

The James Madison Perspective
A presentation to the U.S. Commission on Ocean Policy
By Edwin H. Moore, President
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Members of the Commission, I thank you for the opportunity to appear today. I am Edwin H. Moore, President and CEO of The James Madison Institute, a public policy research and education organization based in our state capitol, Tallahassee. I appreciate the opportunity to come before you to present one perspective of what can be possible in the current environment.

The James Madison Institute has a sincere interest in the policy discussions on how to best utilize both the hidden and the obvious resources available to the State of Florida and to our country. One task of the U. S. Commission on Ocean Policy is to explore ocean and coastal issues in Florida. Obviously, there are both hidden and obvious resources in the waters that surround this peninsula state and, in our perspective, the critical equilibrium that must be sought is to determine how to best maximize the utilization of these resources while ensuring their long term viability. When the utilization of variant resources are in a perceived competitive state and the market is not allowed to be the judge, it should be the role of the state to find an equilibrium that meets as many public needs as possible without damaging other important assets. This is the perspective JMI has used in our analysis of the divergence of opinion about the potential impact, benefits, or liabilities of allowing drilling in the waters surrounding Florida.

We engaged a research team to prepare a document titled, "Oil and Gas Energy Issues in Florida's Future," copies of which you have seen previously. This report raises issues critical to the future of Florida and to our country. The topics have found a degree of controversy both in Florida and nationally as policymakers at all levels have striven to reach the mutually important goals of providing energy and protecting the environment. Each issue encompasses a critical resource available within the reach of the waters of Florida and each is an important player in our economic vitality as a state. Our intent in publishing this report was to raise the bar on the policy debate on the future energy requirements for Florida as all too often it has remained, like many policy discussions, in an inherently political arena without ample discussion about the totality of the policy implications of decision making. It is clearly understood that in a situation where you have such divergent opinions that neither the state nor the market can act alone to reach a satisfactory policy that satisfies all players. Instead, we need to find both a cooperative engagement mechanism and quality procedures where policy can evolve from thorough study, accurate information, and calm and reasoned evaluation.

The James Madison Institute is by nature a "think tank" so we take great pleasure in presenting issues and points of view that foster the notion of "thinking." A good friend often uses the phrase that "good policy is good politics," which implies that sometimes seeking the best solutions for issues and problems takes the leadership to think outside the box and offer creative solutions to complex issues. The easy road is to paint a bleak and horrific picture on any issue that makes good headlines without making any real

sense from an empirical basis. Our role is to offer better intellectual ammunition to raise the bar in the discussions. We seek to avoid a newly conceived tragedy of the commons in all cases and also to avoid what Aristotle observed long ago, that “what is common to the greatest number has the least care bestowed upon it. Everyone thinks chiefly of his own, hardly at all of the common interest.” Your role is to foster policy development that protects the commons, but part of our goal needs to be to insure the economic vitality of our nation and lessen the threats from external forces. Our nation serves as a beacon of light for all the world. We can continue to do so only as long as we provide all of the ingredients needed to fuel this beacon of light. But we must do so in a way that also maintains the beauty that is America and, to me, these are not mutually exclusive goals. We have led the world in science and technology, and have industries that are capable of meeting all reasonable standards. It is presumptive to assume that entities in the oil and gas industries are any less patriotic than the rest of us present today or any less capable of responding to the needs of our country, once clearly defined. It is entirely possible for rational people to cooperate in establishing standards of excellence, creating accountability standards, monitoring compliance with these standards, and providing adequate means of both penalties for non-compliance and methods of remediation if needed. It is not rational to turn our back on the potential gains for our country based on severely bounded information and rationality. In the social sciences there is a concept called “free rider,” which occurs whenever one party cannot be excluded from the benefits that a program or policy provides and then chooses not to contribute to the joint effort, instead choosing to “free ride” on the efforts of others. I would view this to be the same in the process of establishing policies that will be of benefit to society as a whole.

It was not by accident that our institute was named after the Father of our Constitution. Madison and other Founders sought to create a governmental system by which public agents could produce positions that were, by nature, not perfectly responsible to opinion polls or falsely created passion groups. Madison, in Federalist No. 63, clearly pointed out to show that incomplete opinions should not drive government policy but that government should be able to prevent “temporary errors and delusions” from dominating the decision process, and that “cool and deliberate sense of the community” should drive the decision processes. Madison further stated, in Federalist No. 49, that “it is reason, alone, of the public that ought to control and regulate the government. The passions ought to be controlled and regulated by the government.” This is what I encourage this group to do; reason without blinding passion, evaluation with as many facts as possible. No one encourages actions that risk the beauty that is Florida.

When my ancestors first came to Florida it was a hostile territory filled with insects, swamps, heat and disease. Up until the mid-nineteen-sixties, Florida was a non-air-conditioned world. Visitors came mainly for the winter and year-round populations remained low. The pace was slow and so was the Florida economy. The advent of central air was the cornerstone of change in Florida. Nothing would ever be the same, but the changes were the result of progress and innovation.

