

Tufts' Economist Ackerman Spells Out Cost Case for Tackling Climate Change

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“An impassioned plea to construct a better economics”

And “If we can't afford the future, what are we saving our money for?”

Those are just two sound bites used by the publisher in promoting Tufts University economist Frank Ackerman's new and highly readable “Can We Afford the Future: The Economics of a Warming World.”

A progressive (dare one say “liberal”?) economist well-versed in the literature of the Intergovernmental Panel on Climate Change (IPCC) and other scientists and scientific groups fearful of climate change impacts, Ackerman offers up a practical and useful response to those - and there will be many - saying it's just too costly to take on climate change.

Ackerman is having none of it, and his 151-page climate economics tutorial is likely to do more than just make informative reading for climate scientists and the media needing to understand the economics of the climate issue. The book also will provide fodder, as Stanford University scientist Stephen H. Schneider says in a brief kudo, “to debunk the conclusion that stabilizing our future climate is ‘too expensive.’”

Along with the many other economic treatises the media will encounter as they deepen their reporting on potential climate change “solutions,” Ackerman's new book can provide them a practical understanding of key issues such as the discount rate used in evaluating costs. He could hardly be more clear about the importance of this issue: “... the choice of the discount rate becomes decisive for the whole analysis. It is not an exaggeration to say that the discount rate is the most important single number in climate economics.”

It's likewise no exaggeration to say that cold hard traditional economic calculations and formulaic cost/benefit determinations, in Ackerman's mind, will not alone suffice in driving policy makers: For one thing, he writes, “there is no market in which short-term investments and long-term policies are traded against each other, so they need not follow the same logic or employ the same discount rate.”

Using the home-owners insurance metaphor to illustrate a need to protect against future climate risks, Ackerman suggests that the goal “is not only to respond to the predictable average changes, but, even more important, to prepare for the worst. Think of it as buying insurance for the planet.”

And paraphrasing 18th Century philosopher Immanuel Kant, Ackerman writes at another point that “some things have a price, or relative worth, while other things have a dignity,

or inner worth. No price tag does justice to the dignity of human life or the natural world. Since some of the most important benefits of climate protection are priceless, any monetary value for total benefits will necessarily be incomplete.”

At another point, Ackerman informs and educates on his views of “good costs and bad costs.” Example: Spending on infrastructure to avoid catastrophic hurricane damages may be a “good cost” because, among other things, it provides jobs and stimulates the economy; spending to mop up the costly damages of those storms may be a “bad cost.”

Journalists serious about informing their audiences about the coming climate change debates should well have Ackerman’s book on their shelves. Published by Zed Books (ISBN 978-1-84813-038-8 pb in paperback), it was listed in mid-February at amazon.com for \$16.34.