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Cool Look at the Future

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How much in additional taxes are you willing to pay now in order to ensure that the Earth would not be 3 degrees warmer 100 years from now (assuming the science is even possible) - \$100 or \$1,000 or \$10,000 or more? Should the government prevent us from selling some of our body parts to allow others to live or have better lives?

Are we likely to get better health care in the future with more or less government involvement? Are the advances in information technology, such as the Internet, increasing or reducing the power of governments to monitor and control our lives? Is the current global financial crisis the result of too little or misguided government regulation of the financial industry? Does globalization increase or reduce income inequality?

The above questions and many others were the subject of learned discussion at the 60th anniversary meeting of the Mont Pelerin Society (MPS) that just concluded here in Tokyo.

The Society was established in Mont Pelerin, Switzerland, by the late economist/philosopher and Nobel Laureate F.A. Hayek, with the objective of facilitating "an exchange of ideas between like-minded scholars in the hope of strengthening the principles and practice of a free society, and to study the workings, virtues, and defects of market-oriented economic systems."

The Society does not seek "to create an orthodoxy, to form or align itself with any particular party or parties, or conduct propaganda," nor does it take in the name of the Society positions on public policy issues.

Members come from many countries and include notable economists (including many Nobel prize winners) and other scholars representing the humanities, the law, and the natural sciences, as well as a few business people, high ranking government officials, and journalists. Even though the Society is not an activist organization, many of its members have gone on to create think tanks and other market-oriented public policy organizations across the globe.

In contrast to much of the mindless sloganeering that characterizes most political campaigns these days, the members and guests of the Mont Pelerin Society seriously discuss and debate issues with a genuine attempt to understand the costs, benefits and consequences of alternative approaches.



As an example, global warming is an issue where members have different beliefs as to how real a threat it is or is not. The Czech president and MPS member, Dr. Vaclav Klaus, presented a paper in which he argued his very well-known public position (he has written a book on the matter) that the science behind global warming is highly suspect, and that many of those who propose expensive solutions for what he believes is a nonproblem are self-interested individuals who hope to share in the government booty spent on global warming.

Others had some disagreement with his views, but engaged in a lively discussion of how much should be spent, if any, on a problem whose negative effects are likely to be experienced by future generations.

For instance, assume you believe global warming is both real and man-made, but you also understand that expensive actions taken now to deal with a future problem may not be cost-effective.

Technologies are improving rapidly so it might be far cheaper to wait until the new technologies become available before taking action. It also might be less expensive to find ways to adapt to climate change (either cooler or warmer) than try to change the climate - people in Minnesota adapt to cooler climates and do not suffer lower incomes than those in warmer Florida.

Finally, people living 100 years from now are likely to be perhaps 10 times richer than those living now (which was roughly the experience of the last 100 years in many parts of the globe). Therefore, does it make sense to tax the poor (those living today) to benefit the rich (those living 100 years from now)?

In sum, when the issue of global warming is looked at dispassionately, both those who see it as a problem and those who do not might conclude it makes sense to wait before

taking any expensive action, when normal discount rates - e.g. the cost of capital - are properly taken into account.

Another issue discussed was that of global financial regulation. The common belief, at least in the press and political classes, is that the current financial crisis has stemmed from too little bank regulation. However, knowledgeable and thoughtful scholars among MPS members provided evidence - which is counterintuitive to many - showing the present international bank regulatory standards may have been the problem rather than the solution.

When good scholars and other smart people come together from many countries and professions to present evidence and discuss issues without a narrow political agenda or government sponsorship, it is surprising how often sensible and cost-effective solutions can be found that enhance rather than diminish human liberty. The founders of the MPS, such as F.A. Hayek and Milton Friedman, were for the most part optimists. Their vision of a freer and more prosperous future for most of mankind was realized in their lifetimes.

Yet, as they well understood, the threat of oppressive governments and ideologies is never-ending and thus requires people of good will to be forever vigilant for freedom and prosperity to continue.

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