

No laughing matter

To the Editor — Yoram Bauman has written a hostile and dismissive review of my book, *Can We Afford the Future?: The Economics of a Warming World* (Zed Books, 2009). With my book, he says, “the bumper-sticker culture of cable TV news has finally reached ... the economics of climate change.” I allegedly failed to recognize the virtues of mainstream economics and oversimplified the subject “for the masses”.

Oddly enough, Bauman is best known for performing as a stand-up comedian making fun of mainstream economics. His signature performance offers a flippant ‘translation’ of ten principles of economics from a leading textbook. How could a stand-up comic dislike bumper stickers and communication with “the masses”? I plead guilty to summarizing a complicated subject in four provocative, non-technical statements suitable for printing on bumper stickers. This was an intentional strategy to combat the ‘eyes glazing over’ effect that technical economics has on most people, and to lead the reader into substantive discussion of the big issues about the costs and benefits of climate change mitigation.

Bauman also didn’t like my chapter criticizing Bjørn Lomborg,

the self-proclaimed “skeptical environmentalist”. As I demonstrate, Lomborg systematically misrepresents economic and scientific research, announcing unsubstantiated, undocumented opinions as fact. Bauman leaps from one small dispute to the surprising claim that I am operating at the same level of partisan distortion as Lomborg.

He additionally takes me to task for failing to notice how many economists have signed statements about the seriousness of climate change, and for disagreeing with mainstream economists on climate policy. In sections of the book that Bauman seems to have overlooked, I quote recent work by some of the best-known economists writing about climate change, documenting their failure to understand the urgency of the issue. Their models and analyses trivialize the climate crisis, making it seem that tweaking the market with a carbon tax might be all that we need. I’m not opposed to a carbon tax or allowance trading system, but I think much more is needed. I also displeased Bauman by advocating government-funded clean-energy R&D. As Bauman

notes, this is a view that I share with the Obama administration.

Details aside, here’s the underlying issue: climate change can’t be both a fundamental threat to the conditions that support human life, according to scientists, and a mid-sized policy puzzle that can be solved by an adjustment in tax rates, according to economists. One profession or the other must be wrong about the magnitude of the problem — and the total failure of climate sceptics’ attempts to cast doubt on the science suggests that it’s not the scientists who are in error. That’s why it’s time to create a new economics of climate change.

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