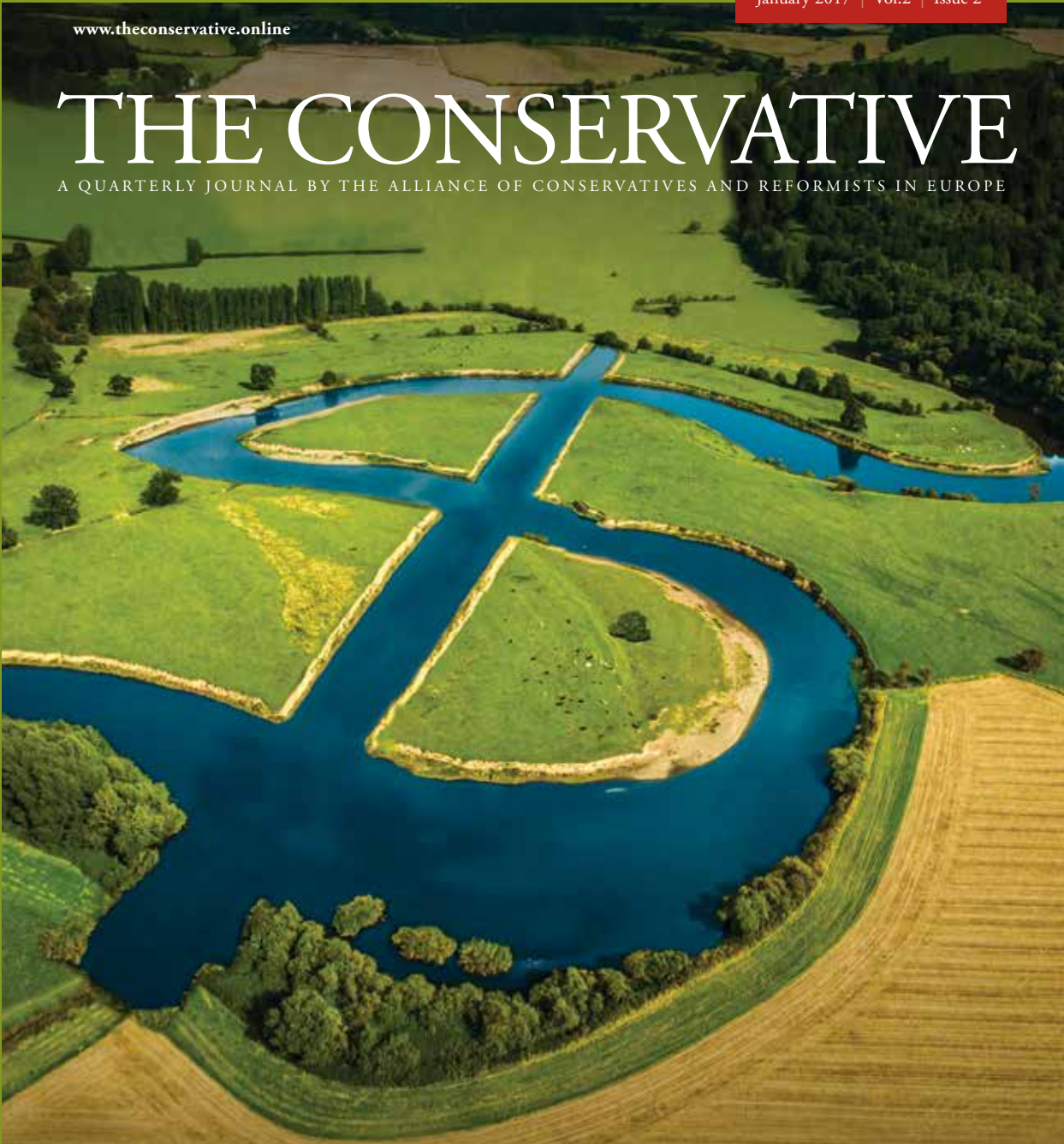


# THE CONSERVATIVE

A QUARTERLY JOURNAL BY THE ALLIANCE OF CONSERVATIVES AND REFORMISTS IN EUROPE



## HOW CONSERVATIVES MAKE THE BEST CONSERVATIONISTS

Roger Scruton

Roger Kimball

Matt Ridley

Jay Nordlinger

Orri Vigfússon

James Delingpole

# THE CONSERVATIVE

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<b>5</b>	<b>NOTE FROM THE EDITOR</b> <i>by Dan Hannan</i>	<b>26</b>	<b>CONSERVATIVE ICONS: JAMES FITZJAMES STEPHEN</b> <i>by Roger Kimball</i>
<b>6</b>	<b>ENVIRONMENTALISM STARTS WITH LOVING OUR OWN</b> <i>by Roger Scruton</i>	<b>31</b>	<b>STATE REGULATION IS PREVENTING A MARKET SOLUTION TO CARBON EMISSIONS</b> <i>by Ian Duncan</i>
<b>9</b>	<b>IF YOU REALLY WANT TO PROTECT THE ENVIRONMENT, PRIVATISE IT</b> <i>by Philip Booth</i>	<b>34</b>	<b>THE EU DELIVERED IN PARIS AND MARRAKECH, AND CAN STEER THE WORLD TOWARDS A LOW-CARBON AND CLIMATE-RESILIENT ECONOMY</b> <i>by Jos Delbeke</i>
<b>16</b>	<b>FELLOW POLITICIANS! TRY DOING LESS!</b> <i>by Sigríður Andersen</i>	<b>37</b>	<b>INDIA'S POLITICIANS CAN'T STOP THE MASSES LEARNING ENGLISH</b> <i>by Madhav Das Nalapat</i>
<b>19</b>	<b>MARKET WATCH: IT'S NOT ALL STATIST GLOOM AND DOOM</b> <i>by Kristian Niemietz</i>	<b>42</b>	<b>WE BLUES ARE THE REAL GREENS</b> <i>by James Delingpole</i>
<b>22</b>	<b>THE REAL DANGER TO THE PLANET IS SOCIALISM</b> <i>by Matt Ridley</i>	<b>46</b>	<b>CLEAN ENERGY NEEDS LESS REGULATION, NOT MORE</b> <i>by Michael Liebreich</i>



**59 PUTTING A PRICE ON NATURAL CAPITAL IS THE BEST WAY TO AVOID ENVIRONMENTAL DEBTS**  
by Sam Barker



**26 CONSERVATIVE ICONS: JAMES FITZJAMES STEPHEN**  
by Roger Kimball



**88 LOW CARBON MAY BE A GLOBAL GOAL; BUT THE SOLUTION IS LOCAL**  
by Daiva Matonienė



**72 WHY A TRUE EUROPEAN ENERGY MARKET IS THE ONLY WAY FORWARD**  
by Anneleen Van Bossuyt

**53 LET'S OFFER THE LUVVIES SOME LOVE**  
by Damian Thompson

**55 PROTECTING THE GLOBAL ENVIRONMENT STARTS WITH ASSERTING NATIONAL SOVEREIGNTY**  
by Jeremy Rabkin

**59 PUTTING A PRICE ON NATURAL CAPITAL IS THE BEST WAY TO AVOID ENVIRONMENTAL DEBTS**  
by Sam Barker

**63 ON MUSIC**  
by Jay Nordlinger

**66 WE NEED THE PRIVATE SECTOR TO SAVE SALMON, THE WORLD'S MOST PRECIOUS FISH**  
by Orri Vigfússon

**72 WHY A TRUE EUROPEAN ENERGY MARKET IS THE ONLY WAY FORWARD**  
by Anneleen Van Bossuyt

**75 ON WINE**  
by Iain Martin

**77 MARKET INSTITUTIONS NEVER EVOLVED FOR THE ENVIRONMENT; AND THAT'S WHY IT CAN'T BE PROPERLY PROTECTED**  
by Fred Smith and Iain Murray

**85 IF A HOMELESS MAN CAN STAND ON HIS OWN FEET, SO CAN A WHOLE COUNTRY**  
by "Kenny from Scotland"

**88 LOW CARBON MAY BE A GLOBAL GOAL; BUT THE SOLUTION IS LOCAL**  
by Daiva Matonienė

NOTE FROM THE EDITOR

by Daniel Hannan



That which no one owns, wrote Aristotle, no one will care for. Not that conservatives needed Aristotle to tell them, any more than they needed the empirical evidence of the USSR's repeated ecological cataclysms. Conservatives have always known in their bones that property rights are the basis of stewardship.

This issue of *The Conservative* is dedicated to an environmentalism that goes with the grain of human nature. As Sir Roger Scruton argues, "environmentalism is the quintessential conservative cause, the most vivid instance in the world as we know it of that partnership between the dead, the living and the unborn that Burke defended as the conservative archetype".

Our ecology is too important to be left to the Left. As James Delingpole puts it: "The clue's in the name: conservatives are – and always have been – the world's best conservationists."

In this magazine, you will find the best arguments, propounded by the liveliest thinkers and writers. You will find independent-minded politicians who are turning those arguments into action. You will find the finest and most original writing on the Right.

**“Conservatism is an instinct rather than an ideology. It is ironic, quizzical, cool-tempered, distrustful of grand theories. As Michael Oakeshott put it, conservatives prefer present laughter to utopian bliss.”**

**Daniel Hannan MEP**  
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[@DanielJHannan](#)

Conservatism is an instinct rather than an ideology. It is ironic, quizzical, cool-tempered, distrustful of grand theories. As Michael Oakeshott put it, conservatives prefer present laughter to utopian bliss. They understand that the things they cherish – property rights, parliamentary government, personal freedom, norms of

courtesy – take a long time to build up, but can be quickly destroyed. They take unashamed pleasure in the high culture fashioned by their forebears.

In this spirit, I am delighted to introduce some columnists who understand that the defence of civilisation is the noblest conservative calling. Jay Nordlinger and Damian Thompson will write arts columns for us, Iain Martin will be our wine critic, Roger Kimball will tell us in each issue about a past conservative hero about whom we should know more, Kristian Niemietz will cheer us up with stories of how freedom is advancing in distant lands.

In short, *The Conservative* will offer more than politics. Here is a quarterly review for everyone who values civilisation. All stripes of conservative – orthodox or contrarian, nationalist or libertarian, monarchist or minarchist – should feel at home here. Burke would perhaps argue that the truest conservative rejects all labels, instead taking pleasure in the inherited artefacts of an ancient culture. Whichever category you are in, I hope you'll find civility, as well as civilisation, in the pages that follow. •



Cartoonist: Michael Daley

## ENVIRONMENTALISM STARTS WITH LOVING OUR OWN

by Roger Scruton

Environmentalism has all the hallmarks of a Left-wing cause: a class of victims (future generations), an enlightened vanguard which fights for them (the eco-warriors), powerful philistines who exploit them (the capitalists), and endless opportunities to express resentment against the successful, the wealthy and the West. The style too is Leftist: the environmentalist is young, dishevelled, socially disreputable, his mind focused on higher things; the opponent is dull, middle aged, smartly dressed and usually American. The cause is designed to recruit the intellectuals, with facts and theories carelessly bandied about, and activism encouraged. Environmentalism is something you *join*, and for many young people it has the quasi-redemptive and identity-bestowing char-

acter of the 20th-century revolutions.

However, the cause of the environment is not, in itself, a Left-wing cause at all. It is not about “liberating” or empowering the victim, but about safeguarding resources. It is not about “progress” or “equality” but about conservation and equilibrium. Its following may be young and dishevelled; but that is largely because people in suits have failed to realize where their real interests, and their real values, lie. Environmentalists may seem opposed to capitalism, but – if they understood matters correctly – they would be far more opposed to socialism, with its gargantuan, uncorrectable and state-controlled projects, than to the ethos of free enterprise.

Indeed, environmentalism is the quintessential *conservative* cause, the most vivid

**Environmentalists may seem opposed to capitalism, but – if they understood matters correctly – they would be far more opposed to socialism, with its gargantuan, uncorrectable and state-controlled projects, than to the ethos of free enterprise.**

instance in the world as we know it of that partnership between the dead, the living and the unborn that Burke defended as the conservative archetype. Its fundamental aim is not to bring about some radical reordering of society, or the abolition of inherited rights and privileges. It is not, in itself, interested in equality, except between generations, and its attitude to private property is, or ought to be, positive – for it is only private ownership that confers *responsibility* for the environment as opposed to the

**True civic responsibility arises from our sense of belonging. Hence there are no coherent environmental policies coming from the Left, despite their appropriation of the cause. For the Left-wing vision despises the sense of belonging.**

unqualified right to exploit it, a right whose effect we saw in the ruined landscapes and poisoned waterways of the former Soviet empire. Its cause is local attachment not global control, and it stands against globalisation in all its forms, not least that advocated by environmentalists on the Left, whose aim is to fit us to a world-wide agenda of prohibitions.

True civic responsibility arises from our sense of belonging. Hence there are no coherent environmental policies coming from the Left, despite their appropriation of the cause. For the Left-wing vision despises the sense of belonging. Nobody on the Left would dream of taking a stand against mass migration, since that would be to commit the biggest sin that globalists recognize, namely “racism and xenophobia”. Britain’s Green Party, along with the German Greens, has

therefore remained silent on the topic, even though mass immigration has radically degraded the infrastructure of our country, caused a crisis in housing, and put enormous pressure on planning, countryside protection, waste management and urban amenities.

The sense of belonging relates us not only to people but also to the places where we reside and the customs that bind us. It involves an intrinsic vector towards settlement. It is the source of the attitude that I call “oikophilia”, the love of the shared home and the desire to protect it. This love calls me to account, not only to my present companions, but also to past and future people too – to all for whom this place is not just yours and mine but *ours*.

This is why the true environmentalist is also a conservative. For the desire to protect the environment arises spontaneously in people, just as soon as they recognise their accountability to others for what they are and do, and just as soon as they identify some place as “ours”. Oikophilia is deep in all of us, and it is illustrated by the two-century-old campaign in my country to preserve the countryside, and by

the similar campaign in the United States to protect the unspoiled wilderness. If we are to have a cogent environmental policy it must appeal to the oikophilia of the electorate, and that means that it must respect their sentiments of national identity. It must stand firm in the face of globalism, including the globalist rhetoric that would accuse all patriotic people of “racism and xenophobia” just because they are not prepared to let their home be swallowed in the global entropy. •



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## IF YOU REALLY WANT TO PROTECT THE ENVIRONMENT, PRIVATISE IT

by Philip Booth

Environmental problems often lead to calls for government intervention. However, misguided government action is often the cause of environmental problems. In fact, what is needed for better husbandry of ecological resources is more widespread and deeper establishment of property rights together with their enforcement.

The cause of environmentalism is often associated with

the Left. This is despite the fact that some of the worst environmental outcomes in the history of our planet have been associated with Communist governments. Indeed, it is notable that Green parties nearly always partner with other Left-wing parties in coalition governments. The underlying assumption of the prevailing worldview is that government control of the people is necessary to restrain them from spoiling the environment.

**We can identify at least three different categories of problem. The first is where property rights in environmental resources exist, but are not enforced.**

Right-of-centre political parties and mainstream economists often view environmental problems as exceptional cases that demand government intervention, even if such people believe in gen-

eral that markets ought to be free. The economist Nicholas Stern, for example, in presenting his report on climate change to the Blair government, described the problem as the “greatest market failure that the world has ever seen”. So, wherever you look, you seem to find that the cause of environmentalism is associated with the need for interventionist solutions.

This is strange, because a great deal of serious work has been produced by those who believe in market or community-based solutions to environmental problems, and a relatively small role for government. For example, Ronald Coase and Elinor Ostrom are two Nobel Prize winners in economics who have made profound contributions to our understanding of how markets and communities can promote environmental conservation. Indeed, the intellectual and moral high ground when it comes to environmentalism ought to be taken by those who believe in private property, strong community institutions and a free economy.

If things are owned, they will tend to be looked after. The owner of a lake will not fish it to near extinction (or even over-fish the lake to a small degree) because the

breeding potential of the fish would be reduced. The owner values the lake’s future capacity to produce fish that will grow to breeding size in years to come. Indeed, the lake could be sold on the open market for a price that reflects the potential value of all the fish that can be taken from the lake in the indefinite future. If it is over-fished, the value of the lake reduces and,

**The second problem is where there is effectively no ownership of environmental resources or of land that contains environmental resources.**

in effect, the owner shoots himself in the foot.

On the other hand, if the lake is not owned by anybody, or if it is owned by the government and fishing is unregulated, the lake will be fished to extinction because nobody has any benefit from holding back. Local businesses may well also pollute the lake if there are no well-defined ownership rights. The much-cited work here is Hardin’s *Tragedy of the Commons* (1968), though, in fact, Hardin was simply referring back to a pamphlet by William Forster Lloyd which

was written in 1833. In that pamphlet, a situation was described whereby common land was open to grazing by all. The land would then be over-grazed because a person would get the benefit of putting additional cattle on the land without the cost that arises from over-grazing which would be shared by all users.

So, in this framework of thinking, in which we give priority to private ownership, why do environmental problems arise? We can identify at least three different categories of problem. The first is where property rights in environmental resources exist, but are not enforced. For example, it has been estimated that almost half of total tropical deforestation between 2000 and 2012 was due to illegal conversion for commercial agriculture. In principle, this is a relatively easy problem to solve. Countries with no effective rule of law and protection of property rights will tend to be blighted socially in many respects. Environmental problems will form one aspect of this problem. The solution is clearly not to give greater powers to governments, but, rather, for governments to undertake their proper functions competently. It may be that this

is difficult to achieve in some countries, but there is no other obvious solution.

The second problem is where there is effectively no ownership of environmental resources or of land that contains environmental resources. This can arise for various reasons. It can arise because government does not provide a legal framework that allows property rights to be defined and enforced. Or it may be that governments have decided that particular resources should not be owned by anybody (the sea being one example). The solution here is to provide the legal framework in which private ownership is possible. This is not an uncommon problem in developed countries.

The third problem is where there is private ownership in general, but there are environmental consequences of actions that affect a wide range of parties that do not have ownership interests, and the costs of compensation or negotiating a more appropriate use of environmental resources is prohibitive. It is this last category of problem that provides the greatest challenge to property rights solutions to environmental problems. In the economists’ jargon the “transactions costs” are too high for

the affected parties to reach a solution.

To illustrate how more widespread property interests could help resolve environmental problems, take the situation where a company decides to build a noisy railway line next to a housing estate (HS2, for example). The noise can be thought of as damaging the local environment. In principle, this

**The third problem is where there is private ownership in general, but there are environmental consequences of actions that affect a wide range of parties that do not have ownership interests, and the costs of compensation or negotiating a more appropriate use of environmental resources is prohibitive.**

is easy to deal with. If the owners of the houses have a property right to a quiet neighbourhood, then the train company must come to an agreement with the owners of the houses if they are to infringe their quiet environment. There would have to be some form of mutually agreed compensation or abatement or the railway line

would not be built.

On the other hand, if the train company has an established right to make a noise and the owners of the houses wish to prevent or reduce the noise, the owners of the houses must pay for noise abatement or compensate the train company for not making a noise. One way or another, the environmental costs of the railway line would be factored into decision-making.

As long as property rights – and this includes rights not just to land, but also to environmental features that come with ownership – are well defined, in principle, these problems can be solved.

When it comes to climate change, greater practical difficulties arise. The emission of carbon dioxide and methane in one part of the world could have widely spread costs in other parts of the world. In theory, those who are affected could demand compensation from the polluter for the harm they cause. However, the practicalities of this would be enormously difficult.

