

# Liberty

May 2006

\$4.00

How Smart  
Must  
Voters Be?

## Liberty Abroad

### India, Behind the Fog

*by Jayant Bhandari*

### The Danger in Spain

*by Luis Balcarce*

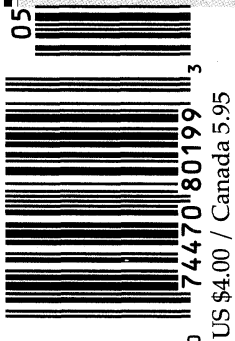
### The End of Soviet Poland

*by Michael Christian*

### Betting on China

*by Bruce Ramsey*

Also: Jo Ann Skousen mourns the decline of a great TV thriller, Alan Ebenstein writes a strategy for school reform, Todd Skousen gets down at "Dave Chappelle's Block Party" ... plus other articles, reviews & humor.

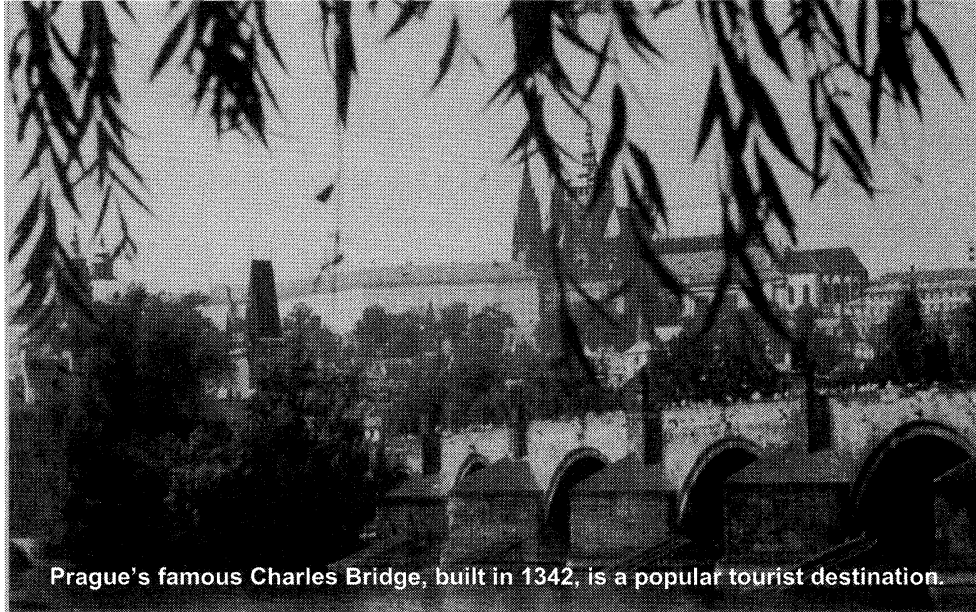


"Dear is Country, but Liberty is dearer still." — Latin proverb

Join Freedom Lovers from around the world at

# ISIL's 25th World Freedom Summit

Prague, Czech Republic – July 7-11, 2006



Prague's famous Charles Bridge, built in 1342, is a popular tourist destination.

This year's ISIL event, our 25th annual world conference, is being held in Prague, one of the jewels of Europe. We will focus on the power of networking and examine alternate political structures for the 21st century. Included will be leaders of thinktanks from throughout Europe and the former communist bloc – plus such luminaries as **Yuri Maltsev**, former high-level advisor to Michail Gorbachev and a member of the Perestroika team (he defected to the US in 1989) – and Prof. **Butler Shaffer** of the Southwestern Law School in Los Angeles.

Our friends at the Liberalni Institut, who run the economics department at the University at Prague and hold yearly seminars on Austrian Economics, are this year's host – indeed speaker and co-host **Josef Sima**, has translated not only ISIL Director Ken Schoolland's *The Adventures of Jonathan Gullible*, but Mises' *Human Action*, and Rothbard's *Man, Economy, and State and Power and Market* into Czech.

As in past years, we are providing scholarships to attend this event for large numbers of students and young activists from Central and Eastern Europe and the 3rd World (56 were sponsored to last year's conference). We are still building this fund so your (tax-deductible) donations would be most welcome.

**Encouraging Developments in Africa.** In recent years there have been growing levels of free market activity throughout Africa. We are just now confirming **Thompson Ayodele** of Nigeria's Initiative of Public Policy Analysis (IPPA) and ISIL's Rep **Agwu Amogu** – also **Franklin Cudjoe** of Ghana's Center for Humane Education (IMANI) and **James Shikwati** of Kenya's Inter-Regional Economic Network.

The conference will commence on Friday July 7th and run through July 10th with checkout in the morning of July 11th. There is an optional post-conference tour for those interested in seeing more of the Czech Republic. It will depart from the conference hotel in the AM of the 11th and run through the 14th with checkout in the AM of the 15th.

See ISIL website ([www.isil.org](http://www.isil.org)) for updates– or if you would like to be on our mailing list for conference and post-tour updates, send us your address.

Note: We have blocked a limited number of rooms at the rates noted. When these are gone the prices will rise substantially. Register early.

☐ **YES!** I would like to register for ISIL's 2006 World Conference to be held in Prague, Czech Republic.

**Registration** is only **550 Euros** (shared accommodation) or **720 Euros** (single).

(Includes: 4 nights at a 1st class hotel in central Prague, breakfasts, lunches, an opening cocktail reception, a city tour with dinner and folk music at a famous ethnic restaurant, plus a closing gala banquet).

#### The 4-day Post-Conference Tour

Fee is **497 Euros** (shared accommodation) or **601 Euros** (single)

You may pay by check (drawn on US bank) or money order – or by credit card or PayPal on-line at [www.isil.org](http://www.isil.org) – or through the ISIL office.

NOTE: Payments are to be made in US dollars – based on the Euro exchange rate at the time of registration.

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_ Zip \_\_\_\_\_

Tel: \_\_\_\_\_

E-Mail \_\_\_\_\_

☐ Check enclosed to "ISIL". US\$ amt \_\_\_\_\_

☐ Please charge my . . . ☐ VISA

☐ MasterCard ☐ American Express

# \_\_\_\_\_

Exp. \_\_\_\_\_ Amount: \_\_\_\_\_

Signature \_\_\_\_\_

**International Society For Individual Liberty, 836B Southampton Rd. #299, Benicia, CA 94510 USA**

**Tel: (707) 746-8796 ♦ Fax: (707) 746-8797 ♦ E-mail: [info@isil.org](mailto:info@isil.org) ♦ Web: [www.isil.org](http://www.isil.org)**

R.W. Bradford  
(1947–2005)  
*founder*

Stephen Cox  
*editor*

Patrick Quealy  
*publisher*

Andrew Ferguson  
*managing editor*

John Hospers  
Bruce Ramsey  
Jane S. Shaw  
*senior editors*

Brien Bartels  
David Boaz

Alan W. Bock  
Douglas Casey

Eric D. Dixon  
Brian Doherty

Alan Ebenstein  
David Friedman

Bettina Bien Greaves

Leon T. Hadar

Gene Healy

Robert Higgs

Bill Kauffman

Dave Kopel

Bart Kosko

Loren E. Lomasky

Sarah McCarthy

Wendy McElroy

William E. Merritt

Robert H. Nelson

Randal O'Toole

Ross Overbeek

Durk Pearson

Scott J. Reid

Ralph R. Reiland

Sheldon Richman

Jeff Riggenbach

Timothy Sandefur

Sandy Shaw

Jo Ann Skousen

Mark Skousen

Tim Slagle

Fred L. Smith Jr.

Martin M. Solomon

Clark Stooksbury

Thomas S. Szasz

Martin Morse Wooster

Leland B. Yeager

*contributing editors*

Kathleen Bradford

Mark Rand

*assistant editors*

S.H. Chambers

Rex F. May

*cartoonists*

**4 Letters** Serve and volley.

**7 Reflections** We tax the ugly, torch Colonel Sanders, criminalize stupidity, subsidize the rich, prefer domestic meth, pine for the aristocracy, match head to snout, remember Silent Cal, do the impossible, and shut our ears to criticism.

## Liberty Around the World

Individual rights are universal, but they are not universally recognized. Four of Liberty's foreign agents investigate the progress of liberty abroad.

**17 The Real India, Behind the Fog** *Jayant Bhandari* notes that things are improving in India, but not as fast as people think.

**22 The End of Soviet Poland** While helping Poland through its transition to a market economy, *Michael Christian* found it easier to sidestep the remnants of communism than to get rid of them altogether.

**25 A Bet on China** *Bruce Ramsey* wagered against China once. He explains why he won't repeat that mistake.

**29 The Danger in Spain** *Luis A. Balcarce* wonders what sickness lurks behind the eternal smile of Spain's prime minister.

## Features

**33 Rethinking Vouchers** It's time for voucher supporters to get past their failures. *Alan Ebenstein* plans for success at the polls.

**35 Shadyside Fugue** As ghosts flit around his hospital bed, *Ralph R. Reiland* ponders the single certainty in life.

## Reviews

**39 From Suspense to Soap** The first two seasons of "24" were as taut and thrilling as any big-budget action movie. *Jo Ann Skousen* tries to figure out what went wrong.

**40 How Smart Must Voters Be?** How can democracy function when the voters are abysmally ignorant? *Jane S. Shaw* considers, and revises, a possible explanation.

**42 The Other Side of Hip Hop** The typical image of the rap star, gold-heavy and violent, is a disservice to talented musicians working outside the mainstream. *Todd Skousen* heads to a concert to see the best perform.

**43 The French Cassandra** *Mark Skousen* looks at the man who was both a leading French critic of the state and a socialist supporter of François Mitterand.

**45 Refining Economics** *Alan Ebenstein* follows the trail of economic thought from John Locke to Adam Smith, and on to John Stuart Mill.

**46 Notes on Contributors** Voices of reason.

**47 Terra Incognita** The fringe report.



# About Your Subscription

- Q: When does my subscription expire?**  
**A:** Please look to the right of your name on your mailing label. There you will find (except in some cases when receiving your first issue) the number of issues left in your subscription, followed by the word "left," as in "3 LEFT."
- Q: I've moved. How do I change the address to which my magazines are sent?**  
**A:** Write us at the postal or e-mail addresses below. Be sure to include your previous address, your new address, and a telephone number or email address where we can reach you if we have questions. It's best to send us your current label and your new address. Allow 4-6 weeks to begin receiving *Liberty* at your new address.
- Q: I'm receiving duplicate copies of Liberty. What should I do?**  
**A:** Clip the mailing labels from both copies and send them to the postal address below. We'll make sure you receive all the issues you've paid for.
- Q: How can I buy gift subscriptions for friends and family?**  
**A:** Call the toll-free number below. We'll be happy to assist you.
- Q: Is Liberty on the Web?**  
**A:** Yes. Selected articles from each issue are published online. Visit our website at [libertyunbound.com](http://libertyunbound.com).

To subscribe, renew, or ask questions about your subscription

E-mail: [circulation@libertyunbound.com](mailto:circulation@libertyunbound.com)

Write: Liberty Circulation, P.O. Box 1181, Port Townsend, WA 98368

Call toll-free: (800) 854-6991 during regular West Coast business hours

Outside the U.S., call: (360) 379-8421

# Letters

## Peering Into Paine

Not having read the book Michael Caldwell reviewed (Harvey Kaye's "Thomas Paine and the Promise of America"), I have little to quibble about regarding his "Arguments from Absence" (March). Indeed, as a left-libertarian myself, I find it refreshing to know that the Left is anxious to claim Paine as one of its own, because in my view he represents a common ground for both Left and Right, merging the justice sought by lefties with the freedom prized by the Right.

How so? It has to do with the main error I found in Caldwell's review — his puzzlement over why Kaye saw a connection between Henry George's "Progress and Poverty" and Paine's "Agrarian Justice" (which, by the way, was published not in 1786 but 1795, and was not a "consideration of class injustice" but a philosophical treatise on man's natural right to land — errors which may help explain Caldwell's confusion).

Paine did indeed favor the preservation of private property, but wrote in "Agrarian Justice," "It is the value of the improvement only, and not the earth itself, that is individual property. Every proprietor, therefore, of cultivated land, owes to the community a ground rent for the land which he holds." Paine proposed to collect the rent nationally and distribute a small sum to everyone when they reached the age of 21, along with a yearly payment to those who had reached the age of 50, to cover their retirements.

He proposed this not as a matter

of charity but of justice, which should serve as a poke in the ribs to most libertarians today, whom I think of as neo-libertarians, since they've deviated from the traditional libertarian principle of equal liberty for all, marked by common rights to land, to embrace the absolute and unrestricted freedom of a subset of individuals to own all land and natural resources, which amounts to an antilibertarian endorsement of privilege.

In any case, Kaye's view of Paine as a protosocialist is obviously not without evidence, as Caldwell avers.

Harold Kyriazi  
Pittsburgh, Pa.

## Mapplethorpe's Endowment

Having written critically and substantially, at times in *Liberty*, at length in "The Grants-Fix" (1987), on the National Endowment for the Arts, I was appalled to see Tim Slagle (Reflections, April) repeat the right-wing mantra that the NEA funded "Robert Mapplethorpe's erotic photos and Andres Serrano's urine-soaked crucifix." Both artists created their works with their own funds. In both cases, a provincial institution received funds for exhibitions including those controversial works. In the latter case, the exhibition money came, not directly from the NEA, but from an independent regranting institution.

Would Slagle or any other libertarian want to hold responsible for murder anyone who innocently gives a gun to a non-criminal who pulls the trigger that kills?

Incidentally, reading pious cri-

Letters to the editor: *Liberty* invites readers to comment on articles that have appeared in our pages. We reserve the right to edit for length and clarity. All letters are assumed to be intended for publication unless otherwise stated. Succinct letters are preferred. Please include your address and phone number so that we can verify your identity.

Mail to: Liberty Letters, P.O. Box 1181, Port Townsend, WA 98368. Or send email to: [letters@libertyunbound.com](mailto:letters@libertyunbound.com)

*Liberty* (ISSN 0894-1408) is a libertarian and classical liberal review of thought, culture, and politics, published monthly by the Liberty Foundation, 1018 Water Street, Suite 201, Port Townsend, WA 98368. Periodicals Postage Paid at Port Townsend, WA 98368, and at additional mailing offices.

**POSTMASTER:** Send address changes to Liberty, P.O. Box 1181, Port Townsend, WA 98368.

Subscriptions are \$29.50 for twelve issues. Foreign subscriptions are \$34.50 for twelve issues.

The editorial offices can be reached at (360) 379-0242. Please do not call with proposals for articles. Rather, request our writer's guide, which includes manuscript submission guidelines, by sending a SASE to Writer's Guide, Liberty, PO Box 1181, Port Townsend, WA 98368. It is also available at our website, [libertyunbound.com](http://libertyunbound.com).

Advertising inquiries may be directed to the business office at (206) 367-0454.

Opinions expressed in *Liberty* are those of the authors and not necessarily those of the Liberty Foundation. Copyright © 2006 Liberty Foundation. All rights reserved.



tique of the NEA, I'm reminded that the companion endowment "for the Humanities" has been far more objectionable, if not Stalinist, in its operation, founded as it was to benefit members of the Academic Party, who have always controlled it. The reason why NEH-funded documentaries credit academic advisers, whose talking heads sometimes appear on screen, is that the NEH will not support an independent filmmaker, not even Ken Burns, who doesn't include payoffs to these academics, much as no documentary could have been made in East Germany that didn't include payoffs to party hacks. I have always thought that any critic of the NEA who misses the bigger problem at the NEH is politically blind. I still do.

Richard Kostelanetz  
New York, N.Y.

**Slagle responds:** I would suggest that Kostelanetz's previous associations with the National Endowments has hypersensitized him to any criticism of those grants. I never said that the NEA gave money directly to those artists. I apologize if it read that way.

My suggestion was that the NEA should fund a gallery willing to display the twelve Muhammad cartoons. This is much the same way the NEA funded the Mapplethorpe and Serrano exhibitions. (However, I suspect that since these cartoonists are now in hiding, the U.S. will eventually be kicking in support — we were the ones who protected Rushdie.) Thank you for reminding me that the NEA isn't the only bureaucracy that still exists outside constitutional limits on government. I agree that the NEH is a Stalinist organization, and should probably be abolished along with the NEA, especially since my chosen profession of stand-up comedy is not considered a discipline worthy of endowment funding. I should be a prime candidate too, since national endowments exist only to fund things that nobody wants to pay for. Perhaps it makes me sound like a philistine, but I believe that if something has no value on the open market, it fits the textbook definition

of "worthless." Why artists shouldn't have to answer to the same market forces that regulate the rest of society is a mystery to me, and everyone else outside of the arts community.

### Licit and Illicit

Bruce Ramsey's report on the Seattle conference about drug policy was excellent. It is encouraging to know that such discussions are being held; rational public dialogue is our only hope for improving our pernicious current policy.

Drug policy should be designed and enforced in accordance with the Constitution. That is, the role of the government is to regulate and tax a trade, not to conduct such a trade. Despite the misgivings of some, there is no logical reason we cannot return to a pre-1914 scenario, with certain modern touches.

And why is it such esoteric information that legal versions of methamphetamine and cocaine, among others, are manufactured and sold? Pharmaceutical cocaine has several legitimate medical uses and is manufactured and sold by at least one drug company, Merck. Methamphetamine has been manufactured under the brand name Desoxyn for decades. I think that LSD

and MDMA have also been manufactured and sold.

A tremendous overview of U.S. drug history and policy is available in the excellent book by Edward Brecher and the editors of Consumers Union. Entitled "Licit and Illicit Drugs," it has been out of print for quite some time now, but should be required reading for every member of Congress.

Richard Sinnott  
Fort Pierce, Fla.

### Imagine There's No Drug War

The conference that Bruce Ramsey attended ("Debating the War on Drugs," March) had at the head of its list of principles, "Drug policy should create 'no more harm than the use of the drugs themselves.'" Since those who would harm themselves or others through their drug use are already using them, the least harm would result if they and their families were no longer persecuted for their use. Sales should be no more regulated than for any other product, since if people have the right to possess and use something, they also have the right to trade it. Manufacture should be licensed to the extent it is potentially dangerous to the public.

I can imagine respectable pharma-

I don't think most Americans realize that the name of the colossal statue in New York Harbor isn't "The Statue of Liberty." It's "Liberty Enlightening the World." The statue was never intended to honor people coming from overseas to enjoy freedom and prosperity here; it was meant to proclaim the idea that the principles of liberty discovered here would become the property of people all over the world.

Libertarians, like other Americans, tend to be somewhat insular, focused on ourselves. For that reason, this month's Liberty places a special emphasis on "Liberty Around the World." I think you'll enjoy our tour of Non-America in the company of four well-informed and very individual writers: Jayant Bhandari (India), Bruce Ramsey (China), Luis Balcarce (Spain), and Michael Christian (Poland). These people know what they're talking about.

In addition, this month's Liberty features articles by Ralph R. Reiland on man's common enemy, death, and by Lanny Ebenstein on man's common necessity, education (which, under current circumstances, sometimes seems like death). It also features reflections and reviews by the same Lanny Ebenstein, by Jane Shaw, and by three people who obviously belong together: Jo Ann Skousen, Mark Skousen, and Todd Skousen. Yes, they're all in the same family. But since they all had something important to say, we couldn't see any reason why they shouldn't just come out and say it, all at once. One of them writes about rap, another about a TV series, yet another about French political philosophy . . . Well, we probably couldn't have kept them quiet, even if we'd wanted to. Which we didn't.

One more note. Unlike this issue of Liberty, the next issue will not have a special focus. It will just have a lot of good writing.

For Liberty,  
Stephen Cox  
Editor

**Erratum:** The byline of the author of "The 2005 Mainstream Movie Awards" (Liberty, April, pp. 50-51) was inadvertently omitted. The author was our estimable reviewer, Jo Ann Skousen.

# How to Subscribe to

## Liberty

**Liberty takes individual freedom seriously . . . and the status quo with more than one grain of salt!**

Every issue of *Liberty* brings you news you can't miss, opinions you won't find anywhere else, and the best libertarian writing in the world.

*You won't want to miss a single issue!*

### Act Today!

*Liberty* offers you the best in individualist thinking and writing. So don't hesitate. You have nothing to lose, and the fruits of *Liberty* to gain!

Use the coupon below or call:

**1-800-854-6991**

Please enter my subscription to *Liberty* immediately!

- ☐ 12 issues (One Full Year) \$29.50  
☐ 24 issues (Two Full Years) \$56.00  
Add \$5 per year for foreign subscriptions.

name \_\_\_\_\_

address \_\_\_\_\_

city \_\_\_\_\_ state \_\_\_\_\_ zip \_\_\_\_\_

phone number \_\_\_\_\_

☐ I enclose my check (payable to *Liberty*)

Charge my:

☐ VISA ☐ MasterCard ☐ Discover

signature \_\_\_\_\_

account # \_\_\_\_\_ expires \_\_\_\_\_

Send to: Liberty, Dept. L,  
P.O. Box 1181, Port Townsend, WA 98368

ceutical companies producing cocaine, heroin, hashish, LSD, Ecstasy, crack cocaine, and methamphetamine. Most of them have been produced in legal, commercial labs and some still are. As are their prescription alternatives, such as Oxycontin and Ritalin. That's where the production of chemical drugs with volatile, dangerous ingredients belongs, in commercial labs under license, not in our neighborhood kitchens.

Is this politically feasible? Get away from conferences of policy wonks, and hold a protest sign on the street for a few hours a week. People on the street are a lot more tired of the drug war than you might think.

Rycke Brown  
Grants Pass, Ore.

### 'Twas Greed

With all due respect to Jo Ann Skousen ("Beauty Killed the Beast," March), at the end of "King Kong," when filmmaker Carl Denham (Jack Black) uttered the words, "'Twas beauty killed the beast," I wanted to stand up and yell, "No, you idiot; 'twas greed!" But then, who really was "the beast"? Kong was soothed by the beauty of a sunset; he was transformed by the love of a woman. Denham, on the other hand, was selfish; he lied and stole; and he destroyed lives and property all for fame and fortune. Denham was a beast unaffected by beauty. Jack Black played the part of the villain with verve. With those famous words, he conversely conveyed that the beast was still at large, and his greed was yet unsatiated.

Suzanne Ninichuck  
Navajo Dam, N.M.

### It's All About the Bike

Little did I think when Bill took me on my first motorcycle ride that it would be a ride that would live in history! (See "A Life in Liberty," March.) We had been at an Eris meeting in Aspen when Bill offered. The day was gorgeous and the scenery fantastic. We rode up a valley and were on the way back when it happened. Bill wanted to show me an old off-road prospector's cabin. To reach it he had to make a sharp V-turn onto a gravelly road. Bill slowed the bike to an almost complete stop, lost momentum, and the bike tilted. I don't remember falling, although I may have. But I really think we both simply put our feet on the ground and

found ourselves astride the bike as it tipped over. Not scary, not frightening, no harm done, although Bill was chagrined. I think we drove around the old cabin and then back to Aspen. Thanks to Bill I had bike-riding to add to the list of my life's experiences.

Bettina Bien Greaves  
Hickory, N.C.

### Lifeboat Ethics

In the March tribute to R.W. Bradford, much was made — again — of Bradford's rejection of the libertarian non-aggression principle.

It might come as a surprise to many, but the truth is that every ethical theory breaks down in matters of life and death. To reject an ethical theory such as the non-aggression principle because of the action that it demands in a matter of life and death ultimately leads to the rejection of every ethical theory. But to suppose that someone can live a productive, thoughtful, virtuous life without any ethical guidance is surely ridiculous.

I am sure that Bradford thought that he was being quite reasonable in rejecting the libertarian non-aggression principle. I hope he found some other fundamental principle that he liked better.

Paul Thiel  
Crescent Springs, Ky.

### One Last Ride

Thank you for your moving tribute to Bill Bradford. I only spoke to him on the phone a few times when he was researching his article on the 2004 LP Convention, and never got a chance to meet him, but I wish I had, especially now that I know he was an avid motorcyclist. I have biked across 49 states and 10 Canadian provinces and territories, and if I had known then what I know now, I would have made a special point to get together with him and ride.

