

## [The costs of climate change](#) [1]

Written by [Tim Worstall](#) [2] | Sunday 20 July 2008



Yesterday I rather made fun of Al Gore's latest call for a greener world. Today (alerted by [EU Referendum](#) [3]) I can show you the expense of a less [adventurous plan](#) [4]. This is the EU's plan that each EU country should reduce their emissions by some amount, in Ireland's case, by 20%. One way of looking at the costs of such a plan is to work out what level a carbon tax would have to be set at to make such a reduction possible:

In a presentation made to the committee, Prof Tol made what he described as a "cheeky" suggestion that the carbon tax needed to meet this stringent target would be equal to a carbon tax of €4,000 per tonne of CO<sub>2</sub>.

Given that the Stern Review thought that the cost of the emission of such a tonne of CO<sub>2</sub> was \$85 (and the EU thinks about €40, Tol's own estimate is lower) clearly this level of taxation is ludicrous. It simply isn't sensible to pay 100 times more in tax to discourage an activity than the costs of the activity you're trying to discourage will incur.

Richard Tol isn't, contrary to what some might fear, a crank, or anything like it. He's actually [one of the people](#) [5] that helped write the IPCC reports that the whole concern is based upon.

Unfortunately, what we're seeing here is not unusual. The politicians have got the bit between their teeth, they're insisting that something must be done and dangnit, they're going to be the ones who tell everybody else what to do. Unfortunately, in their ignorance, they're now telling everyone to do things which will make us all immeasurably poorer. More unfortunately, for little reason as well.

At the heart of the economic debate over what we should do about climate change is a point that all too few have as yet grasped. We shouldn't spend more on mitigation than such mitigation will save us. To do so is simply to make future generations poorer.

The politicians are insisting that we pay 100 times more to mitigate than the mitigation will save us. Politicians: actively campaigning to make you and your children poorer: isn't that nice of them?

[blog comments powered by Disqus](#) [7]

---

Source URL: <http://www.adamsmith.org/blog/environment/the-costs-of-climate-change>

Links:

- [1] <http://www.adamsmith.org/blog/environment/the-costs-of-climate-change>
- [2] <http://www.adamsmith.org/taxonomy/term/5778>
- [3] <http://eureferendum.blogspot.com/2008/07/outbreak-of-candour.html>
- [4] <http://www.irishtimes.com/newspaper/ireland/2008/0717/1216073190219.html>
- [5] [http://en.wikipedia.org/wiki/Richard\\_Tol](http://en.wikipedia.org/wiki/Richard_Tol)
- [6] [http://disqus.com/?ref\\_noscript](http://disqus.com/?ref_noscript)
- [7] <http://disqus.com>