

Liberty

March 1996

Vol. 9, No. 4

\$4.00

Bill & Hillary:
The Road to
the Big House

Washington Witch Doctors

by Stephen Cox

The Search for Ayn Rand

by Lester H. Hunt

Paranoid Fantasies of the Right

by John McCormack

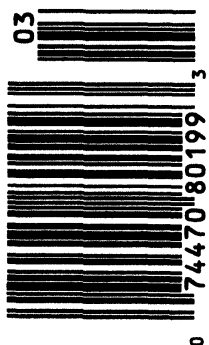
Roger Ebert for President?

by Bill Kauffman

Dying for Fascism in Bosnia

by Bryan Alexander

Also: *Lester Garrett* visits the gas chamber; *R.W. Bradford* goes to bat for Ty Cobb; *Jeff Scott* unravels the Milken conspiracy; *Stanley Wolf* debunks three centuries of school reform . . . plus other Articles, Reviews, and Humor



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Inside Liberty

March 1996
 Volume 9, Number 4

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Letters

Think of It As Extraterrestrials in Action

In "Faith and Freedom" (January 1996), Jane S. Shaw suggests that the speed with which species have appeared cannot be explained by any natural phenomenon, and thus may imply divine intervention in natural history. Let's assume for the moment that there is in fact no good explanation available for periods of rapid appearance of species, or for periods of rapid disappearance. (Mass extinctions are well documented in natural history, and their cause is highly disputed, but for some reason theists don't introduce *these* as evidence of divine intervention.) What conclusions should be drawn?

Whenever we have an unexplained phenomenon, we can simply say, "We don't understand it." Or we can say, "We don't understand it, therefore it must have a supernatural cause." The latter response is characteristic of primitive man; it is the willingness to keep looking for explanations for what we don't yet understand that underlies the spirit of science. Positing supernatural intervention can explain anything, and therefore gives us no knowledge.

Let's go a step further and suppose that scientific investigations exclude, beyond any reasonable doubt, any earthly cause for the appearance of some species or group of species, and requires acceptance of some form of "intelligent design." What would this tell us? Only that some kind of intelligence beyond Earth has been influencing the development of species. This intelligence could be anything; it need only be very powerful by our standards and operate over long periods of time. It would not follow that this intelligence managed the entire universe, much less that it was omniscient and omnipotent. The fact that it worked its interventions only once every several million years would argue that it was far from omnipotent.

Finally, if such an intelligence exists, what implications would that have for how we should act? Shaw appears to think that the hypothetical intervention of some being in Earth's evolution is a reason why people should respect others' liberty. I find this to be a complete non sequitur.

Shaw simply has me puzzled. After

offering an argument of sorts for intelligent design, she states that she is not an adherent of intelligent design theory, although she suspects "that the triumph of intelligent design theory would be the best outcome for our society." Is she suggesting that the best way to advance liberty is to promote both scientific and social fallacies? But she says "truth should out, whatever the consequences." She appears to be trying to keep one foot on reason and the other on wishful thinking. This is a very precarious stance.

Gary McGath
Hooksett, N.H.

God in the Dock

When I read the article "Faith and Freedom" by Jane S. Shaw, my immediate reaction to the sub-heading "Can liberty survive without religion?" was that it should have read "Can liberty survive *despite* religion?"

In the article, faith is taken to be a belief in the unknown, i.e., God. How can the Bible, accepted by most Jews, Protestants, and Catholics as the word of God, be held as a shining example of morality by anyone other than a hypocrite?

According to the Bible, God sanctioned the following atrocities: human sacrifices, killing the Egyptian first-born, slavery, selling one's own children, killing witches, death for heresy, death for violating the sabbath, death for cursing one's parents, death for blasphemy, death for adultery, and death by stoning for unchastity at time of marriage.

There is absolutely no proof that one has to be religious to be moral. In fact, considering the above and such things as the Inquisition, I would suggest just the opposite.

James E. McGeorge
Arroyo Grande, Calif.

Conservative Lessons

Jim Powell's article ("Lessons from Success," January 1996) on conservatism and what libertarians can learn from its success was right on the money. Most people view libertarians as a fringe group that consistently loses the presidential election every four years with an insignificant percentage of the vote. What the conservatives have done is to reach out to expand their base by

fundraising, forming grassroots groups with "powerful emotional appeals," and in short taking advantage of every opportunity — especially new technologies. This is exactly the MO that libertarians should be emulating.

There is a large market out there for libertarian ideas. The growth of the Cato Institute, Laissez Faire Books, and other groups leaves little doubt that there is a great demand, even hunger, for the libertarian message of limited government and personal and economic freedom. There must be a greater outreach to non-libertarians, rather than the all-too-requent preaching to the already converted.

Mr. Powell should be commended for his edifying, enlightening article. My sincere wish is that it serves as a wake-up call to all libertarians: "Learn from your mistakes and always strive to become larger and stronger!"

Jeff Mills
Nutley, N.J.

O.J.'s Free and I'm Glad!

Regarding R.W. Bradford's "O.J.'s Free and I Don't Care" (January 1996): O.J. did not really have a motive to kill Nicole, because he had other girls. He was going out with Paula Barbieri and some other six-foot blonde who made Nicole look like a whore, so why would he kill her in jealousy when he had these women, along with who knows how many others?

The whole problem with the O.J. Simpson case and the whole reason why most prejudiced white Americans like Bradford wanted to see O.J. convicted is because they cannot stand miscegenation. It makes white men insecure because they feel that these white women want black men instead of them. It affects them deep down in their psyches (just like it affected the white men who lynched Emmett Till in Mississippi in 1964).

Mr. Bradford, the bottom line is this: People like you live in a different coun-

Letters Policy

We invite readers to comment on articles that have appeared in the pages of *Liberty*. We reserve the right to edit for length and clarity. All letters are assumed to be intended for publication unless otherwise stated. Succinct, type-written letters are preferred. Please include your phone number so that we can verify your identity.

try from people like me. You live in a dream world where everyone is nice and everything is perfect. I and other blacks live in reality, where people are bigoted and prejudiced, and they use whatever means are at their disposal to get what they want.

Jeffrey Whitlow, M.D.
Monticello, Ky.

The Naughty Naughts

I hate to pop Mr. Steele's bubble ("When Will It All End?," November 1995), but the issue is not as clear-cut as he makes it out to be. B.C. means "before Christ" and A.D. means "in the year of our Lord." So, obviously enough, the new millennium must start exactly 2,000 years after the birth of Jesus. But when was Jesus born? Should we celebrate the new millennium on Christmas Eve of 2000? Well, no, because Jesus was not born on December 25 (that's a modern adjustment). How about on the eve of the winter solstice in the year 2000? After all, one ancient tradition holds that Jesus was born on the solstice — though the early Christians probably made this up so they could celebrate when the Romans were having fun during Saturnalia. Or how about on the eve of Good Friday in 2000? Another ancient tradition holds that Jesus died on the same day of the year on which he was born. Corroborating evidence: the shepherds were tending their flocks by night to watch over the spring newborns — they would never have been out like that in the winter! However, here again the Christians were competing with a Greco-Roman religion, this time that of Mithras (whose birth from a rock was witnessed by shepherds).

No, perhaps Mr. Steele can solve a more pressing problem for us: What shall we call the next decade? The zeros? The Os? I'm hoping for the naughts myself — the "Naughty Naughts" sound highly appealing after the "No-Fun Nineties."

Peter Saint-André
Maplewood, N.J.

Caveat Driver

Did you print John Semmens' "Why Insurers Should License Drivers" (January 1996), just to see how many of your readers would shoot it down? I can't believe you were serious.

He presents us with two plans, the "ballpark plan," with no mandatory insurance (a free market), and the "Disneyland plan," in which insurance companies are forced to assume respon-

sibility for licensing and full liability for those they license. To deal with the problem of a few irresponsible drivers who are too poor to sue, he would make no one responsible but the insurance companies!

He presents what he calls "a rational reason" for driving uninsured, that the risk is relatively low and can be reduced by safe driving. But he neglects the major rational reason for driving uninsured: that one is too poor to afford insurance and doesn't have that many assets at risk. The purpose of insurance

is to cover your own assets, not everyone else's. That by covering your own assets you also are able to compensate others is gravy, not a moral imperative, and certainly not a legal one.

Mandatory insurance makes it illegal to be poor. Our society is built to the scale of the automobile; it is not practical for most people to live without a car, however old, tired, and uninsured. So you can't get compensated if they hit you? Well, you can't get blood out of a turnip, not even a drop at a time. There has to be some compensation for being

Money Talks

Investment Advice — Bonanza or BS?

Do investment advisors really have anything to offer their customers — at least so far as good investment advice is concerned? Is there a science of economic forecasting? Advisors **Harry Browne**, **Douglas Casey**, and **R.W. Bradford** are joined by economist **David Friedman** and professional speculator **Victor Niederhoffer** in this no-holds-barred debate! **Audio: \$5.95. Video: \$19.50.**



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poor. Lord knows there are compensations for being rich enough to be sued.

Mr. Semmens seems to assume throughout the article that the only reason a driver couldn't get licensed by the insurance companies is a poor driving record. I and many of my friends are driving without insurance, license, or registration because of Arizona's requirement to show proof of insurance to register your car. And we're finding out we can do so with near impunity.

We all pay for the roads with our taxes and for our cars with our money. The only reason the state should deny a driver's license is a bad driving record, based first on driving tests, later on the number of accidents and driving infractions. Whether a person insures his or her assets should not enter into the equation. Let the driver beware!

Rycke Brown
Kingman, Ariz.

Wausau Saves?

John Semmens' proposal for automotive insurance reform makes some pretty rash assumptions concerning insurance companies being the saviors of society. After all, they hire lawyers, lots of them, to keep from paying claims; and their lawyers have lobbied hard to structure our present system, which seems to annoy him so much.

For real reform I'd prefer the ballpark model. Semmens' concern over compensation could be eliminated by having people purchase insurance that only covers themselves. Whatever you think you can buy would determine your compensation. The purpose of insurance is to reduce losses, not to provide a windfall when something goes wrong. This attitude would straighten out a lot of drivers' bad habits.

Actually, no one is making you drive. It might be easy or even fun. But it is easy to screw up or get wiped out by someone else's screw-up. It's a relatively free country and you cut your own deal. You can accept this as reality or settle for a society run by groups out to save you from your underinsured self.

Harold Shull
Phoenix, Ariz.

Where the Blame/Praise Lies

The two letters in the January issue that accuse libertarians of fomenting disrespect for the police and destroying confidence in government are undeserved praise. Police and government

continued on page 8

Liberty Live . . .

Intellectual sparks flew in Tacoma at *Liberty's* 1995 Editors' Conference. There, the best individualist minds of our time met to debate the future of liberty and society — and to have a ton of fun in the process.

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Join in the excitement of the 1995 *Liberty* Editors' Conference. With these tapes, you can experience it all year!

The Prospects for FDA Reform: For now, abolition of the FDA may be just a dream. But is there any hope for serious FDA reform? **Robert Higgs** takes a hard look at the prospects for genuine change. A real eye-opener. (Audio: A138; Video: V138)

The Oklahoma City Bombing: Half a year after the bombing in Oklahoma City, the conspiracy theories are flying. But who knows what they're talking about, and who's just a paranoid flake? Explosives expert **Larry Grupp** investigates different theories of how the bombing was done — including the official story — and offers the most believable explanation to date. (Video only: V139)

Going to Extremes: **Wendy McElroy, Pierre Lemieux, David Friedman, Timothy Virkkala & R.W. Bradford.** When people are radicalized, they often embrace suicidal — or even homicidal — strategies. How do libertarians get drawn into martyrdom? How do others get drawn into terrorism? How can radicals avoid being sucked into the system? This tape deals with all these questions and one other: *Is voting immoral?* (Audio: A140; Video: V140)

Revolution: The militia movement is readying itself for a revolution. But is the time really ripe? In this tape, **Pierre Lemieux** asks the questions, "Revolution — if not, why not? And how do you know if it is time?" (Audio: A141; Video: V141)

The Best — and Worst — Places to Invest and Live: Investment advisor **Douglas Casey** is also a world traveler, visiting Third World backwaters and chatting with tinpot dictators from Cuba to Central Asia. In this fascinating talk, he recounts his recent adventures — and tells what valuable wealth-protecting information he learned. (Audio: A142; Video: V142)

Investment Advice: Bonanza or BS? **Harry Browne, Douglas Casey, R.W. Bradford, David Friedman & Victor Niederhoffer.** Do investment advisors really have anything to offer their customers — at least so far as good investment advice is concerned? Is there a science of economic forecasting? A no-holds-barred debate! (Audio: A143; Video: V143)

Camouflage, Deception, and Survival in the World of Investing: **Victor Niederhoffer,** one of the most successful speculators in the nation, offers his model of how markets function. Complex and in-depth. (Audio: A144; Video: V144)

Do Short-Sighted Corporate Decision-Makers Screw the Future? Collectivists claim free markets destroy society and the environment, because companies only think on a quarter-to-quarter basis. Economist **Richard Stroup** takes on this charge. (Audio: A145; Video: V145)

Does Foreign Policy Matter? **R.W. Bradford & Leon Hadar.** Most libertarians focus their energies on domestic issues. Should they pay more attention to the world around them? (Audio: A146; Video: V146)

Share the Excitement!

The Four Political Types: **Fred Smith** points out some nasty roadblocks on the way to freedom — and how libertarians can navigate around them. (Audio: A147; Video: V147)

Is Libertarianism Getting Anywhere? **Harry Browne, Robert Higgs, Pierre Lemieux, Fred Smith & R.W. Bradford.** The case for (and against) libertarian optimism. Are we making any progress? (Audio: A148; Video: V148)

Why Not Hang 'em All? Everyone's talking about crime and punishment, but few ever take an economist's approach — or approach the topic without an unrealistic trust in government. **David Friedman** explains the benefits of apparently inefficient punishment, with a historian's eye for how different societies have dealt with crime issues in the past. (Audio: A149; Video: V149)

Private Law Enforcement in Eighteenth-Century England: Two hundred years ago, prosecution of felons in England was a *private* matter, rather than one for agents of the state. How did this system work? Why did it emerge? What were its advantages — and disadvantages? **David Friedman** holds your attention for all of this fascinating talk. (Audio: A150; Video: V150)

Is Cyberspace Liberspace? **David Friedman, Leon Hadar, Pierre Lemieux & Ross Overbeek.** What impact will the Internet, encryption, virtual reality, electronic money, and other technologies have on the political realm? Is cyberspace leading us toward greater individual freedom? Or is it all cyberhype? (Audio: A151; Video: V151)

What Libertarians Can Learn from Environmentalists: Libertarian **Randal O'Toole** has worked with environmentalists for years, observing the strategies of one of this century's most successful political movements. In this fascinating talk, he applies his insights to the battle for freedom. (Audio: A152; Video: V152)

Can Liberty Survive Without Religion? Are religious institutions necessary for a free society to survive? Has evolution killed religion — and, if so, is there any hope for freedom? **Jane Shaw** addresses these questions and more in this amazing talk. (Audio: A153; Video: V153)

If Government Is So Villainous, Why Don't Government Officials Seem Like Villains? Most government bureaucrats believe in what they're doing. Many are actually nice folks. But their actions lead to suffering, even death, for millions of people. How is this possible? Economist-philosopher **Daniel Klein** offers a compelling explanation — with very interesting implications. (Audio: A154; Video: V154)

Sexual Correctness: A new breed of feminist has declared war on individual liberty, in the process undermining women's autonomy — the very value they claim to uphold. In this information-packed talk, individualist feminist **Wendy McElroy** gives the chilling details of the latest illiberal court precedents and speaks up for the civil liberties of men and women alike. (Audio: A155; Video: V155)

What America Needs — and What Americans Want: The 1994 election showed that Americans are sick of politics-as-usual, but it's clear that the GOP isn't going to deliver on its promises.

Harry Browne explains why the time is right for a Libertarian victory, and lays out his plan for dismantling the federal government. (Audio: A156; Video: V156)

Has Environmentalism Run Its Course? **Fred Smith, Randal O'Toole, Jane Shaw, Rick Stroup & R.W. Bradford.** The honeymoon seems to be over for such green giants as the Sierra Club and the Wilderness Society, with their bloated bureaucracies and statist politics. But what about the environmental movement as a whole? And where do free-market environmentalists fit in? (Audio: A157; Video: V157)

Ayn Rand: The Woman Behind the Myth: **Barbara Branden, John Hospers, Chris Sciabarra & R.W. Bradford.** These incredible tapes include countless priceless moments, along with information unavailable anywhere else. A must for any Rand fan! (Two audios: ARM, \$14.95; Two videos: VRM, \$29.95.)

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Letters, continued from page 6

are wholly responsible for bringing disrespect and lack of confidence upon themselves.

August Salemi
Atascadero, Calif.

The Case for a Progressive Income Tax

After a critical reading of Pierre Lemieux's "Auditing the Income Tax" (September 1995), I must say that liber-

tarians seem better at debating the evils of a coercive welfare state as a whole than analyzing which form of coercive welfare state is preferable. Unfortunately, unless we believe that national governments will one day wake up and embrace classical liberalism — and that the electorate would allow this — we must evaluate the transitory stages needed to progress from where we are to where we want to be.

Most at flaw here is Lemieux's evaluation of the economic cost of progressive taxation. To begin with, he argues that a higher interest rate at the top of the scale would create a work disincentive to those who are bordering on entering a new tax bracket.

The first problem with this is that Mr. Lemieux is assuming that a progressive tax is synonymous with a bracket-based tax system.

But there are other types of progressive taxes that do not fall under this awkward system.

While I do not intend to suggest that I can say what the absolute baseline cost of survival is, I am prepared to say that there is an amount of money that will allow a person to eat nutritiously, live in a place free of vermin, clothe himself, and get to and from work. We will call this amount X. Arbitrarily, I will set X at \$20,000/year. Now, if you begin determining your taxable income at X, rather than at zero, so that anyone making less than \$20,000/year will pay no taxes, while anyone making over that amount will pay a federal income tax of (again, arbitrarily) 10% on all income above \$20,000, you do, in fact, have a progressive tax, since the person making \$25,000/year will be paying 2% income tax and the person making \$100,000/year will, in fact, be paying 8% income tax.

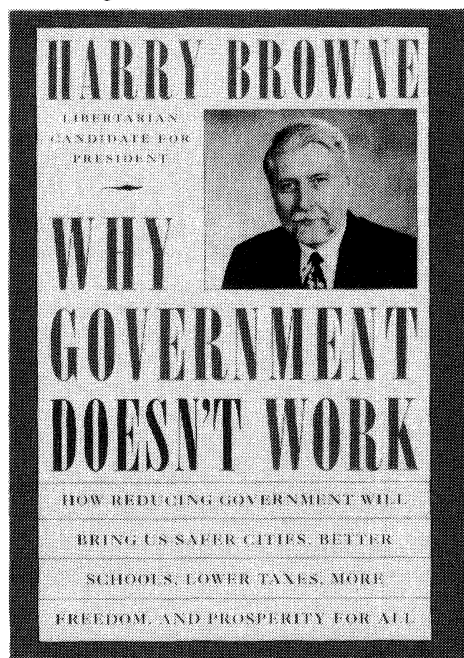
In this case, there would be no discontinuity in the scale — that is to say, no point at which a person will actually bring home less money because he initially earned more. The person who makes \$20,000.10 instead of \$20,000.00 will bring home nine more cents this year; the person who makes \$200,000 instead of \$100,000 will bring home an additional 90 grand. Yet this is a progressive tax.

As for the difference in marginal utility of untaxed income between the rich and the poor, Mr. Lemieux's arguments do not seem to hold together. He uses the anecdotal case of the poor man who spends his newly untaxed income to buy a case of beer and the rich man who uses the same untaxed money to buy "a recording of a Bach harpsichord concerto." The problem here is in attempting to analyze a system that affects millions on the basis of our analysis of two of them.

continued on page 24

Why Government Doesn't Work

by Harry Browne



Always eloquent, always convincing, Harry Browne shows that in every area the state has stuck its snout — welfare, drugs, industry, medicine, you name it — it has only made the situation worse. Only voluntary action, Browne argues, can make this country great again — and that means slashing away at America's overgrown government.

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Reflections

Those ominous parallels — On December 14, 1995, in an Air Force One interview with Peter Jennings, President Clinton contrasted the Bosnia mission with other long-term U.S. force commitments. "This is not West Berlin," the president said. "This is not the 17th parallel in Korea." Of course, the 17th parallel was in Vietnam. Freudian slip. —JSR

Lawyer vs. salesman — The mendacity of Bill and Hillary Rodham Clinton illustrates a sharp contrast of style. Bill is a salesman: he'll say anything he needs to make the sale. First he sells himself on what he is going to say, then he sells his customer. He exudes earnestness, no matter how bogus his words. And, by and large, it works. When Bill says he is mortally offended that Republicans would increase Medicare recipients' monthly premium by \$6.00, ignoring the fact that he himself had advocated exactly the same reform a few months earlier, he is believable. The downside is that his lies are easily exposed. The upside is that few people really care: the obvious force and passion of his sales pitch makes the issue of truth or falsity almost irrelevant.

Hillary's style is completely different. Her technique is the lawyer's. She artfully skates around the subject of the question while trying to give an impression of being forthright, but she always endeavors to avoid saying anything that can be flatly disproved. Her speech is fraught with qualifications, memory lapses, and outright evasions. Consider the following interchange:

Barbara Walters: "Mrs. Clinton, while we are clearing up rumors, you know there is a re-occurring rumor about you and Vince Foster. What was your relationship with him?"

Hillary Rodham Clinton: "Oh, he was one of my dearest friends, Barbara. He was a colleague, he was a partner, he had been a friend of my husband's since they were boys of four or five years of age, and I miss him, I miss him very much. I just wish he could be left in peace because he was a wonderful man to everyone who knew him."

Oh, that should clear up that rumor! Everyone wondered whether Mrs. Clinton and Mr. Foster were friends, whether they were law partners, and whether Mr. Foster had been a childhood friend of her husband. *That* was the rumor about Mrs. Clinton's relationship with Mr. Foster that everyone was curious about. —CAA

I'll take Norman Schwarzkopf to block —

Whatever happened to the Persian Gulf War? You may remember it: it was really big five years ago, and even after it was over, everyone figured its legacy would be with us for decades to come. George Bush would be reelected, the Vietnam Syndrome would be vanquished, and the Only Remaining Superpower would stay super, remaining, and only. Now it's been reduced to a vague memory, a weird blip in the post-Cold War era. People go for days, weeks, months without thinking about it, like a forgotten actor on the has-

been circuit. ("And your celebrity partner today is . . . Operation Desert Storm.")

So you'll have to forgive me if I'm not too excited about Bill Clinton's decision to send American troops to Bosnia. I'm against it, of course. I'll argue against it. If it lasts long enough, I'll write broadsides against it. If my town hosts an antiwar demonstration, I'll march against it. But I won't mistake it for a defining point in my life. Fool me once, shame on you. Fool me twice . . .

