

The

# FREEMarket

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## Privatizing Climate Policy

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Climate-change policy ought to be privatized. All government policy instruments, including taxes, subsidies, regulation, and emissions trading to mitigate climate change ought to be abolished. Instead, property rights to a climate unchanged by human activity should be protected by tort litigation on the basis that strict liability is appropriate.

There is no secure foundation in climate science for the current policy rhetoric; governments simply lack the knowledge to operate climate-change policy effectively. Moreover, policy is based on the neoclassical economics assumption that climate change is a case of market failure. However, it is not markets that have failed but governments in failing to protect property rights.

The earth's climate has always been susceptible to changes caused by natural factors over which human beings have no control. The Intergovernmental Panel on Climate Change uses its monopoly power in the dissemination of its own politically edited version of climate science to advance the hypothesis that climate change is caused by fossil-fuel use. Even the IPCC's scenarios of global-average surface-air warming for the next century range from mild temperature increases that would increase world food production to those that would have catastrophic effects on human life. We face radical uncertainty rather than calculable risk.

Privatizing climate-change policy entails the abolition of all existing climate-change legislation. The tax treatment of fossil fuels should be revised to eliminate any tax contribution that had been imposed with the intention of reducing carbon emissions. Regulations aimed at reducing carbon emissions should be rescinded. National or supranational emissions-trading systems should be ended. There simply should not be a public policy toward climate change.

### An Austrian Perspective on Climate Policy

An alternative framework for formulating climate policy, based on an Austrian approach to environmental economics (Roy Cordato [2004] "Toward an Austrian Theory of Environmental Economics," *The Quarterly Journal of Austrian Economics*, Vol. 7, No. 1 (Spring), pp. 3–16) and informed by a libertarian political philosophy, 

(Robert Nozick [1974] *Anarchy, State, and Utopia*, Oxford: Blackwell) sees Anthropogenic Global Warming as an interpersonal conflict rather than a market failure. AGW is a possible example of interpersonal conflict over the use of resources insofar as some individuals use the atmosphere as a carbon sink, changing the climate and thereby making it impossible for other individuals to rely upon an unchanged climate as a resource for growing crops in and even inhabiting particular locations.

It is for the courts to decide, calling on the testimony of expert witnesses, whether CO<sub>2</sub> emissions are responsible for harm by causing dangerous AGW. Litigation or the threat of it would persuade firms using carbon-intensive production processes to fund research into climate science, thus challenging the IPCC's monopoly and stimulating scientific progress.

It would be up to individuals or organizations who believed that climate change was infringing their property rights to seek redress in the courts.

The use of fossil fuels, like any other economic activity, should be subject to constraints designed to avoid the infringement of other people's property rights. Tort litigation on the basis of strict liability would protect people against others meddling with their climates. The courts would build up a body of common law and establish precedents to guide the actions of the users of fossil fuels—a privatized policy.

There is no need for new assignments of property rights. If A's use of fossil fuels causes B's land to be destroyed through inundation or desertification, this is evidently a tort. In general it seems that existing national legislation is adequate, and property rights are simply waiting to be enforced or protected. The assumption that individuals must leave it to governments to tackle the perceived threat of climate change is a product of dependency culture.

## The Gains from Privatizing Climate Policy

Under a privatized climate-change policy, litigation would not impose a further burden of state intervention on industry. First, while some firms would face litigation, all would be free from the impositions of existing climate-change policies. Second, there would be no presumption of guilt. Third, the process of establishing guilt or innocence, probably through a series of court cases, would take time.

Privatizing climate-change policy will delay severe reductions in carbon emissions. This outcome is to be welcomed. If carbon emissions do cause climate change, it is their atmospheric concentration accumulating over a period of time that does so and not the additional carbon emitted in any one year. It is reasonable to exploit this opportunity to add to human knowledge of the possible effects of carbon emissions on the global climate and hence reduce the risk of incurring

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unnecessary costs through intemperate collective action.