It is not surprising that such a great lover of liberty would be such an avid motorcyclist. Biking is the physical and spiritual manifestation of freedom.

I'd say "God Bless you Bill" but like him I am an atheist (and I'll bet he would remain one even in a foxhole), so all I can say is that Bill will live on in the memories of the lives he touched, and in the fabulous legacy he left behind: Liberty.

Lance Lamberton  
Atlanta, Ga.

# Reflections

**Members of one body** — It seems strange that Harry Browne's untimely death would follow Bill Bradford's so closely. Not long after the Libertarian Party lost its heart, it lost its face as well. — Tim Slagle

**Plank in the eye** — While Congress ran away from the Dubai Ports deal, Rep. Mike Oxley (R-Ohio) noted that "Congress does two things well: nothing and overreacting." True, and I think it's safe to assume he is aware that the Sarbanes-Oxley Act he cosponsored, which mandated onerous new accounting requirements for publicly traded companies, cannot possibly be regarded as "nothing." — Mark Rand

**Outlook not so good** — Inflation is rising. Real estate prices are falling. The Washington Times (March 14) reports that members of the business elite, "deeply concerned by what they see as reckless spending and needlessly aggressive foreign policies," are turning against the president, claiming he's "throwing money at complex problems and just doesn't care about the long term."

How has the president responded? By shutting his ears to their criticism, and leaning ever more on his own advisers. But this over-reliance on his inner circle has estranged his political colleagues: now they openly criticize his political appointments and sabotage his economic deals.

For now, the president still has the support of those who distrust the elite, those who voted him into office because he seemed like "one of them." But that common-man image can't hold out forever — will his patriotic boosters support him once they see how much his wild spending is taking out of their meager paychecks? Will they support him through a vast military campaign, even if it means the deaths of their children?

Yes, things are looking bleak for Mahmoud Ahmadinejad, president of Iran — oh, who did you think I meant?

— Andrew Ferguson

**Ugly as sin tax** — Nevada recently considered taxing prostitution, which would mean a change in rhetoric for those satirists who describe sex as the only tax-free vice left in America.

Meanwhile in Minnesota, state legislator Phyllis Kahn proposed a tax on hair transplants and Botox injections. She would also like to slap sales taxes on laser hair and scar removal, laser treatment of varicose veins, cosmetic dentistry, and cosmetic surgery such as nose jobs.

Essentially this amounts to a tax on the ugly, not greatly dissimilar from Nevada's tax on prostitution, which soaks those not attractive enough to acquire sexual favors without an exchange of cash. — Tim Slagle

**The inmates and the asylum** — Can we all agree that, though noble in its intent, the experiment of giving Americans of subnormal intelligence a president and Congress they can relate to has failed? — Ross Levatter



**Red loan district** — Franklin D. Roosevelt's administration can be blamed for many sins: a prolonged depression, the creation of a federal welfare state that fostered dependence, establishment of the imperial presidency in foreign policy, Japanese internment, retrograde civil rights policies, etc. Now, another FDR legacy can be added to this list.

In a carefully researched article for a recent issue of Social Science History, Amy

E. Hillier describes how federal New Deal housing policies led to the creation of redlining — the practice of denying credit to certain neighborhoods because of their racial or ethnic composition.

The origin of the term can be traced to the color-coded "Residential Security Maps" of American cities produced by the Home Owners' Loan Corporation, a New Deal agency created in 1933. Each map had four classifications, ranging from most to least desirable: green, blue, yellow, and red.

Most desirable were the green areas. They were ethnically "homogeneous" and worthy of loans in "good times or bad." The second and third grade areas were blue and yellow. Least desirable were the red ones. According to the maps, they had "detrimental influences in a pronounced degree" and an "undesirable population [that is disproportionately black] or an infiltration of it."

The Federal Home Loan Bank Board used the maps as a basis for its loans, usually denying them to red areas; hence the term redlining. Federal policies also encouraged the pri-



vate sector to follow similar policies by providing the maps to banks and developers as guidance for their own loan ratings. The benefits of a centrally managed social welfare state.

— David T. Beito

**Pontiff pension plan?** — Those of us who recall exposés of the historic financial acumen of the Roman Catholic Church remain puzzled why it allowed a pope to stay in power whose retrograde policies were contributing to its entrepreneurial decline, especially in the Western countries that

generated most of its wealth. In a corporation with an independent board of directors, a chief so inept would have been sent away with a golden parachute long before his demise.

— Richard Kostelanetz

**Money pipeline** — The United States, with only 4% of global petroleum reserves, uses fully 25% of the world's petroleum each year. That imbalance translates into approximately \$250,000 per minute that U.S. consumers are sending overseas to buy foreign oil, \$360 million per day, \$131 billion a

# Word Watch

by Stephen Cox

A friend of mine was an economist in the old Soviet Union. One day he received a call from the editor of an academic journal to which he had submitted an article. The editor was enthusiastic about his submission. "But comrade," he said, "there is one problem. Your typist has omitted a page."

"Omitted a page? Which one?"

"Page 2. The page where you cite the classics of Marxist-Leninist thought."

"Ah," said my friend. "I understand. I'll send that page over right away."

So he put a piece of paper in his typewriter, filled it with quotations from Marx and Lenin — quotations which, of course, had nothing to do with his subject — and sent the "missing" sheet to his editor. The article was printed without further delay.

Irrelevant but obligatory words — they're not confined to totalitarian societies, although they are, perhaps, a way in which societies become totalitarian. We have plenty of these words in America.

Some of them are mild-mannered and benevolent — in intention, at least. Whenever I write a letter suggesting that some other college professor be hired or promoted, I say that I "enthusiastically endorse the candidacy of blah blah blah." I could have said, well, this is a good person, and I recommend that you hire her. But that would be read as "code" for "she really isn't any good." In this way, irrelevant expressions (why should anybody care about my "enthusiasm," or lack of it?) become obligatory.

Irrelevant, yet tinged with dubious emotions. There is something about the current climate of discourse that demands dubious emotions, whether favorable or unfavorable, "enthusiastic" or filled with hate. The emotional clichés of the last generation were often clichés of laxness and flaccidity: "He's a *nice* person; I *kind of* like that guy." The clichés of this generation are mood spikers: "He's *definitely* an *awesome* dude. *Totally*."

Or, to jump to the opposite pole: just go on Google, type in "denounce," and see how many people are denouncing things. They don't just disagree; they denounce, and demand that others join them in denouncing. I recently went to Google's "news" category and turned up 11,300 items in which *outrage* played a part: outrage over court cases and police investigations, outrage over people being allowed to cross the U.S. border, outrage over people not being allowed to cross the U.S. border, outrage over

"world conditions," outrage over the demolition of nesting sites for swans, outrage over money spent on signs that "twin" a town in one country with a town in some other country, outrage over the perceived scarcity of Asian-American males in pornographic videos — and, especially, outrage over the reputed neglect of outrage.

The evidence suggested that there are few people in this world who are capable of criticizing, deploring, arguing against, feeling irritated by, becoming depressed about, or even just getting angry over the things they don't like. Apparently all that people can do these days is express their *outrage*. And a personal expression of outrage is never enough; they must insist that everyone express the *same* outrage.

When Cindy Sheehan, the war protestor, was arrested at the State of the Union address in January, antiwar activists expressed their outrage over the fact that no one else seemed to be overwhelmed by the outrage they said they felt. Outrage was thought to be obligatory, despite its obviously routine character. Antiwar activists are always trying to get themselves arrested. It's hard to believe that anyone could feel sincerely outraged over one more episode in a way of life. As frequently happens, outrage is something that people are expected to express, not something that they actually experience. If it were, Jesse Jackson would have died of apoplexy decades ago.

Closely related to *outraged* is *offended*. "And I find that offensive" is now a predictable conclusion to almost any description of conduct that someone dislikes. It too has become obligatory. Rare is the radio preacher, African-American politician, educator, or Republican Party hack who isn't continually asked whether he isn't "outraged" or "offended" by the remarks of some other preacher, politician, educator, or hack who has chosen to make an off-the-cuff remark about killing Castro, electing Strom Thurmond, or decreasing the proportion of white people in the city of New Orleans. If he doesn't offer the obligatory, "Oh yes, certainly I am offended, deeply, deeply offended, whenever I hear such outrageous and offensive language," then he himself *becomes the issue*.

*I find that offensive*. There's a bill right now in the Arizona legislature that is designed to ensure that state colleges allow students to undertake "alternative coursework" whenever they find that their assigned course material is "personally offensive" to their "beliefs or practices in sex, morality or religion." This

year — money that's flowing in large part to the type of country I wouldn't trust to run our ports.

Former CIA director James Woolsey points to the clear danger: "Two-thirds of the world's oil reserves are in the Persian Gulf and as time goes on, the world is going to rely more on the Gulf, rather than less, and you can't bet on this part of the world making a smooth, easy path that will allow all of us to happily continue to drive our SUVs and use that part of the world as our filling station."

Worse, we can't bet that the billions of dollars we're send-

means, I suppose, that fundamentalist Christians will be allowed to sign up for a course on Plato's "Symposium" but read "Bambi" instead, that social-gospel Christians will be invited to study economics without reading anything about profits and investments (matters offensive to their beliefs), that scientific atheists will refuse to read either Homer or the Bible, and that radical Muslims will refuse to read anything except the Koran, in the original language. It's hard to say whether one should be more offended by the coursework ordinarily prescribed in government schools or by the notion that people have a right to be protected against viewing any coursework they regard as offensive.

Worse than anything else, however, is the whining tone that the *offended* and *outraged* parties always emit — the repulsive accents of the spoiled child. The modern age of whiners began with Anita Hill, a person of less than no significance who attracted the attention of the world by telling Congress how offended she was that her former boss — oh, horror! — had once possessed and even, perhaps, discussed pornography! It's safe to say that nobody felt any emotion about this whatever, even Miss Hill; but everyone, including the defenders of Judge Thomas, her boss, felt obliged to discuss it, for weeks, in the harrowing language of *outrage* and *offense* about the *shocking* things that some men do.

The tradition of whining has been carried to its logical conclusion in this year's bloody and cynical demonstrations against "offensive" cartoon treatments of Islam. Radical Muslims once tried to bring down America by flying planes into buildings. Now they try to bring it down by advertising their own hurt feelings. Even the relative moderates find the culture of offense irresistible. The leader of a west-coast American Islamic group has informed the press that he supports freedom of speech, "but the freedom has to stop somewhere. It cannot offend others. . . ." To put this more plainly: what *I* say is limited by what *you* feel. It's an interesting approach to the First Amendment and a still more interesting approach to verbal obligation. If I have to say what you want me to, do you have to say what I want you to? Or is *offense* just a one-way street?

No matter. So prevalent have hurt feelings (real or asserted) become as a basis of argument that it is now virtually impossible to get through a day without witnessing someone throwing a fit of *outrage*, usually over something that merits nothing stronger than a mild demur. Unfortunately, as with most verbal fashions, it's hard to avoid joining in. Before writing this column, I hastily checked my own recent publications to see how frequently I'd portrayed myself as *outraged* or *offended*. I didn't find any instances, but my research was not exhaustive. I didn't push it too far. I didn't want to be obliged to feel *outrage* over my own behavior.

ing to that part of the world for oil imports won't be used to develop an arsenal that will threaten much more than our SUVs.

— Ralph R. Reiland

**Living in denial** — A prominent historian, David Irving, has been arrested in Austria. He's an Englishman but they grabbed him as he happened to be passing through the Alps. His crime? He denies the Holocaust.

This should be shocking to lovers of liberty like us Jews. I mean on both counts: the denial and the arrest.

Religion has nothing to do with this injustice. It is frightening that any state can prosecute a man for his views. We humans are fallible. There are not enough jails in Hitler's Germany or Stalin's Gulag to hold all the dumb, malicious, ideologically incorrect, and just plain mistaken historians.

Now, I consider the venom Irving spews hateful and certainly anti-Semitic. But, it's no more criminal than believing that the Turks were justified in slaughtering a million Armenians, or that Stalin's murderous show trials were on the up and up, or that the rape of Nanking was phony, or that 6 million Kulaks were *not* starved to death by Stalin in the '20s — and so forth. A lot of warped people, many of whom we would call intellectuals, believed the above. Should we have jailed them, too? Mistaken beliefs should be addressed in the great free courtroom of ideas — not in criminal courtrooms.

Irving's stupidity or malice, whichever is the proper description, has been addressed in that venue and we can leave any lingering pleas to his maker — who can read the criminality of beliefs, motives, and attitudes far better than any human judge or jury.

— Ted Roberts

**Blame Canada** — Michael Tannery, a Cato health care expert, writes: "Because cancer is a slow moving and expensive disease to treat, it is not cost-effective under socialized medicine to treat the disease too aggressively."

Moral: If you are unfortunate enough to contract cancer, don't go abroad looking for inexpensive treatment in a country with socialized medicine. Costly as U.S. medical care may be, it could still be a bargain; your chances of recovery will be much better. In the United States, with its complicated but still more or less private system, about 80% of men diagnosed with prostate cancer survive. But in England and France, both of which have "benefited" from almost all-inclusive socialized medicine for decades, only 43% of men survive prostate cancer. Many U.S. lawmakers look to the Canadian system of government medicine as a model — but two-thirds of Canada's provinces ship their colon cancer patients across the border for treatment. And in England a majority of cancer patients (60%) are not even allowed to see an oncologist. Under socialized medicine, the treatment of expensive diseases is often either avoided or denied.

— Bettina Bien Greaves

**Following the money** — Recalling the statistic that the number of stockholders in America exceeds the number of employees (allowing for overlap), consider the great political achievement of Eliot Spitzer, attorney general of the state of New York: the discovery that aggrieved investors constitute an electoral constituency with more

clout than, say, aggrieved workers — and thus that the former's respect for him could make him not just the governor of my populous state but perhaps our first Jewish president.

— Richard Kostelanetz

**Port ability** — Following on the heels of Dubai Ports World's decision to divest itself of U.S. holdings, and not to seek ownership of a company that operates terminals in U.S. ports, some in Congress are questioning whether other sensitive national-security assets are in dangerous hands.

Intense opposition to the purchase from the American public led to a backlash among congressional Republicans and Democrats alike, who questioned the planned sale.

The attention focused on the narrowly averted acquisition by Ports World has caused the same legislators to question the propriety of American ownership of American security assets.

"Arabs were responsible for the 9/11 attacks, and we almost let them run our ports. Are we nuts?" asked a high-ranking Republican who asked not to be named. "But it doesn't stop there. White Americans were responsible for acts of war and genocide against Native Americans, and for the capture and enslavement of the forebears of African-Americans. Yet members of this group control industries vital to homeland security. You have to ask, is it a good idea for *those people* to have control over vulnerable parts of the defense sector?"

"The Democrats will be with us on this," he continued. "We're going after rich white guys, and they can't pass that up."

One vexing question is who will be left to run such industries, now that Arabs, a majority of Americans, and probably members of most other racial and ethnic groups, are disqualified. The Vatican is said to be forming a corporation in earnest to get into the U.S. ports business, and the Principality of Seal-and (land area 6,000 square feet) has expressed interest.

— Patrick Quealy

**No port in a storm** — I had never heard of Dubai Ports World before February. But I knew a few things. There is a difference between a port and a terminal. And there is a difference between security, which is in the hands of Customs, and moving boxes around, which is in the hands of terminal operators. Dubai Ports World is a terminal operator.

Many are foreign-owned. In my hometown, which is a seaport, one terminal is operated by a Korean company and

another by a Singaporean company. These operators are tenants. It looked to me like that's what Dubai Ports World was going to be in six U.S. ports.

The first news story I saw called it a deal to take over significant operations at those six U.S. ports. "Take over" is not obviously incorrect — one may take over a lease — but it has an aggressive aura to it. The pundits tended to simplify the rest into an Arab company taking over our ports.

Then, Dubai. One story said it had ties to terror. Others said it was linked to terrorism — "ties" and "links" being weasel words of those who cannot establish responsibility.

What were the ties and links?

In 2001, eleven of the Sept. 11 hijackers, all Saudis, had used the Dubai airport to travel to the United States. Several of the hijackers had bank accounts in Dubai and had transferred or received funds there. One of the hijackers lived in Dubai.

Bad people used Dubai's banks and airport before the attacks — so what? What does it prove about Dubai? In 2002, the suspected mastermind of the bombing of the U.S.S. Cole was arrested in Dubai: arrested by the Dubai government and turned over to the U.S. government.

Who owns Dubai Ports World? The Dubai government — the same one that provides docking rights for the U.S. Navy in Dubai.

Now, maybe there are security problems with a Dubai terminal operator.

I don't know. The oppo-

nents didn't either. That was clear from the vacuity of their language. They tended to talk as if the danger were obvious, as if all you had to do was say "Arab" and "Middle Eastern" in order to prove it.

Early on, Bush said he would veto any bill blocking the deal. I had two thoughts. The first was that probably he wouldn't. The second was that maybe this was something Bush knew about, personally, and was willing to stand up for. That would shock people.

— Bruce Ramsey

**Blue skies ahead** — Will the economic boom continue?

Preliminary indications are that the first quarter of 2006 will experience 4% annualized economic growth or more. That's not too shabby.

Moreover, government growth indicators may understate economic growth because they overstate inflation. Many

OH, CALIFORNIA!

I USED TO BE ENLIGHTENED.  
IT WAS O.K., I GUESS.



SHCHAMBERS



economists believe that official inflation figures are exaggerated by something between half a percentage point and one percentage point, because they do not incorporate quality improvements, increased purchases in discount stores, and other factors. This means that economic growth may be understated by 10 to 20%. So real economic growth may now be in the range of 4.5 to 5%. That's sizzling.

Unemployment of less than 5% is effectively full employment for people who are seeking work and are employable. Individuals are much more likely to change jobs now than they were in the past, and the work force includes many who would not have been in it in the past. The unemployment rate among married heads of households is under 3%.

To thoughtful observers of the economy, the most concerning trend is, perhaps, the big increase in foreign debt in recent years. But at least two points are worth noting here.

First, the amount of interest that America receives from abroad is almost the same as the amount of interest America pays abroad.

Second, and perhaps more importantly, China and the other emerging Asian economic powers have rapidly expanding economies. For years if not decades to come, they will seek more financial economic reserves, including (and perhaps especially) dollars.

In short, there is no reason why the current U.S. foreign trade deficit is not sustainable for years to come. As long as foreigners are willing to invest in American securities, American interest rates will stay low, irrespective of what the Federal Reserve Board does — and the Fed seems likely to end its campaign to raise short-term interest rates in the next few months. Look for the American and world economic booms to continue and maybe even to accelerate. — Alan Ebenstein

**Feel the burn** — By order of Iran's confectioners union, any Danish pastries sold in Tehran, the nation's capital, must now be called "Roses of the Prophet Muhammad Pastries." One of the capital's most popular bakeries, Danish Pastries, has covered up the word "Danish" on its sign with a traditional symbol of mourning, a black banner saying "Oh Hussein," a reference to an Islamic martyr.

A gang of fired-up Pakistanis dragged Ronald McDonald into the street by his red wig and set him aflame in Lahore, the second largest city in Pakistan and the main commercial hub in the prosperous province of Punjab.

A few blocks away, Colonel Sanders met the same fate, being dragged from a KFC and set ablaze in the street. By the time the protest was over, several people were dead. AP reports estimated that 15,000 had joined in.

In a similar but smaller demonstration of rage, a band of some two dozen black-veiled women stormed a half dozen or so gift shops in Kashmir and set fire to the displays of Valentine's Day cards. "We will not let anyone sell these cards or celebrate Valentine's Day," proclaimed Asiva Andrabi, the group's leader, holding up a burning valentine for the cameras. The cards and chocolates, she said, were "Western gimmicks," aimed at pulling upright kids away from their "roots": Godiva and Cupid as risqué imperialists, both too suggestive of sexual impropriety to escape the notice of the morality police. The dire father of Iran's revolution, the Ayatollah Khomeini, might well have looked kindly upon Andrabi's tirade; as he once declared, "There is no fun in Islam." No fun and no heart-shaped boxes of chocolate truffles.

And no Pepsi. As Maulana Invadullah memorably said a few days after the Sept. 11 attack, explaining why he thought radical Islam would inevitably defeat the United States, "The Americans love Pepsi Cola, we love death."

Invadullah, who fought in Afghanistan's guerrilla war against the Soviets, elaborated: "War is our best hobby. We cannot live without war. The Americans lead lavish lives and they are afraid of death. We are not afraid of death. The sound of guns firing is like music for us."

What's increasingly clear is that these latest staged uproars aren't about Cupid or Colonel Sanders, or even about Danish cartoons. Those are simply the groundwork for the larger battle, the fight by radical Islamists to inflame the masses and silence the moderate voices within their own societies.

The plan of attack from the radical Islamists, working all too well, is to intensify the vicious cycle, to stimulate riots about Ronald McDonald, to announce a \$1 million prize for the heads of the Danish cartoonists, to threaten the annihilation

*News You May Have Missed*

## Cheney Shoots Self in Foot; Foot Issues Apology

ARMSTRONG, Texas — Vice President Dick Cheney's foot apologized today for getting in his line of fire as he aimed at what he thought for sure was a quail, but turned out to be his other foot. The vice president was part of a hunting party that was driven in a caravan of SUVs to a heavily wooded area of the vast Armstrong Ranch, where phalanxes of illegal aliens carried them in curtained litters to a spot at which a dozen or so quail had earlier been released. The quail had been carefully weighted down with campaign contributions, so they could barely move, let alone fly. The hunting

party then began shooting at anything that barely moved, which included both of Cheney's feet, but only the vice president himself actually succeeded in hitting one of them. The result, he said later, was "one of the worst days of my life," since the commotion caused all the quail to flee as best they could farther into the woods where the hunters, woozy from all the beer and pork they had consumed at lunch, couldn't go after them. "It was disappointing," Cheney said, "because we had expected the birds to greet us as liberators."

Nevertheless, he dismissed the sig-

nificance of the accident, saying it would go down as a mere "footnote to history," unlike the Iraq War, where, he pointed out, the entire Bush administration had repeatedly shot itself in the foot in a much more spectacular and determined manner. "Our settled policy, both in Iraq and Texas, is to shoot first, ask questions later," the vice president said, "and then we suppress the answers to the questions." Cheney added that he would not stop hunting because of a minor mishap, and he vowed to "stay the course until I manage to shoot myself in the ass as well."

— Eric Kenning

tion of Israel, to dare the police in their own societies to stop the mayhem, to burn and kill and push and push until the West is prodded into actions that can then be used to further escalate the paranoia and bloodshed, to attract more men and women like Invadullah and Andrabi to the cause, so that, in the end, like scorpions in a bottle, one side will be forced to beat the other into submission.

— Ralph R. Reiland

***Riches in the Treasure State*** — I recently reviewed a list on the Web that tallies all the federal spending that goes to my state, Montana. (The point was to examine the premise that Montanans receive more than they remit in taxes. This conventional yardstick has some validity if you assume that government spending is a net benefit.)

The list reminded me that there are a lot of federal programs — by my rough count, 642 separate sources of funding! They include various retirement and disability payments, of course, and then there are agriculture program payments (dairy indemnity programs, commodity loans and loan deficiency payments, wetlands reserves, conservation reserves, emergency conservation programs) and many others ranging from home investment partnerships to nutrition education. The list goes on for 15 pages.

In spite of their elegant names (“Indian rights protection,” “emergency shelter grants programs”), most of these pro-

grams don’t go toward the poor. Mostly they go to the well-off.

James Gwartney and Richard Stroup noted long ago (in a 1986 Cato Journal) that only 16% of government redistribution was directed toward the poor (that is, only 16% of the programs were means-tested). Far larger were programs such as Social Security, Medicare, unemployment compensation, and farm price supports.

And that’s not the only distortion. To benefit substantially from many federal programs you have to be pretty successful already. Agricultural subsidies, for example, are usually based on how much you produced the previous year. Sterling Burnett of the National Center for Policy Analysis reports that the wealthiest 10% of U.S. farmers receive 72% of the subsidies. (The bottom 80% receive on average \$64 per month from the government.) Similarly, subsidized flood and disaster insurance programs give the most benefit to those with sizeable properties.

