



# NATURAL RESOURCE POLICY

## Free Markets & Liberty

by Kathleen Hartnett White

**F**ree market policy advocates have long been reticent about environmental policy, and for understandable reasons.

FOR ALMOST 40 YEARS, environmental policy has been dominated by a now well-entrenched Environmental Establishment with fundamentally different views about the role of government, markets, rule of law, and private property. Conservatives typically respond critically to the Establishment's policy but without offering alternatives—a defensive position.

Free market advocates need an offense: a positive natural resource policy based on fundamental free market principles. We need to use these principles to persuade policymakers and key constituencies that free market policy offers the most effective, enduring, and cost-efficient method of environmental protection.

With almost exclusive domain over national environmental policy and prevalent public opinion, the Establishment promotes centrally planned regulatory control of business and private lives. The insightful book, *Protecting the Environment: Old Rhetoric, New Imperatives*, traces the consistent command-and-control stance of the environmental

movement. Author Jo Kwong notes, "The environmental agenda focuses primarily on securing greater governmental control over natural and environmental resources: more taxpayer dollars, more regulations, more agencies and more government ownership." The Establishment's mantra could be 'no risk is too small and no cost is too high because we care so much.'

Almost 15 years ago, I worked with conservative colleagues from the Reagan administration to develop free market environmental policy principles. A brief statement was published and endorsements were received from elected officials across the country, including then-Governor George W. Bush and then-Agriculture Commissioner Rick Perry. Given the United States Senate's current debate on the most exorbitantly costly, economically disruptive, and environmentally unnecessary legislation on climate change, it is time to update and extend this effort, using state and national policy networks for strategic dissemination.

The power of the Environmental Establishment cannot be overstated. After almost four decades of political success and popular appeal, the Establishment is led by national environmental organizations with combined annual budgets in the billions, an army of attorneys, and sophisticated public relations machines. Remarkably successful in the enactment of law and in thousands of court rooms, the Establishment securely occupies the high moral and political ground.

Although conservatives justifiably criticize the Establishment's natural resource policies as too costly, ineffective, or unfounded, we are routinely vilified as uncaring and greedy polluters. Forced to respond to the ever-ascendant Establishment policy, GOP policymakers typically contrast economic needs with environmental needs, or for reasons of political necessity, yield to compromised versions of the Establishment's command-and-control position. And while we may intuit that our core principles of limited government, free markets, property rights, liberty, and individual responsibility offer the best environmental policy path, we rarely articulate this in positive policy that reflects that concern.

The Foundation's newly created Center for Natural Resources (CNR) is actively working with like-minded partners to develop this positive free market environmental policy. Core principles will

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be articulated to assist policymakers and citizens to assess policy proposals. When fully developed, a concise statement of the policy principles will be published, as well as a longer document explaining the ideological background and utility. Within the confines of these pages, I review a few likely core principles of this free market natural resource policy.

**Human beings are the most important natural resource. The well-being of individuals is the measure of sound environmental policy. Human effort is the only means by which the environment can be improved.**

Mainstream environmental policy has always taken the opposite view. Human beings are the environmental problem; human selfishness and ignorance cause natural resource depletion and degradation. Government, therefore, must intervene to control human beings and protect the environment. As a member of the Clinton administration put it, "The planet is about to break out with fever ... and we are the disease. We should be at war with ourselves and our lifestyles." And as former Vice President Al Gore said in his book *Earth in the Balance*, humankind is headed for "the point beyond which ecological collapse is inevitable" because "we have tilted so far toward individual rights."

Quite the contrary, the first principle for free market environmental policy must be that human beings are the most important natural resource—or the 'ultimate resource,' as economist Julian Simon put it. The health and well-being of real people are the measures of environmental quality. Human intellect, creativity, accumulated knowledge, and liberty are the only effective means for solving environmental problems. While we believe that individuals acting within

a free market will generate the technology and prosperity to enhance the environment, the Establishment believes that greedy profiteers will degrade the environment without the coercive hand of government to restrain them. The Establishment's policy objectives seek some generalized public good. Ours must seek measurably positive impact on real people.

