

Financial Times FT.com

Business as usual will bring disaster - no, prosperity

By Tim Curtin

Published: January 2 2007 02:00 | Last updated: January 2 2007 02:00

From Mr Tim Curtin.

Sir, The Stern Review's claim to show that business as usual (ie, in the absence of stringent policies to reverse climate change) would result in large and continuous falls in global gross domestic product was endorsed all too unthinkingly by those who should know better, including the FT's Martin Wolf when he gave the Stern Review ringing endorsements in November.

Ironically, the same Martin Wolf equally enthusiastically endorses the World Bank's view (in its Global Economic Prospects: Managing the Next Wave of Globalisation) that the size of the world economy will double by 2030 ("A glimpse of a prosperous 2030 and what can foster it", December 30) under a business as usual scenario, with no mention of policies to implement Stern. Mr Wolf adds that "neither environmental limits nor disease seems likely to halt the global economy over the next quarter of a century".

Moreover, the Stern Review's estimate that "if we don't act, the overall costs and risks of climate change will be equivalent to losing at least 5 per cent of global GDP each year, now and forever" shows an alarming ignorance of the arithmetic of simple interest, because if we lose 5 per cent of national income every year, within 20 years our GDP will be about zero. Is that what Sir Nicholas Stern (and Mr Wolf) really believe?

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