As Gwartney and Stroup observed, “There is little reason to expect that the poor will possess relatively more of the communication and organizational skills that are rewarded handsomely by the political process. In fact, the entrepreneurs and managers in a politically dominated society are likely to be the same people who would excel under market organization.” But don’t think that our senators, Max Baucus and Conrad

Bill Bradford’s death is an irreplaceable loss to the libertarian movement. But he maintained his usual good cheer to the end. Shortly before he died, he suggested as his epitaph:

“Bradford dies.  
Liberty Lives!”

In that spirit, we invite you to join Liberty’s editors in celebrating his life and legacy. The date? **October 20–22**. The place? The **New Frontier Hotel** in the freest city in America, Las Vegas.

### At the 2006 Liberty Editors Conference:

- A celebration of Bill’s life — hear about his life from those who knew him best, then share memories of Bill with his friends and family at a reception.
- A keynote address by Bill’s favorite anarchist scholar, economist **David Friedman**.
- Side-splitting stand-up by libertarian comic **Tim Slagle**.
- Plus the diverse array of individualist speakers that have made our conferences famous!

Save these dates!

**October 20–22, 2006 in Las Vegas**

Watch forthcoming issues of Liberty for registration information, and more details on speakers and events!

Burns, are willing to sit by and simply let Montanans excel in the market arena. Politics rewards the rich, and that includes the politicians.

— Jane S. Shaw

**Muslims, meth, and Mexico** — The latest version of the Patriot Act contains provisions for limiting the amount of cold medicine that a person can purchase at one time. Pseudoephedrine is a primary ingredient of cold medi-

---

*In 1986, only 16% of government redistribution was directed toward the poor. The wealthiest 10% of U.S. farmers receive 72% of the subsidies.*

---

cations, but it is also a key ingredient for the manufacture of methamphetamine, or meth, the latest drug scourge to sweep this nation.

I'm somewhat confused. Sure, I understand the nebulous link between other imported narcotics and terrorism; hashish, opium, and cocaine have funded guerrilla armies for years. But meth is mostly a domestic product. It's popular because it can be cooked up in a trailer with over-the-counter ingredients and simple appliances you can buy in any Wal-Mart. I doubt that there is any terrorist activity being funded by methamphetamine manufacture; people in the meth culture are more likely to be militia members than Muslims.

Meth's ease of manufacture guarantees that it stays dirt cheap. For a couple bucks, you can get enough to keep you high for a week. Most imported narcotics like cocaine and heroin are distributed by intricate organized networks that work much like liquor distributors. Since distribution of those drugs is severely limited by the DEA, the price is highly inflated.

Meth is quite common, and gaining in popularity. Libertarians who advocate legalization of all drugs should take a good long look at the meth culture before they say that legalization would eliminate social ills. Although meth is highly illegal, I think it has been a great experiment in what might happen if all narcotics were readily available. While I agree that anyone who wants to become a skinny toothless psychotic should have as much access to meth as he can afford, I think that those who say that legislation is the only problem with drugs are quite mistaken.

There is very little gang activity, organized crime, theft, or prostitution associated with meth. Instead, we see ether-filled trailers blowing up, meth labs with playpens, and pregnant women on three-week benders. Yes, there is a social problem, but through no stretch of the imagination is there a link between meth and terrorism.

Even before the Patriot Act limited the amount of Sudafed that could be purchased, state laws and voluntary regulations by national drug store chains were limiting the amount of cold medicine available for meth manufacture. These effects are already being noticed. On a recent trip to Arizona, I saw a local news broadcast on a major drug bust on the Mexican

border. The contraband included a large amount of marijuana and methamphetamine. Availability of pharmaceuticals, great stretches of sparsely patrolled desert, and a police force that can be purchased by the highest bidder have all made Mexico an attractive candidate for meth lab outsourcing. Apparently whenever there is a demand, a supply will appear. Perhaps our drug czars and authors of future Patriot Acts need a refresher course in economics.

— Tim Slagle

**Why I fight** — I have been practicing immigration law for five years. It is very taxing, but I carry on.

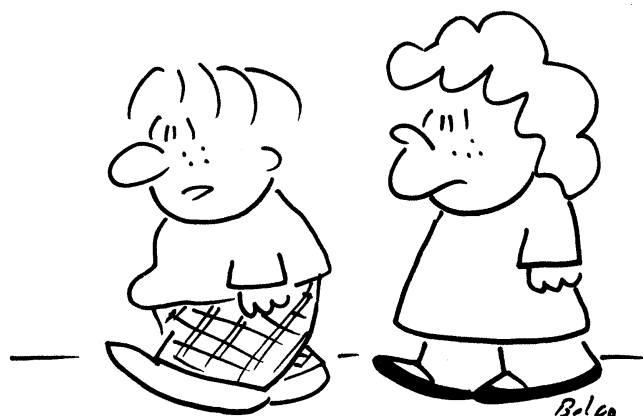
Clients speak little or no English, and insist on speaking Spanish and Haitian Creole quickly, despite my pleas: "*hable despaciamente y sencillamente*" or "*pale dousman et senp*." The clients and their families have little respect for attorneys. Their papers are often missing or in disrepair. Their personal hygiene is sometimes not up to my exacting standards. They move without telling me, and their telephones are cut off with alarming frequency.

The officials I deal with vary, but are often hostile or indifferent, because my immigrant clients do not vote (except in two states with unusual statutes), nor do their families vote. The judges of the Immigration Court (an administrative court within the Department of Justice which decides removal [deportation] cases) are better than the Department of Homeland Security officials. They generally apply the law fairly.

I did have to stop handling cases involving immigrants in prison. The rewards could be great. Some people I helped free were grateful. Others were not. But the families called frequently and wondered why their relative remained in jail when another immigrant in the same position had been freed. There was almost always some crucial difference in facts. The visits to Krome and other jails were too stressful for me.

But why continue in immigration law at all when I could make a handsome living chasing ambulances? I chose immigration for three reasons, and I stay for the same three reasons:

1. Freedom: Migration is a subset of freedom generally. I thought that I could help make the world a freer place by helping people enter and remain in the United States. My clients voted with their feet to come from Haiti, El Salvador, China, Kosovo, and other places where there is even less liberty than in the United States. So on average, the world is a freer place



"I've been sent to the Principal's office before, but this is the first time I've ever been *subpoenaed*!"



because of their movement to the United States. I help them stay here, making the world a freer place.

2. Economics: A productive labor force aids economic growth. Diversity creates innovation. Many of my clients are hard-working people. They do the gardening, farming, and restaurant work that many Americans will not. And I see many joining the middle class and starting new businesses. I help them stay here, making the United States a more prosperous place.

3. Family: Many of my relatives in Romania and Hungary were killed during World War II. I have wondered how many might have survived if the United States, Great Britain, and other potential havens had policies welcoming immigrants. Now I do a lot of asylum cases from Haiti and China. I have had two from Kosovo and one from Burma. I help them stay here, honoring the memory of my family.

So here I am, slogging through the trenches of immigration law. I spend much of my time preparing papers, driving, appearing in Immigration Court or before the Department of Homeland Security, and interviewing and preparing clients. It takes a strong motive, stronger than money, to continue. With my three *raisons de travail* I will keep at it.

— Martin M. Solomon

## Taking responsibility

— About 15 years ago, I liked to do research at the Montana State University library, but I was unable to take my son, a toddler, with me. The reason was that the open Bauhaus-style stairways of the library had such widely spaced bars serving as bannisters that a small child could easily fall between them, perhaps even tumble two stories onto a hard floor. So I kept my son away. It always puzzled me that in an age of liability the university could get away with ignoring such an obvious peril.

It wasn't until a decade or so later that two small children did fall through the openings (in two separate accidents), and one was severely hurt. Suddenly, the library and university managers scrambled to put in plastic barriers along the stairway so it couldn't happen again. They had "discovered" a problem that had been obvious for years. This situation illustrates one way that accidents happen. For years, the university's failure to be responsible — perhaps because the decision-makers were not the owners? — had been countered by cautious parents who recognized the danger. But eventually, a couple of parents failed the responsibility test. Perhaps they reflect an age in which parents are less respon-

sible than in the past.

Now, as I drive to my office in the technology park that is owned by the same university's alumni foundation, I notice another accident waiting to happen. The streets in this private park are narrow and winding. Although all office buildings are supposed to have off-street parking, there seems to have been a serious design flaw or miscalculation. Some buildings simply don't have enough parking spaces for their employees, so people park their cars, SUVs, and trucks in the street; there is no other place. This seriously obstructs drivers' vision.

No one in the technology park, apparently, feels the need to fix this flaw. So far people have driven cautiously — avoiding hitting the cars that suddenly come around the bend. One of these days, however, the lack of responsibility on the part of the park owners will not be canceled out by caution on the part of the driver. Two cars will go too fast; an accident will occur; people will be stunned; something will be done.

Who will be at fault? If a society is to be free (with minimal regulation), then organizations and individuals both must take responsibility — preferably before harm is done, not after.

— Jane S. Shaw

## Impossible is nothing

— Libertarians often hear "but that can't work" or "that's impossible" when seeking to promote our ideas for a freer world. I've found that I can be guilty of the same closed-mind thinking.

Recently, I was given a puzzle that consists of nine square cards, each with a picture of either the head or the tail of a wolf on each of its four sides. The goal is to arrange these nine cards into a 3x3 square in such a way that all sides join with their counterparts, i.e., heads with tails. Like most combinatorial problems, I find it fascinating. One

can ponder various characteristics of the set (of the 36 sides in the nine-card set, 22 are tails and 14 are heads; there is only one card with four tails; and so on), and this provides some direction, but, for me at least, not enough to solve the puzzle.

So, like most individuals in our era, I went on the Internet and looked up information on solving the puzzle (that's how I got through "Lands of Lore," my one venture into quest games, in less than a lifetime). The site I found gave no intuitive solutions, no clever way of thinking about the problem that an individual might be able to use.

Instead, it described a computational algorithm for solv-



ing this type of problem, and explained the number of ways that nine cards, each with four sides, could be arranged in a 3x3 square. I forget the exact number, but it is calculated by multiplying four raised to the ninth power by 9! (that is, 9 factorial, or  $9 \times 8 \times 7 \dots \times 2 \times 1$ ). That is a very big number. The web site noted that fact and then outlined various heuristic computer programs that simply went through all combinations to solve the problem. The discussion mentioned only one "shortcut" that the most efficient algorithms used — a "look-back" method. The program would place the pieces together until it came to a dead end and then it would go back a placement or so and restart. This was the only element of simplification mentioned — the rest was pure brute-force calculation. On a modern computer, the program took minutes to solve the problem. Since a computer can do millions of calculations a second, I decided this puzzle was not for me.

Being a rational person, I put the puzzle aside, a bit perplexed that my benign assessment of the marketplace had seemingly been contradicted. How sadistic to sell a puzzle that no human being had any practical chance of solving! It would be like winning PowerBall. I explained the puzzle's impossibility to several neighbors and my brother, who lives nearby. Johnny is a real estate agent who recently explained his success as stemming from persistence — his unwillingness to give up on a sale until the customer decides to withdraw or the sale is complete.

He took the puzzle and my "look-back" clue to his home. A few days later, he called to let me know that he'd done the "impossible" puzzle. I was shocked — I was the mathematician in the family, the logical whiz; what was going on? And then I realized that, like most people, I am susceptible to fatalism — the view that there's nothing that can be done. It is convenient to decide that a difficult task is impossible. We hear that all the time when we seek to advance economic liberty. But, in this case, I was quick to accept the views of an expert. I surely wouldn't do that in areas such as trade or environmental policy or regulation. But in this area, where I was "rationally ignorant," I fell into the same dead-end thinking. I accepted the status quo "you can't get there from here" view. Johnny didn't, and he solved the puzzle.

This was good lesson to learn. From now on, when people tell me that I'll never be able to reform this or that area of public policy, that "it's impossible," I'll simply work harder! — Fred L. Smith

**Bring back Cal** — My good friend Herb says that government is the only

burglar that can steal a wage-earner's money without benefit of weapons or superior strength. Furthermore, its theft is fully supported by the police, the FBI, the National Guard, the U.S. Marines, and the Coast Guard, and backed by the legislative grandeur of the United States Congress. Herb hates taxes like a midnight toothache. "The last truly great U.S. president was Calvin Coolidge, whose favorite diatribe from the political pulpit was a one-worder that began with an 'N,' rhymed with 'whoa,' and related to taxes." My tax-obsessed friend swears that verbally parsimonious Cal could easily have been a glittering silent film star, making a lot more money than he made by wordlessly hanging around the White House.

*News You May Have Missed*

## "Coalition of the Angry" to Challenge Middle East Anger Cartel

WASHINGTON — In a televised address to the nation last night, a visibly angry President Bush said that "the American people will not allow a bunch of Middle Eastern anticartoon goons to establish a monopoly on the vital resource of raw anger," vowing to develop the "deep domestic anger reserves of our own country."

The president, speaking before Congress and invited guests that included dozens of smoldering postal workers, fed-up New York Knicks fans, homicidal animal-rights activists, and the American Association of Apoplectic Hockey Parents, paused several times during his speech to acknowledge the prolonged hisses, muffled expletives, and full-throttled screams of rage of his appreciative audience. Calling for bipartisan support and a congressional resolution to authorize the use of spleen in the Middle East, the president proposed a "Coalition of the Angry" that could at a moment's notice launch a "shock and awe" campaign of precision vituperation against anyone or anything that annoyed the president, Dick Cheney, or Karl Rove, whether it be uncooperative foreign heads of state, White House correspondents who keep prying into things that don't concern them, democratic electorates who elect the wrong people, or facts.

He then made several dramatic proposals, including one that would enlist volunteers who have mastered

the ancient American meditative technique known as Road Rage, in which practitioners, shutting out all other thoughts, and working toward the disembodied mystical state known as "losing it," concentrate on a single vehicle that is in front of them, and, chanting certain esoteric words and phrases, cause it to magically disappear, perhaps into a ditch. These volunteers would be sent to areas of the world where angry Muslim protesters have taken to the streets and, using the very same spiritual techniques, force them right back off the streets. Similarly, the president said Rush Limbaugh, Sean Hannity, Michael Savage, and Ann Coulter could be dropped from helicopters into the midst of chanting, rioting mobs throughout the Middle East to apply their tried-and-true methods of silencing people by misquoting them, interrupting them, shouting them down, and cutting them off mid-sentence.

But Bush's new anger agenda immediately ran into unexpected opposition from the Rev. Pat Robertson, who said that the deployment of tantrum-throwing personnel alone would not be enough to take out choleric Muslims, President Hugo Chavez of Venezuela, and local school boards that fail anti-Darwin purity tests. He reminded the president that fresh supplies of loopiness were urgently needed as well. — Eric Kenning

"But Herb," I replied, "Coolidge played poker and drank bourbon with his pals in the White House bar for four years — that's all he did. And Mrs. Coolidge, as hyperactive as a sloth with mono, only hung new curtains in the White House master bedroom. That was the extent of the Coolidge agenda."

"Yeah, my kinda prez. Note that in 1927, 98% of Americans paid no taxes." My friend paused to drink one of my beers. "Calvin Coolidge," continued Herb, "passed about as much legislation as an oak tree on the White House lawn — may his memory never fade."

Herb pines for the old days when the feudal aristocracy granted tax exemptions to whole towns and villages for acts of heroic loyalty: say, if a local saved the kingdom by pulling his liege lord out of the duck pond, or diverted the vil-

---

*Calvin Coolidge passed about as much legislation as an oak tree on the White House lawn — may his memory never fade.*

---

lage cesspool into his liege lord's enemy's well, or stuck a sword in the hindquarters of his liege lord's enemy. It was a well-established tradition. Joan of Arc's hamlet of Domremy went tax-free because of her heroic feats. Naturally, as word got around, tax-oppressed peasants vacated the neighboring towns.

My friend had a dream, he tells me, where he, a mere citizen, was allowed to stipulate a few presidential qualifications:

1. If the candidate ever uses the term "sharing" (political lingo for stealing) in campaign oratory, he must spend a week as a bedpan orderly at City Hospital — in the gastrointestinal ward.

2. Calculus is not a prerequisite, but simple arithmetic is a must. Particularly subtraction. He must understand that if a citizen has ten dollars in his poke and the government takes three, only seven remain. The understanding of the principle of addition is not necessary, since government does nothing that involves addition.

3. The candidate must have made an honest living for at least ten consecutive years. Every year of lawyering counts as negative five years.

4. He must have prepared his own tax return without the benefit of professional tax accounting assistance for at least three consecutive years. Financial penalties or jail time are convertible to credits for requirement #3.

5. Before inauguration, he will spend six months studying "The Road to Serfdom" by Hayek and "Freedom and Capitalism" by Milton Friedman. There will be a test, and a minimum score of 90% is necessary before investiture.

Then my pal woke up and read the paper and wished he was in dreamland again. "What happened to the good old days?" he laments. Herb passionately believes that the president should go to funerals, run the Easter Egg Hunt on

the White House lawn, and hold a press conference once a year to answer any charges about eggs hidden in abnormally high grass. And that's all.

"That's the way it was," says Herb.

— Ted Roberts

**Madeleine Pelner Cosman, R.I.P.** — Madeleine Cosman (1937–2006) died in San Diego County, Calif., on March 2, of complications of scleroderma. She was a forceful spokesman for conservative and libertarian ideas, and a vivid personality, best known for her scholarship and activism in support of 2nd Amendment rights and the rights of doctors and patients.

She was a connoisseur of Renaissance art and, in the words of Robert Bidinotto of the Objectivist Center, "a Renaissance Woman. Her accomplishments and talents were legion. . . . An operatic singer. An actress. A wonderful pianist. A controversial and outspoken political activist. . . . Even an expert marksman." Her book "Fabulous Feasts" (1976), a study of medieval cookery, was nominated for a Pulitzer Prize.

She held a law degree but never practiced. Instead she taught medical law and history at the City College of New York. But that wasn't all. She also founded City College's Institute for Medieval and Renaissance Studies.

Cosman brought a dramatic style to everything she did. Even her home, a circular house on a mountaintop, was a dramatic self-expression, planned and directed, like all her public presentations, by an intelligent and sophisticated taste. Yet she was so bold a spokesman for her ideas that one of her last public appearances, as part of a panel discussing illegal immigration, was guarded by 150 policemen.

Cosman's impact was great, and her influence will continue. Her next book "Who Owns Your Body" (one of over a dozen) will be released later this year by Praeger.

— Stephen Cox

**Harry Browne, R.I.P.** — Harry Browne (1933–2006), twice presidential candidate of the Libertarian Party, died on March 1 at his home in Franklin, Tenn. He had fought Lou Gehrig's disease for many months.

Harry was an investment adviser who became a bestselling author with his book, "How You Can Profit from the Coming Devaluation" (1970), the first of a series of how-you-can-profit volumes. Through those books, his writings and speeches on public policy, and his work of 1973, "How I Found Freedom in an Unfree World," he spread libertarian ideas to a wide popular audience.

As a leader of the Libertarian Party, Harry was a vigorous exponent of a professionalized campaign style, emphasizing the respectability and rationality of libertarian public-policy proposals. Although his electoral performance was disappointing — 485,000 votes in 1996, 384,000 in 2000 — he was an articulate and persuasive spokesman for the party. He looked like a president, or like a president ought to look.

It is no secret that during the latter part of his political career Harry and Liberty magazine were often at odds over his management of Libertarian Party affairs. The history of these disagreements is written at large in the 1999–2004 issues of Liberty. But there was never any question that Harry was a talented and intelligent leader, determined to defend and extend individual freedom.

— Stephen Cox

# The Real India, Behind the Fog

*by Jayant Bhandari*

India boasts one of the world's fastest growing economies — but the wealth hasn't reached everyone yet.

Just over a decade ago, in the British university where I was studying, some students did not know where India was. Some thought that it was somewhere in Africa. (Admittedly, quite a lot of Indians who had emigrated to the UK had moved not from India, but from African countries.) Given the kind of television images they saw, a lot of them thought that all Indians did was throw dead bodies in the Ganges, burn widows on their husbands' funeral pyres, charm snakes, and ride on elephants. They thought there were more cows on the roads than people — if roads existed at all. They thought India's population was so large that people would soon need to sleep on top of each other, and that this was what they were doing anyway. Some thought it was a miracle if an Indian could add two and two.

Today the perception is completely different. Today India is a mammoth. Its GDP is tenth highest in the world, ahead of Singapore, Hong Kong, Finland, Austria, Sweden, Belgium, Switzerland, the Netherlands, and Australia. With the West's rate of growth at about 2% and India's at about 6.9%,<sup>1</sup> India is seen as a powerhouse and its inhabitants as supermen, achieving economic progress that could not occur in the wildest dreams of Westerners. People speculate about when, not whether, India and China are going to take over as the economic powers of the world. Indians are regarded as top-class doctors and engineers, men and women for whom nothing is now impossible.

Starting in May 2005, Canada's National Post, a generally anti-statist newspaper, ran a series of stories on the enormous successes of India's opening economy. On the first day of the series, most of the front page was occupied by a picture of an Indian rocket taking off. The story said that the Indian government was seriously contemplating a mission to the moon.

How much of this is truth, and how much of it is rhetoric, a false perception based on partial numbers and skewed

---

analysis, catering to what people want to see instead of what they do see when their eyes are open?

Let's sort things out.

Yes, India's GDP is almost the same as that of Australia. But its population is more than 50 times bigger than Australia's. Each year, India adds to itself a population nearly equal to that of Australia. When you re-rank the two countries on a per capita basis, Australia goes to the 24th position, and India slips to almost the bottom, way behind Albania (\$2,080), Swaziland (\$1,660), Angola (\$1,030), and the Congo (\$770). With a per capita GDP of \$620, India is slightly ahead of Pakistan (\$600) and Mongolia (\$590).<sup>2</sup>

In other words, an average Indian lives on about \$1.70 a day. And how does India's glamorous growth appear from this perspective? Australia's growth in GDP (which is around 2%) will add about \$600 to its per capita GDP, almost as much as India's total GDP per capita. Its 6.9% growth will give the average Indian about 11 cents extra for use each day, a year from now.

So here is the summary: India is not an economic power, and at this rate cannot be one for the better part of this century. Just add 11 cents to the average daily per capita income of an Indian for the next year, and another 13 cents next year\* and so on, and you will quickly see the truth — and remem-

---

\*Optimistic calculations — taking into account population growth, this actually drops to about 5.5%.

ber, these gains will be accomplished only if India manages to sustain 6.9% growth.

Here is the rest of the truth: India is developing fast, by Indian standards. For the average Indian living on \$1.70 per day, an extra 11 cents next year will be a windfall. Despite their similar GDPs, the expenditure profiles of India and Australia are very different. The Indian will likely spend his 6.9% growth on food and accommodations, and will continue doing so for many decades to come. If Australia sent a mission to the moon for the ego satisfaction of its elites, it would be robbing the rich of their luxuries. If India sends its lunar mission,<sup>3</sup> it will be robbing the poor of their bread.

What an irony: capitalist Australia refuses to rob — at least in this case — even the rich, whereas so-called socialist India robs the poor. This, of course, is not a perception that Indian statisticians wish to encourage. The lobbyists whom the state of India has employed in North America<sup>4</sup> have done a good job. They have helped Indian politicians hijack credit for whatever economic development has taken place. It is mostly forgotten that India has done better in the last decade largely because a few people have managed to bypass the state, using the In-

ternet to create a huge software and call-center industry. To the degree that India may be considered an economic “powerhouse” (and that is a very small degree), it is so despite the state.

### The Real India, Then

In 1993, I returned to India after completing my business education in the UK. During the two years I spent in Britain, perceptions of India had started going through a complete transmutation — the snake-charmers were becoming software engineers. Working as country manager for a British company, I was among the first to exploit the opportunities that a newly opening economy presented to foreign companies. Soon, every self-respecting company *had* to do something in India.<sup>‡</sup>

I moved to Delhi. To my dismay, no one wanted to rent me a decent place to live in. The landlords mostly refused to talk

‡Moving among expatriate businessmen, I was amazed at how the boards of many big companies had decided to enter India solely on the basis of irrational emotions. The consultants worked backwards to justify what was already fated to be done.

