

Protect the Environment, to Be Sure, but Don't Go 'Too Far and Too Fast'

BY ROBERT F. ROONEY

In spite of the many problems besetting the American economy today, we are still far and away the most affluent nation on earth. But in order to stay on top, I believe we must solve two of the more pressing contemporary problems — the environmental degradation that has accompanied our rapid economic growth and the apparent "inflation" that has been plaguing our economy.

It is my belief that the two problems may be far more closely related than our governmental leaders have recognized.

The "environmental crisis," let me assure you, is not the result of a nefarious plot by the capitalist class to rape the land and dispossess the worker class. Air, water and land pollution are basically the result of an almost unrestricted effort to make the most of the nation's labor, capital and natural resources — which has long been a prime goal of the American people.

As a result, we have witnessed unprecedented economic growth and widespread affluence to a degree that has not been matched anywhere in the world.

The pursuit of this economic goal has, at times, conflicted with the American concept of social justice and distributional equity. We have created a number of institutions—

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the income tax and Social Security, for instance—which have reduced to some extent the economy's growth rate. But generally we have tried to minimize the impact of social policies on the economy. We must do the same with environmental clean-up regulations.

It is my belief that we must begin to understand, as soon as possible, the need to make trade-offs between the goal of an improved environment and the goal of a growing economy. We cannot simply rush headlong into policies designed to enhance the environment without running the risk of destroying the free enterprise system which has served us so handsomely.

The nature of such trade-offs is most easily understood by considering how consumer goods are produced. At any given time, only so much capital, labor and natural resources are available to produce consumer goods. In the past, the environment was a virtually costless place to dump the waste products of our consumption and production activities. For the most part, nature was capable of converting these wastes into harmless, natural materials.

As our economy grew, our population became more highly urbanized and environmental pollution suddenly began to increase rapidly both in intensity and in geographical extent. By the 1960s, pollution became so pronounced that many knowledgeable people, of both political parties and from all walks of life, became deeply alarmed.

The loss of wildlife and open spaces around urban areas and in areas of special scenic beauty (such as the California coastline) and the decay of our central cities all contributed further to a fairly general concern about the loss of environmental quality and natural amenities. This

interest in environmental problems led to strong political pressures "to do something to save the environment."

The result was passage, in late 1969, of the National Environmental Policy Act and, in 1970, of the California Environmental Quality Act. Other laws and regulations—such as the California Coastal Zone Conservation Act (Proposition 20)—followed these basic policy statements in very rapid order.

Looking back at this period from the short perspective of today, one implication of the rapid social action to save the environment stands out—we are in danger of throwing the baby out with the water. As they are written and administered, these laws fail to reflect the costs of pollution control, which, as any businessman can tell you, are substantial.

Pollution control has pushed up the expense—in terms of capital and labor—of producing many consumer goods, forcing in turn price increases. I suspect that a significant portion of what we are calling inflation may, more than anything, represent this increased cost of producing goods and services.

In addition, the depletion of low-cost domestic mineral deposits and agricultural lands also has required diversion of capital and labor from consumer goods, the recovery of less accessible natural resources and the use of less than ideal agricultural land, thus pushing up prices even more.

The proponents of all projects with the potential of creating adverse environmental impacts are required by the EPA and the CEQA to submit a detailed environmental impact statement before their projects can be approved by government regulatory agencies. The result has been a drastic drop in our capacity



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to produce many consumer goods relative to the steadily growing demand.

Our present "inflation" (and balance-of-payments crisis as well) may be difficult to control with the traditional economic remedies mainly because it is not entirely a result of overexpansion of the money supply—the traditional cause of inflation. We may be having "inflation" because of the diversion of capital and labor into environmental protection, which has reduced our capacity to produce marketable goods and services.

Our political leaders had better carefully investigate and consider the economic implications of recent environmental regulations. Our environmental problems are admittedly severe and in need of correction at the earliest feasible date. But I think that if we were to better understand the impact on our economy—and on our ultimate political stability—of too rapid a schedule of environmental cleanup, we would most likely choose to lengthen the period over which we adjust our production and consumption processes.

In spite of my strong personal commitment to protecting our precious environment and to conserving our irreplaceable natural amenities, I feel strongly that our government policymakers have likely gone too far and too fast.

It is time for us to reconsider our priorities and to seek a better balance between our economic progress goals and our environmental protection goals. Both goals must be considered simultaneously. We cannot afford to ignore either.