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Eradicating European flu

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Europe has not yet suffered from bird flu, but it suffers from an even more debilitating economic flu -- excessive government dependency. That dependency is sapping both its economic vitality and its spirit and has grown most acute in the core of Europe: Germany, France and Italy.

We need to help our European friends fight this disease, not through a new Marshall plan but through a sound economic education campaign.

The European Union is still the world's second-largest economy after the United States and is the major or significant trading partner for almost every country. Europe provided mankind the modern concepts of liberty and justice, and European culture and civilization have enriched the lives of most of the world's people. It has also been the source of great evil -- fascism, communism and socialism, all European constructs, which collectively have cost the lives of upward of 200 million people.

History has shown an economically healthy and free Europe is a boon to all mankind, while a depressed and failed Europe puts all at risk.

Europe's share of world gross economic product (GDP) has fallen from roughly a third, two generations ago, to only one-fifth today. The U.S. economy has grown about twice as fast as major European economies for the last two decades, resulting in the average American living about 40 percent better than his European counterpart. In the last quarter-century, Europe has created only 4 million new jobs (almost all in government). The U.S., despite a smaller population, has created 57 million new, overwhelmingly private sector, jobs.

The portion of the U.S. population working is about 20 percent higher than in Germany, France and Italy. The U.S. unemployment rate is about half theirs (5 versus 10 percent).

U.S. total government spending is about one-third our GDP; in Germany, France, and Italy the average is about half their GDP. Homeownership rates are far lower in Europe than in the U.S. -- where more than two-thirds of the people own their homes, which on average have about twice the square footage of the average European home.

Even more disturbing is the decline of optimism in Europe. A recent Harris Interactive poll found 57 percent of the people in the U.S. were very satisfied with their lives, compared with an average of only 16 percent in Germany, France and Italy.

This fall in status in Europe has resulted in a rise in envy and often an irrational dislike of the outside world (much of it directed at the U.S.). Many Europeans are in denial about the failures of their socialist or "social market models." All too many are woefully ignorant about the reasons for economic growth or failure. Europe is strangling itself in bureaucracy and killing incentives through excessive taxation. Now the Germans and French are trying to infect the new free market economies in Eastern Europe with this status flu.

Though it may be tempting to gloat about the problems of the French and the others, it is in nobody's interest to do so. The United States, in particular, and its free market allies should be much more pro-active by supporting the pro-growth policies of some of the smaller and newer free market countries. Many in the European ruling elite put down pro-growth policies by disdainfully referring to them as the "Anglo-Saxon model."

Yet, perhaps, the most influential architect of the high-growth economic policies followed by many countries was the great 20th century Austrian economist F.A. Hayek.

The U.S. government ought to wage an aggressive information campaign in Europe to offset many factual misrepresentations about the U.S. in the European press -- particularly in health care, levels of poverty, schooling, crime, justice, etc. By almost any measure, though far from perfect, the U.S. comes out better than much of Europe.

Such a campaign will not cause Europeans to love Americans, but it might help force them to view their own failed policies more critically, the first step in bringing about change.

The Bush administration also should take a much tougher line, including full or partial defunding, with the multinational institutions, such as the Organization for Economic Cooperation and Development, the United Nations and others that promote tax and regulatory policies which have brought so much misery to Europe and other parts of the world.

The vaccine for economic flu is economic literacy. European (and other) economic education organizations have been dispensing the vaccine, but their resources are too meager to stop the spread of economic ignorance. Americans have in general greater economic literacy, and hence have been less infected by economic flu, because private individuals and businesses have understood it is both their responsibility and in their long-run interest to support economic education programs run by nongovernment organizations.

As the European economic flu has become more acute, there are signs more of their citizens and companies are prepared to support those who fight for economic literacy. If

Europeans were as familiar with the teachings of Hayek as those of Karl Marx, most of their economic problems would disappear.

The question then becomes: Who is responsible for teaching Hayekian economics? Hurricane Katrina showed the costly folly of relying on government bulwarks against the on-coming flood. Economic despair in Europe will also result in a destructive flood unless those private individuals and organizations, both inside and outside the Continent, help strengthen the bulwarks of limited government, free market, democratic capitalism so all can enjoy hope, opportunity and prosperity.

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