

Look out when science and politics tell us the future

By Nick Cater, The Australian, 15 March 2017

A growing mood of catastrophism is enveloping our more serious newspapers as the cost of anthropogenic change to the business climate bites.

A decade of ill-judged environmental and energy policy has exacted a terrible toll on the national economy. There is little chance of the investment needed to rid South Australia of its basket-case status while the government is unable to guarantee a stable power supply. Across the country, household electricity prices have more than doubled in less than a decade, and gas is running out on the eastern seaboard.

A decade ago, Australia enjoyed an efficient and reliable energy market and some of the cheapest power in the world. Hubristic government intervention has changed that and the damage could take decades to repair.

The politicisation of the global warming debate began almost 30 years ago with the 1988 climate change conference in Toronto. It was the start of a series of international gatherings, each larger than the last, with escalating apocalypticism and ever more strident demands for action.

The hyper-dramatisation of the millennial drought and the release of Al Gore's *An Inconvenient Truth* set the stage for Kevin Rudd to declare climate change our greatest moral challenge.

"There are two stark choices," Rudd said in an extraordinary speech in late 2009, "action or inaction." A pedant might describe it as a single choice constructed around a false dilemma, but his rhetorical point was made.

His government, naturally, would choose action since in modern progressive politics the urge to do something is stronger than the imperative to assess the likely consequences of the thing they are intending to do.

Time has helped illuminate the dewy-eyed naivety of the climate change policy Rudd took to the 2007 election. Ineffectiveness is one thing; the damage caused by the unintended consequences is quite another.

By setting a 20 per cent renewable energy target for 2020, the government privileged the suppliers of intermittent energy — wind and solar — over sources of energy capable of producing a reliable supply.

The costs of the scheme were seriously underestimated. The myth was allowed to percolate that renewable energy was free.

If we thought we'd been let off the hook when the Abbott government scrapped the carbon tax, we were wrong. The collective weight of government interventions, large and small, driven by compassion for the planet, has made us poorer than we would otherwise be. The Garnaut report in 2008 spoke of the massive economic transformation required to adapt to a carbon-constrained future but greatly underestimated the cost.

Its logic was obscure and its economic modelling so ambitious that it was frankly unbelievable. Treasury had forecast Australia's gross national product for the next 92 years, yet one has only to read old budget papers to realise that their modelling breaks down over four.

Today the Garnaut report, with its lofty, theoretical arguments, reads like a brilliant postgraduate thesis. As a blueprint for government policy, however, it is dangerously flawed.

Yet by 2008 science and politics had become indistinguishable. Science provided the justification for political action; politics provided the grants that sent science heading along a single track.

Some say the politicisation of climate change picked up where the Cold War left off. There are certainly parallels: Marxism, according to Friedrich Engels, was scientific socialism; its theories supposedly held to an empirical standard, based on the methodical observation of history.

Once you understood — or thought you understood — the rules according to which human beings operated, you could build a perfect society and create economic order from chaos. There was no room for dispute because the science was settled; authoritarianism was its natural consequence.

The science of global warming offered the intellectuals another chance to organise the world as they wanted it to be, to take charge of human affairs and to bypass the irksome process of democracy. It was a global problem that called for global action.

It was an opportunity to settle old scores by re-fighting the lost battle of the Cold War: the fight against free markets. It justified a new technocratic world order, constructed in the spirit of Thomas Paine: "We have it in our power to begin the world over again." And they weren't shy to admit it. As Christine Figuerres, executive secretary of the UN's Framework Convention on Climate Change, put it in 2015: "This is first time in the history of mankind that we set ourselves the task of intentionally, within a defined period of time, to change the economic development model that has been reigning for at least 150 years, since the Industrial Revolution."

From the perspective of free-market liberals, this is bound to end in tears. The massive collective interventions that have distorted the energy market are choking the economy in the 21st century, as surely as socialist interventions did in the 1990s.

An ideological commitment to address market failure has resulted in something worse: non-market failure. Australia is running short of baseload electrical power, but the disincentives for investing are large.

So the South Australian government now talks of taking electricity generation back into public ownership. Others talk about subsidising baseload power plants from the public purse, falling back on the industrial welfare habit.

It all makes perfect sense to the technocrats and central planners.

- On a personal note, I would like to express my thanks for the many supportive words offered to Bill Leak's family and friends since the news of his untimely death on Friday. Bill was an avid reader of the column, and I will miss his witty responses.

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