

The Great Ecology Issue: Conservation in the Free Market

di Murray N. Rothbard

It should be no news by this time that intellectuals are fully as subject to the vagaries of fashion as are the hemlines of women's skirts. Apparently, intellectuals tend to be victims of a herd mentality. Thus, when John Kenneth Galbraith published his best-selling *The Affluent Society* in 1958, every intellectual and his brother was denouncing America as suffering from undue and excessive affluence; yet, only two or three years later, the fashion suddenly changed, and the very *same* intellectuals were complaining that America was rife with poverty. In all too many of these ideological sprees, capitalism is blamed for whatever illness is being focused on at the moment; the same capitalism supposedly responsible for making us all surfeited with material goods in 1958 was to be equally guilty for rendering the nation poverty-stricken in 1961. Another leading example was the "stagnation thesis," propounded by many economists in the late thirties and early forties. The stagnation thesis held that capitalism had come to the end of its rope, since there was no room for any further technological inventions and, therefore, for capital investment. Capitalism was therefore doomed to perpetual and growing mass unemployment. After this notion had faded away, the early and mid-sixties produced precisely the opposite damning indictment of the capitalist system. Numerous intellectuals, including the self-same proclaimers of the stagnation thesis, now asserted that imminent automation and cybernation were going to lead quickly to permanent and growing mass unemployment for practically everyone because there would be no work for any mere men to do. Happily, the automation hysteria has faded away in the intellectual fashions of recent years. But we can see that in many of these cases, through the rampant contradictions, there runs one crucial thread: whatever the problem, the market economy is held to be the culprit.¹

The latest intellectual craze, which has taken on the proportions of a deluge in a very short time, is The Environment, otherwise known as Ecology or the Quality of Life. In the last two months, it has been impossible to pick up a newspaper or magazine without being bombarded by the Ravaged Environment Problem. Whatever the dimensions of that problem, it is hard to believe that it has escalated from negligible to endemic proportions within one or two months' time. And, yet, there it is. On the Left, acutely pressing questions which have been properly agitating them for several years, such as Vietnam and the draft, have suddenly and magically disappeared, as leftists and student protesters now picket and demonstrate on behalf of the environment and clean air. Conservatives have happily seized on the issue in order to draw the teeth of dissent; after all, who in the world—left, right, or center—is going to come out squarely in favor of ugliness, garbage or air pollution? Establishment organs happily proclaim that The Environment will be *the* political "issue" of the 1970s. President Nixon eagerly scrambled to make the "quality of life" the major theme of his State of the Union Address. Thus: "The great question of the seventies is: Shall we surrender to our surroundings or shall we make our peace with nature and begin to make reparations for the damage we have done to our air, to our land, and to our water? Restoring nature to its natural state is a cause beyond . . . factions. It has become a common cause of all the people of this country. . . . The program I shall propose to Congress will be the most comprehensive and costly program in this field in America's history. . . . Each of us must resolve that each day he will leave his home, his

¹ The great economist Joseph Schumpeter put the case brilliantly in discussing modern intellectuals: "Capitalism stands its trial before judges who have the sentence of death in their pockets. They are going to pass it, whatever the defense they may hear; the only success victorious defense can possibly produce is a change in the indictment." Joseph A. Schumpeter, *Capitalism, Socialism, and Democracy* (New York: Harper and Bros., 1942), p. 144.

One amusing note is that the same man, George Terborgh, economist for the Machinery and Allied Products Institute, produced the leading refutations of both of these fallacies, writing *The Bogey of Economic Maturity* in 1945, followed by *The Automation Hysteria* twenty years later.

property, the public places of the city or town a little cleaner, a little better. . . . I propose that before these problems become insoluble the nation develop a national growth policy. . . . We will carry our concern with the quality of life in America to the farm as well as the suburb, to the village as well as the city.”

