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# Readings

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## **Regulatory Common Sense vs. Environmental Nonsense**

### **Environmental Overkill: Whatever Happened to Common Sense?**

by Dixy Lee Ray with Lou Guzzo  
(Regnery Gateway, 1993), 260 pp.

### **Science under Siege: Balancing Technology and the Environment**

by Michael Fumento  
(William Morrow and Company, Inc., 1993), 448 pp.

#### **Reviewed by John R. Lott, Jr.**

These two books deal with a wide array of different environmental issues, but they share the same approach—a dispassionate look at the tradeoffs society faces when making decisions about environmental regulatory policy. Both books address important questions that environmental regulators often miss. Do environmental regulations actually save lives? Are they worth the huge costs they impose on our economy? Does the science behind those regulations really justify them?

As the authors of both books make clear, the burden of environmental regulation today is huge. The Environmental Protection Agency's (EPA's) own estimates indicate that compliance costs with environmental regulations during the 1990s will total almost \$2 trillion. In human terms, those figures mean people have less money to spend on everything from better cars or homes to health care, food, and education.

Balancing out all the costs of regulations, purportedly, are their benefits. Michael Fumento shows that those benefits are often thin indeed, and

provides insight into the arbitrary nature of government policy decisions. What sense does it make to ban Alar (the infamous growth-regulating agent formerly used on apples) when the peanut butter in a single sandwich is 10 times more carcinogenic than the Alar in a six-ounce glass of apple juice? The cancer risk from Alar in apple juice is virtually indistinguishable from an equivalent amount of tap water. We ban Alar, yet the apples it used to be on—along with virtually all organically grown fruits and vegetables—contain naturally occurring carcinogens anyway.

Should we recommend that people eat fewer fruits and vegetables? Obviously not, since the health benefits of eating them far outweigh the small cancer risks. So why doesn't that same balancing of costs and benefits appear in public policy discussions over things like Alar, which not only doubles the volume of fruit produced during a tree's first seven years, and prevents up to 25 percent of apples from ending up on the ground each year, but also helps us to eat fresh apples all year round? How many fewer apples will people eat because of the reduced availability and higher prices? The announcements in September of sweeping federal restrictions on pesticide use remind us that the cost/benefit tradeoffs discussed by Fumento are still rarely considered by regulators.

Fumento's sarcastic reporting spares no one. He meticulously documents all sides of the scientific debate on topics ranging from Alar, dioxin, and Agent Orange to electrical and magnetic fields. He concentrates a great deal of critical attention on how government agencies actually go about determining the carcinogenicity of substances. In doing so, he explains the difficulties in extrapolating evidence from one species to another and how the massive doses used in testing create so many false positive results.

His discussion of dioxin is especially interesting. Dioxin, one may remember, was the so-called dead-

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*John R. Lott, Jr., is the Carl D. Covitz Term Assistant Professor at the Wharton School, University of Pennsylvania.*

ly substance behind the closing down of Love Canal and Times Beach. The Love Canal incident precipitated the now-infamous and amazingly costly federal Superfund program for cleaning up toxic waste sites. Many may also be familiar with Ralph Nadar's claim that "three ounces of dioxin can kill more than three million people" or frequent claims that dioxin is "the most toxic chemical created by man."

Dioxin was supposedly so deadly that no responsible scientist would ever expose human beings to it. Yet the evidence from animal tests, the long-term effects of Love Canal and Times Beach, and the accidental massive exposure of the Italian city of Seveso in 1976 all lead to the conclusion that the worst thing people can expect from dioxin is a bad rash.

The public has developed a healthy skepticism about potentially self-serving comments by industry that certain chemicals or products are safe, but if one were to judge from the uncritical support provided by the press, little of the skepticism seems to apply to government agencies that have their own motives for sowing panic among the public. Strangely, while reporters understand that the Defense Department exaggerates foreign threats to obtain bigger budgets, virtually no critical analysis is applied to the EPA and "public interest" environmental groups.

Dixy Lee Ray (a scientist and former Democratic governor of the state of Washington) and Lou Guzzo (a reporter) take on many of today's environmental myths in their book, generally concentrating on macroenvironmental issues such as global warming, ozone depletion, and wetlands. While lacking in detailed analysis, their book provides a solid quick overview of a wide range of environmental concerns.

