

THE MONT PELERIN SOCIETY

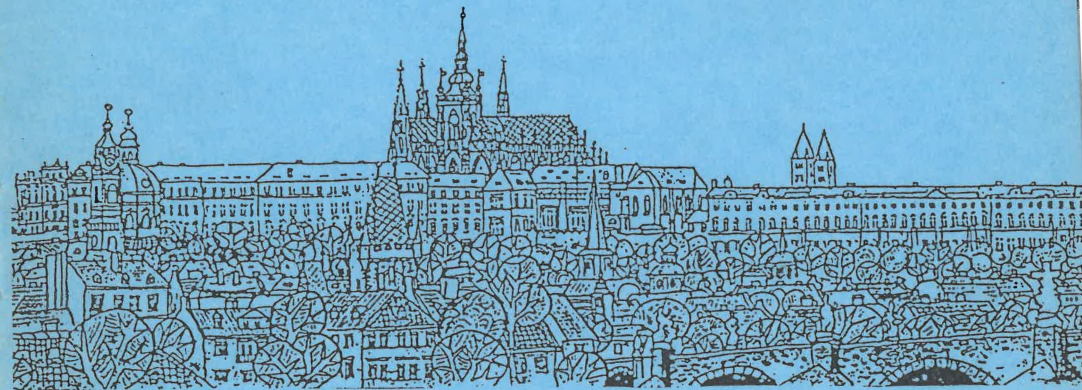
Regional Meeting

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IN SEARCH OF A TRANSITION

TO A FREE SOCIETY

Welcoming Address



November 3 - 6, 1991

Prague, Czechoslovakia





# THE MONT PELERIN SOCIETY

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## Welcoming Address

The transition to a free society is the most relevant challenge for citizens of the former so called socialist countries with communist regimes in Central and Eastern Europe. These societies have abandoned political systems based on a constitutionally guaranteed leading position for one political party for multiparty political systems which were established after free elections in 1989 and 1990. This has, however, been only the first step in getting over the consequences of the rule of totalitarianism in these countries. Totalitarianism overwhelmed all branches of a human activity. During its rule were destroyed democratic institutions, the real rule of a law, and changed the role of the market and the system of property rights. These ideologically justified changes, together with the arbitrary formation of institutions designed for central management of the economy, threw the societies into Serfdom in the Hayekian sense. This condition alone causes social development to slow down or even to stop, as well as macroeconomic disequilibria, inefficient production, and loss of competitiveness of firms in the world market. The task of building democratic societies in these countries which led voters to give their votes to the political parties which won the last elections, is unrealizable without substantial economic changes. Political changes in the late eighties and early ninties, which happened so fast, were only the preconditions for constitutional and legal changes happening just now, which create the legal framework for real economic changes toward Freedom and Prosperity. Future wealth of an excommunist nation is possible only by means of free individuals, fully responsible for their acts. From this point of view, the privatization of wholly state owned economies is the precondition for substantial change in the development of macroeconomic indicators. Changing these indicators will require

a long period, even in the case of radical economic reform based on restrictive monetary policy, the speediest means of privatization, the inner convertibility of initially inconvertible currencies as a step towards full convertibility, and the liberalization of foreign trade. The demand for the so called gradual method of economic reform pushed by former reform communists and still by perestroika inclined intellectuals is politically very dangerous. By means of populist slogans and declarations they are trying to delay and postpone radical economic transformation and its visible positive results. Their goal is evident. They would like to achieve victory in the following elections, to restore their "privileged" position and manage society as only socialist intellectuals are capable. It would be moral hazard to enable them their interest and to protect the newly liberated nations of Central and Eastern Europe to follow the speediest way to their real Freedom and Wealth.

The Prague Mont Pelerin Society Meeting 1991 is expected to provide a forum for discussing and analyzing the unprecedented process of transition from Communist Totalitarianism to a Free Society. This process has not been satisfactorily described in any textbook. In this respect there is a historical opportunity for the Mont Pelerin Society to contribute to the process of understanding and explanation of the very complicated, overwhelming process of transition. On its successful progress and management depend the fates of millions from the excommunist countries as well as the fate of Europe as a whole.

The excellent idea of organizing the MPS meeting in Czechoslovakia, a country 'until quite recently behind "the iron curtain", demonstrates that former barriers in Europe have been already destructed. The father of this idea was Dr. Max Thurn. He, unfortunately, is no longer among us. Till his last days he worked very hard for the success of the Mont Pelerin Society

Meeting in Prague. This conference was intended to be one of many necessary events on our road to the community of democratic nations. To this aim and to the memory of Dr. Max Thurn the organizing committee of the MPS Regional Meeting 1991 in Prague will undertake everything necessary for its success.

Jiří Schwarz  
President of  
the Liberal Institute,  
Chairman of the Local  
Organizing Committee

## Welcoming Letter

Welcome to the first meeting of the Mont Pelerin Society in Eastern Europe. This promises to be not only an historic meeting but an exciting one. The program deals with many of the most important issues involved in a transition away from socialism toward a market system.

The Mont Pelerin Society is not an advocacy group, but tries to stimulate greater understanding of the fundamental questions in economic, political, and social organization. There is no one answer to some of these questions, and we anticipate lively controversies as well perhaps as agreement on basic principles.

Gary S. Becker  
President  
Mont Pelerin Society



## Important Advices

Each participant should wear continually a badge of the Mont Pelerin Society Regional Meeting Prague 91 of a specific colour (yellow - Executive Committee of MPS, blue - MPS members, purple - MPS members spouses, green - guests, red - organizing committee members). Everyone who does not have this badge will have to pay for certain parts of the program.

