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## Who pays the price?

By Richard W. Rahn

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### *ALPBACH, Austria.*

Nestled in the middle of the Alps, this is about as scenic as a place can be. The homes and lodges, all of which have the distinctive Alpine architecture, are graced with lovely hanging red and white flowers. There is no crime, no graffiti, no litter and no apparent poverty. In short, it is the perfect place for the 63rd annual Alpbach European Forum, where many European opinion leaders gather each summer to discuss the problems of, and opportunities for, Europe.

Alpbach, of course, is no more representative of Europe than is the Disney-created town of Celebration, Fla., representative of America. They are both attempts to produce the ideal community. Many conference participants seek to fashion their ideal version of Europe, yet fail to understand that the philosophers of the Scottish Enlightenment and the economists of the Austrian School (along with their University of Chicago comrades) many years ago set forth the rules that need to be followed for Europe and the rest of the planet to achieve peace, tolerance and ever-increasing prosperity.

Ironically, America learned the lessons from these Europeans better than did Europe, and now many Asians are learning them and becoming ever freer and more prosperous as a result. When Britain and America went off the tracks, they were saved by Margaret Thatcher and Ronald Reagan, both of whom knew and understood the teachings of Chicago's Milton Friedman and Austria's F.A. Hayek.

Yet today, many in Europe claim they have a more humane economic system than one with the rough edges of American style capitalism. However, the data show a very different picture. Average per capita incomes in the Euro area are about a third lower (on a purchasing power parity basis) than in America, and unemployment rates are on average about 50 percent higher. According to a report, released by the International Labor Organization Sept. 2, "The U.S. still leads the world by far in labor productivity per person employed." Moreover, European labor policies discourage employers from hiring. Once hired, the average European worker faces a larger tax burden and higher prices than his or her American counterpart. The price of these "compassionate" policies is paid by those who cannot find jobs, particularly the young, and by those with jobs in the form of lower real incomes.

Austria, and Vienna in particular, lacks efficient "big box" retailers, such as Wal-Mart. I was told by a self-described leftist Austrian journalist that Wal-Mart-type stores conflict with "Austrian social values" and would hurt the existing retailers. I asked her why making the poor pay more for basic goods was desirable since lower-income Austrians pay a disproportionate cost of this so-called Austrian value. (One acquaintance at the Forum, who lives in Vienna, told me he and his wife find it pays to drive to Budapest to shop in the "big box" stores there. How ironic, the former communist country of Hungary is now more capitalist than Austria and many other West European nations.) The typical poor person in America has more living space than the average resident of Paris or Vienna.

This same left-leaning journalist, who had spent time in America, also told me she had disliked Ronald Reagan. When I asked why, she said he was a warmonger, and his economic policies hurt Americans. I then explained his policies helped end the Cold War, without a shot fired, and that Americans of all income levels experienced record increases in real incomes and full employment, without the high inflation he inherited. She countered with: "He put Pershing missiles in Europe and gave aid to the Nicaraguan Contras [sic [-] freedom fighters]." I then explained how those policies were part of the successful strategy to defeat the Soviet Union, which ended the Cold War.

Anti-Americanism is rampant among the media and political classes in Europe. It appears to stem from jealousy, ignorance — much of it studied — and irresponsibility. For instance, Austria still has not joined NATO, and even the NATO members of Europe fail to pay their pro-rata share for the common defense. The American taxpayer has paid the price for defending Europe for the last 60 plus years, yet too many Europeans seem not only unable to say "thank you" but pride themselves in disparaging their protector.

Europeans love to lecture the rest of the world about global warming, yet fail to meet their own self-imposed Kyoto protocol targets. The political and environmental elites advocate policies whose price will be paid by workers in India, China, America and even Europe, but not by themselves. They refuse even to do an honest cost-benefit analysis.

The world improves though the efforts of productive workers and entrepreneurial people who only wish to better their own lives and those of their families. Unfortunately, these productive people have to pay a very steep price to fund the endless nonproductive tax and regulatory schemes of the European and to a lesser extent American political, media and academic elites.

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