What are we, then, to make of this Environment Question? The first thing we must do is to isolate and distinguish the different problems raised; we must, above all, resist the exhortations of the environment hysterics to throw a whole slew of totally different problems into one overall grab bag. We must, in short, do the opposite of what *Fortune* magazine tells us to do in its special issue on the environment (February, 1970):

“Looked at one by one, many of our present depredations seem relatively easy to correct. But when we put the horrors in a row—the drab and clumsy cities, the billboards, the scum-choked lakes, the noise, the poisoned air and water, the clogged highways, the mountainous and reeking dumps—their cumulative effect drives us toward the conclusion that some single deep-seated flaw. . . .”

The Left, of course, has found—surprise—its single deep-seated flaw: capitalism, in this case “capitalist greed,” which has ravaged and destroyed our resources, etc. That capitalism is not the problem should be evident from the fact that the Soviet Union has created a far more “ravaged” environment, certainly in proportion to its industrial activity, than the United States. The famous poisoning of the Soviet’s Lake Baikal is a sharp case in point. Let us then distinguish the very different problems involved. There is, first, the esthetic question. Countless “environmentalists” have been complaining bitterly about the “ugliness” of life in the United States, about the “ugly” cities, “hideous” buildings, etc. In the first place, esthetics brings us adrift without a rudder on a sea of diverse individual values and tastes. One man’s “ugliness” is another’s “beauty,” and vice versa. My own observation is that most of the bellyachers about the ugliness of our cities and singers of paeans to the unspoiled wilderness, stubbornly remain ensconced in these very cities. Why don’t they leave? There are, even today, plenty of rural and even wilderness areas for them to live in and enjoy. Why don’t they go there and leave those of us who like and enjoy the cities in peace? Furthermore, if they got out, it would help relieve the urban “overcrowding” which they also complain about. Second, much of the ugliness of the buildings and the landscape, by most esthetic definitions, has been created by such governmental programs as urban renewal, with its wanton destruction of urban homes, stores, and community neighborhoods, to be replaced by barracks-like developments built through subsidies and the confiscatory power of eminent domain. Furthermore, what buildings in this country are typically more ugly than those housing the organs of government, from the Pentagon to your local post office?² Or what of such government programs as the proliferating highways and expressways, which gut the landscape and tear down neighborhoods along the way? Another charge against the cities is that they are terribly “overcrowded.” Here again, we have an unsupported value judgment by the critics. How much crowding is “overcrowding”? As Jane Jacobs points out, high concentration of dwelling units per acre and high land coverage are essential to the diversity, growth, and vitality of the best and most generally liked areas of the big cities. She notes that it is in the lower-density suburban areas where stores and businesses must cater only to majority economic demand and which lead to a flat sameness of life and neighborhood; it is the high-density areas that make profitable a large spectrum of stores and services catering to a wide range of minority tastes. And, once more, there is nothing to prevent the critics of crowds from hightailing it to the wilderness. The environmental critics are also sadly deficient in historical knowledge. They fail to realize that the cities of a century and several centuries ago were far more crowded and unpleasant than they are today by anyone’s esthetic standards. In those olden days, streets were far narrower, cobblestone pavements were far noisier,

² On the destruction of the neighborhoods, see Jane Jacobs, *The Death and Life of Great American Cities* (New York: Vintage Books, 1963). Also see her recent scintillating discussion of the primary importance of freemarket cities, *The Economy of Cities* (New York: Random House, 1969), and the appreciative review by Richard Sennett, “The Anarchism of Jane Jacobs,” *New York Review of Books* (January 1, 1970).

