

1

00:00:00,000 --> 00:00:09,280

Thank you for your presentation. Any questions
for our speakers?

2

00:00:20,100 --> 00:00:35,220

Yes. I work in health economics. So they [inaudible]
measures of social costs

3

00:00:35,340 --> 00:00:42,760

a disease and social cost intervention. And

4

00:00:42,760 --> 00:00:53,380

it's pretty interesting because we have to
assume that there's some there's some kind

5

00:00:53,440 --> 00:01:00,920

of goal that people's lives are worth saving,
improving, or what have you. You don't start

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00:01:00,920 --> 00:01:08,180

there you can't get to any kind of either
cost of improving there lives or the

7

00:01:10,380 --> 00:01:17,460

cost of disease. So ex ante you that you got to come up with something that says that somebody's

8

00:01:17,660 --> 00:01:24,020

life is worth living and you have to define
what a life worth living is. Once you get

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00:01:24,180 --> 00:01:29,500

there you can start looking at disability,
adjusted life years or quality adjusted life

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00:01:29,680 --> 00:01:35,680

years and all that sort of stuff. At first
I though it was pretty silly, but now after

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00:01:36,300 --> 00:01:42,680

doing it for like 15 years. It seems like
an interesting.. Absolutely. To do. I was

12

00:01:42,680 --> 00:01:48,460

interested what you were talking about ex-ante
statement is necessary. In other words, there

13

00:01:48,560 --> 00:01:50,220

has to be some

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00:01:50,320 --> 00:01:58,620

affirmation that life is worth living, okay,
before you ever get to the concept of the

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00:01:58,620 --> 00:02:03,880

cost. I just thought... Yes, very good. Thank you.

16

00:02:04,080 --> 00:02:09,720

Maybe we can take a few questions and then
have our speakers respond. Any more questions?

17

00:02:10,080 --> 00:02:17,140

Yes. Do you know what the purpose of these
things are? I'm not sure. I haven't seen them.

18

00:02:17,300 --> 00:02:33,200

Our sponsors [inaudible]. They are trying to inform you about our master's program and thing available
in the library. Do they have anything
to do with the Social Cost workshop? Well

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00:02:33,200 --> 00:02:48,140

the masters program in Economics.[inaudible] Do they have anything to do with the Social Cost Workshop? Well they are [inaudible] but we also wanted to disseminate some information about you the library, or in the honors program, or the masters program.

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00:02:48,300 --> 00:02:55,800

So are you saying I don't really need this? You don't need them.

21

00:02:55,800 --> 00:03:06,400

Do we have any other questions? Sebastian why don't you respond to the.. I thought that

22

00:03:06,400 --> 00:03:07,453

was a good point the the institutional and heterodox

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00:03:07,453 --> 00:03:08,453

institutionalists and heterodox

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00:03:08,453 --> 00:03:14,100

economists typically tried to introduce values that are outside of the exchange

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00:03:14,100 --> 00:03:22,379

value theory of neoclassical economics
and with that Kapp would rely on Dewey's

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00:03:22,379 --> 00:03:26,950

work here that you have to start from
primary values and then work your way

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00:03:26,950 --> 00:03:31,909

back into secondary values and the
primary value would be human life.

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00:03:31,909 --> 00:03:34,769

So how you know how do you define that
what's the value of human life? How do

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00:03:34,769 --> 00:03:38,230

you move from something that's
qualitative into something that's

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00:03:38,230 --> 00:03:43,680

quantitative and that is an iterative
process and and that and that is

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00:03:43,680 --> 00:03:48,629

something that would be part of this
method right so instead of saying okay

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00:03:48,629 --> 00:03:53,970

the health of this person or the quality
of life lost is whatever he forgoes its

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00:03:53,970 --> 00:03:59,810

salary and that would be very insidious
for somebody thinking along the lines of

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00:03:59,810 --> 00:04:04,799

this tradition of Kapp because if you're
poor then you know what you forego in

35

00:04:04,799 --> 00:04:10,590

terms of salaries very little but you're
the value of your life you know if you

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00:04:10,590 --> 00:04:13,780

believe in this sort of a value theory

it's just identical to the value of the

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00:04:13,780 --> 00:04:18,220

life of a rich person. Just you know so
that's the point right so once you...

