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Researchers' calculations reveal higher-than-expected global economic cost of climate change

Thu, 10/22/2015 - 12:00pm

Laura Seaman, Stanford Univ.

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When thousands of scientists, economists and policymakers meet in Paris this December to negotiate an international climate treaty, one question will dominate conversations: What is the climate worth?

A new study published in *Nature* shows that the global economy will take a harder hit from rising temperatures than previously thought, with incomes falling in most countries by the year 2100 if climate change continues unchecked. Rich countries may experience a brief economic uptick, but growth will drop off sharply after temperatures pass a critical heat threshold.

The study, co-led by Marshall Burke, a professor of Earth system science at Stanford's School of Earth, Energy & Environmental Sciences, provides a clear picture of how climate change will shape the global economy, which has been a critical missing piece for the international climate community leading up to the Paris talks. Understanding how much future climate change will cost in terms of global economic losses will help policymakers at the meetings decide how much to invest in emissions reductions today.

The work was co-authored by two researchers from the Univ. of California, Berkeley: co-lead author Solomon Hsiang, the Chancellor's Associate Professor of Public Policy, and Edward Miguel, Oxfam Professor in Environmental and Resource Economics.

Heat threshold

"The data tell us that there are particular temperatures where we humans are really good at producing stuff," said Burke, who is also Center Fellow at the Freeman Spogli Institute for International Studies. "In countries that are normally quite cold—mostly wealthy northern countries—higher temperatures are associated with faster economic growth, but only to a point. After that point, growth declines rapidly."

That point, it turns out, is an annual average temperature of about 55 F.

~~As average temperatures move past that mark, wealthy countries will start to see a~~ drop-off in economic

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use they are already
gap, Burke said.

Looking at existing research, the team found a puzzling mismatch between micro-level studies, which show negative impacts of hot temperatures on output in specific sectors such as agriculture, and macro-level studies, which at least in rich countries show limited impacts on economic output.

"Many very careful studies show clearly that high temperatures are bad for things like agriculture and labor productivity, even in rich countries," Burke said. "While these relationships showed up again and again in the micro data—for example, when looking at agricultural fields or manufacturing plants—they were not showing up in the existing macro-level studies, and we wanted to understand why."

Calculating the global economic cost of climate change



The researchers suspected the problem was with the analysis, not the data, so they took a new approach.

Analyzing records from 166 countries over a 50-year period from 1960 to 2010, they compared each country's economic output in years of normal temperatures to that of unusually warm or unusually cool years. The data revealed a hill-shaped relationship between economic output and temperature, with

output rising until the 55 F threshold and then falling faster and faster at higher temperatures. "Our macro-level results lined up nicely with the micro-level studies," Hsiang said.

Higher temperatures, lower growth

The team then sought to understand what this historical pattern might mean for the future global economy as temperatures continue to warm.

"Many other researchers have projected economic impacts under future climate change," Hsiang said. "But we feel our results improve our ability to anticipate how societies in coming decades might respond to warming temperatures."

Projecting future changes in economic output under climate change was challenging.

"Even without climate change, there are a lot of possible ways in which the future economy might evolve," Burke said. "We start with a few different baseline scenarios and then we bring in our historical understanding of the relationship between temperature and economic output to better understand how these economic trajectories might change with warming temperatures."

The researchers' findings were stark.

In a scenario of unmitigated climate change, the team's model shows that by 2100 the per-capita incomes of 77% of countries in the world would fall relative to current levels. By the team's main estimate, global incomes could decline 23% by 2100, relative to a world without climate change. Other estimates are twice as high. The likelihood of global economic losses larger than 20% of current income is at least 40%, and much higher in some scenarios.

These estimates are substantially larger than existing models indicate, a difference the researchers attributes to their updated and data-driven understanding of how countries have historically responded to temperature increases.

A common assumption among researchers has been that wealth and technology protect rich countries from the economic impacts of climate change, because they use these resources to adapt to higher temperatures.

"Under this hypothesis, the impacts of future warming should lessen over time as more countries become richer," Burke said. "But we find limited evidence that this is the case."

Burke's team found that, historically, rich countries did not appear to respond any differently to temperature change than poor countries.