Billions of people would somehow have to negotiate an appropriate level of compensation with hundreds of millions of carbon emitters. Stern argued that the market has failed. He is wrong

(though he is using the rather perverse jargon from the economics textbooks correctly). It is not that the market has failed; it is that transactions costs prevent the market from developing. There is no market to fail.

Here, economists – including Stern – would recommend that people be encouraged to reduce carbon outputs to the level that might arise if a market could exist, either by using carbon taxes or by using cap and trade systems so that the cost of emitting carbon reflects the problems that it causes to people in other parts of the world. These systems have proven difficult to implement in an effective way because of the problems that arise in obtaining worldwide agreement between governments and then enforcing the agreements.

Nevertheless, this is the best way to reduce carbon emissions at least cost. Such systems of carbon taxes or carbon trading allow people to choose how to reduce their own emissions at least cost. Some people might choose to heat their houses less; others might choose to use the car less; still others might choose to use renewable energy; and so on. People can make their own decisions about how to reduce carbon emissions, faced with the costs and benefits of their actions through the quasi-market mechanisms of taxes and carbon trading.

Unfortunately, both the EU and the UK government have introduced a plethora of interventions in energy markets that have effectively renationalised the supply of energy, following the extremely successful priva-

tisations of the 1980s and 1990s. The UK government is trying to pick winners by promoting particular types of energy generation, regulating how homes should be built, and so on. For example, the UK government has an absurd contract with the Chinese government for the delivery of nuclear power as part of a general policy that involves the government deciding how much should be produced by renewables and to what degree each source will be subsidised.

Anthropogenic climate change is probably the most difficult problem to solve using market mechanisms as it involves billions of people (both affected by the phenomenon and as producers of carbon). Nevertheless, despite the fact that there are mechanisms available that could use the dispersed in-

formation within markets, the government has chosen central planning and detailed intervention, the result of which will be that a given reduction in carbon emissions will come at a much greater welfare loss.

In many ways, carbon emissions are the difficult case. Nearly any other environmental problem imaginable can be resolved using market mechanisms and extending the institution of private property. By way of a final case study, consider the case of deep-sea fisheries. This is now an urgent policy issue, given Britain's impending exit from the EU.

The problem with sea fisheries is that there are often no well-defined property rights in the sea. Although governments seem to be comfortable with the idea of privately owned land, they wish to keep regulation and ownership of the sea to themselves – with disastrous ecological consequences. Of course, for much of human history, the management of sea fishing grounds did not generally matter. The demand for fish was small relative to the resources available and limitations in technology made overfishing difficult, at least in open waters. Private ownership is only necessary

when resources are scarce. However, most fisheries are now either fully fished or over-fished.

The EU's response has been the Common Fisheries Policy (CFP). While it is now the case that fish stocks have stabilised and are even rising within the EU, the CFP has been a very inefficient way to achieve that objective. It is poor at resolving conflicts and has not created a sustain-

**If we want sustainable environmental outcomes, the answer almost never lies with government control, but with the establishment and enforcement of property rights over environmental resources. This provides the incentive to nurture and conserve.**

able, long-term approach to managing fisheries. There are much better ways to manage fish stocks sustainably.

Now that fishing policy has been repatriated, the UK should establish property rights in sea fisheries. Few would seriously question private property when it comes to the land. For example, it is rare these days to find people who would suggest that

farms should be nationalised or collectivised or returned to an unregulated commons where anybody can graze their animals without restriction. It would be understood that this would lead to chaos, inefficiency and environmental catastrophe.

One reason why it is difficult for people to envisage property rights solutions to unsustainability in the fishing industry is because of the obvious practical problems. Apple orchards and grain fields remain stationary and cattle can be fenced in, but fish are more difficult to pin down. So the development of property rights is not quite as simple as on land. It is not a case of selling off 60 square miles of the North Sea to one trawler owner and 50 square miles to another.

One system that tends to work quite well is that which has been used in Iceland. In such systems, a given percentage of the total allowable catch in a particular fishing ground is allocated to the different trawler owners as a quota when the system is first developed. This right needs to be a right in perpetuity, though in Iceland the legal position is slightly vague (and regrettably so). An important aspect of the system is that the quota can then be traded.



Each year, a total allowable catch is then set. In practice, the total allowable catch is set by the government in Iceland. However, it need not be set by the government and, indeed, it would be better if it were not.

Because each trawler owner's right stretches into perpetuity, trawler owners have an incentive to agree to set the catch in a given year in such a way that sustainability is maximised. Fewer fish caught this year (up to a point), means more fish available to breed and more fish in the future and so the value of the quota increases. If the quotas were tradeable, the increase in the value of the quota would be observable. Because each of the trawler owners has a right to a percentage of the total allowable catch stretching out forever, they would wish to ensure a sustainable fishery, thus maximising (as economists put it) the net present value of the fish that they can catch over an indefinite period. It is the net present value of all future catches that will largely determine the value of the tradable quota.

In the EU, there is a continual battle between the Commission, scientists and trawler owners, all of whom have different interests. In Ice-

land, there tends to be broad harmony between all parties thus producing cooperation as well as a sustainable fishery. Hannes Hólmsteinn Gissur- arson, on the Icelandic system of fishing quotas, writes: "In Iceland, owners of fishing ves- sels now fully support a cau- tious setting of TACs [total allowable catch] in different species. They have become ar- dent conservationists...[T]he private interests of individual fishermen coincide with the public interest."

When it comes to the UK, there are practical ques- tions to be considered such as how fishing grounds are de- fined; how to allocate the ini- tial rights; how the quotas for different types of fish interact with each other; whether the behaviour of particular types of fish mean that a different approach should be taken in some circumstances; how catches should be monitored; how to deal with fishing grounds where the move- ment of fish runs across the territorial waters of different countries (or the UK and the EU); and how to manage inshore fisheries (which in principle are easier than the management of deep sea fish- eries, but should probably be separate). Whatever the prac- tical difficulties, however, the policy framework should be

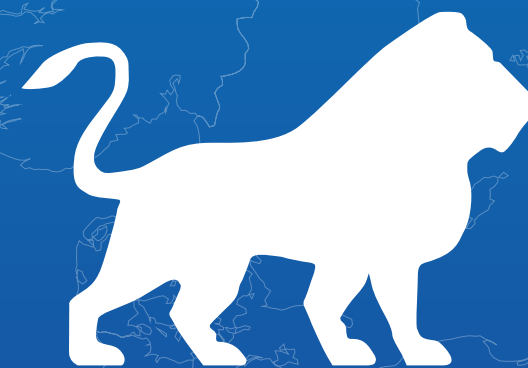
clear – long-term sustainabil- ity is best achieved through a system of property rights granted over fishing grounds.

If we want sustainable environmental outcomes, the answer almost never lies with government control, but with the establishment and enforcement of prop- erty rights over environmental resources. This provides the incentive to nurture and con- serve. Where the government does intervene it should try to mimic markets. When it comes to the environment, misguided government in- tervention can lead to con- flict and poor environmental outcomes. The best thing the government can do is put its own house in order and ensure that property rights are enforced through proper policing and courts systems. That is certainly the expe- rience of forested areas in South America. •



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# FELLOW POLITICIANS! TRY DOING LESS!

by Sigríður Andersen

When it comes to taking environmental action, it is imperative to look at a broader picture. For the past decade or so politicians have been under pressure to deal with all kinds of environmental issues because, as they say, “something needs to be done”. Politician often act under this pressure and make decisions that have dramatic effects on the environment, and not necessarily those intended. The following cases offer the lesson of what a politician’s rule on environmental issues should be – don’t “just do something”.

## Cars will continue to be part of our lives – deal with it

Along with housing, the car is one of the biggest investments of the modern-day family. Cars offer freedom, and hugely improve the quality of life. They are relatively expensive, but almost everyone wants one at some point. Still, many politicians go out of their way to hinder car ownership by heavy taxes in the name of the environment.

True, cars do have an impact on the environment. There is the carbon dioxide (CO<sub>2</sub>) emission, soot and noise. The CO<sub>2</sub> debate that

started two decades ago has led to extremely high taxes on petrol in Europe. But trying to tax away the negative side of the private car is not likely to reduce cars on the street (because people think of them as necessities, not luxuries), it has led to different kinds of environmental problems, some more threatening to human health.

Taxing CO<sub>2</sub> emission favours diesel fuel over petrol. In Iceland excise duties on vehicles are also linked to CO<sub>2</sub> emission, making diesel cars more economical than petrol cars. The downside to that is that diesel car emissions, rela-

tively low as they are in CO<sub>2</sub>, are high in NOX, which is said to be the cause of premature deaths in densely populated areas. Now politicians are reflecting on the option to take another “something must be done” approach and start taxing diesel fuel and cars heavily.

After having diverted consumers to diesel cars and lured manufacturers into investing more in the development of the diesel engine, the regulator now threatens to punish all association with diesel. If only the regulator had just let consumers be in the first place. Who knows what kind of development the petrol car would have undergone by now, given the fact that,

in spite of a hostile regulatory environment, the average petrol car is improving dramatically and becoming less and less polluting each year? The reason for that is not taxation but general consumer demand for more efficiency.

## Before solving a problem, define the problem

Everyone is eager to support the Paris Climate Change commitment by reducing CO<sub>2</sub> emissions. But how? Each country is now in the progress of putting together its agenda and there will surely be different approaches in different countries. But it is fair to state that the general political debate in Europe has had trans-

port heavily under fire.

That is a bit odd considering that transport from passenger cars contributes only 12 per cent of all EU greenhouse gas emissions. Some politicians are even eager to make a rapid shift to electric transportation, in spite of electricity production being one of the chief contributors to the remaining 78 per cent of greenhouse gas emissions (though not in Iceland or Norway). Here, a politician needs to look at the bigger picture. In Iceland, the broad picture might be different from that in other countries. Still, it serves as an example.

Iceland’s wetlands are the biggest store of carbon on land.

If only the regulator had just let consumers be in the first place. Who knows what kind of development the petrol car would have undergone by now, given the fact that, in spite of a hostile regulatory environment, the average petrol car is improving dramatically and becoming less and less polluting each year? The reason for that is not taxation but general consumer demand for more efficiency.

As a result of government subsidies in the last century a vast amount of the wetlands was drained in order to make cropland. Only 15 per cent of the drained wetlands, however, have been turned into useful cropland.

By draining wet soil containing high organic carbon content, access is given to atmospheric oxygen. The carbons accumulated in the soil for centuries are therefore oxidized. This oxidation leads to formation of vast amounts of CO<sub>2</sub> and other greenhouse gases. Draining and degradation of wetlands turns them into a net source of greenhouse gas emissions. And this goes on for decades and centuries.

In the case of Iceland, annual emissions from wetlands alone are 72 per cent of annual anthropogenic greenhouse gas emissions, compared with the country's automobiles (less than 4 per cent) and the big fishing fleet with only 3 per cent. At the

**When deciding on a policy, especially when it entails relocation of resources by taxation, it is imperative to take into account all the relevant facts and not let the end justify the means.**

same time politicians in Iceland are fixated on reducing CO<sub>2</sub> emissions from cars. In addition to the heavy taxation mentioned earlier, the EU now mandates a minimum level of renewable energy at every sales point of fuel.

In Iceland, this has led to a subsidized imports and blending of ethanol and other biofuels to gasoline and diesel fuel, with dubious environmental results. Even if we believed that 5 per cent blending of expensive biofuels reduced CO<sub>2</sub> emissions by 5 per cent, overall reductions for Iceland would be only 0.2 per cent. Meanwhile, 85 per cent of the drained wetlands are just waiting to be restored, which, it is estimated, would cut the total annual CO<sub>2</sub> emissions by more than half.

The Kyoto protocol has, up until 2013, been somewhat indifferent on the emission figures for drained wetlands. According to the protocol, emissions from wetlands drained before 1990 are not included in national emission figures. This flaw became apparent after the Intergovernmental Panel on Climate Change agreed in 2013, upon Iceland's initiative, to take into account restoration of wetlands when estimating reduction in submission of greenhouse gases.

Restoring wetlands can now rightly be counted as an offset to meet national targets even if emissions from drained wetlands are still not included in emission numbers.

The lesson to learn from this is that when deciding on a policy, especially when it entails relocation of resources by taxation, it is imperative to take into account all the relevant facts and not let the end justify the means. Those who are really serious about reducing greenhouse gas emission should be looking into the predominant causes of emissions and tackling the problem at its roots. War on car owners and the free market in general has highly distorted the task at hand. •



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## MARKET WATCH: IT'S NOT ALL STATIST GLOOM AND DOOM

by Kristian Niemietz



Supporters of the free market economics have seen better days. Their ideas seem everywhere in retreat, while heavy-handed interventionism is back in fashion. And yet, when we talk about economies “moving away from free markets” (or towards them), we are looking at macro trends that hide a lot of variation between sectors and policy areas. Economies are almost never “free” or “unfree” across the board. They are free in some respects, and unfree in others. Economic commentators are enamoured with terms like “Anglo-Saxon capitalism” or “French corporatism”. And yet it is France that has, for example, a large, competitive private healthcare sector, an arrangement which would be unthinkable in the UK.

This column will highlight a few – admittedly cherry-picked – examples of pro-market developments in different parts of the world.

Starting in an unlikely place: I once heard somebody claim that North Korea and Cuba were the only

“The economic evidence shows quite conclusively that in the long term, housing costs are mainly driven by land use planning restrictions.”

**Dr Kristian Niemietz**  
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places in the world where you could still escape advertising (unless, of course, you count party propaganda). For Cuba, this is no longer true. Flyers, bumper stickers,

text messages and small billboards, which advertise small businesses like restaurants or repair shops, are becoming increasingly common.

Technically, advertising was never banned in Cuba. Why would it be? The country had no (legal) private sector to speak of for most of its post-revolution history, and even if there had been, where would they have gone, in the absence of private newspapers, magazines or TV channels?

A few years ago, however, Raul Castro's government expanded the scope for small-scale private entrepreneurship, which led to thousands of mini-start-ups springing up. These new entrepreneurs soon realised that customers would not automatically come looking for them just because they are there. Customers need to be wooed, or at least, they need to have a chance of finding out about the existence of a product. This makes advertising an integral part of a market economy, the logical correlate of free consumer choice.



Albeit within tight confines, Cubans are learning the ropes of capitalism. The entrepreneurial genie is out of the bottle. Will it unleash a dynamic of its own, creating pressure for further rounds of liberalisation?

Meanwhile, in Europe, Spain has finally begun to

overhaul its sclerotic labour market, which remained stuck in Franco-era corporatism even as the rest of economy modernised. Spain has long been the epitome of an insider-outsider labour market. Insiders enjoyed exceptionally high levels of job security and wage stability,

but the flipside was chronic mass unemployment. Even during the best of times, unemployment refused to go measurably below 10 per cent, and when the credit-fuelled boom ended, it shot up to over 25 per cent.

In 2012, the Rajoy government began to allow selec-

tive opt-outs from collective bargaining agreements, partly shifting negotiation powers from the industry level to the company level. Dismissals were also made easier and less costly.

These reforms were not particularly radical, but they seem to bear some fruit. Over the past three years, Spain's unemployment rate has fallen by six percentage points. Hopefully, this will embolden the reformers to go further. Unemployment can become a self-perpetuating trap. The longer people have been out of a job, the more their skills deteriorate, decreasing their chances of labour market re-entry. Spain will need radicalism in this area.

While Spain experienced an unsustainable construction boom, some other parts of the developed world experienced the opposite, namely a failure to build enough houses (the UK being the most extreme example). One of the most clear-cut counter-examples is Houston, Texas. Between 2010 and 2015, about three-quarters of a million people have moved to the city and its exurbs, making it the fastest-growing metropolitan area in the USA. You would think that this influx would lead to pressure on the local housing

market, but no, supply has kept up with demand. The average house price stands at three and a half times the average annual income, a ratio that would-be homebuyers in the UK can only dream of.

The economic evidence shows quite conclusively that in the long term, housing costs are mainly driven by land use planning restrictions. Houston is one of the few places in the US which is not covered by the country's

**Unemployment can become a self-perpetuating trap. The longer people have been out of a job, the more their skills deteriorate, decreasing their chances of labour market re-entry. Spain will need radicalism in this area.**

system of zoning laws. Mind you, this does not mean that housing development is "unplanned". Houston has plenty of *private* planning mechanisms: homeowner associations influence development around them via the use of restrictive covenants. If this seems like a radical idea, bear in mind that historically, plenty of places in the UK have developed in such a way, the city of Bath

being a famous example.

Brazil's new government has announced a sweeping privatisation programme, mainly covering energy and infrastructure. It is not as if the country had suddenly fallen in love with Thatcherism: Margaret Thatcher saw privatisation as a means to increase the economy's then abysmal productivity performance, with privatisation revenue being an added bonus. In Brazil, it is the other way around. But if the pitfalls of crony capitalism are avoided, the results could ultimately be the same.

Chile's famous privatised pension system has been under attack from the country's political class for years. And yet quietly, the Bachelet government is seeking to improve it by liberalising investment opportunities. Chilean pension funds will soon be allowed to invest directly in real estate and infrastructure projects, without the obligation to use costly intermediaries. This should lead to higher returns and greater diversification.

It's not all statist doom and gloom, then. If you know how to look for them, pro-market reform stories can still be found. •



But, as the Nobel prize-winning economist Elinor Ostrom showed, government control is often not the best way to solve such tragedies of the commons.

## THE REAL DANGER TO THE PLANET IS SOCIALISM

by Matt Ridley

Most prominent environmentalists lean to the Left, which means that they like government and dislike individual initiative or private enterprise (the opposite of what the Left believed two centuries ago, incidentally). In trying to save species, habitats, clean water and air, or the climate, they therefore see the task as one of regulation and prohibition

by the state. In this they are sometimes justified, but very often mistaken. The state is in many cases the problem and private enterprise the solution to environmental challenges.

Consider, for example, pollution in the Soviet empire versus pollution in the West. By the time the Berlin wall came down in 1989, the capitalist West had largely

**The impact of human beings on the planet's natural resources does not correlate with wealth; in many ways the reverse. Wildlife populations are doing better in rich than poor countries. It was poor hunter-gatherers who wiped out most large mammals in North and South America and Australia over 10,000 years ago.**

cleaned up its rivers and its air, expanded its protections of species and habitats and

drastically reduced its demand for land to support a given human life, through improvements in farm yields.

Soviet rivers were treated as sewers, with frequent fish kills; the Volga had so much oil in it that ferry passengers were warned not to throw cigarettes overboard; the Aral Sea was turned into a desert; the beaches of the Black Sea were mined for gravel, causing even hospitals to fall into the sea; Lake Baikal was horribly polluted. The United

Nations said of Eastern Europe that "pollution in that region is among the worst on the Earth's surface". North Korea is an ecological disaster zone to this day.

In the West, it was private pressure from neighbours, expressed through the courts or through parliament, that forced polluters to stop dumping sewage and effluent in rivers. The clean-water acts in Britain were actually designed to protect polluters from increasingly expen-

sive private lawsuits, even while limiting their rights to pollute. Likewise the astonishing decline – by over 90 per cent since 1970 – in the amount of oil spilled in the oceans by tankers has been driven by private enterprise seeking technological relief from the cost and reputational risk attached to spills: double-hulled ships, better navigation aids and so forth.