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00:04:18,220 --> 00:04:23,130

what, the value theory you adopt the
the one you start with is very important

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00:04:23,130 --> 00:04:27,500

but this gets obscured all the time this
is not talked about most textbooks just

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00:04:27,500 --> 00:04:31,080

assume the neoclassical value theory
that's the end of the story as if that's

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00:04:31,080 --> 00:04:36,320

the sole truth and and yeah you're right
so this ex-ante principle that Kapp

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00:04:36,320 --> 00:04:41,500

adopts is is a result of adopting a
different view on values that's that's

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00:04:41,500 --> 00:04:49,930

right so. [inaudible] What they do traditionally
in

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00:04:49,930 --> 00:04:52,470

the courts they measure if somebody gets

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00:04:52,470 --> 00:04:54,710

injured on the job or something like
that

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00:04:54,710 --> 00:05:03,110

and then you you address that through
lost earnings and so somebody who has a

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00:05:03,110 --> 00:05:08,090

really high-paying job and who's young
with

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00:05:08,090 --> 00:05:13,889

future career of accumulation of huge
amount of earnings their injury, or if

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00:05:13,889 --> 00:05:22,340

they get killed, is is pretty high but
somebody who's a street person well

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00:05:22,340 --> 00:05:26,840

there's no loss there if they get hit by
it you know by a truck or something.

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00:05:26,840 --> 00:05:32,210

There's no loss there. An economist and
neoclassical economist objective that

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00:05:32,210 --> 00:05:37,280

and say what you need to do is measure
the value of life by willingness to pay

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00:05:37,280 --> 00:05:41,970

just like in the market if you have if
you have money little key item here and

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00:05:41,970 --> 00:05:47,290

then what if you buy something you you
you've demonstrated an ability and

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00:05:47,290 --> 00:05:54,650

willingness to pay for it well that we
should measure health and life the same

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00:05:54,650 --> 00:06:04,340

way but again what you know I my wife
and I are not wealthy by any kind of

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00:06:04,340 --> 00:06:11,090

standard that most people will consider
wealthy but we're comfortable and if you

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00:06:11,090 --> 00:06:14,760

know if somebody came to me and said
well you know what do you think your

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00:06:14,760 --> 00:06:18,389

life's worth well if you can use that
standard my life, even though I'm retired

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00:06:18,389 --> 00:06:23,889

I'm with that many years left, I do have some willingness to pay whereas a street

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00:06:23,889 --> 00:06:33,280

person has zero. So the the traditional legal way to value damage, you know

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00:06:33,280 --> 00:06:38,979

injury and and life, is definitely flawed but I think or all of us on this panel

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00:06:38,979 --> 00:06:45,080

would agreed that the hedonic approach of taking willingness to pay is this

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00:06:45,080 --> 00:06:51,960

flawed as well. I just want to add to this that those of you interested in the

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00:06:51,960 --> 00:06:55,630

philosophical underpinnings of this how it emerges in the 19th century this has

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00:06:55,630 --> 00:06:59,500

to do with this notion of
irreversibility. So the market value

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00:06:59,500 --> 00:07:03,340

approach is based on reversibility of
all phenomena on the mechanics of it

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00:07:03,340 --> 00:07:07,220

well if something happens you fix it by
reversing it by transferring money to

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00:07:07,220 --> 00:07:11,259

the person that was damaged it's a done
deal it's fixed game... you know we've

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00:07:11,259 --> 00:07:16,539

we've done it. But when things are
irreversible then you know how do you do

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00:07:16,539 --> 00:07:20,780

that? What's the value even what's the

monetary market value of an irreversible

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00:07:20,780 --> 00:07:25,030

process like death? You know then things become

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00:07:25,030 --> 00:07:30,500

more tricky and so this issue of whether
the economy is a process of reversible

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00:07:30,500 --> 00:07:35,699

or irreversible motion also makes a
difference in determining value theory

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00:07:35,699 --> 00:07:39,449

and how you want to think about
conflicts of social costs and if it's

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00:07:39,449 --> 00:07:42,880

all really irreversible and very
dangerous maybe we want to have an ex

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00:07:42,880 --> 00:07:48,110

ante safety precautionary principle in

place because no matter how much money

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00:07:48,110 --> 00:07:52,780

you're going to spend later on that may
not improve or undo the damage and I

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00:07:52,780 --> 00:07:56,460

think that's clearly related to to to
question.

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00:07:56,460 --> 00:07:59,100

In healthcare the American economists have
walked from international health economic

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00:07:59,100 --> 00:08:00,100

associations basically because if your going
to evaluate health you have to be crazy to

82

00:08:00,100 --> 00:08:01,100

modify that, sell it, trade it.

83

00:08:01,100 --> 00:08:02,100

Something that is available to everyone, okay.

And so therefore and life is just considered

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00:08:02,100 --> 00:08:40,300

to be a life regardless of whose it is those
other data methods are then thrown out in

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00:08:40,300 --> 00:08:43,130

the rest of the world.

