

# A Skeptical Environmentalist: “Measuring the Real State of the World”

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I was unable to attend the RMLA Blenheim Conference to hear keynote speaker, Skeptical Environmentalist, Bjorn Lomborg. However, I did attend the Business Roundtable’s Sir Ronald Trotter Lecture, 8 October 2003, where Lomborg presented a well-delivered and polished lecture, which suggested the next day’s RMLA presentation was not going to be different.

The lecture was thought-provoking and challenging and both RMLA and the Business Roundtable are to be congratulated for bringing Lomborg here. He made some telling points. Using widely sourced statistics, he showed that the environment is not generally getting worse, but better. Overlooked by some, in lecture and book he also says “better” is not necessarily “good enough”, and improvement is still needed.

But Lomborg’s book<sup>1</sup> and lecture fit that prognosis, too. Websites

dissect the book; I’ll focus on his lecture, which I attended with 500 others.

Lomborg said that predictions have been repeatedly made since 1920 that only 10 years’ oil reserves remain, but consumption has increased enormously during the last 80 years as exploration expanded to meet the growing demand. There is no imminent shortage. In any case, following the economists’ line of substitutability, alternatives will be found well

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before we do run out of oil – “the stone-age did not end because people ran out of stone”.

He then pointed out Kyoto Climate Change protocol implementation was going to cost the world US\$3 trillion but only postpone disaster by 6 years over the next century. *Ipsa facto*, Kyoto should be scrapped and the savings invested in making alternative big improvements, such as improving developing countries’ water quality to fight disease.

Two comments: Lomborg’s Pareto-optimal savings do not automatically translate into resource transfers to better the Third World – Cancun demonstrated that. Secondly, Lomborg is guilty of his own oil-prediction fallacy: Kyoto is not a once-off centennial Protocol, negotiated once and left to run ruinously, unchecked for 100 years as he suggests. Rather, like other multi-lateral agreements such as GATT-WTO and Ozone Layer, Protocols and Treaties are repeatedly

1. Lomborg, B (2001), *The Skeptical Environmentalist: Measuring the Real State of the World* (Cambridge University Press)

revisited and renegotiated; policy development's equivalent to ongoing oil exploration. Kyoto may be daft as it stands, but it should only be seen as a stepping stone to Son of Kyoto, not the final destination. We will have substituted something far better than existing policy well before 2100 – Kyoto's shortcomings are not an excuse for complacency or inaction.

US\$3 trillion is a lot, but it does need to be put into perspective. *The*

*Economist* magazine<sup>2</sup> notes in a forthcoming study the International Energy Agency, a quasi-governmental group of oil-consuming nations, estimates that the oil industry needs to invest as much as US\$2.2 trillion over the next 30 years in exploration and production, of which \$1.5 billion is simply to replace production already in decline or soon to decline. It also notes OPEC has managed to transfer \$7 trillion in wealth from American consumers to producers over the past three decades by keeping the oil price above its true market-clearing level.

Ironically, Lomborg's fame (or notoriety) that brings him to New Zealand is also foreshadowed in his book. He claims we are all receptive to environmentalist doom-mongering in part because of human predilection for bad news of gloom and disaster, untempered by the good news. Which is exactly what a minority of the audience had come to hear from Lomborg – the crucifixion and burial of the green activist. The rest of us, I hope, went away challenged and thoughtful – and the teeniest bit skeptical.

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2. *The Economist*, 25 October 2003