

Trinity–Oxford Inter-Varsity Economics Debate

Laura Watts – Debates Manager

The Student Economic Review also organised this year's inter-varsity debate between Oxford University and Trinity College. Laura Watts, the Debates Manager, now discusses this year's debate.

On the evening of Wednesday February 20th 2002, in the newly refurbished chamber of the GMB, the Inter-Varsity Economics Debate between Trinity and Oxford was hosted by the College Historical Society, with Prof. Antoin Murphy in the chair. The adjudication panel consisted of Ms. Claudia Schmitz from the German Embassy, Mr. John Fennerty from the American Embassy and the chair of the panel, Mr. John Rankin from the British Embassy.

The motion before the house was “Boston or Berlin: that the Euro-zone should embrace the American model”.

Robert Cuffe opened the case for Oxford. He defined the motion in terms of Public Service provision, and stated that there existed significant advantages of private provision of Public Services as in the American model. He stipulated, however, that this did not include natural monopolies, such as rail transport, which should be publicly provided. He argued that Oxford resented the idea of a “nanny state”. He believed that basic services, such as health-care, were qualitatively better in the USA, and offered the evidence that more research was carried out in America, which resulted in 90% of new drugs being brought out in the American market first. He cited the privatisation of Telecom Eireann as a move towards the American model, which resulted in lower prices and a better quality of service.

David Comerford, from Trinity, opened the opposition's case. He congratulated Robert Cuffe on his proposal, and stated that it was good *'if you belong in the top twenty per cent of earners'*. He argued that the role of economics was to serve society, and that the European model *'caters for society as a whole, and not just for those that can afford it'*. He put forward the case that due to the positive externalities created by such services as health-care and education, that it was necessary for the government to intervene, otherwise there would be under-provision of these services. He asserted that in countries where health-care was universally provided, a smaller percentage of GDP was spent. He also believed that equality was a good thing because it was simply *'unpleasant to see people suffer'*. He expanded the debate to include the issues of economic growth and productivity. He contended that

when viewed over the longer-term, the Euro-zone had a superior economic performance, and that the best way to ensure equality was in ensuring high employment levels through stable economic growth. He closed his speech by wittily playing on the wording of the motion: *'In the words of that famous Bostonian "Ich bin ein Berliner".'*

To continue Oxford's proposition, Andrew Charleton, took a hard stance on inequality. He conceded that inequality did exist in the USA, but that it did not matter. As one of the richest countries in the world, the poor in America were only poor in relative terms, and not absolutely poor. He went on to state that the inequality that existed was a necessary and good thing, for both rich and poor. This inequality was needed in the Individualistic approach taken in America, as it generates innovation through incentives to the individual; underlined by the importance placed on being first. He believed that "creative destruction" was at the heart of the American model, which was accompanied by deregulation of markets, mobile capital, and a flexible labour market. He mentioned the recent collapse of Enron, as an example of how the American model would facilitate the creation of a new business in its place. On an international level, he argued that nations' economic performances worsened in relation to its divergence from the American model of Tom Friedman's *Golden Straitjacket* of deregulation, balanced budget and privatisation.

Brid McGrath, next up for Trinity, sneered at Andrew's *'Britney Spear's case'*, because he was hoping *'if you say it, then people will believe you'*. She argued that the unemployment statistics in the US were heavily distorted, as after twenty-three weeks of unemployment people were simply taken off the register. With regard to unemployment, the *'government not just had the right, but also a duty to intervene'*. The European model provided a safety net for those who were unemployed for long periods. She felt that although Europe spends less of its GDP on health-care, it had much better services across the board, and that you need look no further than the TV show *ER* to see that *'America was not a good place to be sick and poor'*. Brid refuted Andrew's claim that it was only relative poverty that existed in the USA, as there were places in which absolute poverty did exist. Enron was brought up again, and Brid contended that the lack of regulation coupled with the need to be number one, led to corruption and creative accounting practices which resulted in its collapse. She added that although the workers may find jobs in the new businesses which Oxford claim will emerge eventually, the repercussions are far reaching, and its effects on people's pensions may be quite serious.

Oxford's final speaker, Ewan Smith, asked the questions: *'Which model generates wealth better?'* and *'Which distributes that wealth in the best way?'* He argued that the American model won out on both fronts. He said that America managed to generate more wealth than its European counterparts. The lower unemployment rates in the USA, were a clear result of the model, and that long-term unemployment was not a problem, as it was easier to find work. He stated that this was not the case in Europe where those seeking employment were hampered by the *'insider/outsider'* problem which was in existence on this side of the Atlantic. He again reiterated the case for the private provision of public services, by mentioning the high standards achieved by American medicine. On education, he claimed that the uptake of tertiary education in America was far higher than that of Europe, 50% compared with 15%. He concluded that while inequality did exist in the USA, that it was only in relative terms, and that the American poor fared quite well.

Jim McElroy concluded the case for Trinity. He felt that the debate contained three major issues, that of the role of the state in service provision, economic performance, and the issue of inequality. He restated the case that Europe's smaller expenditure on health yet higher standards were a clear testament to the justification of state provision of such services. With regard to economic performance, Jim asked *'why was America in recession, if its model was so good?'* He felt that Europe had a much steadier GDP growth over the long term when compared with a more volatile situation in the USA. He pointed out that some of America's increase in GDP could be explained by mere demographic change. He also added that productivity per labour hour was much higher in Europe. On the issue of inequality, Jim argued that relative poverty was the only type of poverty which we need be concerned with, as *'the driving force behind capitalism was relativism'*. He concluded that when the top and bottom quintiles of income levels were examined, the Euro-zone fared significantly better in terms of equality.

The adjudicators declared Trinity as the winning team, and commended Jim McElroy, of Trinity, as the Best Speaker of the evening. The motion was put to the house and was massively defeated. The assembled crowd retired to the Hist Conversation Room for the awaiting reception.

I wish to thank Carol Newman, Colin Andrews and Dr. Paul Walsh for their help in preparing the Trinity team, Prof. O'Hagan for his assistance to me in putting the evening together, The Hist for hosting the proceedings, and most importantly Harry Hartford our very kind and continuing patron of such debates.