

Who's afraid of scientific methods?

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People who consider themselves very rational argue that most disputes about what is true and what is not can be settled by calmly looking at the evidence and letting it guide them to the proper conclusion. However, many who claim to be adherents of the scientific method seem to lose their "scientific objectivity" in some of the great debates of the day.

The global warming debate is a glaring example of where many enthusiasts have lost all sense of the scientific method in reaching their conclusions. Some European leaders have even implied President Bush and Americans are stupid for not embracing both the theology of global warming and their policy solutions, all designed to enhance state power.

To rationally debate the issue, we should start by being modest about what we do and do not know. Arguably, it seems the globe has been very slowly warming in the last few decades. But remember: Only a couple of decades ago, many leading scientists -- like Carl Sagan -- warned us about global cooling.

There is almost no agreement about the rate of this warming. There is also considerable disagreement about how much of the warming is man-made -- by increasing CO2 emissions from burning fossil fuels -- and dispute about how much of the additional CO2 will be absorbed by faster vegetation growth and the ocean. (It seems almost every month a new report contradicts some of the previous studies about the above questions -- which is not unexpected, given our rudimentary understanding of climatic forces.)

The big question, at least for me as an economist, is whether moderate global warming will be good or bad for mankind. Most evidence strongly suggests modest global warming will be beneficial -- more rainfall, longer growing seasons, less disease and longer lifespans, easier travel, more outdoor sports, etc. (The last warmer Earth period, roughly 900-1300 AD, is widely acknowledged on balance as highly beneficial to mankind).

Despite all of the unknowns, many governments and the United Nations have been rushing into "solutions" (e.g., the Kyoto agreement), for something that may or may not be a problem, without sound cost-benefit analyses.

When I was a professor, a graduate student who presented a paper advocating a Kyoto type solution based on such incomplete and flimsy evidence would have received an "F."

One of the most glaring examples of where ideology transcends the scientific method and intellectual rigor is in tax policy.

It has been known since at least the time of the ancient Greeks (a couple of thousand years before Professor Art Laffer drew his famous curve) that every tax has a revenue maximizing point. Rates above that point will bring no additional revenue (because people will find legal or illegal ways to avoid the tax, such as not working, saving or investing, or even smuggling).

But despite empirical evidence, the simple facts about taxes cannot seem to penetrate the brain of the committed leftist. There are still many in Congress who resist making President Bush's tax cuts "permanent" -- though tax revenues have grown (at an annualized rate of about 13 percent) and deficits are falling far faster than they or even Mr. Bush predicted.

A number of politicians and some in the media advocate a higher capital gains tax rate, though every time we have increased it, revenue has gone down and vice-versa. We have enough theoretical and empirical evidence to be reasonably certain the revenue-maximizing rate for the capital-gains tax is no higher than the current 15 percent, and may well be lower.

In Europe, even more politicians and opinion leaders are so ill-educated (or in ideological denial) they do not understand the Kyoto agreement, along with high tax rates and excessive government spending and regulation make matters worse for their citizens. The result is massive

unemployment, a loss in competitiveness, lower incomes and less freedom.

It is well known that many tax rates are clearly above their revenue- and welfare-maximizing rates in almost every country. It is also well known that many government spending programs and regulations do not meet even a minimum threshold (nonlaughable) of benefits exceeding costs.

Thus, the single best thing every government could do to improve their citizens' economic well-being is to make sure no tax rate is above the long-run revenue-maximizing rate and that every government spending and regulatory program meets a reasonable cost-benefit test. Even those on the left should be able to see that not wasting government money or needlessly sapping the economy's strength via excessive taxation and regulation reduces government's ability to help those in need.

For years, many on the left dripped with condescending pretensions of moral and intellectual superiority about their "scientific socialism," though it was not at all scientific. They knew this could intimidate the polite and nonconfrontational.

Many disputes about public policy issues, particularly on tax, spending and regulatory policy should be largely resolved by a careful review of the evidence.

Those who appreciate and understand the importance of the scientific method should not be cowed by charlatans and know-nothings, and demand solid objective evidence before acting.

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