The hawk wing of the punditry, so concerned over the course of "genocide" (i.e., ethnic violence) in the Balkans (but not in Sudan, Rwanda, or Azerbaijan), will spend the duration of the mission explaining why it is morally necessary for the U.S. to be involved. When the mission is cut short — and it will be, since we sure as hell aren't going to bring peace to the region and we sure as hell aren't going to stay there *forever* — they will find something else to worry about, and Slobodan Milosevic will join Jamie Farr on *Hollywood Squares*. Such is the way of the world: today's crises are tomorrow's trivia. Politics is the art of pretending otherwise. —JW

Calcutta-on-the-Potomac — Governance in the District of Columbia continues to spiral downward. The city is bankrupt, the mayor is an ex-con, and each month the courts take over another city agency. Latest news: the city has been paying health insurance premiums for years for thousands of former employees. Broken traffic signals are flashing red because the electric company has stopped fixing them — it hasn't been paid for months. Many students don't have textbooks, because \$10,000 per student per year just doesn't go as far as it used to. City workers with city vehicles disrupt a major downtown intersection at rush hour to protest the threat of rational fiscal policies. People in the southwest quadrant are told not to drink the water.

Living here is sort of like visiting the Third World without having to fly on any of those scary little airlines. —DB

Searching for skinheads — In the wake of a recent racially motivated slaying, the U.S. Army has undertaken a search for "skinheads" in the 82nd Airborne Division. Key indicators of skinheadism include: extremely short haircuts or shaved heads; a predilection toward wearing paramilitary clothing (especially boots); knowledge of weapons and hand-to-hand combat methods; and militaristic behavior. That ought to narrow it down. —JSR

Back on the job — In April, Lech Walesa will return to his old job as an electrician in the Gdansk shipyards. This return to his old occupation — and honest work — strikes the editors of *The Wall Street Journal* as amusing. On January 10, they devoted their "A-head" column, which is customarily devoted to a light, comic, or amusing feature, to the plight of Poland's ex-president, noting that the recipient of a Nobel

Prize and an honorary Harvard doctorate would soon be repairing electric motors.

American presidents, of course, are far too puffed up with their own importance to go back to their old line of work. So Ronald Reagan went on a multi-million-dollar public relations tour of Japan, instead of returning to Hollywood. He probably couldn't have found work as an over-the-hill B-movie star, but he might have become a gracefully aging character actor.

And Jimmy Carter became a professional do-gooder, hammering up houses for the poor and traipsing off to Communist countries on "peace" missions, rather than returning to the red dirt fields of Georgia and harvesting a fortune in peanut subsidies from the Department of Agriculture. (In all fairness, Carter does still collect the subsidy; he just doesn't do the farming.)

Lyndon Johnson lived the life of a country gentlemen in Texas, financed by the millions that somehow came his way in a lifetime of public service, rather than returning to his old job, teaching high school history.

Just about the only recent American president who returned to his occupation prior to entering politics was George Bush, who renewed his career as an aging preppy.

Of course, we shouldn't expect all American presidents to return to their old jobs. Gerald Ford, for example, entered politics right out of the Army, and I doubt the armed forces would accept him back, despite his brief rise to commander-in-chief three decades after mustering out.

And it was probably best for Harry Truman to have retired to his home in Independence, Missouri, since he had failed in two careers (farming and haberdashery) before his entry into politics.

And John Kennedy never had a job outside politics, aside from a brief stint in the service that would have been embarrassing had his millionaire daddy not staged a huge public relations campaign that transformed his military boneheadedness into heroism. Had he dodged the nefarious bullet in Dallas, it's hard to say what he'd have done. I suppose he'd have returned to his career as a wealthy playboy.

It wasn't so long ago that American presidents were a bit humbler. James Monroe returned to rural life in Virginia, where he served as a justice of the peace. John Quincy Adams spent the remainder of his life as a member of the House of Representatives, where he served until his death. Even George Washington returned to his plantation in Virginia.

Anyway, I am pleased that Lech Walesa has returned to repairing electric motors. If America were still a republic, Bill Clinton would soon be greeting voters with the phrase, "Fill 'er up, mister?" —RWB

Whose pork is gored — My fellow environmentalists are still up in arms over the timber salvage rider that passed as part of the budget recisions bill. The rider directed the Forest Service and Bureau of Land Management to sell more salvage and exempted such sales from appeals or judicial review.

This was the result of a successful industry campaign about forest health. The forests of the West, said industry lobbyists, are threatened by insects and disease; the solution is good forest management — meaning timber sales.

In fact, much of this is true, or at least half-true. Insect and disease epidemics are indeed on the rise. But this is not because of too much wilderness, as some members of Congress think. It is more likely the result of decades of fire suppression. Moreover, timber sales are not the only tool to deal with the problem. Yet the new law, and the incentives built into the Forest Service's budget, will ensure that timber-cutting will be the main tool used, while little will be done to fix the fire suppression problem.

So long as greens seek prescriptive legislation as a solution to ecological problems, we will see such legislation turned against us. That's what happened with the salvage rider, a prescriptive law pushed through by anti-environmentalists. Good or bad, such legislation doesn't address, let alone solve, the ultimate federal land problem: pork.

—RO'T

Virtue and virtuosity — The rediscovery of Jane Austen is the latest sign that Americans yearn for a return to traditional behavior and values. In Austen's world, people's actions are circumscribed by manners, and emotion and meaning are revealed through behavior that meets (or attempts to meet) accepted standards of propriety.

Austen's books are classics that transcend the interests of any single era, but the revival is part of the phenomenon that sent Bill Bennett's *Book of Virtues* to the top of the bestseller list and that has led to books like Gertrude Himmelfarb's *The Demoralization of Society: From Victorian Virtues to Modern Values* and to calls for the "restoration of civil society."

A lot of people want to restore traditional values. But they may be going about it the wrong way.

One of the themes of David Frum's 1994 book *Dead Right* was that cultural conservatives who are trying to reclaim the culture are avoiding the real issue. That issue is the growth of government. Cultural conservatives who "throw in the towel on issues like Social Security and Medicare and welfare in order to direct their full attention to 'the culture'" are doomed to failure because the welfare state itself is the biggest impediment to those values.

Frum points out that the "bourgeois virtues" — such qualities as thrift, prudence, diligence — do not make up a very "poetic" list (in contrast to heroic virtues such as passion and courage). They are not inherently attractive, yet they are the essence of self-reliance and crucial to a free society, and modern government destroys them. Thrift is unnecessary when the government supports you in your old age; prudence is extraneous when the government rescues you from floods and low crop prices; diligence is unattractive when the government takes half your earnings and gives it to those who aren't diligent and who don't save.

Conservatives are "simply deluding themselves" if they think they can preserve the old virtues under conditions that make those virtues "at best unnecessary and at worst active

Liberty's Editors *Reflect*

CAA	Chester Alan Arthur
DB	David Boaz
RWB	R.W. Bradford
RH	Robert Higgs
RO'T	Randal O'Toole
JSR	James S. Robbins
JSS	Jane S. Shaw
CS	Clark Stooksbury
TWV	Timothy Virkkala
JW	Jesse Walker

nuisances." Conservative intellectuals, he says, should "care a little less about the electoral prospects of the Republican Party" and more about the connection between today's government programs and today's social problems. —JSS

Thatcher in the wry — Reading a right-wing magazine, I came across a full-page ad for *Telling the Truth*, the new book by Culture War maven Lynne V. Cheney. The ad included a puff quote from none other than Margaret Thatcher: "I urge everyone to read this excellent book, and not to be bullied out of their views by the politically correct brigade."

Yes: far better to be bullied away from reading *Spycatcher*, which Thatcher's government banned entirely. Thanks for the tip, Maggie. —JW

It takes a bureaucrat — Hillary Rodham Clinton titled her new book *It Takes a Village*, from the adage "It takes a village to raise a child." *Village* here is a fuzzy feel-good metaphor; her actual thesis is that it takes the federal government to raise a child. How does this square with traditional family values?

When a television interviewer asked Mrs. Clinton why she was calling for "Medicare for children, universal health care for children, federally funded early education (Head Start), and proper day care," Mrs. Clinton responded:

I think we are causing ourselves a lot of problems because we are not doing what it takes to support families, and I mean hold them accountable, hold them responsible. I believe strongly in marriage, I think that divorce should be harder for people with children, I want people to take responsibility for themselves and their kids. But at the same time, I'm out there. I know how hard it is for most Americans right now. They don't have a place to put their child that is safe and good, unless it can be subsidized.

I shall try your patience by pointing out the obvious: that Mrs. Clinton's proposal is precisely the opposite of "holding families accountable, holding them responsible."

In our present system, most children are in government custody only for about seven hours per weekday, and only from the age of five to 17 or so. Their families are responsible for them the rest of the time, and responsible for their health care at virtually all times. And, except for lunch on school days, the family is responsible for their meals.

If Mrs. Clinton's program is enacted, children will be in the custody of the state almost from the day they are born. They will spend most of their waking hours in the control of government day care centers, presumably from the day their mother finishes her maternity leave. They will be put into government schools at an earlier age. Their health care will no longer be the responsibility of their parents, but of government physicians. In short, Mrs. Clinton's program would practically eliminate parents' responsibility for raising a child.

Further, her program would make divorce easier, not more difficult, for people with children. Many people who would like to get out of their marriage have an abiding affection for their children, and are aware that divorce would be traumatic for their kids, if not downright destructive. Some of these people who would otherwise divorce will choose to stay married "for the kids' sake." Others will stay married because they know raising children by themselves would be an extremely

difficult task.

But under Mrs. Clinton's proposal, the rearing of children by divorced parents would be made much more convenient, and parents would find it much easier to rationalize breaking up: "The kids will still get the same medical care, and already they're at daycare or school all day anyway..." Whether the economic and emotional incentives to keep a marriage with children intact are an altogether good thing is debatable, but the effect of those incentives is not. And it is clear that Mrs. Clinton's proposal to have the government take much greater responsibility for child-rearing will reduce those incentives.

I am reminded of an experience I had while I was editor of my college newspaper. The charter of the newspaper guaranteed freedom of the press and prohibited censorship by the university's bureaucracy. It also gave the university's bureaucracy the right to kill articles and fire the editor.

I pointed this out to the president of the college. He referred me to the author of the policy, a college vice president, who defended the contradictory document with double talk. Finally I realized the truth: the administration wanted to retain control of the newspaper, but it also wanted to support the freedom of the press. Like Mrs. Clinton, it simply asserted the contradiction.

That college vice president, by the way, went on to become an advisor to the president of the United States and eventually head of the Resolution Trust Corporation. —RWB

Balancing act — Caught up in the blow-by-blow accounts of the budget battle in Washington, some observers may suppose that something of historic importance is happening. It isn't. We've gone down that road before, and there's nothing at the end of it.

Remember the Congressional Budget and Impoundment Control Act of 1974? That was going to make the budget process rational and orderly and timely. Ha, ha.

The Gramm-Rudman-Hollings law, enacted in 1985, made the achievement of a balanced budget in 1991 an unavoidable legislative requirement. Hee, hee. In quick succession came Gramm-Rudman II and the budget deal of 1990. Har, har.

Now the president and Congress agree that the budget



IN THE FUTURE I SEE ALL OF
AMERICA... LAUGHING AT US.

will be balanced in 2002. Anyone who believes this will actually happen should lie down until his head stops swimming.

Even if both sides were genuinely knowledgeable about the economy's future performance, which they cannot possibly be, and serious about their budgetary commitments, which one may well doubt, the current Congress cannot bind any future one. Any deal cut now can, and almost certainly will, be overturned by future deals. —RH

The need for speed — As a classical liberal, fan of fast cars, and Montana maven, I reacted to the abolition of speed limits in Big Sky Country like it was a manifestation of a personal holy trinity. The vision of highway workers hacking down speed limit signs almost brought tears of joy to my eyes. I only learned later that the speed limit was not truly abolished, but was replaced with the "reasonable and prudent" standard.

The immediate question is, reasonable and prudent to whom? The answer: to the police in the area. Thus the objective speed limit has been replaced with a subjective judgment by law enforcement officials.

The problem, of course, is that drivers will assume that reasonable and prudent refers to *their* judgment (which, in fact, it should). Police officers already have wide latitude in defining what is a criminal act (e.g., what constitutes "disorderly conduct") because human action doesn't always fall into neat categories. But when an objective measure exists, such as measured speed, it ought to be used. Under the new law, a person might be pulled over for speeding when he or she never intended to break any law, and in fact believed that he or she was obeying it. This places the individual in a poor position vis-à-vis the state. Thus, much as I hate to say it, Montana ought to adopt a speed limit — say, 90 or 100 mph — so that drivers will know what is permissible and what is not. Either that or go to a true no-upper-limit regime like the Autobahn and only pull over the real reckless drivers: the people who don't observe the *minimum* speed. —JSR

Constitutionally ignorant — The other day, someone on a sports talk show asked basketball great Kareem Abdul Jabbar what the biggest difference was between players today and players back when he played. "In my day," he replied, "players could read their contracts and sign their names."

As I listen to public discussion of the budget crisis, I feel a little bit like Kareem. Media coverage is dominated by the suggestion that recalcitrant Republicans are determined to foment some kind of "constitutional crisis" by refusing to authorize the spending demanded by the president. I have even heard suggestions that Newt Gingrich is acting in defiance of the U.S. Constitution.

Well, back when I went to school, kids actually read the Constitution, and I for one remember what I read, including this part of Article I: "All bills for raising revenue shall originate in the House of Representatives; but the Senate may propose or concur with amendments as on other bills. . . . No money shall be drawn from the Treasury, but in consequence of appropriations made by law." During the past century, there has been a growing trend to give the president more power, and gradually the custom has been for him to provide Congress with a budget and for Congress to enact it.

Supporters of the president in the House of Representatives customarily go through the motions of introducing the president's budget, so the practice is within the letter of the law, though not its spirit.

What is amazing to me is that when the House attempts to follow the practice spelled out in the Constitution, it is attacked as a *destroyer* of the Constitution. When Rep. Bill Archer suggested that perhaps it was illegal when the administration spent some \$75 billion or so that hadn't been appropriated by Congress, Secretary of the Treasury Rubin self-righteously responded that the law "requires" him to do so. And no one pointed out the absurdity of the claim that the law "requires" violating the Constitution. So far as I know, no one has even pointed out that the Constitution puts the power of raising and spending money firmly in the hands of Congress, and specifies that the House originate any measure "raising revenue." —RWB

Bill o' wrongs — For years I have considered myself a big fan of the first ten amendments to the Constitution, but I am beginning to wonder if we get much more than pious good feelings from the Bill of Rights.

The First Amendment, for example, is the most hallowed and venerated part of the Constitution. Americans spend a lot of time congratulating themselves for their tolerance of different views. But aside from the right to read *Screw*, has the First Amendment been of much use? I don't think so. At almost every critical juncture of American history, the First has failed. President Lincoln shut down newspapers he didn't like; Wilson jailed war opponents; the FBI harassed Vietnam-era dissidents.

Today, the press and the people are so supine that such extreme measures are superfluous. Politicians spoon-feed propaganda to the public, and the public eagerly laps it up. Our hard-hitting press, harshly condemned by conservative critics as "unpatriotic," treated the Gulf War as a long press conference and snorted up every line the Bush-Baker-Powell-Schwarzkopf mob offered. The gassing of the Davidian compound was received in the same fashion. In times of war and emergency, the great majority of people hear only the government's view — and that's the way most of them seem to want it.

I don't want to abolish the Bill of Rights — that would be crazy. But mere procedural protections can do little for a people that does not wish to be free. —CS

Pogs for peace! — I was changing the station on my TV one night and, for some unexplained reason, stopped on one of those shopping channels. I have never bought anything off those stations, but this TV didn't have any way to block out unwanted channels. A woman and a man were promoting a "limited-edition" series of 60 pogs ("collectible" bottle caps, more or less) with plastic sheets and a binder. The guy was from the World Pog Federation. I can't remember their exact words but, while the woman turned the pages, they couldn't stop talking about what wonderful things pogs are. They said things like: "Pogs promote social skills." "They give kids something to do." "They learn how to play together, how to get along."

Then I lifted my head and dreamed of a new world order. "Let's take a billion pogs to Bosnia!" I shouted. "Then they'll

learn how to get along!" A billion pogs for Israel and the Middle East! A billion pogs for Northern Ireland! A billion for Rwanda! Who needs the United Nations when we have the World Pog Federation? —*Guest reflection by Chris Baker*

Street smarts — John Semmens' otherwise thoughtful article ("Why Insurers Should License Drivers," January 1996) contains an oversight. Semmens never questions whether roads ought to be owned by the state.

If the roads were privatized, licenses, insurance, even air pollution would be problems for the roads' owners. Semmens could hire out to them to help them decide whether to use the Disneyland or ballpark model, but it wouldn't be any concern of ours.

Sell the streets!

—RO'T

Forbes' media critics — The best argument other Republicans can devise against Steve Forbes is that he's rich, and was born that way. Indeed, to judge from the Iowa presidential debate of January 6, that's their only argument. All alone, with nothing but the logic of his position to defend himself, Mr. Forbes emerged pretty much unscathed.

Meanwhile, the media, which failed to anticipate Mr. Forbes' rise, insist on explaining his success only in the same terms: they argue he has bought his number two position in the Republican race. This theory flies in the face of history — lots of campaigns have spent the kind of money Mr. Forbes has without going anywhere. And it also fails to explain why the pundits failed to anticipate Forbes' rise. After all, he was just as rich back in October when he announced his candidacy as he is today. Richer, actually, in that he has spent about 6% of his fortune on his campaign already, and plans to spend another 6%.

The appeal of Steve Forbes comes from two factors, both evident back when he announced his candidacy in October, and both of which I noted when I predicted his emergence in the November *Liberty*:

(1) He wants to cut taxes significantly and to simplify the tax code in a radical manner. Under Forbes proposal, not only would taxes be much lower, but the tax system would no longer be used for social engineering. (2) Forbes is not a right-wing nut on so-called "family" issues; i.e., he is a moderate on abortion. He opposes both re-criminalization and government subsidy of abortion. In this

he shares the views of most Americans and most Republicans, though perhaps not the views of most Republican activists.

If anyone can stop Bob Dole from capturing the Republican nomination and stopping the 1994 "revolution," it is Steve Forbes. Personally, I think the odds are against him. But when the Republican caucuses are held in my state, I shall attend, and cast my ballot for Forbes. Still, I expect to cast my November ballot for Harry Browne, refusing to choose between Bill Clinton and Bob Dole.

—CAA

Labels and libels — The final clause of the Fifth Amendment to the Constitution declares, "nor shall private property be taken for public use, without just compensation." In the past, only full-scale legal expropriation counted as a "taking," but in recent years, in great part as a result of the work of Richard Epstein, a movement has emerged that argues that when a government regulation radically diminishes a property's value, this is tantamount to a "taking." Since much government interference in people's lives takes the form of control rather than outright confiscation, this reinterpretation is highly desirable — or so it seems to those of us who like the ideas behind the original Constitution.

To the enemies of limited government, however, this new movement can only be seen as sinister. Which is why the movement is usually characterized as "conservative," "reactionary," or "right-wing" by so-called "liberals." This labelling game is often as annoying as their arguments.

For one thing, it is just as appropriate to call the property rights revival "liberal" as "conservative." It is liberal in that it prevents uncompensated government control of private property, as in the fascist systems of inter-war Germany and Italy. (For liberals, the f-word in politics is "fascism.") It is liberal in that it supports civil liberties, and prevents discrimination against property owners. It is liberal because it treats the little guy fairly — in an important sense, as an equal to the government.

Of course, the reinterpretation is also conservative, because it supports private property without wholly remaking the world as we know it — it would tend to grandfather in all current zoning and other regulations and restraints.

This last point is particularly interesting. Last November in



How Old Is Bob Dole?

BY ALLEN HYDER

How old is Bob Dole? No one knows.
I saw him campaign when a kid
When I was wearing still short clothes
And so my father's father did;
The oldest guys around the gas pump
As kids, heard Bob Dole on the stump.

How old is Bob Dole? Ask the stars
That glisten in the hair of night
When day has drawn her golden bars
To shut the sunbeams from our sight;
The stars were present at his birth —
Were first to welcome him to Earth.

Washington State (where I live), the legislators referred back to the voters a property rights law that incorporated this new interpretation of takings. What amazed me most about the public debate was how the "conserving" character of the referendum was never mentioned by its opponents.

It wasn't enough for them that all the current legislation would remain firmly in place. They demanded, quite literally, that governments be able, at minimal cost, to re-regulate, re-zone, and add yet more property regulations. The very idea of any limit on government power alarmed them.

Which shows that the most ardent proponents of the American Regulatory State are neither liberal nor conservative, but authoritarian to the bone. —TWV

Memoir of an unsuccessful lobbyist —

Several months ago, I sent ten congressmen an idea for legislation. Not one was willing to introduce it. In fact, none even replied to my letter.

What was this unthinkable proposal that provoked such stony silence from our rulers? I suggested that everyone applying for government grants and subsidies simply be asked to sign a Declaration of Gratitude: "I realize that the payments I am about to receive represent the labor and savings of American taxpayers, and I am grateful for the sacrifice they are making on my behalf."

The idea is that once people have to admit they're depending on taxpayers, some will feel uneasy or guilty, and won't apply for the subsidy. Hence spending would go down. The food stamp recipient grousing about businessmen who rip off the government would be too proud to sign, and the businessman on SBA loans who disparages food stamp recipients would be in the same boat. Social Security recipients would realize that in signing they give up their moral right to criticize government spending. Self-righteous painters with NEA grants would be exposed to the fiscal facts of life.

Why did the legislators object to the proposal? I don't know, but I surmise that some probably resisted out of willful fiscal ignorance. They don't want to face the fact that government gets its money only by inflicting pain and suffering

on its people. To them, government funds bubble up from a deep pool at Washington's 11th Street and Constitution Avenue, and the building called Internal Revenue Service has been placed over this artesian money source simply to keep leaves and dust out.

If we *do* agree that government funds do come from the taxpayers, what's wrong with recognizing their efforts? When someone holds the door open for us, we say "thank you." Why not do the same when given money?

It's true that beneficiaries of spending programs are also taxpayers, but why should this change anything? Having held a door open for someone else doesn't relieve you of the obligation to show gratitude when the favor is returned. The relation between paying taxes and getting subsidies is not a contractual one, with the exact *quid pro quo* spelled out beforehand. It is, at best, an approximate system of mutual aid, like exchanging help with neighbors. When you borrow your friend's lawn-mower, you don't refuse to say thank you on the grounds that he borrowed your ladder last month. Expressing gratitude is the socially constructive way to act.

If the Declaration of Gratitude is both factually correct and morally sound, why won't congressmen consider it? Why is the entire country so reluctant to acknowledge the simple truth that our government payments represent the sacrifices of our neighbors? —Guest reflection by James L. Payne

A cheery note — Just as I was falling for the zillionth time into despair over the political outlook, I came upon an uplifting headline: "Americans more fed up than ever, pollsters say."