**One hundred percent poverty** — I have said that more than half the country was unemployed in 1993. The “Economic Survey 2003–2004,”<sup>5</sup> a document published every year by the government of India, says that in 1993 unemployment was 5.99%; in 2004, 9.2%.<sup>6</sup> But figuring the rate of unemployment in India is almost impossible. The very fact that those living below the “poverty line” in 1993 were 36%<sup>7</sup> of the population, and those living below the “poverty line” in 2004 were 29%<sup>8</sup> of the population, shows that the official unemployment figures are anything but the truth. If only 5.99% were unemployed, why were 36% living below the “poverty line”?

The truth is that government data were, and still are, highly unreliable. In the case of unemployment numbers, the situation is worse, because the state, even if it wanted good data (a big “if”), would not know who was employed and who was not. Unlike other countries, India keeps no personal files on individuals, or social insurance numbers, or any other means of tracking or insuring the unemployed.\* It makes no sense to tell the employment office† that you are unemployed.

Even in 2004, India had about 70% of the population living in rural areas, working mostly in agriculture. But how much work actually went on? As people have very ugly, cramped houses in the rural areas — as they do in the cities — you saw men out in the village square sitting and chatting with friends over a never-ending cup of tea, or simply lying in the shade, resting. Once in a while you saw people doing real work, but mostly it was of an unproductive kind which provided minimal returns, such as walking half a day to bring a bucket of water from a remote location. Most of these people — like people elsewhere in the world — would have entered proper employment had they the freedom to do so. Most of

them were effectively unemployed.

In the cities, employment was even more divorced from productive activity. Most people aspired to work for the state and the public sector. It was not uncommon for a public sector factory to employ 5,000 people when 100 would have sufficed. The public sector in India never, ever returned a profit; it survived on subsidies. Most of its work was disguised unemployment. Its losses rendered everyone engaged in it effectively unemployed, at best. The very small private sector dragged the huge public sector into such prosperity as there was.

Looking at the situation in another way, one might ask, What does unemployment mean in a country with a GDP of \$300 per capita? That amount could almost be called the free gift of nature. The deliberate work that people did returned a net sum that was perilously close to zero. It could be said that *all* India was effectively unemployed.

Let me clarify why I put “poverty line” in quotation marks. Those living above the “poverty line” in India are defined as those having enough money to buy 2,100 calories per day per person in the cities, and 2,400 calories per day per person in the villages. Even rats are defined with greater dignity. There is no mention of any other basic needs, such as shelter, health, or balanced nutrients. If you consumed rotten rice, enough to meet the calorie requirements, and lived and slept on the streets, while your limbs rotted away, and if you defecated in the open,<sup>§</sup> and your children died of minor ailments, you were above the “poverty line.” This is an implicit acceptance that at least 29% of India, equivalent to more than the entire population of the United States, lives worse than rats, even today.

Here as everywhere, the Indian bureaucrat is staging the great Indian rope trick, while the gullible applaud. Alas, tricks never change reality.

\* In no way am I advocating the introduction of such tags to India.

† I did not know that the employment office existed until I researched this article.

§ A visit to India by train is highly recommended to understand that 60 years after independence, the majority of the Indian population still does not have basic sanitation facilities or a clean water supply.



to me, and had blatantly advertised their property as for foreigners only. Dogs and Indians were not allowed. I feigned an English accent and fooled a landlord about my nationality. It was the only way to get the (less than perfect) place I wanted — my skin-color was not white, and whiteness was a necessity for a really decent abode.\*

After looking for a place for over a month, and spending a fortune staying in a hotel, I got an accommodation with a

---

*Despite its economic growth, India remains one of the world's poorest and most wretched countries. The proof is visible in all its nakedness barely a few miles outside the city limits.*

---

preinstalled telephone, the most highly prized commodity in India in those days. People who worked in public sector monopolies, which most industries were, made fortunes collecting bribes. On several occasions I was to see that they didn't even care about money — they wanted the sadistic enjoyment of making people grovel.

But having a phone was not enough. It usually did not work, and when it did, I usually could not use my fax machine because of the "noise" that infested the communications network. For the next three years, I spent, on average, one day a month to keep my phone in operation by making personal visits to the telecommunication department. For the next three years I walked to the market four times a day, every day, to send and receive faxes for my British company.

One of the several laws I broke in those days was the law restricting the fax machine itself. I should have sought a license to use it; but getting it would have meant tens of visits to the telephone office, more hefty bribes, and the certainty that if I was refused a license, I would not have been able to communicate. This meant that the government employee responsible for keeping track of my telephone connection got a particularly heavy bribe. I was committing a criminal offense simply by trying to participate in a modern economy.

In addition, I spent the equivalent of one day a month depositing my telephone, electricity, and water payments. Completing a simple transaction at a bank could easily cost an hour. Sometimes I traveled by train, but according to the law only I could buy my ticket. The lines to buy tickets used to be so long that it took me a day to get to the train station, buy my ticket, and return. I decided not to honor that law. Instead, I engaged an "illegal" company to send someone to present himself as me and buy my ticket.

Getting money from the UK was another bureaucratic

nightmare. The money came to the foreign currency department of a public sector bank. Once the bank got the money it would take about two months to give it to me — the check just traveled around and around inside their office. I had to go to the bank several times to see whether my money had arrived, something not easily accomplished, as you might imagine if you think about the motivation of the bank employees. Usually no one knew that any money of mine was lurking inside their piles of papers. Each visit to the bank consumed a day. The finance director of my UK company, who had never been outside the UK, thought I was completely stupid.

In a grudging and belated concession to avoid defaulting on its foreign currency commitments, the Indian government had recently started to allow foreign companies to invest in India. Thick books were available to help in interpreting the associated laws. Legally, I could create one of the following entities: a liaison office, a branch office, or a subsidiary, each encumbered with unrealistic limitations on what we could or could not do therein. We spent a fortune, and more than two years of hard labor, just to get the necessary approvals.

Otherwise I did, as did other Indians, what was necessary — growing a guilty conscience, suffering the moral corruption that results from dealing with a corrupt system, and eventually losing consciousness of what was a good law and what was a bad one. There is a generally accepted saying in India: "You can scoop out butter only with a crooked finger."

The company I worked for made high-technology equipment to measure gaseous emissions from chimneys. As we had no current installation in India, my company offered one

---

*One of the several laws I broke in those days was the law restricting the fax machine itself.*

---

installation to a (public sector) electricity generating company free of cost. The would-be installation site was about 38 miles from my place in Delhi — about five hours by taxi. The responsible person at the site, holding the fancy title of Deputy

***Imagine all the people*** — Freedom acquired by just one million people (the total of those employed in the entire IT and office-service industry of India) has brought the nation out of its vicious cycle and garnered the world's applause. Imagine what India and the world would be like if the rest of India's population of 1.1 billion received the same economic freedom.

You won't get the picture through simple multiplication, because people cannot add as much value in every other industry as they have in IT, but the possibilities for the future are interesting indeed. Those who are convinced that India is already an economic superpower have missed this fuller understanding: not only about where India is today, but also about how much more it can accomplish.

---

\*It is easy to blame the landlords for this ugly racism perpetrated against their own kind, but it was legally impossible for a landlord to get rid of a tenant if the tenant was an Indian. I was to experience more overt and irrational racism from the public sector. See the transcript (<http://tinyurl.com/lxscb>) of a speech that I recently gave at the Fraser Institute on how collectivism corrupts individuals morally.

General Manager (Operation & Maintenance), had too important a designation to meet me before I held protocol meetings with his secretary, a relatively uneducated person endowed with some of the ugliest manners I have ever encountered.

---

*Landlords refused to talk to me and blatantly advertised their property as for foreigners only. I feigned an English accent and fooled a landlord about my nationality.*

---

I was forced to meet with him several times before I could organize my first meeting with the boss. The secretary himself was too important to talk to me on the phone. A year was consumed before my first real meeting took place; two more years were wasted in bureaucratic dramas before I got the free installation running.

Since a good part of my day was spent in making sure that my telephone, electricity, and water were in operation, and the rest was spent dealing with bureaucracies, I worked almost 14 hours a day, every day of the year, and still lacked any real results (what the economists would call product or real value-addition) to show for it.

A year after I moved to Delhi, I employed a peon, a runner boy to take over the job of waiting in lines to make utility payments, visit banks, and do other non-productive administrative activities. I paid him a salary that was equivalent to about \$40 a month. This was just above what the minimum wage laws asked for, and twice as much as the generally accepted minimum wage. Half the time, the peon didn't come to the office, but I accepted the situation and never blamed him. Like most Indians who take such jobs, he was fatalistic and unreliable. Who wouldn't be, in the system we lived in? If I had paid him more, I suspect, he would have reduced his visits until they were sufficient to earn the basic salary.

In those days, the Indian GDP hovered around \$300 per capita — an average of less than a dollar a day per person. My education in economics in the UK had told me that with Western salaries almost a hundred times higher, jobs should flood into India. I had learned that minimum wage laws were

the biggest reason for unemployment in the West. I wondered why, given the fact that there were (for all practical purposes) no minimum wages in India,\* more than half the country was unemployed. My return to India showed me what government can do to achieve this result.

My company spent more than three years and a million dollars to achieve what would have taken just a couple of days of work in the West. This is my anecdotal experience of what made India so pathetically poor, what made its productivity close to zero, and usually negative, as reflected in its GDP. While I worked in Delhi, newly graduated university students were happy to work for me for free, just for the experience of working. But one of the most difficult things was to find people with decent work ethics — one of the primary victims of the collectivist system in which my associates had been reared. This is how India, despite its lack of an effectively implemented minimum wage, managed to have high unemployment: the marginal productivity of employing another Indian was zero, or even negative.

Human life, which should have been the nation's biggest asset, had been transformed into a liability by idiotic laws and customs. Free from legal encumbrances, the cow was, of course, more holy and productive.

### The Real India, Now

In 1998 I moved to a self-sufficient gated community with its own electrical generating plant, water supply system, and private security — probably among the first such communities in India. Telephones had just started becoming private all over the country. A guy wearing a suit in the sweltering

---

*The minimum wage laws are very strict, but most private employers simply ignore them.*

---

heat of Delhi came to install my new telephone. He made no pretensions of looking important and called me "sir" more often than he should have. Efficient private banks had opened everywhere. I could talk to them on the telephone, and they even delivered money to my place without charge.

GM and Ford had just been allowed entry into the country, and those who could afford them had decent cars. Private airline flights were frequent and reliable — it continued to be common for the public sector airline to complete an hour's flight in five, hopping to destinations not on its direct route. Cellular phones were cheaper and easier to get. Private electricity companies started to operate. They didn't waste time and resources the way the public sector did. Selling my company's equipment to them was peanuts compared to what I had experienced with the public sector.

Well-paid people like me were increasingly common. They

---

\*The minimum wage laws are very strict, but most private employers, apart from the very big ones, simply ignore them. Manufacturing is only for those who know how to bend the rules, which are the would-be killers of entrepreneurship.

---

***What a tangled West we weave*** — There is no reason for people in the West to feel smug. The situation with India is no special case — it is in the nature of statism. Like a frog in slowly boiling water (which provides initial warmth, then boils the frog to death), the West has increasingly lost itself to statism. The increasing size of the state in the West is bringing in a culture of irresponsibility, of lack of personal accountability, and as a consequence, a general feeling that life is out of control. The experience of India teaches that those who fail to run their own lives love to run others'. Statism will slowly generate worse and worse thugs in the West, and the webs they weave will not be easy to untangle.

were spending less and less time dealing with the bureaucracy and more and more time producing things that customers wanted. Industries catering to their needs started to appear. Life was starting to be easy. The best brains stopped working for the state and began working for the private sector, initially to deal with and circumvent legal restrictions, but later in productive activities that went beyond all that.\*

By 2004, Indian GDP had grown to \$620. Most of this growth was spearheaded by an emerging service industry related to software and telecommunications. It has therefore been restricted to the megacities, and even there to the relatively educated minority; the entire IT and office-service industry of India employs only about 1 million people.<sup>9</sup> To put this figure into perspective: the Indian population grows by more than a million every month! What the

foreign business tourist saw in the megacities he soon considered characteristic of India as a whole. But despite its economic growth, India remains one of the world's poorest and most wretched countries. The proof is visible in all its nakedness barely a few miles outside the city limits.

The foreign and Indian companies that managed to succeed in the new India were in the industry that the bureaucrats, in their stupidity, didn't know how to regulate: telecommunications and business based on the Internet. Manufacturing, agriculture, and mining remain under the control of a profoundly corrupt state.<sup>†</sup> According to Transparency International, perceived levels of corruption haven't changed since 1998.<sup>10</sup>

Today, the poor are doing better than before because of the cascading effect of money generated in the service sector. For a developing country, India devotes a remarkable, indeed an anomalous, share of its economy to services: 51.8%. A big chunk of "industry" is "missing."

A lot of multinational corporations ignored India as a place for their so-called sweatshops, as the bureaucratic costs of doing business in India more than offset the cheap labor costs. These "sweatshops" would have provided much needed employment to the poor, covering a much broader base than a service-industry driven economy ever can. Ironically, several Indian companies have moved their manufacturing operations to China.<sup>11</sup>

When I lived in Delhi, I drove a good car, not because I

wanted to show off, but because the car ensured that the police would not stop me all the time. In the capital city of Delhi, if you are poor, you have to go through a police verification to get a job — a practice, reminiscent of the old communist countries, that started in the mid-'90s.<sup>12</sup> If you are rich, you are fine.

For India's poorest to do better, the restrictions on their lives and work have to be removed.

**Fair trade** — Indian traders have steadfastly continued to use (silver) coins of the British imperial times for religious rituals during the biggest Hindu festival of Diwali, despite the fact that the state has made their usage illegal. Perhaps it results from the traders' faint memory of the times when entrepreneurship was respected. Until his very last days, my grandfather had photographs of English officers and royalty on his office walls. This was his way of expressing respect for Western culture, which he considered as rooted in rationality and respect for the individual. One can only hope that youth in the West will not squander this most precious cultural treasure they have inherited. Their prosperity and, more importantly, their sense of being human depends on it.

### The Future of India

India is finally growing, and that is great news. It is out of the vicious cycle, and the future is bright. But it can do a great deal better; it can go much faster; and it should.

Free marketers who read India wrong, who see in it a powerhouse and an economic miracle, risk glorifying its persistent statism. Sending a mission to the moon is not a victory for the individual Indian. He needs more self-esteem and self-reliance, but

that can come only if he can succeed and grow on his own terms, and above all if he is allowed to strive for the best in himself. If anything, the idea of a moon mission testifies to India's entrenched statism and collectivist thinking.

Praise for the statist present is already harming the process of liberalization. Current benefits are enjoyed by people who can bypass the state — people in the software and telecommunication-based service industries. While "India" is praised for this mighty progress, the real India still lacks an emerging manufacturing sector, which could employ the poor. The meddling and corrupt politicians remain in power; and I have never met an honest politician or bureaucrat in India. Let us not glorify the enemy (the state) by calling it the savior; let us

---

*There is a generally accepted saying in India:  
"You can scoop out butter only with a crooked  
finger."*

---

not believe that all is well in India just because we have seen the relative prosperity of Bangalore, a city that has less than 1% of India's population. The truth of the poor is terrible.

If there is one lesson I have learned, it is this: if government simply lets people get on with their lives, even the poorest and seemingly most stupid people can make their lives work fabulously well. Since this is happening in a small way in India, I see a future for that country, and for the billion people who suffer there from the horrors of statism. That is great news economically and morally. It is great news when people

*continued on page 38*

\*I guarantee that most Indians would still find little value difference between time spent sorting out legal hassles, and time spent doing productive work.

†When I started working, a lot of public servants expected small bribes: cordless telephones, an expensive dinner, etc. When they saw money being generated by the private sector, they started to expect as gifts such things as foreign travel. In the early '90s, the best went to work for the state. Then they stopped, and the quality of those who remained with the state went down.

# The End of Soviet Poland

by Michael Christian

In the communist system, it was a miracle that anything worked.  
In the capitalist system, it all became very natural.

Dwarfing their chairs and stools in the broad hallways of the Polish Ministry of Finance sat fat old women with moustaches. Each of them edged into the halls from the great office doors as though escaping in slow motion. They nibbled on little cakes, gently gossiped, and sipped sweet tea all day long.

They did nothing else. I mean no work at all, ever. They made no pretense.

It took me a long time to get used to them. It was best to pretend that they simply were not there. I once begged the secretary of a high-ranking bureaucrat to help me send a fax to the World Bank. I couldn't operate the fax machine, and it was an important communication. The finance minister himself cared about what I was doing. The secretary was friendly about it, but my request was risible. She laughed at me. She simply would not work.

I wondered how, in a country with so many comely young women, these old hallway fixtures managed to be so ugly.

Polish men told me (and my experience did not contradict them) that older Polish women were hideous and fat, with black hairs coming out of unlikely places. Young Polish women were blonde and beautiful. The men had a theory that these old and young women were of two different races; the young ones never had a chance to get old, because the old ones killed and ate them. And that's why the old ones got so fat. I suppose it did have *something* to do with their diet. But I digress.

When I moved temporarily from Paris to Warsaw in 1994, it was like moving backwards and sideways in time. Backwards because everything seemed to have been built before 1960. Sideways because all the old Polish buildings strove for a dated futurism. Communism had frozen Poland in the past, but it was a past that worshipped socialist progress and the socialist future. The government directed what little bit of

energy, economic growth, and foreign aid the country could muster into futuristic projects. Its ideas about the future itself (at least as expressed in the buildings and trams) were stuck in the first half of the last century, in the form of socialist realism.

By the way, foreign aid that came to the East Bloc from capitalist countries, mostly the United States, helped sustain communism. According to my Polish friends, a lot of foreign aid came to Poland in the 1970s. The communists used it for big capital projects.

How disgusting that the Soviet rulers and their puppets, given the chance, decided what every city and building would look like! It's such a shame, because the Poles were not very good communists at heart. Maybe they wanted to make beautiful things that looked nothing like socialist realism. Maybe they are making such beautiful things now. But in 1994 they were saddled with nearly a half century of officially constructed blight, and they were just waking up from a long nightmare.

The place was dreary and gray. Everything seemed to be covered by a fine layer of oil. Smooth, old metal parts of heroic fabrication, lightly greased — that was the character of Warsaw. I was shocked to learn that Warsaw was termed the Little Paris of the East Bloc. In the communist years, wealthy Russians loved to vacation in Warsaw. It was, according to

# Poland

my Polish friends, a great escape from the gloom of Russia. I was thinking, my God, how could anyone survive in a place gloomier than Warsaw, in a place so gloomy that *Warsaw* was the City of Light? Moscow must have really been hell.

The streets of the Polish capital were absurdly wide, and sooty buildings in disrepair squatted across whole blocks. I lived in one such building. Everything in my small, furnished

---

---

*Powerful men walking around the Ministry carried their own rolls of toilet paper. Twenty-two year olds ran vast banking empires. High officials were unable to make simple, obvious decisions.*

---

---

apartment was old, cheap, and worn. The water was rusty. I was paying a fortune by Polish standards. This was Warsaw's version of upper-middle class living.

On a certain date in the late fall (practically a national holiday), the city turned on the heat, centrally supplied in the form of steam. That's right; they had some kind of central steam factory. When it broke or ran out of fuel, everyone froze. The city did not turn on the heat when winter arrived early and did not delay the heat when winter arrived late, or for warm spells. Once the heat was on, it was on until spring. It wasn't metered. Nobody paid for it directly. The radiators blasted their moist heat. Windows all over the city were wide open to moderate the temperature. But often, the first day of officially distributed heat was delayed — for financial reasons. People liked to grouse about that.

It's funny how central steam seems so absurd to me, but I rarely think twice about central electricity. If our own state were less socialistic, I suppose central electricity would also seem absurd. Each house or neighborhood would make its own electricity. One might buy it from competing companies. People get used to the absurdities of central control.

When I talk to friends about limited government, they often scoff and cite road building as an example of how my logic goes too far. They say in mocking tones, "I suppose you think private companies should build the roads." They think that they have reduced my arguments *ad absurdum*. Yet there is nothing absurd about private roads. They are common and are usually of excellent quality.

Near the top of a steep road that I often climb by bicycle, I always get a laugh. There's a sign that reads, "Caution: end of county-maintained road." The county wants to avoid any responsibility or liability for the private road beyond the sign. Yes, should you venture beyond this sign, you will see the horror, the abomination of a private road. In fact the county road is rough and cracked, and the private road smooth and beautiful. So I laugh every time.

The trams were a good example of Warsaw's greasy character. They were all of futuristic burnished metal, and oily. You could acquire a sad affection for the trams. They ran,

slowly and cheaply. I took the tram to work at the Ministry of Finance.

I reported directly to the finance minister, who reported directly to the prime minister. All the work at the entire ministry was performed by about 25 people, although it employed hundreds. Communism and the command economy had led to this: out of 100 people, 100 had a job, and five worked.

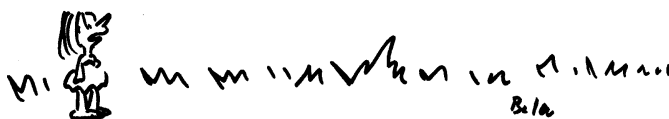
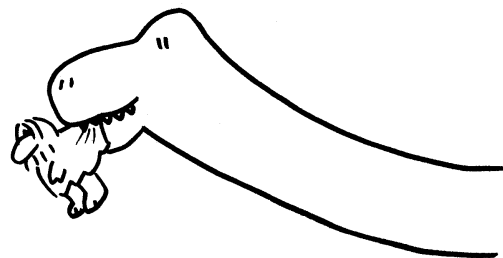
Of the 25 who did anything in the Ministry of Finance, only two were over 25 years old. One of them was the minister himself. The post-communist government drew him from academia. He was like the professor, and all the 20-somethings were like his students.

The other older person who did any work was a crusty apparatchik who was ready for anything. I liked him. I think he liked me too, because he introduced me to his beautiful 16-year-old daughter. With a wink, he sent me off on lunch dates with her. She was formal and shy. But she certainly was eager to improve her English. "It is just for English," she would defensively say. We became friends once she realized that I was not going to court her at the behest of her father.

I asked some of the young workers about all the worthless employees, particularly the old ladies in the halls. They told me that most people, after working under the communist regime for more than seven or eight years, could not be reformed. They were hopeless and would have to be carried along for the duration. You couldn't fire them. That might be unfair and would certainly cause riots and strikes. Inflation would chip away at their incomes. They would become bitter and remain lazy.

From all I saw in Poland, I conclude that, after the great Solidarity movement and the fall of the Wall, there was a revolution affecting the people at the very top of major governmental and government-controlled institutions. They were largely replaced with newly minted college graduates. The rest of the hierarchy was a series of sinecures.

So these young men and women, fresh out of college, some of them just 19 years old, were remaking Poland. (I met the president of the biggest Polish bank. He looked to be about 22 years old.) I was supposed to help them by giving little courses on financial markets and by hanging about and lending a hand. By happy coincidence, they were gearing up to



"Call what authorities?"



offer open-market government bonds for the first time since before World War II. I knew about bonds.

But the Poles were burdened not just by the legacy of their communist governments but by their new government too. The director of the international department, for whom I worked, was smart and hard-working. He was also paralyzed by political fear. In one of the first, big, post-communist priva-

*On a certain date in the late fall, the city turned on the centrally supplied heat. When it broke, everyone froze. Once the heat was on, it was on until spring.*

tizations, the government set the initial public offering price of a bank at a level that turned out to be less than one-tenth of what the market would have paid. It was a scandal causing some very highly placed heads to roll. I believe that the director was terrified. He did not want to make any decisions that might expose him to an accusation of corruption.

The bond issue that I was helping with illustrated the point. Nobody wanted to choose the investment bank to underwrite the offering; the power to choose implied the power to accept bribes. So, unable to reject unlikely candidates, the ministry received and reviewed an excessive number of detailed proposals from investment banks to act as investment advisor and lead manager of the issue. Then the whole decision-making process rotted in a large selection committee with members from several areas of government, business, and academia. Nobody could decide anything, and nobody could be blamed for the eventual decision.

