

SPEECHES DELIVERED AT THE FIRST CONVENTION OF THE
PROPERTY AND FREEDOM SOCIETY, BODRUM, TURKEY, MAY 2006

[Notes compiled by **Robert Grözinger**]

The subject of **Enrico Colombatto's** talk was "The Future of Law and Economics". At present, law is a mere tool for "improving" economic behavior and thereby making the economy more "efficient". "Efficiency" is an important concept for mainstream economics (though not for Austrian economics).

The EU approach to law is power to distribute property rights in order to maximize collective efficiency. UN and IMF approach is Constitutional Design, i.e. "Rule of Law", but only if it is within the framework of "efficiency". But both these approaches won't work; there is no future for "Law and Economics".

The way out is an evolutionary perspective. Libertarians should emphasize the ethical background of rule making. Rule making is based on two processes: natural selection and shared values. There is a third concept: opting out. (or the possibility of kicking someone out). This approach is also "efficient", but in a different way: it is "efficient" as it is reducing the costs of interaction.

Law making should fill the "gaps of interaction", where people are "forced" to interact in a certain way, but (e.g. because of new technology) have not yet established rules for a certain interaction.

Law making should innovate in order to reduce cost of interaction, but it must invite choice. It must give freedom to accept this or to opt out.

The pessimistic view is: people like regulation, the welfare state and redistribution. It is difficult to change the world when this psychological pattern is prevailing. However, people can be made to realize that it cannot be efficient to arbitrarily redistribute.

Libertarians should point out that people are not getting what they want, and that this is because of the system. Libertarians should bombard people with the idea of opting out. (From the welfare, state education, etc.)

Even if we have an efficient solution, it should not be enforced. That is a better argument than to say that regulation does not work. Libertarians have to say that crucial to efficiency is the ability of everyone to opt out.

The real fight for freedom, by the way, is the one for private education, for opting out of state education.