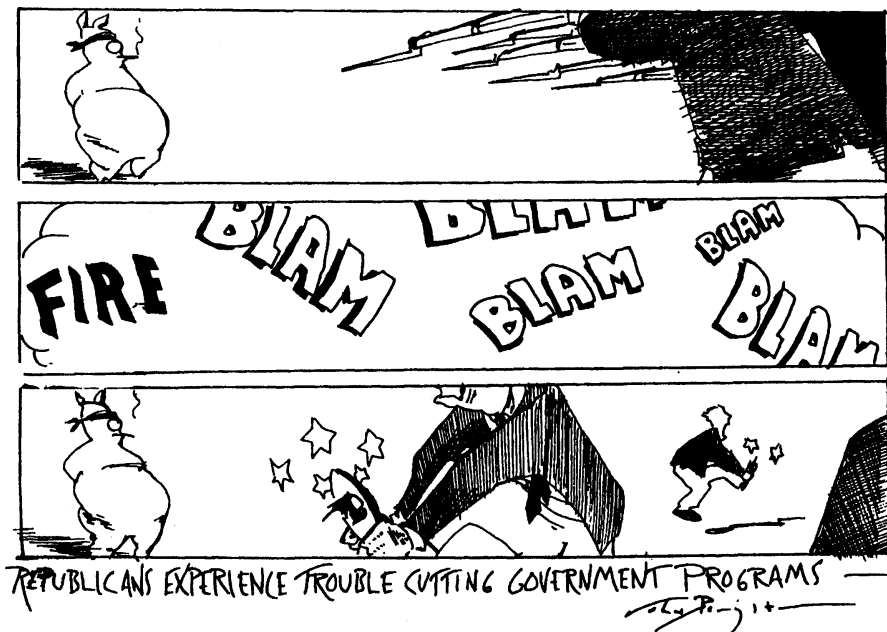
Pollsters have been surveying attitudes toward government for decades, and the latest surveys show that alienation has reached an all-time high. In 1966, a Harris poll found that 29% of the respondents, most of them youths or members of ethnic minority groups, felt alienated from government. Lately, the proportion reaches about two-thirds.

In 1972, a Harris poll found that 46% of respondents agreed with the statement, "The people running the country don't really care what happens to you." In 1994, 63% agreed. I presume that the remaining 37% were under the influence of some pretty bad drugs.

What the journalists insist on calling "cynicism," I perceive as more like realism. Can it be that people are finally waking up?

Anyone who has traveled abroad must have been struck by the extent to which Americans, far more than most other people, have tended to exhibit a mindless loyalty to their government. No matter how tyrannical the government became, Americans kept stumbling along like zombies, reciting, "It's a free country, ain't it?"

Budget impasses, legislative gridlock, the venial and mortal sins of members of Congress — whatever makes the citizenry more "cynical" about our rulers bodes well for some long-overdue resistance to the tyranny dished out by our blessed functionaries. —RH



Field Report

All in the Tribe

by Stephen Cox

Can't figure out the bickering over the budget? Consult a witch doctor.

In mid-November, when the balanced-budget war between the president and Congress was getting hot, Rush Limbaugh revealed to his audience one of those strange and annoying "contradictions" that opinion polls are always turning up. A majority of Americans, or so it appeared, supported a balanced budget; but a majority of Americans also resented any specific proposals to balance it. They wanted no cuts in "Social Security," no cuts in "Medicare," no cuts in "defense," no cuts in — whatever.

At this news, Rush's audience turned ugly. Caller after caller denounced, not just President Clinton, but the American people, who were immoral, irresponsible, hypocritical, and every other bad thing you could think of. Rush tried to quell the antipopulist frenzy, but at last even he got worn down, ending the afternoon with fainter and fainter references to the people's temporary confusion, the possibility that they would gradually come to their senses, the continued need to fight the good fight, and so forth.

None of his callers seemed convinced. It just didn't make sense to them. How can the American people want something and not want it at the same time, without being, well, nothing but a bunch of hypocrites? And the callers clearly had reason on their side — at least in their analysis of other people's political and moral behavior. The polls did imply that people wanted to get certain political goods without paying for them or tak-

ing the responsibility of thinking about what that might mean.

But Rush's callers were not so good at analyzing a field of behavior that is related to, but not the same as, politics, a field that is more appropriately studied by the amateur anthropologist than by the amateur moralist or policy wonk.

I refer to the behavior of the tribe.

A tribe is a group of people held together not just by common descent or location but by shared conceptions of a common identity, conceptions represented in symbols and realized in symbolic action.

Notice that these are immaterial and often wholly impractical considerations. Think of the difference between watching football and being a fan of some particular football team. One might understand the game perfectly, one might enjoy it keenly, one might even make profitable bets on it, but one might still stop short of being a fan. Being a fan of the Buffalo Bills does not imply that one has any practical interest in the fate of Buffalo, N.Y., or any clear idea of where Buffalo, N.Y., happens to be — much less any clear idea of who Buffalo Bill was or what buffaloes have to do with

any of the above. A fan is someone who wears a buffalo on his cap. Wearing it is his form of symbolic identification with other fans.

To be a fan, one does not have to believe or think about much of anything. One does not have to weigh the evidence and decide that Buffalo has an excellent team and should therefore be especially interesting to watch this Sunday. A fan *hopes* that his team will be good this year, but he will watch it play, no matter what, and he will yell at the television set, as if it could answer him. He knows, by the way, that it will not answer. He is not crazy; he is simply expressing his tribal identity in symbolic action.

Now, let us apply this little anthropological analogy to the problem of America's allegedly hypocritical populace. What are the political insignia of the American tribe? For the past two generations or so the insignia have included Social Security (an established government program), Medicare (an established government program), a strong military (an established government program), and a balanced budget (a pious wish). These are all artifacts of America, symbols of American power

and good will. Anyone who favors these things is a fan of America. We are *for* these things, because we are *for* our team; and who knows, perhaps it will win. In any event, we are *for* it. We are *for* it *all*.

Tribal identity is not an especially rational and not an entirely static thing. There are tribes that began as hunters and gatherers and had unto themselves the gods of hunters and gatherers. When they became agricultural, they made for themselves other gods, without entirely discarding the old ones. To determine which gods are worshiped at the moment, and how they are worshiped, an anthropologist needs to rely on something more than abstract reasoning about what arguments should impel the tribe to maximize its religious utilities. Instead, the anthropologist will consult the experts who are in charge of manipulating the symbols of the tribe. He will consult the witch doctors. These are the people who select the symbols that hold the tribe to its identity. Their interest in the matter is very strong. If they exalt the right symbols, they will be able to maintain their own exalted social role.

On January 3, I consulted some of the most experienced witch doctors in America. I observed a ritual press conference of the Democratic Party leadership.

The topic was the various un-American things that Republican congressmen were doing. The chief complaint was that the Republicans had shut down "the government," pending President Clinton's agreement to a balanced budget plan. Subsidiary complaints involved the delayed paychecks of federal employees and the imminent starvation of "senior citizens who can't get Meals on Wheels."

A political analyst might immediately decide — and would be right in deciding — that all of this consisted of so many promises of material benefits to be given in exchange for votes. People who bank on government were being told to exert their influence in behalf of the Democratic Party. No anthropological insight was necessary to penetrate this political stratagem. But without anthropological insight, the Democratic leadership would be

unable to mobilize the majority of Americans who do not get Meals on Wheels or receive a federal paycheck — the majority of Americans who, in fact, would probably be happy to donate a few bucks a year for Meals on Wheels if they had any bucks to spare after the government employees get through with them.

To mobilize this majority, a display of pure symbolism was offered. A symbolic history was created, and along with it symbolic enemies and a symbolic drama of suffering and salvation.

Speaking of the Republican-inspired budget "crisis," Rep. Richard Gephardt (D-Mo.), minority leader of the House, contended that "for the first time in American history" millions of



people were "being held hostage by extremists." It is pointless to seek any historical reality that might lie behind this historical myth.

Of course, you could try arguing about it. You could try recalling, to cite one obvious example, the millions of blacks who were once held in slavery by people whose conduct might be considered, by modern standards, somewhat extreme. You could try speculating that American politics was "held hostage" by such "extremists" throughout the first half of the nineteenth century, that the crises of 1850 and 1860-1865 were a good deal more serious than the supposed crisis of 1996, and so forth. But you would be missing Gephardt's point, which was to invite the worship of a tribal god

("American history") and the reviling of a tribal devil ("extremism").

And what, may we ask, is "extremism," in this particular era of the life of our tribe? Extremists, Rep. Gephardt declared, are people who believe that "government is the enemy."

By this he meant the freshman Republicans, who had just rejected Senator Dole's advice that "enough is enough" and it's time to compromise with the Democrats. Gephardt lauded Dole for saying that. A good witch doctor always extends professional courtesy to another, and witch doctors are by no means confined to the Democratic Party. But Gephardt's insight went beyond the divination of good and evil spirits. It involved the power of symbols that are self-reflexive and circular. What the extremists failed to understand, he said, was that in America "the government" is "us"; for *this* reason, he implied, anyone who opposes "the government," even for a week or a month, is not one of "us" and should have nothing to say about anything that *we* do.

We are the Church and the Church is us, and apart from the Church, what would we be? "He that gathereth not with me, scattereth."

The equation of "government" and "us" has no literal meaning; it is entirely symbolic, and it is symbolic not of any political mechanism by which power is wielded but of a saving state of identification between oneself and all the other good adherents of the team. "WE are FAM-I-LY!": so goes the old disco song, often sung in athletic stadiums.

It was the deployment of this kind of symbolism that frightened the Republicans into relenting on January 5 and "reopening the government." The voters — who, after all, had little evidence, given the records of both political parties, to believe that politics is anything more than a game — were telling pollsters that they were slightly more impressed by the war cries of the Democrats than by those of the Republicans. The Republicans got scared and left the field, leaving their opponents to crow about their supposed superiority as a governing party.

In fact, the Democrats were simply playing a game of psychic intimidation, relying on the immense pile of

statist symbolism that the American tribe has inherited from the past few generations of welfare liberalism. Americans have long been taught to regard the welfare state as Rep. Gephardt evidently wishes to regard it, as a divine entity in which everyone mystically participates. (People like Thoreau may have had trouble believing that the government is "us," but he was sort of an oddball, wasn't he?)

Since this image of the state, moreover, is nothing but symbolism, it is highly susceptible to manipulation. Images can easily be revised to agree with contemporary fashions. Times being what they are, government's symbolic image is no longer that of a benignly distant figure ("General Washington") or even that of a demanding patriarch ("Uncle Sam Wants You!"). It has been altered to that of the kindly and succoring aunt ("Meals on Wheels") — a busy-body, perhaps, but she means well; and we couldn't really do without her. This is the Age of Caring, and caring is naturally associated with images of domesticity.

Such images were very cleverly manipulated by that old smoothie of the *New York Times*, Russell Baker, in his column of January 6. Baker's ruling metaphor for the budget crisis was that of conflict within a family, the kind of family whose existence is imperilled by

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the childish or insane behavior of certain members (you know who). Baker was troubled by the lack of kindness that the Republican "radicals" had shown to their sweet old uncle, Senator Dole, whose attempt at compromise with Clinton they had rudely rebuffed.

Dole had, of course, acted in accordance with the mores of the tribe, as currently defined: "He is a government man, trained by years of Washington experience in the art of making government work." His Republican adversaries were distinguished by their gross

impiety to the household gods: "The Gingrich people . . . profess to loathe government, and most probably mean it."

You can imagine how trying such a religious conflict can be for a family. Uncle Bob had been "repudiated and embarrassed," "cavalierly abused by his own people." "Play[ing] cut-throat in the budget quarrel," they came "out to get" poor Senator Dole. The whole thing was a blot on the history of the tribe. The Republican radicals, Baker declared with the priestly smugness of the *Times* at its best,

believe their demand for a balanced budget in seven years makes them champions of a principle too high to allow for compromise. Most things in American life, of course, are the result of compromise — even including the location of Washington, D.C., and the structure of the Congress itself.

Still, zealous devotion to principle is the American style this year. See the right-to-life and "militia" movements. The rule of governing used to be, "Half a loaf is better than none." No more. Now it is, "I want the whole loaf, and I want it now. . . ."

During the great government "shut-down," the ineffable CNN Headline News broadcast incessant "interviews" with "American citizens" — usually government employees — who explained the event with references to Congress' "childish" refusal to compromise. But it took a genius like Russell Baker to surround this domestic bad conduct with an appropriately mythologized history.

His performance was masterly. Note his juxtaposition of airy generality ("most things in American life") and arcane specificity ("the location of Washington, D.C."), all sanctified by that confident "of course." Obviously, everyone who understands American history understands the importance of compromise; if you don't understand it, you're not an authentically concerned American but a mere disrupter of the tribe. Maybe you're a militia member! Maybe you're about to throw a bomb! Maybe you oppose abortion!

If you feel like quibbling about this, Baker just hasn't the time for you. You might be tempted to ask, If compromise is the virtue of our tribe, why did

we put Abraham Lincoln, rather than James Buchanan, on the five-dollar bill? But by the time you have the sense to bring this up, Baker has depicted you as a squalling little brat who is trying to snatch that other half-a-loaf from the rest of your presumably hungry family.

Yet for the boldest experiment in the renovation and domestication of tribal symbolism, one must return to January 3 and the remarks of Tom Daschle (D-S.D.), minority leader of

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the Senate. Like his colleague, Rep. Gephardt, Daschle knows that the most powerful images are often those that unite seeming oppositions. Gephardt declared the mystery of the perfect union of government and people; Daschle decreed that the government is victim as well as savior. He did not just mention the multitudes who look up daily to their government for life and health; he invoked the sufferings of the poor government itself. He invoked the pain of those hundreds of thousands of federal employees "whose lives have been shaken" by the cruelty of Congress.

Again, the factual referent of such symbolism would be far to seek. The paychecks of federal employees had been slightly delayed; many of these employees had also suffered from a free vacation. So what? But the effect of Daschle's poetic remarks was the symbolic identification of government — every atom and speck of government — with the life-tremors of our tribe in the intimacy of its domestic moments. We all know what it means when our lives are *shaken*: we get a divorce, we lose a friend, we lose a job, we try to save ourselves from some horrible addiction, we learn that we have contracted cancer. Just so, according to Senator Daschle's imagery, is it with government. Government is people, people like us, people whose *lives* have been

shaken. We must save its life, as we would save our own.

At some distance behind such words we can discover the familiar symbols of Christianity: the Good Samaritan, salvation through sacrifice, the sufferings of the wounded healer. One remembers Clinton's decision to call his political program "the New Covenant." The old religion remains — at just the right distance for subliminal exploitation. That distance can be measured by the degree to which Americans have left formal and doctrinal religion and identified themselves with a government that has assumed many quasi-religious functions.

It's well worth noting that wherever formal and doctrinal religion has roused itself, it has struggled to reclaim its old insignia from government, to reclaim the charities, schools, and moral responsibilities that used to be the peculiar possessions of the church. That is why proponents of big government always invoke the spectre of "the religious Right" when they need some symbols of diablerie.

But now we are in the realm of competing treatments of symbolism. The difference between twentieth-century Americans and some primitive tribe is that a complex society has many possible ways of expressing its identity. The welfare liberals' incessant invocation of the American "family" is a directly competitive response to the religious conservatives' invocation of "family values" as the characteristic expression of the tribe.

The welfare liberals' other main competition comes from the rationalists, the people who are unimpressed by any but a practical and literal approach to politics. The rationalists are demystifiers. Their strategy is to reveal the emptiness of all mere symbols of the state. The rationalists have demonstrated, with miles of statistics, with a real knowledge of history, and with perfect truth, that "we" are not the government, that government isn't our kindly relative, that government, in fact, doesn't give a damn about much of anything but its self-perpetuation, and that the welfare of the nation is largely the product of individuals' ability to keep themselves out of the clutches of government.

These tactics have had some effect, at least in increasing the self-confidence of the rationalists themselves. The problem is that the rationalists usually cast themselves as mere watchers of the game, disdainful of the fans and their peculiar folkways. In fact, these rationalists (or I should say *we* rationalists, since virtually all libertarians are like this) would probably be happy enough just to call the game off. Why fuss around with "symbols" and "identities," when you can simply demonstrate that Social Security is a disaster and that if we want to make some progress we should start phasing

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it out, no matter what most of the old people think?

This approach has gotten us no closer to ending Social Security.

Perhaps it is time for a more anthropologically-friendly approach. I am not calling for us to become our own witch doctors. We don't have the experience or the cunning to do that; and besides, as Mr. Nixon once remarked, "That would be wrong." What is most necessary is for us to link our own political positions with the hitherto misused symbols of American identity.

Begin with a list of the adjectives that Americans like to apply to themselves as a nation: powerful, efficient, healthy, caring, responsible. Think about the ways in which every political proposal you advance could associate itself with that composite image of the tribe, and give that image the substantial relevance to good politics that the witch doctors would deny it.

If you're talking about Social Security, make sure that people know the facts — how much it costs, how little they are likely to get from it, how much it hurts the economy. But make sure to insist on how much wealthier, how much more independent and secure our parents and grandparents

would be if they had the power to invest 15% of their income privately. If you're arguing against the state's continual military interventions in the affairs of other countries, don't just review the statistics about how much these expeditions cost, or scoff at the idea that America constantly needs to demonstrate its "leadership." Dwell on the traditional image of America as a country that exerts moral leadership by exhibiting self-restraint. (You might recall how the founding fathers viewed such matters.) If somebody advocates gun control as a way of preventing the deaths of thousands of innocent people, don't just denounce politicians for using wildly erroneous statistics on this subject to make themselves seem "caring." Show that you care about the poor and elderly people whose guns give them protection that police forces cannot or will not supply.

And for God's sake, when somebody makes an inane remark about democratic rights in the economy, don't immediately quote H.L. Mencken to the effect that democracy is the theory that the people know what they want and deserve to get it good and hard. Nothing against Mencken, but you'll get farther if you talk about how wonderful it would be if we all had the power to make our own economic decisions, without interference from the government.

You see what I mean; you can think of your own examples.

Years ago, I asked my friend Bill Bradford what he thought of the "tribal rock musical" *Hair*, and he said, "I don't know; I guess I'm just not tribal." That's pretty much the way that I feel, too. Libertarians are not a particularly tribal folk. (Come to think of it, though, a lot of us do get an irrational thrill when the local Libertarian candidate for Congress receives 6% of the vote. That may not mean much in strictly political terms, but *it's still our team.*) However that may be, it is not always a concession to collectivism to speak the tribal language. T.S. Eliot writes about the need

To purify the dialect of the tribe
And urge the mind to aftersight and foresight.

You can't purify the dialect if you can't see the point in using it. □

Polygraphy

The Road to the Big House

by Chester Alan Arthur

There's no business like snow business. And the White House knows how to produce a snow job when it needs to.

On April 6, 1994, Hillary Rodham Clinton responded to questions from the General Accounting Office about her role in firing the White House travel staff in early 1993 and replacing it with one consisting of relatives and political cronies. She had her attorney W. Neil Eggleston

respond in these words: "Mrs. Clinton did not direct any action to be taken with regard to the Travel Office. Mrs. Clinton does not know the origins of the decision to remove the White House Travel Office employees. She believes that the decision to terminate the employees would have been made by Mr. Watkins with the approval of Mr. McLarty. Mrs. Clinton was aware that Mr. Watkins was undertaking a review of the situation in the travel office, but she had no role in the decision to terminate the employees."

Virtually every word of that response was a lie, according to evidence the White House reluctantly released on January 3 to a House Committee investigating the matter. The same David Watkins whom Mrs. Clinton had claimed made the decision entirely by himself with no direction from her, wrote a memo to Clinton Chief of Staff Mack McLarty, explaining that he fired the staff at "the First Lady's . . . insistence that that the situation be resolved by replacing the Travel Office staff." Furthermore, Watkins added, he had made this decision out of fear of losing his job: "If I thought I could have resisted those pressures, undertake more considered action, and remained in the White House, I cer-

tainly would have done so." The memo, designed to "set the record straight" (i.e., protect Watkins from prosecution), included a frank admission that he had "been as protective and vague as possible" in dealing with investigators.

Further evidence that Mrs. Clinton had lied came out a week later, with the release of a 1993 note written by White House aide Lorraine Volz: "Susan Thomases went to David and Mac [McLarty]. Hillary wants these people fired. Mac wouldn't do it. DW [David Watkins] didn't want to do it." When asked about these notes, Lorraine Volz told *ABC News* that she "doesn't remember these notes exactly . . . but she cautioned that she was speaking to a reporter at the time, and these could be notes she was taking from that reporter." Right. She was being interviewed by a reporter, but she was taking notes on what the reporter said.

Mrs. Clinton responded to this new flurry of evidence by reiterating her story in what Ted Koppel called an "over-lawyerly" fashion:

Well, I think what is fair to say is that I did voice concern about the financial mismanagement that was

discovered when the president arrived here. In the White House travel office. I think that everyone who knew about it was quite concerned and wanted it taken care of. But I did not make the decisions. I did not direct anybody to make the decisions. But I have absolutely no doubt that I did express concern, because I was concerned about any kind of financial mismanagement.

In other words, she didn't have them fired, and if she did, they deserved it. It is worth noting in passing that the White House had the head of the travel office put on trial for financial mismanagement. He was quickly acquitted and, along with all the other "financial mismanagers," given his job back with back pay.

Watkins' memo also included two other provocative passages. One mentions that "Vincent Foster became involved," but provides no details. Another makes a mysterious reference to the Secret Service: "an incident developed between the Secret Service and the First Family in February and March requiring resolution and action on your's [sic] and my parts. The First Family was anxious to have that situation immediately

resolved, and the First Lady in particular was extremely upset with the delayed action in that case . . . after the Secret Service incident, it was made clear that I must move more forcefully and immediately follow the direction of the First Family."

The other document released on that evening was even more intriguing. Presidential assistant Todd Stern speculated about how the media might react if the Travel Office firings were investigated:

We need to think seriously about whether or not it won't be better to come clean, even to [the] point of conceding that HRC [Hillary Rodham Clinton] had some interest. . . . You risk merely compounding the problem by getting caught in half-truths. You run [the] risk of turning this into a "coverup."

Now we know that, prior to her deceiving the GAO and Congress and

the public about the firings, Mrs. Clinton had been warned by a White House aide about the possibility — even the likelihood — that evasion or deception had tremendous risks. Mrs. Clinton's decision to deceive was not made on the spur of the moment. It was made after careful consideration.

All this leads any intelligent person to wonder: Just how much is she hiding?

Two days later, a low-level White House employee found 115 pages of Rose Law Firm documents and billing records that provided substantial evidence of another systematic attempt by Mrs. Clinton to deceive authorities and the public about her involvement in another matter, the plainly criminal endeavor that has come to be known as "Whitewater."

From the start of the inquiry into the Whitewater/Madison Guaranty mess, Mrs. Clinton had systematically

minimized any role she herself had played in the whole business. "There was a very bright young associate in our law firm who had a relationship with one of the officers at Madison," she said in her famous pretty-in-pink press conference nearly two years ago. "The young attorney, the young bank officer, did all the work."