Today we are faced with issues that will certainly bring unfavorable changes if not addressed properly. Fossil fuel reserves are a finite resource and new fuel sources need

to be found. At the same time, alternative technologies must be developed. A comprehensive energy policy based on facts, not irrational fears, must be enacted to ease the transition to a new age, but that age still has a long way to go before fruition. We do not need street theater and stage props on these serious policy issues. Constructive engagement and real attempts at formulating future solutions are needed, where concerned Floridians can take the next steps in seeking reasonable solutions to difficult problems. It is important to use the Rainey Preserve owned by the Audubon Society, and the oil drilling that goes on within this property, as a basis for comparison of what can be accomplished if two opposing sides can find a mutually beneficial basis for cooperation. After a considerable amount of discussion, a balanced approach was reached. Audubon became convinced that the oil companies could drill with minimal environmental damage and Audubon then gained considerable resources to buy other lands. Income from oil and gas drilling has been a boon to other states who have been able to use this highly sought after source of revenue for continuing obligations of benefit to society at large. There are tremendous incentives for all parties to find means to cooperate to maximize the overall benefits available to all Floridians while minimizing or avoiding any potential negative affects. Revenues to a state and a country that are always seeking new sources of revenue are within reach if we can use safe and efficient ways to extract these valuable resources. Think of the funds made available for new parks and land preservation and the stewardship of lands and parks already owned by public agencies!

We have before us options that will help mitigate catastrophic influences on our way of life. While we speak, we are engaged in a limited war with a serious threat of an expansion of the conflict. It would not take much to occur before a significant amount of our oil imports would be curtailed. Is our nation best served by this continued dependence on outside sources for the fuel that drives both the Florida economy and the nation's? In 2000, we imported about a quarter of our oil imports from the Middle East, a region that holds over two-thirds of the known oil reserves. We are dependent upon one of the most unstable of locales while severely limiting our exploration of replacement sources within reach of our own borders. We must also acknowledge that while we have friends in this region, we also have serious adversaries. They have great leverage in both the dependency on their product and in the vast amount of currency to be gained by income from petroleum products. The impact of the terrorism of September 11 on the Florida economy should be a key variable in any policy analysis. In this case, it was not a case of tourists deciding to not fly or drive to Florida because of dollar cost considerations, but rather the evaluation of possible risk of future terrorist actions. It was not due to concern about oil spills and impact on the beaches ... our beaches remain clean, our waters remain pure. And yet we are held hostage to the politics of a region where we have great dependency while turning a limited eye to other options.

Certainly, our natural resources can and must be protected while our economic engines are fed. Are we not capable of achieving these two goals? Electric power is the lifeblood of the Florida economy and is highly dependent, under current policies, on fossil fuels. Our methods of transportation are also fully dependent upon fossil fuels. There are more registered vehicles in Florida than there are people. Without affordable and abundant power, fixed window buildings become obsolete, enclosed schools and

retail centers become dysfunctional, and visitors become unable to afford to travel to Florida. Again, it is not mutually exclusive to consider that we need to protect and preserve the beaches that attract our tourists while acknowledging that they could not get here without the affordable byproducts of fossil fuels that enable our jets and our cars to transport people to our Florida paradise.

We all desire the vigorous protection of our precious natural resources. Our shorelines must be in the forefront of any policy discussion. Florida Governor Jeb Bush is absolutely correct in admonishing us to continue to revalidate our environment. The health, wellbeing and lifestyle of all of us as Floridians are of paramount concern in any policy analysis. But I must reiterate that a balance can be found through honest policy discussions about preserving our beautiful common pool resources and fostering a higher level of energy independence for Florida and the nation. Oil and gas exploration is not new to Florida or to the Gulf region. We have active wells in our coastal waters, in deep offshore waters, and even within our borders in highly protected regions of the Big Cypress Swamp. These wells are functioning safely due to a cooperative effort between many points of view and each produces substantial benefits to the people of Florida.

I fervently hope your efforts foster constructive discussions at every level. Tomorrow's visitors to Florida may be dependent on the actions you take today. I encourage you to act rationally, study thoroughly, analyze empirically, and put forth an agenda that does not exclude options for progress but, instead, moves us forward in making both Florida and the nation safer and more beautiful than ever before., I also caution you that frequently in history the well intentioned interventions by government have often proven to be counterproductive to the general well being of society., Energy policy is no different. The challenge here, as stated by a prominent Florida economist, is to develop a public policy "to work in coordination with markets to produce a better quality of life."

Surely, we probably will never reach a point where our country is fully independent of foreign sources of fuels; at least not based on currently known technology. Progress may alter this situation, as it has so often done in the history of America. I am by nature an optimist. I firmly believe in the capacity of the American spirit to find solutions to the most complex of problems. America is a nation of builders and Florida is home to the best of these. We see problems as challenges to meet and resolve. Surely we must have the capacity to find ways to cultivate resources we know exist, without risking other valuable resources. It is clear that the only limitations we face here, as in many situations, are those we choose to place before ourselves. We can make the choice to move forward or we can stand in place and do nothing. I think the former is by far the better choice and I am confident we can find the tools needed to accomplish all of the positive benefits I have outlined here.

I have not come before you with simple solutions to highly complex problems. Instead I have raised the broader policy implications of doing nothing while extolling the virtues of the potential progress that can be made toward advancing an agenda that includes both protection of specific valuable resources while utilizing other resources of equal value. I implore you to rely upon the technologies available, develop mechanisms to insure the

requisite safeties, and seek ways to reap the benefits of the harvest of resources. The potential economic benefits to Florida and the nation are worth the effort.

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