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00:08:43,130 --> 00:08:52,960

Then your talking about productivity in there
ability to enjoy themselves and things like

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00:08:52,960 --> 00:08:59,980

that. [inaudible] there is a schism the American
economists [inaudible].

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00:08:59,980 --> 00:09:11,910

I have a question. Actually I have two questions.
If others have questions, I'll let them ask

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00:09:11,910 --> 00:09:19,610

there's first. So you know, when you talk

about, especially when you talk about either

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00:09:19,610 --> 00:09:27,149

the social cost of an organization like private enterprise rather than a government you should

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00:09:27,149 --> 00:09:35,700

also talk about [inaudible] and in that context you find that the role of the government is

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00:09:35,700 --> 00:09:43,750

narrow. So when you talk about the costs of say social reproduction, first they need privatized,

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00:09:43,750 --> 00:09:52,810

but also to some degree they [inaudible] you have the role of the NGO or you know charitable

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00:09:52,810 --> 00:10:00,350

organizations [inaudible]. So how would you see, you know, what are the social costs associated

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00:10:00,350 --> 00:10:07,390

with the NGO-ization of parishioning where
education this is especially true if you look

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00:10:07,390 --> 00:10:15,440

at many third world countries the role of
the government is being reduced but you have

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00:10:15,440 --> 00:10:21,480

the subsystem divided and you have NGOs or
charitable organizations, international developing

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00:10:21,480 --> 00:10:27,010

organizations...agencies stepping in or conservation
agencies talking about protecting the rain

99

00:10:27,010 --> 00:10:33,550

forest or the [inaudible] what are the social
costs associated with that? Absolutely.

100

00:10:33,550 --> 00:10:38,890

I have an idea right away and I think in
Kapp mentioned this Palani does actually

101

00:10:38,890 --> 00:10:45,560

to, that the movement of the NGOs is part
of this double movement as a reaction to

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00:10:45,560 --> 00:10:51,110

social costs so this is a movement off
those siding with the victims and

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00:10:51,110 --> 00:10:54,140

they're trying to shift the cost back,
they're trying to protest, they're trying

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00:10:54,140 --> 00:10:59,560

to shift the cost back into the balance
sheet of the producers right so I would

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00:10:59,560 --> 00:11:04,990

view the NGOs as a material consequence,
material reaction of society, to protect

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00:11:04,990 --> 00:11:09,350

itself from the ravages of social costs
whoever may produce them and like I said

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00:11:09,350 --> 00:11:12,690

Kapp was you know he saw so that
governments are corrupt and also cause

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00:11:12,690 --> 00:11:17,880

social cost right but that NGOs are
actually a tool or are an expression of

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00:11:17,880 --> 00:11:22,460

society trying to minimize or to reduce
the social costs that are currently

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00:11:22,460 --> 00:11:31,500

being produced by that. Yeah, I agree I think
its a part of a social protective response.

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00:11:31,500 --> 00:11:33,190

One of the biggest

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00:11:33,190 --> 00:11:38,280

the richest environmental organization
of the world is the Nature Conservancy.

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00:11:38,280 --> 00:11:43,191

They they're worth, you can look them up
on the web, they're worth billions. And

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00:11:43,191 --> 00:11:50,190

they go and and buy up you know they go
and buy up land where there are critical

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00:11:50,190 --> 00:11:55,610

you know where there are ecosystems
where there's rare plants, where there's

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00:11:55,610 --> 00:12:03,180

where, there's a habitat that is being
threatened and I applaud their work, but

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00:12:03,180 --> 00:12:08,100

at the same time when we look when we
think about the NGOs and certainly, okay,

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00:12:08,100 --> 00:12:13,240

well back up, there's a guy with
resources for the future which is a kind

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00:12:13,240 --> 00:12:19,420

of use to be, used to be considered a
moderate probably moderate Republican

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00:12:19,420 --> 00:12:23,110

think tank in Washington. So of course
you don't hear about them anymore, you

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00:12:23,110 --> 00:12:30,370

don't hear anything from the moderates.
But they had a guy years ago when we

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00:12:30,370 --> 00:12:36,029

talked about when this first issue of
rainforest destruction the Amazon became

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00:12:36,029 --> 00:12:41,350

big news this guy gave a paper [inaudible]
he said what we need to do is

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00:12:41,350 --> 00:12:46,730

we need to develop property

rights for genetic material in the

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00:12:46,730 --> 00:12:52,130

rainforests. Well never mind that you go
to the Amazon and you may have a you it

126

00:12:52,130 --> 00:12:56,581

within a half-mile you may have three or
four really separate ecosystems that, we

