

“Social Democracy Converses with Humane Libertarianism: Wicks and McCloskey”

September 2017

McCloskey: My friend Rick Wicks is an American economist who has lived in Sweden for the last 25 years, married with two grown children. Before retirement he was at Göteborgs Universitet (“Gothenburg,” as English speakers call it, the Chicago and Detroit of Sweden) where I met him some years ago when teaching there. He comments here on my 2017 “Manifesto for a New American Liberalism, or How to Be a Humane Libertarian” (forthcoming in a volume edited by Benjamin Powell, and available at deirdremccloskey.org)

McCloskey: Thanks very much, Rick, for the penetrating comments. Some responses below:

Wicks: First an overarching issue. You focus strongly throughout on the government’s monopoly of violence. We’re lucky if the government has a monopoly of violence. The alternative would seem to be a multiplicity of violent war-lords, gangs, whatever.

Granted, gladly. We want of course only *one* source of violent compulsion. But then we have to watch it like an eagle, or rather like a wise owl, on which I am sure you and I heartily agree.

Yes! I have long been involved in the movement for a world democratic government. A long-time leader once said to me, “What will we do once we accomplish that goal?” I responded without a moment’s hesitation: “Start fighting against it.” Surely such power will need to be resisted.

World government gives me the willies. Look at the human-rights record of the United Nations. My attitude was well expressed by the cowboy-comedian Will Rogers in the 1920s: “Just be glad you don’t get the government you pay for.”

In the “three spheres” analysis in my PhD thesis, though government is indeed identified with power-ranking – consistent with the exercise of violence – it also has the possibility (as you recognize) of being legitimate, that is, of acting in majority interests while protecting minority rights.

Yes, but it’s quite a job holding it to that role. Sweden is unusual. If you rank countries by governmental honesty and competence, taking as many as the top 30 out of 190 or so as to be judged “honest and competent” (Spain is the margin), fully 87% of the world’s population is governed by government confessedly, obviously, thoroughly corrupt, violent, and incompetent. Only 13% are ruled by governments as righteous as, say, Britain’s or the US’s, and a minute fraction of these by the paragons such as New Zealand or Denmark.

To that extent, a big government takes on aspects of community and can elicit feelings of responsibility and duty.

But my point is that most actually existing governments, such as Turkey’s nowadays, or Italy’s always (the Italians say *governo ladro*, government thief), are merely thieves, and our

“duty” is not to honor them, but to overthrow them. Communitarians like you are starry-eyed about government, though very sweet!

A legitimate government could raise taxes not purely voluntarily – which would fail because of free riders – but through a willingness of most to do their part (enforced by the threat of violence only when necessary, and to make sure that everybody else doesn't feel they're being made fools of).

That is true enough in Sweden and even more so in a small town. But you will agree that a communitarian loyalty is much easier, and less dangerous, to evoke in local communities and organizations, such as churches and New England town meetings, than in a “community” of 325 million people governed from Washington.

I'm wondering why your focus on the matter of government seems so different?

Because I live in Chicago and you in Göteborg! Like most people in the world (see the alarming statistic above), I have a daily demonstration of how dangerous government can be, and usually is. Forty years ago Chicago police routinely tortured suspects to get confessions, many of which were false. Now they merely shoot the suspects. Let me ask if you are comfortable with wide governmental powers from Washington now that Trump is in charge.

Hmm. I'm relying on the sense of duty in our bureaucracy, elected officials, and courts – backed up by vigilant citizens, of course – in upholding the rule of law. Responsibility and duty play a huge role in any large well-functioning bureaucracy – including the military, of course – and even in well-functioning businesses.

You are describing bureaucrats in Sweden and Minnesota, or Japan and New Zealand. I agree that ethics matters greatly, which is what is wrong with Oliver Williamson's fantasies about incentives alone.

Here you acknowledge “majority voting constrained by civil rights for the minority” and call it voluntary, but see discussion above. Yes to some extent, no to some extent. And you acknowledge that: “Some imposition by violence is necessary.”

Well, some. The amount of the some depends on what sort of government one has. Fine in Sweden (though you and I know of instances of awful misbehavior of government even in Sverige!)

Yes, for example there was forced sterilization back in the days of eugenics, and I'm sure other outrages as well.

The outrage of sterilization continued in Sweden into the 1970s. Eugenics was an American Progressive and Swedish “national-home” project from the 1920s and 1930s, and of course in Nazi Germany. But the worst countries in percentage of sterilizations were not, as one might have expected, Germany and the U.S. South, but Sweden and Norway.