Even the simple, obvious, necessary decision to hire bond counsel to represent Poland proved almost impossible to make. I wrote memos strongly recommending this step. The U.S. Treasury Department, also assisting Poland, wrote extensive letters supporting my recommendation. The director just asked for more memoranda. He passed them up the chain of command (and it didn't go much higher). Consequently, when I left Poland, this essential but petty decision was sitting on the desk of the minister of finance, who objected that it was not a sufficiently important decision for him to make.

The bond issue made my lessons especially relevant to the bright young bureaucrats. They were used to thinking about capitalism and markets in abstract, academic terms. When they thought about financial markets in the real world, in Poland, it was too much even for their supple young minds. In particular, they could not believe that some concept called "the market" would set the prices for the bonds. They wanted to know who really set the prices. I would explain the market mechanism again and again. They would nod and agree. Yes, they told me. They understood all about it – supply and demand, market information incorporated in the price, allocation of resources efficiently made through the free choices of millions of people. But who really set the prices? Was it

the SEC or the World Bank or maybe the European Community? Or would the Polish government have to set the prices? And who were the secret beneficiaries of the rigged bond issuances?

I feared for the Ministry of Finance. I feared for Poland.

My little report on what I did in the fall of 1994 is pretty dreary.

Command economies make for odd behavior: Old women paid to drink tea. Windows wide open, the heat on full blast. Powerful men in business suits walking around the Ministry carrying their own private rolls of toilet paper for the bathrooms. Twenty-two year olds running vast banking empires. High officials unable to make obvious, simple decisions.

Yet recent history has obviated my pessimism. I was wrong.

The bond issue was a big hit. And now for years, Poland has been the darling of the post-communist economies. It has experienced rapid, though sporadic, economic growth despite its government's failure to privatize very large state-owned companies. The growth, of course, has been in sectors where smaller companies were privatized, and in new sectors of activity.

Poland's total exports increased more than 30% in the first nine months of 2004.\* From 1991 to 2005, its GDP grew an average 4% annually. Its rapid growth has been persistent. In 2005, for example, its industrial product grew 9.2%.† In 1999, Poland joined NATO.

From the CIA's fact book on Poland:‡ Life expectancy at birth is now above 74 years. The literacy rate is 99.8%. Exports to the EU are surging. GDP, adjusted for inflation, grew 3.3% in 2005. Unemployment is now high – which I consider to be a great achievement of liberalization and an ingredient of rapid economic growth. And I believe that someday, mature Polish women will be beautiful.

The obvious lessons from Poland are that some freedom and capitalism are better than none. The less obvious lesson is that very incomplete and corrupt liberalization can still make

*They wanted to know who really set the prices. I would explain the market mechanism. They would nod and agree. They understood all about it. But who really set the prices?*

huge differences in lives and economies. The forces of freedom and capitalism are not hothouse flowers. They will grow in a little dirt between the cracks. They will flourish in a vacant lot. They will set up great forests in a land that demolishes most of its state structure. The Poles, like most humans, seem to be natural capitalists. God bless them. □

\*The Economist, June 6, 2005.

†The Economist, Jan. 28, 2006

‡<http://www.cia.gov/cia/publications/factbook/geos/pl.html>

# A Bet on China

*by Bruce Ramsey*

The Chinese are more likely to forget communism than Tiananmen Square.

**I bet against China once. I came to regret it.**

It was the first piece I wrote for *Liberty*, printed in the March 1990 issue. I had moved to Hong Kong the previous September, and was goggle-eyed at the place. It was an odd combination of laissez-faire economics and an absence of democracy. On top of this was the coming handover from Britain to China in 1997, which all the official Hong Kong voices assured us would go well. Because my wife was a private banker, I knew that many of the capitalists had foreign passports and assets abroad, and had sent their kids to study in U.S. and Canadian universities. And I thought: Hong Kong is a Potemkin village. The change of sovereignty is not going to turn out well.

The piece was reported on the scene. The logic was good. I can read it today and be convinced by it, if I put the past 16 years out of my mind. Because, of course, I was wrong. Hong Kong's eight and a half years under Chinese sovereignty have gone much, much better than I imagined.

In 1997, back in Seattle, a local investor gave a talk comparing the development of Russia and China. He was the most renowned international investor in the state of Washington, the CEO of an advisory company known on Wall Street. He had oodles of clients among the Fortune 500. He had led delegations of investors to China and Russia. This man made the startling statement that he thought Russia was a better bet than China. To be sure, China had had a ten-year head start down the capitalist road, and had gone further than the Russians had. But Russia had undertaken to embrace capitalism *and* democracy. China had had a chance for that in 1989, and had drawn back. Between economics and politics, China was unbalanced. Russia was balanced, and therefore a better bet.

Another logical argument. I presented it in a newspaper column, and at the end asserted my disagreement, based on a

---

single flippant fact: I had seen lots of modern products made in China, but not one thing on an American store shelf that had been made in Russia.

I still haven't.

I have not been in China, apart from Hong Kong, since 1999. At that time I accompanied a translator to a university campus in Harbin, went to the student cafeteria, and started buttonholing students to talk politics. I never saw a policeman or an enforcer of any kind, and the students did not act afraid.

The editor of *Liberty* now asks me to write about the state of freedom in China. It's not an easy job. China is a big country. I start to read, cognizant that the foreign press covers Beijing, Shanghai, and little else. And the foreign press tends to cover the sorts of things that editors back in America find interesting.

Here is a story from Jan. 6, 2006, which the *Seattle Times* picked up from the *Washington Post*:

BEIJING — A businessman who led thousands of investors in a campaign against the government seizure of valuable oil fields in northern China was convicted of organizing illegal protests and sentenced to three years in prison Thursday, relatives said.

The ruling [was] against Feng Bingxian, 59. . . . Feng was one of about 60,000 private investors who developed oil wells

in Shaanxi with the blessing of local officials in the mid-1990s. But the officials confiscated the wells in 2003 after they began showing steady profits, and the investors filed a lawsuit against the government last year.

The fight over the wells, said to be worth as much as \$850 million, attracted widespread coverage in state media, and Feng became known as an unofficial spokesman for the investors and one of the country's leading advocates of private-property rights.

Rights are not well defined in China. That is what everyone says. But note also that the man was *organizing a group of citizens against the government's policy*. He was a public spokes-

*China has opened itself to the world in order to become rich and powerful, and it is visibly on that road. The more that effort succeeds, the more it dooms the dictatorship.*

man for them. He got the attention of the Chinese press, and even the American press. This is one tough guy. And the government sentenced him to only *three years*.

That's not a free country. But it begins to look like a country where people stand up for themselves.

This, from the New York Times:

SHANGHAI, Jan. 20 — Land grabs by officials eager to cash in on China's booming economy are provoking mass unrest in the countryside and amount to a "historic error" that could threaten national stability, Prime Minister Wen Jiabao said in comments published Friday.

His message underscored the increasing urgency of the government's campaign to curb abuses against peasants and migrant workers, roughly two-thirds of China's 1.3 billion people, who have relatively little to show for one of the most spectacular economic expansions in history.

Why do they have little to show for it? Foreign investment and development have been mainly in the coastal cities. That is one reason. The Times identified another:

Peasants are not allowed to own the land that they farm and have little say if the government decides to sell it for commercial development. Compensation is assessed according to complex formulas but rarely approaches the market value of the land.

It is notable that some of the most interesting human-rights stories out of China are about property rights. But not all of them. Here is another one, from the Associated Press, Jan. 18, 2006:

BEIJING (AP) — China will start taping interrogations of suspects involved in work-related crimes to prevent confessions being extracted through torture, state media reported Thursday. Sound recording will start in March of this year, and video recording in October 2007, the official Xinhua News Agency said . . .

The move comes amid an unusually frank discussion by state-run media about the use of torture. Xinhua said that Chinese media had repeatedly exposed instances of police using torture to get a confession, which had sparked a public outcry.

A week after that story came one about the closure of Bing Dian ("Freezing Point"), a newspaper supplement, by its owners, the Communist Youth League. Bing Dian had written about lies in China's schoolbooks and corruption among government officials. It had also published a Taiwan author's explanation of the spread of democracy in Taiwan.

Chief editor Li Datong posted an essay on the Internet denouncing the closure. According to the Associated Press, he said, "As a professional journalist, stopping the publication of Bing Dian is something I cannot understand, something I cannot accept." The AP article said Li's stand was seconded by "Bing Dian fans, who bombarded the Internet with expressions of support for Li and condemnations of the crack-down."

Another guy with guts. But Bing Dian was reopened shortly after, without Li Datong in the editor's job.

Then there was the story that got the most attention in the United States: that Google had set up a Chinese website, Google.cn, that would do Internet searches except for certain terms, such as "Dalai Lama" and "human rights." This was right after Google had defied a U.S. government order for data on its users here. Thus Google extended the middle finger to Washington, D.C., but kowtowed to Beijing.

Google was thoroughly denounced, though not everyone who denounced it acknowledged that the company is not in quite the same legal position in China as it is in the United States. In its defense, Google said that in China every time a search was blocked the user was notified, and that even with the restrictions, the Internet "has been a powerful force for openness and reform in all countries, including China."

Microsoft Chairman Bill Gates, reached at the capitalists' conclave in Davos, Switzerland, said about the same thing regarding cooperation by his company with the government of China. It sounded like the crassest sort of corporate apology. But here is one more story, this from the Wall Street Journal of Feb. 13, 2006, titled:

***Great Firewall***  
Chinese Censors  
Of Internet Face  
'Hacktivists' in U.S.

Programs Like Freagate, Built  
By Expatriate Bill Xia,  
Keep the Web World-Wide

Teenager Gets His Wikipedia

This was a story about the hacker underground that has taken on the Commies. Bill Xia, in North Carolina, has developed a program he calls his "red pill," after the pill of knowledge in the "Matrix" films. Xia's program, Freagate, allows people in China to bypass their own censors and reach such forbidden sites as Wikipedia. Wrote WSJ reporter Geoffrey Fowler:

Even with this extensive censorship, Chinese are getting vast amounts of information electronically that they never would have found a decade ago. The growth of the Internet in China . . . was one reason the authorities, after a week's si-

# China

lence, ultimately had to acknowledge a disastrous toxic spill in a river late last year.

So Bill Gates was right. Attempts at censorship are a story, and an important one, but the bigger story is how media-smart Chinese — and there are many, many of them — are getting around it.

What do the professional experts say about freedom in China? There are boatloads of experts, but I'll offer one in particular, Minxin Pei of the Carnegie Endowment for World Peace. I pick him because he is from China, he went to university there, he has a graduate degree from Harvard, and he is

*"Little Bun will not ride on an ox," grandpa declares. "Little Bun will ride on trains and planes, and life will get better all the time."*

a recognized scholar who writes for Foreign Affairs and such. For these reasons, and because I sat next to him at a conference on China some years ago, with lots of smart people, and he was easily the smartest one in the room.

His work highlights the glass-half-empty, glass-half-full picture of the journalism above. In testimony to the U.S. Senate Foreign Relations Committee on June 7, 2005, Pei noted that many new laws have been passed in China, and that the ranks of lawyers have swelled to 100,000. But he said, "There is no sign to indicate that the Chinese Communist Party is genuinely committed to building a modern legal system."

The judges, he said, lack independence. Local government appoints them, pays them, and can sack them. If they rule against local authorities, the local authorities can ignore the rulings. Also, judges take bribes. The result of all these things is lack of respect for the written law.

"While a large number of Chinese laws have strong provisions for individual and property rights, in reality such provisions have little meaning because the government, especially local authorities, can ignore them with impunity," he said.

As for the democracy movement, Pei said in an article in the Financial Times, Jan. 18, 2005, that the government had "decapitated" it by driving most of the leading dissidents into exile. Inside China, the government has tried to co-opt wealth from the new export industries — ranging from clothing to hardware to consumer electronics — by inviting entrepreneurs into the Communist Party. Most have resisted it, but some 30% have joined.

As for the Party, Pei wrote in Foreign Policy, Jan.-Feb. 2005, that "regime insiders have effectively privatized the power of the state and use it to advance personal interests." In a piece in the March-April 2006 Foreign Policy, he is pessimistic about the near-term chances for political pluralism: "To most Western observers, China's economic success obscures the predatory characteristics of the neo-Leninist state." Some authoritarian countries — Indonesia, for example — have freed their politics when an economic crisis undermined the government. Writes Pei, "China hasn't experienced that crisis yet." His conclusion is that China's leaders are buying time by presiding

over the world's most fantastic industrial boom. But the time will run out. You cannot say when, or whether the transition will be peaceful.

Economic development is a kind of anti-ideology, a joyful swigging at the bottle of life after the fetid pudding of Maoism. One of the fine statements on this is Zhang Yimou's film, "To Live," made in China in 1994, which I think of as China's "We the Living." It is the story of one family from the decadence of the late Nationalist era through the Mao years to the thaw under Deng Xiaoping. It is a long, colorful, sentimental movie whose theme is stated in two scenes, each involving the male lead and a small boy.

The first scene is in the 1950s, during Mao Zedong's Great Leap Forward. The man is carrying the boy, his son, on his back. The boy is tired, and needs to sleep, but his father is heading to a stupid political meeting. The father says to his son:

Our family is like a little chicken.  
When it grows up, it becomes a goose.  
And that will turn into a sheep.  
And that will turn into an ox.

This is a traditional nursery rhyme, and he is reciting it in a very antitraditional period. The man pauses. One has to watch one's tongue.

"And the ox?" his son says.

"After the ox is communism," the father replies. "And then there will be dumplings and meat every day."

His son is killed by the excesses of stupidity and political fanaticism. But the boy has a sister, and before she dies a grandson is born. They call him Little Bun. At the film's end, the man and his wife, now elderly, are with Little Bun in their room. He has a box of fluffy chicks, and is told that they will all turn into chickens.

The grandpa's eyes light up. "And then the chickens will turn into geese," he says. "And the geese will turn into sheep. And the sheep will turn into oxen."

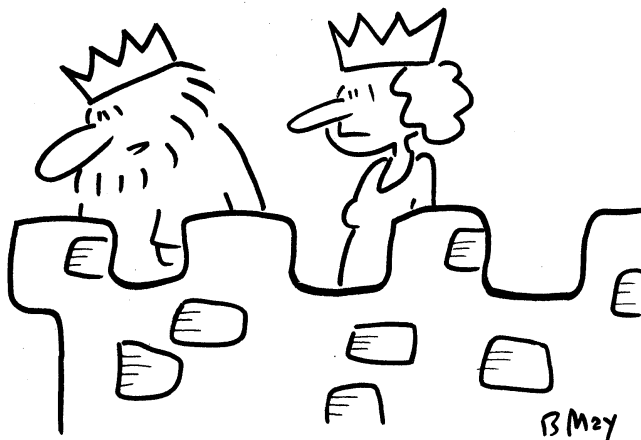
"And after the oxen?" the boy says.

Grandpa looks to grandma.

She says, "After the oxen, Little Bun will grow up."

"I want to ride on an ox's back," the boy says, happily.

"Little Bun will ride on an ox's back," grandma says.



"Are you sure the peasants are starving? — I thought it was just a fitness craze."

Grandpa, who has been thinking on the theme of growing up, contradicts her:

"Little Bun will not ride on an ox," he declares. "Little Bun will ride on trains and planes, and life will get better all the time."

Those are the movie's final lines. Forget communism.

The film was made by China's most famous director twelve years ago, and though the movie was banned there, no doubt it has been shown on countless VCRs and DVD players. It expresses the political reality that communism as a belief is dead. What exists is simply the Chinese state. It still has a red flag, and Mao has been put on the paper money. The ruling party is still called the Chinese Communist Party. But in its mixture of authoritarian power and private wealth it is more like the Nationalist Party under Franco or — dare to say it — Chiang Kai-shek.

China is not a free country. Neither was Franco's Spain or Chiang's Taiwan. But they *became* free countries.

Some say the Chinese are so different from Westerners that they do not want political freedom. But the Chinese on Taiwan wanted it — and, in the 1990s, they got it. The seditious presence of Taiwan, and also of free Hong Kong, are omens for the future of China. Almost nine years after the handover, Hong Kong still has a free press and free elections by opposition parties. Unlike China, it tolerates the Falun Gong. It is still capitalist, and still has the law that the British left. All this, even though it is officially part of China and is garrisoned by mainland soldiers.

Where human-rights activists most want change it appears to be slow, but with other things change is fast. When I lived in Hong Kong in the early 1990s, some businessmen came there from China, but no tourists. The moneychangers did not accept the Chinese yuan. Now they do. During the Chinese New Year holidays in January of this year, so many tourists from China visited the new Disneyland Hong Kong that management shut the gates — and the mainlanders almost rioted to get access to

---

---

*The route to the border was a narrow gravel road through the pines, but across the border was a white concrete ribbon laid out for several hundred miles to the metropolis. The contrast with Russia was stark.*

---

---

Mickey Mouse. They were not the new rich but more ordinary people from Guangdong province who had scraped together enough money for a guided tour.

When I wrote that first piece for Liberty, Hong Kong had just seen the birth of its first political party. The people of Hong Kong had never stood up against their government. In 1989 they had marched in support of the students at Tiananmen Square, but that was not exactly themselves. Now they have. Two years ago they took to the streets to protest an internal-security law that China wanted — and they stopped the law.

Just a few years ago, when southern China was hit by the

new disease SARS, the bureaucracy tried to cover it up. China denied there was an epidemic. News leaked out to the Hong Kong papers anyway, and it was confirmed when a sick man crossed into the territory and checked himself into a hospital and died. Hong Kong jumped into action, as did Taiwan, Canada, and the United States. China was embarrassed. It had shown itself to be backward and stupid, the sort of place where health officials did not listen to physicians, and danger-

---

---

*Almost nine years after the handover, Hong Kong still has a free press and free elections. It is still capitalist, and still has the law that the British left.*

---

---

ously sick patients were driven around the capital in taxis to keep them out of the hospitals when the foreigners came. With the bird flu epidemic of 2005, information moved more freely.

It is not just information that moves. Citizens of the People's Republic now travel to foreign countries. Tens of thousands of Chinese students are studying in North America. Chinese have now discovered eBay, and are making their living off it.

Statistically, China is still poor. In 2005, the average income per person, according to the World Bank, was \$1,290. Twenty years earlier, in the same currency, it was \$280. In that time, China grew faster than any other country in Asia. It now has an economy larger than Britain's, though with many more people, and its central bank has foreign-exchange reserves second only to Japan's.

In June 1999 I entered China overland, from Russia. The crossing point was near Vladivostok, the former home of the Soviet Pacific fleet. Vladivostok was a congeries of shabby buildings, all becoming old. In the surrounding country were private dachas — small wooden cabins, lovingly tended but poor. In the whole place there was almost no visible fresh money, nothing new.

The route to the border was a narrow gravel road through the pines. Across the no-man's land began a new road, a white concrete ribbon that had been laid out for several hundred miles to the provincial metropolis, Harbin. The Chinese border station was new, and beyond this was a city, much of it new also. I passed a ten-story hotel with a glitzy entranceway, not in very good taste, I thought. It hadn't opened for business, but a sign in Chinese announced that the opening would be soon. Construction was going on everywhere. The place was messy; there were piles of construction junk, and dirty ponds, and the workers had shabby jackets and bad shoes, but they were at work. Stuff was happening. The contrast with Russia was stark.

Recently I looked at a photo of the skyline of Shanghai. I was there 16 years ago, that year when I wrote my first piece for Liberty. The place has been totally transformed. No American city has changed nearly as much in 16 years.

I remember the first thing I ever bought that was labeled

*continued on page 32*



# The Silly Smile of José Luis Rodríguez Zapatero

*by Luis A. Balcarce*

From cozening terrorists to encouraging corruption, there's not much Spain's Socialist prime minister hasn't botched.

During the recent opening session of the modern and gigantic Terminal 4 of Barajas Airport in Madrid — which cost \$7.2 billion — chance intervened and turned the event into a bizarre illustration of Prime Minister José Luis Rodríguez Zapatero's present-day Spain. While hundreds of passengers missed their flights because of the inaugural ceremonies, the authorities in charge had the brilliant idea of employing acrobats, musicians, and clowns on stilts to cover up the whole mess in a pathetic attempt to entertain the exhausted travelers. It was typical of a country where the ruling politicians try to lessen the calamities they have caused by resorting to "circus marketing" tactics.

Sickened by the organizational chaos they had to endure, many passengers interpreted the tumblers' show as a direct provocation, and accused the authorities of trying to make fun of them. Others, long accustomed to being mocked and neglected by public officials, simply resigned themselves to fate and kept silent. One passenger who chose to speak went as far as to compare Zapatero's Spain to the crazy aircraft in the film "Airplane!", left in the hands of an ever-smiling inflatable dummy pilot.

One shouldn't underestimate the Spanish prime minister's silly smile. His peaceful nature and good temper should not be trusted. His gestures as well as his words are full of trickery and deceit. Yet day by day his political strategy is becoming increasingly clear. It is a vindictive program, stained with the old hatreds left behind by the civil war of the 1930s, and aimed at rewriting Spain's history by burying the 25 years of exemplary democratic transition after Franco's death and the signing of the 1978 Constitution. "I am a Red," he confessed in a moment of weakness. And for once, the words he uttered should be believed.

---

Whenever a premier admits to a weakness for Mao and the flags and banners of Fidel Castro, it is definitely a bad sign for freedom. Whenever distinctions are drawn between "the Good Guys" (in this case, the Reds) and "the Bad Guys" (those who do not think like Zapatero), it is a terrible omen. Zapatero's vengeful strategy hinges on reaching agreements with any political group other than the leading opposition party, the conservative Popular Party (PP), for the sole purpose of isolating it politically. In other words, when Zapatero speaks about "the general interest" he is speaking about the interest that remains after excluding the opinions of 10 million center-right voters. This has allowed him to embark on an obstacle-free sectarian policy propelled by the old-fashioned sails of anti-Americanism, Latin-American populism, compliance with the wishes of Islamic nations and — on the domestic front — incautious alliances with provincial nationalists, and negotiations with the Basque separatist group ETA, at whatever price must be paid. In less than two years, the Spain of former Prime Minister José María Aznar, leader of the Popular Party, has become unrecognizable.

It all began on March 11, 2004.

## **M-11 and Its Aftermath**

The terrorist attacks of that day, involving the explosion of ten of thirteen bombs placed on four trains in Madrid, took

the lives of 190 people. Three days later, the Popular Party — which had been in power for eight consecutive years and for which all polls predicted another clean sweep — lost the national election. In view of Zapatero's unexpected victory, the Wall Street Journal labeled him "Prime Minister by Accident."

Almost two years after "the accident," the Socialist government closed the investigation of the outrage, blaming Islamist terrorists as well as Spain's involvement in the Iraq war. Even though the authorities lacked hard evidence to confirm al Qaeda's participation, in Zapatero's quarters everybody knew at the time that if they implicated Islamic fundamentalism rather than ETA, they would win the general elections. The blame would fall on Aznar and his involvement in the Islamic-U.S. conflict. Hence, they pointed a recriminating finger at Aznar's government — which was pursuing the trial of ETA — accusing them of lying and withholding information, and succeeded in winning the elections.

---

*Zapatero's Spain has been compared to the crazy aircraft in the film "Airplane!", left in the hands of an ever-smiling inflatable dummy pilot.*

---

eda's participation, in Zapatero's quarters everybody knew at the time that if they implicated Islamic fundamentalism rather than ETA, they would win the general elections. The blame would fall on Aznar and his involvement in the Islamic-U.S. conflict. Hence, they pointed a recriminating finger at Aznar's government — which was pursuing the trial of ETA — accusing them of lying and withholding information, and succeeded in winning the elections.

Much of the evidence that appeared hours after the attack concerning al Qaeda's involvement proved to be false and misleading. The investigation was full of incongruities and even today the unknown facts outweigh the known ones. The identity of the mastermind who engineered the terrorist attack is still a mystery, as is how it was planned and implemented and what explosives were used. The perpetrators — who supposedly blew themselves up when they were surrounded by security forces in the Leganés district of Madrid, under circumstances that are not clear at all — turned out to be common delinquents of Moroccan nationality. They had merely been paid to carry out the bloody deed. Today, only one person remains in jail for the M-11 attack — a poor devil used as a scapegoat who is expected to be released shortly.