127

00:12:56,581 --> 00:13:00,250

don't know, scientists don't know much
about there's tremendous number species

128

00:13:00,250 --> 00:13:04,300

in the Amazon that we know are there, we
know there's a lot of species that

129

00:13:04,300 --> 00:13:09,160

haven't been identified, but Saijo says
what we just need to do is develop

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00:13:09,160 --> 00:13:13,560

property rights and then the
pharmaceuticals which is where you know

131

00:13:13,560 --> 00:13:22,250

many drugs have have some nature base to them
one of the most common chemo drugs

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00:13:22,250 --> 00:13:26,580

is Taxol or Taxophine e or various
versions of that it's from it's a

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00:13:26,580 --> 00:13:33,750

chemical that's extracted from the bark
of the Pacific yew tree. Y E W, Yew tree

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00:13:33,750 --> 00:13:37,630

grows up in the northwestern part of the
United States and up in British Columbia

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00:13:37,630 --> 00:13:41,010

and before that chemical was discovered
the yew tree was just something they

136

00:13:41,010 --> 00:13:44,870

bulldozed up and burned when they cut
the valuable trees it was totally

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00:13:44,870 --> 00:13:51,389

worthless, but Saijo's ideas what we just
need is a market for this biodiversity

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00:13:51,389 --> 00:13:56,380

for all the potential pharmaceuticals
that are out there in the rainforest and

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00:13:56,380 --> 00:14:00,269

we'll just get pharmaceutical companies
to bid for those rights and then and

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00:14:00,269 --> 00:14:07,649

then that will pay for protecting the
rainforest. Well you know maybe not a

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00:14:07,649 --> 00:14:12,120

terrible idea but how practical is that
when we don't even know what's in the

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00:14:12,120 --> 00:14:16,510

rainforest so people like the Nature

Conservancy I mean I really applaud what

143

00:14:16,510 --> 00:14:21,420

they're doing, but there is there is one

caveat from an institutional perspective

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00:14:21,420 --> 00:14:28,410

we value democracy and you know how much our

how much our people the people who

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00:14:28,410 --> 00:14:32,610

live there being involved in the

decision making. I think it's it's a

146

00:14:32,610 --> 00:14:37,529

question that obviously there's no one

answer to but I think it's important

147

00:14:37,529 --> 00:14:41,209

question. You just want to link it back

to this idea of cost shifting because I

148

00:14:41,209 --> 00:14:47,000

when I gave a talk in January in the
Chicago the ASSA I prepared this thinking

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00:14:47,000 --> 00:14:50,620

you know these quote these financial
organizations that receive bailouts to

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00:14:50,620 --> 00:14:55,959

cover up for their losses from the
public right they were very eager

151

00:14:55,959 --> 00:15:01,769

to then promote that they paid it back.
So the point is the system or there

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00:15:01,769 --> 00:15:07,160

seems to be a culture of thinking all
costs must be paid for for it to be

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00:15:07,160 --> 00:15:11,540

rational so whenever you can tell

somebody we didn't pay the full cost

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00:15:11,540 --> 00:15:16,370

they are in the defensive and they want
to get out of the defensive by saying we

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00:15:16,370 --> 00:15:20,370

pay all the costs, while we see we paid
it back, we are rational our accounting

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00:15:20,370 --> 00:15:24,990

is rational, it's not a system of losses
it's a system of gains and see we paid

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00:15:24,990 --> 00:15:28,829

it back, you know. There is something very
deeply ingrained in our cultural and

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00:15:28,829 --> 00:15:33,589

economic thinking that makes the social
cost shift argument very powerful

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00:15:33,589 --> 00:15:37,680

because if you can point out to somebody
that he's not paying the full cost of

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00:15:37,680 --> 00:15:43,649

his activity he is really looking like a
loser because he cannot really justify

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00:15:43,649 --> 00:15:48,060

keeping doing what he's doing if he is
not paying the full cost so whenever

162

00:15:48,060 --> 00:15:51,829

something like this happens you see
attempts of the people that actually

163

00:15:51,829 --> 00:15:55,970

cause social costs and they'd get the
public to bail them out to always at the

164

00:15:55,970 --> 00:16:02,190

earliest convenience to point out all we
paid it back. We made up for it.