They remind readers of the global cooling scare of the mid-1970s, and point to how the at most 0.8 degree Fahrenheit change in temperatures over the past hundred years had almost entirely occurred by the late 1930s, and that changing carbon dioxide levels since then have been uncorrelated with temperature changes. Even though cars produce 96 percent less carbon monoxide and hydrocarbon emissions and 76 percent less nitrogen oxide than they did 20 years ago, and lead emissions are down by over 80 percent, studies continually fail to find evidence that those and other dramatic reductions in pollution have produced any measurable changes in public health.

Ray and Guzzo's discussion of acid rain leaves



no political party unscathed. Both the Bush administration and the Democratic Congress ignored the \$537 million National Acid Precipitation Assessment Project (NAPAP) when they passed the 1990 Clean Air Act Amendments, legislation that costs Americans tens of billions of dollars annually. The money is being spent on new government regulations despite the NAPAP findings that acid rain could be linked only weakly to the loss of one type of tree, the Red Spruce (which was dying anyway from other causes), and that the average lake had essentially the same acidity level it had before the industrial era.

Americans should read these books and stop worrying so much about the environment. With the Clinton administration pushing new scare stories about pesticides, new EPA administrator Carol Browner making public pronouncements that people ought to eat more organic foods, and Vice President Al Gore championing all the scare stories debunked in these books, new exaggerated claims of potential environmental disaster seem unavoidable. Yet, as even Democratic Congressman John Dingell of Michigan admits, "In recent episodes on asbestos, dioxin, and PCBs . . . risks have been dramatically overstated at simply immense cost to the public." If Congressman Dingell would read these books, he would see that the problem is even bigger than he knows.

## The OK Decade

### What Went Right in the 1980s

by Richard B. McKenzie

(Pacific Research Institute, 1993), 397 pp.

### Reviewed by Jonathan H. Adler

While campaigning for the presidency, Bill Clinton would wave copies of *America: What Went Wrong?*, a journalistic indictment of the 1980s cobbled together by *Philadelphia Inquirer* reporters Donald Barlett and James Steele. America, they warned, was perilously close to economic ruin as a result of laissez-faire economic policies and the prolific consumption produced by the "decade of greed." As a remedy, Clinton proposed—and continues to endorse—renewed government activism to encourage job creation, spur technological development, and ensure that America regains its competitive edge. Failure to adopt this course of action can only lead to one thing: America's gradual decline to a B-grade power and economic also-ran. Countering this spate of misinformation, and setting the record straight on "the most prosperous decade in American history," is the purpose of Richard McKenzie's *What Went Right in the 1980s*.

The current policy *du jour* justified by fatalistic assessments of the 1980s is "national technology policy"—national industrial policy by another name. In a policy debate reminiscent of 1984 (the election year, not the book), technology/industrial policy advocates argue that America is undergoing massive deindustrialization that can only be halted by extensive government intervention to identify and encourage forward-looking enterprises. Back then, Robert Reich argued that failure to appoint fair-minded experts to steward the American economy would force the nation to "endure a painful and slow economic transition in which . . . a growing share of American labor becomes locked into dead-end employment . . . [leading] to a lower standard of living for many Americans." Today, the administration of which he is a part is arguing much the same thing.

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*Jonathan H. Adler is associate director of environmental studies at the Competitive Enterprise Institute in Washington, D.C., and editor of CEI UpDate.*

Can such a policy be justified? Not according to McKenzie. Government management of industrial development can be defended neither by the record of the previous decade nor by its own prospects for success. America did not deindustrialize during the 1980s. Notes McKenzie: "Contrary to all the predictions of demise in U.S. manufacturing, . . . manufacturing output in real dollar terms rose by 38 percent between 1980 and 1989. This means that in 1989 manufacturing output represented a higher percentage of GNP (23 percent) than it did in 1980 (21 percent)." Manufacturing employment may have declined by 6 percent, but this was a product of increased productivity, not a crisis in the American manufacturing economy.

Even if the claims of Reich and Co. were valid, there is much about a national technology/industrial policy not to recommend it. Such a policy necessarily calls upon government to "pick winners" and "ease the pain of the losers." This, argues McKenzie, produces "not an improved economic game, but a rigged one" in which the outcome of political maneuvering replaces the economic determinations arrived on in the open market. "Winners" are chosen not so much for their economic promise as for their utility to the political classes playing king-maker with public monies and government authority. To McKenzie, such an endeavor represents "one of the greatest threats to economic prosperity" in the years ahead.

