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## Good news from Europe

By Richard W. Rahn

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Back in 1984, if you had bet Bulgaria would in 2004 host a convention of European free market think tanks including many from what were then communist countries, you probably would have been given very good odds.

Yet during the last days of October, a remarkable conference -- the First European Resource Bank -- was held in the pleasant ski resort of Borovets, Bulgaria. This "Resource Bank" essentially was a convention of European free market think tanks. Representatives from organizations in 20 countries came together for mutual support, communication and cooperation.

This European Resource Bank was modeled after the almost three-decade-old annual Resource Bank run by the Heritage Foundation, in conjunction with the Atlas Economic Research Foundation and the Philadelphia Society. The U.S. Resource Bank has become a large affair attended by representatives of hundreds of think tanks from around the world.

Those of us who have been involved in the free-market ideas movement over the last several decades, have often been frustrated by the lack of such groups in Europe. It is a bit ironic that the initial model for the many U.S. think tanks was the Institute for Economics Affairs in London (IEA), organized by Sir Antony Fisher and directed by scholar members of the Mont Pelerin Society. That society was created by Nobel Prize-winning economist F.A. Hayek in Mont Pelerin, Switzerland, in 1947. Hayek's goal was to keep the torch of classical liberalism (meaning limited government and free markets) alive by bringing together scholars from around the world who had been engaged in the fight for liberty, and to work together until the scourge of socialism and communism could be rolled back.

The very distinguished American Nobel laureate economist, Milton Friedman, is the last surviving member of the original Mont Pelerin group. (Note: The American left stole the word "liberal" and reversed its meaning. A classical liberal would be considered a conservative or libertarian in America today.)

The Mont Pelerin Society begat the IEA and hundreds of other free-market policy institutes around the world. Even though the idea of the modern free-market institute was created on European soil, it gained full flower in America. The last 30 years saw

universities wane as the sources of new public policy ideas, and think tanks rise as the primary sources of policy innovation.

President Reagan was the first U.S. president to rely primarily on people from these organizations to serve on his policy staffs. Likewise, at the same time, Prime Minister Thatcher relied on the intellectual output from the IEA and other British think tanks to assist her in policy development. (You may recall seeing the famous film clip of Mrs. Thatcher holding up one of Hayek's books, and saying to her Cabinet, "Gentlemen, this is what we believe.")

Until recently, the socialists in Continental Europe largely straggled independent free-market think tanks before they could become self-sustaining. For instance, while donations to nonprofit public policy organizations (think tanks) are tax-deductible in the U.S., in France you not get no tax deduction, you are required to pay a substantial tax on the contribution -- another proof socialists dislike competition, particularly in ideas.

Many of us involved with the economic transition in former communist countries helped them establish free-market think tanks to vitalize their economic policies. As a result, there are now dozens of these vibrant organizations in former communist states -- often staffed by people who have worked with the major U.S. think tanks.

The economic stagnation, coupled with the oppressive taxation and regulation in old Europe (France, Germany, Italy, Belgium, etc.), has energized a critical number of Europeans to try to regain greater economic freedom. They, like their American and British counterparts, are using think tanks to promote change. It is most encouraging there now are enough of these groups in Europe that will work together at what will become an annual meeting to promote free markets, limited government and freedom for people in all of Europe.

Finally, it is noteworthy that the first European Resource Bank meeting was organized by a French economist, Pierre Garelo, director of the Institute for Economic Studies Europe, and held in Bulgaria. That Balkan state and most other Eastern European countries now have lower maximum corporate and personal income tax rates than the United States, which is in large part responsible for their recent economic success.

The students may soon be role models for their professors from Old Europe and the U.S. That is good news for everyone.

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