Next, consider the state of the world's fisheries. Like all free-access, common-pool



Overfishing in South China; Photo credit: Adam Dean, National Geographic

resources, fisheries all too easily collapse from overexploitation. But, as the Nobel prize-winning economist Elinor Ostrom showed, government control is often not the best way to solve such tragedies of the commons. The worst-managed fisheries are those under strict command-and-control by governments, such as the European Union's common fisheries policy; the best-managed fisheries, such as those of Iceland, the Falklands, South Georgia and New Zealand, are managed by "transferable quotas": market mechanisms in which each fishing vessel acquires a share of a quota, which it can sell, and so has "skin in the game", incentivized to enhance the value of his stake by increasing the stock of fish.

Commerce also encourages innovation, and new technologies have proved vital to the saving of habitats and species. Nineteenth-century whaling collapsed before it had wiped out whales because of the invention of kerosene, derived from petroleum. Twentieth-century whaling fleets likewise disappeared just in time because of the falling costs of oil-derived products and things made (with oil) from crops, such as margarine.

In general, the replacement of natural with synthetic materials has drastically reduced the demand for animal products, resulting in a resurgence in the populations of fur seals and other polar species. Ivory and rhino horn are lamentable exceptions, but even here

the option of farming rhinos for their horns (which can be painlessly removed) and flooding the market to suppress the demand for wild horn might work better than today's ever less effective prohibitions. It worked for salmon, after all: farmed fish undercut wild fish.

This illustrates a much more general point. The impact of human beings on the planet's natural resources does not correlate with wealth; in many ways the reverse. Wildlife populations are doing better in rich than poor countries. It was poor hunter-gatherers who wiped out most large mammals in North and South America and Australia over 10,000 years ago.

Likewise, the trebling of global average farm yields since the 1960s – more in

**The idea that all environmental problems stem from "market failure" is still popular among environmental lobbyists, but has long been exploded among economists. Many of them stem from government failure instead. Governments can help to solve green problems, for sure, but their best way of doing so is not by command and control, but by nudging private sector actors to come up with technological solutions, through the use of incentives.**

rich countries – as a result of the application of synthetic fertiliser and other manufactured products has made it possible to cut the amount of land needed to produce a given quantity of food by 68 per cent since 1960: which has saved land from the plough on a grand scale. Reforestation is occurring all across the wealthy, technologically advanced, private-enterprise-dominated countries, Deforestation still rules in the poorest countries and those with the most intrusive governments. Wolves are increasing (they live in rich countries) while lions are decreasing.

Private conservation initiatives abound, all around the world, from the hunting preserves of Zimbabwe, with their resurgent populations of buffalo, lion and giraffe, to the grouse moors of northern England with their booming populations of rare species such as curlew and golden plover.

As for climate change, the country that has done most to cut its carbon dioxide emissions in recent years has been the United States. It has achieved this by replacing coal-fired power with gas-fired power stations on a massive scale. This switch was driven by commercial imperatives, not government policy. The great abundance of gas, and its low price, as a result of the revolution in hydraulic fracturing and horizontal drilling, has incentivized power plants to switch to gas.

The government, meanwhile, has been incentivising renewable energy such as wind power, which has actually hampered decarbonisation, by ruining the economics of nuclear power – since the unreliable and intermittent dumping of cheap electricity on the grid makes it impossible for nuclear plants, which must run continuously, to recover

their costs. New York state is reduced to subsidising a nuclear plant to keep it open. In Britain and Germany, the unreliable subsidy system has actually prevented the replacement of coal by gas.

The idea that all environmental problems stem from "market failure" is still popular among environmental lobbyists, but has long been exploded among economists. Many of them stem from government failure instead. Governments can help to solve green problems, for sure, but their best way of doing so is not by command and control, but by nudging private sector actors to come up with technological solutions, through the use of incentives. •



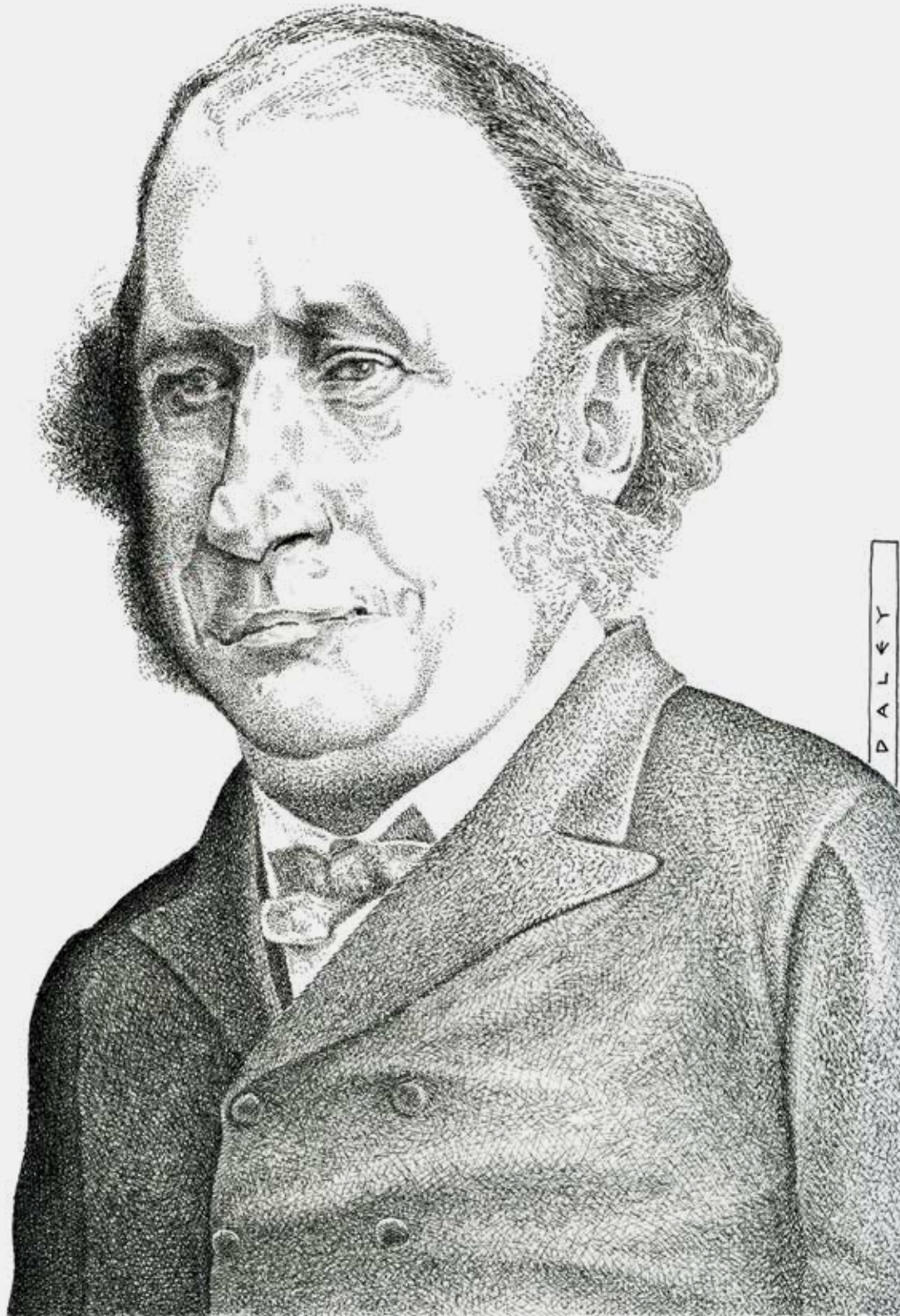
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@mattwridley

## CONSERVATIVE ICONS JAMES FITZJAMES STEPHEN

by Roger Kimball



Cartoonist: Michael Daley

Together with Rousseau, John Stuart Mill supplied nearly all of the arguments and most of the emotional fuel – the octane of sentiment – that have gone into defining the progressive vision of the world. His peculiar brand of utilitarianism – a cake of Benthamite hedonism glazed with Wordsworthian sentimentality – has proved to be irresistible for the multitudes susceptible to that sort of confection. It is also a recipe that has proved to be irresistible to those infatuated with the spectacle of their own virtue.

By far the most concentrated and damaging attack on Mill’s philosophical dispensation is *Liberty, Equality, Fraternity* by the lawyer, judge, and journalist Sir James Fitzjames Stephen, Leslie Stephen’s older brother and hence – such is the irony of history – Virginia Woolf’s uncle. Published in 1873, the last year of Mill’s life, *Liberty, Equality, Fraternity* aroused, as Leslie Stephen observed at the time, “the anger of some, the sympathy of others, and the admiration of all who



“The refusal to criticise results in a moral paralysis. That paralysis is the secret poison at the heart of Mill’s liberalism.”

### Roger Kimball

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liked to see hard hitting on any side of a great question”. A later commentator noted that Stephen made “mince-

meat” of Mill. But it didn’t matter. For nearly one hundred years *Liberty, Equality, Fraternity* disappeared almost without a trace. After 1874, it was not, as far as I know, republished until Cambridge University Press brought out a new edition in 1967. Written directly after Stephen completed a stint as Chief Justice of Calcutta, the book is full of the justified confidence of flourishing empire. Stephen saw the great good that the English had brought to India in health and education, in maintaining civic order, in putting down barbaric customs like suttee. He recognised clearly that following Mill’s liberal principles would make carrying out that civilising mandate difficult if not impossible. And he decided forthrightly that the fault lay with Mill’s liberalism, not with civilisation.

As Stephen explains in his opening pages, the book is an effort to examine “the doctrines which are rather hinted at than expressed by the phrase ‘Liberty, Equality, Fraternity.’” Stephen notes

that although the phrase had its origin in the French Revolution, it had come to express “the creed of a religion” – one “less definite than most forms of Christianity, but not on that account the less powerful”. Indeed, the motto “Liberty, Equality, Fraternity” epitomized “one of the most penetrating influences of the day,” namely the “Religion of Humanity” – the secular, socialistic alternative to Christianity put forward in different ways by thinkers like Auguste Comte, Jeremy Bentham, and John Stuart Mill. “It is one of the commonest beliefs of the day,” Stephen wrote, “that the human race collectively has before it splendid destinies of various kinds, and that the road to them is to be found in the removal of all restraints on human conduct, in the recognition of a substantial equality between all human creatures, and in fraternity in general.”

Stephen shows in tonic detail why these beliefs are mistaken and why, should they be put into practice, they are bound to result in moral chaos and widespread personal unhappiness.

The phrase “Liberty, Equality, Fraternity” suggests the immense rhetorical advantage that Mill’s brand of liberalism begins with. One can hardly criticise the

slogan without arousing the suspicion that one must be a partisan of oppression, servitude, and dissension. “Liberty,” Stephen notes, “is a eulogistic word.” Therein lies its magic. Substitute a neutral synonym – “permission”, for example, or “leave” (as in “I give you leave to go”) – and the spell is broken: the troops will not rally. It is the same with equality and fraternity. The eulogistic aspect of liberalism means that its critics are practically required to begin with an apology. So it is hardly surprising that Stephen stresses at the beginning of his book that he is “not the advocate of Slavery, Caste, and Hatred” and that there is a sense in which he, too, can endorse the phrase “liberty, equality, fraternity.”

Stephen begins by pointing out that Mill and other advocates of the Religion of Humanity have exaggerated the advantages and minimized the disadvantages that these qualities involve. For one thing, taken without further specification “liberty, equality, fraternity” are far too abstract to form the basis of anything like a religion. They are also inherently disestablishing with regard to existing social arrangements; that indeed is one reason they exert so great an appeal for the

radical sensibility. Take Mill’s doctrine of liberty, which boils down to the exhortation: Let everyone please himself in any way he likes so long as he does not hurt his neighbour. According to Mill – at least according to the Mill of *On Liberty* – any moral system that aimed at more – that aimed, for example, at improving the moral character of society at large or the individuals in it – would be wrong in principle.

But this view, Stephen notes, would “condemn every existing system of morals.”

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*Strenuously preach and rigorously practise the doctrine that our neighbour’s private character is nothing to us, and the number of unfavorable judgments formed, and therefore the number of inconveniences inflicted by them can be reduced as much as we please, and the province of liberty can be enlarged in corresponding ratio. Does any reasonable man wish for this? Could anyone desire gross licentiousness, monstrous extravagance, ridiculous vanity, or the like, to be unnoticed, or, being known, to inflict no inconveniences which can possibly be avoided?*

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**Signs announcing a “commitment to diversity” that one sees at college campuses and businesses are so nauseating precisely because they are little more than badges declaring the owner’s virtue. The odour of political correctness surrounding them is the odour of unearned self-satisfaction.**

As Stephen dryly observes, *pace* Mill, “the custom of looking upon certain courses of conduct with aversion is the essence of morality.”

As Stephen points out, Mill’s doctrine of liberty betrays a curious stereoscopic quality. One moment it seems to license unrestrained liberty; the next moment, it seems to sanction the most sweeping coercion. When Stephen says that “the great defect” of Mill’s doctrine of liberty is that it implies “too favorable an estimate of human nature,” we know exactly what he means. Mill writes as if people, finally awakened to their rational interests, would put aside all petty concerns and devote themselves to “lofty minded” relationships and the happiness of mankind in general. “He appears to believe,”

Stephen writes with barely concealed incredulity, “that if men are all freed from restraints and put, as far as possible, on an equal footing, they will naturally treat each other as brothers, and work together harmoniously for their common good.” At the same time, Mill’s estimation of actually existing men and women is very unfavorable. “Ninety-nine in a hundred,” he tells us, act in ignorance of their real motives. He is always going on about “wretched social arrangements,” the bad state of society, and the general pettiness of his contemporaries.

Mill vacillates between these two caricatures. The friction between the two produces an illusion of benevolence; that illusion is at the heart of Mill’s appeal. Yet what Mill describes is an ideal that, in proportion as it is realised, tends to grow into its opposite. In his book *Utilitarianism*, Mill writes that “as between his own happiness and that of others, justice requires [everyone] to be as strictly impartial as a disinterested and benevolent spectator.” Stephen comments: “If this be so, I can only say that nearly the whole of nearly every human creature is one continued course of injustice, for nearly everyone

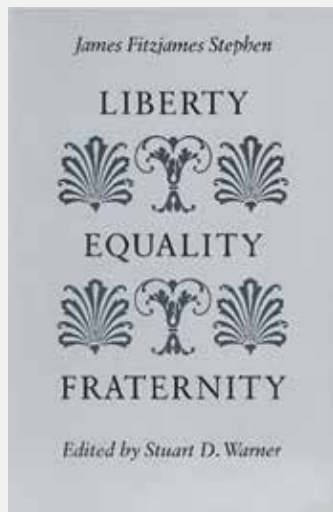
passes his life in providing the means of happiness for himself and those who are closely connected with him, leaving others all but entirely out of account.”

And this, Stephen argues, is as it should be, not merely for prudential but for moral reasons.

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*The man who works from himself outwards, whose conduct is governed by ordinary motives, and who acts with a view to his own advantage and the advantage of those who are connected with himself in definite, assignable ways, produces in the ordinary course of things much more happiness to others... than a moral Don Quixote who is always liable to sacrifice himself and his neighbours... On the other hand, a man who has a disinterested love of the human race – that is to say, who has got a fixed idea about some way of providing for the management of the concerns of mankind – is an unaccountable person... who is capable of making his love for men in general the ground of all sorts of violence against men in particular.*

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“The real truth is that the human race is so big, so various, so little known, that no one can really love it.” It would be nice if someone would inform Jean-Claude Junker of this homely fact.

Mill champions eccentricity, diversity, and originality as solvents of “the tyranny of opinion.” But as we can see from looking around at our own society, the spread of Mill’s brand of equalizing liberty tends to homogenize society and hence to reduce the expression of genuine originality and individuality. Mill’s philosophy declares originality desirable even as it works to make it impossible. Uniformity becomes the order of the day. In a memorable analogy, Stephen says that Mill’s notion of liberty as a politically “progressive” imperative in combination with his demand for original-

ity is “like plucking a bird’s feathers in order to put it on a level with beasts, and then telling it to fly.”

Furthermore, by confounding, as Stephen puts it, the proposition that “variety is good with the proposition that goodness is various,” Mill’s teaching tends to encourage a shallow worship of mere variety, diversity for its own sake with no regard for value of the specific “diversities” being celebrated. This is obviously a lesson we still have not learned. Notwithstanding the slogans of our cultural commissars, “diversity” itself is neither good nor bad. Signs announcing a “commitment to diversity” that one sees at college campuses and businesses are so nauseating precisely because they are little more than badges declaring the owner’s virtue. The odour of political correctness surrounding them is the odour of unearned self-satisfaction.

Today, we are living with the institutionalisation of Mill’s paradoxes – above all, perhaps, the institutionalisation of the paradox that in aiming to achieve a society that is maximally tolerant we at the same time give (in the philosopher David Stove’s words) “maximum scope to the activities of those who have set themselves to achieve

the maximally-intolerant society.” The activities of the European Union, for example, daily bear witness to the hopeless muddle of this anchorless liberalism. Maximum tolerance, it turns out, leads to maximum impotence. The refusal to criticise results in a moral paralysis. That paralysis is the secret poison at the heart of Mill’s liberalism. Among other things, it saps the springs of civic education by weakening our allegiance to tradition and customary

**Mill writes as if people, finally awakened to their rational interests, would put aside all petty concerns and devote themselves to “lofty minded” relationships and the happiness of mankind in general.**

modes of feeling and behaviour, the rich network of inherited moral judgment.

Stephen noted that Mill’s “very simple principle” – the principle that coercive public opinion ought to be exercised only for self-protective purposes – was “a paradox so startling that it is almost impossible to argue against.” Mill might indeed have had the last laugh. But it turned out, as James Fitzjames Stephen knew, that the joke was on us. •

## STATE REGULATION IS PREVENTING A MARKET SOLUTION TO CARBON EMISSIONS

by Ian Duncan

**O**n a cold winter’s morn in December 2015 the global community came together in Paris and agreed to play it cool. The 197 nations assembled committed to arresting the earth’s temperature rise to 2C, with a nod toward 1.5C. That may not sound like much – the difference between a tepid shower and a slightly less tepid shower – but at a global level it

could well be the difference between a liveable planet and a far more chaotic world.

The Paris Accord was in effect a roadmap, setting out the commitments of each state, both to reduce carbon emission and to fund measures to address the consequences of climate change. So what makes this treaty different from the plethora of climate rules, regulations,

decisions, directives, treaties, and agreements both bilateral and multilateral?

The Paris Agreement empowers, rather than instructs, its signatories. Each country determines its own method to meet its contribution, and each contribution takes into account the ability – both physically and financially – of countries to cut their carbon. Encompassing, as it does,



nearly every country on the planet, the Paris Agreement gives states the assurance needed to reduce emissions in the knowledge that others will reciprocate.

The approach of the EU is a case in point. The EU currently has a binder full of rules covering every aspect of energy and climate change from regulations that govern the emissions from major power plants to directives that set the efficiency of your fridge. There are more than 60 such EU regulations, directives and decisions which have a bearing upon climate change. While each of the rules shares a common ambition – to reduce carbon emissions – there is an unintended perversity that results from so many laws. Setting

**The Paris Agreement empowers, rather than instructs, its signatories. Each country determines its own method to meet its contribution, and each contribution takes into account the ability – both physically and financially – of countries to cut their carbon.**

aside the bureaucracy, compliance costs and uncertainty for business that stem from their regular revision, there is one serious issue: the rules often undermine each other, creating redundancy, inefficiency and confusion.