**Natural resources are powerful, resilient, dynamic, and responsive to human management.**

Another contrast involves the most basic view of the natural world. The Establishment emotionally views nature as fragile and easily subject to irreversible decline. We view nature as resilient, not fragile; as dynamic, not static; and as regenerative in response to intelligent management. Case in point: the federal Endangered Species Act (ESA) rests on the Establishment assumption that natural systems are so fragile that diminished numbers of an invertebrate species can trigger dissolution of a vast ecosystem. On the other hand, many scientists contend the natural world has gained and lost billions of species for millions of years before *homo sapiens* arrived on the scene. Man's use of natural resources may temporarily alter a species population but the natural dynamism persists. The ESA, however, provides absolute protection for every species vaguely known to be at risk, and does not distinguish in importance between the American Bald Eagle and a cave spider.

**Protection of private property rights and free markets offer the best foundation for enhancing environmental quality.**

Garret Hardin's "tragedy of the commons" anecdote illustrates the inevitable environmental decline under communal

ownership. Hardin's example involves multiple people grazing their individually owned cattle on a communal property. Each herdsman has the incentive to graze as much and as fast as possible before the other herdsman's cattle consume all the grass.

If the same sized property were divided among the herdsman into individually owned properties, categorically different incentives arise. With a property owner's basic right to exclude others from using his property, prudent grazing in the present assures future grazing benefits. Private ownership rewards wise management over time, equally true for herdsman or a large chemical plant. Extension of private property rights offers many creative environmental alternatives for free market advocates.

In spite of the dismal environmental records of centrally planned economies, the Establishment still champions policies for diminishing property interests and controlling production. The undeniable history of the last century, however, vividly reveals the relationship between free market economies and environmental quality. Prosperity provides the financial means and appropriate incentives for effective, cost-efficient protection of the environment. The billions spent annually for environmental quality in this country are still unimaginable luxuries for most of the world. Free markets generate problem-solving dynamics through entrepreneurial actions, information exchange, and technological advancement.

**Science is an essential guide for natural resource policy but is not a substitute for policy.**

Science is the stipulated driver in existing environmental laws. The Establishment typically peddles new policy as straightforward scientific discovery dictating



new controls. In reality, science can never provide this level of certainty. Manipulating, exaggerating, and masking science is a longtime strategy of the Establishment.

Although a critical tool for free market environmental policy, science must be recognized for what it is and is not. The empirical sciences provide essential means for understanding natural resources; the analytical and predictive sciences offer essential tools for measuring the relative costs, risks, and benefits of environmental policies. Major qualitative differences, however, exist among scientific analyses: more or less relative accuracy; distinctions between verified empirical data versus predictive models; differences between risk assessments, based on weak correlation versus demonstrated causation; strong science and weak science.

Enactment of laws and adoption of rule ultimately are policy decisions which science can never dictate. Now a critic of the Establishment, former Natural Resource Defense Council litigator David Schoenbrod reveals the extent to which EPA manipulates science to support a predetermined policy judgment: "I had stumbled upon an important truth about science—its finely calibrated techniques provide no right

answer to many questions of the greatest policy consequence. There is inevitably uncertainty in describing risks ... even if risks can be described precisely, deciding on the extent to which to reduce them requires policy judgments." (*Saving Our Environment from Washington*, p. 69)

EPA's recent decision to change the ozone standard from 85 parts per billion (ppb) to a far more stringent 75-ppb illustrates such misuse of science. EPA rested on the flimsiest science to ground this change. And the law provides no yardstick for measuring the sufficiency of the science. Science alone, without any consideration of cost, is to drive the decision. Yet, EPA's own analysis of cost required by the Office of Management and Budget found that costs of implementation of the new standard will outweigh health benefits by \$20 billion in 2020.

The policy issues now swirling around climate change science have far higher stakes than any previous environmental issue. Simply stated, does the science warrant a rupture and rapid displacement of our fossil fuel energy system evolved over the last century? This debate urgently needs free market policy perspectives: robust cost-benefit analysis, substantive risk assessments, and analysis of the relative certainty of the predictive

scientific models. Promoted by the Establishment with more wild exaggeration and emotion than any environmental issue, policy debates about global warming sorely lack the basic empirical and analytical rigor that free market principles bring to the table. Widespread claims that climate change science is settled belie the nature of the predictive science involved—it is inherently uncertain.

Our side can make a positive contribution to the environmental debate, and I am honored to lead the Foundation's efforts in this regard. Free market environmentalism is not an oxymoron, but rather a recognition that preserving our natural resources for the use of future generations will produce superior results rather than preserving those resources for the sake of mere preservation. 

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