Well, not quite *all* the work. It turns out that Mrs. Clinton did quite a lot of the work herself. For example, she billed Madison for more than a dozen conferences with her partner Web Hubbell's father-in-law, who borrowed \$4 million from Madison that he never paid back. (You paid it back, you and America's other taxpayers. In all, you paid back \$60 million borrowed from the bank owned by the Clintons' business partner and advised by Mrs. Clinton.) She also reviewed several documents, was involved in numerous conferences, and negotiated with the state's securities commissioner, who had been appointed to her job by Mrs. Clinton's husband. She also worked on a transaction involving a trailer park known as Castle Grande, which investigators suspect was part of the overall scheme to defraud the taxpayers. Last May, she told investigators for the Resolution Trust Corporation, "I don't believe I knew anything about" Castle Grande, and she told an FDIC investigator that she "was asked about a sewer project undertaken by Castle Grande. She replied that she was familiar with the name but had no other knowledge of the matter." The billing records show that she reviewed a twelve-page memo on the sewer project. Meanwhile, her personal attorney, Donald Kendall, continues to deny that she was in any way involved.

Curiously, the records had been annotated in red ink by Vincent Foster, Mrs. Clinton's close friend and law partner — and the First Family's damage control attorney — prior to his mysterious death in the summer of 1994.

It is also curious that the documents were discovered in the White House less than a week after the Resolution Trust Corporation had concluded its investigation into the Madison Guaranty business and

A Unique First Lady

"This is a unique investigation into a first lady. We've never had this before. We have never had a first lady like this before. This is the first [first] lady we've had who had a career — not even Eleanor Roosevelt had an actual career. It is the first first lady we've had who had records, who knows how to speak as a lawyer. The difference is that in the past first ladies like Nancy Reagan, like Rosalynn Carter, would say, 'Dear, I think there's something wrong with the travel' — I don't want to put them down at all, I don't mean that — 'something wrong with the travel department at the White House. Why don't you do something about it?' And it would probably get done.

"This first lady is probably much more direct. She admits herself, 'I am direct, I say it,' and if people then do it, obviously then she's had an influence.

"We are not certain about the role of women in this country, yet. We're still a little confused. And we're espe-

cially confused about the role of the first lady. We don't want her to spend her days playing bridge like Mamie Eisenhower, which was fine in that time, and we want her to have a project. But when the project becomes something serious — health care, problems with the travel office, Medicare for children — then we say, 'We didn't elect you, back off.' So one of the problems is that we're not used to this kind of a first lady.

"I don't want to speak for the first lady and I am certainly not an apologist for the first lady. I think she would agree that she was direct. My point is that first ladies' opinions have always been expressed, but in a more devious way, perhaps in a more coy way. And we're not ready yet for a first lady to speak out on almost any substantial issue."

—Barbara Walters, in response to Ted Koppel's question about Mrs. Clinton "over-lawyerly" answers to queries about Whitewater and Travelgate

decided not to prosecute the Clintons for lack of evidence.

And what of the "young attorney" Mrs. Clinton told the nation had done "all the work" regarding Madison Guaranty? He was Rick Massey, then only with the firm for eight months. In a note written in 1992 by Patty Thomasson, Vincent Foster's secretary (and now White House administration director), "Rick will say he had a relationship with Latham and had a lot to do with getting the client in."

Before November

The wheels of justice grind exceedingly slowly, but exceedingly fine. The question facing the First Family is: can they slow the wheels sufficiently that justice will not be ground out before November 5, when William Jefferson Clinton faces the voters? If the Clintons are able to heave enough sand into the gears, to slow the gears sufficiently that no "smoking gun" is found prior to that date, Mr. Clinton not only stands an excellent chance of reelection, but also a good chance of carrying into office enough lapdog partisans to end the investigations into allegations of the web of corruption that has entangled the Clintons throughout their entire public life.

And it is clear that it will take a smoking gun to convict the Clintons in the public eye. The allegations of fraud have already been supported by an abundance of circumstantial evidence and a fair amount of eyewitness testimony. As the election year begins, the following charges have virtually been proven:

- Hillary Rodham Clinton's \$100,000 profit in highly-leveraged cattle futures trading was a fraudulent

transfer of funds to Governor Clinton.

- The Clintons interfered with the police investigation into the death of Vincent Foster.

- The Clintons interfered with the federal investigation of their participation in fraud that swindled millions of dollars from taxpayers via Madison Guaranty Trust.

- Bill Clinton lied about his sexual relations with Gennifer Flowers, and

Can the First Family slow the wheels of justice sufficiently that justice will not be ground out before November 5, when William Jefferson Clinton faces the voters?

about his paying her off with a government job for which she was not qualified.

Ordinarily, you might think that this would be enough for the American public, that Clinton would be a lame duck, and the competition among other Democrats for their party's presidential nomination would be the biggest political story of the year. But you'd be wrong. The president's popularity is near its all-time high, and public interest in his record of corruption is very limited. There are three reasons for the public indifference to the Clintons' felonies:

- (1) Most Americans want to believe that their president is basically a decent man; the notion that their president and his wife are larcenous and perhaps even involved in murder is almost unthinkable to them.

- (2) The evidence that has proven their culpability has slowly dribbled into the public arena; most Americans' attention spans barely enable them to watch an entire hour-long episode of televised moronism.

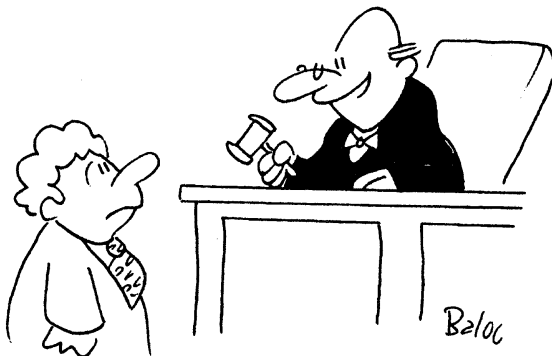
- (3) The evidence against the Clintons is mostly complex and difficult to understand, and few Americans have the intellectual ability

and interest to follow it through. Reared by television and Hollywood, most Americans figure proof must consist of a dramatic confession or eyewitness account.

The Clintons make an excellent defense team. Hillary knows the law, Bill understands the popular mind, and both are utterly without scruples. Hillary hides evidence and crafts carefully worded statements that seem to deny charges while leaving wiggle-room for later explanation should evidence contradicting her statements be discovered. Bill performs superbly before the television camera and distracts the public from the mounting evidence. And both stall, stall, stall.

For much of November and December, for example, the Clintons fought a Senate panel request for notes on a meeting of their personal advisors by arguing that the notes were protected by attorney-client privilege. It was a complete bluff. Attorney-client privilege applies to civil and criminal matters, but has never been grounds to prevent congressional investigators from gaining access to evidence. And it applies only to meetings between attorneys and their clients, not between a person's factotums and his attorney. But this ludicrous stratagem did manage to stall the investigation for several weeks, while the Senate Committee discussed whether it should subpoena the records, and the possible consequences of litigation over the Clintons' preposterous argument. Eventually, the Committee voted to subpoena, and the Clintons immediately abandoned their claim of attorney-client privilege, presumably to save themselves the embarrassment of being laughed out of federal court. The notes contained nothing of interest, but the conflict over them brought the Clintons two weeks closer to the November 1996 election.

Similarly, Clinton disposed of a charge of sexual assault by postponing his court date until after he is out of office. Similarly, the Clintons "lost" the billing documents for Rose Law Firm in the private portion of the White House for more than two years. Similarly . . . the list goes on, and will go on until after the next election, if the First Family has its way. □



"Just in case, what's your last request?"

Argument

The Executioner's Errors

by Lester S. Garrett

The empirical case against the death penalty.

The same "rigorous" legal procedures and safeguards are applied in each and every capital case. But in some cases brutal killers are sentenced to death; in others, innocent men are sent to the executioner. I repeat: the *same* legal procedures, the *same* jury determination that the defendant is guilty beyond a reasonable doubt, the *same* safeguards, are applied in each case. Yet they send the innocent as well as the guilty to death row.

- In the summer of 1984, a nine-year-old girl was tortured, sodomized, and murdered near her home in Baltimore County, Maryland. Based on circumstantial evidence, 23-year-old Kurt Bloodsworth was convicted and sentenced to death. After two years on death row, Bloodsworth got a new trial on a technicality. Once again he was convicted. This time, however, he received a life sentence.

Nine years later, DNA analysis of the child's garments proved that Bloodsworth could not possibly have been guilty. The wrong man had been sentenced to death.

Unknown to Bloodsworth, three days after his first conviction, police and prosecutors learned about David Rehill. Hours after the girl's murder, Rehill showed up at a mental health clinic with fresh scratches on his face and told one of the therapists that he was "in trouble with a little girl." Rehill resembled the police composite, and, not surprisingly, looked remarkably like Bloodsworth. But



Bloodsworth was already behind bars. Six months passed before the police interviewed Rehill. They never bothered to check his alibi or place him in a lineup.

The state had known about Rehill for two years prior to Bloodsworth's second trial. Despite this, that information was withheld from the defense until just days before the trial. His attorneys did not have time to investigate and failed to ask for a postponement. The second jury never

learned that there was another potential suspect.

CBS correspondent Edie Magnus reported on the Bloodsworth case for a segment of *Eye To Eye* broadcast October 28, 1993. He asked prosecutor Robert Lazzero to respond "to the criticism that the system closed in on one guy with some evidence, and that everybody just stopped looking at other things that didn't fit."

Lazzero responded, "I would say that, unfortunately, that is not all that rare of an occurrence in our criminal justice system."

Magnus then suggested that the Bloodsworth case demonstrated that "it is eerily easy with a weak case to convict an innocent man."

"Yes," said Lazzero thoughtfully, "in retrospect it is."

- From 1979 to 1989, Fred Zain was a medical examiner and forensics expert for the West Virginia State Police. During those years, Zain was involved in thousands of criminal cases; his expert testimony was responsible for sending hundreds of

defendants to prison.

In 1989, Zain moved to San Antonio, Texas, where he served for the next three years as its crime laboratory's chief serologist. In 1989, Jack Davis was arrested for the sexual assault, murder, and mutilation of Kathie Balonis, a New Braunfels, Texas, woman. At the time, Davis had been employed as a maintenance man at the victim's apartment complex. During Davis' trial, Fred Zain testified that blood specimens found under the victim's body belonged to Davis, who'd cut his hand prior to the murder. There were no eyewitnesses, so Zain's testimony was extremely influential. Davis was convicted of murder and his jury came within a single vote of sentencing him to death.

In 1992, a hearing was convened to investigate prosecutorial misconduct in the Davis case. Davis' defense attorney, Stanley Schneider, explained what had happened: Zain had originally testified that "his testing had proven that blood found under the woman's body came from Davis. Now it comes out that he never did the testing. So Davis was convicted on Zain's lies." Indeed, in a deposition taped about a year later,

Zain fabricated or falsified evidence in just about every case he touched, including at least 133 murder and rape cases.

Zain reversed himself and stated that the blood samples in question actually belonged to the victim and not to Davis. When subsequently questioned under oath about his conflicting statements, Zain refused to answer and invoked his Fifth Amendment protection against self-incrimination. Judge Charles Ramsey was outraged and said that Zain's conduct was "intentional and outrageous," adding that it "shocked the conscience of the court."

Meanwhile, back in West Virginia, the American Society of Crime Laboratory Directors was investigating Zain's activities there. In November 1993, their report was released. It concluded that Zain "fabricated or falsi-

fied evidence in just about every case he touched," including at least 133 murder and rape cases. His actions, stated the report, were the "result of systematic practice rather than an occasional inadvertent error." As a result of that report, the West Virginia Supreme Court ruled, "Any testimony or documentary evidence offered by Zain, at any time, in any criminal prosecution, should be deemed invalid, unreliable and inadmissible."

Zain was dismissed from his Texas job in June of 1993, when evidence vital to the prosecution of a San Antonio murder was lost. Subsequently, Bexar County Medical Examiner Vincent DiMaio hired Irving Stone of the Institute of Forensic Science in Dallas to conduct an extensive review of Zain's work during his period of employment in San Antonio. According to the *San Francisco Examiner*, Stone's team discovered "reports from tests that were never done, negative results that would have cleared a suspect reported as positive and inconclusive results described as conclusive." Said Stone: "Everything that Fred Zain did, whether it was in West Virginia or Texas, has to be suspect, and it worries me to the point that [the tests] ought to be repeated." Estimates of the total number of cases in which Zain was involved vary from 1,200 to 4,500 (the latter is Stone's).

- In August of 1980, Clarence Lee Bradley, a black janitorial supervisor for a Conroe, Texas, school, was convicted of rape and sentenced to death. Evidence that would have exonerated him had been deliberately suppressed. He received his first stay five days from his scheduled execution. His second stay was granted 13 days from his final walk. Bradley spent nine and a half years in while appealing his conviction. It was finally overturned in 1989, and Bradley was released in January of 1990.

- And then there's the case of Randall Dale Adams, made famous by the film *The Thin Blue Line*. Adams was found guilty beyond a reasonable doubt of killing a police officer. Sentenced to death, his appeals were rejected. Just 72 hours from execution, by a stroke of good fortune, he was granted a stay of execution. It was soon established that the wrong man was

about to be put to death, and Adams was released.

- It took 13 years to prove that Freddie Lee Gains was not guilty of murder. Thirteen years before an innocent man was freed. Keep that in mind the next time you hear someone demand that we shorten the appeals process. Years after Gains' trial, conviction, and death sentence in

Prosecutors, judges, expert witnesses, and jurors are no more immune to prejudice, blind ambition, or error than the rest of us.

Birmingham, Alabama, one of the actual perpetrators, who was arrested for another crime in Florida, confessed. Gains, who had insisted all along that he was innocent, would be dead now if the advocates of shortening the appeals process had had their way.

- In August of 1978, Matthew Conner was convicted of the rape, murder, and brutal mutilation of a twelve-year-old girl. He spent twelve years in prison before boxes of concealed evidence were discovered in the possession of the district attorney — evidence that, had it not been denied his lawyer at the time of his trial, would have established that he was not guilty.

- In California, Benny Powell and Clarence Chance were convicted for the murder of a sheriff's deputy. In 1992, after spending 17 years in prison, they were released, after the Los Angeles district attorney admitted that the two black men had been wrongfully convicted and joined with their defense attorney in a motion for their release.

It must be stressed that all these men were subjected to the exact same procedure as the Ted Bundys. They too were found guilty beyond a reasonable doubt. But *they* were innocent. They are not someone's hypotheticals; they are real, flesh-and-blood human beings who were wrongly convicted and sentenced to death. And lest I be misunderstood, let me make it clear that I have no compassion whatsoever for brutal killers. It is myself, my family,

and my friends who concern me — as they should you.

The state can never give back to Benny Powell and Clarence Chance the 17 years they spent in prison for a crime they didn't commit. It is impossible to undo any penalty imposed on an innocent man. But it is possible to mitigate that penalty, to give victims like Powell and Chance back the remainder of their natural lives. There is no way to give a man back his life should you discover that a horrible mistake has been made.

The potential for error and abuse is, of necessity, inherent in the system. As the stories above make all too clear,

this is not some vague, hypothetical theory. It is all too frighteningly real. Shorten the appeals process, and many of those innocent men would long since have been executed. (One wonders: How many innocent victims have been executed over the years who would have been exonerated had they been allowed a longer appeal process?)

We must repeal the death penalty and substitute life without parole for *our* own protection. Not against some long-past abuse, but against the abuse and error that occurs today and will occur tomorrow and for as long as human beings administer a criminal

justice system. It is to protect each and every one of us from racial prejudice, from ambitious prosecutors who have forgotten why they are there, from incompetent defense attorneys, and from *innocent error*. We must never forget that prosecutors, judges, expert witnesses, and jurors are no more immune to prejudice, blind ambition, or error than the rest of us. The death penalty allows the state to bury its mistakes, leaving the guilty to walk free. Once an innocent man is executed, no one is likely to continue investigating his case.

If we truly believe in justice, we must abolish the death penalty. □

Letters, continued from page 8

The fact is, the closer an individual's income is to X, the more likely an additional tax dollar taken from his pocket is going to cause him to forgo something essential to his survival. Assuming that, by eliminating the progressive tax mentioned above, the state could "get by" on a mere 5% flat tax, that means that everyone who was making \$21,000 or less must now forgo something absolutely essential so that the man making \$100,000 a year can afford his Bach records and his Havana cigars.

It strikes me that, in this case at least, a flat tax will do a far greater amount of harm than a progressive one. (As libertarians living in a welfare state, we must sometimes argue what type of theft is more morally criminal.) Regardless of what welfare economists usually assume, marginal utility is not the same across individuals.

Before I read Mr. Lemieux's article, I thought I was against a progressive income tax. If his article was intended

to convince me that a progressive tax is more immoral than a flat tax, he has been preaching to the converted . . . and making them doubt what they already believed.

Jekke Bladt
New York, N.Y.

Lemieux responds: I am not sure I understand where Mr. Bladt disagrees with me in the debate between progressive and flat income taxes.

There are two ways of defining progressivity: in terms of increasing marginal rates, or in terms of increasing average rates. The former implies the latter but, as Mr. Bladt correctly points out, the latter does not imply the former. Economics 101. I chose the first definition (although perhaps I did not make this explicit enough) because it is closer to the common understanding of progressivity, and because it allows one to differentiate between the commonly recommended flat tax (with constant marginal, but increasing average, rates) and the actual income tax. Indeed, my economic point was that the welfare cost is lower for a flat tax than for a progressive one.

Now, if we accept Mr. Bladt's argument for an \$X poverty line, a flat tax could indeed just kick in at that amount, which is what is imbedded in actual proposals. But then, besides the arguments I offered against (and some in favor of) the

arbitrary X, I also claimed that it can be provided through government expenditures instead of direct redistribution through tax rates.

My main point was that, although a flat tax (according to both my definition and Mr. Bladt's) is less economically inefficient than a progressive one, it is as morally flawed and politically invasive. I argued against any tax levied as a function of income.

If more people in the world disagreed with me as little as Mr. Bladt, my income would be way above \$X.

Stuck in the Laffer Curve

I was surprised by R.W. Bradford's comment that "it is impossible to raise spending, cut taxes, and erase a budget deficit all at the same time" ("In Dubious Battle," January 1996).

Impossible? Who told you this? Some Democrat?

I thought that it was an article of faith that, in an overtaxed society, a tax cut might bring about great growth and, consequently, a great increase in tax revenue.

In fact, if memory serves (doesn't always, anymore) when Ronnie gave us that cut in '81 it produced a 70+% increase in tax revenues and, in those years, the mid-late '80s, spending raises and great deficit cuts could have been simultaneous.

Am I right?

Miles Rader
Grass Valley, Calif.

The editor responds: No.



B 2/90

"It's sad — he was coming crawling back home to me, and a bread truck ran over him."

Memoirs

The Education of a Speculator

by Victor Niederhoffer

A commodity speculator can make or lose millions in a matter of minutes. The lessons he learns he had best learn well.

The waves were at a summer high that day, August 23, 1992, as we tested the waters of the Atlantic Ocean in Southampton, Long Island. Holding my hand was my 16-year-old daughter Katie, who was venturing into the waves with me. Behind us stood my friend, the sultan of speculation, the legendary 60-year-old Hungarian-born speculator, George Soros himself, who affects the style of many European men of reducing the size of the bikini bathing suits they wear in direct proportion to their age.

"Get out. They're too big for you," George warned me. "They'll knock you down. This is just another case where you don't understand that the pull of the tide is more important than the waves."

The sight of my former boss, the bilious billionaire in his bikini, giving me yet one more directive even as I was vacationing at his summer home was too much.

"Oh no," I quickly rejoined, "the recommended procedure, as first stated by the great scientist, Francis Galton, is to lie on your back and just let the waves roll over you." Although I had not enjoyed the luxury of a childhood in Southampton, the Atlantic Ocean was equally forceful for those who, like me, grew up in the working-class neighborhoods of Brighton Beach, Brooklyn. "I'm very familiar with how to handle big waves. That's the *raison d'être* of speculators like me — to go against the tide."

Always aware of the virtue of having an escape route in mind, I hastened to add, "Anyway, good people on shore can rescue a weak swimmer in trouble by firmly holding hands together in a line, with the foremost — that's you, George — ready to clutch me while the wave recedes."

Despite my bravado, a shudder ran through me. You see, I am a speculator, and my daily bread-and-butter depends on battling the waves. I sell when prices are up and buy when prices are down. By doing this, I serve the same function as a warehouse. When there's too much of something, I store it for a fee, and when there's too little, I let it go. When

prices are too dear, I help users from paying up and deter producers from wasting resources, by pushing prices down. When prices are too low, I keep producers from going broke and prevent product gluts by bringing prices up. In simple economic terms, my function is to balance supply and demand.

But these waves we were battling — caused by Hurricane Andrew, the biggest hurricane in 20 years — had been pounding the shore mercilessly. Although I wouldn't admit it to George, it was very clear, even to me, that something unusual was going on. My attempt to balance tidal price movements like these would presumably have the same success as King Canute's demonstration that he was unable to hold the tides back.

Indeed. As it turned out, that conversation marked a crossroads for both of us. After a decades-long career in speculation, I would soon suffer my greatest loss ever. With a liquid capital base of \$4 million, I would manage to lose \$5.2 million in September and October of 1992, by speculating that the dollar would reverse downwards against the British pound and other European currencies, after first rising 2% or 3%. Like the poor farmer, I had brought the reversing pot to the well once too often.

At the same time, George was on the road to what *Forbes* has called the greatest speculative coup of all time. He was speculating that the British pound, which had just topped \$2.00 because of high interest rates ordained by the Bank of England in order to maintain sterling's parity with the German mark, would have to come down. His bet was that the tide would turn and would wash away all those hoping the pound would stay high. His reasoning was that British interest rates, and the pound, had reached levels too high to allow economic recovery to proceed in the United Kingdom. By selling the pound he saw a chance to force the hand of the British central bank to do the right thing, while at the same

time lining the Quantum Fund's coffers and his own pockets with a few billion.

But it's an ill wind . . . Those losses caused me to revisit my basic principles, to begin rebuilding the foundations on which my speculative activities were based. In the process, I have been forced to review the lessons I learned throughout my life. And in reviewing them, I came to believe that others might find them useful, too.



"Professor, what will you have?"

"I'll have the turtle soup, please, and the crepes with anisette and grenadine."

One of my students then added, "Professor, now that we are all here I'd like to treat the table to a bottle of Sauvignon Blanc."

The occasion was the culmination of an annual contest I held for the best papers on the subject of how a company's financial statements could be used to glean information useful to investors. The prize for the top contestants was dinner at Sam's Grill on Bush Street in the financial district of San Francisco. Sam's was my favorite restaurant and the perfect venue for the celebratory dinner. The restaurant opened over a century ago, during the California gold rush, and still retains the opulence characteristic of the era: polished wooden booths accented with gleaming brass fixtures and inlaid cut-glass mirrors. And Sam's had the finest cuisine in the district, being especially renowned for its fish: its petrale, abalone, and sand-dab dishes ranked with the finest creations of gourmet dining that the hand of the chef has ever wrought.

After the opening toasts I asked the students, who had worked in groups on their analyses, to describe the criteria they had employed to select their fellow group members. One student indicated that since he was an accountant and already familiar with analyzing financial statements of individual companies, he had sought out a statistician who could provide the skills for aggregating and analyzing financial data in large amounts. Another replied that he had access to earnings forecasts from friends who worked at Wells Fargo Bank, and had wanted to pair with a computer programmer to write a proprietary program to crunch the data.

Finally, it was the turn of Larry Grover, one of my most astute students, who said, "Professor, can I be honest?"

"Yes, of course."

