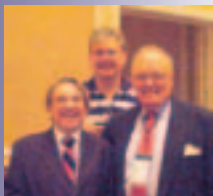




FREE hosted the
**2004 General Meeting
of the
Mont Pèlerin Society,**
Aug. 14-19 ; Salt Lake City



Claudia Rosett, of the
Foundation for the Defense
of Democracies, speaks
on the UN's oil-for-food
scandal.



Pascal Salin, University
of Paris-Dauphine, John
Blundell, director general
of the Institute for Economic
Affairs, and Heritage
Foundation President Ed
Feulner

Chairman's Welcome



I intend this quarterly newsletter to advise you of our progress. We'll provide information on seminars and condensed versions of some of our recent opinion pieces. We're pleased with our 2005 program line-up. Two will be held outside Montana: April at the National Conservation Training Center in Shepherdstown, WV, and October at the Wingspread Conference Center in Wisconsin.

The two independent evaluations of our seminars, one by former US attorneys the other by economists, are proceeding smoothly. I expect the results early in '05.

I hope you will include a trip to FREE in your summer vacation plans, a casual site visit. And please think of us when you prepare your end-of-year contributions.

Best wishes for the holiday season.

John A. Baden, Chairman

FREE's Summer Intern Program

This year Hallie Morgan, a sophomore at the University of Virginia, and David Sands, a sophomore at Hamilton College, joined us as summer interns. We explained to these students how to advance conservation and environmental goals consistent with America's founding ideals. We showed them how economic incentives, secure property rights, the rule of law, and responsible prosperity all foster a healthy environment. As Tom Wolfe describes in his latest novel, *I Am Charlotte Simmons*, this perspective is lacking in American colleges.

FREE's seminars feature scholars of national distinction, e.g., Professor Thomas Schelling of Harvard and the University of Maryland. As a rule, only Ph.D. students at top places, e.g., Chicago, Harvard, and Yale, have access to the quality and variety of our summer faculty. The chance for undergraduates to hear scholars of this caliber lecture, and then interact with them personally, is quite extraordinary. We guarantee them one-on-one experiences with some of America's great minds.

We're seeking funds to further develop this program for young people. \$15,000 will support three students. If you believe this program is valuable, I would welcome your contributions. Please contact me if you have questions.



Helping the Poor Help Themselves

by John C. Downen



Critics deride capitalism and private property as simply a means for the rich to exploit the poor. Actually, the poor have the most to gain from secure property rights.

In a system without private property rights, the rich have the resources to buy security, either by bribing government officials or by hiring their own guards.

But the poor are especially dependent on the good graces of the government. Property rights serve as a check on power and grant individuals a degree of independence.

In a just society, free individuals have the right to trade their labor as they see fit. With the proceeds they can purchase assets, e.g., a car or a house. Physical assets can then be used as collateral for a loan to invest in more productive capital, say equipment for a small business.

All of this depends on legally enforced, private ownership of property. This is the basis of economic progress and prosperity.

When governments erect barriers to private ownership, they effectively perpetuate poverty. Such obstacles waste scarce resources and discourage investment, innovation, and economic progress. Those who wish to start a business must expend a great deal of time and money simply to obtain government permission. Those with the fewest resources will not even try. This is the surest way to keep the poor poor while ensuring only the well-off and well-connected succeed.

When resources are distributed politically, those with the most political power receive the greatest benefits. But in a system of secure private property rights, rule of law, and limited government, those who provide goods and services valued by consumers earn the greatest rewards.

The entrepreneurial instinct is universal. Around the world, poor people work to lift themselves out of poverty when given the opportunity. Ensuring ownership of the fruits of one's labor is an essential element in creating institutions that help the less fortunate help themselves.

Giving money to the poor won't eradicate poverty—nothing will. But we can certainly reduce poverty by removing obstacles that prevent the poor from helping themselves. Ensuring the security of property rights is a large step on the path of development.

Putting Nature's Capital to Work

by Pete Geddes



Watersheds filter rainwater and melting snow. This is one of the many services nature provides us, at no monetary cost. Can we put a price on ecosystem services like these? Should we?