modern sewage was nonexistent so that rank odors and epidemics were rampant, dogs and sometimes livestock roamed the streets, heat was overpowering with no refuge in air conditioning, etc. Our environmentalists place their greatest blame on modern technology, and yet it is precisely modern technology that has permitted the growth of the far more populous cities of today with far greater health, ease, and comfort for each inhabitant. The critics seem also to be reaching for compulsory birth control as their means of checking population growth. And yet far too much has been made of the population question. South America and Africa are, by any criteria of density, highly underpopulated, and yet they are largely povertystricken and living on a bare subsistence level. By the same mechanical criteria, Japan, like India, would be highly “overpopulated,” and yet Japan, unlike India, with great ingenuity and enterprise has the highest industrial growth rate in the world today. One of the most disquieting features of the environmentalist movement is its evident abhorrence of modern technology and its Romanticist back-to-nature philosophy. Technology and civilization are responsible, they say, for crowding, pollution, despoliation of resources, so let us therefore return to unspoiled nature, to Walden Pond, to contemplation in a far-off glade. None of these critics of modern culture and civilization seem to realize that the back-to-nature path would not only mean shuffling off the benefits of civilization, but would also mean starvation and death for the vast bulk of mankind, who are dependent on the capital and the division of labor of the modern industrial market economy. Or are our modern Romantics operating on a death, as opposed to a life, premise? It very much looks that way. Take, for example, the standard conservationist complaints about the “destruction” of natural resources by the modern economy. It is true that if the American continent had never been populated and settled, many millions of square miles of forest would have remained intact. But so what? Which are more important, people or trees? For if a flourishing conservationist lobby in 1600 had insisted that the existing wilderness remain intact, the American continent would not have had room for more than a handful of fur trappers. If man had not been allowed to use these forests, then these resources would have been *truly wasted*, because they could not be used. What good are resources if man is barred from using them to achieve his ends?³

Furthermore, it is little realized that growing technology not only uses up, but also *adds* to, usable natural resources. Before the development of the automobile and of modern machinery, the vast pools of petroleum under the earth were totally valueless to man; they were useless, black liquid. With the development of modern technology and industry, they suddenly became useful resources. Then there is the common argument that any time a natural resource is used, any time a tree is chopped down, we are depriving future generations of its use. And yet this argument proves far too much. For if we are to be prohibited from felling a tree because some future generation is deprived of doing so, then this future generation, when it becomes “present,” also cannot use the tree for fear of its future generations, and so on to prove that the resource can never be used by man at all—surely a profoundly “antihuman” thesis, since man in general is kept in subservience to a resource which he can never use. Furthermore, even if the future is allowed to use the resources, if we consider that living standards usually rise from one generation to the next, this means that we must hobble ourselves for the sake of a future which will be richer than we are. But surely the idea that the relatively poorer must sacrifice themselves for the benefit of the richer is a peculiar kind of ethic by anyone’s ethical standard. If, then, every present generation may properly use resources, we reduce the whole conservation question to a far more sober and less hysterical dimension. How much, then, of any resource should be used in any given generation and how much conserved for posterity? The environmentalists and conservationists totally fail to realize that the free-market economy contains within itself an automatic principle for deciding the proper degree of conservation.

³ On the widely accepted conservationist myth that deforestation has led to greater floods, see Gordon B. Dodds, “The Stream-Flow Controversy: A Conservation Turning Point,” *Journal of American History* (June, 1969): 59–69.

Let us consider, for example, a typical copper mine. We do not find copper miners, once they have found and opened a vein of ore, rushing to mine all the copper immediately; instead, the copper mine is conserved and used gradually, from year to year. Why is that? Because the mine owners realize that if they, for example, triple this year's production of copper, they will indeed triple this year's revenue, *but* they will also deplete the mine and therefore lower the monetary value of the mine as a whole. The monetary value of the mine is based on the expected future income to be earned from the production of copper, and if the mine is unduly depleted, the value of the mine, and therefore the selling price of the shares of stock in the mine, will fall. Every mine owner, then, has to weigh the advantages of immediate income from copper production against the loss of capital value of the mine as a whole. Their decision is determined by their expectation of future yields and demands for their product, the prevailing and expected rates of interest, etc. If, for example, copper is expected to be rendered obsolete in a few years by a new synthetic metal, they will rush to produce more copper now when it is more highly valued and save far less for the future when it will have little value—thus benefitting the consumers and the economy as a whole. If, on the other hand, various veins of copper are expected to run out soon in the world as a whole, and copper is, therefore, expected to have a higher value in the future, less will be produced now and more withheld for future mining—again benefitting the consumers and the overall economy. Thus, we see that the market economy contains a marvelous built-in mechanism whereby the resource owners' decision on present as against future production will benefit not only their own income and wealth, but also that of the mass of consumers and of the national and world economy. We find, in fact, no one complaining about capitalism's "ravaging" of copper or iron resources. What, then, is the problem in such cases as forests? Why are the forests or the fisheries "ravaged" but not minerals? The problem is that the areas where overproduction *does* exist are precisely those where the built-in market mechanism has been *prevented* from operating by the force of government. Specifically, these are the areas where private property has not been allowed in the *resource itself*, but only in their daily or annual use.

