Oregon in September 2008.

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