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00:16:02,190 --> 00:16:05,340

Because this is really politically a
very strong argument and goes to the

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00:16:05,340 --> 00:16:09,620

root of a lot of our thinking of what
happens in the economy and if you're

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00:16:09,620 --> 00:16:12,940

politically interested and astute you
know I would just recommend that you

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00:16:12,940 --> 00:16:16,269

make this argument as often as you can
if you want to put these people in the

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00:16:16,269 --> 00:16:20,769

defensive because it's not if they can't
show that they're paying all the costs

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00:16:20,769 --> 00:16:25,130

they look really not good in any public
debate on on their activity let's say if

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00:16:25,130 --> 00:16:34,680

that's questionable. Would you comment on
the growth of the of people buying carbon

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00:16:34,680 --> 00:16:51,460

offsets and the development of that economy
where, well we will put it in a parking lot,

173

00:16:51,460 --> 00:16:57,769

but we'll support a [inaudible]. That the
growth of that you think there is, that were

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00:16:57,769 --> 00:16:59,740

making progress toward [inaudible]. You want
me to take that one.

175

00:16:59,740 --> 00:17:02,860

Well since they start doing that I've
had mixed feelings about that friend

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00:17:02,860 --> 00:17:08,699

we're discussing this over email just
last week you know. Al Gore lived in this

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00:17:08,699 --> 00:17:14,569

huge place that's unbelievably energy
sucking place and of course in Tennessee

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00:17:14,569 --> 00:17:20,100

the muscle power used to come from from
from hydro, but as their economies grew

179

00:17:20,100 --> 00:17:24,400

they they'd burn a lot of coal there now
and of course hydro turns out wasn't

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00:17:24,400 --> 00:17:29,160

it's low-cost as a lot of people
thought because what it did the river

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00:17:29,160 --> 00:17:33,440

systems and so on. But you know Al Gore
said you know once that came out and

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00:17:33,440 --> 00:17:41,490

then Al Gore said well I bought these

offsets so I'm ok. You need to try to

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00:17:41,490 --> 00:17:50,490

walk the walk, you know and I haven't, I haven't explored that whole thing. I mean

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00:17:50,490 --> 00:17:55,150

that the potential for it to be a contribution for the carbon off... I think

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00:17:55,150 --> 00:18:04,970

the concept is, is a valuable idea because if people are willing to pay to

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00:18:04,970 --> 00:18:10,400

get someone else to reduce carbon then it can work if it's if it's done right

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00:18:10,400 --> 00:18:15,450

it can work very much like the 1990 Clean Air Act where they developed this

188

00:18:15,450 --> 00:18:20,539

what they called... What did they call it?

They were sulfur permits. They

189

00:18:20,539 --> 00:18:25,080

didn't call them for permits, but that's

what they were whether. The federal

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00:18:25,080 --> 00:18:29,049

government said [inaudible] yeah, well yeah,

the permits and then you can trade the

191

00:18:29,049 --> 00:18:34,690

permits, but, but the idea was you put a

ceiling and that's probably on ceiling carbon

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00:18:34,690 --> 00:18:37,590

have on carbon, but with sulfur

that the government put a ceiling on

193

00:18:37,590 --> 00:18:43,120

it and then they they gave away these

permits

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00:18:43,120 --> 00:18:49,350

to establish polluters which, not
probably the best way you know but

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00:18:49,350 --> 00:18:54,820

politically the coal companies, American
Electric Power, the biggest privately

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00:18:54,820 --> 00:19:00,140

owned coal burning electric utility
country they were happy with that

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00:19:00,140 --> 00:19:04,130

because they had put way more sulfur
into the atmosphere than anybody else

198

00:19:04,130 --> 00:19:09,040

for decades so they got way more permits
for free. They didn't have to pay

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00:19:09,040 --> 00:19:12,380

anything for them, but part of the sched...
part of the deal was overtime you

200

00:19:12,380 --> 00:19:18,370

schedule reduction in the total number
of permits and so what that system did

201

00:19:18,370 --> 00:19:25,610

was it it it made sulfur, it made
reductions in sulfur pollution, a

202

00:19:25,610 --> 00:19:30,559

valuable thing because, you could then, if
you if your Vectren Electric power

203

00:19:30,559 --> 00:19:33,990

well you put scrubbers on this plant
over here and you cut your sulfur

204

00:19:33,990 --> 00:19:39,230

emissions way down you can sell as
permits to some new industry that needs

205

00:19:39,230 --> 00:19:46,280

to burn coal or otherwise put sulfur in
the air and and it it was, I mean this I

206

00:19:46,280 --> 00:19:49,570

don't want to sound too much like a
neoclassical economist, my colleagues

207

00:19:49,570 --> 00:19:55,440

will disown me but it did, it did create
a property right and it did provide

208

00:19:55,440 --> 00:20:01,160

incentives and it was extremely
successful the objection that I had to

209

00:20:01,160 --> 00:20:05,970

it, and still have to it, was you know
they gave the biggest polluters all the

210

00:20:05,970 --> 00:20:12,539

rights and of course one that was talk
about cap and trade with carbon the

211

00:20:12,539 --> 00:20:19,020

basic model was similar to the 1990

Clean Air Act Amendments for sulfur and

212

00:20:19,020 --> 00:20:23,570

then there's the same discussion came up.