§

On the second page of your “Manifesto” you include treaties as voluntary agreements, but of course their enforcement in each country cannot be only so.

Oh, yes, it can. International relations is the classic case of anarchy. It works chiefly through shaming words, when it works at all.

§

Discussing High Liberalism, you mention liberty from want, “regardless of my supply of goods to you.” What would you think about government as employer of last resort, instead of guaranteed income (which is also being discussed again)?

Oh, no. The government is regularly a *terrible* allocator of labor. One only has to look at Greece, with the highest number of government employees in the OECD. “Last resort” becomes “first cousin resort.” And again it depends crucially on *what* government we are talking about, both comparing nation to nation, or low level and local vs. centralized and national. I would be willing to give Sweden and Minnesota and the New England town meeting and a few other governments more power. But not the Italian government. Or New Orleans. Or most actual governments in history and in the present world.

I’m only suggesting federal funding (“block grants”) to states, municipalities, non-profits, etc., not specific allocation.

Oh, I see: leave it to the corrupt *local* government!

§

In my view, the market system periodically fails to employ people who want jobs – and lowering their wages doesn’t help –

Why would that last be? You agree that taxing sugary drinks would reduce consumption, yes? Why don’t you believe the law of demand for labor?

Certainly lower wages would induce businesses to hire more labor, but not enough to make up for slack demand during a recession or depression, which lower wages would exacerbate.

That I realize is Keynesian doctrine. But it’s probably false. Contrast the swift recovery from the 1920 recession in the United States with the ten years of depression after massive interventions by the governments of Hoover and Roosevelt.

Government as employer of last resort seems an excellent alternative.

Not if it is Chicago’s government, I say again. And one can reasonably doubt that government officials know what a useful and dignified job would be for an unemployed person better than “the market”--which is to say individual employers with detailed knowledge of what goods and services are in demand and what techniques make sense and what the going wage and working conditions are.

The point is “as last resort” – when the market fails to provide sufficient jobs – and in that case doing work that markets won’t provide. Perhaps I’ve mentioned this before? Here’s an excellent source: *Understanding Modern Money: The Key to Full Employment and Price Stability* by L. Randall Wray.

You and I have both been raised on such writings, since the triumph of Keynes. I have come to doubt it.

§

I too have experienced the authoritarianism of the Left. To give a somewhat complicated (and rather trivial – but, I believe, indicative) example, there was a federal law that required that states keep Americans abroad who requested an absentee ballot on their voting rolls for another absentee ballot in the next election cycle. But this was expensive because many people moved, either back to the States or somewhere else, so many absentee ballots were sent out but not used. That federal provision (which we who are living abroad of course liked) was reversed a few years later. Then our organization (Democrats Abroad) started telling our members that a new federal law required that we register to vote every year. This was wrong on at least three points.

I can add another. Registration is undemocratic in itself. In the United States it came to be around 1890 as a Progressive measure, but American Progressives in those days were anti-Black and pro-Anglo, and registration was precisely a way to cut down on what the middle class regarded as evil Irish priests ordering their drunken parishioners to vote early and often. Registration is a bad idea, as you can discern in the Republican schemes to “tighten it up,” that is, to deny poor people the vote. . . and as you as an American abroad are finding.

But verifying citizenship and other eligibility requirements must be okay? Personally I would be fine with a national database of citizens which would facilitate not only verification of eligibility for voting but also eligibility for a national healthcare insurance system, and of course decennial censuses would be greatly simplified.

Oh, Rick, you really do trust the government to register, measure, track its citizens! I repeat that in Sweden, I’m willing to trust it, though in fact even the Swedish government has been capable of excesses of registration, measurement, and tracking.

The federal law didn’t require anything – it simply allowed states to do what they wanted to do – so it was the states that were requiring, and it was damaging to our “brand” to blame the federal government – which we Democrats usually see as our friend.

So I have noted.

We weren’t required to register (to vote), only to request an absentee ballot. Of course there was no reason to “register” in a year when there were no elections in our state – though, true enough, a special election could happen almost any time – but again it was a simpler message, and people (especially on the Left?) seem to like to tell other people what to do.

So I have also noted. The great (American-definition) liberal Lionel Trilling wrote in 1950 that the danger is that “we who are liberal and progressive [or indeed Burkean and conservative] know that the poor are our equals in every sense except that of being equal to us.”

It is actually what got me to start attending DA [Democrats Abroad] Global Meetings (in 2014 – I’ve now been to four).