I am currently leading the reform of the EU's Emissions Trading Scheme (ETS), often

billed as the EU's "flagship climate change tool". When it was instituted back in 2005 the ETS, which seeks to monetise carbon emissions thereby driving emission-reducing innovations, was cutting-edge. Every emitter had to possess enough permits to continue to emit. The less they emitted the fewer permits they needed. The permits were traded and revenues, which could be used to invest in further decarbonising measures, were raised. It was cutting edge. Now it isn't. When it began the carbon price was 30 euros. Today it is six. Then it was a driver, now it is a surly passenger.

Despite the ETS celebrating ten years of operation, a lack of demand for allowances has kept the carbon

price so low that there is no incentive to innovate. At not much more than the price of a cup of coffee, businesses would rather pay the token costs than invest in decarbonisation. While certain of the problems are structural – and my reforms are trying to address these – the chief issue was the financial collapse of 2008, which drove down output from energy intensive industries and energy producers, and with it demand for carbon permits. (The financial crisis in fact was perhaps the most significant contribution to decarbonisation since the millennium.) The oversupply in the market – 2.5 billion unwanted allowances – is still with us, holding the carbon price hostage at a Starbucks level.

However, there are serious challenges for the functioning of the ETS that have little to do with the ETS. Indeed they are a consequence of the success of the other climate change policies of the EU. For example, EU rules state that every member state must produce 30 per cent of its energy from renewable sources by 2030. To meet this target, states have unilaterally begun to phase out coal from the energy mix, or in the case of the UK have set a minimum price on energy derived from

**Allowing market forces to determine the cost of carbon polluting is the best way to incentivise decarbonisation while maintaining jobs and economic growth. Ideally, the EU's carbon reduction policy would consist solely of a carbon market with all major polluters under its ambit, from cars to ships, coal power stations to steel manufacturers. Not only would the carbon price reflect the actual cost of polluting, but economists argue that this bigger market would generate greater actual emissions reductions.**

fossil fuels. While these policies have driven growth in renewables, they have further dampened an already dismal demand for carbon allowances. Nobody is quite certain by how much the overlapping EU policies and regulations have depressed the carbon market, but estimates range from 700 million to a billion redundant allowances.

The distortions in the market undermine it. Allowing market forces to determine the cost of carbon polluting is the best way to incentivise

decarbonisation while maintaining jobs and economic growth. Ideally, the EU's carbon reduction policy would consist solely of a carbon market with all major polluters under its ambit, from cars to ships, coal power stations to steel manufacturers. Not only would the carbon price reflect the actual cost of polluting, but economists argue that this bigger market would generate greater actual emissions reductions.

The chances of this happening, however, are slim. The EU has an incurable thirst for new regulation and the directorate general for climate change is no exception. The recently published "clean energy package" consists of no fewer than 1,000 pages of new regulation. The effect on the ailing carbon market has yet to be calculated. •



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## THE EU DELIVERED IN PARIS AND MARRAKECH, AND CAN STEER THE WORLD TOWARDS A LOW-CARBON AND CLIMATE-RESILIENT ECONOMY

by Jos Delbeke

The EU and our partners around the world grasped the historic opportunity to secure an ambitious global climate deal in Paris in December 2015, setting the course for sustainable, low-carbon economies in the years to come.

Since then, we have witnessed unprecedented commitment to global climate action: to date, the Paris Agreement has been signed

by 194 Parties and ratified by 125. The EU has been at the centre throughout, with the Commission, the member states and the parliament acting decisively to approve ratification of the agreement and trigger entry into force less than a year after it was agreed.

After the political breakthrough achieved in Paris, the world expected to see tangible action at the Mar-

rakech climate conference in November and I am pleased to say we delivered.

We delivered on continued political commitment at the highest level, with the Marrakech Action Proclamation reaffirming leaders' intentions to build on the momentum of the past year and turn our pledges into action.

We delivered on a range of technical work that will guide the implementation of

the Paris Agreement, including transparency of action and the process for reviewing our collective ambition over time. We also agreed that we should act swiftly to ensure the Paris rulebook is ready by 2018.

We delivered on the commitments we have made to our most vulnerable partners, with progress on capacity building, loss and damage, funding for adaptation to deal with the impacts of climate change and long-term

climate finance. In 2015, the EU and its member states provided €17.6 billion for climate action in developing countries. We are, and always will be, a reliable partner in the fight against climate change.

And finally, we delivered on the real-world action we must take now, with the EU once again at the forefront of the Global Climate Action Agenda. The EU and its member states made a number of new commitments,

including contributions to the G7's InsuResilience initiative for increased access to climate-risk insurance for the most vulnerable. The EU also reaffirmed its leading role in supporting the African continent in the fight against climate change and in the promotion of renewable energies.

We live in uncertain political times – both in Europe and globally. Yet while it is too premature to comment on the new US administra-

tion's climate policy, as the Commissioner for Climate Action and Energy, Miguel Arias Cañete, said, the message from Marrakech was clear: "We will stand by Paris, we will defend Paris, and we will implement Paris."

I have been greatly encouraged to hear leaders from so many countries – including China, which is increasing its cooperation with the EU on climate and energy – reaffirm their intention to forge ahead with climate action. They recognise, as we do, that the transition to low-carbon economies is irreversible. We are already seeing global investment flows shifting to the sustainable, low-carbon sectors that will deliver the jobs and growth of the future.

The EU experience has shown that strong action on climate change goes hand in hand with economic growth. We will continue to show climate leadership and support our partners in their efforts to reduce emissions, adapt to climate change, and transform their economies.

We have been very busy on the domestic policy front. The Commission has proposed a package of measures to accelerate the shift to low-carbon emissions. This includes a proposal to

**We can be proud of the role the European Union has played in tackling this critical global issue but there is no room for complacency. We have a lot of work ahead of us this year, such as following up on our 2030 legislative proposals as they move through parliament and council.**

reform the EU Emissions Trading System, and binding greenhouse gas emission targets for member states from 2021-2030 for the transport, buildings, agriculture, waste and land-use and forestry sectors. These policies are backed by the European Fund for Strategic Investments, as well as the 20 per cent of the EU budget allocated to climate action, to ensure the necessary financing is in place.

The Clean Energy for All Europeans package, launched last November, cements the European Union's leadership role in the clean energy transition. It will boost energy efficiency and renewables, modernise energy markets, keep Europe competitive and provide a good deal for consumers.

We can be proud of the role the European Union has

played in tackling this critical global issue but there is no room for complacency. We have a lot of work ahead of us this year, such as following up on our 2030 legislative proposals as they move through parliament and council. The Commission will also follow up on the low-emission mobility strategy presented last year, with initiatives to tackle emissions from road transport, and in particular cars, vans and trucks.

One thing is sure: the EU will continue to be the ambitious climate leader it was in Paris. We will continue to work closely with our international partners to drive the Paris spirit forward and implement this historic agreement on the ground. •



**Jos Delbeke**  
is the Director-General of the European Commission's Directorate-General for Climate Action and is responsible for developing the EU's international climate change strategy.

## INDIA'S POLITICIANS CAN'T STOP THE MASSES LEARNING ENGLISH

by Madhav Das Nalapat



Hillary Clinton, Anne Applebaum and others of the East Coast establishment of the United States are wannabe Europeans, unselfconsciously adopting strategic stances which seek to dovetail the US with the requirements not of the world's most powerful Anglospheric nation but with a continent increasingly out of step with the future. For them, it is still Moscow that is the primary rival to Washington, not Beijing.

Their counterparts in India are the wannabe British who lowered the Union flag from the Viceregal Palace in the final seconds of August 14 1947. India's civil service and its presumed political overlords have seamlessly moved into the colonial practices and mindset vacated by the British. They have retained the administrative powers of the Raj as well as perpetuated (sometimes literally) the walls separating them from the multitudes they rule over.

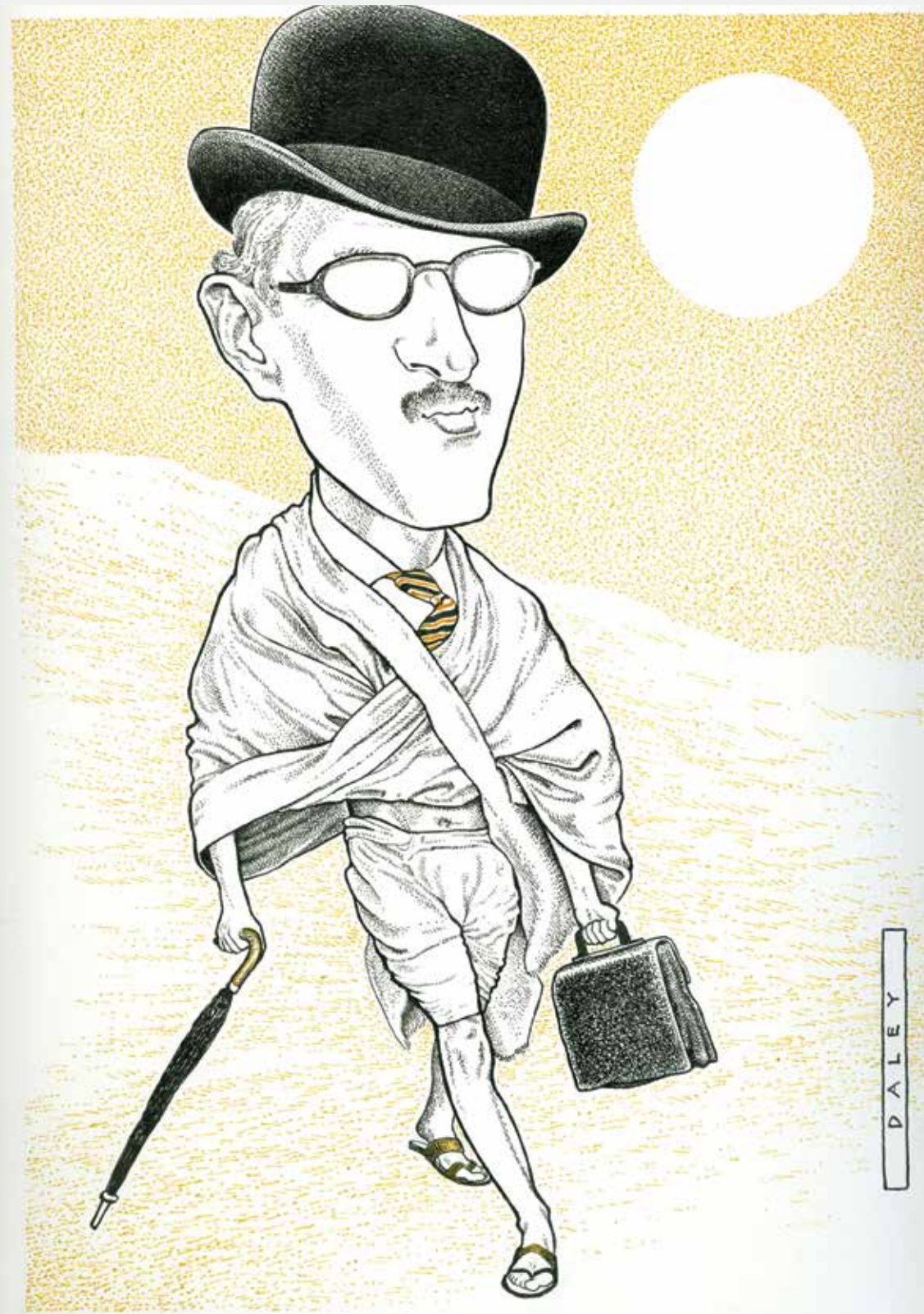
India is a democracy, all of whose political parties belong either to individuals

**“ India is a democracy, all of whose political parties belong either to individuals or to families, much in the manner of a grocery store. It is a “free” country where the government has several hundred paths which can lead to taking away the property and freedom of a citizen.**

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or to families, much in the manner of a grocery store. It is a “free” country where the government has several hundred paths which can lead to taking away the property and freedom of a citizen. Indeed, such colonial-style laws and regulations have proliferated during each of the years when India has been independent, barring 1991-92, when then Prime Minister Narasimha Rao took an axe to some of them. From then on, he faced and ultimately lost a continuous battle against those whose powers (chiefly to collect bribes) were reduced by such a limitation of government.

Those who quaff the elixir of colonial absolutism through entry into positions of governmental responsibility very soon consider – indeed, know – that they are as different from the natives they administer as their British predecessors were. Among the ways such distance between rulers and ruled was maintained was to ensure that their own progeny were given the benefits of being



Cartoonist: Michael Daley

educated entirely or very largely in the English language, while at the same time blocking as many other citizens as possible from learning the language.

This was achieved through the simple expedient of banning its use in state-run educational institutions, and by making life difficult for those private entities that sought to impart education in the international language. An example was Bengal, which had been the hub of intellectual expression before 1947. Its longest-serving (1977-2001) chief minister, Jyoti Basu, was a Communist who spent his annual vacations in London and who, under his impeccable local garb, was an Anglophile.

It was as obvious to Basu as it had been to the Old Harrovian Jawaharlal Nehru that it would simply not do to give the natives access to the English language. Why, they might even get a trifle uppity and expect politicians to deliver benefits other than sermons. He therefore followed the example of Nehru in practically outlawing the teaching of English in Bengal, in the process reducing the state to an intellectual backwater and a laggard in the Information Technology revolution that swept

through India in the 1990s.

As for Prime Minister Nehru, a statue of him, more than the Mahatma, ought to be erected in London, for he made the procuring of a passport by the ordinary citizen (and every other procedure associated with government) so cumbersome that few succeeded in getting that document, a situation that got altered only during the 1990s.

**Hopefully, a time will come when the bureaucratic brakes on the development of the language get removed, so that the country itself may be enabled to move faster. In the meantime, providing a tailwind to the expansion of English within the population is the reality that India and the US in particular share almost identical security interests.**

The consequence was that, relative to population, far fewer citizens of India than Pakistan migrated to Britain during the years when the door was kept open for citizens of the Commonwealth. Prime Minister May, with her aversion to immigration from outside the EU, would have approved of such a policy, had she been around to ad-

vised Nehru during the period (1947-64) he was in office.

While they themselves sent their children off to study in the UK or, later, in the US or Australia and Canada, India's wannabe British overlords incessantly warned the people about the toxic effects of the English language. Fluency, they said, would result in the fading away of Indian culture and in the taking hold of an alien import that would enervate the citizen.

It took the spread of cable television in the 1980s to reveal to the overwhelming majority of India's citizens that those warning against the language were themselves more than conversant with it. Sitcoms gave a view into the homes of the governing class, and to the ubiquity of English in their lives. Simultaneously, private television channels (and later radio stations), free of the government-mandated need to demonize the language of India's former colonial masters, began to be permitted.

This created a desire to learn the language that was strong enough to ensure the proliferation of institutes teaching it, as well as its spread in schools. Finally, governments gave way and permitted its teaching in state schools.



By the mid-1990s, the wave of interest in the English language had become unstoppable. So much so that even after a government which had an allergy to English imprinted within its DNA took office in 2014, very little could be done to slow down the pace at which the language was spreading in the general population – although exact figures are impossible to come by, given the biases and complexities of the Census of India.

The present writer, for example, is not classified in its records as someone who knows English, which, given his atrocious grammar, may be correct. However, some surveys, through use of sampling, have put the number of those speaking English within the population of India as being between 220

million and 240 million, with about the same number having at least a rudimentary knowledge of the language.

Prime Minister Narendra Modi has sought to banish English from the portals of his administration, preferring to conduct work in Gujarati and Hindi through officials fluent in either or both languages. However, outside the stone edifices of what were once the haunts of British civil servants, the language of global commerce and which dominates the internet is still spreading, so much so that even Modi some days lapses into English during one of his frequent public appearances, even within India.

I hope that the day will dawn when those who have replaced the British in the dovecotes of high office will accept that there is nothing contra-

dictory in being a good citizen of the Republic of India and knowing the English language, and remove the many barriers to access so far as the hundreds of millions of less fortunate Indians are concerned.

In 1965, Prime Minister Lal Bahadur Shastri backtracked from his earlier move sharply to reduce the incidence of English in administration, even though he himself came from a Hindi-speaking state. Indeed, India is fortunate that the Hindi-speaking population of the country never sought to force their exquisite language down the gullets of those unwilling to learn it. Of course, governments were different, and even now the learning of Hindi is compulsory, and in examinations for the Civil Service, it is possible to get selected even if the

candidate's knowledge of English is sub-basic.

Interestingly, it has been leaders from Gujarat state that have been most insistent on making Hindi the dominant language of administration, beginning with Mahatma Gandhi. The anointed "Father of the Nation" knew the language of global interaction well and indeed got much of his education in the UK, always retaining a cohort of close friends from that country. However, he was insistent on doing away with English and replacing it with Hindi, as was the first Gujarati Prime Minister of India, Morarji Desai (1977-79).

The present Prime Minister, Modi, presides over a Cabinet that contains almost no member not conversant in Hindi, and in which the overwhelming majority comes from the Hindi-speaking states, as does the core of his official family. However, this has not stopped Prime Minister Modi from accepting that India's strategic interests mandate a close relationship with the other countries where substantial populations speak the English language. In other words, the Anglosphere, especially in a context where there will be more English-language speakers in India than in any

other country, including the United States.

Even the wannabe British involved in the governance of the country (which in its essentials and outlook is not very different from what it was during the British Raj) are beginning to acknowledge that the desire to learn English is too widespread for them to halt, especially now that arguments inversely linking knowl-

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edge of the language to Indian tradition and culture or to the country's interests more generally have been shown false. It is proving difficult even to a political class adept in contortions to claim that a language that forms the basis of modern commerce, especially in the knowledge industries, is toxic.

I hope that a time will come when the bureaucratic

brakes on the development of the language get removed, so that the country itself may be enabled to move faster. In the meantime, providing a tailwind to the expansion of English within the population is the reality that India and the US in particular share almost identical security interests.

Now that a President of the United States has been elected who is not in thrall to the Eurosphere, but has given indications of his affinity to the Anglosphere, Washington and Delhi are likely to act in concert, both to extinguish the fires lit by Wahabism and to ensure that China does not regard its rise as licence to overawe smaller powers and take control of vast additional stretches of the earth's surface.

I hope Prime Minister May will lessen her silent pining after Europe and accept that Britain is as much a separate and autonomous national and cultural entity as is Russia, and that these two powers form the bookends defining the limits of the Eurosphere. Given common sense and a modicum of luck, the odds are high that within a decade over a billion people across the globe will form part of the English-speaking world. May the tribe multiply! •



## WE BLUES ARE THE REAL GREENS

by James Delingpole

Once I took part in a panel discussion on climate change at an Oxford literary festival. I began by explaining to the audience how very much I loved nature – probably at least as much as they did; how I liked nothing better than wild swimming in the River Wye, or striding across Scottish glens, with their patchwork-quilt browns, greens and purples, or riding across the matchlessly beautiful English countryside...

But really, I might just as well not have bothered, for the audience had already

made up their minds. Because I'm a conservative, it naturally followed that I must be selfish, greedy, wedded to my unsustainable lifestyle, a denier of science, and hell-bent

**The clue's in the name: Conservatives are – and always have been – the world's best conservationists.**

on economic growth at the expense of our planet's future.

This caricature is a big problem for conservatives. Some of them get so desperate to prove their critics

wrong that you see them embracing all manner of half-baked eco-nonsense, as we saw in Britain not so long ago when David Cameron campaigned under the slogan "Vote Blue, Go Green". But it really isn't necessary. The clue's in the name: Conservatives are – and always have been – the world's best conservationists.

