Review of: *Taming Leviathan: Waging a War of Ideas around the World* Colleen Dyble (ed.) London: Profile Books, 2008 (178 pp.)

The Institute of Economic Affairs, based in London, has just brought out a valuable collection of essays, edited by Colleen Dyble. The essays are by people who have started free market think tanks in countries with traditionally statist economies. The result is a volume that is a useful guide to anyone or group wanting to start a new think tank, as well as anyone who wants to understand why these organizations are so useful, and why they succeed as well as they do.

The essays discuss thirteen cases. In the first, Greg Lindsay, current president of the Mont Pelerin Society, discusses his evolution from math teacher to think tank founder. His organization, the Center for Independent Studies (CIS), is Australia’s oldest free market think tank. The CIS proved to be crucial in helping Australia reform its economy after a disastrous period of economic stagnation and inflation in the 1970s. The CIS became a key player during the 1980s, when both Labor and Conservative governments were committed to opening up free trade, reducing regulations, and privatizing industries.

Lindsay finishes his piece with a cautious observation that all the gains that have been made in Australia (and I would add, elsewhere) toward free market economics can be reversed at any time, so the need for continuing the fight is still there.

In the next selection, Margaret Tse discusses the founding of the Instituto Liberdade in Brazil. She points out that the legacy of Portuguese colonial rule—which included a huge slave trade, patrimonialism (where the ruler treats the government as a personal affair to be run for his own and his family’s benefit), and corruption—made infertile ground for free market economics. And the dominant statist mindset of Brazilian universities and other cultural institutions resulted from the legacy of August Comte’s positivism (which urged a “scientific” approach to government) and Antonio Gramsci’s Marxism (which urged that social and educational institutions be turned into instruments of propaganda and state control). It was against this opposition that the Instituto Liberdade has worked to change public opinion and policy.

Michael Walker, economist and lawyer, discusses the history of the Fraser Institute, which he cofounded with Sally Pipes and John Raybould. The Fraser Institute has done quite a lot to influence policy discussions in Canada, especially with their reports on waiting times for surgeries under the national health care system and on the performance of public schools. Both those reports have gotten great play in the Canadian press.

Crisitan Larroulet, Dean of the economics faculty at the Universidad de Desarrollo and a Mont Pelerin Society member, discusses the history of Chile’s only private free market think tank, Libertad y Desarrollo, founded nearly twenty years ago. It now has the most visited website in Latin America, and has played a major role in preventing a rollback of the free market reforms instituted decades back after the fall of Allende. It has helped Chile rise from 14th (in 1995) to 8th (in 2008) in the Heritage Foundation/*Wall Street Journal* Index of Economic Freedom. It has also monitored Chile’s government budget, publishing its reports, helping to increase the World Bank’s fiscal transparency rating from 63% in 1998 to 87.5% in 2006. It has also worked tirelessly (and successfully) to liberalize Chile’s international trade. But there have been areas (such as education) where Chile has retrogressed, he admits, and draws the same conclusion Greg Lindsay drew, that the battle for classical economics is a never ending one.

Giancarlo Ibarguen, another Mont Pelerin Society member, describes how a think tank in Guatemala—the Center for Economic and Social Studies (CEES)—took the next logical step of founding a university to counter the socialist dominated existing universities. The Universidad Francisco Marroquin (UFM) was founded in 1971. The UFM is run like a for-profit business: it doesn’t offer tenure, has on its board real business people, and forces department chairs to balance their books. While it offers its students a variety of majors, it requires all of them to get a basic education in classical economics, taught in four semester-long classes, based upon the major works of Hayek and Mises.

The UFM looks for the top students, and offers the poor ones a free education. And the UFM has produced scholars who have started another free market think tank, along with public policy pressure groups and a public choice center, as well as talk show hosts and op/ed writers. One big success of their graduates was pushing through the privatization of the telecom industry.

Parth Shah, who holds a doctorate in economics and is also a member of the Mont Pelerin Society, recounts his return to his native country India in 1997 to set up a think tank. The Center for Civil Society (CCS) was intended to combat the stifling statist policies of the Indian economic system. Shah felt from the outset that the Indian culture is not (as ours is) one that accepts the concept of freedom from the state as being the norm. He called his organization the Center for Civil Society (CCS), choosing to use the language of civil society to frame the debate.

The CCS has done all the sorts of things that think tanks elsewhere have done, from research and publishing policy papers and studies, lobbying policy makers, conducting seminars for students, and running campaigns for policies such as school choice. But they have been unique in focusing on the causes of the very poor, such as street vendors, rickshaw drivers, and small farmers.

Daniel Doron, economist and sociologist, and Mont Pelerin Society member, reviews his role in setting up the Israeli Center for Social and Economic Progress (ICSEP). Israel is, like India, a political democracy with a cultural legacy of statist economics. This allowed public toleration of economic inefficiency that Doron felt was as much a long-term threat to the survival of the nation as attacks from its neighbors.

The ICSEP has focused on free market reforms of small business regulation, financial markets, the tax system, housing and government structure. On of its major reforms was in opening up the banking system to more companies. It has also fought the Marxist domination of the universities. Many of the policy prescriptions in the nineties were adopted by prime minister Netanyahu in his time in office.

Besides the usual mechanisms for disseminating their research—publication, conferences for law-makers, seminars for students and professors (especially on basic economics for non-majors)—the ICSEP has conducted workshops for immigrants. Since the early 1990s, it has helped thousands of immigrants from the former Soviet Union learn the basics of classic economics.