We would like to mention to all participants that their accommodation payment does not include things they take from their room refrigerator or their telephone calls. Both of these expenses will require additional payment.

The desk of the Mont Pelerin Society Regional Meeting Praha 91 will be open from 9.00 a.m. to 11.00 p.m. on Saturday and Sunday, and will be open on Monday from 6.00-10.00 in the morning. Afterwards, the MPS room at the hotel will be open.

P r o g r a m  
M t . P e l e r i n P r a g u e M e e t i n g  
N o v e m b e r 3 - 6 , 1 9 9 1

Sunday, November 3, 1991, 7.00 p.m.

8.00-  
24.00 Registration at the Conference Hotel Atrium  
  
19.00 Cocktail  
20.00 Opening dinner  
Remarks by Gary S. Becker, President

Monday, November 4, 1991

Session 1: A Philosophy of the Transition  
9.00-10.45

Chair: Edwin J. Feulner, Jr.  
Speakers: Václav Klaus, Minister of Finance, ČSFR  
Michael Novak, American Enterprise Institute  
Discussant: Lord Bauer, London School of Economics

10.45-11.15 Coffee Break

Session 2: Monetary and Fiscal Policy During the Transition  
11.15-13.00

Chair: Antonio Martino  
Speakers: Sir Alan Walters, Washington, D.C.  
Jerry Jordan, First Interstate Bancorp, Los Angeles  
Discussant: Chiaki Nishiyama, Japan

13.15 Luncheon

Session 3: Problem of Nationalities in the Transition Period  
15.00-17.00

Chair: Thor Bang  
Speakers: Arvid Fredborg, Sweden  
Svetozar Pejovich, Texas A&M University  
Discussant: Bruno Frey, Switzerland

18.00 Departure from the Atrium Hotel  
18.30 Visit to the Town Hall at Old Town Square  
Program: Welcoming address by Mayor of Prague  
Cocktail  
20.00 Laterna Magica - performance: Minotaurus

Tuesday, November 5, 1991

Session 4: Privatization and the Reform Process  
9.00-10.45

Chair: Carl-Johan Westholm  
Speakers: Tomáš Ježek, Minister, Department for Privatization  
of the Czech Republic  
Gregory T. Jedrzejczak, Undersecretary of State Ministry  
of Privatization, Poland  
Discussant: Stuart Butler, Heritage Foundation, Washington D.C.

10.45-11.15 Coffee Break

Session 5: Structure of Ownership of Business and Incentives  
11.15-13.00

Chair: Yoshio Suzuki  
Speakers: Harold Demsetz, University of California at Los Angeles  
Ingemar Stahl, University of Lund  
Discussants: Jean-Jacques Rosa, Institut d Etudes Politiques de Paris  
Dušan Tříška, Director of Voucher Privatization Scheme,  
Federal Ministry of Finance, ČSFR

13.15 Luncheon

14.15 Departure to Konopiště castle  
Program: Walking around the castle park  
Guided tour of the castle with concert  
Authentic castle dinner

20.00 Arrival in Prague

Wednesday, November 6, 1991

Session 6: Policies of European Community Toward Newly  
Liberated Countries  
9.00-10.45

Chair: Pascal Salin  
Speakers: Holger Schmieding, University of Kiel  
Lord Harris of High Cross, I.E.A.  
Brian Hindley, London School of Economics  
Discussant: Antonio Martino, University of Rome

Session 7: New Opportunities for Foreign Investments  
9.00-10.45

Chair: Manuel Ayau  
Speakers: Vikas Thapar, Director, IFC Prague  
Dieter Ullsperger, Volkswagen A.G., Germany  
Discussants: Robert Pritzker, President, Marmon Corp.  
Robert Holman, Liberal Institute, Prague  
10.45-11.15 Coffee Break

Session 8: The Constitutional Framework for the Transition Period  
11.15-13.00

Chair: Herbert Giersch  
Speakers: William Niskanen, Cato Institut, Washington, D.C.  
Gerard Radnitzky, Germany  
Discussant: Gordon Tullock, University of Arizona

13.15 Luncheon

Session 9: Prices and Wages During the Transition  
15.00-17.00

Chair: Gary S. Becker  
Speakers: Edward P. Lazear, University of Chicago and Hoover  
Institution  
Allan H. Meltzer, Carnegie-Mellon University  
Discussants: Ljubomir Madzar, Ekonomski Fakultet, Belgrade, YU  
Vladimir Rudlovčák, Federal Ministry of Finance, ČSFR

(Sessions 6 and 7 will be parallel)

19.00 Closing Banquet

OPTIONAL SIGHTSEEING AND CULTURAL PROGRAM

November 4, 1991

Meeting with the travel agency UNISET guide just after the opening at the registration point in the lobby of the Atrium Hotel at 14.30.

Afternoon program: Sightseeing. "Ancient Prague" including Prague Castle, the Lesser Town and the Old Town Square (14.30 - 17.30)

In case of rain: St. Anna Monastery and famous halls and galleries of Prague castle

November 6, 1991

Meeting place to be set on Tuesday, November 4.

Morning program: Jewish Ghetto (9.30 a.m.-11.30 a.m.)

Afternoon program: Trip to Karlštejn Castle or Křivoklát Castle or Troja Chateaux (13.30 - 17.30)

17.00 Organ Concert in Jiřský Church

Special tours: Mozart and Prague, including Bertramka and the Nostitz Theater  
Art Nuveau in Prague  
Vyšehrad Castle

Contact the guide if you are interested.

The Local Organizing Committee  
would like to thank our sponsors  
for their generous support:

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