

In a discussion of the role of international institutions in responding to climate change, Peter Thacher of the World Resources Institute noted the problems of quantification and costing. He argued that "the whole system of economic accounts is a source of misleading economic signals in its inability to cope with externalities."

Dr. Metz helped to put the discussion into perspective by pointing out that there is not much resistance in the United States to 6 percent of the GNP being spent on defence, or to 12 percent being spent on health care. This question of priorities informed the unilateral Dutch decision to implement a far-reaching environmental strategy, whose costs added up to 20 percent of total extra expenditures for the year 1994. Current Dutch expenditure was said to be 8 billion guilders a year (approximately CAN \$5.33 billion). This will double by 1994, and double again by the year 2010. In terms of percentage of GNP, the cost was anticipated to rise from 2 percent to 2.5-3 percent in 1994 to 3.5 percent in 2010. Dr. Metz explained that the considerable absolute increase in expenditures is masked when expressed as a percentage of the GNP because of the predicted economic growth over that period. He also pointed out the multiple environmental benefits of many of the emissions reduction strategies.

Christopher Flavin of the Worldwatch Institute described global warming as an economic as well as an environmental issue. In a discussion of energy policy and climate change, he explained that whereas cost estimates are usually single cumulative figures, they will be borne over a fairly long period of time. Seen in isolation these costs appear very high, but to put them into context, Mr. Flavin recalled that the cost of developing an oil-based economy in the post-war period was also enormously expensive. It was argued that cost effective technologies are increasingly available and that the net additional costs could be quite minor and significantly less than one percent of GNP.

A central point in Mr. Flavin's argument was that market forces and economic efficiency should guide the choice of energy technologies. Studies suggest that in the early stages of any programme, most energy efficiency investments will provide CO₂