Well who's gonna, how're you gonna you

213

00:20:23,570 --> 00:20:27,789

know if the government's going to create

these rights to emit this much carbon

214

00:20:27,789 --> 00:20:30,210

and you put a ceiling on it you say

we're going to have a total of this much

215

00:20:30,210 --> 00:20:35,730

carbon emitted all completely throughout

the whole economy and over time are

216

00:20:35,730 --> 00:20:42,270

going to reduce that ceiling to reduce

carbon emissions. How you can allocate

217

00:20:42,270 --> 00:20:51,890

those emissions? how you going to allocate
those rights? And of course industry, again

218

00:20:51,890 --> 00:20:52,890

the coal fire

219

00:20:52,890 --> 00:20:56,140

electricity people being the biggest one,
but

220

00:20:56,140 --> 00:21:00,510

industries that burn a lot of fossil
fuels think they should be given those.

221

00:21:00,510 --> 00:21:06,289

They don't think they should have to pay
for those, but of course people who I

222

00:21:06,289 --> 00:21:11,390

would consider much more reasonable
would say auction them off. We got a huge

223

00:21:11,390 --> 00:21:16,770

government deficit, you know, there's a
big government deficit why not why not

224

00:21:16,770 --> 00:21:22,640

auction off these rights every year? If
you want to if you want to emit so much

225

00:21:22,640 --> 00:21:28,340

carbon next year compete with other
carbon emitters, buy the rights and then of

226

00:21:28,340 --> 00:21:33,071

course you do put the market to work in
people who and then that way if you can

227

00:21:33,071 --> 00:21:37,870

avoid carbon emissions it's profitable. [inaudible]

I had another question for you is of course

228

00:21:37,870 --> 00:21:53,530

even if you auction it off you still have
the problem that its still depending of the

229

00:21:53,530 --> 00:22:06,951

[inaudible]. So that problem doesn't go away.

The second problem is irreversibility, it

230

00:22:06,951 --> 00:22:14,580

works in towns of cellphones perhaps, maybe
some other computers, but if your talking

231

00:22:14,580 --> 00:22:22,750

about say some species, some extinction of
a species, or the destruction of an ecosystem

232

00:22:22,750 --> 00:22:23,990

where it might be irreversible, again...

233

00:22:23,990 --> 00:22:26,240

those things don't work and that's
partly sort of you know relates to my

234

00:22:26,240 --> 00:22:28,650

question about the NGOs which you know
yes NGOs are you know to some degree

235

00:22:28,650 --> 00:22:29,650

they are a response right because you
still need to satisfy those conditions of

236

00:22:29,650 --> 00:22:30,650

life whether they're social conditions, whether
they're environmental conditions,

237

00:22:30,650 --> 00:22:31,650

and yet you have also you know this
channeling of these conditions you know

238

00:22:31,650 --> 00:22:32,650

to work not not in your looking at them
in terms of social provisioning but more in

239

00:22:32,650 --> 00:22:33,650

terms of [inaudible] .You have major conservancies
that are very, very problematic especially

240

00:22:33,650 --> 00:22:56,690

in third world countries. You know, they buy
up land and that land is in conflict with

241

00:22:56,690 --> 00:22:59,770

people...

242

00:22:59,770 --> 00:23:21,450

You know, you talked about common property
and common pool you know common, you know,

243

00:23:21,450 --> 00:23:22,450

protecting the commons and people
engage in that with you but you know those

244

00:23:22,450 --> 00:23:23,450

kinds

245

00:23:23,450 --> 00:23:24,450

of values, are then, are sidelined in favor
of the market, whether that's the free market,

246

00:23:24,450 --> 00:23:25,450

auction, you know what ever form the market
takes.

247

00:23:25,450 --> 00:23:26,450

That is a hallmark of the
neoliberal way of thinking in which the

248

00:23:26,450 --> 00:23:28,390

world is caught that the solution to all
these problems is always some other form

249

00:23:28,390 --> 00:23:33,640

of market scheme the Austrian Theory
theoreticians currently are saying that

250

00:23:33,640 --> 00:23:38,890

the solution to social costs is really
the implementation of insurance markets.