Alberto Mingardi, political scientist and journalist, recounts the story of the Istituto Bruno Leoni (IBL) in Italy. While Italy has produced notable free market economists (such as Vilfredo Pareto), it evolved in a statist direction, with the government now consuming roughly half of the nation’s GDP.

Mingardi discusses the history of classical economics in the late 20th century, with the 1990s seeing a rise in interest, with an attendant waive of privatizations. But Italy had to wait for its think tank, the IBL, in 2003. It has focused mainly upon publication of articles by well-known as well as up-and-coming free market thinkers.

Masaru Uchigama weighs in with his story of founding the organization Japanese for Tax Reform (JTR). The JTR is more of an advocacy group (influenced by Grover Norquist’s Americans for Tax Reform) than a think tank. As such it has focused on bringing fiscal discipline and tax relief to Japan.

Elena Leontjeva, former State Councilor on economic reform in Lithuania, describes how her youth in the former Soviet Union led to an understanding of the need for classical economics. When Lithuania achieved independence in 1990, she helped found the Lithuanian Free Market Institute (LFMI). This organization was instrumental in helping structure the commercial banking industry (struggling against the central bank, which resented such upstarts getting such attention).

The LFMI was also helpful in moving Lithuania rapidly to privatization, faster than many of the other former Soviet colonies. It also helped fight the central bank to put Lithuania’s currency it be backed by gold and foreign reserves. It then moved on to help enact massive deregulation as well as a flat income tax. It was only able to push through a partial reform of social security. It is currently fighting the resurgent statism imposed now by the European Union.

Alexander Magno, professor of Political Science and a director of the Development bank of the Philippines, describes the economic milieu in the country in the mid-1990s. Short-sighted government policies such as subsidies for oil and protection of the domestic rice farmers led to a stagnating economy, but reform was being blocked and even reversed by a well-organized coalition of leftist groups. This led to Magno—ironically, himself a former leftist—and other free market advocates to realize that a free market advocacy organization was needed. The Foundation for Economic Freedom (FEF) was founded in 1996, and entered the fray.

The FEF began by pushing for regulation of the oil industry, which eventually happened, resulting in the end of subsidies. It also pushed for breaking up the Philippine telecom industry, again, a battle which eventually succeeded. It went on to help achieve tax reform, as well as the privatization of the state energy industries. Another bitter fight the FEF had with the organized left was over liberalizing the retail sector, and it again won. It is currently fighting to open up the airline industry.

Finally, Leon Louw, journalist and member of the Mont Pelerin Society, discusses the creation of the Free Market Foundation of Southern Africa (FMF). The FMF started fighting for free markets before apartheid had ended, when it worked to make the Ciskei a free market enclave, with zero corporate income taxes, a flat 15% income tax, and small businesses exempted from most regulations, which were limited for other businesses. The FMF then worked with the South African government to liberalize its economy as it ended apartheid, and adopt a constitution that protected personal liberty.

Looking at these different stories, these essays collectively suggest a number of reasons why free market think tanks are important for pushing forward the freedom agenda.

First, they provide a stable home for “dissident” scholars. In virtually all countries, even the most relatively free ones, the dominant voices in the cultural and educational institutions are predominately leftist. Scholars supportive of classical economics are often discriminated against in hiring, promotion, tenure, and the awarding of grants. Having a place where such scholars can do their work and be able to earn a living is absolutely vital.

Second, free market think tanks serve as centers for public education. They not only support original research, but they promulgate it to the public at large. By putting out newsletters, magazines, op/eds, articles, letters to the editor, books, monographs, as well as putting on seminars and having scholars available to give talks and interviews, these organizations help increase public awareness and understanding. They have been especially adept at maintaining useful websites and otherwise working with the “new media.”

Third, free market think tanks serve as mentoring centers, working with young scholars, encouraging them, conducting seminars at college, and so on. Many of the contributors to this volume emphasized the crucial role that meeting famous free market advocates played in their own intellectual development.

Fourth, free market think tanks serve as policy prescription generators, exploring and crafting market-based solutions to policy issues. These public policy ideas are then made available for politicians to advocate in election debates or interviews with journalists, and then find their way into legislation.

Fifth, these free market think tanks serve as idea and argument generators for writers and journalists. Many an influential op/ed or other journalistic piece was written by a scribbler after reading a free market think tank policy article. I confess that I speak here from some experience!

Also, these think tanks serve as “go to” sources for journalists needing relevant factual information. If a journalist wants a reasonably accurate estimate of the amount of money lost to the proverbial waste, fraud and abuse in a particular government program, he is more apt to get it from a think tank than from that government agency.

Sixth, free market think tanks serve to exchange ideas and approaches internationally. Learning from experience is great, but learning from the experience of others is even better. Defending the idea of, say, moving to a flat tax, is easier if you can point to other nations (now over twenty, as it happens) that have done so already and successfully. This is just “cultural diffusion”—the spread of good ideas across national boundaries. You observe another culture try an innovation, see that it works, and adopt the same practice.

Seventh, free market think tanks can often force government programs to increase their efficiencies. For example, by publishing “report cards” on public schools, the Fraser Institute has forced public schools to scramble, because prospective parents have shown that they follow those reports closely. And those parents can bring pressure on public schools.

This having been said, I think that it is also worth noting that free market think tanks alone are not going to reform statist to their cores. There is no substitute for other organizations specifically designed for political action.

In sum, free market think tanks are vitally necessary, though admittedly not alone sufficient, to move a society to freedom and keep it there.

**Gary James Jason**

**Department of Philosophy**

**California State University, Fullerton**