Partly, it's a function of our rural roots. Not all conservatives hunt, shoot, fish, or farm, of course, but the principles are in our DNA: a deep sympathy with and understanding of nature,

but untainted by metropolitan sentimentality. If you're rearing livestock, it's clearly in your interests to breed healthy, contented animals; if you're running a shooting estate or maintaining a fishing river, again it matters that your quarry and its environment are sustainably managed. You love and respect your animals but you're not squeamish about killing them for sport, population management or food.

Consider the matchlessly beautiful English landscape. The reason it looks that way is because it was made that way by generations of natural conservatives: stone walls and

hedges – instead of cheaper wire – for jumping over on horseback; spinneys and copses to provide covert for game; lakes for wildfowl; oak-studded parkland for deer.

This is a key point so often missed by urban liberals and Greens. Except, perhaps, in the most remote wildernesses, there's little natural about nature – and hasn't been for millennia. Forests need thinning and replanting; those wondrously patterned Scottish grouse moors are created by burning sections of heather to create new shoots for the young grouse; predators such as foxes need culling. That's why, as surveys

have repeatedly shown, you find greater biodiversity on privately owned estates patrolled by gamekeepers than you do on land run by politically correct organisations like Europe's largest wildlife charity, the Royal Society for the Protection of Birds.

Green environmental policy is crippled by a dogma originating in 1950s junk-science ecology that nature exists in a "steady state" and always finds its natural balance. You only have to leave your garden untended for a month to appreciate the fallacy of this. Weeds and pests proliferate.

There's a second, equally important – and related –



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reason why we conservatives make the best conservationists. That is the fact that temperamentally and ideologically we are disposed towards empiricism. We are suspicious of policies adopted just because they look good or make us feel all warm and fluffy inside. What we prefer instead is hard-headed – often tradition-sanctioned – evidence-based policies which actually work.

**Even those conservatives who believe that man-made climate change is a serious threat can surely agree with me that \$1.5 trillion a year to reduce global warming by less than one fifth of a degree does not represent good value for money.**

Perhaps nowhere is this more important than in the current debate on climate change. Conservatives have long been more sceptical on this issue than the Green liberal-Left because we have an instinctive aversion to fixing things that may not be broken. And an even greater reluctance to spend huge sums of taxpayers' money on "solutions" which won't make the blindest bit of difference anyway.

According to some estimates, the amount currently

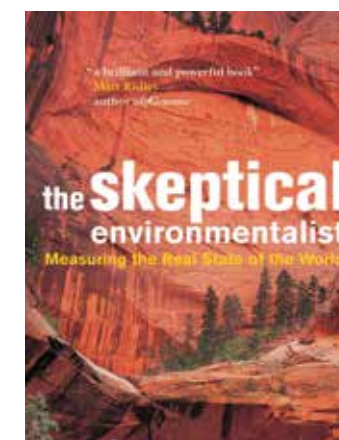
spent on "decarbonizing" the world economy in order to stave off "man-made global warming" is around \$1.5 trillion *per annum*. That's about the same amount that we spend every year on the global online shopping industry: an awful lot, in other words.

But is that climate money well spent? Not according to Bjorn Lomborg, the Danish statistician and author of *The Skeptical Environmentalist*. Last year, in the aftermath of the COP21 climate summit in Paris, he calculated what difference it would make if all the signatories to the Paris agreement stuck to their Intended Nationally Determined Contributions (INDCs) – that is, their voluntary carbon dioxide reduction targets.

On his most optimistic scenario, Lomborg calculated that the resultant effect would be a reduction in global warming, by the end of the century, of, wait for it... 0.17 C.

Even those conservatives who believe that man-made climate change is a serious threat can surely agree with me that \$1.5 trillion a year to reduce global warming by less than one fifth of a degree does not represent good value for money.

Worse still, it distracts from more urgent and serious environmental problems



like water depletion, unsustainable fishing practices, and deforestation. To repeat, it's not that we conservatives don't care about the environment – just that we're sufficiently hard-headed to understand that scarce resources need to be deployed carefully, not squandered willy-nilly. •



**James Delingpole**

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## CLEAN ENERGY NEEDS LESS REGULATION, NOT MORE\*

by Michael Liebreich

When ACRE's publication *The Conservative* asked if they could republish the following piece, which first appeared on Conservative Home three years ago, I thought I should first update it. But on re-reading it, I had second thoughts. The fact that three years have passed and events are unfolding exactly as I predicted is important.

Three years ago, I wrote: "The fact is that wind and solar have joined a long list of clean energy technologies – geothermal power, waste-to-energy, solar hot

water, hydro-power, sugar-cane based ethanol, combined heat and power, all sorts of energy efficiency – which can be fully competitive with fossil fuels in the right circumstances. What is even more important is that the cost reductions that have led to this point are set to continue inexorably, far out into the future." Sure enough, since then prices of wind and solar have dropped by another 20-40 per cent. They are now, in most parts of the world, the cheapest source of new generating capacity.

I wrote: "The electricity system of the future will be based on a mix of super-efficient appliances, renewable energy, natural gas and nuclear power. Our cars will either have to be vastly more fuel-efficient, or else they will be electric." And yes, in country after country, planners, policy-makers, businesses and investors are coming to grips with the idea that cheap "base cost" renewable energy will lie at the heart of the energy system of the future; natural gas prices have fallen, but

shale gas has not proved to be the global silver bullet some promised. And electric vehicles are just starting to fly out of the showrooms – in Norway 40 per cent of new cars are now plug-ins of some sort, and there can be no doubt that internal combustion vehicles – diesel in particular – have no place on urban streets.

Three years later, my vision for the future of the energy and transportation systems is three years closer to reality – which should bring the political implications into even clearer focus. As I wrote then: "When it comes to energy, the Right [...] has

retreated into corporatism, hunkering down with its funders and resisting change, instead of taking up the cudgels on behalf of the individual, the consumer, and reaping the electoral benefits. [...] Only by releasing a maelstrom of entrepreneurial and competitive activity will the world be able to build a high-performing clean energy system without driving costs to unacceptable levels. And only by leading the process will the Right find its natural voice on energy and the environment."

It is a conclusion that is highly topical today, with the Conservative Party leading

the UK through Brexit all but unchallenged politically, and the Republicans under President-elect Trump taking control of both US Houses of Congress as well as the presidency.

Three years ago, I wrote: "Time and again we were told that telecoms, airlines, steel, cars, mainframe computers, yoghurt or whatever were natural monopolies and strategic industries. Luckily Thatcher, Reagan and their successors rejected that narrative and the results are history. The time has come to apply this sort of rigour to the energy sector."

I hope you enjoy the read.



\* Original article first appeared on Conservative Home on February 27, 2014

In most sunny parts of the world it is cheaper to generate power from photovoltaic modules on your roof than to buy it from your utility. The best newly-built wind farms are selling power at the equivalent of 3p/KWh before subsidies, which neither gas, nor coal, nor nuclear power can match. LED light bulbs can be bought for a few pounds, providing home-owners with a quick and cheap way of cutting their utility bills.

The fact is that wind and solar have joined a long list of clean energy technologies – geothermal power, waste-to-energy, solar hot water, hydro-power, sugar-cane based ethanol, combined heat and power, and all sorts of energy efficiency – which can be fully competitive with fossil fuels in the right circumstances. What is even more important is that the cost reductions that have led to this point are set to continue inexorably, far out into the future.

For the past ten years, my team at Bloomberg New Energy Finance has been documenting “experience curves” for clean energy technologies:

the rate at which their costs drop for each doubling of cumulative installations. We have had privileged access to data from clients, many of whom are manufacturers and project developers. What this data tells us is that all clean energy technologies, without exception, benefit from strong experience curves. Where Moore’s law has given

**Shale gas has certainly been an astonishing success story in the US and looks promising in the UK, Poland, Mexico and China. Gas has a lower carbon footprint than coal, and domestic production offers significant economic and geopolitical benefits over imported resources.**

us dirt-cheap electronics and phones, Liebreich’s law is going to give us abundant, cheap clean energy.

Meanwhile, over the past decade, the world has been waking up to the true cost of fossil fuels. It’s not just the half-a-trillion dollars a year or more of direct subsidies to fossil fuel consumers. What is becoming increasingly

clear is that further hundreds of billions of dollars in energy costs are borne not by the fossil fuel industry or directly by energy consumers but by the general public. These so-called externality costs include medical costs of air pollution, negative economic impacts resulting from commodity price spikes and the cost of defending our energy supply chains. They pop up in our medical bills, our unemployment figures, and our defence budgets. And that is before bringing the environment or climate change into the equation; or the heightened geopolitical risk caused by dependence on some of the world’s most volatile countries; or the corrosive effect on our political life caused by fossil fuel stakeholders fighting to preserve the status quo.

So we have ever-cheaper renewable energy versus increasingly obvious costs and downsides to fossil fuels. Are there any game-changers on the horizon? Shale gas has certainly been an astonishing success story in the US and looks promising in the UK, Poland, Mexico and China. Gas has a lower

carbon footprint than coal, and domestic production offers significant economic and geopolitical benefits over imported resources. But there are economic caveats, aside from any environmental concerns. The US natural gas price has already more than doubled from its historic lows in 2012 to over \$4.00/MMBtu; operators will need a long-term price of around \$5.00/MMBtu to justify continuing to drill, frack and build pipelines. And that is in a country where conditions are ideal. Elsewhere in the world, it is hard to see shale gas coming to market much below \$8/MMBtu, around the same as the wholesale prices which have been driving up European utility bills so sharply over the past few years.

Before the Fukushima accident in 2011 there was much talk of a nuclear renaissance, and some countries remain committed to building new plants. However, the UK experience is instructive: the government had to offer a power price of £92.50/MWh, adjusted for inflation over 35 years, to get new nuclear power stations built. Nuclear power works and it is low-carbon – but it’s not cheap and most likely never again will be.

The bottom line is that there are no silver bullets on the horizon. The electricity system of the future will be based on a mix of super-efficient appliances, renewable energy, natural gas and nuclear power. Our cars will either have to be vastly more fuel-efficient or else they will

**This energy system of the future is not a pipe dream. Worldwide, over a quarter of a trillion dollars a year is being invested annually in renewable energy, energy efficiency and supporting technologies. Germany derives over 25 per cent of its electricity from renewable energy. Texas, synonymous with the oil and gas industry, generated nearly ten per cent of its electricity from wind last year.**

be electric. We will, of course, have to learn how to manage the intermittency of renewable energy. That means improving resource forecasting and interconnecting the power grid over larger areas to smooth out the variability of individual renewable energy assets. It means power storage, currently mainly in the form of pumped hydro-electric power but in future

most likely in the form of batteries for electric vehicles.

But the killer app is a digitally-controlled smart grid, which will provide the ability to shift demand to match supply in ways either imperceptible to the consumer or else remunerated by the energy provider.

This energy system of the future is not a pipe dream. Worldwide, over a quarter of a trillion dollars a year is being invested annually in renewable energy, energy efficiency and supporting technologies. Germany derives over 25 per cent of its electricity from renewable energy. Texas, synonymous with the oil and gas industry, generated nearly ten per cent of its electricity from wind last year. China is the world’s largest player, with around half of its new power capacity over the next 20 years expected to be renewable, rather than coal, gas or nuclear.

The problem for the political Right is that this epochal shift to clean energy has completely wrong-footed it. For too long it has allowed the Left to claim ownership of the environment, despite its own achievements in the area (as described elsewhere by Geoff Lean). For the Left, being pro-environment and anti-business are one and



the same: its approach to environmental protection is based mainly on controlling or blocking enterprise. The mistake of the Right has been implicitly to accept that protecting our environment is in opposition to achieving a prosperous and free society. In particular, the Right has allowed the Left to make all the running on clean energy. Feed-in tariffs are nothing less than state price controls. Renewable energy targets are

indistinguishable from Soviet five-year plans. Over-regulation and complex planning requirements add costs, slow down projects, reduce transparency and increase risk. Green Investment Banks are the very embodiment of state capital allocation. Capacity payments and carbon price floors are evidence of failure in the design of markets. Don't get me started on price caps.

We have seen the results

of these approaches. Germany may have reached over 25 per cent renewable electricity, but at what excessive cost to its household energy users? Spain reached 42 per cent, but its retro-active policy U-turns have left its entire economy all but uninvestable. Around the world the energy industry – fossil fuels as well as clean energy – is in the grip of a pandemic of rent-seeking, subsidy-farming, inefficiency, misalloca-

tion of resources, and the inevitable picking of losers.

The big mistake of the Right has been to leave unchallenged the assumption that Leftist tools are the only ones available to manage the transition to clean energy, instead of coming up with good

**The mistake of the Right has been implicitly to accept that protecting our environment is in opposition to achieving a prosperous and free society.**

conservative solutions – ones which have improved services, lower costs, competition, wealth creation, pricing in of externalities, personal responsibility and freedom at their heart.

Wind power in Brazil is among the lowest-cost sources of electricity in the world. Why? First, a reverse auction system forces providers to compete on cost. Second, Brazil has a grid which, if superimposed on Europe, would allow a Portuguese wind farm to sell its electricity to a client in Moscow. In Europe, a Portuguese power producer can't even sell its electricity in France. Meanwhile the EU is trying to impose more top-down

renewable energy targets on member countries rather than focusing on creating a single market for energy and related services.

When it comes to energy, the Right has to regain its reforming mojo. It has retreated into corporatism – hunkering down with its corporate funders and resisting change instead of taking up the cudgels on behalf of the individual, the consumer, and then reaping the electoral benefits.

Where is the self-confidence with which it transformed the world's other major industries? Time and again we were told that telecoms, airlines, steel, cars, mainframe computers, yoghurt – or whatever – were natural monopolies and strategic industries which had to be protected from competition; and that only central planning could provide stable outcomes. In short, that Leftist, statist solutions were the only ones available. Luckily Thatcher, Reagan and their successors rejected that narrative and the results are history.

The time has come to apply this sort of rigour to the energy sector. Where is the Easyjet of clean energy, or the Virgin Atlantic? Where is the Vodafone, the

Safaricom? Where are the new services, the new providers? The answer is they don't exist because policy is being written with the state and industry incumbents in mind, using mainly the tools of the Left. Only by releasing a maelstrom of entrepreneurial and competitive activity will the world be able to build a high-performing clean energy system without driving costs to unacceptable levels. And only by leading the process will the Right find its natural voice on energy and the environment. •



**Michael Liebreich**  
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COLUMN

## LET'S OFFER THE LUVVIES SOME LOVE

by Damian Thompson



We take it for granted that people who make their living in the performing arts are hostile – or at least unsympathetic – to conservatism. In modern British folklore, luvvies are Lefties.

In America, however, the word “luvvie” isn’t familiar – and even in Britain it is essentially a neologism. Until the end of the 20th century, “lovey” was a camp theatrical term of endearment. As Martin Harrison writes in *The Language of Theatre*, it was the preserve of “actorly actors, regardless of sex”. In the pop-



“The culture wars have not divided Britain in the way they have divided America.”

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ular imagination, “Dickie” (Lord) Attenborough always called his colleagues “lovey”; that’s when he wasn’t tearfully grabbing a gong for his unwatchable film *Gandhi*. Then *Private Eye* started using “luvvie” as a collective noun for gushing thespians, many of whom – Dickie included – had taken to fulminating against the Conservative government.

The *Eye* was mocking their emotional incontinence, not their politics. But Right-wing tabloid newspapers saw an opportunity and slapped the label “luvvie” on

anyone in the arts who combined a quietly civilised life-style with noisily progressive opinions. This did not go down well.

Actors, artists and musicians who longed to be denounced as dangerous subversives by McCarthyite Tories were mortified by the suggestion that they were dim “celebs” (another unwelcome neologism) who matched their fashionable indignation to their wardrobe – or, worse, merely an exotic variety of public-sector whinger. Offence was taken. Theatrical offence, indeed, which made the goading even more entertaining.

But was it fair? Recently I’ve been having qualms about luvvie-baiting, for two reasons. First, lots of people in the arts world – including creative writers and BBC executives whom the *Daily Mail* regards as honorary citizens of luvviedom – don’t fit the stereotype. Perhaps they once did, but now they are disorientated by the sectarian hijacking of their beloved Labour Party. Brexit, too. It’s most obvious in private: sitting around the dinner table, they’ll attempt a few Left-wing pieties and then dry up, as if they’ve forgotten their lines.

Middle-class luvvies, many of them now pensioners, look back in dismay, if not in anger, at the glad confident morning of May 2 1997, when Tony Blair won his landslide majority. They have no sentimental attachment to New Labour, and their enthusiasm for the European Union is an act. They don’t like Leavers but they are growing tired of applying the greasepaint of outrage every

**One result of this is that there are now more luvvies on the Tory benches than on the Labour ones.**

time Brexit is mentioned. When their children at university demand “safe spaces” and denounce “transphobia” they try not to roll their eyes.

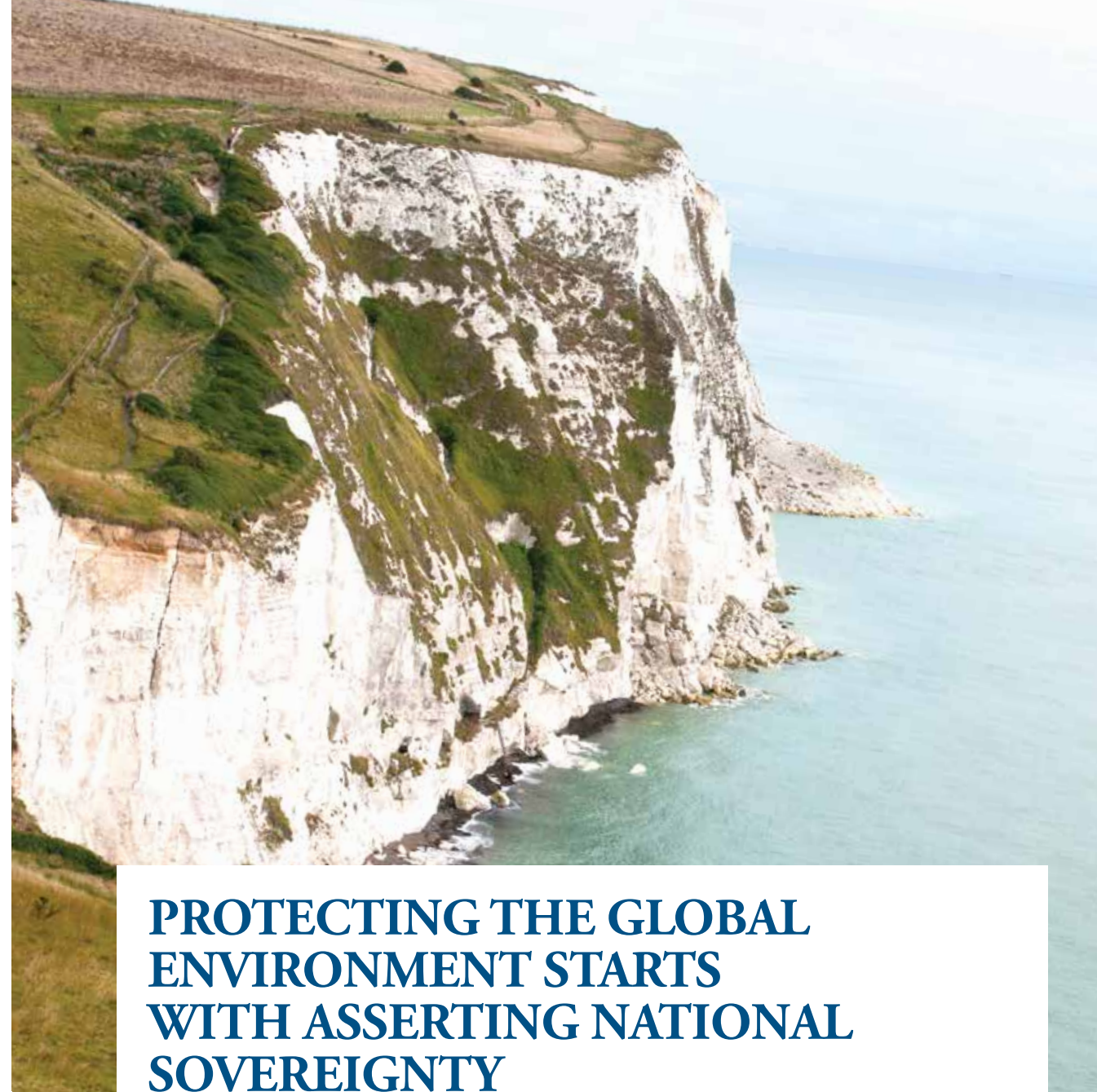
The luvvies are tired, bless them, and in any case there is another reason why Right-wingers should examine their consciences before trashing them. During the Cameron years, ambitious Conservative politicians never felt more comfortable than when they were air-kissing at the Ivy Club.