"I chose this group because I wanted to be in the same group as Melanie. She's the most attractive girl in the class. I knew that you would want to go to Sam's with her, so she was bound to be one of the winners. So I asked her if I could join her group, and she said yes."

"Mr. Grover, you are absolutely right. What do you intend to do after you graduate? Would you like a job at my firm?" Thus I hired my first employee at the emerging firm of Niederhoffer, Cross & Zeckhauser.



As the splendidly tailored crowd swept by us there suddenly appeared, near the black wrought-iron gate of the graveyard, a certain ghost, an appalling figure bedraggled of mien, threadbare of coat, and bloodshot of eye. I felt Martin stiffen beside me as he said, "Get away now, Paulie, I've got nothing for you today." Martin grabbed me by the elbow and steered

me around this apparition as Paulie leaned after us, whispering about a tip on an impending merger. Giving up on us, Paulie tried his luck on various members of the departing congregation, but with no better luck.

Before I could ask the question, Martin turned to me. "That was Paulie, and he's a hoodoo. Don't ever take a tip from a hoodoo, Vic, their luck is cursed. Paulie used to be a top bond broker for one of the best houses, but then his luck went against him. Making money was easy, until the Fed raised the interest rate, and suddenly all of Paulie's bond accounts were underwater. Then he tried his hand at stocks, and piled heavily into the new computer companies. He was one of the biggest spending Stock Exchange members during the '50s; the parties he threw at his Park Avenue apartment were legendary. But then his luck turned sour again. I heard he got his customers into Burroughs at around 90 and held on while it collapsed, finally selling out around 8. He bought Texas Instruments at over 200, and his last customer walked out when the stock fell below 50. Paulie moved from firm to firm and each one fired him. Now he's out of a job, and spends all day on the steps of Federal Hall, trying to cadge a living out of old acquaintances by giving them takeover stock tips. Take my word for it, Vic, when you see a hoodoo, don't ask questions and don't hang around to listen. I don't know, but some guys think a hoodoo's bad luck is contagious."

Years later I came across a classic definition of a hoodoo in the writings of Garet Garrett, one of the greatest chroniclers of Wall Street. In 1911, Garrett had described him this way: "There is about him an air of departed prosperity which is unmistakable. Nearly everybody knows him. He was once a member of the New York Stock Exchange, or the son of one, or what's-his-name that was Gould's broker 20 years ago. He is most knowing of speech and would easily fool you if you were not warned. All the past he understands, and the why of everything, but for the present and future he is a source of fatal ideas and a borrower of money."

The legendary Rothschilds would never do business with a hoodoo, no matter how blue his blood or impeccable his references. They knew it looked like rank superstition, but they nonetheless had no scruples about basing a credit decision on such a judgment. Of course the Rothschilds knew full well that bad luck could arise from chance alone. But more likely, excess of greed, rashness, cowardice, bad temper, or plain moral turpitude was the root cause of the hex. Like most successful operators, they made their own luck.

In the course of my own speculations, I have found that there are indeed certain persons whose trails are littered with disaster and carnage. While they always have an explanation ready, the record shows that all who associated with them lost money and position. One of my greatest business talents, I believe, is my ability to identify these hoodoos early in their careers and keep the Hades away from them in all my business and personal affairs. One close call comes to mind.

In 1986, my mentor and the literal father of my speculative business, Jim Lorie, arranged for me to meet Mr. Ivan Boesky. Jim apparently believed that Boesky's activities in stock trading might mesh well with the futures trading strategies I was developing. Boesky at this time was in his glory. He liked to convene power breakfasts at the Harvard Club of New York, where the proscription against placing papers on the tables enables profound matters to come under discussion without

the risk of any precise numbers or other type of analysis interfering with the grand schemes being contemplated. The somber tone of the high-vaulted, oak-panelled dining hall lends gravity and probity to the personalities there assembled, and the accent of virility is added by the many portraits of Harvard-bred statesmen that line the walls, punctuated by the staring heads of antlered beasts that presumably were dealt a thundering, high-caliber death by bully old TR and his ilk. This room provided the perfect backdrop to Boesky's rich, ruddy glow, the result of frequent Palm Beach vacations and a daily workout on the squash court.

Boesky's Club membership was apparently the result of his having attended a class at Harvard's Extension School, and this connection was more than sufficient for the Harvard Club to welcome him with open arms. The Club is always in a delicate financial position, despite its notorious personnel policies, such as hiring and firing without benefit of pension or severance, and its chronic labor relations problems. Indeed, the Club was in such dire straits in those days that it even accepted for membership a Jewish squash player, namely the present author, although a friend — the great diplomat Charlie Ufford, who scored the finest point against me in my multifarious squash career — had to intervene to tilt the balance in my favor.

Boesky did not grant me an audience at the Harvard Club, however. Either because I was not important enough to warrant such treatment, or more likely because Jim had warned Boesky that since I was already a member I was unlikely to be impressed by the venue, I was invited to the arbitrageur's office for a breakfast meeting, where I was served a bagel on a silver tray. Splashed everywhere on the walls of his office were photographs of Ivan, speaking at university commencement exercises, shaking the hands of political grandees, being borne aloft in a chair by the muscle-power of 20 worshipful members of a temple he supported, holding up a copy of his bestseller *Merger Mania*, sitting behind the wheel of one of his pink Rolls-Royce Phaetons. A soberly groomed secretary in a floor-length skirt freshened my coffee. Ivan himself breakfasted on a glass of grapefruit juice and a Danish, and discoursed on the merits of dietary moderation — in honor, he said, of my attainments on the squash court.

The phone rang, and after taking the call, Ivan beckoned elaborately to me to listen in on one of his "arbitrage situations." At this point I had a vague feeling of *déjà vu*, and suddenly had a powerful memory of the ghost who once had scratched my back in the chill shadow of Trinity Church. I quietly made my exit as he spoke in a tense whisper to his counterparty, and before he could invite me to a power lunch at his favorite midday hangout, the Four Seasons.

When I sense that a commodity is in the throes of a big move and the gambit is overdone, invariably I will come in, take a contrary position, and lie in wait for a reversal. At the end of 1993, Japan's Nikkei index was in a free-fall, having dropped about 25% from 22,000 and cracking the 16,000 level. Pundits were predicting 8,000 by spring of '94. So I waded in and went long 200 Nikkei contracts at 16,000 on January 27.

I vowed I would ride the position until the end of 1994. I had made a similar vow in a similar trade in the Nikkei contract at the end of 1992. Once burned, twice shy. In the earlier

trade, after having promised myself I would not cut my profits and run, I went and did exactly that, only to watch the Nikkei continue to climb. And this time was no different. The night after I put on my position I watched the Nikkei trade up 400 points to close near 17,000, one of the biggest one-day jumps in the previous three months. I had just suffered through a bad month, in particular having lost some money in the yen, so I figured it would be appropriate to grab my profits, around \$400,000. Need I add that in the ensuing two weeks the Nikkei streaked upward to over 20,500? My profit, had I done nothing, would have been around \$4 million.

The frequency with which the above scenario manifests itself in my trading is beyond belief. I cannot seem to break the habit.

Similarly in my squash playing, I was able to play an entire match with no errors. I played with a short backswing — as those of us fortunate enough to have been coached by Jack Barnaby had learned to do — and with my comparatively long legs and arms, relative to most squash players, I was able to hit back just about anything they could hit to me.

This edge, combined with my patented slice and my ability to bury the ball on the side walls while leaving a wide margin over the tin, gave me the strategy that was good for a world championship in the game. But I could never consistently gain the upper hand over Sharif Khan, who used to make four or five errors in a game — more errors than I would make in an entire match. Sharif won the North American Open five years in a row before I upset him in 1975, and two years thereafter in 1976 and 1977. His edge over me was his willingness to take chances, make mistakes, and hit a lot of shots on the rise. Similarly, Monica Seles has revolutionized the game of women's tennis in the '90s by hitting her shots on the half-volley.

My record against Sharif was three won and ten lost. I believe that had I not been so conservative a player I could have beat him more frequently. But it was the same problem: I was too risk-averse in my playing. I could never go for the home runs.

Likewise, I'll never be a Soros. To go for broke takes the instinct of the professional gambler. As Stanley Druckenmiller, currently the number-one trader at Soros' Quantum Fund, puts it, "It takes courage to be a pig." All the great professional gamblers experience professional bankruptcy sooner or later, and often, due to their willingness to throw every last chip on the table, even for the sake of a "spec" bet, like gambling \$100 that the next person to sit down at the bar will order a bourbon and water.

One day during the height of my partnership with George Soros, I related my father's character traits to him in the course of one of our phone conversations. This was during a time when George and I were in contact continuously during the day and he wouldn't consider making a futures trade without me. Red-colored hot-line phones on his desk and mine kept us in close touch. On hearing my comments about my father, he was quiet and then mumbled something in Hungarian that I took to mean he felt this was true about me also.

Three weeks later, he launched an audit of all the trades I had ever done for him. "Victor, I trust you completely . . . but

because we're so close I thought I should have this done for our mutual protection. Now what was the name of that firm you called to change the ticket of that losing trade from your account to mine? Gary, finish this audit within a week and report directly to Curacao." He later translated the Hungarian he had mumbled into the phone as: "The more he talks about his honesty the faster I count my silver."

I guess this skepticism, which he also applies to himself, is one of the reasons that George is legendary. But the mere fact that I told him this self-serving story about my honesty was enough to trigger his antennae. I must admit that I am the same way. When someone starts a sentence with "Quite honestly . . ." or "In all frankness . . ." I put my hand firmly on my wallet.



Reading Albert Jay Nock was a watershed event, profoundly influencing my life and speculations ever since. Life is a struggle between those who produce and those who destroy, and few have articulated the terms of this struggle better than Nock. In the tradition of Herbert Spencer, Nock wrote that the state's "administrative officials, especially its diplomats, would immediately, in any other sphere of action, be put down as a professional-criminal class . . . if in any given circumstances one went on the assumption that they were a professional-criminal class, one could predict with accuracy what they would do and what would happen; while on any other assumption one could predict almost nothing."

In this Nock followed Jefferson, who noted that what a politician thinks of when contemplating some piece of policy or legislation is first, how does this further my own interests; second, how does this help my party; and third — in the unlikely event his thinking extends any further — how does this improve the common weal?

I have observed the Nockian-Jeffersonian tradition in my own speculations with considerable success. Before elections, I look at markets from the point of view of how politicians will want them to move in order to maximize their own advantage. Incumbents will use the power of their administrations to push for the desired outcome. Usually this means they will want the U.S. stock, bond, and commodity markets to go up.

My favorite recent example of a profitable application of the Nockian dictum arose in the aftermath of the critical devaluation of the Mexican peso that hit the financial markets on December 20, 1994. Over the course of the next six weeks the peso fell some 60%, from 2.9 pesos to the dollar to over 7.3. With the predictability of a Swiss timepiece, U.S. politicians charged into the economic breach, sensing a once-in-a-generation opportunity to enlarge their sphere of influence. By late January, President Clinton had begun to push for a \$40 billion loan-guarantee program, and soon the usual suspects lined up behind him: Robert Rubin, Robert Dole, Alice Rivlin, and Fred Bergsten began beating the drums in support of the measure, even as members of Congress began to balk at the expense. Polls taken in Mexico City showed "an overwhelming majority of Mexicans" opposed such a measure, "feeling that it compromises their nation's sovereignty," as the *New York Times* put it on January 31. The emergency legislation showed signs of grinding to a halt.

As the situation deteriorated the drumbeat grew inexora-

bly louder. Clinton weighed in: "We can't let the financial markets, in effect, collapse the Mexican political and economic structure." Bob Dole warned that if the bailout plan failed to pass, "the U.S. will be flooded with cheap goods or lots of immigrants." Then "unnamed American officials" were quoted as saying that Mexico's international currency reserves had fallen to dangerously low levels, placing the country in technical default. Mexican central bank officials denounced the statements as false, but declined to disclose the actual reserve levels. The knockout blow came when Federal Reserve Chairman Alan Greenspan himself called in to Rush Limbaugh's radio show to describe the catastrophe that would ensue if the rescue package failed to pass.

Inevitably, the global titan of investments, George Soros, somberly intoned from the pulpit of the World Economic Forum in Davos, Switzerland, "If investors are severely hurt and stability isn't established, it will have an impact throughout the world. Investors are already repatriating capital, and this will hurt countries relying on investment. If you push that part of the world into recession," he warned, deftly characterizing the *laissez-faire* approach as an act of premeditated economic aggression, "it will have global repercussions." In response to a query as to whether his views might be tarnished by self-interest, he responded magisterially, "I think on balance we may have lost some money."

Congress continued to vacillate, sensing that their constituents at home considered the bailout a form of subsidy for Wall Street investors. Treasury Secretary Robert Rubin, the former co-chairman of Goldman Sachs, was quick to argue, "I couldn't care less about bailing out those investors. . . . If they lost every cent of their investments I couldn't care one whit."

I soon recognized that a classic Nockian paradigm was taking shape. The Clinton administration and its fellow travelers, having taken a terrible thrashing in the prior November elections at the hands of voters disgusted with the overweening statist ambitions of President Clinton and his deceitful wife, were obviously rubbing their hands together at the prospect of a fresh opportunity for intervention and state aggrandizement. The administration was behaving precisely like a corporation operating in a mature, decreasing domestic market that is showing signs of resistance to new product launches. In such a case the corporation will seek out new foreign markets to penetrate, where it will encounter little resistance to its product and sharpen its skills at entering the next virgin territory.

Further testimonials from the ranks of political dignitaries were procured. Every living president save Reagan went on record and appeared in photo ops to defend the plan. President Bush and his son, the governor of the State of Texas, lobbied the legislature aggressively. Conspicuously absent from the media events, Ronald Reagan, known to be suffering with Alzheimer's disease, showed more sense than all the rest of the pack in aggregate. Or was his absence meant to signal that there is something undignified about a person suffering from his affliction taking part in a state ritual of self-aggrandizement?

As the peso staggered and the Mexican stock and bond markets gasped and reeled, I began buying U.S. bonds and Mexican stocks in modest amounts. Over the weekend of January 28 and 29, I received calls at home warning me that

the bailout package was all but dead, and that there could well be carnage in the Mexican stock market when the bell rang on Monday morning.

There was. I saw my Mexican stocks dive 10% in a matter of hours. At that point I began to buy heavily, calling on the ghost of Nock to stand by me in the perilous hour. I felt like I was sipping hot tea with a fork as I soaked up stocks and then watched them get hit with successive waves of selling by panicked investors. Siegmund Warburg used to say, buy only when there's blood in the streets. I thought I could feel the warm, scarlet waves lapping at my ankles.

Then, oh then! Bill Clinton, friend of speculators, came on the tape at 10:50 a.m. on Tuesday, January 31. Fed up with the dithering of Congress, he was invoking his "executive authority." Under the powers vested in him by "the Exchange Stabilization Fund, established by the Gold Reserve Act of 1934 for the purpose of maintaining orderly exchange arrangements" (I could almost hear the sound of backs being slapped in the legal department offices at Treasury), Clinton was ponying up almost \$50 billion in loan guarantees and direct credits, backed by the U.S. and a consortium of international monetary agencies. My Mexican stocks soared. I thanked the ghost of Nock, and cashed out. And not an hour too soon: as I sold out of my position I watched the market reverse and tank again. The Mexican index of 40 stocks ended down 100 points, about 5%, on Wednesday. The brief intoxication had given way to the grim hangover of a crippled economy and a shotgun marriage to an 800-pound gringo gorilla.

Nock's basic idea, that politicians will take every opportunity, especially a crisis, to increase their power, had its corollary: that every such lunge for power is paid for by the public. Who in fact was the beneficiary of the implementation of the Clinton Doctrine in Mexico in the first weeks of 1995? Certainly not the Main Street American businesspeople Clinton had adduced, no more than were the people of Mexico City, who immediately saw through the gambit. It was, of course, the holders of Mexican securities, especially the huge bond funds — the very Wall Street constituency that the co-chairman of Goldman Sachs had dismissed as irrelevant to the picture.

And the consequences of this bargain? A signal was sent out across the globe that less-developed sovereign nations need not conduct their fiscal and monetary policy with any measure of prudence, for the U.S., the IMF, and the BIS were standing ready to bail them out of any folly. And investors in search of her returns, likewise, need not have a care about political risk, for they are henceforth backstopped. So when the next Mexico melts down, there should be *no problema*. As my friend Paul DeRosa put it, "Think of how long the U.S. government gave support to the S&L industry and it never cost the taxpayer a nickel, until one day it cost \$300 billion. The problem with credit support is that it costs nothing at all, until suddenly it costs a lot."



Before big announcements, I usually clear all our positions down to zero. Most of the announcements I consider random numbers, but they do have an enormous impact on the markets. And many of these announcements are widely disseminated in advance to big players like the central banks, big

power politicians, and their friends and fellow-travelers. But never, oh never, to me.

So why take the risk? The markets will always be there.

But on Thursday, October 7, 1993, three non-recurring events took place that in combination prevented me from closing out before an employment announcement the next day. Our computer broke down, so no position sheet was printed at the close of trading. Second, I had a meeting Thursday evening, so I didn't realize I had no position sheet until midnight. Third, the next morning I had a court appearance at 8:00 a.m. I left for this before anyone arrived at my office who could have told me our positions. Sure enough, we had large short positions in currencies, which I had neglected to cover before the close on Thursday. On the employment announcement I lost my shirt, to the tune of about ten times the amount at issue in the legal matter.

I've always been disciplined when the markets are going against me. I generally hold until the wolf point, i.e., until my very liquidity or survival is threatened. If that involves sitting in front of a screen for 72 hours without a break for sleep, so be it. But even stoics like me must heed the call of nature. Inevitably, in that 60-second interval, some announcement will be made that makes prices move wildly in my favor. But I won't be there to act. And by the time I'm back the announcement will be denied by a high official.

On one occasion in February 1992, I was long about 1,200 contracts of foreign currencies. They had moved about 100 points against me, and I was down \$2.5 million on the trade. I had predicted my trade on the precarious state of the U.S. stock market and the desire of the Republicans to stay in office; under these circumstances, I reasoned, the administration would act to prop up the dollar. Sure enough, at 1:00 a.m. on Monday morning, the Japanese central bank intervened in my favor. There was an immediate move of 100 ticks in my favor and I rushed to tell my wife that I was whole.

"Did you get out yet?" she asked me.

"No, I'm not going to let my losses run, and cut my gains. That would be ruinous."

"Well, you know me — when in doubt, get out and take a rest."

"That's why I'm the trader and you're the chauffeur. Now get back to your nursing."

With that, I took a well-deserved break. I had been up the night before coaching my wife as she delivered my sixth daughter, Kira. In-between contractions, when she was too busy to notice, I called the dealers to get current prices. Perhaps this was my low point as a trader. Certainly, my wife had to be a saint to accept my preoccupation while she was going through a 24-hour labor.

Anyway, I went to sleep. When I woke up, the dollar had moved back up. And there was no trading because it was President's Day. By that time I was forced out by the wolf point. I had dropped another \$2 million.



On October 19, 1987, I had a nice long bond position. But then my better half, Susan, walked through the trading room. She noted the Dow was down 300 already that Monday, after having dropped 108 points the previous Friday. "I hope you're not playing the stock market today; it's too wild."

That was all I needed. I figured if someone as naive as my

partner was too afraid to buy, then everyone would be too scared. It was the perfect opportunity. I immediately called in an order to our broker to buy 100 S&Ps. By the time I could say Jackie Robinson, I was down \$3 million on the trade.

I then received a call from a customer, Tim Horne, who runs one of the most successful metal manufacturing businesses of all time, Watts Industries. Watts, now a \$750 million market value company, had a market cap of \$10 million when Tim took over as chairman in 1978. "Victor, the boys at the Metal Manufacturers Trade Show and I have been talking. We're scared to go near the market. It looks terrible. I hope you don't have any stock positions in our accounts."

"Tim, you do the valve manufacturing and I'll do the speculating. That's the division of labor. I'll call you after the close."

Again, for the same reason — businessmen were so nervous they were worrying about the market rather than their own products — I bought another 50 S&P futures, based on their fear.

I took what would have been my best day ever, and turned it into a nightmare. I actually might have bankrupted myself if everything had been marked to the market.



Seven a.m. Tokyo time, nine p.m. in New York, and the Tokyo stock market is opening up strong, the Nikkei index hitting a six-month high. I'm trading alone, night-time, wind and snow outside. The yen is going through the roof, too, as investors bid up its price in expectation of surging Japanese exports and increasing demand for yen-denominated stocks. Once the yen makes a move like this against the dollar it tends to move in strong cycles. Last week, on January 26, 1994, Fred Bergsten, a former Carter-era official and now a Washington private-sector economist generally thought to be a mouthpiece for the Clintons, was talking about the yen going as high as 90, from its then-level of around 110 to the dollar. Looking for a reversal, I bet against him and got hooked for seven figures for my audacity.

It is now around 108. It has been many days now since I have caught a good move in the yen.

The administration now disavows Bergsten's comments, but as journalists say, don't believe the rumor until it's denied. Bergsten's views are fully in line with the jawboning coming from the Treasury via Lloyd Bentsen, and Clinton is eager to show voters he meant it when he bragged about "getting tough" with Japan during his election campaign. This could mean more dollar weakness, adding momentum to the yen surge. The Japanese have a fondness for imitation and Japanese traders are no exception. Once the move gathers more steam and they'll all pile on.

Now I'm watching the yen trade in the Sydney and New Zealand markets. It's eleven a.m. there, and trading is volatile. The Aussies and Kiwis like to be thought of as roustabout gamblers, and they sometimes break up a move when they enter the fray. Then the more sober Singaporean and Japanese players take their place at the table. More sober, that is, except for Bank Negara, the swashbuckling central bank of Malaysia, known for its hedge-fund style of trading and proud of its take-no-prisoners reputation. All I need right now is to take a position and watch Negara come in with a market-moving bid, trying to run the stops and shaking me out of my position in their

backwash.

Anyway, the rising yen looks ripe for a fall, and I come in, selling yen for dollars, a \$40 million position, at 108.45. The yen stops for a minute, the hook in its mouth, and then resumes its course, breaking one resistance point after another, 108.42, 108.40, 108.37. How much line can I give this fish before it kills me? For a moment's distraction I read a letter from my friend Steve Stigler. "I hope the yen is your friend," he writes, knowing my contrarian bent and knowing how treacherous these waters are. 108.35, 108.34. Better average down. I pick up the phone and try to buy more dollars. Now they're moving it against me, jumping over my limit. Make it a market order. I'm filled at 38. I'm holding \$60 million of yen. The pain. Please, please go down. Every 2% move against me costs me \$1 million. Let's hope Negara isn't feeling feisty this morning.

Oh, no — here comes Prime Minister Hosokawa on the tape. His tax-cut, fiscal incentive package is in doubt. Wait a minute, the Japanese always hedge in their public statements. But if he's not bluffing, the yen will skyrocket, the U.S. trade negotiators will stick it to them. What a horror. Moving against me some more; they're taking his statement for real. Wish I had the boy here, one in the morning, I'm tired, need some tea, need another computer run, can't take my eyes off the screen. I have no luck any more. But who knows? Maybe tonight. It is better to be lucky. But I would rather be exact. Then, when luck comes, I am ready.