Litigation would improve the public understanding of the science of climate change. Reports of the testimony of a range of expert witnesses would disseminate a more balanced account of climate science than the biased and artificially constructed dogma of the IPCC. Litigation would also further the advancement of climate science itself. It would achieve this worthwhile goal by intensifying competition among scientific hypotheses concerning climate change, so that falsified hypotheses might be discarded and others accepted as provisionally true.

### Litigation as a Public Good

The courts would call expert witnesses. So firms would have an incentive to fund research into the many uncertainties of climate change. This would give a boost to the growing number of climate skeptics and challenge the monopoly position of the IPCC. The advantage of litigation is that it would replicate the process of competition, the friendly and yet hostile cooperation of scientists that Popper championed.

Litigation also holds out the prospect of action on behalf of those without the

resources to undertake it themselves. Indeed, litigation is a public good, in that its benefits are both nonexcludable and nonrival. Litigation is nonrival in that A's seeking to show that B is strictly liable for a given environmental effect does not entail that there is less litigation "left over" for others to use. On the contrary, there may be bandwagon effects.

The possible benefits of litigation concerning putative climate change would be nonexcludable. Climate change, if it is a problem at all, is a problem the world over. If carbon emissions are indeed causing dangerous climate change, it does not matter *where* they are reduced; wherever the reductions occur, the global atmospheric carbon concentration will eventually be reduced.

Tort litigation on the basis of strict liability would protect the right to a climate free from human intervention if the climate does need protecting, and, in case it does not, would save economic activity across the world from the imposition of unnecessary costs. By providing a public arena for the competitive testing of scientific hypotheses concerning climate change, litigation would also promote the advancement of climate science. ■ FM

# The Fall Into the Climate Morass

Llewellyn H. Rockwell, Jr.

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It might take a while to sink in, but the global-warming cause is on the skids. Two issues are taking the whole project down: it is getting cooler not warmer (and hence the change of the rhetoric to a vague concern over

"climate change"); the email scandal of a few weeks back proved that this really is an opinion cartel with preset views not driven by science.

Oh sure, people are saying that climategate is not really very serious and

is only being exploited by Fox News and the like. And it's true that not all measures of global temperature show cooling and that the science can be complex.

On that basis, the *New York Times* urges us to ignore the outpouring: "It is also important not to let one set of purloined e-mail messages undermine the science and the clear case for action, in Washington and in Copenhagen."

Yes, a clear case. Come on. The whole political agenda of these people is now being seriously questioned. It is no longer a slam-dunk case that we are going to have world central planning in order to control the climate and protect the holy earth from the effects of industrialization. Oh, and tax us good and hard in the process.

But you know what is most tragic to me about this? This whole hysteria led to a fantastic diversion of energy on the left side of the political spectrum. Instead of working against war and the police state, issues on which the Left tends to be pretty good, instincts were diverted to the preposterous cause of creating a statist system for global thermometer management.

The effort to whip everyone up into a frenzy over this began more than ten years ago. Every lefty fundraising letter harped on the issue, and demanded people commit their lives to it, explaining that if mother earth dies then all is lost. It is a more important issue than all the rest, the litmus test to determine whether you are a friend or an enemy.

This made it very difficult for libertarians to cooperate with the Left over the last years. Sure, there are some libertarian ideas for dealing with pollution, but none as compelling as central planning, and there was never any way that we would go along with that idea. The costs associated with dismantling industrial civilization outweigh even the worst-case global-warming scenario.

And methodologically, the whole thing was always nuts. If we can't determine cause and effect now with certainty, how in the heck will we be able to determine it after the world state controls our carbon emissions and impoverishes us in the process? No one will ever be in a position to say whether the policy worked or failed. That is not a good basis for enacting legislation.

Meanwhile, the Left threw everything it had into this hysteria. Protests, letters, billions in spending, frenzy, moral passion, mania, witch hunts—you name it. You would swear that climate change was the issue of the millennium for these people.

