

When Taking Precautions can be a Risk in Itself

BY XAVIER MÉRA

Partisans of the precautionary principle sold it to us as a fantastic step forward for the field of public management of environmental risk, and even of risk in general.

However, nothing could be more false.

Since being repeatedly told that, “in the case of risk of serious or irreversible damage, the absence of complete certainty must not serve as a pretext for delaying the adoption of effective measures, with the goal of preventing environmental degradation...” we are expected to kneel before this supposedly obvious principle.

Who would want to see the risk of serious damage realised? Let us do away with risky activities and everything will turn out for the best.

Unfortunately, the choices are always more complex.

If economics can teach us two things, they are the following. Firstly, every action is characterised by an acquisition and a renunciation. The

actor must always weigh up the advantages and disadvantages of every possibility. The cost of his act is the value of what he has given up. Choices are always made against an uncertain future. Therefore, every act is expensive and risky one way or another.

There is a fatal flaw in the precautionary principle. If every choice is expensive and risky, to “take precautions” must be risky too. There is always something to be lost in taking precautions and the question to ask is, is it worth it? To answer this, we must compare the advantages and disadvantages of every choice. Yet the principle only invites us to take into account the risks of one of the two alternative choices.

Let us take the example of the Kyoto Protocol. If we choose only to see the risk of global warming, the choice seems easy. However, it is clear that the relative decrease in temperature of 0.04 °C, planned for 2050, in the case of application of the protocol, would require considerable restrictions on global

production, that is to say a reduction in populations’ wealth.

Essentially, every element of a given option can be defended using the precautionary principle. In effect, one need only choose which risks to ignore and which to take into account. A principle which allows us to defend every position and its counter-position can hardly be considered a good guide for taking decisions.

Laws based on such a principle are a threat to prosperity and to the improvement of the situation of the world’s poorest people.

Some additional considerations can shed more light on this point. On the one hand, if the precautionary principle allows us to defend anything we want to, it gives the legislative process an arbitrary character. Potential investors tend to direct their decisions towards the present because rules regulating property and contracts that will be passed in the future are unpredictable.

In other words, they invest less than they would in a pre-

dictable and relatively clear context. As a consequence, standards of living must go down.

On the other hand, even if the authorisation of an activity can just as well be the consequence of the precautionary principle as could be its prohibition, this does not annihilate the fact that a society based on the principle must essentially be characterised by its prohibitive character. If it is not necessary to prove the existence of risks to ban an activity, this is the same as saying that it is down to the person who would like to start a given activity to prove that it does not imply any risk in regard to the political authorities.

The burden of proof is reversed. He is assumed guilty of producing risks. If such a principle had to be rigorously applied, it is clear that production and standards of living would collapse due to the fact that everyone would have to wait for an authorisation before doing anything.

Xavier Méra is associate researcher at the Molinari Economics Institute, Brussels.



Red light spells danger: is too much precaution the way forward

PHOTO: Courtesy of www.lfbar.c