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Global Warming and Its Dangers

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J. R. CLARK AND DWIGHT R. LEE

We admit at the outset that we know little about the science of global warming. How much, if at all, the earth is warming; whether any warming is a trend or the result of random variations in global weather patterns; and, if a warming trend does exist, how much of it is owing to human activity are questions we cannot answer. Perhaps this ignorance protects us against anxiety attacks when we hear frightening accounts of what lies in store for planet earth and its inhabitants if governments do not immediately take bold and decisive control of the global climate. Our serenity, however, more likely arises from our exposure to public-choice analysis, which convinces us that concern about global warming is being inflamed and inflated as an open-ended rationale for expanding government control over the economy even further. This conviction does not leave us entirely sanguine, however, because we believe a serious danger of this rush to regulate is going largely unnoticed—a danger that might make any actual global warming a far greater problem than it should be.

First, the Bad News

People are easily frightened, and when they are, governments grow. Fear and crises go hand in hand, and the evidence that government thrives in crises, real or imagined, is overwhelming (Higgs 1987). Claims of impending environmental crisis have proved

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especially effective in helping to justify an expanded role for government over the past thirty-five years. Widespread famine, acid rain, resource depletion, global cooling (yes, that's right—a big concern in the 1970s), lack of landfills, Alar-laced apples, the spotted owl's possible extinction, and urban sprawl are but a few of the alleged crises used in recent years to justify more reliance on government coercion and less reliance on market incentives. In every case, these alleged crises have proved innocuous or greatly exaggerated and, even when real, have commonly resulted from existing government restrictions on private action. Of course, the government programs put in place to deal with these concerns tend to remain in place, largely hidden from public view, long after public attention has been diverted to a new threat described in even more frightening terms and demanding yet more government programs.

Not surprisingly, the latest episode in this escalating series of crises, global warming, is being described in apocalyptic terms. For example, in *World on Fire: Saving an Endangered Earth*, former Senate leader George Mitchell informs us that global warming, if left unchecked, “would trigger meteorological chaos—raging hurricanes . . . capable of killing millions of people; . . . record-breaking heat waves; and profound drought that could drive Africa and the entire Indian subcontinent over the edge into mass starvation. . . . Unchecked, [global warming] would match nuclear war in its potential for devastation” (qtd. in Moore 1995, 83).¹ If this dire prediction is not frightening enough for you, search the combination of key words *global warming* and *catastrophic* on Google.com, and you will find comments that make Mitchell's account appear sanguine.

We do not want to leave the impression that the global-warming hawks bear only bad news. They invariably soften the threat of doom with the good news that because global warming results from human activity (they ignore what seems to be a warming trend on Mars), we can reverse its destructive effects by changing our behavior. Furthermore, we fortunately have “experts” who know what changes should be made, so our salvation requires only that we give these experts the necessary power and money. This reassuring news does raise a slight problem, however: the experts recommend changes that require government either directly or indirectly to impose controls over almost every aspect of our lives. Greenhouse gas emissions, understood as causes of global warming, now are being defined as pollutants that must be reduced significantly below current levels (as required, at least for developed nations, by the Kyoto Protocol). Carbon dioxide is receiving the most attention, and reducing it as recommended would require lifestyle changes in the developed world, affecting everything from the type of products we consume to the type of occupations we pursue, and

1. Moore points out that the earth has experienced times, including some in the past few hundred years, when the weather was substantially warmer than it is currently and that those times have been associated with bursts of human progress and improvements in living standards, whereas periods of cooler weather have been periods of stagnation and worse (1995, 83).

would almost surely force the less-developed world to stay that way.² The cost of reducing carbon dioxide can be minimized (though remaining huge) by creating global markets for permits to emit carbon dioxide, but the parties whose interests are attached to government control strenuously oppose such markets. Yet even if these markets were created, they would be distorted significantly by direct government controls and by politically influential groups more interested in protecting their interests than in protecting the environment. Absent markets, political attempts to prevent global warming will result in the substitution of government regulations for both private property and market exchange on an enormous scale.

