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YOU HAD AN OPTION, SIR: The (regulatory) barrier method

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Much of the Canadian environmental movement's efforts to fight climate change have been focused on advocating increased government intervention. What about existing regulatory barriers that hamper the market's own ability to address environmental problems? Before enacting new legislation to deal with environmental ills, it is worthwhile to consider removing existing laws that block financial incentives for green initiatives. In Canada, government regulation has held back the development and usage of environmentally friendly alternatives like electric cars.

The ZENN (Zero Emission, No Noise), for example, is an award-winning Canadian electric vehicle that travels at a maximum speed of 40 km/h and has a range of approximately 56 km per charge. As the name suggests, the vehicle emits no greenhouse gases—simply plugging the ZENN into a standard wall outlet overnight recharges the car. Given that wide use of these cars could significantly reduce total greenhouse gas emissions, it is surprising to find restrictions in Canada impeding their sale and use. Until late last year, Transport Canada stated that the ZENN did not meet Canada Motor Vehicle Safety Standards and it was only after the CBC aired a story about this egregious government oversight that the ZENN was cleared for sale. But the regulatory barriers to be cleared were far from over; after being approved for sale in Canada, the ZENN now needs to be approved for operation in each individual province. Since British Columbia approved the operation of ZENN cars in 2000, no other provinces have followed suit.

While some suggest that ZENN cars are dangerous because they travel at slow speeds, it is relatively easy to buy bikes or ride scooters that travel at similar or even slower speeds. Further, low-speed vehicles (LSVs) with the same type of body as the ZENN have safe records in Europe for over 15 years of use on the roads. The ZENN has already been approved for use in the US, with 43 states allowing them on low speed public roads. What, then, is still preventing Canadian authorities from approving a car that could save consumers loads of cash on gas money while eliminating 7,700 pounds of tailpipe emissions per car each year?

Could an even more interventionist approach be the solution to our environmental woes? In May 2007, New York Mayor Michael Bloomberg was hailed as a leader in environmental policy when he announced that the city's entire fleet of 13,000 cabs would be required to convert to gas-electric hybrids by 2012. Rather than being a genuine beacon of strong environmental leadership, such command and control approaches just lead to bad policy. Given the evident financial benefits to switching over to a gas-electric hybrid, allowing the market to function freely seems to be the easy choice. Why not allow the price mechanism to convey the preferences of cabbies to manufacturers? Rather than being an effective long term policy, Bloomberg's dictates reduce incentives for manufacturers to innovate—if taxi drivers are being forced to buy certain models, there is little reason for car manufacturers to further improve their products so as to draw in more customers.

Canadians and their governments need to start identifying and removing the regulations that prevent the market from working towards environmentally-friendly outcomes. Removing these barriers provides for a variety of positive results—it allows for the freedom of trade and commerce, increases consumer

choices and allows market incentives to function freely in harnessing human ingenuity and satisfying individual preferences. Removing barriers to ZENN cars and hybrid taxis is not a panacea for the problem of climate change and will not be enough to satisfy most people. But such changes are a step in the right direction and are something that free-market thinkers and environmentalists alike will be happy to see put into action.

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