The most frequently recited 1980s lament is that "the rich got richer, and the poor got poorer." This too is subject to McKenzie's careful examination, and he finds the conventional analysis of income data to be as wanting as that supporting deindustrialization. What few defenders of the modern welfare state wish to acknowledge is that "the real (inflation-adjusted) incomes of people in the lowest quintile on average were higher in 1990 than they were two decades earlier." The rich certainly got richer after the 1981-82 recession, but the poor did too—though at a more modest rate.

Worries about the economic results of the 1980s are fuel for more than just attempts to make the tax code increasingly progressive. Concern about the "economic security" of the average American worker drives proposals to increase the minimum wage, shorten the work week, and create a host of mandated benefits, not the least of which is forcing employers to

pay for the bulk of employee health care as part of a government takeover of America's health care system. Propagating the myth of the 1980s as a period of economic decline is key to bringing those policies to fruition.

One of the more questionable proposals that McKenzie specifically targets is that by Representative Patricia Schroeder (D-Col.) to mandate benefits for part-time employees. Rep. Schroeder feels that "part-time workers are being exploited" because employers often provide fewer fringe benefits and lower salaries to them. With a steady increase in the absolute number of part-time workers, Rep. Schroeder and her supporters feel the need for the federal government to step in and mandate employer-provided benefits for such workers, including "a prorated share of health benefits" and full participation in employer-sponsored retirement plans.

McKenzie acknowledges that the number of part-time workers increased throughout the 1980s, as it has for the past several decades, and that their pay tends to be less than that of their full-time counterparts. However this is no reason to support the type of employer mandate that Rep. Schroeder has proposed. For one, McKenzie points out that "during the 1980s the part-time share of total jobs actually declined." Moreover, the vast majority of part-time workers report that they work part time instead of full time voluntarily. As McKenzie explains, there are many people, from students to parents of newly-born children to retirees who "do not want full-time work or the responsibilities and demands that often go with full-time jobs." The same can be said for many employers, which are able to use part-time workers for temporary projects, odd hours, and the like.

As with the other policies built upon the mythical history of the 1980s that McKenzie debunks, mandating benefits for part-time workers cannot be justified by historical facts or logic, but could have tremendous economic consequences if enacted. Not only would such a policy be likely to reduce part-time employment opportunities, it would also have an impact on full-time workers. Faced with that sort of policy prescription, some employers would expect more hours from existing employees and reduce fringe benefits so as to reduce the cost of hiring part-time workers. Of course, "not everyone can be expected to lose from the mandates, which

may help explain their political attraction." Those employers in no need of part-time assistance or that already provide their part-time employees with benefits would receive a competitive advantage. McKenzie predicts that the Schroeder bill would also be a boon to producers of automated machinery and foreign competitors. Such are the effects of increasing the costs of domestic labor. Notes McKenzie, "these are not exactly the effects the backers of the mandated benefit bill have in mind."

The historical debate over the 1980s has become immensely polarized. Fair assessments of the decade have been supplanted by political evaluations of Ronald Reagan's presidency. So much so that anything remotely laissez-faire is tarred as part and parcel of the Reagan years. In this political environment, truth is forced to play second fiddle. Even the partial deregulation of the airline industry—an initiative spearheaded under the Carter administration and pushed through a Democratic Congress—is attacked as a bitter fruit of the Reagan legacy. Here again, the record of the 1980s on an important industry are misrepresented and proffered as an excuse for further political intervention in economic affairs.

Ideology has supplanted economics in current political debate. The pluses or minuses of particular policies or economic developments are not the true source of the naysayers ire. Rather, as McKenzie astutely observes, the anti-1980s sentiment "appears to have been directed by a more deep-seated and abiding resentment—the shift away from government solutions to social and economic problems and toward a greater reliance on markets."

Perhaps if things had gotten as bad during the 1980s as some like to claim, America's politico-literati would be correct in recommending a "new" relationship between government and the economy. Perhaps. This position assumes quite a bit, much of which, as McKenzie aptly demonstrates, is simply not true. McKenzie's *What Went Right in the 1980s* is a healthy antidote to the debilitating misinformation proffered about an OK decade. "The 1980s were not the best of times, the decade could have been better," he counsels. "But, neither were they the worst of times. On balance, the decade was a pretty good one." Those who have the best economic interests of this nation in mind should take McKenzie's lessons to heart.