The Best Solution: Freedom and Prosperity

We admit that without government action, market incentives probably will not reduce greenhouse gas emissions in the short run. However, government regulations that undermine both information flows and adjustments of the market process in an effort to reduce greenhouse gases, even if successful, run the serious risk of increasing the long-run damage of any global warming that does occur.

Two possible, and opposing, approaches to global warming present themselves. The first, and the most familiar one, is the use of government regulations to force greenhouse gas reductions. The second approach is to emphasize arrangements that allow the most efficient response to any changes in the global climate that do occur, without trying to prevent such changes. The latter approach avoids government actions that interfere with the superior ability of markets to provide the information and motivation necessary to adapt quickly and appropriately to changing conditions. Although this approach may not do as much as direct government action to reduce global warming, it results in better responses to any given increase (or decrease) in global temperatures. So, even if warming is greater under the market approach than it is under the government approach, the former may still be preferable. A more efficient response to a worse situation can be better than a less efficient response to a better situation.³

Even if the government approach is better than the market approach in reducing greenhouse gases, this success may have little, if any, effect on global temperatures,

2. The human role in carbon dioxide discharges is modest compared to nature's. According to Easterbrook, "naturally occurring carbon emissions outnumber human-caused emissions roughly 29 to one" (1995, 312). Interestingly, some scientists believe that methane may contribute as much to global warming as carbon dioxide does because, though less prevalent, it is far more effective in trapping heat. Moreover, methane reduction would be much less costly. See Easterbrook (1995, 298–300) for the advantages of focusing on methane and for some of the special-interest opposition to doing so.

3. In this regard, we might consider seriously Nordhaus's observation that "perhaps we should conclude that the major concern lies in the uncertainties and imponderable impacts of climate change rather than in the smooth changes foreseen by the global models" (1993, 23). Nordhaus himself, however, uses this observation to emphasize the importance of flexible policy approaches rather than to recommend market adjustments to unforeseen conditions.

given the rather minor proportion of total carbon dioxide emissions from human activities.⁴ Furthermore, over the long run, the innovation fostered by the disciplined freedom of the market may offer the best hope for reducing reliance on the fossil fuels responsible for most human release of greenhouse gases. Reliance on market forces, with little thought about reducing greenhouse gases, rather than on government regulations specifically aimed at reducing them will do more in the long run to reduce any global-warming problem (and almost everyone agrees that if global warming is a problem, it is a long-run problem) by doing more to promote the economic prosperity and freedom that provide the best foundation for dealing with all problems.

No Federal Grant for Us

With global warming, as with many other issues, a strong political bias favors government coercion rather than market incentives. Most of the benefits from combating global warming with government regulation, if it is successful, will be diffused and delayed, as will the benefits from market responses to any warming that occurs. So there might seem to be no bias favoring political responses resulting from immediate and concentrated benefits. The politically salient considerations favoring government action, however, are not the highly speculative benefits from preventing a small increase in global temperatures many decades in the future. They are the immediate and concentrated benefits from larger bureaucratic budgets and research grants as well as the political advantages created by the appearance of dramatic action to allay a serious threat.⁵ Bold and immediate action is certainly much easier to sell to a frightened and rationally ignorant public than an argument for relying on the indirect and little-understood invisible hand of market coordination.

To be sure, government regulations on greenhouse gases impose concentrated costs on business interests that are well organized politically. These interests have prevented the U.S. Senate from ratifying the Kyoto Protocol. How successful will these interests be, though, against a series of small regulations that, in aggregate, seriously constrain the private sector in the name of protecting the public against climate change? Arguments against such regulations are easily depicted as motivated by self-serving disregard for the planet, and they activate considerable amounts of “expressive

4. This argument is stronger for carbon dioxide than for methane emissions, which, as noted previously, are more easily reduced and may be as responsible for global warming.

