

A Report On Social Policy Seminar 2009

Introduction

The [Institute for Liberal Studies](#) (a non-partisan liberty-minded organization promoting economics, philosophy, history and policy from a *classical* liberal perspective) put on a Social Policy Seminar this weekend at the University of Windsor. I attended their *Windsor Liberty Seminar* last year and it was fantastic (here's my [report](#) on it).

These events provide a much needed balance to much of the intellectual and political climate of this area.

There were less people than last time around and I can't say the topics/speakers quite blew me away to the extent they did last year. However, it was very well worth attending and the directors involved (Matt Bufton and Janet Neilson) really did a fantastic job in putting on this event.

Dan Rothschild's Talk

Dan Rothschild spoke on the recovery after Hurricane Katrina. Dan is the associate director of the Mercatus Center's Global Prosperity Initiative. In my opinion, this was the best presentation and also had the best discussion period as well. He presented a compelling treatment of the situation from a classical liberal perspective, and it sure didn't hurt that he dealt with a situation that is still very fresh in our memories. Dan presented his organization's approach, which is really quite interesting. They have been conducting economics through field work, something which economists don't normally do. They are covering the "political economy of every day life".

Dan's talk was very conceptual, and brought up a lot of good "frameworks" to understand what is going on, and also to help understand the classical liberal way of understanding disaster response. He had a very 'economic' talk, but really brought it down to a conceptual/philosophical/political level which is very understandable to non-economists.

Dan brought an interesting aspect of the situation when he highlighted the difference between facts and interpretation, illustrating this with the example of "looting" (which is an interpretation of "theft"). He stressed how that while the difference between facts and interpretation is not always cut and dry, it is an important distinction, because interpretations turn into the histories we write. And he also showed how interpretations which arise from the facts create mental models which subsequently reinforce the way we make subsequent interpretations. Dan also introduced a number of important concepts such "rules of the game" and also a three-legged stool (political, social, and economic) as representing the resilience of society.

Dan granted that the classical liberal response to disasters is imperfect, since there really is no silver bullet to emergencies. He presented it as having three I's: Innovation, Information, and Incentives.

He talked about the *Incentives* operative in each actor in a disaster situation. For the politicians, the incentive is to get re-elected. So, the idea is consequently not so much doing the right thing, but rather being *seen* as doing the right thing. This was illustrated by the fact that George W. Bush was criticized for not appearing on the scene, while really his mere appearance on the scene would really not help the people there in any concrete way. For the residents, the main incentive is *normalcy*, to have things return to normal. For entrepreneurs, they want to resume business as normal. A main part of the talk of incentives was how bad policies mute incentives.

He then talked about *Information*, and how price conveys information and sends meaningful signals. He presented two basic models of how this works, either bottom-up (which encounters the challenge of nobody wanting to be the first to convey information after a disaster) or top-down (via government planning—where the government substitutes economic information with political

information by putting up the details up to a vote). He then talked about the critical aspect of *Innovation*, which comes about by innovation + incentives

Connected to Dan's talk were some great discussions of what place planning has, the problems with centralization, and what the government's involvement in disaster planning/response should be. He really did a fine job of bringing out audience participation, both in asking questions and responding to questions.

David Beito's Talk

David Beito is the author of a soon to be published autobiography of T.R.M. Howard, a doctor and black civil rights activist. David is a professor of history at the University of Alabama. He described how he became interested in and was led to write about this fascinating and yet generally ignored early civil rights activist.

David spoke about Howard's life, his roots being born in poverty and his involvement in the 7th Day Adventist movement, and his eventual involvement in various fraternal societies in Mississippi.

David focused quite a bit on fraternal societies as both important contextual information regarding Howard's life, and also as a topic of interest due to their provision of material aid OUTSIDE of the welfare state. An underpinning concept of David's talk, was how the tradition of mutual aid (outside of the welfare state) really paved the way for the civil rights movement.

Howard became the first chief surgeon at the Taborian hospital (a hospital founded by a fraternal organization). in Mount Bayou. Eventually, he became increasingly dissatisfied with this hospital, and founded a hospital across the street (Friendship Clinic). While some would think this would hurt the Taborian hospital, it actually seems like this move may have benefited both establishments.

Besides his involvement with the hospitals, Howard was a really motivated entrepreneur, leading him to start many ventures. A major emphasis of David's talk was how entrepreneurship played a key role in the civil rights movement in Mississippi. He commented on how the role of the Black Church is often over-emphasized (though it was very prominent in Alabama) and the role of entrepreneurship in black civil rights is often neglected or disregarded.