I’m not sure I get it. But I do know that registration is an invention of authoritarians. In a perfectly fair polity, registration for voting would be fine, and so would measurement and tracking. But as Madison wrote in *Federalist* 51, “If men were angels, no government would be necessary. If angels were to govern men, neither external nor internal controls on government would be necessary. In framing a government which is to be administered by men over men, the great difficulty lies in this: you must first enable the government to control the governed; and in the next place, oblige it to control itself.”

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You mention “the enemies of private enterprise” and – while there certainly seem to be many of that persuasion on the left, and I would (usually) place myself on the left, yet I believe in a balance, a mixed economy with private enterprise governed by regulations and taxes where necessary for the greater good. So I think it’s a mistake to write off the Left as a whole as being against private enterprise.

But you are an economist. Most non-economists on the left believe in various astonishing fairy tales about the evils of capitalism, such as that profits are a large share of national income.

That’s an exaggeration – depending on the definition of “on the Left”, of course. Most people probably don’t really know what they think, but are reasonably comfortable with private property and private businesses as long as income inequality doesn’t get out of hand as it’s been doing in recent decades.

No, it hasn’t got out of hand, as Piketty acknowledges in observing that only in Britain, the U.S., and Canada has it actually risen. And now it is declining. I wrote a long review of Piketty’s book in which I consider the matter.

I have had some interesting conversations – including at Starbucks in Central Station in Gothenburg just last week – with a former local DA member (who has now given up on us out of disgust with Democrats) who thinks he’s promoting scientific Marxism but really seems to be preaching a theology in which money and markets are evil and therefore his heavenly utopia will have none of them. Nothing I say gets through to him. He’s got an “answer” for everything.

I rest my case for the prevalence of fairy tales. You and I both believed such fairy tales *before* we studied economics!

But he’s an extreme case, indicating a direction that frustration with unremediated market failures tends to take those on the Left.

The so-called market failures are largely fairy tales. I have *another* recent paper in which I count the alleged failures put forward since 1848, mainly by economists. They number 105, such as monopoly or externalities or asymmetric information, none of which has been shown empirically to be large. Meanwhile real incomes of the poorest in, say, Sweden 1848 to the present increased by 3,000 percent. I said three *thousand*. Some “failures”!

§

You mention families as ethical schools, self-provision for old age, trade-union insurance against unemployment, all of which seem somewhat out of date. Sure families can and do still play that important role to an extent, but we don’t have the extended families we used to, nor are families usually self-supporting,

I have never regarded them as “out of date.” If you mean, “the government now does them,” that’s my point: that governmental provision crowds out the older modes. There was a big change in both Sweden and the U.S. in the 1930s. Before then people were ashamed to get aid.

Well, chicken and egg: Smaller, more mobile, less connected families didn't develop because of Social Security, rather there was a glaring need for Social Security brought upon by social developments in response to "market forces". And unions, no matter how strong, would be helpless in the face of mass unemployment in a depression. We see so little of our families, opportunities for ethical teaching or learning are severely limited compared to what they used to be!

That may be so, alas.

And I doubt that there was ever much self-provision for old age, except in the form of raising a family which could in turn take care of one in old age.

That's a very big one! And people died earlier.

Would we want those large families over-populating the Earth?

Another fairy tale, my dear – it is the persistent Malthusian fear that from the very time Malthus propounded it has been shown again and again to be meritless.

Consider the demise of extended families,

You exaggerate how extended the families were. Mostly people died. There were masses of people in rooming houses. And modern blended families out of divorce and remarriage are big, rather similar in result to premature death and remarriage in earlier times (I have a great-grandmother and a great-great grandmother who both died in childbirth).

Yes, I've done some genealogy research – including on my Norwegian ancestors (Norwegian farmers like yours) – and I know how rampant disease was and how common death in childbirth, yet so many survived they populated the United States!

True enough, and to our benefit, that Norway and Ireland in the late nineteenth century had the highest rates of intercontinental migration of any.

many old people ended up with no one (or very few) to rely upon, a problem which government stepped in to help with (and very efficiently and popularly, I believe).

No, the market stepped in. The old-age homes are booming.

Yes, but Social Security and Medicare pay for it.

True, the main redistribution at present. Old people vote.

Trade unions have been under attack and perhaps would have shriveled anyway, so their role is also similarly limited.

Not in Sweden. Trade unions in Britain and the US were important buyers of unemployment insurance and health care before World War I. Then their role was crowded out by government, first in Britain. When governmental unemployment insurance was introduced in Britain around 1910 there were 13 million workers eligible. Fully *eleven* million had *already* had such insurance through unions and friendly societies. Crowding out.