In the Tory battles over the referendum, Leavers as well as Remainers indulged in histrionics that would have appalled the

stiff-upper-lip Eurofanatics of an earlier generation. Can you imagine Ian Gilmour hugging Ted Heath to congratulate him for an “awesome put-down” on *Question Time*?

Conservative journalists, meanwhile, become as thin-skinned as “resting” actors once the commissions dry up. Here I must plead guilty though, unlike some of my colleagues, at least I’ve resisted the temptation to mimic the grotesque antics of the US alt-right.

The culture wars have not divided Britain in the way they have divided America. We have imported some liberal fads via social media, but – being paradoxically both a more homogeneous and a more complex society – have spread them around. One result of this is that there are now more luvvies on the Tory benches than on the Labour ones. They don’t include Theresa May, whose determination not to shrug off her suburban manners runs deeper than any of her political convictions. Coping with the tantrums and virtue-signalling of her own backbenchers may, in the long run, cause her just as much grief as her negotiations with Europe. •



## PROTECTING THE GLOBAL ENVIRONMENT STARTS WITH ASSERTING NATIONAL SOVEREIGNTY

by Jeremy Rabkin

**I**n the modern understanding, a national constitution sets a boundary around government. The environment – the notion incorporated in terms like “environmental protection” – is

something that is not clearly unbounded, something that might encompass the whole planet. Constitutional government and environmental protection are potentially at odds.

It’s true, of course, that constitutional states have always enacted laws that we might now call “environmental protection” measures – for example, to guard water sources from contam-

ination or to guard wildlife from excessive hunting. But we are much more concerned about “environmental” issues in the past few decades. The term itself, as an open-ended reference to overall natural or physical surroundings, did not come into general use until the mid-20th Century.

Citizens in democratic countries disagree on the relative priorities they would give to protecting air and water from pollutants or wildlife from various threats, comparing limiting with costs that burden economic growth or personal freedom. Different countries have different priorities, with less affluent countries usually putting more priority on economic growth.

We might say different countries should then be left to choose for themselves how demanding or ambitious their environmental regulation. But pollutants can drift over borders. And some environmental hazards may affect everyone – as with, it is said, the buildup of greenhouse gases (especially carbon-dioxide) in the earth’s atmosphere; gases that trap heat and encourage a long-term warming trend. To deal with such problems, environmental advocates urge in-

ternational regulation. What if many countries don’t want to go along with - or don’t embrace - such protective measures through their own constitutional processes?

Some environmental advocates have had quite ambitious visions. The UN’s 1972 Stockholm Conference

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on the Human Environment (the first international conference to focus on the global “environment” – all of it) generated a Declaration of Principles to guide future policy. Among other things, it urged that states “should reduce and eliminate unsustainable patterns of production and consumption and promote appropriate demo-

graphic patterns” (Principle 8): put more plainly, reduce standards of living and reduce population growth.

If that’s what “environmental protection” means, a lot of us will resist it. How will we decide how far to go? Environmental advocates look for ways to establish global strategies, which compel individual nations to go along with the kinds of controls others think appropriate. That approach will come under a lot of challenge in the next few years. Here are three central examples of emerging challenges to global approaches to environmental consensus.

President Barack Obama favoured global agreements on reducing carbon emissions in ways that, advocates hope, may forestall climate trends. He did not present the US commitments in a formal treaty, since that would require ratification by a two-thirds majority in the Senate. Instead, President Obama endorsed the December 2015 Paris Accords on his own authority as president. President Trump may withdraw that endorsement. Either way, we are likely to see litigation in US courts over the extent to which this sort of international venture can be cited as the ground

for domestic regulation (as, in Obama’s plan, to force the closing of coal-fired power plants) when there is no clear authorisation from the US Congress.

Meanwhile, Britain will be negotiating its withdrawal from the European Union. The United Kingdom is now subject to a vast mass of environmental regulation required of EU member states by regulations or directives of the European Commission. Can the UK Parliament repeal or modify this body of environmental regulation – even after the UK resumes its status as an entirely sovereign nation? What if the EU demands that Britain continue to adhere to European environmental standards, as condition of full or generous access to European markets?

The results of that discussion are not likely to be limited to Britain. Since the World Trade Organisation was established in 1995, many environmentalists have protested that its trade rules give unfair advantage to countries that have more relaxed environmental standards than other countries. Industry that has to operate in countries with more demanding standards will face higher production costs, so

will have to charge more for its products. Environmental advocates have urged that countries with higher standards should be allowed to impose compensating tariffs on exports from countries that allow producers to operate with less environmental controls.

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Developing countries have protested against such proposals. Just behind environmental advocates are a line of others demanding protection for what they say as worthy forms of social regulation – minimum wage laws, compulsory health insurance or safety regulation, all sorts of regulatory measures which increase the cost of production in countries that main-

tain them and might give an advantage to producers in countries which don’t. If we allow compensating tariff protection for environmental measures, why not for others? Very quickly, we will have forfeited the main benefit of free trade – allowing consumers to find cheaper products from places which can produce more cheaply. We will certainly place a heavy burden on developing countries, which can’t afford all the same range of social regulation as more affluent countries.

The World Trade Organization has spent two decades resisting such measures, trying to defend the principle that trading states can limit imports when they object to characteristics of the project (as unsafe for consumption) but not from objections to the way it is produced. If this principle fails, the way seems open for a great mass of protectionist legislation.

Here is a proposal for moderating the coming confrontations: let’s return to constitutional process. Two related principles could go far in easing the strains of the present era. First, insist that every nation makes its own law (or at least, every nation outside the EU). That is the general US practice.

Decisions of international conferences, even decisions of international courts, do not change US law until Congress or state legislatures enact such changes. Some courts and commentators have concluded that any other approach would violate the US Constitution, by transferring legislative au-

**It would be a very bad idea to let states impose financial penalties on less developed countries to coerce them into higher environmental standards. Among other objections, the result may not be more environmental protection but merely reductions in trade, resulting in slower economic growth in poor countries**

thority outside the control of the constitutionally designated organs.

A related principle should be respected by states in their trade policy. States should not use trade restrictions to control the way other states produce export goods. States can, of course, demand that imports satisfy the safety standards they think appropriate to protect their own consumers. But how another state produces good in its

own territory should be its own choice – unless there is some widely subscribed international treaty laying down relevant standards. That is the current doctrine of the WTO's Appellate Body and it makes sense.

Rich countries might try to persuade less developed countries to adopt more ambitious or effective environmental controls by offering technical and financial assistance (as a number of major environmental treaties promise). But it would be a very bad idea to let states impose financial penalties on less developed countries to coerce them into higher environmental standards. Among other objections, the result may not be more environmental protection but merely reductions in trade, resulting in slower economic growth in poor countries – and poor countries tend to be less attentive to environmental protection.

Britain should try to resist an exit agreement with the EU that commits it to maintain EU environmental regulations which its own parliament may wish to change – and which don't correspond to any generally accepted treaty. The United States should not be bound

to implement international "agreements" not endorsed by Congress. Less developed countries should be encouraged to improve their environmental standards but not bullied by threats of unilateral trade sanctions from rich states.

To pursue environmental goals at any price is fanaticism. One of the main aims of liberal constitutions is to encourage compromise and consensus. We should not let environmental enthusiasm undermine those aims by side-stepping constitutional processes. •



**Jeremy Rabkin**

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## PUTTING A PRICE ON NATURAL CAPITAL IS THE BEST WAY TO AVOID ENVIRONMENTAL DEBTS

by Sam Barker

The UK is heading towards an eye-watering fiscal debt of £1.95 trillion. This is rightly exercising conservative politicians and the millennials who will bear the

brunt of it. It is well understood, reasonably well quantified, and has a firm position in public policy discussions. But there is another debt being racked up. This debt we

have only just begun to count. In the UK, it is debt which conservatives have committed to calculating and reducing. It is the debt we owe to our natural environment.

This debt was well understood by Edmund Burke. We are “temporary possessors and life-renters” of the earth who must not “leave to those who come after... a ruin instead of a habitation”. Lady Thatcher picked this up in her superlative environmental speech to the UN: “The last thing we want is to leave environmental debts for our children to clear up... No generation has a freehold on this earth. All we have is a life tenancy, with a full repairing lease.”

In the contemporary world, we often forget our dependence on this natural environment. Many of us are divorced from the soil and water that provides our food, the pollinators, pests and predators that feed and fertilise. We breathe (reasonably) clean air without much thought to the plants which oxygenate it, and the parks which filter it. We pay scant attention to the less tangible benefits of the natural environment: buoying our spirits, boosting our physical health, bringing us into contact with others.

Yet at the moment, we are spending down this natural environment. For example, the UK’s Priority Species Indicator (covering 213 species) has declined 64 per cent

since 1970, a decline in biodiversity matched around the world.

We should not pretend this debt is uncomplicated. Where environmental benefits are not traded in markets, it is hard to value them. However, as with fiscal accounting, consistent measurement over time and cautious, multilateral consolidation can bring increasingly sound data.

**Where environmental benefits are not traded in markets, it is hard to value them. However, as with fiscal accounting, consistent measurement over time and cautious, multilateral consolidation can bring increasingly sound data.**

Therefore the UK has pursued Natural Capital Accounting. Progress has been steady. Work began after conservatives entered government in 2010. A Natural Capital Committee that reports to the Treasury was set up in 2012. The goal is to incorporate UK Natural Capital into the UK Environmental Accounts by 2020.

The accounts will be a mix of financial and non-financial

reckonings. The committee has said: “In principle, we would like to measure natural capital stocks and link them to current and future values, as well as features that indicate their own sustainability [but] there are several practical difficulties.”

To overcome these difficulties, the committee will measure across three groups, namely: “natural capital stocks” (such as species, soils, minerals); “major land-use categories” (such as woodlands, or enclosed farmland) and “goods/benefits” (such as food, clean air, amenity). The first two will likely be reckoned metrically. The committee notes that “changes in [the latter] yield changes in human well-being that, in turn, can be valued in monetary terms in most cases”.

The idea moves the debate on from broad sustainability in three important ways. First, it brings more precise quantification of and value to the factors of production (Dieter Helm would go so far as to say “it forces us to see the environment as a (or indeed the) key input into the economy”). Secondly, it drives a clear distinction between renewable and non-renewable assets. Thirdly, it allows trade-offs

of those assets across landscapes, countries, and even the globe.

The UK government is funding the development of Natural Capital Accounting in Botswana, Colombia, Costa Rica, Guatemala, Indonesia, Madagascar, Rwanda and the Philippines. This will likely create investment opportunities for environmental philanthropists and for businesses seeking to

secure supply chains. The Netherlands has also experimented with some natural capital approaches. It is also being tested by businesses such as the Coca-Cola Company, the Dow Chemical Company, Nestlé and Shell.

Already the thinking has prompted the creation of new markets in the UK, for example allowing the water utilities to purchase better quality intake water – a trend

that will continue as we take control of agricultural policy.

Some conservatives will take issue with natural capital. There will be those who feel its pricing is not robust enough. There will be those who find the utilitarianism, or privileging of humanity, hard to stomach: for example, it may value nature and wildlife accessible to humans (within reach of a city) more highly than less



**As things stand, we are leaving environmental debts to our children. We should be as hawkish about these as we are on fiscal debt.**

accessible nature. Still others might feel that pricing (for example, the beauty of a landscape) can never capture the full value, and will lead to distorted decisions. It is true that there are other solutions, such as better forms of private ownership and intergenerational moral responsibility. However, in the context of the contemporary polity, Natural Capital carries that high conservative value: pragmatism.

As things stand, we are leaving environmental debts to our children. We should be as hawkish about these as we are on fiscal debt. Our

wildlife is under enormous pressure (in the UK, driven by crass CAP regulation). In places our soil is degrading, we are overusing aquifers, and we are pushing carbon into the atmosphere. On the other hand, we have seen how quickly natural resources, like fish, can spring back under the right circumstances, or how problems can be solved by technical innovation. Natural capital is a tool which will accelerate replenishment and innovation, and create new markets. We will choose whether it will condemn us for our debts, or praise us for our responsibility. •



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## CONSERVATIVE ENVIRONMENT NETWORK

*"We must have continued economic growth in order to generate the wealth required to pay for the protection of the environment."*

*"But it must be growth which does not plunder the planet today and leave our children to deal with the consequences tomorrow."*

*"We must resist the simplistic tendency to blame modern multinational industry for the damage which is being done to the environment. Far from being the villains, it is on them that we rely to do the research and find the solutions."*

*Lady Thatcher, 1988*

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## ON MUSIC

by Jay Nordlinger



**“ Music without words cannot really mean anything, no matter how hard composers try.**

In September, the Ureuk Symphony Orchestra gave a concert in New York billed as a “Peace Korea Concert.” The orchestra is the project of Christopher Joonmoo Lee, who appears to be involved in both conducting and finance. He lives in New Jersey but is “a frequent visitor to Pyongyang”.

I have quoted a report in the *Wall Street Journal* by Jonathan Cheng and Timothy W Martin. They further report that Maestro Lee is a supporter of North Korea’s nuclear programme. He makes this clear on his Facebook page and in blog posts.

The “peace” concert was timed to coincide with the opening of the United Nations’ General Assembly. North Korea’s foreign minister, Ri Yong Ho, attended the concert, with an entourage. The next day, he gave a spectacularly belligerent speech in the General Assembly.

At the concert, the audience heard Brahms and Rachmaninoff – and then a sampling of “Korean Orches-

trale Music”. This music included *Footsteps*, which turns out to be a paean to the current North Korean dictator, Kim Jong Un. The lyrics hail “the footsteps of our General Kim” and declare: “The

whole nation follows as one – step, step, step.” There was no singing in this concert, however. There were North Korean propaganda songs, but they were performed in purely orchestral versions. One song praised the entire Kim dynasty; another called for the unification of the Korean Peninsula under Pyongyang.

How much did the players themselves know? Some portion of them were just locals, working. The *Wall Street Journal* reporters questioned a cellist. He said, “I wasn’t sure what all the music meant. It just seemed kind of militaristic.” A violinist confessed that she knew, but pleaded that she was just doing a job and that “the art on its own does not hurt anyone.”

Oh? That is a very interesting subject. As the reporters noted, “musical performances in Manhattan, enemy territory, are particularly prized pieces of propaganda back home.” Yes, indeed. The Ureuk orchestra performs regularly in New York, and its concerts are celebrated by

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North Korean state media as great national victories.

In 2011, there was another concert, this one at the White House. Actually, it was a state dinner, in honor of Hu Jintao, who was then the boss of the Chinese Communist Party. Entertainment was provided by Lang Lang, the Chinese pianist. He is a Party official, too: a vice-chairman of the All China Youth Federa-

tion. As such, he is pledged to uphold and instil “Marxism-Leninism, Mao Zedong Thought, Deng Xiaoping Theory, and Jiang Zemin’s ‘Three Represents’”.

Lang Lang played a song without words (to borrow a phrase from Mendelssohn). What I should say is, Lang Lang played a song that has words, but he played a purely pianistic version of it. There was no singing along.

The song is *My Motherland*, from the Chinese movie *The Battle of Triangle Hill*. Chances are, you don’t know this song, or the movie, but Chinese people do. The movie is a propaganda flick about the Korean War. The song refers to Americans as “wolves” or “jackals,” and declares that China will use its weapons to deal with them.

It was Lang Lang’s choice to play this song at the White

House. He told an interviewer, “I thought to play *My Motherland* because I think playing the tune at the White House banquet can help us, as Chinese people, feel extremely proud of ourselves and express our feelings through the song.” Hu Jintao was moved. Normally a man of distinct reserve, he embraced Lang Lang that night, emotionally.

A Chinese psychiatrist living in Philadelphia, Yang

Jingduan, remarked on the effect of *My Motherland* in the White House. He told the *Epoch Times*, “In the eyes of all Chinese, this will not be seen as anything other than a big insult to the US. It’s like insulting you to your face and you don’t know it. It’s humiliating.”

We do not always know what we’re hearing, do we? I think back to the mid-1980s, when the United States had

**We do not always know what we’re hearing, do we? I think back to the mid-1980s, when the United States had hostages in Lebanon. Muhammad Ali, the boxing hero, went to try to negotiate their release. He was greeted at a mosque by a chanting mob. He pumped his fist along with them.**

good”. What’s more, “we are all brothers – black, white, yellow, blue”.

Music without words cannot really mean anything, no matter how hard composers try. They can cheat, by quoting *Happy Birthday*, for example, or a national anthem. (Think of Tchaikovsky in the *1812 Overture*.) But notes without words can strike listeners all sorts of ways, intended or unintended.

Sir Peter Maxwell Davies, the late British composer, wrote a string quartet about the Iraq War. I should really put “about” in quotation marks. Sir Peter meant to depict and denounce that war. But unless you are clued in – by reading a programme note, for example – you are simply listening to a string quartet. (And a good one.)

I myself would not sit still for North Korean propaganda, if I knew what I was listening to. What the Kim dictators have done to people under their control is evil beyond utterance. But I have listened to *Footsteps* on YouTube, played by the mighty Ureuk forces. Kind of catchy, actually. It would serve as the soundtrack for a cheap war movie, set somewhere in the vague East. My Motherland may have competition. •



# WE NEED THE PRIVATE SECTOR TO SAVE SALMON, THE WORLD'S MOST PRECIOUS FISH

by Orri Vigfússon

In 1789 Thomas Jefferson wrote to James Madison arguing that a federal bond should be repaid within one generation, because if a borrower were allowed indefinite time to repay a loan he could, during his own lifetime, use up the products of the land for future generations so that

the land would effectively belong to the dead and not to the living.

The context of the salmon's problems may be different but Jefferson's logic is compelling. No nation should be allowed to squander what remains of such a precious resource. According

to the International Council for the Exploration of the Sea (ICES) salmon catches in EU countries have declined by more than 90 per cent, partly for unknown reasons but mostly from very obvious causes: overfishing, damming of rivers, pollution and habitat damage and the negative

consequences of in-shore salmon farming.

