

My Future Self and I

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UNTIL JONATHAN GRUBER AND BOTOND Koszegi's 2001 NBER paper (of which Gruber's article on pp. 52-57 is an outgrowth), the economic thinking behind cigarette taxes was simple: Government should only concern itself with taxing to cover smoking's external costs; any additional taxes intended to dissuade the smoker from purchasing cigarettes were, at best, paternalistic and, at worst, government pre-emption of a rational choice made by a rights-bearing individual. Though many elected officials disagree with that reasoning, economists generally found it correct.

Gruber and Koszegi formulated an eloquent challenge to that reasoning: Most people who choose to smoke also (at least in the future) prefer to not be lifelong smokers, but they cannot live up to that preference because of cigarettes' addictive nature. Government is thus justified to implement cigarette taxes in excess of externality costs to harmonize a person's present smoking decision with the preferences of his future self.

That argument is open to one obvious question, which Kip Viscusi outlined in his article (pp. 58-65): Are long-term smokers' preference to quit (and, by extension, to not have started smoking in the first place) nearly as strong as Gruber and Koszegi assume? As Viscusi notes, it is likely that many surveyed smokers' claims to want to quit are exaggerated because of the dynamics of being surveyed. What is more, few smokers take advantage of smoking cessation programs when they have easy access to them.

But let us assume that Viscusi's argument is wrong and that Gruber and Koszegi have correctly predicted the strong preference of a person's future self. Given that assumption, does their argument win the day? I argue no, for three reasons: The metaphysics of a "future self" make their conclusion uncertain, the preferences of a person's future self may not be in that person's best interest, and a person's future self is not entitled to trump his current preferences.

The status of a future self Each year we hear the good news that the U.S. mortality rate continues to climb, and we can "expect" to live well into our 70s. Such news helps us to forget that many people reach the end of their lives decades earlier from illness, accident, and violence.

In the context of this discussion, that fact should prompt us to ask, How can Gruber and Koszegi argue that a person should be taxed in accordance with the wishes of a future self that might never exist? Suppose that a person's fate is to die in a car crash next

year; that future anti-smoking self would never become a reality, and neither would his preference that the person not smoke. In fact, the future self of only one year from now likely would prefer that the person do the things he enjoys over the next year.

But, Gruber and Koszegi might argue, we do not know our fate; should we not then "play it safe" and assume that, if not for smoking, we would live to a ripe old age? But many people would not consider that safe; they would see such caution as frittering away the opportunity to enjoy life, and that enjoyment may include smoking. For them, it seems wholly inappropriate to institute a tax in accordance with a conception of "safety" that they reject.

Does future self know best? I confess, however, that I am not one of those people. Should I then be compelled to follow what Gruber and Koszegi believe my future self would desire? I still argue no because my future self's preferences may not correspond to what is best for me any more than my current self's preferences.

Gruber and Koszegi likely would reject that claim and argue that my future self possesses greater wisdom than my current self about what choices would be best for my life. But that is questionable; in my experience, a person's preferences for how he should have lived his life often are colored by the moment in which he formulates those preferences and they may not truly be in his best interest. For instance, I now wish that I had not spent money on beer as an undergrad, but instead had invested that money in index funds. No doubt, that would have left me much wealthier than I am now, but would it have been in my best interest to shun the social life of college and instead sit in my room and follow the investment page? My future self (probably) will be far more knowledgeable about the facts of my life, but that does not mean he will know what is best for me.

Does my future self have say over me? But assuming that my future self does know best, does he then have the right to dictate my choices? Again, I argue no. The belief that a more knowledgeable person — even my future self — should trump my fundamental choices in life goes against this society's notion of what is due a rights-bearing individual. Gruber and Koszegi's argument may be an attractive thesis in philosophy class, but it is a very disturbing government policy.

Does that mean that I will light up a Camel and thumb my nose at my future self? No — I share the preference on smoking that Gruber and Koszegi attribute to my future self. But, instead of the product of a government tax, my acceptance of that preference is the result of a choice I make freely. And that is as it should be. **R**

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