Seasoned journalists who have been following the investigations of M-11 claim that this attack does not bear the al Qaeda stamp. M-11 had little in common with London's July 7, 2005 subway bombings and New York's Sept. 11, 2001 attacks. Whenever al Qaeda strikes, it does so with the objective of killing indiscriminately and causing as much damage as possible, regardless of any political calendar. The M-11 attack was aimed at exerting a decisive influence on the electoral results and removing Aznar's PP from power. Judging by existing police records, the Islamic link is very weak. Also, ordinary criminals keep cropping up in the case, as well as police informants and undercover cops. All this tends to suggest that the terrorist act entailed "non-fundamentalist logistics."

Al Qaeda tends to rely on suicidal terrorists, but those who placed the explosive rucksacks on M-11 were Moroccan mercenaries. They detonated the explosives by means of mobile phones and then — under rather shady circumstances, as has

been previously stated — *apparently* committed suicide. Who hired them? Who was the brain behind the M-11 massacre? At this juncture it suits Zapatero's government that such questions remain unanswered.

### Spain's Incoherent Foreign Policy

The early withdrawal of Spanish troops from Iraq, ordered by Zapatero shortly after reaching power, did not yield the political benefits he was expecting. The decision was consistent with his anti-Americanism and the Socialists' position when they were in the opposition. Surprisingly enough, however, Zapatero failed to win the support of the Franco-German axis (Chirac and Schroeder), on which he had placed heavy bets, because of the terrible blow the EU suffered when citizens rejected the European Constitution. The defeat of the constitution discredited the anti-American leaders of Europe.

Zapatero made a childish mistake when he prematurely declared his unconditional support for John Kerry during the American presidential elections. The Spanish premier believed that his defiance of the Bush administration would soon be forgotten after Kerry's victory — which would mark the beginning of a new relationship with the United States. But Bush's electoral triumph altered his plans and forced him to reconsider his foreign policy in the the Middle East. He abandoned the "Down with the War" banners and sent reinforcements to the Spanish contingents stationed in Afghanistan and Iraq — behind the back of public opinion. The death of 17 Spanish soldiers in Herat and the image of a Spanish frigate providing backup to an American aircraft carrier in Iraq were two scandals that contributed to the rapid erosion of his credibility.

In spite of his accommodating gestures towards Washington, it has been almost two years since either Bush or Condoleezza Rice has bothered to take his calls. During their latest European tours, neither Bush nor Rice accepted invitations to have their photograph taken with Zapatero. Moreover, the electoral victory of Germany's Angela Merkel — whom Zapatero had described as a "loser" — and the strengthening of the European leadership of Britain's Tony Blair — whom Spanish Defense Minister José Bono called an "asshole" — further

---

*The identity of the mastermind who engineered the Madrid terrorist attack is still a mystery, as is how it was planned and implemented and what explosives were used.*

---

isolated Zapatero, leaving him without any heavyweight EU partners. And explains why, during the latest European budgetary negotiations, Spain lost a substantial part of its economic funding.

Ignored both by the United States and Europe, Zapatero turned to the leaders of the Muslim world, attempting to recover some of his lost prestige by advocating the so-called "Alliance of Civilizations." His premise is that the best possible way to combat Islamic terrorism is through dialogue and reasonable coexistence — the empty language of multicultural-

ism and pan-Arabic values. That emptiness was made clear by the violence that erupted after the publication of several caricatures of the prophet Muhammad in a Danish daily newspaper. Instead of solidly defending the principles of free speech and challenging fanaticism, Zapatero called for "dialogue" and demanded respect for the Muslims . . . closing ranks with

---

*It has been almost two years since either Bush or Condoleezza Rice has bothered to take Zapatero's calls.*

---

the Turkish prime minister, Recep T. Erdogan, the very man who supported the shameful trial of opposition writer Orhan Pamuk for defending freedom of speech.

Such are the values for which Zapatero stands. While European consulates were going up in flames, the Spanish prime minister sided with Turkish Islamism. Deep down, that is what the Alliance of Civilizations amounts to: a renunciation of the principles of liberty on which the Western world rests. In his view, whenever one is threatened by aggression one must respond with appeasement. If confronted by opprobrium, the thing to do is to pull a stupid smile.

The other feature of Zapatero's erratic foreign policy is his friendly coexistence with Third World dictatorships. To him, Fidel Castro is an icon, a symbol of resistance in the face of a common enemy: liberal democracy. This is why the Spanish Minister of Foreign Affairs, Miguel Ángel Moratinos, tried to convince the EU to lift the sanctions imposed on Cuba for incarcerating 73 political dissidents. Once again, the Socialists placed their bets on appeasing the tyrant rather than supporting the victims. And in the same way, Zapatero has given political and economic support to the populist doctrines of Venezuela's Hugo Chávez, Argentina's Néstor Kirchner, and Bolivia's Evo Morales, so that the ideas of the Cuban dictator might successfully spread throughout South America.

### Bowing Before Terrorists

In Spain, ETA's bombs can still be felt. The government congratulates itself because the terrorists no longer kill as many as they used to but misses the main point: they don't commit murder because they don't need to. ETA, which was close to extinction in 2000 after the Socialists and the Conservatives signed the "Agreement for Freedom and against Terrorism," has recovered its strength thanks to Zapatero and his logic of submission. The Basque terrorist band is now negotiating with the Spanish premier, a political prize in exchange for their bombs — the same ones that have killed over 800 people since the 1960s.

Each time one of ETA's bombs goes off, instead of vigorously condemning terrorism Zapatero requests patience and otherwise remains silent. Zapatero wants Spaniards to believe that peace is possible for free, when everybody knows that for ETA peace is only possible if the Basque country breaks away from Spain.

This policy of submission and surrender — repeatedly

condemned by the families of the victims of Basque terrorism — is aimed at negotiating with ETA a "quick peace," basically in exchange for legalizing Batasuna, ETA's political arm, and reducing the prison sentences of the most sanguinary murderers in the history of the terrorist organization. The key to this negotiation process is the state's General Prosecutor, Cándido Conde-Pumpido, who instead of actively fighting terror by resorting to the judiciary has granted ETA all sorts of judicial prerogatives.

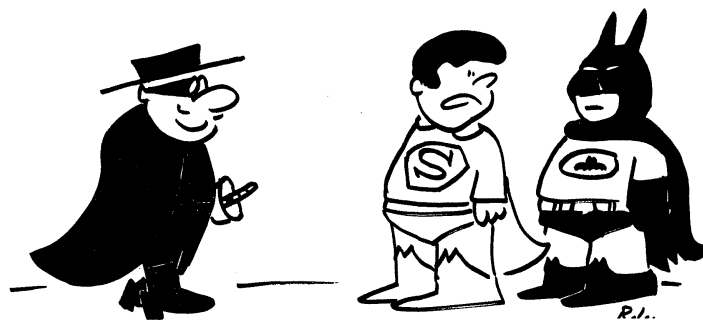
Thanks to this, ETA now has seven seats representing their interests in the Basque parliament. Conde-Pumpido was even prepared to allow a meeting to be held at the initiative of Batasuna, which had been declared an illegal party in 2002, until Fernando Grande-Marlaska — a judge who was immune to political pressure — decided to forbid it.

The Socialists' lack of patience with those who dare defy them is well known. Accordingly, Grande-Marlaska is now looked upon as an obstacle that should be removed, which is what happened to another victim of Zapatero's sectarian policy: Eduardo Fungairiño, the Senior Prosecutor of the National Audience, a major symbol in the antiterrorist fight against ETA. His resignation, brought about by his quarrels and disagreements with Conde-Pumpido, was an obvious sign that Zapatero's government is negotiating a truce with the Basque terrorist group and that to reach an agreement, all those *disobedient* prosecutors who refuse to give in to the terrorists' blackmail must be fired.

Fungairiño's expulsion was a devastating blow to Spanish civil society because it proved that Zapatero is "purging" the judiciary to make it more docile and malleable, in order to pave an obstacle-free way in his dealings with the terrorists. Instead of dogging terrorists, Spanish prosecutors shorten their prison sentences. Never before had the pro-ETA factions enjoyed so much indulgence from a democratic government, one that does not fight them, or plan to. Such a policy allows them to remain at large without having to resort to weapons.

### The Catalan Dilemma

During the last few months, headlines in Spanish newspapers have concentrated on three subjects that are very much related: the Montilla case, Gas Natural's unfriendly takeover bid for Endesa, and negotiations about the Catalan Statute: a scandal revealing the links between political and economic power groups in Spain. La Caixa — Catalonia's biggest bank — cancelled a 7 million euro debt contracted by the Catalan Socialist Party (PSC) in the person of its secretary general, José Montilla, who is also minister of industry in Zapatero's cur-



"Psst — cool it with the ethnic jokes."

rent government. The purpose of the operation was to assure the success of the largest takeover bid in the history of Spain, the prospective purchase of the electricity company Endesa by Gas Natural, whose majority shareholder happens to be La Caixa — a transaction in which Montilla, far from being a neutral referee, will undoubtedly wield considerable influence in his capacity as minister of industry.

The political background to this takeover bid is the Catalan Statute, a declaration of “nationhood” driven forward by the same nationalists who are trying to make even medical staff and their patients speak Catalan instead of Spanish (see my article “Damage to Catalonia” at <http://www.tcsdaily.com/article.aspx?id=0119061>). The political alliances that Zapatero has struck with the nationalists are the underlying reasons for his public support of Gas Natural’s takeover bid. His backing is such that he went so far as secretly hiring a private plane to fly in the President of the European Commission, José Durao Barroso, in order to personally request that he allow the Spanish government a free hand to push the initiative through, unhampered. Just two days after the Spanish government approved the takeover bid, Zapatero had lunch at the residence of the chairman of La Caixa, together with “the cream of Catalan

ernments of Felipe González (1982–1996), when the biggest business contracts were signed in the offices of politicians.

In the wake of the takeover, Zapatero closed a deal regarding the Statute with a Catalan political faction, a deal the exact contents of which the government refuses to make public.

---

*Behind that silly little smile of Zapatero’s dwells a sick mind suffering from political lycanthropy.*

---

When the Popular Party objected to the Statute, on the ground that it would menace Spain’s territorial integrity, Zapatero shut them out of the negotiations.

He thereby provided the Catalan nationalists with the necessary tools to squeeze through a Statute that demands special privileges and fiscal and political powers. Such concessions are a direct breach of the constitution that was agreed upon unanimously by the Spanish political parties in 1978.

After 25 years of democratic transition, advocates of regionalism have found in the person of Zapatero their best possible counterpart across the negotiating table. The success of the transition that followed after Franco’s death was based on the reconciliation of the two Spanish sides that massacred each other during the Civil War. The negotiations over the Catalan Statute are not of that kind, and they have destroyed Zapatero’s public image. According to the latest opinion polls, if presidential elections were to take place at this point, he would lose. He has fallen prey to his own incautiousness, negligence, and irresponsibility, making shameful alliances as well as twisted political agreements for the sole purpose of settling historical debts. Behind that silly little smile of his dwells a sick mind suffering from political lycanthropy. It is the mind of a man who has become an accomplice of terrorism, Islamism, and atavistic nationalism. □

---

*Zapatero is purging the judiciary to make it more docile and malleable, firing prosecutors who refuse to give in to ETA’s terrorist blackmail.*

---

businessmen” — an unmistakable sign that the aggressive bid had to go through by hook or by crook. Zapatero’s involvement in the operation signaled a new golden era for making quick money, for favoritism and corruption, identical to the flourishing conditions that prevailed under the socialist gov-

## A Bet on China, from page 28

“Made in China.” It was a doormat, hand woven from reeds, and I bought it in about 1980. It was the handwork of peasants. Now see what comes from China.

The next thing will be cars.

The democracy movement that was crushed at and around Tiananmen Square on June 4, 1989, seems like a distant memory. So did the Hungarian Revolution of 1956 as the decades followed — but in 1989, when the liberalizing communist regime decided to pay respects to the murdered leader of that revolution and give him a proper burial, an immense crowd came out. And that was an important event in the transformation of Hungary.

Don’t think the Chinese have forgotten what happened at Tiananmen Square.

They know about the use of information to create political change. At the first full moon in autumn they celebrate one such event. It is the Mid-Autumn Festival. Every child knows it. Centuries ago, the Mongols invaded China and occupied

it. The Chinese fomented an insurrection by passing messages to one another in gooey pastries called mooncakes, which the Mongols would not eat. The signal for the rising was for every Chinese to hold up a lantern. They attacked and overthrew the government, and ever since they have celebrated it by eating mooncakes and holding out paper lanterns on the special night.

I believe a change is coming, not because China is so tightly bottled up, but rather the opposite. Tightly bottled-up societies, like Burma or North Korea or the German Democratic Republic, can stay stable for generations. China’s vulnerability is that it is *not* tightly bottled up. It has opened itself to the world in order to become rich and powerful, and it is visibly on that road. The more that effort succeeds, the more it dooms the dictatorship. Information comes in over the net, over the phone, over faxes, in the mail, and in travelers’ suitcases. People talk. When I was last in China in 1999, I was told, “Now we can say anything we want among our friends.” What they can’t do is publicly challenge the legitimacy of the government.

That will come. I’m betting on it. □

# Rethinking Vouchers

*by Alan Ebenstein*

Vouchers would provide much-needed choice in education.  
Coupled with a reform movement, they might actually win.

In the half-century since the idea of vouchers in education was put forward, it has significantly influenced reform efforts in education and elsewhere. The essential idea of vouchers is simple: rather than government providing schools, government would provide credits to parents that allowed them to purchase their children's education. Voucher advocates believe that vouchers would lead to more competition in education and thus improve educational performance.

Despite the intrinsic appeal of vouchers, they have never been given a systemic try in the United States — that is, while voucher programs have been implemented in a few cities, and in aspects of public education programs here and there, no state has organized a comprehensive education system along the lines suggested by voucher advocates. Vouchers remain largely in the realm of theory, not practice.

Some good has come out of the voucher movement. First, the looming spectre of vouchers has encouraged a considerable amount of reform activity among public educators. The charter school movement is to some extent a public school equivalent of vouchers. While charter schools are directly funded by government, they are freer in their operations than other public schools.

Also, open transfer policies, both within and between school districts, have been aided by the vouchers concept. The essential idea of vouchers is choice in education, and choice through transfers is a move in that direction. While I do not possess national data in this area, my impression (based on my home community) is that transfers between schools have increased in recent decades. This is consistent with the voucher approach.

Even home schools, to the extent they provide a choice in

---

education, may be said to be influenced by vouchers. Home schools are the ultimate decentralized school program.

Finally, vouchers have had considerable influence outside of education. Privatization of government functions — where government payment for services would remain but government provision of services would not — is now a policy option in many areas, not just in education.

Notwithstanding the success and influence of the voucher idea both in education and out, in its primary area of intended application — schools — it has not been tried. Typically, voucher proposals that make it to a statewide ballot get shot down by a two-to-one, or even greater, margin.

The essential political problems of voucher implementation are two: first, the impression that vouchers would harm the public schools that continue (at least in the short run) to educate the vast majority of students; second, that vouchers are seen, correctly I think, as a radical reform of public education. Because of these problems, voucher approaches have failed, and advocates of choice in education need to move beyond past failures. I wish to offer some suggestions.

## **Package Reform**

It would be wise for voucher proponents to consider joining their efforts to other reform proposals. That is, there is no reason why a vouchers proposal must stand alone in an edu-



cation initiative — indeed, this is the course that has consistently resulted in failure at the ballot box. A better electoral strategy would be to make vouchers part of more comprehensive education reform.

For example, more days of school each year and more time at school each day both seem to result in better educational performance, particularly among poorer students. The school

---

*Voucher approaches have failed, and advocates of choice in education need to move beyond past failures.*

---

year could be extended up to 20 days each year, perhaps through summer school, and the school day up to an hour each day.

In addition to more time, higher standards for graduation are important to ensure that a high school diploma signifies some standard of learning. So great are the discrepancies in student achievement at this time that creating real high school graduation requirements would likely mean having more than one level of graduation — attendance, honors, and high honors.

Another reform that would cost little, and which is certainly consistent with the idea of more freedom in education, is allowing schools more flexibility to hire as teachers those who have only undergraduate degrees. One of the great problems in secondary education is recruiting teachers with degrees in math or science, because many individuals with these degrees are not able to take a year or more off from other commitments (including graduate school) to enroll in a year-long, full-time teacher preparation program.

### Take Advantage of Demographics

Fortunately for reform efforts, the United States is entering a period when school enrollment will stabilize and even decline over the next decade. Births in the United States peaked in the early 1990s and have since declined slightly, with a slight uptick in the past few years.

Until recently, enrollments went up year after year. In 1975, there were 3.14 million live births in the United States, and in 1990 there were 4.16 million, close to a one-third increase. At a lag of five years or so these births produced larger school enrollments.



Births went down after the early 1990s, to 3.9 million in 1995, 4.06 million in 2000, and 4.03 million in 2001. Because enrollment will remain about the same over the next decade in America's schools, finances should become considerably easier for education, provided the economy remains buoyant. This should allow voucher proponents to put forward proposals that do not diminish funding for existing public schools, and thus have a higher chance of winning at the polls.

### Concentrate on Urban Areas

It is likely, and there is some electoral evidence to indicate, that targeted voucher programs (i.e., restricted to some subset of students) do slightly better at the polls than those that would be universal (applicable to all students). Both liberals and conservatives agree that American education is weakest in urban areas. The suburbs usually have better school systems, or at least schools with which the residents are happier. Voucher proposals attempting to change the status quo often founder on the shoals of suburban resistance.

Accordingly, a good approach would be to focus on the inner cities. Adoption of some Schelling point (a figure on which people tend naturally to agree) of inadequate performance to trigger vouchers in a school district — say, average performance by students in a district at the 25th percentile or lower — would bring vouchers to many, possibly most, inner city school districts. Vouchers would at last have the chance their supporters have long sought.

One of the advantages of a voucher proposal focused on inner cities is the potential return of middle- and upper-class families to urban areas. Wealthier families have exited urban and inner city areas en masse in recent decades, in large part

---

*As a nation, America has moved from segregated schools to segregated school districts.*

---

because of inadequate public schools. While consistent data on the socioeconomic status of families in cities and school districts are difficult to obtain, data on ethnicity are relatively accessible. In the early 1970s, the Los Angeles Unified School District had more than 250,000 Anglo students. Now, it has fewer than 50,000. Many other urban areas, for example, Boston, have seen similar declines. As a nation, America has moved from segregated schools to segregated school districts. By making it easier for parents to form schools in cities, some suburban families would return to them.

If school choice is going to move from the realm of theory to the realm of practice, something has to be done. The voucher movement can help. But it can attract majority support only if it changes strategy and becomes part of a larger movement for educational reform — a movement that would have effects far beyond the classroom. Until then, new thinking about how to improve the education our children receive can only be beneficial. □

# Shadyside Fugue

*by Ralph R. Reiland*

Ghosts, snakes, and Nazi nurses: the mind goes strange  
when softened by morphine and surrounded by death.

The University of Pittsburgh Medical Center's Shadyside Hospital, where I spent some time last year being treated for pneumonia, gets five stars — the highest possible rating — from HealthGrades for the quality of its gastrointestinal and pulmonary care. My wife and some nurses thought I earned zero stars for patient behavior.

Besides being convinced early one morning that I was being clandestinely transported by two nurses to a nearby basement in Oakland so they could get information from me by injecting me with truth serum, things seemed to me to be relatively normal. I mean, after all, it's a high drama situation in there.

The basement thing started when I awoke at 5 a.m. and saw a tall nurse with a beehive standing at the foot of my bed holding a large hypodermic needle and asking for a blood sample in what sounded like a thick Nazi accent. I'd seen a hairdo like that a few months earlier on some woman in a movie about the last days in Hitler's bunker.

At 5 a.m., the room looked different — yellow had become gray, and gray white. The walls were a different color, a different configuration. I couldn't see my books or flowers. "Where am I?" I asked the Nazi nurse. "The doctor ordered the blood work," she replied like a good soldier. "You're in Shadyside. You were admitted yesterday with pneumonia."

"Right," I said to myself, knowing I'd been admitted more than a week earlier. "Shadyside the neighborhood, or Shadyside the hospital?" I asked suspiciously, sure I was onto something.

I could see shadows moving. I looked around and saw that the wall behind my bed had turned to glass. People were strolling back and forth behind the glass, like on a busy sidewalk. It hit me that they were all people who had died in my room.

---

What brought me back to reality, what showed me I was in the right room, were three Halloween drawings from my granddaughters hanging on the room's bulletin board — a big orange pumpkin by Grace, 3, and a colorful spider and an artistic witch's hat by Sarah, 9.

All of the above I can chalk up to a bag of pain medication hooked up to my body that allowed me to self-administer morphine. Afraid of the intense pain that might be coming, I hit the little doorbell-like button until I had used a whole night's supply in four hours.

Still, my wife says I can't blame everything on the drugs. In the emergency room, I demanded doctors who belonged to ethnic groups with the highest numbers of Nobel Prize winners in medicine — but that, too, might have been the drugs talking. The doctor inserting a chest tube into my lungs said he'd never seen someone so morphine-resistant.

Every day, I dressed like less than a good five-star patient. One nurse told my wife that I was trying to regain the control that I'd lost to my illness. I never wore one of those no-back hospital gowns invented by Seymour Butts. I shaved every morning and put on a golf shirt, pants, and tennis shoes before tuning into "Imus in the Morning."

"You always look like you're ready to leave," said one of my doctors. "You can't will your way out of here," said another. In the end, though, things got better fast enough so that

a more serious operation wasn't necessary, and when the time came, like a broken clock that's right twice a day, I was ready to go.

On the upside, the night before I left the hospital, astronaut Neil Armstrong stopped by in a dream and talked about how it wasn't right that birds are surgically cut for display in zoos, parks, and aviaries in a way that prevents them from ever flying again. I agreed. I thought we should work on getting that stopped: surgery should set us free.

During my worst days in the hospital I thought about what Marjorie Williams had written about her own mortality, about her family. Williams, a writer for the Washington Post and Vanity Fair, died of liver cancer at age 47. Her husband, Timothy Noah, a senior writer for Slate, put together her final writings into a book, "The Woman at the Washington Zoo: Writings on Politics, Family, and Fate."

In one of the essays in the book, "Hit by Lightning: A Cancer Memoir," Williams writes about her fears for her two young children — Will, 12, and Alice, 9. What would it be like for them after she's gone? "Who will talk to my darling girl when she gets her period? Will my son sustain that sweet enthusiasm that he seems to beam most often at me? There are days I can't look at them — literally, not a single time — without wondering what it would do to them to grow up without a mother."

I think, too, about how it would be different for my wife, my two sons, my two young granddaughters, without me — especially for my wife. I don't like to think of her growing old by herself. It would be better if she found someone new, but I don't trust him.

Williams recalls telling her husband, "I don't want to end my life in some hospital barfing in the name of science." A nurse told me once that no one got off the third floor where she worked. People were sent up there to die. I pictured them lined up in long rows of beds, unconscious, kept breathing and earning money for someone by way of machines and tubes.

It seems better when it ends at home, quickly, without warning, without all the pain and helplessness and contraptions. My grandmother died cooking her morning eggs. My mother died watching TV at home. But that might not be the easiest way for the surviving husband or wife. John Leonard, reviewing Joan Didion's "The Year of Magical Thinking" for the New York Review of Books, describes how life, as it was, ended for Didion: "Her 70-year-old husband, John Gregory

Dunne, has dropped dead of a massive heart attack in their living room in New York City, one month short of their fortieth wedding anniversary. She can't erase his voice from the answering machine, and refuses to get rid of his shoes. Her 38-year-old daughter, Quintana Roo Dunne Michael, has only been married five months before she is out of one hospital

---

---

*I awoke at 5 a.m. and saw a tall nurse standing at the foot of my bed holding a large hypodermic needle and asking for a blood sample in a thick Nazi accent.*

---

---

into another, with a flu that somehow 'morphed' into pneumonia and was followed by a stroke. One morning in the ICU Didion is startled to see that the monitor above her daughter's head is dark, 'that her brain waves were gone.' Without telling Quintana's mother, the doctors have turned off her EEG. But 'I had grown used to watching her brain waves. It was a way of hearing her talk.'