Some argue that such a valuation is either impossible or unwise. We shouldn't place a monetary value on such "intangibles" as a human life or forested views.

Those who do are accused of knowing the price of everything and the value of nothing.

I have some sympathy for this argument. But we do, in fact, make such judgments every day. For example, construction standards for buildings imply how much we value human life, and those in dangerous professions receive higher "hazard pay" for risking their lives.

Wouldn't knowing the value of a watershed's services better help us appreciate their worth? Since ecosystem services don't compare well with other economic services, they are often given little weight in policy decisions.

To read the rest of the story, please visit our home page, www.free-eco.org, and click on Publications.

Bringing High Human Capital to Bozeman

by John A. Baden

In 1978 Rick Stroup and I established the Center for Political Economy and Natural Resources at Montana State University, a predecessor to FREE. Soon we received a grant to host national conferences on resource economics. I was told to consult with an LA media expert and dutifully called him. He asked if we were going to hold our programs in DC or New York. No, I told him, Bozeman.

"Bozeman?" he asked. "Is that hotel in Chicago?"

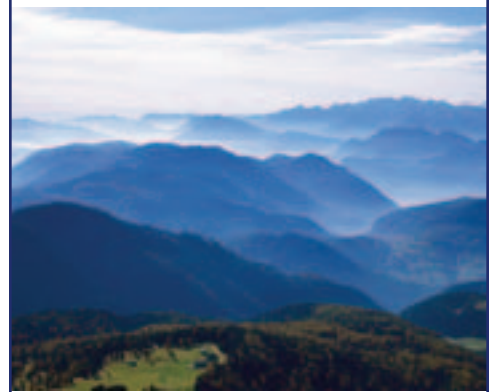
No, I replied, Bozeman is a town in Montana. And actually we would be at the Lone Mountain Ranch.

The LA consultant assured me this was a huge mistake: no one of significance would come; those invited would be offended; the program would fail; and this would be my last grant from that foundation. I explained that the seminar was on Western environmental issues.

He replied, "Well, if you're determined to have it in a hick town, at least choose Denver or Dallas."

To read the rest of the story, please visit our home page, www.free-eco.org, and click under the eagle.

FREE's 2005 Seminars



Seminar Series for Federal Judges and Law Professors

April

Exploring the Ecology, Economics, and Public Policy of Water Resources and Fisheries

June

Entrepreneurship, Telecommunications, and Social Change

July

Illicit Drugs, Civil Society, and the Environment

September

Terrorism, Energy, and Civil Society

October

Biotechnology, Risk Analysis, and the Environment: Implications for Federal Judges

Foundation for Research on Economics & the Environment

662 Ferguson Road
Bozeman, MT 59718

PHONE 406.585.1776

FAX 406.585.3000

WEB www.free-eco.org

FEEDBACK

"I recently...participated in a program, 'Globalization and the Environment: Common Property Resource Problems,' organized by the Foundation for Research on Economics and the Environment.... My expectations were high, and they were exceeded."

Professor Robert N. Stavins
*Director, Environmental Economics Program
Kennedy School of Government, Harvard
University*

"I say without hesitation that it was one of the most interesting presentations I have been privileged to attend over the years.... The information presented was fair and balanced and the format provided ample opportunity for questions and discussion, including the opportunity to politely disagree with established points of view."

Honorable C. Arlen Beam
*United States Court of Appeals, Eighth
Circuit*

"This was my fourth FREE seminar and it was the best. The quality of the speakers and their depth and breadth of knowledge of the subject matter made this program particularly stand out.... I also thought the program was well balanced and the discussion around the table was well directed and produced a lively and exciting exchange."

Honorable W. Eugene Davis
United States Court of Appeals, Fifth Circuit

**Foundation for Research on
Economics & the Environment**

662 Ferguson Road
Bozeman, MT 59718
PHONE 406.585.1776
FAX 406.585.3000
WEB www.free-eco.org

*It's not the Four Seasons...
but the Elkhorn Ranch sure is pleasant.*



Jack Ward Thomas of the University of Montana and David Sands of MSU chat during a break.



Conference participants relax between sessions outside the Elkhorn office.



We look forward to your visit.