Suppose, for example, that the government had decreed, from the beginning of iron or copper mining, that private property cannot exist in the mines themselves but that instead the government or the "public" retained ownership of the mines and that private business could only lease them and use them from month to month. Clearly, this would mean that private business, not being able to own the capital value of the mines themselves, would try to use up these mines as rapidly as possible, since they would earn only present but not future income. Private mine owners would try to use up the mines quickly, for if they did not, other miners would gain the benefit of future copper ore. As private copper miners rushed to produce as much copper as possible immediately, leftists would begin to point to "greedy" capitalism's unconscionable ravaging of our precious copper supply. But the fault would lie, not in the market economy, but precisely in the fact that the government had prevented the market, and private property rights, from functioning in the copper resources as a whole. This is precisely what has happened in those areas: forests, fisheries, petroleum, where overproduction and wastage of resources have actually occurred.⁴ The bulk of the forests in the United States has been reserved to the ownership of the federal government; private firms can only lease the forests for current use. This means, of course, that business firms have every incentive to use the forests as rapidly as possible and to conserve nothing for future use. Furthermore, if forests as a whole were owned by private firms, these firms would have every economic incentive—none of which now exists—to develop techniques for *increasing* the resource and for enhancing its long-run productivity, so that current annual production *and* the resource as a whole could both increase at the same time. As things now stand, there is no such incentive to develop resource-enhancing and sustaining technology.

⁴ On all this, see Anthony Scott, *Natural Resources: The Economics of Conservation* (Toronto: University of Toronto Press, 1955).

The same situation, in even more aggravated form, exists in the case of ocean fisheries. Governments have never allowed private property rights in parts of the ocean; they have only allowed private persons and firms to *use* the fish resource by catching and capturing the fish, but never to own the fish resource—the waters themselves. Is it any wonder that there is grave danger of depletion of the fisheries?

Let us consider the analogy of property and use in the land. In primitive times, man did not transform the land itself; in the primitive hunting and gathering economy, he only used the fruits of the natural soil or land: hunting wild animals, picking wild fruits or seeds for food. In this hunting and gathering stage, and with the population low in relation to the resources, the land itself was not scarce and so the concept of private property in the land did not arise. Only after man began to transform the land (agriculture) did the concept and the institution of private property in the land arise. But now man's use of fish has begun to make this resource scarce, and it will continue to be more and more scarce so long as private property is not allowed to exist in the parts of the ocean itself. For since no one can own any part of the ocean, no one will have the incentive to conserve it; furthermore, there is now no economic incentive to develop the great untapped resource of *aquaculture*. If private property rights existed in the ocean, there would be a fantastic flowering of aquaculture, a flowering which would not only use the enormous untapped resources of the ocean, but also would enormously increase the resources through such techniques as fertilizing, "fencing" off parts of the ocean, etc. Thus, the supply of fish could be increased enormously by simple fertilizing techniques (just as fertilizers led to an incredible increase in the supply of agricultural food). But no one person or firm is going to fertilize a part of the ocean when the fruits of this investment can be captured by some competing fisherman who does not have to respect the first man's property rights. Even now, in our present primitive stage of aquaculture technique, electronic fencing of parts of the ocean which segregated fish by size could greatly increase the supply of fish simply by preventing big fish from eating little ones. And if private property in the ocean were permitted, an advanced technology of aquaculture would soon develop which could increase the long-range as well as immediate productivity of the sea in numerous ways which we cannot now even foresee.