"The data definitely don't provide strong evidence that rich countries are immune from the effects of hot temperatures," Hsiang said. "Many rich countries just happen to have cooler average temperatures to start with, meaning that future warming will overall be less harmful than in poorer, hotter countries."

Paris climate talks

From Nov. 30 to Dec. 11, France will host the 21st session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21/CMP11).

More than 40,000 delegates from national governments, private companies and civil society will meet in Paris to hash out an international agreement aimed at keeping global emissions low enough to prevent warming of more than 2 C (3.6 F).

On the table are three key issues: climate adaptation, mitigation and financing.

"We don't want to rule out that we could see unprecedented adaptation to hotter temperatures in the future, and we certainly hope we do see it," Burke said. "The historical evidence, though, suggests that this is not something we should count on."

The team says that mitigation, and how to pay for it, should be at the forefront of discussions in Paris.

"Our research is important for COP21 because it suggests that these economic damages could be much larger than current estimates indicate," Burke said. "What that means for policy is that we should be willing to spend a lot more on mitigation than we would otherwise. The benefits of action on mitigation are much greater than we thought, because the costs of inaction are much greater than we thought."

Source: [Stanford Univ.](#)

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TP Pearl · 2 months ago



Climate change real? Yes! Is it a threat? Doesn't matter, you can't do anything about it, it happened before and it's called a FUCKING CYCLE! Let's throw a lot of money at it though, I am sure I am not paying enough taxes as it is!

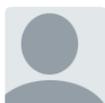
2 ^ | v • Reply • Share ›



Jay Burch → TP Pearl • 2 months ago

Amazing drivel, nothing new on that scene. Disgusting how climate has caused people to claim all sorts of stupid stuff, just to suit their own agendas. Traitors, really.

1 ^ | v • Reply • Share ›

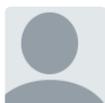


Reiner Pergeo • 25 days ago

Not only the impact of climate change is a threat to many people. Air pollution produced by burning fossil fuels harms human health directly and caused 600,000 premature deaths in Europe in 2010, World Health Organization reported. It costs European economies US\$ 1.6 trillion every year. Source <http://strom-report.de/air-pol...>



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Lonewolf Ethos • 2 months ago

When thousands of policymakers meet in gay Pair-ee this December to "negotiate" an international climate "treaty", will the worst polluting countries be coerced to put in the same environmental safeguards as are already in place in the United States?

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Ken • 2 months ago

As with most stories about global warming, this is full of lies. This is a plan to rob us of more money and nothing else. Anyone who believes this drivel should have their heads caved in for the sake of mankind. <http://www.dailymail.co.uk/new...> If you don't have the courage to cave your own heads in, I'm sure there are volunteers around the world who would love to help you upon request.

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Mioffe • 2 months ago

"What is the climate worth?"

Mistakes in sciences of economy and climate change responsible for most economic problems in USA and the world.

In my last book Amazon.com/book Dogmas for Billions, you can find reasons why I think so.

In short explanation:

1. In today level of globalization and robots any manipulation with money: stimulus (austerity), more (less) taxes from rich; increasing minimum wages; any efforts by Alan Greenspan, Ben Bernanke, Janet Yellen or any other chairman of Federal Reserve, the central bank of the United States will not create new jobs in USA and other still rich countries. All these manipulation can't compete with ten times cheaper workforces in developing countries. Of course, some jobs will be in USA anyway. And when Governors of some states reducing taxes for businesses, they competing for these jobs with other states. But in these cases number of jobs in all USA states do not increase significantly.
2. Greenhouse gases have nothing to do with climate change.
3. Properties of water are cooling the atmosphere, despite water vapor is greenhouse gas.

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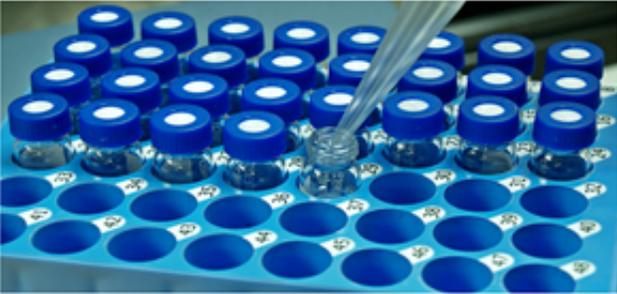
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