Didion writes of death as an "unending absence," a vacant time that comes after a quick death or after the catheter lines and breathing tubes and readouts and hopelessness: "We have no way of knowing that the funeral itself will be anodyne, a kind of narcotic regression in which we are wrapped in the care of others and the gravity and meaning of the occasion. Nor can we know ahead of the fact (and here lies the heart of the difference between grief as we imagine it and grief as it is) the unending absence that follows, the void, the very opposite of meaning, the relentless succession of moments during which we will confront the experience of meaninglessness itself."

For her husband's body, Didion explains that she didn't authorize an organ harvest: "How could he come back if they took away his organs, how could he come back if he had no shoes?" Besides, "His blue eyes. His blue imperfect eyes."

She explains the craziness that follows, the dislodging of her talent and wisdom and happiness: "We might expect if the death is sudden to feel shock. We do not expect this shock to be oblitative, dislocating to both body and mind. We might expect that we will be prostrate, inconsolable, crazy with loss. We do not expect to be literally crazy, cool customers who believe that their husband is about to return and need his shoes."

Asks Leonard: "If Joan Didion went crazy, what are the chances for the rest of us? Not so good, except that we have her example to instruct us and sentences we can almost sing."

On my better days, I could walk the halls. The doors were open and some patients were crying in pain. Others were sleeping in bright lights with their mouths open. Posters on bulletin boards showed what else could go wrong — hips breaking, knees tearing, lungs deflating, hearts stopping — and in the rooms I saw the nuts and bolts and hoses and pumps that labored to keep patients going.

At night, a doctor was connecting two bees to my chest. The bees were attached to thin wires, about a foot long, so



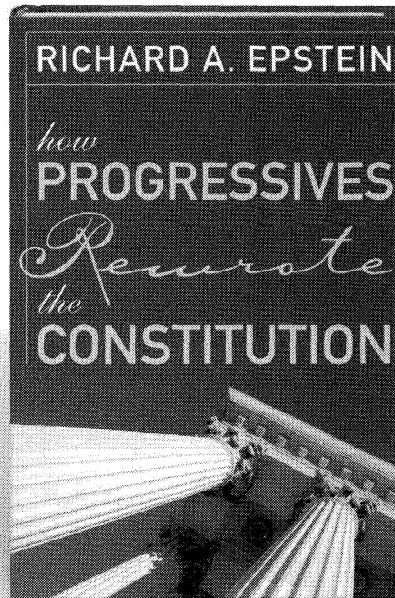
"Well, I've done my part in the war against drugs — I just flushed the medicine cabinet down the toilet!"

# New from the CATO INSTITUTE

“Here comes Richard Epstein inviting us to wonder whether the New Deal enterprise and the Progressive movement that preceded it were not all a dreadful mistake. This is a challenging and amusing book — Richard Epstein at the top of his game.”

CHARLES FRIED

Professor of Law, Harvard University,  
Former U.S. Solicitor General

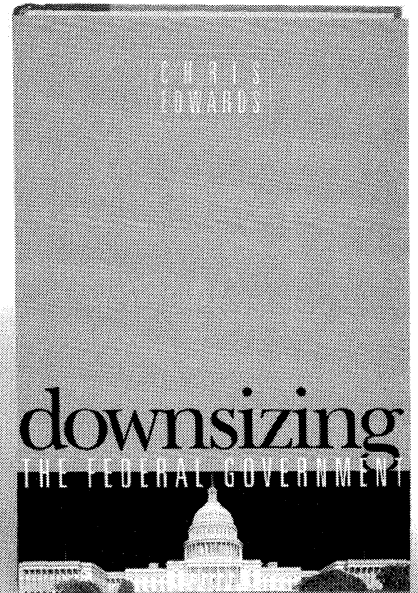


\$15.95 cloth

“Chris Edwards provides fresh insights for understanding a Washington establishment that has grown far too big. He presents a bold and detailed plan to reduce the size of the government. Every taxpayer should read this book.”

JOHN BERTHOUD

President, National Taxpayers Union

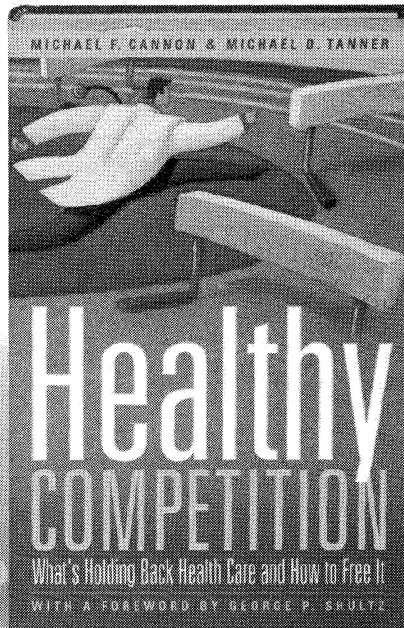


\$20.00 cloth, \$12.00 paper

“To carry the health care debate on its next lap, America first needs a clear, well-informed, and well-reasoned analysis of the apparent paradox of its health care system. And it needs an agenda for reform. That makes *Healthy Competition* essential reading.”

GEORGE P. SHULTZ

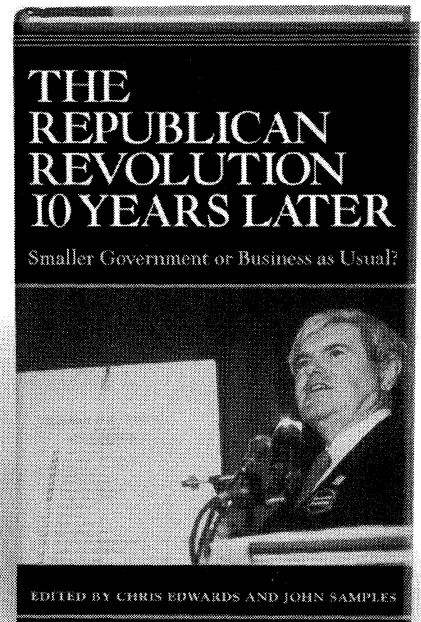
Former Secretary of State



\$9.95 paper

“A wide-ranging evaluation of the consequences of the 1994 take-over of Congress on the occasion of its 10th anniversary. An interesting and informative read.”

MILTON FRIEDMAN



\$19.95 cloth, \$13.95 paper

Available at bookstores nationwide, online at [www.cato.org](http://www.cato.org), or by calling toll-free (800) 767-1241.

Cato Institute, 1000 Massachusetts Avenue, N.W., Washington, DC 20001 • [www.cato.org](http://www.cato.org)

they could take off and land but not get away. "These will do the job," he said. He explained that the old bees, the ones he had just removed, were too small. The room's TV was on, turned to news about an earthquake in Pakistan. There wasn't enough medical help. Ten thousand people might die. I felt lucky. I had 20 people working on me. The next day the estimate doubled to 20,000 dead, and then to 50,000. Finally it hit 76,000, about 20,000 more than the number of Americans killed in Vietnam in a decade.

I had a "procedure" scheduled for the next day — a hole that needed to be put in my side in order to drain fluids from around my lung. I didn't ask how big the hole would be. Knowing ahead of time was like knowing a day ahead that I was going to be stabbed.

I was in the car that night with my wife, driving down a long, steep hill. When we got to the bottom, there was water coming up, a swamp covering the road. We couldn't go any further. I turned the car around but now there was water covering the road back. We couldn't move, and coming straight for the car, right at our windshield, were giant snakes, larger than the car, twisting across the top of the water.

On March 27, 1997, just a few days before he died of liver cancer, Allen Ginsberg wrote in "Dream," one of his final poems:

"There was a bulge in my right side, this dream recently  
— just now  
I realized I had a baby, full grown that came out of my right  
abdomen  
While I was in hospital . . .

Worried and pleased since it was true I slowly woke, still thinking it'd happened, consciousness returned slowly  
2:29 AM I was awake and there's no little mystic baby — naturally appeared, just disappeared . . ."

Three years earlier, in "Tuesday Morn" (Jan. 23, 1994), Ginsberg wrote on the struggle to record these "dreamlike yesterdays," making use of Lasix, Lanoxin, Vasotec, potas-

---

---

*People were strolling back and forth behind the glass, like on a busy sidewalk. It hit me that they were all people who had died in my room.*

---

---

sium supplements, Tibetan medical powders, blood sugar test strips, alcohol pads, reading glasses, and bifocals in the course of a morning. Noon finds him looking out on passers-by, aware that time is passing him by as well: "while noon bells ring, clock ticking on the kitchen wall above the toilet cabinet — pull chain, worked this morning, flushed a wobbly porcelain throne . . ."

That's how it ends, more or less the same, for each of us. Not such a pretty picture. And, looking back at the last moment, it all seems like a flash, a drama that is over in an instant — appeared, just disappeared. □

---

## The Real India, Behind the Fog, from page 21

---

can grow up in a liberal environment, free from dehumanizing bureaucracy. But for this to happen in India, the lesson to which I just referred must be learned, both by the opinion leaders of the West and, especially, by the opinion leaders of India itself.

Until the early '90s, India had no foreign companies of any significance. I did not know what Coke, Pepsi, or McDonald's were. We were abysmally poor, and although the poverty was all of our own making, we blamed the CIA, our scapegoat for all our problems. Now university students, like their brethren in the West, rally against exploitation by multinational cor-

porations and the Indian private sector. They rally to stop a clean private electrical generating plant from opening in Delhi, while the state-owned plant spews black soot into the heart of the city. They complain that the bottled water marketed by multinational corporations fails to abide by European standards, while the tap water in India causes sickness and death. The facts are clear, but the young ignore them — perhaps because facing those facts might reflect poorly on India itself.

This, of course, is nonsense. What matters to the real India is the lives of individuals, and the truth — the history that future generations will read when they are trying to decide what made India a success: was it the state, or was it the free market? □

### NOTES

1. <http://devdata.worldbank.org/external/CPProfile.asp?PTYPE=CP&CCODE=IND>
2. <http://www.worldbank.org/data/databytopic/GNIPC.pdf>
3. <http://www.washtimes.com/upi-breaking/20050228-101848-3167r.htm>
4. <http://www.washingtonpost.com/wp-dyn/content/article/2005/09/14/AR2005091402612.html>
5. <http://indiabudget.nic.in/es2003-04/chapt2004/chap104.pdf>
6. <http://cia.gov/cia/publications/factbook/geos/in.html>
7. <http://indiabudget.nic.in/es97-98/chap101.pdf>
8. [http://devdata.worldbank.org/AAG/ind\\_aag.pdf](http://devdata.worldbank.org/AAG/ind_aag.pdf)
9. The Economist, Oct. 29th, 2005, p. 26
10. [http://www.transparency.org/publications/annual\\_report](http://www.transparency.org/publications/annual_report)
11. [http://www.ibef.org/artdisplay.aspx?cat\\_id=349&art\\_id=6023](http://www.ibef.org/artdisplay.aspx?cat_id=349&art_id=6023)
12. <http://www.delhipolice.nic.in/home/servant.htm>



"If an election were being held today, where would you hide?"

# Reviews

**"24."** Created by Robert Cochran and Joel Surnow. Seasons 1–4 available on DVD. Season 5 on Fox, Mondays, 9 p.m.

## From Suspense to Soap

Jo Ann Skousen

In late 2001 Fox launched a new series called "24," a daring experiment that became its biggest dramatic hit. The concept was intriguing: each episode would take place in "real time," twenty-four one-hour episodes representing 24 consecutive hours in the life of counter-terrorist agent Jack Bauer, played intensely by big-screen veteran Kiefer Sutherland.

The timing couldn't have been better, starting, as the series did, just after the terrorist attacks in New York and Washington. I watched the premiere episode and was hooked. Here was a small-screen series produced by a wannabe network that managed to match the quality of a big-budget studio thriller, with its tightly written story, heart-thumping music, big-screen camera work, multiple plot lines, and talented ensemble.

At the center of the story was Jack, a rogue agent ruthless in his tenacity and fierce in his loyalty, struggling to prevent the assassination of a presidential candidate while trying to rescue his kidnapped wife and daughter. Each episode was highlighted by dizzying plot twists, gasp-worthy endings, and Jack whispering urgently, "Trust me." I own the first season on DVD, and every person who has borrowed it from me has watched all 24 episodes nearly back to

back. It's that good. Trust me.

Season two moved the story ahead three years. The candidate was now the president, and he had urged Jack out of retirement to help track down a new set of terrorists. The writers maintained the same "real time" concept, multiple story lines, and fast-paced suspense. The plot, about a nuclear bomb set to go off in Los Angeles, was even more intense and timely. I own that season on DVD as well, and my friends have gotten just as hooked on it. One of them pleaded, "Don't let me take it home until I have a whole weekend free to watch it!"

So what has happened to season five?

The best political thriller to hit television since "Mission Impossible" has become sappy, whiny, and beyond all suspension of disbelief. Part of the problem is that the writers haven't been given sufficient time between seasons to produce another tightly written script. In addition, whenever a TV show becomes a huge hit, management gets into the act, dictating story lines based on demographics and designed to appeal to that 18–34 year-old female who seems to buy everything in America today.

The show now feels more like a soap opera than a spy thriller. Jack takes calls from his former girlfriend to talk about "us" while he's being shot at by terrorists; at least once each week a power struggle erupts between management

and employees, either at the counter-intelligence unit, the White House, or both, with management coming off as megalomaniacal buffoons; and the new president (who bears an uncanny resemblance to Richard Nixon) is a weakling who can't make a single decision by himself but shouts incessantly "I need results!" The writers seem to think that viewers are all powerless lackeys who gain vicarious satisfaction from watching nerdy underlings "stick it to The Man."

I'm incensed. There are plenty of soap operas on TV for those who want to watch talking heads gossip about the incompetent boss, the cheating husband, or the faithless friend. "24" was different, and there were more than enough viewers buying detergent and beer to have let it stay that way. Trust me.

Ironically, this heavy-handed interference from the demographers comes at a time when the traditional 60-second commercial message is becoming obsolete. I haven't watched a commercial in over three months, not since my son-in-law turned me onto TiVo. For an extra 15 bucks a month I can record up to 100 hours of programming through my cable box and watch it at my leisure, fast-forwarding through the commercials, rewinding if I didn't quite hear a line of dialogue, and pausing to answer the phone or pop some corn.

Product placement is the next step in



advertising, inserting sponsored items directly into the show. We see it already in the movies: a box of Dunkin' Donuts placed prominently on a desk, a can of Budweiser or Coca Cola held with the logo facing front. The first episode of season three of "24" was "brought to you by Ford without commercial interruption," but it began with a fast-paced ten-minute mini-thriller that focused on a racy Ford SUV and ended with a more traditional commercial lauding the features of Ford products. Since then, Fords seem to be the only cars driven

by terrorists and Counter Terrorist Unit agents on "24." Reality shows like "The Apprentice" and "Survivor" feature their sponsors throughout each episode as part of the rewards and challenges. Viewers can't avoid the commercials without avoiding the show itself.

Let's hope that corporate America is smart enough to let the scriptwriters run the program, adapting their advertising to fit the show as Ford has done, instead of twisting the show to fit the product as the studio heads at Fox seem to be doing. □

**"The Wisdom of Crowds,"** by James Surowiecki. Doubleday, 2004, 296 pages.

# How Smart Must Voters Be?

Jane S. Shaw

James Surowiecki, who writes a column on finance for the New Yorker, has put together an engaging, well-documented book revealing the fact that decisions made by crowds are better than those made by individuals alone — at least under certain circumstances.

In this counterpoint to Charles McKay's famous book of 1841, "Extraordinary Popular Delusions and the Madness of Crowds," Surowiecki offers insight into free markets in particular but also into other means by which people interact, such as committees and corporations. He explains why committees don't usually work very well and why the cult of the CEO is largely a mis-

take. And he explains the periodic madness of crowds.

The book starts with a historical anecdote about the Victorian polymath Francis Galton, and how, in 1906, he studied the results of a contest at a county fair in Plymouth, England. A prize was offered for the person who most accurately guessed the weight of an ox on display. When the contest was over, Galton analyzed the 787 guesses, hoping to show that the average guess — the "wisdom of the crowd" — was faulty. He found just the opposite. The average guess was 1,197 pounds, and the actual weight was 1,198 pounds.

The Galton story is one of a rich stream of anecdotes from many academic disciplines and popular sources that illustrate the theme of the book: more information, if properly coordinated, leads to better choices.

Markets, of course, are the granddaddy of mechanisms that coordinate information, and Surowiecki spends a good deal of time exploring them. "Collective decisions," he writes, "are most

likely to be good ones when they're made by people with diverse opinions reaching independent conclusions, relying primarily on their private infor-

---

---

*The NASA team failed to recognize the seriousness of the potential damage to the shuttle — or else chose to ignore its seriousness, on the ground that nothing could be done about it anyway.*

---

---

mation" (p. 57). Market results usually reflect this diversity. The madness of crowds, such as we see in booms and busts in the stock market, is excited when people stop deliberating on their own and simply buy or sell because others are buying or selling.

Surowiecki draws on many kinds of research on decision making, including that of the free-market economists Vernon Smith, Ronald Coase, and Friedrich Hayek. (If you want to find where he discusses the work of these individuals, however, you will have trouble because there is no index. This is usually the sign of an unprofessional book, but perhaps the publisher wants us to use the "search inside" function that is available for this book on amazon.com.) And the author goes well beyond the study of traditional markets.

One of the interesting applications of market-based thought is the proposal made by members of the intelligence community after Sept. 11, 2001, for a Policy Analysis Market focused on the Middle East. The proposed market would be open to the public and would be patterned after the Iowa Electronic Market, which allows people to buy and sell futures contracts on the outcome of elections. This one, to be funded by the Defense Advanced Research Projects Agency, would have done the same for expectations about events in the Middle East. Unfortunately, it didn't pass the political palatability test; the proposal was dropped. As Surowiecki explains, "it seemed to offer the possibility of ordinary people profiting from terrible things happening" (80).

I am already a fan of voluntary de-



cision-making through markets, so for me the most valuable information in the book came elsewhere, in the chapter on committees. If more input is better, as Surowiecki argues, why do committees do such a bad job? To answer the question, he dissects the meetings of the NASA Mission Management Team (MMT) that supervised the ill-fated flight of the space shuttle Columbia in January 2003. He calls the committee's actions "an object lesson in how not to run a small group" (175).

The committee members knew that a large piece of foam had broken and hit the shuttle, but they didn't know how much damage had occurred. From the beginning, they failed to recognize the seriousness of the potential damage to the shuttle — or else chose to ignore its seriousness, on the ground that nothing could be done about it anyway. (The transcript of a key meeting suggests that both factors were involved.)

An ad hoc team of engineers studied the possible effect of what had happened, deliberating on the problem between Jan. 16, the day of the launch, and Jan. 21, when they reported their findings to a member of the MMT committee just before the committee met. Even though this was the first opportunity for the full committee to discuss what was known about the potential damage, the topic wasn't brought up until two-thirds of the meeting was over, and then it received cursory treatment.

The problem with the team, summarizes Surowiecki, was that it blocked crucial information. One technical adviser was outspoken in claiming that no damage had been done, and this

it. (Surowiecki questions this view.) The leader asked questions that had the answers "built into" them, and there was an "utter absence of debate and minority opinions" (181).

Perhaps the committee's biggest error was to turn down the request by the Damage Assessment Team to solicit the Department of Defense for pictures of the shuttle in orbit, to see whether there were signs of damage. One reason for rejecting the request, says Surowiecki, was that the committee thought "the resolution of the images would not be good enough to detect the small area where the foam struck." But no one on the team actually knew this for a fact: "[N]one of the managers had the necessary security clearances to know how good the resolution of the photos would be, nor did any of them ask the Department of Defense — which would have taken the pictures — about picture quality" (178). In sum, this example offers a lot of material illustrating the dangers of small groups.

Clearly, Surowiecki has a good grasp of the need for information, and a good sense of which coordination mechanisms work and which don't (markets, committees, and corporate structures having different degrees of success). He does slip up, however, when it comes to collective political decisions, which are the subject of his last chapter. Even though he cites the work of James Buchanan and Gordon Tullock, either he doesn't understand public choice theory, which analyzes political decision making in the way in which economics typically analyzes market decision making, or he doesn't want to give it much credence.

In fairness, perhaps fatigue took over. Surowiecki mentions that it was hard to write the book, and he observes that his editor at Doubleday has the "patience of Job." Whatever the reason, he fails to treat public choice with the care and attention that he gives to other approaches to decision making.

Surowiecki wants to show that democracy, with its decentralized information and coordination through elections, fits the requirements for good decisions. Yet he understands that voters are abysmally ignorant. (This fact is a fundamental tenet of public choice theory, which speaks of "rational ignorance.") For example, he cites a University of Maryland poll showing that

voters believe that the United States government devotes 24% of its budget to foreign aid. The actual figure is under 1%.

In spite of such popular delusions, he still struggles to justify democracy. "It is not a way of solving cognition problems or a mechanism for revealing the public interest," he acknowledges.

---

*What Surowiecki doesn't know, or is unwilling to state, is that democracy can be a good form of government only if the scope of government is narrow and limited.*

---

"But it is a way of dealing with . . . the most fundamental problem of cooperation and coordination: How do we live together? How can living together work to our mutual benefit? Democracy helps people answer those questions because the democratic experience is an experience of not getting everything you want" (271).

To me, this is lame: vapid rhetoric, quite unlike most of the book. What Surowiecki doesn't know or is unwilling to state is that democracy can be a good form of government only if the scope of government is narrow and limited. Voters will always be ignorant of most political details because their periodic votes have virtually no effect on the outcome; this inevitable ignorance gives special interests — which do have a direct impact through campaign funds and contributions — extensive power, undermining many great hopes for democracy. But accepting the limitations of democracy is a conclusion that scares modern liberals. Perhaps it scared even this very intelligent and perceptive columnist for the New Yorker, weakening what is otherwise an extremely valuable and engrossing book. □

---

*Surowiecki wants to show that democracy fits the requirements for good decisions. Yet he understands that voters are abysmally ignorant.*

---

influenced the committee. "[T]heir conviction that nothing was wrong limited discussion and made them discount evidence to the contrary," says Surowiecki (177). In addition, the head of the committee thought that if damage had occurred, nothing could be done about

## LEGAL SERVICES

*Attorney Mark K. Funke*

Emphasizing Probate, Estate Planning & Real Estate Law. Licensed in WA.  
[www.funkelaw.com](http://www.funkelaw.com), P. 206-632-1535

**"Dave Chappelle's Block Party,"** directed by Michel Gondry.  
Rogue Pictures, 2006, 100 minutes.

# The Other Side of Hip Hop

Todd Skousen

At the 2006 Academy Awards presentation on March 5, the audience witnessed a shocking event, one that I thought could never happen: Three 6 Mafia, a crude Southern rap group, won the Oscar for their song, "It's Hard Out Here for a Pimp." The only question I had while watching their raucous acceptance speech was how long it would take before that Oscar was hanging from a gold chain around Three 6 member Juicy J's neck. Host Jon Stewart couldn't help but poke fun, pointing out Three 6 Mafia's lead over Martin Scorsese in number of Oscars won. Stewart's reaction, as well as my own, reflects the common misconception of the modern rap star: all bling and no talent.

Underneath the widespread image of violent, greedy, sexist, and "krunk" rap stars dominating the mainstream rap and hip hop industry lies an underground hip hop scene which combines intelligent lyrics with jazz, blues, and funk rhythms to deliver a constructive message for black culture. In his witty, upbeat documentary, "Dave Chappelle's Block Party," the host of Comedy Central's "Chappelle's Show" issues an open invitation to anyone who wants to witness the energetic performance of these lesser known hip hop stars. Leav-

ing his racially driven sketch comedy behind (for the most part) Chappelle creates a casual atmosphere which relaxes the audience and allows the music to take hold.