Thus, the problem of resources in fish and the sea is not to put further shackles on the profit motive, the technology, and the economic growth; rather, the proper path is the reverse: to free man's energies to use, multiply, and develop the vast untapped resources of the ocean through an extension of private property rights from land to the sea.⁵ This brings us to the area where the environmentalists indeed have their strongest case, but a case which they do not really understand, the whole field of *pollution*: of air, water, food (pesticides), and noise. Of course, there is a grave problem of the befouling of our air and water resources. But the root of the problem does not lie in capitalist greed, modern technology, or in private property and the free market; on the contrary, it lies, once again, in the fact that government has failed to apply or protect the rights of private property. Rivers are, in essence, owned by no one; and so, of course, industry, farmers, and government alike have poured poisons into those rivers. Clean water and clean air have become scarce resources, and yet, as in the case of fisheries, they still may not be owned by private persons. If there were full private property rights on the rivers, for example, the owners would not permit their pollution.⁶ As to the seemingly insoluble question of the air, it needs to be recognized that factories, automobiles and incinerators that pour poisons into the air are damaging the private property of each one of us: not only the orchards of the farmers and the buildings of real estate owners, but the lungs and bodies of everyone. Surely every man's private property in his own body

⁵ See the imaginative pamphlet by Gordon Tullock, "The Fisheries— Some Radical Proposals" (Columbia: University of South Carolina Bureau of Business and Economic Research, 1962).

⁶ On possible private property rights in the rivers, see, among other works, Jack Hirshleifer, James C. DeNaven, and Jerome W. Milliman, *Water Supply: Economics, Technology, and Policy* (Chicago: University of Chicago Press, 1960), chap. 9.

is his most precious resource; and the fact that air pollutants injure that private property should be enough for us to obtain court injunctions preventing that pollution from taking place. The question to ask, then, is why haven't the courts applied the common-law defense of property rights to an air pollution that injures material property and the persons of every one of us. The reason is that, from the beginnings of modern air pollution, the courts made a conscious decision not to protect, for example, the orchards of farmers from the smoke of nearby factories or locomotives. They said, in effect, to the farmers: yes, your private property is being invaded by this smoke, but we hold that "public policy" is more important than private property, and public policy holds factories and locomotives to be good things. These goods were allowed to override the defense of property rights resulting in pollution disaster. The remedy is both "radical" and crystal clear, and it has nothing to do with multibillion-dollar palliative programs at the expense of the taxpayers which do not even meet the real issue. The remedy is simply to enjoin anyone from injecting pollutants into the air, and thereby invading the rights of persons and property. Period. The argument that such an injunction prohibition would add to the cost of industrial production is as reprehensible as the pre-Civil War argument that the abolition of slavery would add to the costs of growing cotton, and therefore, should not take place. For this means that the polluters are able to impose the high costs of pollution upon those whose property rights they are allowed to invade with impunity. Furthermore, the cost argument overlooks the crucial fact that if air pollution is allowed to proceed with impunity, there again is no economic incentive to develop a technology which would either prevent or cure air pollution. If, however, industry and government were prohibited from pollution invasion, they would soon develop techniques whereby production could proceed without polluting the air. Even now, at our necessarily primitive stage in antipollution technology, techniques exist for the recycling of wastes which would preclude pollution of the air. Thus, sulfur dioxide, one of the major pollutants, could even now be captured and recycled to produce the economically valuable sulfuric acid.⁷ The highly pollutant spark ignition automobile engine could well be replaced by a diesel, gas turbine or steam engine, or by an electric car, especially when the economic incentive would exist to develop their technologies to replace the existing engine.

Noise, too, is an invasion of private property; for noise is the creation of sound waves which invade and bombard the property and persons of others. Here, too injunctions to prohibit excessive noise would spur the development and installation of antinoise devices, such as mufflers, acoustical materials, and even equipment which would create opposing and, therefore, canceling waves of sound to the noise-polluting machinery.

Thus, when we peel away the hysteria, the confusions, and the unsound philosophy of the environmentalists, we find an important bedrock case against the existing system; but the case turns out to be not against capitalism, private property, or modern technology. It is a case against the failure of government to allow and defend the rights of private property against invasion. Pollution and overuse of resources stem directly from the failure of government to defend private property. If property rights were to be defended adequately, we would find that here, as in other areas of our economy and society, private enterprise and modern technology would come not as a curse to mankind but as its salvation.

⁷ See Jacobs, *The Economy of Cities*, pp. 109ff.; and Jerome Tuccille, "This Desecrated Earth: A Libertarian Analysis of the Air Pollution Problem" (unpublished manuscript).