

Conference speakers staff new government

Forging Slovakia's Future

Slovaks headed to the polls on June 12. In Slovakia, the ruling coalition of socialists and nationalists has been weakened by a number of corruption scandals. The Greek debt crisis turned Slovakia's ballooning budget deficit and national debt into election issues. There is a growing sense that something must be done about the unsustainable social spending and inefficient welfare state.

Cato teamed with *Trend*, a well-regarded local business magazine, to organize a one-day conference, "Slovakia at the Crossroads of Reform," in the Slovak capital of Bratislava in May. Following the fall of communism, Slovakia greatly liberalized its economy.

The conference started with libertarian author and American Enterprise Institute scholar Charles Murray delivering the keynote address on "Freedom in the 21st Century." He emphasized that while, in the short term, the cause of freedom faces many challenges from an overbearing welfare state, in the long run, freedom will prosper.

Murray was followed by a panel on corruption discussing the practical measures that could be implemented to increase accountability of public officials and transparency of government spending. Cato's Marian Tupy emphasized that, in the absence of a vibrant civil society, independent media, and parliamentary independence that keep Western governments in check, ex-communist coun-



Ivan Miklos (left), who will return to the Slovakian finance ministry he ran between 2002 and 2006, was one of about 150 people who attended Cato's conference on the future of Slovakia, held in Bratislava just weeks before national elections. Richard Sulik, the father of Slovakia's flat tax reform, gets his copy of *Losing Ground: American Social Policy 1950-1980* autographed by the American Enterprise Institute's Charles Murray. Sulik will be the next speaker of Parliament.



tries should focus on business deregulation and reducing government procurement.

Richard Vedder, a higher education specialist from Ohio University, criticized the obsession of many European governments with increasing the number of students enrolled in taxpayer-financed public universities. Instead, he advocated tuition-based and quality-oriented higher education. The healthcare panel discussed ways of moving away from a wasteful Soviet-style "single-payer, single-provider" system toward a market-based system of personal health insurance.

Charles Murray joined a number of Slovak reformers for a spirited discussion of the welfare state. Murray's concept of a "basic

income grant" as an alternative to the current mishmash of welfare grants and social engineering policies drew strong support from the father of Slovakia's flat tax reform, Richard Sulik, but was vigorously opposed by other panelists who felt that it would reward idleness.

The conference drew an audience of about 150 people, including some of the country's past leaders, such as former finance minister and deputy prime minister Ivan Miklos and former justice minister Daniel Lipsic. It was covered by most of the largest newspapers and TV stations, and contributed to the pre-election debate about the future of reforms in Slovakia.

A Panoply of Regulatory Analysis

The latest issue of *Regulation* covers everything from stock options to plea bargaining, network neutrality to animal testing. Bruce Yandle opens the issue with a look at the "latest long-dead economist to enthrall bloggers, policy wonks, and entrepreneurial analysts," Arthur Cecil Pigou. Yandle shows how Pigou's theories have been misinterpreted by politicians eager to use the tax code for social engineering.

Among the issue's other features is "Network Neutrality or Internet Innovation?" by Christopher S. Yoo. Yoo shows how the evolution of the internet has been away from "rigid and uniform hierarchy" and toward decentralization. He warns that regulating the net would reverse this trend, raising costs, discouraging investment, and harming consumers.

Richard A. Booth looks at the benefits of stock options as "the best way to align the interests of CEOs with those of diversified stockholders."

Oren Bar-Gill and Omri Ben-Shahar present an intriguing take on the game theory of plea bargaining, likening it to the classic Prisoner's Dilemma. They write, "If defendants could bargain collectively—that is, if they were to coordinate a strategy and stonewall as a group by refusing to accept harsh plea bargains—they would all be better off."

John Hasnas, in "The Discordance of New York Central Jazz," argues that it is time to abandon the notion of corporate criminal liability and return to the jurisprudence of "the 19th century, when the rules of criminal law were consistent with its underlying theoretical structure and the oxymoron of vicarious criminal liability and the abomination of collective punishment were unknown."

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