

MICROECONOMICS AT WORK EXERCISE

GLOBAL WARMING: THE BASIS OF THE ANALYSIS

REFERENCE: ‘Warming the Books?’ (by Elizabeth Feizkhah), *Time*, March 3, 2003, p.61.

CHAPTERS RELEVANT TO THIS EXERCISE: Chapters 1, 15.

OVERVIEW

Economists have been centrally involved in the formulation of policies to address the consequences of climate-change arising from carbon emissions associated with industrial production. Those policies have been formulated (and their importance and urgency evaluated) in the context of estimates about future global temperature increases. The estimates which have been given most credence, and which have underpinned policy-making, are those made by the United Nations Intergovernmental Panel on Climate Change (IPCC). It has been claimed, however, by two economists (one of whom is the former head of the Australian Bureau of Statistics) that the calculations underlying these estimates are faulty.

QUESTIONS

1. Isn't the estimation of global warming a technical matter? Why are economists involved?
2. What is the most recent estimate of global warming by the IPCC and what key assumptions is it based on?
3. What is the nature of the economists' critique of these assumptions?
4. Explain the concept of ‘garbage in, garbage out’ in the context of this critique.
5. Analyse the title to the article. Why does the subject even rate space in a journal such as *Time*?