



The Monet Dilemma

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This article from the [December 2012 edition](#) of the [IPA Review](#) is by Director of the North Australia Project at the IPA, John Shipp.

The Vision of the Anointed by Thomas Sowell is a well-argued book by a conservative American underappreciated by Australian audiences. Subtitled 'Self-Congratulation as the Basis for Social Policy', it explains how society's 'anointed' manufacture perceptions of crisis to extend their reach into more and more areas of our lives.

Sowell shows how these experts ignore the importance of trade-offs in public policy. Public spending on social issues generally fits this mould; the public benefit gained is usually less than the cost to taxpayers, but because the benefit is concentrated on a few and the costs are dispersed, the basic political calculus tends to favour spending.

Because they don't appreciate the importance of trade-offs, 'the anointed' disregard or belittle the notion of acceptable risk too. How often do we hear community advocates say 'If this saves one



life, it will have been worth it?' It's not a popular thing to point out, and will hardly earn you plaudits, but we must recognise that sometimes government action is not worthwhile just to save one life if mitigating costs are massive.

Car safety offers an illustrative example. Reducing all speed limits to 40 km/h may save some lives every year, but at what cost? Is completely clogging our transport system a worthwhile payoff? And at what point does a certain speed limit represent an acceptable or unacceptable risk? If there are no acceptable risks, as often argued by those who ignore trade-offs, why allow cars at all? Surely a total ban on cars would be the ultimate way to prevent road deaths. But can you imagine someone saying 'If banning cars from our roads saves one life, it will have been worth it'? Yet reducing speed limits without considering wider social costs rests on the same flawed thinking.

Weighing costs, benefits and risks against each other, wherever these trade-offs can't be assessed adequately through complete freedom of action, falls to our lawmakers. It is not easy, and pretending it is only ensures worse outcomes.

Thomas Sowell explains how these problems arise in social policy. He shows how consumer advocates like Ralph Nader never appreciate that their safety measures price poor people out of goods and services, or ecologists like Paul Ehrlich (who famously and falsely predicted the earth would become fatally overpopulated on numerous occasions) fail to consider that food and energy markets might self-correct, without massive intervention, due to prices, innovation and substitution.

But Sowell's conceptual framework is equally applicable to environmental regulation. The same factors consumer advocates and public health experts fail to take heed of—the unintended consequences of intervention, trade-offs, acceptable levels of risk, and the possibility that allowing self-correction might be better than intervention—are never tackled by the environmental lobby.

Instead, environmentalists frame any discussion of trade-offs as a question of 'values': those who advocate activities that harm the environment merely value economic benefits (or that bane of humanity: profit) while those who prefer restrictions value environmental benefits. You are either for the economy and against the environment, or vice versa. But framing these questions as matters of values rather than trade-offs inevitably leads to an absolutist position.

This absolutism was demonstrated by Greenpeace campaigner Georgina Woods in her response to the Federal approval of North Queensland's Abbot Point Terminal 3. After years of wrangling with the Queensland and Commonwealth governments, on October 10, 2012, federal environment minister Tony Burke approved the coal project while imposing 60 conditions, including a 'seagrass offset scheme'.

The expansion of Abbot Point's port capacity is wholly contained within existing port limits. It falls within the Great Barrier Reef World Heritage Area, 25 kilometres north of Bowen, but kilometres away from the reef itself.

As part of their general campaign against coal, documented in the leaked *Stopping the Australian Coal Export Boom*

proposal of the self-described 'Australian anti-coal movement', Greenpeace have pledged to conduct 'peaceful civil disobedience' to delay and disrupt Abbot Point. Not only has Greenpeace used wildly exaggerated projections of port activity and alarmist rhetoric, they have laid bare the absurdity of the environmentalist ideology.

Admitting that the area's scenic diversity is 'not outstanding per se nor uniquely expressed at Abbot Point', as found by a detailed Environmental Cumulative Impact study, Ms Woods likened Abbot Point to a square inch in a Monet; while it might not be beautiful in and of itself, it contributes to the beauty of the wider picture.

This Monet metaphor is illustrative. It shows that groups like Greenpeace will oppose any industrial activity that poses even the smallest risk of environmental damage. No matter how minor the impact of port activity at Abbot point on the Great Barrier Reef, and no matter the offsetting factors such as employment created (650 for port construction, 4,000 for construction of the Alpha project, and 1,800 ongoing operational jobs) or the value of the energy resource to miners, shipping, government revenue or end users overseas, to touch 'one square inch' of the Great Barrier Reef is equivalent to destroying the whole thing.

Or as Woods says in her Monet analogy, '[if you] cut out that square inch with a knife... You will have ruined something of great beauty and value and something that you can never repair.'

Applying this extreme view to environmental policy would halt virtually all economic development. No human activity is completely free of impact on the environment. And whilst a famous painting may indeed be seriously damaged by removing one small part of it, some possible impact to a short stretch of the 2,000 kilometre long Great Barrier Reef clearly would not destroy the whole reef.

We can see how viewing the world through the prism of values rather than trade-offs leads environmentalists to truly absurd positions. And we can also see how the 'one square inch' view of environmentalists matches the 'one life saved' view of public health experts and consumer advocates. Neither view stands up to basic criticism, but both have a particular pull on the imagination of 'the anointed'.

The uncomplicated picture presented by environmentalists of either protecting environmental amenity or promoting industrial activity relieves them of the difficult task of sifting and weighing costs and benefits. It is also a misleading portrayal of their opponents— nobody thinks industry should harm the environment with impunity, just that offsetting factors should be considered too.

Not only do environmental activists ignore trade-offs, it is in the nature of environmental laws that they cannot accommodate trade-offs either, which you can only achieve by extending the discretion of government. This creates its own problems, as shown by the politically motivated decision to veto the 'super-trawler' fishing vessel, in October.

Unless the green leviathan can be reformed to incorporate trade-offs and minimise government discretion, not to mention reduce delays and compliance costs, there is a strong case for slashing



green tape and returning most environmental assets to the control of individuals through private property and torts. Only then can the value of environmental assets be weighed appropriately against other important values.