Chappelle loves hip hop music and is not afraid to share it with anyone willing to listen. Throughout "Block Party," director Michel Gondry alternates between the two elements of the party: the live musical performances themselves and Chappelle's inviting the public to attend his free bash. Setting the tone for the later musical performances, Chappelle is clearly being himself when speaking to the public. Everything is impromptu, light, and free as he invites members of his Ohio community to board a charter bus to his party. This includes everyone from an all-black marching band to the 60-year-old white woman who sells him cigarettes. Despite Chappelle's willingness to invite people of all demographics, however, the audience at the show is almost exclusively black. Chappelle even comments on stage that he sees "five thousand black people . . . twelve white people peppered in the crowd . . . can anyone find a Mexican?"

The contrast between the audience's makeup and the high percentage of white people who purchase hip hop albums brings up the question: if white people love the albums, why aren't they coming to the concert? No matter the answer, one thing is certain: they missed a great show.

An element of hip hop overlooked by the

casual observer is that many hip hoppers actually possess musical talent. Questlove (pronounced "Questlove"), the afro-sporting drummer for hip hop group The Roots, arranged all the music for "Block Party" and plays drums throughout the film. Questlove assembles a racially integrated house band that fuses jazz influenced by the improvisation of Thelonius Monk, blues in the Chicago style of Muddy Waters, and funk a la James Brown to create a smooth, relaxing groove over which each emcee (vocalist) delivers his or her performance. Unfortunately, the innate problems of recording a live concert prevent the film audience from fully experiencing the energy of a hip hop concert; on film the songs tend to be vocally driven, whereas in person the music drives each song. Despite these problems, Questlove's house band provides excellent backup for the lyricists.

The lyrical content in "Block Party" is almost exclusively directed towards the black community, despite the different directions each emcee takes in presentation. One of the highlights of the concert is Mos Def's "Shine Your Light

---

*If white people love hip hop albums, why aren't they coming to the concerts?*

---

on the World," a song urging black people to rise above stereotypes and show others what they are capable of. This song's encouraging message is in stark contrast to the incendiary "Hip Hop" by Dead Prez, which places blame for racial injustice on both white society and the greedy rappers who would rather have "a Lexus than justice." Unfortunately, Dead Prez suffer from the same problem that plagued Bob Dylan: great lyrics, but unintelligible delivery.

While rap and hip hop are usually thought of as disdainful toward women, this concert emphasizes the love that these particular artists have for their female counterparts. The musical numbers are marked by an emphasis on female participation. Erykah Badu and Jill Scott provide soulful additions to a male-dominated music scene,



"All in favor of evolving, stand upright!"

while Lauryn Hill reunites with her old group, the Fugees, and finishes the Block Party with the beautiful and ethereal song "Killing Me Softly."

As "Block Party" comes to a close, director Michel Gondry cannot help but add some politics to this mostly fun movie. Wyclef Jean of the Fugees asks several of the black marching band members what they would do if they were president. The kids give back the usual answers of those who believe in an all-powerful government: scholarships to everyone who needs one and health care for all. All the other band

members cheer for those answers. At first, I was disappointed that such a poorly thought out answer was being promoted, but then Wyclef gave these college students a more profound message. He said: every ghetto still has a library. If kids in the ghetto use their minds and stop blaming problems on others, they can rise above and still achieve great things.

"Block Party" is a different kind of hip hop than that which is reviled in the mainstream media. Intelligent, comical, and fun, it gives an all too rare look at the other side of hip hop. □

**"Bertrand de Jouvenel,"** by Daniel J. Mahoney. ISI Books, 2005, 216 pages.

# The French Cassandra

Mark Skousen

"Liberty is in fact only a secondary need; the primary need is security."

—Bertrand de Jouvenel<sup>1</sup>

My youthful education in the free-movement began with the writings of Henry Hazlitt, James Burnham, Russell Kirk, and William F. Buckley, Jr., among others. But it wasn't long before I came across a challenging French writer, Bertrand de Jouvenel. His little book, "The Ethics of Redistribution," published originally in 1952, was an unforgettable indictment of the welfare state.

Bertrand de Jouvenel (1903–87) was a journalist, political philosopher, and economist, and a member of Friedrich Hayek's Mont Pelerin Society. Jouvenel's mother Sarah was the daughter of a wealthy industrialist. His father Henri, the son of a baron, was a member of the French senate, and, after divorcing Sarah, husband to the famous novelist Colette. Bertrand spent his life

in the worlds of diplomacy, party politics, and letters. Before World War II, he was a journalist who interviewed such notables as Adolf Hitler and Winston Churchill. In the postwar period he wrote books and essays, and lectured at Oxford, Cambridge, Berkeley, Yale, and the University of Paris.

Jouvenel's economic essays, compiled in "Economics and the Good Life" (Transaction Publishers, 1999) and other works, are as pithy as his works on politics. I found "The Art of Conjecture" useful in my career as an economic forecaster. Though even the best econometric models involve some form of guessing, Jouvenel recognized the vital significance of anticipating future events ("A forecast is never so useful as when it warns man of a crisis,")<sup>2</sup> and believed that nothing is more worthless than a "war-excluded" economic forecast. An economic model that can't predict the next war, depression, or monetary crisis isn't worth much. Interestingly, Jouvenel made the ominous observation that those in power have

"the least foresight."<sup>3</sup> You can't count on government officials to warn you of impending disaster.

I always found Jouvenel's writings compelling and persuasive, and wanted to read more, so I was pleased, last

---

---

*You can't count on government officials to warn you of impending disaster.*

---

---

year, when Bill Bradford commissioned me to review the new political biography, "Bertrand de Jouvenel," by Daniel J. Mahoney, a professor of politics at Assumption College.

I began by rereading the classic essay, "The Ethics of Redistribution," which was based on two lectures Jouvenel gave in 1949. The first thing I noticed is that the title is misleading — Jouvenel says hardly anything about the ethics or morality of progressive taxation or the transference of wealth from the rich to the poor. Does the state have a right to confiscate property, or to tax incomes at different rates? He never says. But what he does say is profound. No matter what the justification, redistributive policies inevitably increase government authority. "The more distribution," he concludes, "the more power to the State."<sup>4</sup> Worse, when the wealth and income of the rich are taxed away, new burdens are imposed on government, which must now take over the activities of the rich, the "social responsibility and utility of surplus income": savings and investment, welfare for the needy, arts and culture, higher education. Heavy progressive taxation discourages entrepreneurship and creates a bloated welfare state. Jouvenel finds the results "disquieting." So do I.

This brings me to Jouvenel's most expansive work, "On Power," written in French in 1945 and published in English in 1948. It is a pessimistic book whose theme is the inexorable growth

**PRAXEOLOGY.COM**

*An Austrian School analysis  
of social interaction.*

of state power. "The history of the West," he writes, "shows us an almost uninterrupted advance in the growth of government power."<sup>5</sup> The book is similar in tone to Hayek's bleak "Road to Serfdom." Political philosophers who lived through the first half of the 20th century — the Great Depression, sandwiched between two world wars — tend to be pessimists, and Jouvenel is no exception.

Jouvenel compares the state to the minotaur, the half-bull, half-man monster from Greek mythology. But unlike what happens in the myth, there is no heroic Theseus to slay this monster. It keeps on growing. Leaders, whether in a dictatorship or a democracy, are ambitious and greedy egotists. Even good men turn bad once they are elected and enjoy the "intoxicating pleasure" of power. They inevitably expand their authority through the growth of (a) war, (b) permanent armies and officials, and (c) universal taxation. The rule of law is replaced by the "arbitrary power" of men. Does this all sound familiar?

Democracy is no salvation, Jouve-

nel informs us. It can actually make things worse because the voters reflect the "general will," as Rousseau calls it. Universal suffrage, broad taxation, conscription, social security — all lead

---

*Jouvenel compares the state to the minotaur. But, unlike the Greek myth, there is no heroic Theseus to slay this monster.*

---

to totalitarianism, even if this be democratic. (Should you doubt the corrupting influence of democracy, just watch one season of "Survivor.")

If there is one flaw in Jouvenel's study of state power, it's his failure to expand on the ways in which the minotaur can be tamed. To make his case for the inevitability of total war and total government, he analyzes three revolutions: the English Civil War (1642–51), the French Revolution of 1789, and the Russian Revolution of 1917. But strangely, he ignores the one revolution that worked — the American Revolution of 1776, followed by the establishment of the U.S. Constitution in 1787. Why did the American experiment succeed, while the others failed? I believe it is because the United States did a better job separating the functions and powers of competing groups, instituted a written bill of rights, and retained English common law rather than adopting administrative (e.g., Napoleonic) law.

In a sense, Jouvenel's work on state power is understandable as a tract for the times. The second half of the 20th century was much more susceptible to optimism than the first. Government grew, but the private sector grew even faster, and the size of government declined in most countries as a percentage of national output. Certainly Jouvenel would never have considered the possibility of a collapse of the Soviet model of socialism, nationalization, and central planning. He could never have imagined that an Index of Economic Freedom (such as those produced by the Fraser Institute and the

Heritage Foundation) would show a trend toward economic liberalism.

Yet we must not casually dismiss Jouvenel's list of danger signs. The gradual progress in the world toward greater freedom may be short-lived in an era of terrorist activity, explosive wars, and natural disasters. The minotaur is wounded, but not killed.

One of the surprising things I learned from reading Mahoney's biography is that Jouvenel was far from a consistent proponent of liberty. He was a radical socialist in his youth and a critic of "scandalous" laissez-faire capitalism and the "evil of unemployment" during the Great Depression. But he broke with the socialists and the Parti Populaire Francaise over their refusal to oppose the Nazis and German militarism. Late in 1943, fearing arrest, he fled with his wife to Switzerland. After the war, he wrote "On Power" and "The Ethics of Redistribution," both of which endeared him to conservatives and libertarians. An economist by training, he rejected the command-and-control model of the Soviets and the "shackled" economy of the socialists. He favored a "social market" economy along the lines of Wilhelm Röpke's "Humane Economy" over the extreme individualism and materialism of the consumer society: a common framework (cf. Rousseau's "general will") of controlled growth, common-sense environmentalism, and the ideal society as a "garden" state. His essay, "A Better Life in an Affluent Society," is especially profound in mak-

---

*Universal suffrage, broad taxation, conscription, social security — all lead to totalitarianism, even if this be democratic.*

---

ing a modern case for Adam Smith's "system of natural liberty" and "explosive" wealth creation but warns of the potential neglect of the "good life" in a material world.<sup>6</sup>

Mahoney offers a damning indict-

Nathaniel Branden, Ph.D.  
Peter Breggin, M.D.  
Susan Love Brown, Ph.D.  
Marshall Fritz  
Sharon Presley, Ph.D.

**Authority  
and  
Autonomy  
in the  
Family**

***A One Day Conference***

**August 19, 2006**

**8:00 A.M. - 10:00 P.M.**

**Santa Clara University  
Santa Clara, CA**

Sponsored by:  
Association of Libertarian Feminists  
Civil Society Institute  
Resources for Independent Thinking

For more information and  
reservations: Call: (925) 228-  
0565 or visit our web site:  
[www.autonomyinthefamily.org](http://www.autonomyinthefamily.org)

ment of the later Jouvenel, who in the 1980s became disillusioned again with the liberal democratic order and drifted back to his socialist roots. He was friendly to Mitterrand and the socialists,

---

*Should you doubt the corrupting influence of democracy, just watch one season of "Survivor."*

---

supporters of government redistribution schemes and nationalization. He wrote a shockingly affectionate and apologetic work on "Marx et Engels" (1983), which happily has not been translated. For Jouvenel, Marx was a "Samson" of revolutionary subversion who supported human emancipation yet opened the road to despotic regimes. Tragically, Jouvenel's son, Hugues, who edits *Futuribles*, his father's journal, is a typical French statist.

Notwithstanding these dizzy political oscillations, I would like to think of Bertrand de Jouvenel as the premier French critic of the state in the 20th century. His early works stand as a testament of this singular contribution. □

#### NOTES

1. Bertrand de Jouvenel, "On Power" (Liberty Fund, 1999 [1948]), p. 377. Here Jouvenel makes an unfavorable assessment of the democratic West, which desires government security more than liberty.
2. "The Art of Conjecture" (Basic Books, 1977), p. 126.
3. *Ibid.*, p. 151.
4. The Ethics of Redistribution (Liberty Fund, 1990 [1952]), p. 43.
5. *Ibid.*
6. "A Better Life in an Affluent Society," "Economics and the Good Life" (Transaction, 1999), pp. 97–118.

The (Libertarian) Connection, open forum since 1968. Subscribers may insert four pages/issue free, unedited. Factsheet Five said, "Lively interchange of point, counterpoint and comments." Eight/year, \$20. Strauss, 10 Hill #22-LZ, Newark NJ 07102.

**"The Natural Origins of Economics,"** by Margaret Schabas. University of Chicago Press, 2005, 231 pages.

# Refining Economics

Alan Ebenstein

Margaret Schabas, a professor at the University of British Columbia, is a historian of the philosophy of science who has previously written on the mathematization of economics by William Stanley Jevons. Her work is deep and profound. Her knowledge of the classical economists from David Hume and Adam Smith to John Stuart Mill is exceptional. And her familiarity with French and other continental European economists of the same era is unusual in a North American author.

"The Natural Origins of Economics" is an important work deserving of wide consideration, and readers who wish to learn more about the economic views of Hume, Smith, Mill, and other philosophers and economists will profit from reading it. Schabas' scholarship

is wide-ranging, and her writing style attractive.

From the perspective of economic theory (as opposed to history), the most important chapter is the first, in which she discusses her thesis of a break in social discourse occurring about the middle of the 18th century. These were the decades not just of Hume and Smith, but of the French physiocrats, whom Smith so admired and from whom he learned much.

Schabas emphasizes that before the mid-18th century, the concept of "an economy" was not prevalent. While there were discussions of particular economic topics, including monetary policy and the charging of interest, the idea of a largely autonomous process of productive relationships has developed in the past few centuries, particularly the 20th.

## Calling All Economists!

Since the Left depends entirely on the assumption that taking from the rich to give to the poor reduces inequality, it would be utterly demolished by the opposite-most conclusion, that it didn't reduce but increased inequality.

That is the "new idea," with the gold coin prize for refuting it, regularly offered here, and duly ignored by the resident scholars and reigning eminences.

As Hayek put it, this was "the crucial issue on which the whole character of future society will depend," and "it would be disingenuous to avoid discussing" it. So there's no such thing as being above the challenge or too busy for it.

The economists who couldn't be bothered with the crucial issue of economics, and libertarians, with demolishing the Left, are economists and libertarians who couldn't be bothered with economics and libertarianism.

For the intellectual progress leaving them in its wake, the "new idea" that would completely demolish the Left, and its first line of defense, the disingenuous, self-defeating Right, see *Intellectually Incorrect* at [intinc.org](http://intinc.org).

*Advertisement*



Schabas does not believe the mathematization of economics has been fruitful, presenting this movement more from an elegiac than a triumphant perspective. This view is not shared by many economists, for whom the mathematization of economics is seen as a reflection of the increasing maturity of economic theory.

Schabas calls attention to the "natural" conception of wealth that the physiocrats and, to a lesser extent, Adam Smith held — hence the title of her work. The physiocrats' concept of wealth was largely agricultural, tied to the bounty of nature. By way of con-

trast, particularly starting with John Stuart Mill — whose influence on economics Schabas emphasizes — the notion became current that the economy is created by humans, that wealth derives from human activity, not nature's bounty.

Schabas' focus on Mill is appropriate. In politics, economics, and philosophy, he was the leading intellectual inspiration in Britain and its English-speaking colonies from about 1840 through perhaps the 1890s. Every instructor in economics read him. Very few economists from the 19th century — Marx is the preeminent example — are read today,

though Marx and Mill are read mainly for their works in politics ("The Communist Manifesto" and "On Liberty") rather than their works in economics. Marx, moreover, did not acquire worldwide fame until after the Russian Revolution. Schabas sees Mill as redirecting economic thought from a natural to an artificial or invented perspective (in the best sense of the word "invented"). Though Mill did not share the mathematical and marginalist terminology of his successors, he did share the concept of the economy as mostly human-made and not primarily a product of nature. Mill was, in a sense, both the last and the greatest classical economist and the first modern economist.

Though Schabas mentions John Locke, she does not adequately acknowledge his accomplishments. Locke was a giant in so many areas of political and social discourse. The labor theory of value, ideas about revolution, and, perhaps most importantly, ideas about the justification of government all find well-used sources in Locke's work. A century and a half before Mill, (about the same length of time from his major work in the 1840s and 1850s to our time), Locke stressed in his "Second Treatise of Civil Government" (1690) that human ingenuity, not nature, creates virtually all worth. Speaking of the Native American tribes of his day,

---

*Mill was, in a sense, both the last and the greatest classical economist and the first modern economist.*

---

he wrote: "A king of a large and fruitful territory there, feeds, lodges, and is clad worse than a day-labourer in England."

With the idea that the economy is mostly human-made has come the idea that the economy is largely subject to human control. Schabas' thesis is not that any form of economy is possible, but that humanity has considerable choice with respect to the economy it has. Starting with the "natural origins" of economics, Schabas ultimately points to the human choices that determine economic results. □

## Notes on Contributors

*Luis A. Balcarce* is a freelance journalist living in La Coruña, Spain.

*David T. Beito* is associate professor of history at the University of Alabama and author of *Taxpayers in Revolt*.

*Jayant Bhandari* works as a business analyst in Vancouver, and writes about collectivism and Indian society.

*Michael Christian* is in early semi-retirement in a semi-paradisaical corner of California.

*Stephen Cox* is a professor of literature at the University of California San Diego and the author of *The Woman and the Dynamo: Isabel Paterson and the Idea of America*.

*Alan Ebenstein* is author of *Friedrich Hayek: A Biography*.

*Andrew Ferguson* is managing editor of *Liberty*.

*Bettina Bien Greaves* is co-compiler of *Mises: An Annotated Bibliography*.

*Eric Kenning* is a freelance writer living in New York.

*Richard Kostelanetz* has written many books about contemporary art and literature.

*Ross Levatter* is a physician in Phoenix.

*Patrick Quealy* is publisher of *Liberty*.

*Bruce Ramsey* is a journalist in Seattle.

*Mark Rand* is an assistant editor of *Liberty*.

*Ralph R. Reiland* is the B. Kenneth Simon professor of free enterprise at Robert Morris University.

*Ted Roberts* is a freelance humorist living in Huntsville, Ala.

*Jane S. Shaw* is a Senior Fellow with PERC.

*Jo Ann Skousen* is a writer and critic who lives in New York.

*Mark Skousen* is the author of *The Making of Modern Economics*.

*Todd Skousen* is a senior majoring in economics at Rollins College and an aspiring screenwriter.

*Tim Slagle* is a stand-up comedian living in Chicago whose website is [www.timslagle.com](http://www.timslagle.com).

*Fred L. Smith, Jr.* is the president of the Competitive Enterprise Institute.

*Martin M. Solomon* is an immigration lawyer and writer living in south Florida.

### Valrico, Fla.

The martial prowess of our first president, detailed in the *Brandon* (Fla.) *Times*:

The Christians in Government class at Bell Shoals Baptist Church includes viewings of videotaped history lectures by David Barton, the vice chairman of the Texas Republican Party. Barton discusses the religious beliefs of the Founding Fathers, noting that, through prayer, George Washington made himself bulletproof during the French and Indian War.

### Smyrna, Tenn.

Innovative anti-drug suggestion, reported in *The Tennessean*:

A mass mailing intended to warn young people about the dangers of methamphetamine inadvertently included a hotline number that rings to a telephone sex line.

### Freehold, N.J.

An eye on school safety, from a dispatch in *USA Today*:

At Park Avenue Elementary, visitors and servicemen once had to ring a doorbell and wait for a secretary to buzz them in. But now they can skip the bell, thanks to the iris-scanning device purchased for the school with a \$370,000 U.S. Justice Department grant. Secretary Sari Valenti concedes that the system is "maybe a little overkill for a small town." But she likes that people can "come and go now without feeling like, 'Oh, I've got to bother the ladies in the office.'"

### Carter Lake, Iowa

Protecting our nation from the threat of Buddhist monks, written up in the *Tibet Post*:

Immigration officials dressed in riot gear and flanked by a SWAT team descended on a group of six Buddhist monks whose visas had expired without their knowledge. The monks' leader, Kharnang Vangtul Rinpoche, said the monks came to the United States on a church-sponsored mission, hoping to share the plight of the Tibetan people.

### Newfane, Vt.

Yankee knowhow, gleaned by the *Burlington Herald*:

At their annual town meeting, Newfane residents voted 121-29 in favor of impeaching President Bush. Now that the motion has passed, the town will ask Rep. Bernie Sanders (I-Vt.) to file articles of impeachment.

The town remains divided on whether or not the cracks in a 100-year-old sidewalk should be repaired.

### Stockholm, Sweden

The struggle to stay on the bike, from Swedish daily *Dagens Nyheter*:

The Stockholm chapter of the biker gang Hell's Angels is being investigated for fraud after police found 70% of members were certified as depressed and were getting state sickness benefits.

The government has estimated that as much as a fifth of the workforce is on long-term sick leave or early retirement due to sickness, often put down to "burn-out."

### Berlin

The dawn of a new Reich, observed by *Der Spiegel*:

Nazi symbols and Hitler salutes are banned in Germany, yet the Finance Ministry — once Hermann Goering's Luftwaffe headquarters — was draped in huge red and black swastikas yesterday to recapture the atmosphere of Nazi Germany for a new comedy about Adolf Hitler.

The film-makers had to gain the permission of the Berlin City Council to display the swastikas. But the council failed to warn tourists and locals, who stared as the Nazis marched around. "It is my first visit to Berlin," noted Gertrude, a Bavarian tourist. "Things seem to have changed much less than I expected."

### North Hills, N.Y.

The good of the many outweighs the good of the few, from the *New York Sun*:

Members of the Deepdale Country Club are rallying to save their 175-acre facility from being taken by village officials, filing lawsuits to fend off eminent domain proceedings.

Mayor Marvin Natiss has said that the village takeover would "increase property values" because of the cache of having a municipal golf course open to all 1,800 residents. "I only do what's in the best interest of village residents," the mayor said, adding a poll conducted several years ago found residents would favor a village golf course "as an amenity."

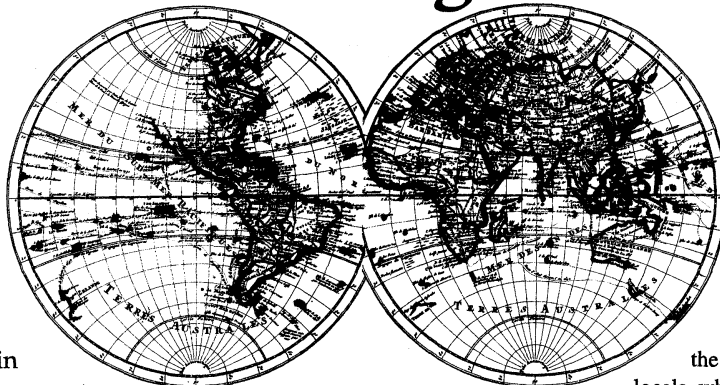
### Concord, N.H.

Admirable resistance to statistics, reported in the *Boston Globe*:

Cosmetics executive Nadine Thompson is suing Southwest Airlines for discrimination, claiming they humiliated her and made her buy a second seat because she is black.

Under Southwest policy, a "customer of size" is required to buy an extra seat when he "can't sit in a seat without having the armrest raised and is sitting on part of the adjacent seat." Thompson, who is 5'8" and weighed between 300 and 330 pounds at the time, does not consider herself a customer of size.

## Terra Incognita



Special thanks to Russell Garrard, David Zmuda, and Tom Isenberg for contributions to Terra Incognita.

(Readers are invited to forward news clippings or other items for publication in Terra Incognita, or email to [terraincognita@libertyunbound.com](mailto:terraincognita@libertyunbound.com).)



I refused to sacrifice my daughter to poor public schools.

I fought for the right to send her to the schools of my choice—  
schools that prepared her to become a college graduate.

Now I work to make sure other parents  
have quality educational options.

*I am IJ.*

*Tony Higgins with his daughter, Chironda  
Milwaukee, Wisconsin*

[www.IJ.org](http://www.IJ.org)

*Institute for Justice  
School choice litigation*