

Comment on Edmund Phelps' presen-tation *The West is at Risk – a Battle Between Modern and Traditional Values*

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Three main points

- The Enlightenment and ensuing Modernism behind our prosperity
- What creates "the good life"
 - Not through consumption
 - But from our role as producers, innovators and entrepreneurs, creates economic dynamism
- The ultimate source of increased prosperity is INNOVATION

Questionable claims

- Much stronger challenges to Modernist thought in "the golden era"
- Rate of innovation equally high 1980–2007
 - ICT-revolution
 - Values have not become more traditionalist (but postmodern?)
- US far more innovative than other countries (although declining); IMD? WEF?
- Has median income really stagnated since the 1970s?
 - Inflation is overestimated
 - New goods often nonrival, large wedge between marginal cost and value for consumer

Questionable claims cont'd

- Many health care services far greater value than cost
 - Hip operation
 - Previously untreatable psychiatric disorders
- The value of the work of a great teacher?
 - Given positive externalities of human capital
- Some 2/3 of production consists of services not amenable to accurate measurement
 - Increasingly difficult to assess evolution of real income
 - ...and the latter is often used as a proxy for rate of innovation

Challenges

- Pressing systemic issues
 - Heed JFK's call, but who does?
- Why don't we, despite so many people groping for "meaning"
 - Part of the blame from the oversimplified assumption that utility flows from consumption
- But the main culprit is the postmodernist paradigm
 - Debunks the message of the Enlightenment
 - No objective knowledge; deconstruction will show that all claims to work for the common good are in fact concealed self-interest
 - An esteemed and legitimate meritocracy cannot be upheld
 - The highly capable and conscientious cannot vie for positions of leadership and pursuit of the common good