The Atlantic salmon was once to be found in abundance from the Iberian Peninsula to the Arctic and from North America to Northern Russia. There are ancient records in Devon, England, stating that salmon parr and smolts in the River Axe were so numerous that they were

netted out and spread on the fields as a fertiliser. Until the French Revolution salmon still ran French rivers in great numbers. The Rhine, Western Europe's most important waterway, used to be the most prolific salmon river in the world, and there remains a Swiss law that you must not serve salmon to your servants more than three times a

**There remains a Swiss law that you must not serve salmon to your servants more than three times a week.**

week. The same law used to exist for workers in London near the River Thames.

The problems underlying wild salmon management are manifold. There are natural fluctuations (due to weather, temperature, rainfall etc); threats to the maritime life-cycle as well as the freshwater, a huge range of legitimate exploiter groups, an over-abundance of some natural predators, and estimates as opposed to exact data resulting in poor science and excuses and, finally, the issue of private vs public ownership.

Despite efforts to bring about an international body to protect the stock, inter-governmental agencies have failed to give the salmon the safeguards it must have to complete its full life-cycle. This international discriminatory body, the North Atlantic Salmon Conservation Organisation (NASCO), set up in 1982, was biased towards biological research instead of dealing with the main problems. It sets quotas for the Arctic nations (Greenland and Faroes) but

Salmon River in Northern Spain; Photo credit: Miguel Aguilar Juan

no limits within the fisheries jurisdictions of EU countries, Norway or Canada.

A genuine international treaty should provide equal rights and responsibilities for all its signatory nations. Salmon research needs to be focused on the wellbeing of the resource and all research must be complemented by powerful conservation measures and practical management in rivers, estuaries and at sea.

Nations could never agree on measures that would protect the salmon on their migration routes. They allowed mixed-stock fisheries to continue and to take huge numbers of fish with no means of telling from which river systems the fish came or whether they were catching fish from a healthy stock or killing the last survivors from a river in desperate decline.

Then private sector interests on both sides of the Atlantic began to realise that if the salmon was to be saved it was up to them to make the running. They promoted management plans that covered the whole life cycle from egg-laying, through the in-river phase, to the months and years during which the young fish grow to adulthood on the high seas feeding grounds and finally return back home to spawn.

Various theories of sustainability were introduced but the North Atlantic Salmon Fund (NASF) led a crusade based on a philosophy of *restoring abundance*. It emphasised the glaring errors of neglect that were threatening the marine phase of the salmon's life cycle and promoted restoration programmes that protected the fish, particularly while it was at sea. Atlantic salmon stocks worldwide are dwindling dangerously. Time is running out.

**All the scientific observations made on salmon during the 20th century have not prevented the decline. Common sense and practical action are still the missing factors in salmon management.**

The imperative now is to stop the wholesale killing of fish where we can, and do this in an economic and fair fashion that finds alternative employment and long-term rewards for commercial fisheries that can no longer harvest the stock sustainably. Theoretical studies may be useful one day, but they will not stop the decline until it is too late. Practicalities are the only priority now.

The wild Atlantic salmon is one of the world's great voy-

agers and throughout its life it has to travel from warmer climates to the Arctic regions. So for a species operating at the limit of its range the salmon has to adapt to many natural variants. Like other creatures, it is well adapted to harsh and variable conditions even in the Arctic where there is a marginal zone for a number of its inhabitants. In their home rivers, too, salmon can survive turbulent changes in precipitation and temperature. They also survive sand siltation, volcanic eruptions and droughts.

But the one thing salmon cannot survive is a mixed-stock fishery or any other type of uncontrolled human exploitation. Salmon also need an abundant food supply and if their food continues to be removed by industrial fisheries, salmon stocks will continue to remain low, no matter how much we spend on in-river projects and improving the young salmon's environment. The adverse effects of the pelagic fisheries need to be thoroughly investigated and, in the multi-species management context, their role needs to be reappraised.

In areas where salmon farming takes place there is clear evidence of wild Atlantic salmon suffering from

severe damage caused by an explosion in fish lice and threats of disease and pollution. The most severe real danger is the large-scale escapes of farmed fish and the genetic pollution caused to wild salmon. Already this has caused damage in Norway for up to two thirds of all their salmon rivers. The current infrastructure of fish cages should be replaced with improved technology to help farmers, a combination of closed containment and land-based farms to ensure a

safe and sustainable salmon farming industry.

Humans play a vital role in the future of the salmon. If we insist on logging practices, more dams and the removal of habitat in the interest of human ambitions, the future for the salmon looks bleak. Very considerable conservation efforts are already needed to repair the damage done by industrial development, agriculture and forestry. The reduction of genetic diversity and the introduction of foreign species are other serious

threats to the salmon's long-term prospects.

Immediate conservation strategies must now be prioritised in favour of the salmon rather than reliance on further research. All the scientific observations made on salmon during the 20th century have not prevented the decline. Common sense and practical action are still the missing factors in salmon management.

Conservation efforts must also be cost-effective and involve cooperative and collab-



Gave de Oloron salmon river in France

orative measures that bring together various local, regional and international interests in protecting whole ecosystems, both in concept and in practice. This includes management of natural predators such as cormorants and the ever-growing population of seals.

Maintaining genetic diversity among and within salmon populations is of the utmost importance, particularly as fisheries' exploitation has contributed to the loss of some populations and the alteration of others. Some examples of the effects of current fishing practices are the lowering of the sea-age and the altering of the run-timing of spawning populations such that there are fewer large multi-sea-winter salmon and proportionately fewer early-returning or spring-run salmon. Spawning populations have been reduced to levels lower even than those required for conservation.

The UK Government recently introduced an ambitious 5-point Environment Agency plan to restore salmon in England. It sets out very well-meaning actions but it will fail unless mixed-stock netting is ended along the entire east coast of the country. NASF has suggested that the cessation of netting must be properly com-

pensated through voluntary negotiations.

The NASF believes that there is no sound scientific way of "measuring" what is acceptable in terms of commercial netting and that, bearing in mind the significant economic importance of an-

**Iceland is perhaps the only country where salmon stocks remain healthy. The rights to salmon fishing have been privately owned since the land was first settled during the Viking age. The private sector has always played a leading role in its protection and governance in order to secure future abundance.**

gling and its current decline, all forms of netting of wild migratory fish should be terminated or suspended for the foreseeable future. Angling is not a problem. Anglers safely return the vast majority of the salmon they catch.

The NASF coalition therefore demands a redirection of the salmon resource that would take it away from commercial fishing and allow the recreational fishery to re-establish itself, which would create a great many new and rewarding jobs in

rural communities throughout the North Atlantic range.

The international salmon fraternity contains many theorists and churns out many manifestos. However, NASF bases its efforts on making market forces work for the salmon's environment instead of against it. By carefully calculating the costs and putting a price tag on the remedial efforts required, a recovery will slowly take place.

One of the salmon's greatest problems is the lack of an integrated international approach to its conservation. The key salmon nations around the Atlantic (Greenland, The Faroe Islands, Iceland, Russia and Norway) agree that the European Union has no jurisdiction over salmon that mainly follow migration routes that take them into coastal waters. Furthermore, these nations, having had sad experience of the EU's handling of fisheries issues in general, have no intention of ever giving this power to the EU Commission.

This means that the selection of management option is a matter of choice for individual countries and the only way conservationists can tackle the variety of indifferent or selfish attitudes of some of these nations is

through the United Nations Convention on the Law of the Sea.

Many of the salmon stocks that originate in the rivers of Europe are inherently multi-national resources because they cross international boundaries during their oceanic migrations. Over 95 per cent of the biomass of European salmon is produced in mainly Arctic waters outside Europe. Many countries are thus both host countries and countries of origin. Article 66(1) of the United Nations Convention on the Law of the Sea (UNCLOS) directs that "state(s) in whose rivers anadromous stocks originate shall have the primary interest in and responsibility for such stocks". This confers on individual member countries, such as Germany, France and Spain, substantial rights in determining measures – such as total allowable catches (TACs) – to protect their stocks while they are migrating in the coastal waters of Ireland, Norway and the UK.

Up to now, nation states have chosen for political reasons to ignore the provisions of the convention. However, NASF argues that, for the future of the salmon, both the spirit and the letter of the convention should be made

a reality. Here is our plan for sustainable, economic and environmental success:

What European politicians must do now is the following:

- *End mixed-stock salmon fisheries as a priority, implementing the established scientific advice.*
- *Atlantic Salmon management needs leadership. Support conservation efforts outside NASCO, ie; engage in collaborative conservation activities with local interests that lead to innovative management practices.*
- *Lobby for the UNCLOS to be implemented between each EU country. Iceland is perhaps the only country where salmon stocks remain healthy. The rights to salmon fishing have been privately owned since the land was first settled during the Viking age. The private sector has always played a leading role in its protection and governance in order to secure future abundance.*
- *Make financial inducements to encourage fish farmers to adopt closed*

*containment or land-based fish farms.*

- *Build a growth strategy.*
- *Establish a joint action plan with the private sector (politicians cannot do it alone).*
- *Consider a new forward-thinking international convention for Atlantic salmon.*

Mostly what is needed is coordinated action before it is too late. Now. •



**Orri Vigfússon**

is the founder of the North Atlantic Salmon Fund (NASF), a global coalition of voluntary conservation groups whose agreements cover 85 per cent of Atlantic Salmon habitats.

For his efforts he has won the Goldman Environmental Prize, Knight Orders from the Queen of Denmark and the Government of France, and The Icelandic Falcon. Orri sees his belief in 'green capitalism' as the only way that abundant and profitable fisheries can be maintained in the future.



**We need a new vision on energy, mostly electric, no longer based on purely national and protectionist policy but based on an open, market-based model. This should give our energy system the makeover it has needed for more than a decade.**

## WHY A TRUE EUROPEAN ENERGY MARKET IS THE ONLY WAY FORWARD

by Anneleen Van Bossuyt

Energy systems in the European Union are largely based on central and stable energy production, using infrastructure that was built decades ago. Across the EU its member states are struggling to adapt to the changing energy landscape. The electorate in some member states such as Germany and Belgium no longer widely support nuclear power. Another game changer is the rush for renewable energy, with tar-

gets agreed by member states at EU level in order to boost energy security, reduce emissions and to remain at the forefront of the “green revolution” across the economy.

Ageing infrastructure, changing public opinion and a push for renewable energy should lead policymakers to make bold decisions. We need a new vision on energy, mostly electric, no longer based on purely national and protectionist policy but based

**We need to move away from over-regulation in energy markets by governments and end the dominance of these markets by former state-run operators. To do this we will need to design the framework in which the market will operate to avoid failure and abuses.**

on an open, market-based model. This should give our energy system the makeover it has needed for more than a decade.

We need to move away from over-regulation in energy markets by governments and end the dominance of these markets by former state-run operators. To do this we will need to design the framework in which the market will operate to avoid failure and abuses. The energy winter package published by the European Commis-

sion in November of last year is a first step in this direction. The goals for renewable energy are no longer fixed at a national level, but are binding at EU level. This is the only way we can realise a true European single market for energy. This will assure that the most efficient investments will be made.

Due to national goals for renewable energy for 2020, my region, Flanders, invested and gave grants for PV panels. We also constructed very expensive wind parks

in the North Sea. Still, the chances are limited that we will reach our 2020 goal, despite all the investments. While there will still be a need to construct and invest in renewable energy in every member state, I believe it would be far more efficient to invest in places where there is room and where it makes sense from an economic perspective. The EU can set the goals, but let the market take care of where the infrastructure should be built.

A condition to make this EU energy market happen is boosting connections between the member states – or it will be as impossible as it would be for the single market in goods and services to function without roads between member states. And here we see that, as with services, some member states prefer to protect their own energy market.

France is a well-known example of a bottleneck. Spain has a surplus on sunny days of renewable solar energy. Because of the limited interconnection between France and Spain, up to 20 per cent of this energy goes to waste. France has a vast and consistent supply of nuclear energy which is harder to combine with the fluctuations of renewable energy. But if we want Finnish hydropower to be combined with Spain's solar power, we will need a super grid with interconnections. Just as with roads between member states, an intervention by (EU) policymakers could be advisable for the extra push.

In European Parliament prosumers is the new “it word”, suggesting that everyone should produce his or her own (renewable) energy and put it on the grid. In the EU, where more than 75 per

cent of the population lives in an urbanised setting, it is obvious that not everyone will be a prosumer. People living in apartment buildings or tenants are often not able to produce energy.

**If we want a future-proof energy system we will need big investments, not just in generation but in the grid and in households. We should not let EU policymakers make all the choices. They should create a level playing field where private companies, prosumers and consumers can create an efficient and incentive-driven market.**

In the European Parliament some are convinced that big energy companies are a thing of the past, and that every European will be a small EDF or Engie. Of course this will not be the case. But we need to ensure a more market-based approach in our households. Market incentives and competition between providers will lead consumers to making more informed choices about the energy they use. Therefore, the energy cost of consumers will have to be based on real-time energy pricing.

Too much regulation about prosumers could potentially harm the rights of normal consumers. Therefore, here as well, the policymakers have to set a light framework and let all other issues be settled by the market, with national regulators having sufficient oversight to ensure the smooth functioning of these markets.

If we want a future-proof energy system we will need big investments, not just in generation but in the grid and in households. We should not let EU policymakers make all the choices. They should create a level playing field where private companies, prosumers and consumers can create an efficient and incentive-driven market. •



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Winston Churchill's drinking habits have been catalogued, debated and disputed down the decades, all the while delighting those of us who are conservatives and of the opinion that to drink, most of the time sensibly, is to live. Or, as the philosopher Roger Scruton put it: “I Drink Therefore I Am.”

Did Churchill really drink quite as much as is reputed? It seems unlikely, unless he went through the Second World War permanently pissed, in the British sense of that vulgar word. Strong spirits may have been watered down on the quiet, progressively weakening what was in the tumbler while making it appear as though the great man were guzzling gallons of the stuff.

There were certainly moments of inebriation. His wartime CIGS (Chief of the Imperial General Staff), Field Marshall Lord Alanbrooke, recounted quite a few such episodes in his diaries. In one of the most amusing incidents, with Churchill dressed in a light blue “romper suit”, the Prime Minister decided to demonstrate his “drill” skills



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by marching up and down the ancestral hall of Chequers, the PM's weekend retreat, clutching a rifle fixed with a bayonet. All for the amusement of his guests after dinner. Alanbrooke recalled wondering what Hitler – a poor advert for teetotalism – would have made of the scene.

We do know Churchill did not care for red wine. Red Bordeaux – or claret as the British call it, from a Scottish derivation – held no appeal, which seems like a rare taste failure on Churchill's part.

Champagne was a different matter, and he did have a special link with one Champagne house. Pol Roger sent him a case each year, and Churchill, who was always amenable to free drink, talked it up. And no wonder. Pol Roger is one of the delights of Western civilisation.

A couple of years ago I had cause to revisit Épernay, home to Pol Roger, where Patrice Noyelle hosted a series of small lunch parties to mark his retirement. A different vintage was poured for every course.

As the boss, Patrice had steered the place through a

## ON WINE

by Iain Martin

sympathetic process of gentle modernisation and marked commercial improvement. As Tancredi Falconeri says in *The Leopard*, by Giuseppe Tomasi di Lampedusa: “If we want things to stay as they are, things will have to change.” At Pol Roger, Patrice’s vital work is continued by his successors.

At the end of the retirement lunch that day our host produced a bottle of claret on the condition that we blind-taste it and try to guess the year. “Is it pre-War?” asked my friend the famous wine critic. “Ah, yes it is,” said Patrice. “The question is, which war?”

It turned out to be Chateau Malescot-St-Exupery, a Margaux, from 1873. Wine that old should have turned to vinegar, but it was nothing of the sort. To our astonishment, after 140 years it was still beautifully balanced and perfectly drinkable. The founder of Pol Roger had bought a large quantity in the 1870s and laid it down. Looked after carefully, not shaken about or disturbed unnecessarily, it evolved and endured. It retained its essential characteristics, giving pleasure to later generations. If only we nurtured political institutions and good government according to the same principle. •



## MARKET INSTITUTIONS NEVER EVOLVED FOR THE ENVIRONMENT; AND THAT’S WHY IT CAN’T BE PROPERLY PROTECTED

by Fred Smith and Iain Murray

As Joseph Schumpeter noted, free markets had a good first century (the 1750s to 1850s). A market economy produced massive improvements in the quality of life, and that gained it general legitimacy. But, as he also warned, as wealth increased, increasingly markets

and the prerequisite institutions for markets to exist (specifically property rights) came under attack.

Markets were good at producing wealth but, if tweaked by political intervention, would achieve even more benefits. Progressives in the United States and social-

ists in Europe championed political control of markets and, perhaps more strategically, blocked efforts to allow markets to expand into new areas of concern.

Those policies are now being reconsidered, but the one area where many, perhaps most, still believe only

government can operate is that of environmental protection. This essay argues that classical liberals should challenge this view and seek to evolve a free market environmental programme based on the expansion of property rights and associated legal protections. There are indeed environmental concerns, but these reflect failures to allow markets and their prerequisite institutions to evolve, rather than “market failures”.

Economic liberals have long understood that free markets evolve and are dynamic, and the appropriate price/demand terms for today will continually vary as consumer tastes and producer technologies evolve. But classical liberals also understand (although they devote less attention to) the fact that markets don't operate in a vacuum, but rather are embedded within a necessary institutional framework. That framework entails a system of extensive private property, a rule of law outlining how contracts and liability issues are to be resolved and, finally, a culture that recognizes that voluntary exchange can increase wealth. Environmental issues arise in a situation where one or more of these requisite institutions don't exist, where voluntary

arrangements for resolving them have been denied.

Ludwig Von Mises summarised this position:

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*It is true that where a considerable part of the costs incurred are external costs from the point of view of the acting individuals or firms, the economic calculation established by them is manifestly defective and their results deceptive. But this is not the outcome of alleged deficiencies inherent in the system of private ownership of the means of production. It is on the contrary a consequence of loopholes left in the system. It could be removed by a reform of the laws concerning liability for damages inflicted and by rescinding the institutional barriers preventing the full operation of private ownership.*

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Policy makers have failed to recognise the relevance of such institutions and that time may be required for them to evolve. This neglect stems in part from the fact that these requisite institutions had evolved, in many areas, long before the Industrial Revolution. Those established institutions were

stressed by the different challenges arising from the Industrial Revolution.

As the Nobel Laureate Ronald Coase notes, as the Industrial Revolution developed and environmental concerns (sparks from early rail locomotives, river damage from early industrial processes, the need to locate and develop oil resources), institutions did develop. Nuisance law was applied to pollution and subsurface property rights were established. But then that process was stopped in its tracks.

Legislatures eager to promote economic growth granted railroads and many industrial plants pollution privileges. Subsurface property rights in oil pools and reserves did evolve, but they were not extended to aquifers, groundwater, and other liquid underground resources. And most mainstream environmental resources, such as wildlife, springs and brooks, airsheds and bays, remained as unprotected commons. Normal market processes were blocked from addressing these emerging areas of social concern. Thus, overuse and pollution – not addressed at the margin – were neglected until they grew to critical levels. A similar problem occurred in

the failure to recognise the efforts of radio pioneers to homestake the electromagnetic spectrum.

Institutional evolutionary history has received too little attention because for much of history it had happened incrementally, slowly and largely out of view. Some newly discovered resource or some emerging value raised interest in providing or obtaining that resource, but interested parties found the transaction costs of achieving such exchanges excessive. But, viewing the potential of reaching a mutually beneficial wealth-enhancing agreement, the potential buyers and sellers as well as those brokering such transactions, would seek ways to lower these costs – via institutional and/or technological innovations.

