

The Prime Minister's sudden and public display of interest in Kakadu and Jackey's Marsh is play to the grandstand. While the Liberals with consummate cynicism and SBS television make a play for ethnic minorities, Labor is making a play for the votes of the Alsatian and Volvo set -- for Democrat preferences. Jackey's Marsh is shaping up to be a re-run of the Frankland River episode.

On every count Federal interference is wrong. It is wrong to take decisions out of the hands of those with most at stake -- those with particular jobs to lose and those who get their boots muddy in the particular wilderness. It is not a question of 'states rights'; states don't have rights. People have rights; and Mr Hawke is ignoring those rights.

The prime reason given for stopping the logging at Jackey's Marsh, namely that the Commonwealth is placing the area on a provisional World Heritage listing, ought to be irrelevant. There is no good reason to cede sovereignty in the matter to a multinational organisation. What is relevant is whether the area is more valuable logged, maintained as it is, or used in some other way. Those Australians with a direct stake in the area, are the best judges of that.

While acknowledging that Mr Hawke's minders should have researched these things, I don't think his political play will work. On the mainland it did not work for Fraser. Although at the time opinion polls showed that Victorians supported Federal intervention to stop the Frankland dam the issue did not live to polling day. The media had advocated Federal intervention and it seems that the public's opinions were no more than a reflection of it, and a tendency to be busybodies with things not worth the effort of finding out about. Tasmanians, on the other hand, still feel strongly about what they see as blatant interference in their affairs. Mr Hawke runs the risk of giving offence that a small number of Tasmanians will remember on polling day, while only mildly assuaging a larger number of mainlanders who care more about other issues.

An AIPP paper, "Environment: Conservation and Economics" by Dr Michael D Nahan explains why the way we approach environmental matters is unlikely to achieve the optimal trade off between conservation and industry.

Private ownership does not preclude damage due to ignorance but where resources are privately owned they usually enjoy loving care. The trout streams of Scotland and the privately owned beaches in California are beautifully kept. There is a world of difference with common property which everybody owns yet nobody owns. This is overgrazed, overfished, littered and otherwise despoiled. Much public property could be privatised, overcoming the environmental problem at a stroke; but much cannot because it is too difficult to establish property rights in clean air,

migratory fish, a quiet neighbourhood etc. In the absence of properly defined property rights resources are subject to over-use because the user does not then take into his account the cost to others; that is to say some costs are external. The community as a whole would be better off if they were taken into account. This is where governments might step in with profit to the whole community; but they do it in a silly way.

They try to lay down absolute standards for environmental protection which take no account of the cost of complying. In consequence, when the cost is high the community foregoes more jobs, wages and goods and services than it would choose to do, and when compliance cost is low the community loses more ecosystems, rare species, old buildings etc. than it might wish given the minimal cost of preserving them.

The "opportunity cost" of doing anything is loss of the benefits of doing the best alternative. Opportunity cost is the bread and butter of economics but environmental impact assessments (EIAs) take no formal account of it, even though most environmentalists tacitly recognise it when they acknowledge that the costs of preserving some things would be too high.

An EIA does not measure the benefits and costs of projects -- certainly no attempt is made to reduce them to a common comparable denominator such as money. Decision makers, left to act without worthwhile indications of other people's preferences among alternative courses of action, naturally tend to impose their own values. I am not alone in being glad that environmental protection enthusiasts have got "the environment" onto the political agenda. But as the relevant authorities tend to be staffed with them and there are no objective measures of opportunity cost, we should expect the political decision making process to also be generating serious externalities -- and it does.

Further, people opposed to private property rights have got hold of the EIA process. Focussing on the inputs rather than environment, they forbid, delay (the average time to fulfil EIA procedures is seventeen months) and take the management of private goods into collective hands. The last probably increases the ultimate risk to the environment. The collectivist states of Eastern Europe have the worst record of environmental despoilation.

Nahan says, "The market is replaced by the political process: a potentially optimal regime by a necessarily inefficient one."

These environmentalist-collectivists do not admit the option of making the MARKET for environmentally sensitive resources work better -- by internalising the externalities. There are several well known devices to do this such as selling pollution rights, raising a royalty on timber or fish and, where a pollutant cannot be measured, taxing its CLOSEST proxy. Above all by privatising the sensitive resources.

In recent years the Commonwealth has enlarged the jurisdiction of its EIA structure by liberal interpretations of its powers. There is no evidence that it knows what it is doing and some evidence that EIA is the plaything of politicians. The environment might be better protected because of that, but I doubt it. Industry costs have certainly been increased and the economy made even weaker. The weaker economy might cost Mr Hawke more votes than the environmentalists can deliver.