5. If these benefits were not important in global-warming politics, it would be difficult to explain the exaggerated and frightening scenarios that those who benefit from political action are constantly putting before the public. For example, in a fit of candor Stephen Schneider, a major activist in the fight against global warming (who in the 1970s warned of global cooling), told the *Boston Globe* in the early 1990s, “It is journalistically irresponsible to present both sides [of the global warming issue] as though it were a question of balance. . . . I don’t set very much store by looking at the direct evidence. . . . To avert the risk we need to get some broad-based support, to capture public imagination. That, of course, means getting loads of media coverage. So we have to offer up some scary scenarios, make some simplified dramatic statements and little mention of any doubts one might have. . . . Each of us has to decide what the right balance is between being effective and being honest” (qtd. in Bandow 1998, 35).

voting” in support of the regulations.⁶ Furthermore, large companies often favor burdensome environmental regulation as a way of hampering competition from smaller rivals.⁷ The excessive cost that command-and-control environmental regulation has imposed on business (and on the economy in general) has certainly not prevented this approach from dominating environmental policy.

Market flexibility has received almost no support as a reasonable way of dealing with global warming, and almost everyone assumes that the problem demands government regulation. Lack of support for market solutions, however, should not be taken as evidence that government regulation can do better. Rationally ignorant voters are not solely responsible for giving organized interests the opportunity to force the second-best government approach on reluctant politicians. Politicians themselves often substitute government solutions for superior market solutions. Taking credit for benefits achieved through government action is much easier for politicians than taking credit for benefits achieved through markets, even though the latter benefits are much greater. This difference in credit-taking potential is especially germane in relation to global warming, where the appearance of immediate action may well be the only benefit and certainly the only benefit to be had immediately or within the time horizon of current politicians.

Reinforcing the view of global warming as a major threat to the planet, one that demands immediate government action, is the government’s overwhelming dominance as the funding source for research on global climate change. Interestingly, the federal government is almost the only source of funding for such research, and the bias of those who control this funding cannot be doubted. So, as Michaels and Balling point out, “The chance that a finishing graduate student in climatology owes his publications, his dissertation, and therefore his newfound job, to federal global climate change funding is very high. Who among them is going to write a dissertation that global warming is an overblown problem?” (2000, 196). Michaels and Balling do not claim that dissenting views do not get published (after all, their own careers would belie such a claim), but they affirm that those who question the prevailing view on global warming find it more difficult to get their papers through the reviewing process and face more obstacles in achieving successful careers.

Conclusion

Once individuals are convinced that global warming is a problem, they automatically assume that it demands a government solution. Although we believe that global warming has been exaggerated by those who stand to gain from larger bureaucratic budgets and from more government controls over private decisions, we cannot ren-

6. See Brennan and Lomasky 1993 for a discussion of expressive voting and its distorting effects on political decisions.

7. See Malone and McCormick 1982 and Parshigian 1984 on business support for inefficient environmental regulations.

der an informed judgment as to how serious a problem it might be. However, based on our understanding of how markets transmit dispersed information on changing conditions and motivate people to coordinate their responses to those conditions in the most appropriate ways, we are convinced that any problem of global warming will be dealt with better through market incentives than with government mandates.

People tend to regard global warming as a problem that should be attacked directly by imposing restrictions on market behavior in an attempt to reduce temperature increases. Almost universally ignored is the argument that a superior solution emphasizes the best response to whatever changes in temperature occur rather than attempts to prevent those changes. Further, even if people acknowledge the importance of appropriate responses to temperature changes, few appreciate the ability of market incentives to inform and motivate such responses; nor do they recognize that government mandates undermine those responses by distorting market incentives or by rendering them completely inoperable.

Even if government mandates were to be more effective than market incentives in reducing global warming, market incentives probably would still be more effective in reducing the harm of global warming by motivating a better response to a worse situation. Moreover, in the long run, reliance on the informed flexibility of the market will do more than government controls to reduce greenhouse gases. No sensible person denies that markets do a far better job than governments in promoting and utilizing technological advances that constitute our best hope for reducing dependence on fossil fuels and for creating the wealth that increases both our demand and our ability to deal with a wide range of environmental problems, including global warming.

The “problem” with the market is not that it is inferior to government in dealing with global warming, but that it handles issues effectively without requiring large government funding of organized groups and without concentrating power in the hands of a few experts. Instead, the market mobilizes the actions of millions of people to solve the problem indirectly by means of marginal and for the most part mundane adjustments for which, no matter how effective they may be, politicians and bureaucrats can take no credit.

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