251

00:23:38,890 --> 00:23:44,370

So property rights get violated social
costs occur somebody gets harmed. The

252

00:23:44,370 --> 00:23:47,940

solution here is clearly for them to
implement an insurance market so

253

00:23:47,940 --> 00:23:52,330

everybody can buy insurance in the case
he violates somebody's property rights

254

00:23:52,330 --> 00:23:56,470

has caused the damage he's being sued
and so the solution is supposedly

255

00:23:56,470 --> 00:24:01,140

insurance markets because they will
price correctly and fairly the

256

00:24:01,140 --> 00:24:05,950

likelihood based on past experience that
you're going to harm somebody and so you

257

00:24:05,950 --> 00:24:10,909

actually buy these insurances and you're
taking care of so whoever you kill or

258

00:24:10,909 --> 00:24:16,230

pollute or whatever happens... So the
market again is brought in now it's

259

00:24:16,230 --> 00:24:19,039

financial industry again now the
financial industry the insurance

260

00:24:19,039 --> 00:24:24,860

companies are supposedly this the
solution to the problem of social cost

261

00:24:24,860 --> 00:24:32,059

this is really current state-of-the-art
Austrian proposal and it's in my opinion

262

00:24:32,059 --> 00:24:38,250

it's a bit absurd, but yep they're very
serious about it, and so you see this

263

00:24:38,250 --> 00:24:42,360

this this constant move away from
finding Social Democratic solutions and

264

00:24:42,360 --> 00:24:46,750

always pushing the solution. It's the

market, if the problem was caused by the

265

00:24:46,750 --> 00:24:51,030

market we can find a market create a
market that solves the problem not

266

00:24:51,030 --> 00:24:55,730

democracy and collective action and
intervention and so on about markets

267

00:24:55,730 --> 00:25:21,151

every time. Do you have a question? I'm still
formulating. I don't remember the stat very

268

00:25:21,151 --> 00:25:22,780

well, but didn't Coase say that the two parties
get to... Could negotiate that one them would

269

00:25:22,780 --> 00:25:23,780

be

270

00:25:23,780 --> 00:25:24,780

forced to vote with their

271

00:25:24,780 --> 00:25:26,360

feet that [inaudible]. One of them is going to have to leave the neighborhood. That, that

272

00:25:26,360 --> 00:25:27,360

was part of the solution [inaudible].

273

00:25:27,360 --> 00:25:32,799

Yea, Coase's article is very complex. But Coase's article himself is not really what's

274

00:25:32,799 --> 00:25:34,340

interesting, what's interesting is what

275

00:25:34,340 --> 00:25:37,929

was made of it and what was promoted in the literature in education that was the

276

00:25:37,929 --> 00:25:42,200

so-called Coase Theorem created by Stigler six years later you're right.

277

00:25:42,200 --> 00:25:45,900

Coase has all he goes through all kinds
of examples of great complexity and

278

00:25:45,900 --> 00:25:50,610

outlines various solutions to various
instances of social costs but that never

279

00:25:50,610 --> 00:25:54,299

made it into the literature and into the
Canon of economics what made it was

280

00:25:54,299 --> 00:25:59,190

Stigler's version that is six years
later 1966 in price theory where he

281

00:25:59,190 --> 00:26:03,970

boils it down to the Coase theorem and
that doesn't talk about those things

282

00:26:03,970 --> 00:26:08,180

anymore. It's just a two paragraph
statement you know and that becomes the

283

00:26:08,180 --> 00:26:12,150

gospel of the free free market
environmentalism solution to... I guess my

284

00:26:12,150 --> 00:26:19,070

point is if you keep having to vote with your
feet, you end up, you, you run out of room

285

00:26:19,070 --> 00:26:33,120

somewhere don't you. You can't just keep leaving.
That was the impotence that was the end solution

286

00:26:33,120 --> 00:26:34,120

[inaudible].

287

00:26:34,120 --> 00:26:37,830

I'm not aware of that specific point but
he goes through a lot of problems if you

288

00:26:37,830 --> 00:26:41,750

don't have property rights defined
exactly and these people either don't

289

00:26:41,750 --> 00:26:44,799

have the property rights to negotiate
about or they can't negotiate yeah he

290

00:26:44,799 --> 00:26:47,382

goes to various proposals I'm not aware
of that that was one of them. [inaudible]

291

00:26:47,382 --> 00:26:54,429

but yeah. They just cannot agree, so one of
them has to remove themselves from the situation.