I am totally surprised to see Paul Krugman's name come up in your paper as an example of someone who would argue that supply-and-demand has been overturned scientifically. (Reich I haven't read so much of, though I'd be equally surprised.)

Oh, no. Both are market skeptics. Both believe that supply-and-demand is gravely flawed.

Certainly both believe there can be a role for government in correcting market imperfections, including the biggest one, when markets simply fail to provide jobs...

No one has measured the imperfections to the point of being able to assert that they are "big." Markets always "provide jobs." If government "regulates" so much that people cannot find jobs, then the people are damaged. The extreme case is South Africa, in which a high minimum wage protects the trade unions from competition by low-wage workers, but of course with the (intended) effect of denying the low-wage workers any job at all.

So you would have advocated cutting wages during the Great Depression – or the Great Recession – to put people back to work, despite evidence that the problem was overall lack of demand which that solution would have exacerbated?

Yes. You have drunk too deeply from the Keynesian Kool-Aid!

And I'm equally surprised to hear about Keynesian demand-side economics being used for the long run, since I think it's always been understood as dealing with short-term (albeit sometimes chronic and certainly recurring) phenomena.

I agree, but I can show you historical works in which it is so used. Many.

§

You seem to promote cash subsidies to the poor without explaining where the money will come from (when elsewhere you seem to have described taxation as violence).

Taxes of course *are* violent. But that does not mean I am against all of them for any use whatsoever. As I say, I am willing to be (admittedly violently) taxed to support a negative income tax. If you don't believe taxes are "violent," try the experiment of not paying them. Then try to break out of the prison that results. If you don't buy a Volvo auto, Volvo cannot come and violently force you to buy one. On the other hand, if you don't want to buy the bundle of goods the Swedish government offers, and opt out of paying taxes

Per the suggestion above, I believe providing government resources (to states, cities, nonprofits, etc.) to provide jobs would be better than giving away cash (and "making the poor work" is always popular, so it's more likely to be politically successful).

Again you are assuming that government bureaucrats or non-profit folk (churches, for example) are better at deciding what jobs are worth having than businesspeople whose life has been spent making such determinations. Or else they go bankrupt. What government have you seen go bankrupt?

But again, the point is when markets haven't provided jobs.

They haven't provided jobs when prevented from doing so by government. The South and West sides of Chicago have high unemployment. But they could be hives of industrial activity – and were in former times – if it were not for the minimum wage, occupational

licensing, zoning, building codes, and the war of drugs, all Progressive policies preventing businesspeople from offering jobs.

The theory of government as employer of last resort is for government to hire (or to provide funding to hire) at a livable (and presumably variable) minimum wage – hiring “off the bottom,” so to speak – and that, when the private economy is thriving, those workers may instead be able to find better-paying jobs there – and falling demand for publicly-funded jobs would reduce government expenditures and thus reduce inflationary pressures – but otherwise they’re working instead of collecting unemployment or welfare. And certainly state licensing requirements can be improved (and in some instances probably abolished),

You’re telling me. It is a major obstacle to people getting jobs and moving to a new state to get them. There are some 1,000 licensed occupations in the USA. Fortunately, economists are not among them!

and local schools sometimes leave a lot to be desired, but it’s not so clear to me what the workable alternatives are.

Let’s try the alternatives, as Sweden has. It ought to be more widely known on the U.S. left that Sweden since the 1990s has liberalized school provision.

Swedish education seems to be in free fall. It’s not clear to me what the problem is, though partially it’s that the system is overwhelmed with refugees. Many private schools get into trouble for not following curricular requirements, following “Islamic” culture to the detriment of democratic development, etc.

Old people – you and I *are* old people! – *always* complain that education is in free fall.

§

Governments provide lots of useful services, demonstrating that they’re capable of allocating labor.

You bet. Useful services such as enforcing the War on Drugs or, now, the War on Immigrants.

§

“Conservatives” are playing a shell-game with the nature of corporations. On the one hand they’re “persons” and should have all the rights pertaining thereto, on the other they’re *not* persons and only persons can own anything or earn income, so corporations should not be taxed (that’s double taxation of the underlying owners or income earners).

I don’t understand the outrage at corporations as “persons.” Presumably you and I want intermediate institutions like churches and political clubs *and businesses* to flourish, to stand between the central government and the people. So thought Tocqueville, complaining about French centralization from the time of Cardinal Richelieu on. But regardless, corporate taxation is silly, because we economists have no idea who pays it. Let’s have taxes on people we can identify. That way we can ensure that the poor are not being damaged by high corporate taxes in, say, Illinois (they are).

