

reductions at much lower costs than new technologies. The case of the New England electric utilities end-use efficiency programme was cited as an illustration of a successful market-based and economical strategy. In the long run, however, new renewable energy technologies (for example, solar, wind, biomass, geothermal) will need to be developed.

In responding to comments on the high costs of nuclear energy, Fred Belaire of Atomic Energy Canada described nuclear power as a knowledge intensive rather than resource intensive technology, pointing out that investing in knowledge is still a good investment. Economics is based on resources and diminishing rates of return; knowledge has a positive rate of return. He also suggested that lessons learned from the global regulation of nuclear energy can be applied to our understanding of international governance vis-à-vis climate change. In addition, adapting to climate change will mean finding alternatives to greenhouse-gas energy sources, especially in developing countries. Mr. Flavin acknowledged that nuclear energy, once freed from heavy subsidies and opened to market forces, could be an economically feasible long-term option, provided it is ecologically sound.

In a broader discussion of time and economic adjustment, Mr. Flavin reinforced a number of points that he viewed as important to the development of a strategy to slow global warming. When considering the issues of climate change, it is necessary to recognize the changing and unpredictable character of the economy over a period of 30 to 50 years. He did not believe that it was possible to reverse the trend of carbon emissions in a short time, but rather that policies should plan to make adjustments over a period of decades. For this reason, proposals for carbon taxes or other environmental taxes should be levied gradually in order to limit economic damage. This would allow industry and consumers the time to adjust themselves and their investment patterns to accommodate the changes.