I may not be as strong as I think. But I know many tricks and I have resolution.

Imagine Clinton preaching tax cuts to the Japanese to revive their economy. Japan's current account surplus with the U.S. makes a handy whipping-boy for our fiscal irresponsibility. Plays well to his protectionist pals, who respond favorably to any kind of Japan-bashing, even though the Japan, Inc. tiger has been flat on his back for six months now and is desperately trying to change his stripes. Now here comes the finance minister, Hirohisa Fuji. Says he will never accept the income-tax-cut program without an offsetting increase in consumption tax. There, now, it's weakening, 108.38, 39.

But now the Socialist Party chairman comes on the tape, says he'll fight any increase in consumption tax. Irony upon irony, a socialist opposing taxes, supporting the consumer. And wreaking more havoc with my position, tearing the flesh off it with great teeth, 108.34, 33, 32. I'm down about \$700 thousand. Don't weaken now. The fear of the exposure.

Sharks tearing at my fish, the line tearing my hands. Increase my position, give him some more line, put in a bid to buy more dollars, 108.40 top. Suddenly it turns. 35, 36, 37. Filled. Now it's still moving my way, trade wind at my back. The yen is my friend. 108.40, 43, 44. If it gets to 50, nice round number that will attract more dollar buyers, tempting bait, then scale out.

I get out at 52, for a nice profit. The yen keeps falling to 68. Got out too soon. Again. I watch the screen as an extra \$1 million of profit floats by me. Aching, too tired to care. Get up, stagger to my room.

Go to bed.

Dream of the lions. □

Excerpted from The Education of a Speculator, forthcoming from John Wiley & Sons.

Analysis

The Wars of Yugoslav Succession

by Bryan Alexander

You can't tell the butchers without a scorecard.

In 1980, Marshal Tito, partisan victor and synthesizer of Yugoslavia, died of old age. Sixteen years and one genocide later, U.S. taxpayers bought tennis shoes at a mall for Slobodan Milosevic, a former Belgrade banker and party hack, in celebration of a territorial division that echoed the eighteenth-century carve-up of Poland.

It had taken several years for Yugoslavia to tear itself apart. After Tito died and real power devolved to the party apparatus (the League of Communists of Yugoslavia, or LCY), federal authorities tried a series of plans for the gradual capitalization of the economy.

In 1982, the federal presidency had asked the International Monetary Fund for assistance with cash and debts. The IMF responded by imposing a plan to shut down imports of foreign goods, which created brief fortunes for investors abroad while sparking inflation in Yugoslavia. From less than 20% in 1979, inflation reached 200% in 1988 and 1,200% the following year. What had been a growing middle class gradually collapsed. Labor unrest increased dramatically, with 1,685 strikes in 1988 and "continuous working-class unrest" in the following years. Yugoslav opinion, not incorrectly, associated this economic disaster with the federal regime, crucially weakening it.

At this point, the International Money Fund offered a loan rescheduling in return for a new set of economic reforms. Inflation fell from 1,200% to less than 1% within one year. Unemployment remained low and

constant. In 1990, federal Prime Minister Markovic was seen as a hero and considered the most popular man in Yugoslavia.

But in the meantime, Yugoslav politicians had discovered the value of nationalism. The IMF never recognized the degree to which citizens blamed the federal government for the economic disaster of the 1980s; nor did it appreciate the concomitant tendency toward political decentralization. Instead it insisted on a single economic system. For the first time since the early part of the century, national unity seemed a sham, a profiteering imposition. Nationalist politicians found it easy to depict the federal government as incompetent and as the tool of rapacious and ignorant outsiders; they offered to work for local interests instead. The only regional barrier to nationalist wars withered away.

In Slovenia, Milan Kucan linked his nation's heritage to an unfairly dampened economy. In Croatia, Franjo Tudjman rewrote history, rehabilitating the Ustashe (the Nazi puppet government of World War II) and promulgating a national myth of Croat victimization and heroism. Most famously, Slobodan Milosevic began staging mass rallies of Serbs in

Kosovo, Vojvodina, Croatia, and Serbia itself, demanding a protective union of the Serb people, wherever they might be.

Federal economists and republican nationalists naturally came into conflict. The latter triumphed in 1990, when the LCY dissolved itself and nationalist parties won several republic-level elections. In June of 1991, after repeated conflicts between local and federal forces, Croatia and Slovenia seceded from Yugoslavia. The Yugoslav National Army (JNA) immediately descended on both republics. In Slovenia, after facing stiff resistance and hostile international pressure, the JNA ceased operations after ten days. But in Croatia, the JNA helped local Serb irregulars seize a third of the republic's territory, bombarding cities and allowing militias to slaughter civilians. The United Nations deployed some peacekeepers and opened negotiations.

The war spread in April 1992, as the republic of Bosnia and Herzegovina declared its independence and was immediately assaulted by the JNA and local Serb militias. By August, reliable reports had emerged about mass killings and concentration camps. Once again, the U.N. — which

had withdrawn from Sarajevo one month before independence! — deployed soldiers and diplomats. Croat irregulars within Bosnia linked up with the Croatian Army to seize Bosnian territory.

The complex, three-sided war featured several diplomatic shifts, such as Croatia's oscillation between supporting and massacring Muslims, and Milosevic's withdrawal of the JNA from the Bosnian conflict. The war continued with variable intensity until late 1995, when NATO imposed a peace treaty and sent in occupying troops. At the beginning of 1996, the putative peacekeepers are dug in and under harassing fire.

Myths

To understand the Wars of Yugoslav Succession, it is necessary to dispel several widely held but erroneous explanations for events.

Balkan uniqueness. This theory holds that the peoples of southeastern Europe have an unusual propensity for extremely brutal wars fought often and for mysterious, facile reasons. A survey of the modern history of the region reveals the Yugoslavs to be as war-happy as the rest of humanity: they fought wars of liberation against the Ottoman Empire, were overrun by both World Wars, and have otherwise been reasonably peaceful. The United States, having shattered Southeast Asia with environmental war, massive armed occupation, and extensive bombing; massacred civilians in Panama; and slaughtered hundreds of thousands in Iraq and Kuwait — all within the past 30 years — is hardly in any position to complain about the bloodthirstiness of others.

The Yugoslav peoples are prone to war and to peace, more or less as the other nations of the world. We cannot find an explanation for recent events here.

Balkan nationalism. This theory holds that what was called "Yugoslavia" was in fact a seething cauldron of antagonistic nationalities, all distinct and resentful. Tito was able, through a combination of force and canny diplomacy, to keep a lid on things; his death released decades of pent-up energies that could only explode in senseless violence.

In fact, although the peoples that

live in the former Yugoslavia can somewhat readily identify themselves and each other by ethnic identity, this does not necessarily generate hatred unto death. Three confessions (Catholicism, Islam, Eastern Orthodoxy) and three ethnicities (Croat, Boznjak, Serb) have lived in relative harmony for centuries in Bosnia and Herzegovina.

The years it took for ambitious politicians to tear this unity apart (eleven, from the death of Tito through the opening JNA attack on Slovenia and Croatia) indicate the strength of that synthesis. The rapidity with which such well-established cooperation was undone is a tribute to those leaders' skill and energy.

Islamic fundamentalism. Usually a product of Serb propaganda, this theory states that Bosnian Muslims were led astray by fundamentalist clerics under the inspiration of Iran and the

For the first time since the early part of the century, national unity seemed a sham, a profiteering imposition.

Afghani mujahadeen. Non-Muslims were justified in taking preventative measures to protect themselves against *jihād*, and understandably fought hard in response to the repression when it came.

But aside from the presence of some foreign holy warriors (whose effect, aside from boosting local morale, was negligible), the Bosnian leadership has been pluralist and tolerant. President Alija Izetbegovic was once jailed for seeking to develop Bosnian Muslim culture; his views in print and practice have in fact been based on celebrating the essential multifaith nature of Bosnia.

This may come as a surprise to those who have heard Izetbegovic's book *The Islamic Declaration* described as an argument for a Muslim fundamentalist state in Bosnia.* But Izetbegovic draws a distinction between Islamic government and Islamic society, and argues that the former can

only exist where the latter predominates; that is, where Muslims are the clear social majority. "Without this majority," he writes, "the Islamic order is reduced to mere power (because the second element, Islamic society, is lacking), and can turn into tyranny." While he does comment that there can be "no peace or coexistence between the Islamic faith and non-Islamic social and political institutions," he is here referring to countries with Islamic societies, and explicitly declares that Bosnia is not such a state.

Izetbegovic is certainly a statist, but he is no fundamentalist theocrat-in-waiting.

Causes

These myths have not just obfuscated clear analysis. Western pundits and leaders have espoused these delusions, out of ignorance or out of deception, in order to excuse their policies. If the war has truly wound down, it is too late to alter policy by destroying these mythical tenets — but such dispelling might enable us to more accurately comprehend the depth of the Balkan tragedy.

And so what are the real causes of the Yugoslav conflict? I have already listed one — the policies of the IMF. Here are more:

Slovene independence and the EU. The republic of Slovenia is the region's only success story. It seceded from Yugoslavia with almost no casualties, then hooked up with the European Union for greater prosperity.

The dark side of this story is the precedent it set, which paved the way for the worst Western intervention. Germany, classically a dominant economic power in the region, swiftly pushed the EU into recognizing Slovenia without provisions for the rest of Yugoslavia. In so doing, the EU legitimized secession from a legally constituted and recognized state without negotiation. Slovenia, as it happens, is nicely homogeneous, its population fairly unified in religion and ethnicity. But since the EU's policy by default extended to the other breakaway republics, it could only lead to catastrophe when applied to Croatia, with its substantial Serb minority, or to Bosnia, divided roughly into thirds by nationality. When Croatia was recognized

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* For example, see George Manolovich, "Truth and Lies in the Balkan War," *Liberty*, December 1994.

Chronology

A Short and Absurd History of School Reform

by Stanley Wolf

And here, poor fool! with all my lore
I stand no wiser than before.

—Goethe, *Faust*, Scene I

In the schools, the buzzwords remain “reform” and “change” — but reform of what, and change to what? The answers are determined by gored oxen, political ideology, and journalistic topicality. The broader passion for reform seems to emerge from a vague and poorly articulated unease, a social itch that recurs, is scratched with dollars and rhetoric, only to itch again.

This cycle is obvious in this brief review:

Long Ago

Adam’s good woman Eve scolds Cain for bothering his brother Abel. This early failure of cognitive therapy should have told us something.

c. 400 B.C.

Plato teaches in the Academy, which is the proper name of a garden (grove) near Athens owned by Plato’s friend Academus. Over time, academies proliferate as gardens are neglected.

1635

A Latin Grammar School is established in Boston.

1642

Massachusetts School Ordinance of 1642:

It is further ordered, That where any town shall increase to the number of one hundred families or householders, they shall set up a grammar school, the master thereof

being able to instruct youth, so far as they may be fitted, for the university.

1750

Christopher Dock writes about learning problems,

[A]nd anyone having failed in more than three trials a second time is called “lazy” by the entire class and his name is written down. . . . I know from experience that this denunciation of the children hurts more than if I wre to weild and flourish the rod.¹

But 250 years have produced progress. We now label such a child “Learning Disabled.” No longer “lazy,” he is “sick.”

1786

Noah Webster approaches Ben Franklin with a project to reduce English orthography to perfect letter-sound regularity. Almost 200 years later, in the 1960s, Lippincott will publish a series of basal readers that move toward letter-sound correspondence.

1787

The Continental Congress passes the Northwest Ordinance, which contains a clause on the establishment of public schools.

1790s

Rousseau preaches that all children belong to the state. In Jacobin France, the idea is quickly embraced. Rousseau practices as he preaches: he has five children and places them all in foundling hospitals upon their births.

1805

The first monitorial school begins for the purpose of providing mass elementary education. Later, in 1840, nearly all the monitorial schools close because the students had not learned enough to sustain their existence.

1819

Prussia sets up a centralized government school system.

1843

Horace Mann visits Prussia and finds a model for educational organization.

The Prussian influence persists to this day.

1852

The first compulsory school attendance law passes in Massachusetts.

1870

The National Educational Association is formed.

1900

Just 6% of adolescents complete high school; 0.25% complete college. Those who do not complete high school are not called "dropouts." They typically move directly into jobs with paychecks.

1912

Ladies' Home Journal investigates American education, concluding that the schools largely fail to educate students.

1918

All states now have compulsory school attendance laws, thereby assuring universal scholarship and good citizenship.

1932-1940

The *Eight-Year Study* of 30 high schools shows that non-conventional schools do as well as conventional schools

1947

Norbert Wiener publishes the first edition of *Cybernetics*, which details his concept of servo-systems. He and other scientists interested in this issue (Von Neumann, Shannon, Turing) feel that feedback is important in the learning process. The public schools continue to ignore the importance of feedback, self-correcting systems, error, and the recognition (as opposed to denial) of error.

1954

The U.S. Navy Special Devices Center develops a self-tutoring device that provides instant feedback for training and testing applications. It works and is used by the Navy and in some industrial training settings.

The public schools wait for personal computers before using these readily available devices.

1955

Why Johnny Can't Read is read by all except Johnny.

1956

Benjamin Bloom puts together the *Taxonomy of Educational Objectives*, providing teachers with a set of standard classifications of the goals of education. Beautifully done, it has little impact at the time. Later, Dr. Bloom will introduce the idea that all children can learn anything if enough time is spent. Called Mastery Learning, this concept will be embraced by the school community, on ideological grounds.

1957

We are insulted and threatened by Sputnik. The repercussions shake the schools for over a decade.

1960s

The self-esteem movement accelerates. Achievement does not.

1960

Friedrich Hayek writes,

[O]ne of the reasons why there should be the greatest variety of educational opportunities is that we really know so little about what different educational techniques may achieve.²

But in the '90s, the feds increasingly will speak of national standards and national testing. The corollary of national testing is a national curriculum.

1964

Disciples of Harvard's B.F. Skinner push programmed learning as the grand solution to educational problems. Many teachers-in-a-box are sold. Many students have trouble staying awake as they pretend to be mice. This is called the "Pall Effect."

1967

A year of wisdom, well-bottled, but the bottle gathers dust in the basement.

The *James S. Coleman Report* concludes that the differences in physical and economic resources of schools attended by black children and by white children are not significant and that, in general, student achievement depends on forces over which the schools have little control. The report also contains an early critique of the effectiveness of

the Head Start program. The education policymakers don't like either conclusion.

Jeanne S. Chall's *Learning to Read* drops bits of reality for her colleagues to savor.

Their [teachers', administrators', researchers'] language was often more characteristic of religion and politics than of science and learning.

In general, I found more emotion where reason should prevail. There appeared to be such a need to defend what one was doing.³

Of the many teachers and administrators I talked with, not one ever said that he or she had been influenced to make a change by an article that reported an experiment or that described a finding about the reading process. It seems that research findings, carefully selected for the purpose, serve primarily to back up decisions and commitments already made.⁴

Where uncertainties abound, people tend to take strong stands: some resist change and overdefine their positions; others, convinced that change is necessary, tend to oversell and overdemonstrate.⁵

Her colleagues prefer more agreeable fare.

February 1968

At the meeting of the American Educational Research Association in Chicago, George Geis states,

The history of educational innovation, as we read it, was dismal. It was marked by disappointment, disillusionment and despair both on the part of the innovators and those for whom the innovations were designed. Repeatedly, under quite different conditions, innovations were introduced only to fail a short time later. Those that had not failed were, almost without exception, not evaluated. . . . We came away from our study of innovation with the distinct impression that the school was, at best, an unhappy recipient of innovation and, at worst, a highly conservative bureaucracy, resistant to change and "intensely" passive.⁶

May 1968

Paul Goodman's hyperbolics are more poetry than objective truth. Nevertheless, he makes interesting and often

constructive poetry:

[T]here is no correlation between school performance and life achievement in any of the professions. . . .

Any benevolent grown-up — literate or illiterate — has plenty to teach an eight-year-old; the only profitable training for teachers is a group therapy and, perhaps, a course in child development.⁷

July 1968

The Batelle Laboratories earlier on gave us xerography. Here, this well-endowed institute gives wisdom. A negative wisdom, perhaps, but it deserves more copies.

Researchers at the Batelle Memorial Institute have surveyed school boards in Ohio and concluded that most do not know what kind of education the public wants or needs and that even if the boards did, they would not know whether they were providing it.⁸

1969

Just three years after its release, Christopher Jencks takes a second look at the *Coleman Report* and finds that,

Like a veritable Bible, [it] . . . is cited today on almost every side of every major educational controversy, usually by people who have not read it and almost always by people who have not understood what the authors meant when they wrote it.⁹

Jencks goes on to offer his own interpretation of Coleman's data:

[F]acilities, curriculum and teacher characteristics are even less important than Coleman and his colleagues supposed.¹⁰

He then touches upon the neglected issue of the place of academic competence in our present and future culture:

Yet despite popular rhetoric, there is little evidence that academic competence is critically important to adults in most walks of life.¹¹

1970

With admirable prescience, Clark Kerr writes,

The good life will continue to be increasingly defined as including good health care and good education.

But he is too optimistic regarding the organizational flexibility of our schools:

The average school leaving age may well be lowered once people are able to go back whenever they desire instead of being excluded once they have left the not-so-hallowed halls.¹²

The year also sees the publication of the second and revised edition of Thomas Kuhn's brilliant book, *The Structure of Scientific Revolutions*. This work provokes constructive discussions in the culture of science, and even among social scientists. It is overlooked by our educational policymakers.

It is, I think, particularly in periods of acknowledged crisis that scientists have turned to philosophical analysis as a device for unlocking the riddles of their field.¹³

The government policymakers say "crisis" but show little interest in serious analysis or examination of premises.

March 1970

The fingerprints of Daniel P. Moynihan, then special assistant to President Nixon, are all over "The President's Special Message to Congress on Educational Reform of March 3, 1970"; so are the footprints of *The Coleman Report*. Nixon was reportedly quite good at foreign policy. The education establishment, then as now, could be regarded as a faraway country with a strange language and exotic folkways.

This report is excellent. The quantity of silliness is minimal as good sense and longer-term validity dominate. To this date, we have not seen anything of comparable quality emerge from Washington or from any state house.

We must stop thinking of primary and secondary education as the school system alone — when we now have reason to believe that young people may be learning much more outside of school than they learn in school.

[O]ur Federal education programs are largely fragmented and disjointed, and too often administered in a way that frustrates local and private efforts.¹⁴

Still happening, but Moynihan has left this troubled field for the more certain rewards of senatorial politics.

We must stop pretending that we understand the mysteries of the learn-

ing process, or that we are significantly applying science and technology to the techniques of teaching. . . .

Unfortunately, it is simply not possible to make any confident deduction from school characteristics as to what will be happening to the children in any particular school. Fine new buildings alone do not predict high achievement. Pupil-teacher ratios may not make as much difference as we used to think. . . . [W]e do not seem to understand just what it is in one school or one school system that produces a different outcome from another. . . .

I am determined to see to it that the flow of power in education goes toward, and not away from, the local community.¹⁵

Despite Moynihan's determination, power becomes increasingly centralized.

1972

Daniel P. is quite fertile during the '70s. With Frederick Mosteller, he produces *On Equality of Educational Opportunity*, which deals with the myth that public money can create such equality. They find that neither teacher-pupil ratios nor per-pupil expenditures correlates with academic achievement.

1973

The quotation that follows is not news in 1973 and should not be news in 1996.

School effectiveness has always been constrained by the level of talent possessed by teachers and by the ways in which that talent was mobilized to achieve school goals.¹⁶

This statement is taken from the *Second Handbook of Research on Teaching*. That volume has 1,400 double-column pages of research summaries, almost all of which remains unknown to most school policymakers.

More from the 1973 handbook, voicing an early concern with labeling youngsters:

Beginning with definition and classification we find that the label assigned to a disturbed child often reflects the bias of the labeler.¹⁷

More on "science," this time from John Bormuth, one of the talented non-educators who chose to interest themselves in this needy field: there simply

... was not an adequate scientific base on which to build the necessary technology. Reading instruction and readability were practiced as crafts, whose effectiveness depended heavily on the experience and intuitions of the practitioners, rather than as technologies, which could be employed to produce predictable results.¹⁸

1975

Public Law 94-142 mandates individualized programs for all handicapped children. The law is amended in October of 1990 and renamed the Individuals with Disabilities Education Act, or IDEA.

Donald N. Franz writes that Ritalin is bad stuff and is similar to "speed," the use of which is illegal.

[M]ethylphenidate [hydrochloride, USP Ritalin] is a mild CSN stimulant with more prominent effects on mental than on motor activities. ... Its pharmacological properties are essentially the same as those of the amphetamines. Methylphenidate also shares the abuse potential of the amphetamines.

However, indiscriminate use of stimulant drugs for "problem" children and sole dependence on drug therapy for MBD [minimum brain dysfunction] should be discouraged.¹⁹

Twenty years later, some school psychologists and too many physicians will still urge the use of this mind-altering drug.

1976

Moynihan and associates in a symposium on social science titled "Social Science: The Public Disenchantment":

Any collective enterprise calling itself a "science" will be judged and rewarded by success in answering if/then questions. During the 1950's and 1960's, the social sciences claimed a greatly expanded capacity to answer such questions. ... [I]n public policy and human service areas ... performance fell unacceptably short of what had been promised.²⁰

Two decades later, social science will remain lovingly embraced by school policymakers, whose ardor increases in inverse proportion to the value of the research and in direct pro-

portion to the ideological drenching of the "science" produced.

1980s

The Excellence Movement: "Let them eat cake."

1983

The *A Nation at Risk: The Imperative for Educational Reform* study is prepared by the National Commission on Excellence in Education, appointed by President Reagan. It finds the schools deteriorating toward crisis.

Thirteen years later, this "imperative" will remain. When is an imperative not an imperative?

1985

The *Great School Debate*, put together by Ronald and Beatrice Gross, is published. It is just one of an avalanche of studies and grand statements that will push policymakers toward the ill-advised pronouncements to come (see 1990 below):

Many 17-year-olds do not possess the "higher order" intellectual skills we should expect of them. Nearly 40 percent cannot draw inferences from written material; only one-fifth can write a persuasive essay; and only one-third can solve a mathematical problem requiring several steps.²¹

The Grosses here demonstrate that they do not understand the normal probability curve, i.e., the normal and not at all insidious distribution of abilities. Will they soon notice that 49.99% of all Americans are overweight and that an equal number are underweight? Will someone then call for the redistribution of calories?

1986

The *Third Handbook of Research on Teaching* is published. This edition has only 1,037 pages, rendering it even easier to ignore.

1987

Baroness Warnock, mistress of Girton College, reviews education theory and practice:

At last [about the early '70s] it became the duty of local authorities to provide education for all children without exception. It was inevitable that the notion of education itself should be reexamined now that it

was supposed to be available for children of such totally different capabilities.

For a curriculum is futile, however well devised, if the particular child has no access to it, either because he cannot understand what he is being taught, or because the environment of the school where he is taught it is inimical to learning.²²

The notion of just what education should be has not been reexamined. The model that originated in ancient Greece and prevailed during the Middle Ages — when education was "academic," i.e., college prep for the children of nobility — remains unexamined.