Certainly I like corporations as businesses – but then you say (apparently) that they’re *not* persons “because we have no idea who pays (corporate taxes). Who pays corporate wages,

or rent, or whatever? High corporate tax rates are not primarily hurting the poor, and I find it hard to believe that that is very many politicians' motivation in opposing them. But if they're too high, by all means bring them down – getting rid of exemptions and other loopholes at the same time. You mention that “government now spends and redistributes 30% of what we mere citizens make,” and I'll take this opportunity to object and propose a favorite notion of mine, which is that the money designated as our pay (before taxes are withheld) is not really ours.

Huh? Are you making a “you didn't build that” argument?

This results, I believe, from a misspecification of the production function. No business functions on the basis of $Product = A(K,L,...)$ unless a functioning justice system, transport system, healthy and educated (and ethically-raised) workers, etc., are included in that production function – and where are those things paid for? A business which divvies up its income among labor, capital, etc., hasn't paid its bills unless it's also paid taxes to support all those other functions.

You *are* making the you-didn't-make-that argument. I never said I am against all functions of government. But the items you mention are only conventionally and nowadays paid by government. They don't have to be. Justice, for example, can be private, and indeed largely is. Most business disputes do not end up in governmental courts. Roads, too, which should all be owned by profit-making firms, and now can easily be so, with transponders and smart phones and so forth for collecting tolls. K-12 education should be private, though paid for by taxing you and me. Before World War II in the U.S.A. health care (though at the time the care was not anywhere near as efficacious as it is now: antibiotics alone, as your doctor daughter knows) was paid for not by employers or the government but by groups of people hiring a doctor to take care of all of them. It was a good system, which as you know got off track in WWII when we got employer-provided health insurance, in order to evade wage controls.

You're making a radical reduce-the-size-of-government argument? Without any modern example that works, but because it *used* to work?

Back to the point that most governments are bands of robbers, which you will admit. There are plenty of example of less intrusive governments working better – China and India being the most important recent examples. Hong King was the first experiment in post-War liberalism, and worked spectacularly well.

Small government sounds very regressive. Redistribution is really (I believe) a rather trivial portion of what government does – and yet again, you seemed to be promoting cash handouts – how does that go together?

No, redistribution is large. Social security, Medicare, Medicaid, the farm bill, to speak in American terms. On the order of (I have not the actual numbers for some time) a third of what government spends is not “spending” in national income accounting terms, but mere transfers.

I don't consider all transfers as redistribution. Social Security transfers from young to old but not primarily from rich to poor, which is what “redistribution” usually connotes (except among those, like Kenneth Boulding, who recognize that a lot of redistribution favors the rich).

Deirdre McCloskey, too, an admirer of Boulding, on whom she has written (Boulding was also a stutterer!), notes that a lot of redistribution favors the rich.

§

Your mention of “meaningless tests of statistical significance” reminds me to tell you about [my doctor daughter] Linnéa’s research paper, part of her graduation requirement, which I just edited. Based largely on things I’ve learned from you, I stressed the arbitrariness of standards of statistical significance, the importance of evaluating the actual magnitudes of effects, etc. But of course all the pressure in what she reads and is told was the other way, to which she had to accommodate herself. I encouraged her not to claim more than she knew. When she reported statistics, she sometimes reported 95% confidence intervals, and – am I wrong about this? -- I wanted to know what we’re confident about. This wasn’t regression results – and even if it were, it wasn’t based on random or representative samples – it just seemed (to me) to be saying that 95% of the data fell in a certain range. OK, that’s nice, so what? (Don’t the mean and standard deviation already give us most if not all of that information?) But there’s unrelenting pressure to “do something” with the statistics, and thus (I think) to make it sound fancier than it is.

She has to do the idiotic procedures that medical science requires, but you are quite right--- she’ll save more patients if she focuses on oomph! Reporting 95% “confidence” intervals (on the basis usually, as you point out, of sampling theory applied to non-samples) has at least the merit of directing the researcher’s attention to what magnitude of the measure *would* change her conclusions. The *t*-statistic convention in economics is worse because it does not naturally direct attention that way.

§

It seems to me that the movement (for example, here in Sweden) to privatize pharmacies and medical services, etc., risks damaging morale of people who feel that they’re providing a public service.