Meanwhile, the police state has made unbelievable advances in the last ten years. We all live today in fear of the state's "security" apparatus. Airports have become living chapters in a dystopian novel. The local police treat us like potential terrorists. Crossing the US border is becoming reminiscent of East Germany. You can't go anywhere without your papers.

And where has the Left been while the whole world was being Nazified? Worrying about my barbecue grill out back.

Then there is the war issue. The scary George W. Bush started war after war and kept them going to bolster his own power and prestige, creating as many enemies as possible through provocations and making up enemies if he had to. He funded a bubble that wrecked the economy and destroyed country after country in the name of justice and peace.

And what followed Bush? A president who repudiated this ghastly legacy? No, Obama is a supporter of the same wars and continues them—even ramps them up. Does the Left consider him a bad guy? Not really. With a handful of exceptions, his critics on the Left are friendly critics. They are glad

to put up with this because he is willing to do their bidding on the climate-change front.

You think Democrat politicians don't exploit this? They surely do. In this sense, the climate issue is much like the pro-life cause on the Right. If politicians push the correct buttons, it doesn't matter what else they say or do. They are no longer looked at with a critical eye.

The American Left has long forgotten its roots. As Arthur Ekirch has explained, the Left sold its soul to the state with the New Deal. Whereas it once opposed regimentation and industrial management of society, it turned around to support exactly that. War was the next issue to go. The New Left in the 1960s held out the hope of capturing some of that early love of liberty on the Left, even the anarchist impulse, but the New Left didn't last

long. It was eventually swallowed up by machine politics.

The Left today that supports world government to stop climate change bears little resemblance to the Left of 100 years ago, which favored civil liberties and social liberality and was willing to do anything to end war. Now it has diverted its energies to a preposterously unworkable scheme based on pseudoscience. This is a terrible tragedy.

The Left still has much to contribute to American public life. It can oppose the police state and the militarization of society. It can favor human liberty in most every area of life, even if it hasn't made its peace with the free market. Most of all, it can oppose American imperialism. But before it recaptures the spirit of its youth, it has to get rid of the preposterous idea that it should support the total state to manage what every generation has always known is unmanageable. ■ FM

# ASC

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2010

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## Rothbard vs. The Philosophers

Here is Rothbard's stunning mind at work on some of the most serious topics in philosophy, economics, and politics, originally crafted as private memos. The advantage here is that you get super-candid evaluations of the thought of the giants while avoiding the apparatus of formal papers. The result is more like a series of expansive letters to the reader rather than a collection drawn from a scholarly journal.

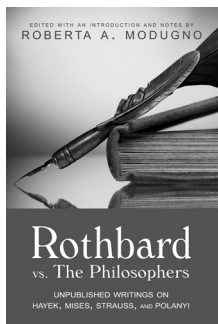
These important essays have never been published before. In fact, they were not written for publication. They were written on assignment by a foundation that employed Rothbard to read and review books. In many ways, then, the tone is unguarded, even reckless in a wonderful way, but this serves the reader's advantage.

The payoff here is that you get both Rothbard's perspective and a clear look at the thought of Polanyi, Hayek, Strauss, Mises, and other great thinkers of his time.

Some of his judgments are surprising. His initial review of Hayek's *Constitution of Liberty*, for example, is brutal in its criticism. But once the book came out, Rothbard moderated his opinion and called the book extremely important. Both

essays appear herein. The same is true of his judgment of Leo Strauss: at once blistering where he is wrong and congratulatory where he is right. Meanwhile, Rothbard is effusive in his praise of the work of Lionel Robbins.

There is one additional benefit from reading this volume: it shows a master critic at work. We can all be supremely grateful that a book like this exists at all. It gives us another glimpse into the mind of one of the great intellectual innovators of the twentieth century. Order these items at [mises.org/store](http://mises.org/store) or call 800-636-4737. ■ FM



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