292

00:26:54,429 --> 00:26:58,100

Well social socialists have also pointed
out that in the co... case of the Coase

293

00:26:58,100 --> 00:27:02,140

theorem all you have to do is to create
counter damage you can become a mafia

294

00:27:02,140 --> 00:27:05,720

you can just threaten look if nothing

can be implemented if there's no

295

00:27:05,720 --> 00:27:09,700

government, no police,

so you cause me damage I caused you

296

00:27:09,700 --> 00:27:13,580

damage. Coase doesn't talk about that

Coase doesn't talk about the possibility

297

00:27:13,580 --> 00:27:18,100

of this spiralling out of control if

property rights and bargaining don't

298

00:27:18,100 --> 00:27:22,710

work that they will just kill each other

basically in the law in the long run. Yeah.

299

00:27:22,710 --> 00:27:24,559

We're all dead in the long run.

300

00:27:24,559 --> 00:27:34,190

I was wondering about the precautionary

principle and so like how are you envisioning

301

00:27:34,190 --> 00:27:35,190

that

302

00:27:35,190 --> 00:27:38,280

that's going to be I guess [inaudible] is
like a democratic [inaudible]

303

00:27:38,280 --> 00:27:41,789

about it because it seems too easy to
imagine there's going to be an argument

304

00:27:41,789 --> 00:27:47,300

or disagreement about how you count up
cost versus [inaudible]. So the producer

305

00:27:47,300 --> 00:27:55,060

wants to do something the side effects
and there's some cost to just disagreement

306

00:27:55,060 --> 00:28:02,260

about how much that should be versus the benefits

of whose going to...

307

00:28:02,260 --> 00:28:05,039

let's take a vote [inaudible].

308

00:28:05,039 --> 00:28:08,690

This is a key question and that's why
actually the field of Science and

309

00:28:08,690 --> 00:28:12,370

Technology studies which is partly
related to Veblen's prior work on

310

00:28:12,370 --> 00:28:16,870

technology focuses on that. How do you
bring systems of science and technology

311

00:28:16,870 --> 00:28:20,950

decisions under democratic control and
that's the key question and Kapp actually

312

00:28:20,950 --> 00:28:25,419

outlined in this laid work a proposal

how you would add an innovative branch

313

00:28:25,419 --> 00:28:30,049

to government where decisions about
locations, technology decisions would be

314

00:28:30,049 --> 00:28:33,340

brought under democratic control where
that would be brought in the open this

315

00:28:33,340 --> 00:28:37,529

discussion all the information based on
the best science and then he would have

316

00:28:37,529 --> 00:28:43,470

a decision made based on within within
democratic principles and take it out of

317

00:28:43,470 --> 00:28:50,549

this hidden space this you know backroom
dealings, and it maybe idealistic or utopian

318

00:28:50,549 --> 00:28:54,590

but in science and technology studies
people are thinking through well if

319

00:28:54,590 --> 00:28:58,210

social costs are predominantly caused
because individual entrepreneurs can

320

00:28:58,210 --> 00:29:02,549

just get away with producing unsafe
stuff, unsafe technologies, pollute us and

321

00:29:02,549 --> 00:29:06,370

we'll find out 30 years later and it's
too late well what's what can we do

322

00:29:06,370 --> 00:29:10,779

about this and so yeah bring science and
technology and the Democratic controls

323

00:29:10,779 --> 00:29:14,231

like I could point you to that
literature if you're interested. It may

324

00:29:14,231 --> 00:29:20,010

at this point seem utopian, but it's may
may not be that utopian we have agencies

325

00:29:20,010 --> 00:29:24,640

that regulate technologies maybe we have
to strengthen them as a first step and

326

00:29:24,640 --> 00:29:29,730

get and then maybe in the longer run get
a more democratic scheme on science and

327

00:29:29,730 --> 00:29:34,100

technology decisions yeah but that's the
key issue. But we have standards in so

328

00:29:34,100 --> 00:29:37,570

many industries I mean we're not it's
not like we're told, we have never seen

329

00:29:37,570 --> 00:29:43,320

this I mean you have to wear a seat belt,
right I mean so there are all kinds of

330

00:29:43,320 --> 00:29:46,860

things already in place now that where
do we take this. Do we do we seize

331

00:29:46,860 --> 00:29:52,120

control over Science and Technology
regimes or not? These are some of the

332

00:29:52,120 --> 00:30:00,980

things that are debated in the literature.
I think it is time for a coffee break so we

333

00:30:00,980 --> 00:30:01,980

can still continue our conversation.

334

00:30:01,980 --> 00:30:02,480

Thanks thank you