What?! The morale of the Swedish governmental pharmacists, who under the old system were arrogant and inefficient? I suggest focusing on the mass of customers, not on the hurt feelings of a few job holders.

Sure, eliminate corporate welfare including agricultural programs – but how? Political power created and maintains them, and political power won’t be eliminated, it can only be controlled. How?

You and I can only complain. But as Keynes said, “Madmen in authority”

§

I agree about problems of job protections – but refer again to government as employer of last resort instead of simply removing the protections, so that everyone can have a reasonable-paying job, yet the number of those government-funded jobs can rise or fall depending on the health of the private economy.

And I say again, what makes you think the government will decide on the correct jobs for a prosperous economy? A worldwide crisis of youth unemployment has been created by “protections” of (old peoples’) jobs.

Some Swedes might tell you that the state pharmacies were maddeningly arrogant and inefficient, but [my wife] Ellinor would beg to disagree. She very much valued the fact that they provided excellent advice and – just like doctors here – didn't seem stressed to move on to the next customer,

Great for the next customer, eh?

No, there was adequate staff, not long lines.

That's not what I experienced. And the logic is clear: restrict pharmacies for the benefit of their employees and you get worse service for customers.

But they gave each one the time they needed. (We still preferentially patronize the remnants of the state-monopoly system.) I did find it odd that I couldn't buy simple things like aspirin in the local grocery store, though.

That's right: state monopolies tie up Their Products. Beer, for example.

§

I didn't understand the phrase "the more brotherly libertarians" – brotherly lacked sympathy?

Yes. It's to contrast with "sisterly" (I feel uneasy about calling it "motherly," since I am not a mother).

§

I like the quote from Don Lavoie about excessive regulation and industrial policy interfering with private enterprise of "the blind leading the sighted." But about an industrial policy of subsidizing wind power, there is certainly a case that R&D was needed before it could compete, especially given that other types of energy have been subsidized for generations.

I believe more in market tests than in politically pushed bureaucrats.

Who would have invested in the Internet in 1955?

Another fairy tale, I suspect. Anyway, that government had *some* role does not mean that it would not have happened without the government. We are economists. We have heard of substitutes.

My first library was in Iowa City, built by Carnegie...

Our common heritage! We helped in the 1980s move the books from that very library in Iowa City to the new one!

§

The Marxist friend I mentioned earlier would argue that *all* inequality has been achieved by using government to protect favored groups, which seems a bit extreme to me.

He agrees with the Chicago School in the 1970s, which in turn agreed with the New Left historians, that there is a (terrible) Golden Rule: Those who have the gold, rule.

It is currently gravely distorting our democracy (and our feeling that we're all in this together), so that preferential favoring of the wealthy needs to be corrected.

Sure. But when has the evil Golden Rule ever not been true? Let's you and I and your nutty socialist friend go protest.

David Cay Johnston has written persuasively about this in several books, one of which is *Perfectly Legal: The Covert Campaign to Rig Our Tax System to Benefit the Super-Rich—and Cheat Everybody Else* (2003).

§

I'll give you some surprising news. Charles Koch spends masses of \$\$\$ *fighting corporate welfare*. Honest.

And I think he also spends masses fighting environmental regulations and undermining efforts to combat climate change?

No. He asks, accepting that people cause climate change, what is the best way to fix it, short of stopping industrial civilization.

§

Worldwide I would agree that poverty and tyranny are huge problems – hopefully not as much in the industrialized countries – and population growth seems to be moderating. But climate change is certainly going to aggravate both of those problems, and doesn't at all seem to be to be a challenge concocted to justify governmental coercion. Even the big oil companies are now supporting a carbon tax, I believe.

So am I, and most economists are. But all problems, I said in the Manifesto, come back to tyranny and poverty. Free and rich countries--Denmark, for example, Hong Kong--solve their problems.

Yes, rent controls (and related controls) can be a major problem – Sweden has a huge housing problem, especially bad in Göteborg, and they just don't seem to know what to do about it. Most of the housing is owned by public corporations, I believe, and it's just crazy. Linnéa is still in student housing, and probably will remain so for the coming year (if she can fool them into thinking that she's still a student, by taking a class in this or that) because there's no other housing available!

Yes: if you burden all housing with low rents and high regulations, you can generate a Housing Problem. London is another good example. See Friedman and Stigler's pamphlet in the late 1940s when they were young economists, *Roofs or Ceilings?* The high prices of housing in San Francisco are a direct result of laws restricting the building of high-rises (which by the way are much more earthquake proof than conventional low-rise housing in the city).