March 1989

Donald Orlich writes his dramatic and sad summary of the educational follies of the '70s and '80s.

Education reforms have been suggested by individuals, foundations, associations, governmental agencies, university boards of regents, state boards of education and local school boards. Too frequently, however, the suggested reforms have been contradictory in nature, poorly implemented, and eventually abandoned.²³

Two factors work against the reform of education. The first is a strong tradition of intuitive wisdom among educators — and a strong position among politicians of meddling with the professional aspects of teaching. The second is a rather weak empirical knowledge base in the schools.

700 pieces of legislation were enacted from 1983 to 1985 alone — all to reform the schools and those who work in them. ... The initial wave focused on efficiency, the second wave focused on teacher-proof curricula, and the next one stressed a return to basics [1988] — as if we never left them.²⁴

Orlich goes on to report that in the mid-'80s, 275 educational task forces had been organized. After outlining some of the better-known reports of these groups, he closes with his own pointer:

This nation has wasted billions of dollars on poorly organized but politically popular reform movements that have sapped the energies of school people. We need a national

moratorium on reforms [benign neglect?] so that educators and local policymakers can analyze their own problems. This could lead to a new concept: local system analysis.²⁵

But power continues to flow toward Washington and local prerogatives lessen with each federal statute.

June 1989

Utopia in the middle schools, as offered by the Carnegie Corporation:

Teaching an interdisciplinary core curriculum . . . emphasis on critical thinking . . . making connections between ideas. . . . Eliminating the practice of tracking. . . . Boosting academic performance. . . .²⁶

Let them eat critical thinking? The Carnegie Corporation is not thinking critically.

September 1989

Ernest Boyer, president of the Carnegie Foundation for the Advancement of Teaching, speaks out for a greater national role in education to change what he feels is a lack of direction. He feels that "all students should participate in community service projects that connect their schooling more fully with the realities of life."²⁷

In happier times this was called "work," from which, many felt, our children should be protected.

October 1989

A "Jeffersonian Compact" is issued by then-president Bush and the governors to establish a process for setting national educational goals. One benefit: the goalie, at least, has an easy job.

December 1989

David Kearns, chairman of Xerox Corporation, puts his head together with the staff of the Hudson Institute to issue a six-point national education plan that includes: year-round schools, public-school choice, annual testing to assure each school's performance, teacher undergraduate degrees in academic subjects, basic skills mastery or no promotion, teaching of ethical and democratic principles, and — surprise! — more money from the federal government.

February 1990

Summarizing the 1980s as a decade of

school reform, Ed Fiske quotes Frank Newman, president of the Education Commission of the States: "To improve our schools we need a total redesign of our educational system." To this end Newman organized 150 governors, educators, and legislators to "brainstorm" restructuring. The years pass, and we are not restructured. Some people do indeed like conferences.

Fiske comments, "Beyond decentralizing of schools, restructuring can mean anything."²⁸

August 1990

The National Governors' Association issues its report on education. Included are education as a life-long experience, removing barriers to education, performance/results orientation, flexibility, accountability, attracting talented professionals, accommodating varying learning styles.

No trees? The other Shangri-La had trees.

September 1990

The National Assessment of Educational Progress reports its finding from 20 years of research and observation:

Large proportions, perhaps more than half, of our elementary, middle school, and high school students are unable to demonstrate competency in challenging subject matter in English, mathematics, science, history, and geography. . . . [O]nly about half of our high-school seniors may be graduating with the ability to "use their minds" to think through subject related information in any depth.²⁹

This was a strange statement from the NAEP. Their work is usually rigorous, objective, and helpful to those who bother to read them. The problem is the manner in which they use the loaded words "competency" and "only." Their finding that half do and half don't suggests the use of tests with good discrimination qualities. But isn't this normal? Are not their criteria arbitrary? Is the hope for universal "excellence" really productive?

October 1990

Chubb and Moe issue their Brookings Institute report documenting that since the mid-'40s, the educational establishment's intention to reform has failed

even with the infusion of serious dollars. The report gathers the usual flurry of press attention and attacks from the NEA, but within the year, lacking an ideological fit with that of the educational establishment, it ceases being news.

Winter 1991

More wisdom from Senator Moynihan:

In truth, the graduation rate in New York State has been declining steadily since the 1960s. . . . As for funds . . . New York, at \$7,153, had the third highest per pupil expenditure in the nation.³⁰

If, as is forecast here, the year 2000 arrives and the United States is nowhere near meeting the education goals set out in 1990, the potential will nevertheless exist for serious debate as to why what was basically a political plan went wrong. We might even consider how it might have turned out better.³¹

1991

The Year of Edenic Mandates.

March 1991

The New York State Education Department proclaims a new Compact for Learning. A few magisterial items are listed here. Many of the items omitted were either overly modest and well within reach or stated in language that is not testable or falsifiable, e.g., "Apply reasoning skills to issues and problems."

Each student will:

- 1.1 Think logically and creatively.
- 1.4 Write clearly and effectively in English
- 2.5 Learn language and literature in at least one language other than English.
- 4.1 Knowledge of American political, economic and social processes and policies at the national, state and local levels. [sic]³²

Why do these pronouncements so seldom say "some" or "many" as contrasted with their "all" or "each"? If all this actually came about, the talents of "all" graduates would well exceed that of most congressmen.

April 1991

AMERICA 2000: An Education Strategy.

This rather ambitious and vaporous set of goals was, fortunately, subject to a credibility gap shortly after being announced. The National PTA and the Chrysler Corporation surveyed 792 parents:

How Parents View the Six National Education Goals:

- Goal — % Believe Goal Attainable
1. All children will start school ready to learn — 29%
 2. The HS graduation rate will increase to 90% — 43%
 3. Students will leave grades 4, 8, 12 competent in challenging subjects like English, math, and science — 62%
 4. U.S. students will be first in the world in science and math — 19%
 5. Every American adult will be literate — 14%
 6. Every school in America will be free of drugs and violence . . . — 4%³³

Here, the policymakers have failed to fool all the people any of the time. They had best go back to fostering motherhood, apple pie, and a doctor-in-every-garage, these being more credible than the fantasies of the governors. Note again the "all" and "every" everywhere!

1993–1995

Robert Reich, secretary of labor, cruises all available podiums to proclaim that in the modern world, employment

without a college education is impossible. Has he tried to get a plumber lately?

January 1994

Albert Shanker is probably the closest thing to an education statesman that our country has produced during all the recent decades. A union man, his views reflect his responsibilities to the members of his teachers' union. However, given this premise, he argues and comments thoughtfully and intelligently, and makes his points based upon the best research available to him. Many disagree with him. I disagree with him most of the time. While comfortable with his union-spokesman role, he evidences little patience with the conceptual sloppiness that pervades this field.

In January of 1994, Shanker employs M. William Salganik as guest columnist in his weekly "Where We Stand" column, published as an advertisement in many newspapers and magazines. The following example of his good sense summarizes this historical venture:

Education panaceas have a curious resilience. Ideas come along, fail, drop from sight for a while and then reappear. When they do come back, no one seems to remember why they didn't work before.³⁴



Yet, there are Edens . . .

Kindergarten, the children's garden or a garden of children, an Eden with many good apples and no serpents, yet. Their teacher has chosen to be with them to savor their alleged innocence while she indulges her nurturing instincts.

Yesterday she was advised to just let them grow. The day before yesterday her duty was to carefully reward every indication of civilized cognition and withhold approval in the absence of correct cognitive growth. And today she must present many stimuli, each capable of expanding awareness and constricting innocence.

But this teacher floats above these shifting sands and does what she does. Hers is a monastic calling. She has paid her college dues and is certified, appeasing the gods in the state house. She does what she does and does it invisibly. And her principal likes this tranquil invisibility.

The twelve years pass, and at least some of the good apples have been consumed. At graduation this teacher marvels at the happy transformations of some of her former pupils and regrets the absence, here, of the others. She is not sure, but does hope that those she sees capped and gowned are survivors and that those absent will find their way.

Whatever, it is a good day and she still does not understand what all this "reform" stuff is about. □

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Tactics

Learning from Environmentalists

by Randal O'Toole

The children of the '60s have not prospered equally. Greens have succeeded where libertarians have failed.

After three decades as one of the nation's most influential lobbies, environmental forces have suddenly become a political zero in Washington. But don't count them out too quickly. Environmentalists have shown an incredible ability to adapt and thrive under almost any circumstances.

While libertarians may not agree with all environmentalist objectives, they have a lot to learn from the greens. They can learn why the environmentalist movement has been such a spectacular success while the libertarian movement has barely caused a ripple. They can learn from environmentalists' mistakes. And they can learn the benefits of building alliances with others — perhaps even with environmentalists.

Consider all that environmentalists have accomplished over the past 30 years:

- They have convinced Congress to set aside millions of acres of public land as national parks and wilderness.
- They have successfully pushed for laws controlling air pollution, water pollution, and hazardous wastes, as well as laws governing wildlife habitat, forests, and agricultural lands.
- They have won numerous lawsuits over pollution, clearcutting, spotted owls, mining, and other issues.
- They have practically shut down entire sectors of the economy in several regions of the country.
- At the state and local level, they continue to win support for parks,

stringent pollution control, mass transit, and other programs.

You don't have to agree with all (or any) of these actions to admit that the environmental movement has had a major influence on our nation and our lives.

The environmental movement and the libertarian movement were both founded, in their current incarnations, between 25 and 30 years ago. They have a common origin: antiwar activists following through with their political skills and philosophies. Yet their achievements stand in sharp contrast with one another.

Since the contemporary libertarian movement began, around 1969, the size of the federal government has nearly tripled — *after* adjusting for inflation. The war on drugs, criminal forfeiture laws, and anti-gun campaigns all stand as evidence of the movement's failure to significantly influence the political system, even during the supposedly pro-market Reagan administration.

What has made the environmental movement so successful while the libertarian movement remains practically unknown? The answer can be

found by taking a close look at the environmental community.

To those who live inside the Washington Beltway, the environmental movement consists of a handful of large organizations: the Sierra Club, the Wilderness Society, the National Wildlife Federation, and five or six more. In reality, these groups are merely the tip of the environmental iceberg. The movement's real strength comes from the nearly 10,000 grassroots organizations, about 10–20% of which have paid staffs, that are found at the state and local levels.

Many of these grassroots groups focus on a single problem or goal: saving a particular forest or opposing a particular factory. The staffed groups tend to be a little broader in scope, but still concentrate on a single geographic area and, usually, a narrow range of topics.

All of these groups constantly try out new tactics to achieve their goals. When a tactic proves successful, scores of other organizations immediately begin to emulate it. These groups accomplish things that many libertarians have never dreamed of, much less tried.

How many libertarians have appealed an agency decision under the Administrative Procedures Act? Many environmentalists file such appeals so often that they have boilerplate language in their computers that is almost guaranteed to stop, or at least significantly delay, actions they oppose.

How many libertarians have filed a Freedom of Information request?

What has made the environmental movement so successful while the libertarian movement remains practically unknown?

Many environmentalists can write such requests, together with requests to waive fees, in their sleep.

Some environmental groups focus on filing lawsuits. Others lobby their state legislatures. Others educate the public through posters, newsletters, slide shows, videos, and other programs. Still others orchestrate letter-writing campaigns and phone-trees. Other tactics include protest marches, tree-spiking, research and policy analyses, publication of picture books, and much more.

The large number of groups, the range of tactics they use, and their willingness to experiment with new methods has given the environmental movement a tactical strength that private industry can rarely match, much less overcome. It is this strength that has made the movement so effective at passing new laws, enforcing existing statutes, and keeping the public aware of environmental problems.

The presence of so many organizations creates enormous tension among environmentalists, as groups compete with one another for members, funding, and volunteers. Because *ad hoc*, unstaffed groups have very different incentives than established groups with heavy monthly expenses, the various organizations constantly disagree about strategy, even when they share the same goals.

Virtually everything the environmental movement has accomplished has been achieved *without* any coherent strategy. Strategy may be impor-

tant, and the current eclipse of the movement may be due to a strategic failure. But the lack of any strategy did not prevent great successes for more than two decades.

A clear strategy was often unnecessary because the various groups' tactics synergized into what appeared to be a carefully thought-out plan. Earth First! would draw attention to an environmental problem by sitting in trees or blockading bulldozers. A local group would start filing appeals. The Sierra Club Legal Defense Fund would follow through with lawsuits. The inside-the-Beltway groups would build up a lobbying campaign. Though none of this was planned in advance, together these tactics would often produce a major success, such as the shutdown of much of the northwest timber industry.

And what tactics are used by libertarians? Basically, there are two: think tanks, and running someone for president every four years. True, organizations such as the Pacific Legal Fund file a few lawsuits, and think tanks like the Cascade Policy Institute have begun lobbying state legislatures. And many libertarians participate in narrower groups, such as the National Taxpayers Union, which lobbies for fiscally sound public policy, or the Fully Informed Jury Association. But as a whole, the libertarian movement remains about as tactically advanced as the environmental movement was in 1969.

The results are predictable. In 1969, few Americans knew much about environmentalism. Today, few Americans know much about libertarianism.

Why the retarded state of the libertarian movement? I can only speculate. For one thing, while the environmental movement was fracturing into thousands of splinter groups, libertarians were focusing their energy on the Libertarian Party. I suspect that this placed enormous pressure on libertarians to conform, to join the party, and to participate in the quadrennial campaign or run for various local and state offices.

I am not saying that there is anything wrong with running for office or running someone for president. Environmentalists ran Barry Commoner for president back in 1980. What's wrong

is putting all your eggs in one basket. When running Commoner for president didn't notably advance the cause of environmentalism, the movement dropped that tactic.

The biggest mistake environmentalists have made was attaching themselves to the Democrats in the 1980s, when the major environmental groups discovered that demonizing James Watt and other members of the Reagan administration was a great tactic for gaining members, raising money, and building their organizations. In doing so, they effectively painted environmental issues as Democratic concerns. Before 1980, the environment was considered a nonpartisan issue; by 1985, it was heavily partisan.

While siding with the Democrats has left environmentalists out of the current political picture, it at least insured that they would have a major influence on a party that is in power about half the time. That is a lot better than the libertarians, who attached themselves to a party that is in power *none* of the time.

While the environmental movement appears to be floundering today, a close look reveals that most of the groups are experimenting with new tactics to cope with the current political situation. A few of the larger groups

Virtually everything the environmental movement has accomplished has been achieved without any coherent strategy.

are trying to ride it out, hoping the 1994 elections were a fluke. But many of the grassroots groups are trying to shape their rhetoric and objectives to suit the current fiscally conservative period.

Even when things seemed brightest for environmentalists — during the Carter years, when both the White House and Congress seemed environmentally friendly — the movement could accomplish little by itself. Its greatest achievements came when it allied itself with other interests, such as Native Americans, scientists, or hunting and fishing groups.

For example, environmentalists could not have halted timber cutting on eight million acres of prime northwest forests by themselves. Though few people realize it, this happened only because they had the support of forest ecologists and numerous top Forest Service officials.

How can libertarians emulate the successes of the environmental movement without making the mistakes environmentalists made? First, libertarians should begin forming hundreds of new groups, many based on single issues. Is someone threatening the freedom of your neighborhood, city, or state with some new ordinance or legislation? Then form a new group to oppose it. The "not in my backyard" reaction has been one of the greatest sources of growth in the environmental movement.

When starting these groups, don't

worry too much about the libertarian credentials of the people you work with. The important thing is the goal of stopping whatever bad law has brought you together. If some of the members learn that this law is only one of a larger series of bad laws being written all across the land, so much the better.

Second, libertarians should build allies by joining other groups whose goals are, in some way, libertarian. This could be anything from the PTA to the Republican or Democratic parties (and libertarians would do well to work with both). Again, don't use your membership as a vehicle to evangelize the libertarian cause. Instead, teach by example.

You say there aren't enough libertarians to start or join thousands of organizations? Then it is time to expand the movement by allying it with some other movement — maybe

even the environmentalists. Many environmental groups would welcome any new members who can speak fiscal conservatism. While environmental groups seem rudderless, they have a shock force of tens of thousands of volunteers who will work hard toward their objectives.

Many libertarians suspect that environmentalists are command-and-control freaks who will oppose libertarian ideals. That may be true in some cases. But not all.

If nothing else, libertarians and environmentalists have two things in common: neither like to breathe dirty air and neither like to pay high taxes. Build on that common ground. Join your local environmental group, and show them how freedom and free markets can protect the environment better than big government can. You won't be sorry. □

Alexander, "The Wars of Yugoslav Succession," *continued from page 32*

within its old borders, borders that included the Serb-dominated Krajina region, the stage was set for confrontation — especially with a nationalist party in power that non-Croats justly feared.

EU policy follows logically from its economic interests, but what's good for Western Europe is not always best for everyone else. Kucan and his followers have — accurately — characterized themselves as eager capitalists willing to plug into the world of transnational corporations; not surprisingly, a Germany and EU with the same ethos was willing to assist them. In less "developed" areas, things are different.

For example: in 1987, the Albanian-majority republic of Kosovo, one of the poorest regions in Eastern Europe, declared bankruptcy. The next year saw massive and repeated general

strikes, as economic conditions spiraled downwards. The federation, under Serb pressure, cracked down with enormous and bloody police and army attacks; the deaths continue to this day.

The EU has yet to show any inclination toward intervening on behalf of the Kosovars. Nor have the U.N., the U.S., or any of the media's laptop bombardiers.

Franjo Tudjman. The president of Croatia and leader of the nationalist Croatian Democratic Union, Tudjman has had one consistent goal: to aggrandize his and his nation's power. Long before Operation Blitz, he sent the Croatian Army into Bosnia to encourage and link up with Croat paramilitary forces operating there. Despite occasional truces and even the tactical alliance (laughingly called the

"Federation" today), the Croats have committed every one of the atrocities we know so well: expulsions of civilians from their homes, bombardment of cities (Mostar has the dubious honor of being shelled by Serbs from one side and Croats from the other), internment in concentration camps. Unlike the Serbs, Tudjman has a good sense of the Western media, and has jockeyed himself into the position of the West's ally in former Yugoslavia. His accumulation of personal power, which resembles nothing so much as a cult of personality, goes unnoticed; so does his *Nineteen Eighty-Four*-like program for the creation of a new Croatian language. Although his armies have fought the Serbs and the JNA to a standstill at several remarkable battles, Tudjman as early as March 1991

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notes to Wolf, "A Short History of School Reform," *continued from page 38*

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Murder, Mayhem, and Meathead

by Bill Kauffman

Be careful what you wish for, partisan movie-goers: you just might get it.

It never would have occurred to Franklin Pierce to denounce Walt Whitman's *Leaves of Grass*. William McKinley never called a press conference to vilify Theodore Dreiser for *Sister Carrie*. But that was then, and this is now, and Senator Robert Dole hopes to move into what blear-eyed sentimentalists risibly call "the people's house," aided by ghostwritten attacks on movies he hasn't bothered to watch.

Last year it was *Natural Born Killers* and *True Romance*; now it's *The Money Train*, which I have no doubt is deeply moronic, but *still* . . . isn't it odd to hear denunciations of fictional violence from a man who has rubber-stamped a Clinton policy that will employ American men and tax dollars to kill real live Bosnian Serbs — people who have never so much as lifted a finger to harm us?

"We must hold Hollywood and the entire entertainment industry accountable for putting profit ahead of common decency," Dole thundered in his now-notorious campaign speech last year in Los Angeles. Disparaging those who take refuge in "the lofty language of free speech," he singled out *Natural Born Killers* and *True Romance* as "films that revel in mindless violence and loveless sex." *Natural Born Killers* is a special case: for all of Oliver Stone's manifold talents as a writer-director, he lacks a sense of humor, which is more or less required when making a satire. But in re: *True Romance*, Dole's is the most inaccurate description of a movie since a critic called *Last Year at*

Marienbad "entertaining." Anyone who finds the relationship between Patricia Arquette and her chivalrous husband Christian Slater "loveless" is the sort of guy who would dump an aging wife and take up with a power-mad Beltwayette.

Dole praised such "friendly to the family" films as the cretinous *Flintstones* and the Arnold Schwarzenegger killfest *True Lies*. All of which called to mind Attorney General Janet "Burn Babies Burn" Reno's performance before the Senate Commerce Committee in October 1993. Fresh from her massacre of flesh-and-blood religious dissidents in Waco, Texas, the (h)AG scolded the TV networks for airing *make-believe* violence. She later offered her own mind-numbing idea for a movie-of-the-week: a 14-year-old "helps raise his two siblings while his mother is recovering from crack addiction." Three years later, "she goes to law school and he graduates as valedictorian." (Dear old dad is nowhere to be found.)

Reno's hectoring paid off, not least in the seemingly endless parade of cute lesbians who pop up on television in the anodyne roles once

reserved for non-threatening blacks. And now comes the Rob Reiner-Aaron Sorkin valentine to Bill Clinton, *The American President*, which exhibits all the irreverence of Albanian auteurs in 1982 preparing a documentary on the life of Enver Hoxha. (*The American President* has been called "Capraesque," but Frank Capra was a bare-knuckled populist, one of the great FDR-haters. He cut a treacly scene from the prologue of the *It's a Wonderful Life* script in which the angels gush over the newly deceased President Roosevelt.)

Be careful what you wish for, partisan movie-goers: you just might get it. In the 1970s, black Responsibles hooted at a raft of lively films (*Sweet Sweetback's Baadasssss Song*, *Shaft*, *Superfly*) about black characters who possess a more ambiguous morality than the usual Sidney Poitier cardboard cutouts; the resultant timidity gave us a handful of Noble Negro pictures and a long drought during which the only parts for black actors were as the white guy's bland sidekick (see: Glover, Danny, career of).

This was remedied by the Cinematic World On Its Head Act of

continued on page 50

Crackpot Alert

The Conspiracy Bugaboo

by John McCormack

Paranoia strikes deep.

There's a lot to like in the militia movement. The militiamen distrust the federal government. They're willing to resist federal assaults on individual rights. They're hostile to the income tax, the Federal Reserve System, and the regulatory state. They enthusiastically exercise the right to keep and bear arms.

Yet the militia movement usually alienates freedom-minded Americans. Some of this stems from the movement's crude rhetoric, frequently ignorant public statements, and more-than-slightly-ridiculous paramilitary exercises. But the problem is more serious than that. It's the militias' propensity for conspiracy theories. The militias attribute almost all major political and economic events to an elite group of "Insiders."

Rather than focusing on destructive institutional arrangements, conspiracy believers emphasize the supposed malevolence of small, usually alien, groups. This doesn't just keep them from reaching a more sophisticated understanding of the world; sometimes, it leads them to distinctly illiberal policy prescriptions. This tendency can be seen at its worst in the unfortunate overlap in membership and beliefs between a few of the militias and some racist and anti-Semitic groups. Bo Gritz, a "patriot" leader and former presidential candidate, has insisted publicly that the Federal Reserve System is controlled by eight Jewish families. Linda Thompson, the "Acting Adjutant-General of the Unorganized Militia of the U.S.A.," tells interview-

ers that the Israeli Mossad is responsible for the American farm crisis.