The more successful of these innovations would be integrated into the established institutional framework. In effect, over time this would civilize these novel frontier exchanges, extending the market so that it could make “sweet” commerce available there also. The growth of the institutions of liberty would permit the expansion of the market.

Why didn't this process occur as environmental val-

ues moved into prominence? Why were markets blocked from playing a creative role in nurturing and advancing economic values as they had long done in more traditional economic areas? Why are environmental resources rarely available as ownable private property?

Although the history of early environmental concerns has received little attention, Coase among others has examined how environmental

**Why were markets blocked from playing a creative role in nurturing and advancing economic values as they had long done in more traditional economic areas? Why are environmental resources rarely available as ownable private property?**

concerns were addressed at the dawn of the Industrial Revolution. Early forms of pollution – primitive charcoal production that produced noxious smoke, say, or sewerage that dirtied water – would likely irritate downwind or downstream parties. Communal norms would discipline to some degree such “pollution activities” as they threatened the communities’ “proper enjoyment of

their property”. But such low levels of pollution, especially in small cultural enclaves, could readily be handled: community pressures could encourage charcoal operations to relocate to more remote woodlands. Homeowners could be shamed into building clay-lined privies.

But with the dawn of the Industrial Revolution, the quantity and nature of materials processed and the quantity of residuals increased. The power of communities to address external and large enterprises weakened; moreover such enterprises brought benefits as well as nuisances.

Yet weak property rights and a liability system dealing with water and air did exist, building blocks for a more robust market in these areas. And efforts were made to adapt them to these new challenges. Coase notes that farmers filed suits against railroads when the sparks from these first-generation locomotives set fire to their crops. Fishing clubs moved to enjoin corporate disposal practices that harmed the fishing in areas where they held rights. And these early “free market environmental actions” had impact – firms did respond and, it appeared, that the Industrial Revolution would consider all val-



ues (addressing the challenge posed by Mises).

But, while there were some concerned about environmental values (initially mostly those enjoying those resources or harmed by a firm's negligence) many, especially socialists in Europe and progressives in America, championed "Progress" – a policy of "Excuse our Dust but Grow We Must!"

Politicians in England responded by granting licenses to pollute to industries and firms seen as especially important to such growth. Rather than integrating environmental resources into the market economy, they were locked out.

And, perhaps more importantly, the concept of private property as a valuable

institution to disperse power, encourage a variety of experiments, allow diversity in use, Progressives viewed resources as better protected by politics – vast tracts of America have been transferred to the federal government over the last century. Moreover, the pro-

**The process by which newly valued resources slowly gained the status of private property, allowing them to become managed by the market, stopped totally in the late 19<sup>th</sup> Century. No resource that was not in private hands in 1890 is today.**

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lowing them to become managed by the market, stopped totally in the late 19<sup>th</sup> Century. No resource that was not in private hands in 1890 is today.

The shift was sometimes abrupt. The electromagnetic spectrum which became a valuable resource at the turn of that century was initially being homesteaded with rules to separate one bandwidth user from another. Then Congress created the precursor of the Federal Communication Commission to own and manage this valuable resource. Subsurface resources such as minerals, oil and water all gained protection in America in the 19th Century by the innovation and legitimisation of the concept of subsurface min-

eral rights. Yet aquifers (the most abundant source of potable water) remain common property resources, lacking the institutional benefits of ownership.

To reiterate: free market environmentalism argues that current environmental policy took an unfortunate path. Rather than realising that the more worrisome forms of external impacts happened incrementally, that we should encourage a vast array of experiments about how best to reconcile (indeed integrate) environmental concerns with economic ones, the "market failure" model presumes that all environmental issues are inherently political.

Such environmental events happen somewhere and at some time before they

happen everywhere and persistently. Thus, some individuals will be affected initially and will seek redress while the impacts are still small. Coase finds that the common law was often receptive to such requests, leading firms to reduce the nuisance:

**Classical liberals would expect a period of confusion and adaptation as the parties encountering such-extra market costs and benefits evolved means of integrating those costs and benefits into the market structure.**

relocation, changing time of operations, acquiring buffer zones or even negotiating with the harmed party to permit future emissions. Firms and impacted parties might well innovate – impacted parties "fencing" themselves off from the nuisance, firms adding settling and treatment ponds, and so forth.

In brief, classical liberals would expect a period of confusion and adaptation as the parties encountering such-extra market costs and benefits evolved means of integrating those costs and benefits into the market structure. These would include extending property rights to the new

resource (clarifying the right of owners to prevent this new form of trespass), legitimising new contract instruments that would permit the parties to agree to a risk-sharing arrangement (the plant agrees to hold its effluents below some harmful level and agrees to compensate the property owner if those protections fail), cultural change (recognising that air and water transgressions – transferring one's residuals on to the properties of others without their permission – is a trespass, a "pollution").

Since environmental issues will happen in many areas over time, classical liberals would expect the discovery process to provide a number of competing environmental response strategies and for those which proved most effective to gain dominance in the courts and in practice. Moreover, given the dispersed nature of these initial events, we would expect the initial respondents to be those most adversely affect or those most sensitive to nuisances, or those who value aesthetic more (modern environmentalists). If the culture viewed polluting activities as "necessary", such individuals might well use their own resources within the restricted institutional framework to



protect those environmental resources they valued.

Moreover, since those early events would affect relatively few people there would be less urgency to solve such problems immediately, politically. Over time, as the legal rules and property rights evolved, the nuisance would integrate into the standard market framework.

There is much to say about this process but an illustrative example can be drawn by concern over endangered species (and more broadly biodiversity). Efforts to protect such species politically – making such species a ward of the state – have not fared well. Too often the reaction of property owners faced with laws banning them from encroaching (on their own land) on the habitat of such species is: “Shoot, shovel, and shut up.”

That's a description of how many American landowners have reacted to the burdens of the Endangered Species Act. Those burdens are substantial – finding that an endangered species is using your land as its habitat will preclude any further development or use of the land. The result has been that landowners have an incentive to kill any endangered species they find on their land, re-

move all traces of it, and keep quiet about it. Can there be a better way?

Classical liberal economics suggests that the answer is yes. The reason why the landowner disposes of the endangered species is not simply because the species imposes a cost, but also because the species has no economic value to him. If we can find a way of providing value to the land-

**The landowner would get a continuing income from land that would otherwise have been worthless, the new owner would get a property right in something he regards as valuable, and the endangered animal gets a chance to live in a maintained habitat. Such a market arrangement of winners is clearly preferable to the current regulatory arrangement.**

owner in having the species on his land, then the incentives towards destructive behavior will be removed (or at least lessened).

One way to do this would be through ownership of the animal(s). Having a property right in the members of the species inhabiting his land would give the landowner an incentive to protect his prop-

erty and its habitat. Moreover, the landowner could realise that value by selling his property right to someone else, thereby allowing the landowner to “cash in” his ownership stake.

The new owner might then pay the landowner to maintain the habitat, thereby providing an income stream associated with the species. Moreover, ownership in wildlife – like ownership in commercial and pet species – encourages the developing of a wide array of supporting institutions: pet stores, veterinary science, licences, and pet adoption agencies.

To initiate this process one might leave in place the current government ownership of wildlife but create a process that would allow individuals or groups (those having a special interest in that species) to petition to acquire ownership of a suitable population of that species. As in the case of human adoption, the petitioners might have to demonstrate their ability to manage the species and be monitored until that was proven. Different petitioners might experiment with different approaches and, over time, one would expect a wide array of management practices. All this would open the market to

Green experiments and innovation just as has long happened in conventional areas.

Every party would benefit from such a market arrangement. The landowner would get a continuing income from land that would otherwise have been worthless, the new owner would get a property right in something he regards as valuable, and the endangered animal gets a chance to live in a maintained habitat. Such a market arrangement of winners is clearly preferable to the current regulatory arrangement, which produces losers.

Even a market arrangement short of outright ownership would be better. For instance, crowdfunding could be used to compensate the landowner for his foregone income from his land. People who value the endangered species could pool their resources to provide this benefit. Again, this would be a market transaction.

The problem is that market solutions like these are currently made very difficult by the nature of environmental regulation. Environmental regulation generally depends on bans, caps, and mandates that restrict the possibility of market transactions. Why should people who value the spotted owl send money to a

landowner to protect it when the landowner is theoretically banned from doing anything to harm it or its habitat? They get far more “bang per buck” from funding environmental groups that lobby for more bans, caps, and mandates.

Regulation evolved this way because the economists of the progressive era viewed environmental degradation as a social cost. Landowners,

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factory owners, utilities, and so on were viewed as imposing costs on the rest of society and had to be prevented from doing so by legislation.

This imposition of regulatory law derailed the process by which market institutions could have evolved to solve the problem. As Coase revealed in his essay *The Problem of Social Cost*, such “externalities” are actually the

manifestation of differing priorities between people that could be resolved by market transactions if the transaction costs are low enough.

Coase therefore did not support government intervention (at least, not initially or permanently) but rather argued that the potential wealth-creating opportunity would engage entrepreneurs to devise ways of reducing such transaction costs, to realise that wealth. The possibility of transactions creating value for both parties would create the “inventive-incentive” necessary for creating a framework for these transactions to happen.

In particular, proper institutions can lower transaction costs. For example, the rule of law makes transactions more likely, as parties to the transaction can be certain that disputes will be resolved fairly. The institution of property rights provides a vehicle for a whole swathe of transactions. These institutions are essential and evolving prerequisites to markets. This is a central insight of classical liberal economics.

Unfortunately, mainstream economists of the progressive era became enamoured of making economics a quantitative “science” and forgot the role of institutions.

Thus environmental issues were relegated to the category of “market failure,” and the role of economists to that of commissars of rules and regulations designed to correct these failures. The institutions necessary to allow environmental market transactions to solve the problems were simply not allowed to evolve.

In many ways, environmental regulation is the last bastion of central planning. It is remarkable that even as Europe has realized the folly of central planning in so many other economic areas, it has actually doubled down on it in environmental regulation, and has indeed sought to export it to other nations. In this, it has found a willing ally in recent years



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**The term “the environment” has become a synonym for “everything” – but central management of everything is foolish.**

in the United States, whose environmental policy is also largely a product of progressive era thought.

In that framework, the role of government should be to stand ready to facilitate proposals to expand and refine property rights and contracts, to ensure that liability laws encourage rational exchanges.

Perhaps the simplest example of this thinking would be to encourage experimentation with subsurface ownership of suitably isolated aquifers. The history of mineral and oil and gas policy suggests the value of linking ownership and natural resources. Does anyone really think that water availability would be a problem if such a policy were in place?

The term “the environment” has become a synonym for “everything” – but central management of everything is foolish. Allowing private parties to pioneer extending the institutions of liberty to environmental areas would begin the exploration and discovery process that has been suppressed for the last century. It is overdue.

A property rights approach would allow those closest to a polluter the right to enjoin that nuisance. The polluter could bargain and compensate to gain operating rights, with penalty fees for accidental discharges. That would create incentives for an array of ameliorative innovations: settling ponds, treatment diversion to other media (via incineration or land disposal).

Moreover, as such policies became widespread, firms would locate in areas where non-industrial uses were rare or where dilution potentials were high. In effect, externalities would be internalised while they were minor, and readily addressed, rather than waiting till there was a crisis. •



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## IF A HOMELESS MAN CAN STAND ON HIS OWN FEET, SO CAN A WHOLE COUNTRY

by “Kenny from Scotland”



If you think all homeless people are self-pitying, think again. I have been sleeping rough for months, but I'm not a whining Leftie. I regard myself as a philosopher and a free-thinker. I can best describe my views as “organic, non-partisan, non-conformist”. Oddly enough, it's mainly Lefties who seem to have a problem with that.

I do my best to approach things objectively, without dogma, and without the

“Modern politics is full of these “noble lies”. Consider, as just one example, the gender pay gap – that is, the theory that women earn less than men because of systematic prejudice and sexism. This isn't just a partisan opinion; it's official doctrine.”

“Kenny from Scotland”  
is a homeless former builder in London.

echo-chamber of reaffirmation. Maybe that helps me see through the little deceits that people often leave unquestioned.

Plato argues in *The Republic* that, in order to build a proper Utopia, it will be necessary to depict the gods as virtuous, regardless of what Homer and the other authors may have actually written about them. Hence censorship and deception are requisites for instilling virtue: “The

lie in the words is in certain cases useful and not hateful." This has become to be known as Plato's "Noble Lie".

Modern politics is full of these "noble lies". Consider, as just one example, the gender pay gap – that is, the theory that women earn less than men because of systematic prejudice and sexism. This isn't just a partisan opinion; it's official doctrine. The White House website in the US states as fact that a woman earns 79 cents to a man's dollar because of discrimination.

In fact, there are many other variables that explain the pay-gap. For example, the fact that men, on average, work more overtime on the same jobs as women. Women are three times more likely than men to be part-time workers. One in seven men is a part-time worker, compared with three in seven women. This is important because part-time work on average attracts lower hourly rates.

Women regularly tell pollsters that they want to balance work and family life, and pick jobs accordingly. But it's not politically correct to admit that this might affect salaries. Even less politically correct are the polls in which women say they prefer working for male bosses.

It's not just that Lefties

disagree with these views; it's that they don't want to allow them. Try voicing them and see how people react: not by challenging your opinions, but by challenging your decency.

Public policy is, in effect, based on a falsehood. Whether it's Nicola Sturgeon insisting on 50-50 ministerial appointments in Scotland or the EU's Equal Treatment Directive, politicians act on the basis of what they want

**But, as I say, being homeless doesn't make me a self-pitying socialist. I am now working in London and trying to improve my situation by my own efforts. I'm not looking to the state for handouts. I'm saving to start a market stall.**

human beings to be, not what we are.

The EU is founded on "noble lies", which is why so many of its policies run against human nature. One reason I backed the campaign for Britain to leave the EU – I spent seven hours one day chalking out passages from *Why Vote Leave* in Trafalgar Square – is that I want my country to realise her full potential and embrace global markets. So many EU laws are contrary to free-market

economics. They involve more money and resources being wasted on authoritarian legislation, political correctness, increases in state power.

Brussels claims to be acting for ordinary people, but ordinary people know better. I used to be a construction worker in Edinburgh, but a combination of factors, including mass immigration from the EU, pushed me to move to London for work. This wasn't because bourgeois capitalists were keeping the workers down, as Marxists teach. It was because the wages and benefits offered to EU migrants made it less attractive to employ British workers.

But, as I say, being homeless doesn't make me a self-pitying socialist. I am now working in London and trying to improve my situation by my own efforts. I'm not looking to the state for handouts. I'm saving to start a market stall.

While sleeping rough, I've met a lot of people who have been demotivated and defeated by our welfare system, and the same phenomenon can be seen within whole countries. Look at the way Greece was ruined by years of handouts from the EU. If a man should aim to stand on his own feet, so should a nation. •



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## LOW CARBON MAY BE A GLOBAL GOAL; BUT THE SOLUTION IS LOCAL

by Daiva Matonienė

As a centre-Right politician who has worked on environmental issues at local, national and the European level, I know first-hand the importance of a localist approach to environmental policies. I started my career in local politics in the Lithuania's fourth-largest city, Šilutė, where I was elected the vice-mayor. Subsequently, I represented local government in the EU's Committee of the Regions, advising the EU institutions on environmental policies, and I also became Lithuania's Deputy Minister

for Environment. As Deputy Minister, I was given the task of heading the renovation project of buildings so as to increase their energy efficiency.

Let me begin by outlining what I mean by a localist approach. Localism is about civic empowerment. It is about ensuring that decisions are taken as close to our citizens as possible. It means taking decisions at a supranational level only when needed and empowering local communities to have a say in them.

Localism is the opposite of a top-down imposition of a political agenda. In our efforts to try to restore trust in the EU and build a new social contract with citizens, we must not fall into the trap of taking more power away from the latter. This is crucial for areas like the environment that do represent a cross-border challenge and therefore do require coordinated action. While we need to share best practices in trying to be ambitious, in addressing climate change for example, we need to allow local and

regional government to use the variety of tools at their disposal that best suits that local context.

As Roger Scruton famously observed in his book on environmental conservatism, "history tells us that large-scale projects in the hands of bureaucrats soon cease to be accountable, and... regulations imposed by the state have side effects that often worsen what they aim to cure".

The European Union, with its overwhelming number of environmental binding targets, is a good example of such risks. In 2013 the

EU already had an extensive set of 63 binding and 68 non-binding targets in the area of environment.

While it may look nice to have figures on paper, we must remember that no region is the same. Some of our regions highly depend on electricity imports, whereas others have achieved greater independence through decades of subsidising renewable technologies or investing in extraction of domestic conventional sources in order to achieve greater energy security. It is precisely because of such differences that a one-size-fits-all approach is not helpful.

As a result of one-size-fits-all approaches we end up with a very complicated system with many derogations and administrative burdens. We therefore have to ask ourselves if such a heavy system is incentivising or slowing down already ambitious local and regional governments.

We need a system that allows local and regional government to use the variety of tools at their disposal so as to be ambitious on environmental issues. We must not hold them back through an EU regulatory straightjacket. For that reason my group has called upon the vice-presi-

dent of the European Commission to conduct a review and evaluation of all EU binding targets.

The coordinated EU action must be proportionate to the challenge at hand. On climate change, we do need to be ambitious, but we also need to avoid the temptation to call for unrealistic targets at supranational level which will be detrimental to jobs

**In our efforts to try to restore trust in the EU and build a new social contract with citizens, we must not fall into the trap of taking more power away from the latter.**

and growth. At the same time we should not overlook the fight against climate change in our local communities.

Through my own experiences as a local, national and EU politician, I have seen first-hand that it is only through the different tiers of government working together that we can achieve our intended results. In my home country, Lithuania, I was directly responsible for the national programme of modernisation of multi-apartment buildings, which aims to ensure that these buildings are more energy efficient. This is import-

ant because buildings are responsible for more than 40 per cent of energy use in most EU member states.

To make the project in Lithuania a success, we decided to empower our local communities. We did this by granting more power to municipalities and ensuring that no financial and administrative burdens are imposed on individual households. We developed an innovative financing scheme allowing for long-term loans at preferential rates.

As many as 1,000 buildings have been renovated under this scheme and a further 2,000 are undergoing renovation. A large number of jobs have been created due to the fact that renovation projects are carried out by 300 small- and medium-sized construction companies. Besides creating jobs, we also lowered consumer bills. Our experience showed that renovation of buildings led to energy savings of between 50 and 80 per cent.

We have achieved such great results in these areas because all levels of government – the European Investment Bank, the European Commission and the central government – have worked in close cooperation with

local government to achieve a multiplier effect. More than 70 per cent of our renovation projects have been implemented through municipal programmes. We created a new model, in which a key role in terms of financial management is played by programme administrators appointed directly by municipalities.

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The same localist principles should apply to all EU action. For instance in the field of heating and cooling, I believe the European Commission has a role to play in providing support, be it financial or technical, but it is also important that the EU recognises local and regional authorities are at the heart of this process.

Local authorities are not only involved in the development and management of infrastructure but are also among the largest energy users. Many towns and

cities across the EU already have climate and sustainable energy action plans, which incorporate low-carbon heat and carbon production, deployment of renewable energy sources and measures aimed at energy efficiency improvement.

I encourage you to look at the opinion of the European Committee of the Regions on heating and cooling prepared under my leadership, in which I put forward concrete recommendations from the local government perspective on how to unleash the potential of this sector in terms of energy savings, sustainability and energy diversification. •



**Daiva Matonienė**

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