Howard was unique in many ways. He combined diplomatic skills and ability to charm even his enemies, with a marked militancy. Since he was marked out by the Klu Klux Klan he often travelled armed to the teeth. Incidentally, David commented on how early gun controls were mainly targeted towards blacks, and Howard had to frequently pay fines for carrying weapons. He led a successful campaign to boycott gas stations that didn't provide washrooms for blacks and he also gathered together impressive rallies of 10,000 in small towns of perhaps 1,000 inhabitants. He was well known for his advocacy in the Emma Till murder case and also his confrontation with the director of the FBI, J. Edgar Hoover.

David also covered many of Howard eccentricities, the way he was rather ostentatious for a member of a minority group and how he was a game hunter, and how he confronted some of the earliest endangered species acts. And as any good biographer does, David outlined how Howard's legacy was by no means without considerable controversy. Of particular controversy is how Howard performed illegal abortions (often for white woman) in his clinics, causing many people in the black civil rights movement to distance themselves from him.

John Murray's Talk

The last talk was by John Murray, who is a professor of economics in Toledo (no.. he's not John Murray the reformed theologian risen from the dead!). He spoke of comparing health insurance

models from an economic perspective, as opposed to the way it has been presented in historical literature.

John started by sharing how the conventional wisdom is that the American system is broken and the other systems have worked. However, he proposed that instead of taking that approach, we should understand why the American system is unique and why it developed the way it did. He talked about the difference between “Sickness Insurance” and “Health Insurance”, and how these terminologies have become political.

I must say that I had the hardest time following John’s presentation, as relevant and important as the topic is, just because it was steeped in a more academic economic approach. He made a very detailed historico-economic comparison of systems implemented in France, Germany, Britain and other European countries and contrasted them with the trends in the U.S., specifically focusing on “Mutual Benefit Funds”.

John explained “Mutual Benefit Funds” as small private associations that are alternatives to dependence on the State. He showed how this concept is NOT unique to the U.S., and how it has also been implemented in the form of “micro insurance” in West Africa.

John put forward the issue of whether the insurance was compulsory or voluntary as the key question and also the main focal point of his comparative studies. He also drew attention to the issue of who pays for it? Whether the workers, which can involve direct or indirect payment, or whether the employer, or the State (which of course trickles down to the workers indirectly). He also spoke of some “non-member” payments systems. Which included deriving the funds by putting on various forms of “entertainment” as well as a “honorary member” model. The “Honorary Member” model involved a sort of civic minded bourgeois which contributed into the funds while opting out of benefits. This system became problematic, because even though these honorary members opted out of benefits, they did have “expectations” in return.

John talked about the role of “informal asymmetries”, such as “moral hazard” (the change of behavior because a person is covered by insurance) and “adverse selection (how people who need insurance are more likely to sign up for it—voluntary funds tend to attract older, sicker workers). He also talked quite a bit about how compulsory funds resulted in increasing paid absences, while voluntary funds resulted in declining paid absences.

According to historical literature, the U.S. turned out different than other systems because either: 1. Various actors (doctors, employers, insurance companies) opposed government health care. 2. It was known that there was too much corruption in government for them to handle such a large fund. 3. Too much democracy was present, and the whole progression of health insurance was held up by the process of democracy. John then made a number of comments on these, and showed how each assumption is not really satisfactory.

John brought out an interesting point when he highlighted how the progressives who were pushing reforms had a very negative view of the working class. He also showed how the mutual health funds were actually popular, and the progressive reforms were normally opposed by the majority of the working class, there was never really wide-spread working class interest in government insurance. He also made the point that while the progressive’s vision of health insurance may have delivered slightly more benefits, it was also far more costly than the American system of mutual health funds, requiring far more to be deducted off paychecks. Ultimately, the mutual health fund system was a more efficient use of the workers money, which is really the best explanation of why the American system turned out the way it did.

I don’t know how well I covered this particular talk since it sort of lost me at a few points, but I think I’ve covered some of the main themes in a descent amount of detail. I must confess I got sort of tired during this topic, though I know the economic-history buffs in the room were just drooling!

Concluding Remarks

Now that I've given the wraps on the topics, I'd like to mention that I got another signed book by a great Canadian philosopher, Jan Narveson: "Respecting Persons in Theory and Practice". He's a retired professor of philosophy from the University of Waterloo, and apparently he's Canada's most published philosopher. Another highlight was the short chat a friend and I was able to have with him. It sort of got cut off by a presentation, and unfortunately we never got to continue it!

The seminar cost \$20, which includes coffee/tea and a pretty good lunch! These events are well worth attending, if you can show up next time they put it on! It will be sure to challenge and inform you. Even if you don't agree with everything, you will find that these events have topics that are well-thought-out with very intelligent speakers. And the organizers really want to get the attendees involved with break-out sessions and what not as well, giving you a chance to chime in.