Militia members aren't the only Americans with conspiratorial views of history. The John Birch Society, the Nation of Islam, the Aryan Nations, and such Christian Right leaders as Pat Robertson also espouse variations on these beliefs. And some leftists — Oliver Stone, Mark Lane, and the Christic Institute come to mind — hold conspiracy views that are distantly related to the militias' and nearly as bizarre.

Where did these theories come from? What do they entail? What leads people to believe them? Glad you asked.

A Brief History of Conspiracy Theory

A particular genus of conspiracy theory has persisted in the U.S. and Europe since the nineteenth century. These theories assert that a secret and sinister circle of international bankers exercises control over major political figures, manipulating financial markets to its own benefit and to the detriment of wage-earners and farmers. This power extends to being able to cause wars and depressions and to

profit enormously from both. Having no loyalty to any national governments, the conspirators operate from the world's financial capitals, where they continue to scheme for world domination. Jews often — though not always — feature prominently in these conspiracies.

Such theories are unlike the various plots posited by Kennedy assassination buffs — which, however mistaken they may be on technical and other grounds, usually have at least the merit of being limited as to goals, time, and participation. They also differ from the Marxist theory that capitalist control of politics flows inevitably from private ownership of the means of production, and that maintaining control does not depend on the conscious efforts of individual capitalists. These "Endless Conspiracy" theories hold that real political power does not lie in the hands of the property-owning class as a whole, but is wielded by a tiny, self-conscious financial elite. Moreover, the conspiracy is virtually unlimited as to time and place. It is centuries old — or, in the imaginative theories of Robert Welch and Lyndon LaRouche, millennia old — and over this period its

locus of control has shifted from its origins in Central Europe to London and later to New York. In some accounts, the conspirators maintain their influence through mysterious, almost occult powers.

Strictly speaking, conspiracy theories of this sort are neither conspiracies nor theories. They are not criminal conspiracies in the legal sense, because they involve people who (supposedly)

In the fog of conspiracy thinking, many people misdirect their attention from deeply flawed institutions to non-existent cabals.

have the power to change laws to suit themselves. They are not theories in the scientific sense, because few or none of the claims made can be tested. Perhaps because of this, conspiracy theories have been a persistent but usually marginal feature of American politics.

Late-nineteenth-century populists, including presidential candidate William Jennings Bryan, attributed the misery of southern and western farmers and miners to nefarious Wall Street and European capitalists. In the 1920s, similarly-minded members of Congress blamed the First World War on munitions-manufacturers such as DuPont, which some theorists had identified as part of the international conspiracy. Conspiracy-watchers also blamed the Bolshevik *coup d'état* in Russia and the activities of other Communist parties on the same dark forces.

New conspiracy theorists emerged after World War I, asserting that the war and International Communism were the products of the same plutocratic machinations. Perhaps the most influential was Nesta Webster, an Englishwoman whose 1921 book *World Revolution: The Plot Against Civilization* provided a chart diagramming the supposed connections between all of the revolutionary movements of Europe during the prior one-and-a-half centuries. According to Webster, the source of the international conspiracy was a renegade Jesuit priest named

Adam Weishaupt, who founded the Order of the Illuminati in Bavaria in 1776. The Illuminati were no strangers to the world of political paranoia: they had been suppressed in the 1780s because the Bavarian authorities feared their secretive efforts to promote free-thought, were blamed in the next decade for the French Revolution, and in the late 1790s were accused of controlling the Jeffersonian Republicans. According to Webster, they were still a potent political force in the 1920s. She presented no evidence to show how different revolutionary organizations were linked except to point to similarities in their written programs and to such "shocking" coincidences as Weishaupt having formed the Illuminati on May 1, 1776. (You see, May 1 was later chosen by the Communist movement as Labor Day.) As ridiculous as Webster's claims were, they nonetheless captured the imagination of conspiracy believers (including, interestingly, Winston Churchill). Partly as a result, she was later to become a significant figure in Oswald Mosley's British Union of Fascists. Webster insisted that "the Jews" played a large part in the conspiracy, that they had financed the Bolsheviks, and that their "international and insidious hegemony" dominated Western democracies. Similar conspiracy theories were popular during the 1920s among Russian emigrés, who helped circulate them in continental Europe and the United States. No doubt, many Russians were quick to accept these ideas because they had already been exposed to anti-Semitic forgeries such as *The Protocols of the Learned Elders of Zion*.

The works of Webster and others introduced conspiracy theory to anti-Communist groups in Europe and the U.S. in the inter-war years. These notions were also well-received by several successful American businessmen with deep suspicions of the financial establishment, such as Henry Ford. The same ideas continue to bubble up in the writings of latter-day American conspiracy believers, including Pat Robertson.

Robertson's book *The New World Order* is perhaps the best recent example of the Endless Conspiracy idea. Far from original, it is a pastiche of classic

conspiracy notions and therefore serves as an excellent source for anyone wishing to get a good overview of the genre. Like the John Birch Society, Robertson espies a coalition between international financiers and Communist governments. "Until we understand this commonality of interest between left-wing Bolsheviks and right-wing monopolistic capitalists," he writes, "we cannot fully comprehend the last seventy years of world history nor the ongoing movement toward world government." (Robertson was writing in 1991.) In order to achieve the "One-World Government" under establishment control, "they have perceived that radical Marxism is an important intermediate step toward their goal of a managed world economy." In the post-Communist era, he reveals, the United Nations is an instrument propelling us toward "a global society, managed by an elite central government that exercises supervision and control by means of its massive army of so-called peace-keeping forces."

Like Nesta Webster, Robertson is convinced that establishment institutions are secretly controlled by the conspirators. "A single thread runs from the White House to the State Department to the Council on Foreign

The people convinced that eight Jewish families control the international banking system are not likely to become free-banking advocates.

Relations to the Trilateral Commission to secret societies," he informs readers. Elsewhere he explains how the Federal Reserve, the income tax, and fractional reserve banking all combine to produce breathtaking profits for commercial bankers, which enable the conspirators to carry out their plans. According to Robertsonian history, the U.S. Federal Reserve System came into being because a "secret" group of international bankers wanted a "privately owned central bank" so that they could manipulate interest rates and the money supply for their own benefit. The income tax was part of the same

conspiracy. "The companion piece" to establishing the Federal Reserve, Robertson tells us, "was to change the United States Constitution to force the American citizens to pay for the loans these bankers would make through the Federal Reserve to the treasury." The "Money Trust" picked the unwitting Woodrow Wilson as president in 1912 in order to establish both the Fed and the income tax and to get the U.S. into the First World War. The conspirators guaranteed Wilson's election by getting Theodore Roosevelt to run as well, thereby splitting the Republican vote and ensuring Taft's defeat. In the decades since then, the conspiratorial group has maintained its control by influencing the major news media and industrial corporations through bank lending and voting shares managed by bank trust departments. The group reinforces its power by controlling Ivy League universities and other elite colleges. New recruits to the conspiracy are drawn continually from these elite institutions to perpetuate the plan over generations.

This much would be familiar to readers of standard conspiracy tracts, but Robertson adds a dimension that would stun even the John Birch Society faithful. Although money may fuel the conspiracy, Robertson insists that neither wealth nor political power is the conspirators' ultimate motivation. Rather, the political and financial leaders visible to ordinary citizens are simply front men for "a tightly knit cabal whose goal is nothing less than a new order for the human race under the domination of Lucifer and his followers."

Strange as they might sound, Robertson's claims are rather moderate, as conspiracy theories go. Unlike the versions propagated by the Liberty Lobby, the Aryan Nations, and Posse Comitatus, to name a few, Robertson's book makes no attacks on Jews. Although much of Robertson's conspiracy theory has historically been associated with anti-Semitic movements, he does not blame Jews *per se* for orchestrating the New World Order; indeed, like other evangelical Christian leaders, he is a vocal supporter of the Israeli state. (This has not prevented left-liberal commentators from claiming that Robertson and his Christian

Coalition are mounting a surreptitious anti-Semitic campaign, and that other conservatives — particularly Jewish neoconservatives — are too cowardly to repudiate them. See "Rev. Robertson's Grand International Conspiracy Theory," by Michael Lind, in the February 2, 1995 *New York Review of Books*.)

The conspiracy theories promoted by the John Birch Society also avoid attacking Jews as a group. To be sure, some villainous Jewish bankers do appear in Bircher theories, but they are

In some accounts, the conspirators maintain their influence through mysterious, almost occult powers.

rather modest bogeymen in comparison with the Rockefellers and other establishment WASP figures.

Does All This Matter?

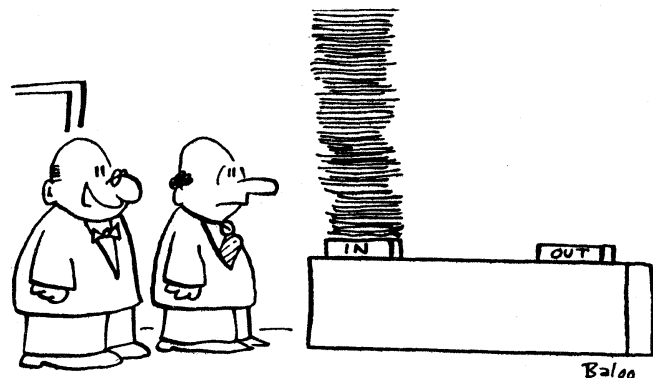
These theories prevent clear thinking about politics, culture, and society. Their proponents fail to understand how a relatively simple set of rules — those protecting private property and voluntary contract — can produce a complex civilization that is the result of human action but not of human design. In the fog of conspiracy thinking, many people misdirect their attention from deeply flawed institutions to non-existent cabals.

Like other conspiracy believers, Pat Robertson senses there is something wrong with our Federal Reserve System, but his irrationality leads him to bogus solutions. He objects to the Fed because (he claims) it is owned by private interests that might be foreign. In *The New World Order*, he endorses a "greenback solution," so that the Fed will no longer "create money out of nothing and lend it out at interest." His al-

ternative is to have Congress monetize deficits directly via the printing press. Not only would we still be on a fiat money standard, but we would be inflating the money supply even faster than we are now.

Obsession with conspiracies has led many otherwise pro-private-property activists to take utterly bizarre positions. Franklin Sanders, a Tennessee-based newsletter-writer with a following among hard-money enthusiasts, once wrote an article opposing Margaret Thatcher's privatization program. He knew it was a terrible idea because N.M. Rothschild & Co. was an advisor to the Thatcher government! Similarly, the people who have been convinced by Bo Gritz that eight Jewish families control the international banking system are not likely to become free-banking and private money advocates. They are much more likely to simply rally to anyone promising to "get" those elusive eight families.

Conspiracy theories are a debilitating example of what Thomas Sowell calls the "intentional fallacy" — the idea that *someone* must be running the whole system. People who believe this seem particularly susceptible to anti-Semitism. Once convinced a group of "Insiders" exists, the conspiracy believer naturally becomes curious about the cabal's membership. According to the theory, the conspirators make money through mysterious ways (i.e., through financial markets), have international social and business ties, have "special" ways of communicating with each other, and seem to prosper when others do not. For some people, Jews are the most obvious candidates for



"Go get 'em, tiger!"

"Insider" status. As a result, for many, conspiracy theory has been the first step down a slippery slope to vehement anti-Semitism. The Aryan Nations, the Order, the Posse Comitatus, the Ku Klux Klan, and neo-

Nazi groups all insist the financial system is controlled by a coterie of evil Jews and that the U.S. government amounts to a "Zionist Occupation Government." In which case murder, bombings, armored car robberies, and the shooting of offensive radio talk show hosts become morally justified.

respond — *The Economist* is a *Rothschild* publication. Is Africa a collection of basket cases? *Powerful international economic interests* must have pushed African countries into independence prematurely.

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Conspiracy Theory vs. Public Choice Theory

It is important to distinguish between theories of governmental malfeasance and the kind of conspiracy theory that claims that the Illuminati control the world's governments. Clearly, real conspiracies exist, but they are always limited to relatively small numbers of people working toward a limited end over a limited period of time. There is little doubt, for example, that various federal agencies collaborated to set up both Randy Weaver and David Koresh as public menaces in order to justify their budgets for paramilitary operations. And the feds' efforts to cover up their murderous bungling after the fact almost certainly amount to a criminal conspiracy. But the notion that the BATF and FBI were pawns of a secret group of "international bankers" is just plain silly.

Public Choice offers a much more plausible explanation for government encroachment on our liberties. It is simply an iron law of bureaucracy that governments tend to increase their power and their demands on citizens' wealth unless opposed by an informed and vigilant citizenry. Unfortunately, certain kinds of people can't seem to make sense of the world without believing in some hidden evil force in their midst.

Conspiracy theory is attractive to many people because it radically simplifies what they have to understand about how the world works. Once one accepts the conspiracy, there is no end to the phenomena that can be explained. Did the First World War lead to the birth of socialist governments? The *Insiders* must have benefited financially from their political success. Have gold prices failed to rise as predicted by newsletter-writers? No doubt the *Bilderbergers* conspired to suppress the price. Has *The Economist* demolished some argument you made? No need to

Political Marginalization of Conspiracy Theorists

Although books promoting conspiracy theories have sometimes been widely distributed, actual belief in the conspiracies has usually been limited to the political fringe. Since the Second World War, no major political figure in the U.S. — not even Joe McCarthy — has espoused such views, and only a handful of congressmen and state officials have ever been associated with them. The John Birch Society was read out of the mainstream conservative movement by the early 1960s, owing in part to the efforts of people such as *National Review* editor William F. Buckley. While major news media occasionally feature articles on organizations whose members hold such views, the theories themselves are not discussed at any length. Usually, the ideas seem so manifestly absurd to journalists that no refutation seems required. Neither libertarian nor mainstream conservative periodicals differ from conventionally liberal news media in this respect. Because organizations promoting conspiracy theories are never party to serious political discussion, libertarian writers find no reason to deal with conspiracy theories directly. Many feel that to respond to them in detail is to confer a degree of intellectual respectability on the ideas, and that the most prudent course of action is to ignore them.

Treating conspiracy theorists with silent contempt has had unfortunate consequences. While libertarian journals have provided intellectual ammunition to their readers for all sorts of other battles, few dissections of conspiracy fallacies have appeared in free-market publications. Readers who could look to any one of several periodicals for detailed criticism of statist propositions have not been presented with corresponding arguments against conspiracy theories. This has permitted conspiracy-mongers to promote their ideas in an intellectual vacuum and to suggest that the lack of response from

the conventional media is evidence of a plot to prevent the real story from being exposed.

Personal circumstances often affect how receptive people are to conspiracy theories. Few militia members, for example, have any first-hand experience with the world of high finance or with the members of the organizations that loom so large in conspiracy demonology (such as the Council on Foreign Relations and the Trilateral Commission). Claims that would immediately sound laughable to people with direct knowledge of financial institutions and political decision-making may seem plausible to less knowledgeable individuals if presented by an articulate person with an apparently coherent explanation of international events. People who would be willing to consider objections to conspiracy theories on logical and factual grounds often succumb to them because they hear no other explanations. An open airing of these issues would satisfy many people that conspiracy theory has no merit.

We can begin by taking apart Pat Robertson's very representative theory. While it is true that his book contains a blizzard of bogus charges that can be neither verified or refuted, the conspiracy theory itself rests on just a single reasonable supposition and an utterly false explanation of the banking system.

Robertson reasonably supposes that a sociopolitical elite would use its influence for financial gain at public expense if presented with opportunities to do so. On this foundation, Robertson constructs a model of a perpetual money machine commanded by the "Insiders." According to Robertson, the conspiracy is empowered by a privately owned Federal Reserve and immensely profitable commercial banks that benefit from war, taxation, and socialism. Belief in this money-making process depends upon a number of propositions that are not only false, but can fairly easily be refuted.

1. The Federal Reserve is privately owned.

Although nominal shares in the Fed were sold to member banks at its establishment, it is not privately owned in any meaningful sense. Bank member shareholders elect only six of the nine

Fed directors and of those six, only three can be bankers or bank shareholders. More importantly, member banks do not control the Federal Open Market Committee, which determines monetary policy. Seven of the twelve members of the FOMC are the Fed governors, appointed by the president and confirmed by the Congress. The other five members include the head of the New York Fed and four other regional Federal Reserve Banks.

Moreover, holding shares in the Fed is not a very profitable activity. Dividends to member shareholders are limited to 6% of nominal capital (hardly a great rate of return) and all Fed revenues above this amount

Claims that would immediately sound laughable to people with direct knowledge of financial institutions may seem plausible to less knowledgeable individuals.

(invariably vastly greater sums) are returned to the U.S. Treasury. In 1994, for example, total dividends to member banks amounted to \$212 million while the Treasury received \$20.5 billion, 97 times as much.

The Fed is, and always has been, an arm of the U.S. government.

2. Lending money to the government has been a lucrative activity.

This is a truly reckless claim for someone with a conservative middle-class constituency to make. Robertson's followers must be as aware as anyone else that the financial rewards to buying U.S. Treasury securities (i.e., lending money to the U.S. government) are negligible. Even if one had been entirely exempt from income taxation during the twentieth century, something that was most assuredly not the case for either the average American or rich bankers, investing in Treasury securities would have provided returns just slightly greater than the rate of inflation. From 1926 to 1990, the average annualized returns to holding short-term Treasury bills was 3.7%, to holding medium-term Treasury notes was 5.1%, and to hold-

ing long-term Treasury bonds was 4.9%, while inflation averaged 3.2%. For any individual or institution that paid significant taxes, the inflation-adjusted returns were negative over the whole period. For long periods of time, in fact, real returns were *extremely* negative. Anyone buying long-dated Treasury bonds in 1940 (for a 2% yield to maturity) and holding them until 1980 would have seen the real value of his capital reduced by 57% even if he were entirely exempt from income tax. If the same person had been in the 50% tax bracket for this period, his real loss would have been 73% of his original capital.

3. Fractional reserve banking allows individual private commercial banks to create money out of nothing and to lend it out at interest.

It is true, as any elementary economics textbook will show, that the fractional reserve commercial banking system *as a whole* creates money when the Fed buys securities, commercial banks make loans, and borrowed cash is deposited in other commercial banks. But this does not permit individual banks to earn free interest on loans they make from self-created money, as Robertson suggests. Commercial banks must still pay competitive rates of interest on the deposits they take in to fund the loans they make. Robertson's sense of banking economics is grossly distorted. He illustrates the process of fractional reserve banking with a preposterous example in which a bank with \$5 million in capital enjoys \$90 million in gross interest income and \$10 million in net interest income. The return on capital for the largest U.S. commercial banks has usually ranged between 10% and 15% per annum, not especially impressive in comparison with non-bank enterprises and nothing like the 2,000% in Robertson's illustration.

If the fractional reserve process and "insider" connections enabled one to make a fortune in finance, this would be evident in the Chase Manhattan Bank's stock price, particularly during the years when David Rockefeller was chairman. In fact, Chase's share price was lower in *nominal terms* (adjusted for splits) when Rockefeller stepped down as chairman of Chase in 1981 than it was when he took over in 1969.

As the Consumer Price Index increased 250% over the period, this represents a serious loss of capital. David Rockefeller owes his billionaire status to the fortune he inherited from his grandfather who made it refining crude oil. Fractional reserve banking hasn't added anything to it.

While Chase Manhattan's performance has been particularly lackluster during the last three decades, none of

Clearly, we have no reason to mute criticism of defective institutions simply because they are the targets of irrational conspiracy theorists.

the other New York money center banks that figure in Robertson's conspiracy tales have been especially profitable. As almost any undergraduate business student is aware, the compensation paid to officers of, or partners in, major investment banks (which do not create money through the fractional reserve process) has generally been much greater than that of their counterparts in major commercial banks. Of course, the relationship would be reversed if Robertson's understanding of the banking system were valid.

4. The great European banking houses benefited from World War I and the overthrow of the continental monarchies. They profited from the political success of socialism.

Rothschilds and Warburgs were among the more conspicuous financial losers of the two world wars and the collapse of the continental monarchies, despite Robertson's absurd claim that "high finance held sway along with socialism" after 1918. Warburg wealth was sharply reduced by the German defeat in the First World War and their bank was completely expropriated after Hitler came to power in 1933. One member of the family did manage to establish a merchant bank in London after World War II, but this was not a commercial bank and is no longer even an independent institution. Three of the four Rothschild branches in continental Europe that flourished under

conservative nineteenth-century monarchies (in Frankfurt, Vienna, and Naples) were gone for good within 20 years of the end of the First World War. The surviving Paris bank was eventually nationalized by the socialist president François Mitterand in 1981. It is true that the London merchant bank N.M. Rothschild & Sons remains a substantial institution, but it is only one of several prominent merchant banks in London today. No Rothschild institution has ever achieved much size in the United States or anywhere else outside of Europe.

If Robertson's beliefs about the workings of international finance had any validity, the Rothschilds, Warburgs, and other alleged conspirators would have done very well this century. But while a few members of those families have achieved some distinction in the last 70 years, none of them possess anything remotely like the wealth of their nineteenth-century forebears. The mid-nineteenth-century Rothschilds had no peers in terms of wealth; their collective net worth would have been about \$20 billion in contemporary dollars. Yet not a single Rothschild or Warburg appears on any of the lists of the world's richest individuals and families compiled today by financial journals such as *Forbes*.

In fact, no U.S. commercial banker of today could possibly live in the manner of such turn-of-the-century American bankers as J.P. Morgan and George Baker in the period before the income tax and the Federal Reserve System. The handful of remaining Gilded Age mansions in New York are reminders of the wealth American financiers accumulated during the last century. The fact that none of these is currently in use as a private home is stark testament to the effect of income and inheritance taxes on private fortunes.

5. Western banks benefit from the ruin of Third World economies because those countries then become "dependent" on the banks.

Banks benefit from borrowers who are dependent upon them (i.e., who can't repay their loans) no more than taxpayers benefit from welfare recipients. It is true that commercial banks have sometimes succeeded in getting

the federal government and quasi-public financial institutions to bail them out of problem Third World loans. But this is part of a general problem of businesses using the political process to rescue themselves from their own blunders, and is not an issue peculiar to commercial banks.

Dealing with Conspiracy Theories

It is extremely important for us to distinguish between foolish conspiracy claims and legitimate issues. Clearly, we have no reason to mute criticism of defective institutions simply because they are the targets of irrational conspiracy theorists.

The fact that the Federal Reserve System is foolish in theory and destructive in practice is in no way mitigated just because a bunch of nuts think it is run for private profit by a bunch of Jewish conspirators. The fact that the income tax is bad public policy is not lessened because some John Birchers are convinced it was conceived two centuries ago by Adam Weishaupt and put in place by the Bavarian Illuminati.

The theories espoused by Pat Robertson and his ilk need to be challenged, publicly and persistently. No

Pat Robertson's theory rests on just a single reasonable supposition and an utterly false explanation of the banking system.

argument is likely to drive sense into the hardcore paranoiacs, but debunking the most popular fallacies will help many people avoid getting stuck in the intellectual quicksand of conspiracy theory.

By distinguishing our rational objections to big government from the conspiracy theorists' irrational objections, we individualists can clearly disassociate ourselves and our political goals from people most Americans rightly consider cranks. And in the process, we can promote a better understanding of how society and government actually work. □

Caveat

The New Praetorians

by Douglas Casey

Who watches the Yahoos?

Today, American police act and dress more and more like the military, with kevlar- and nomex-suited SWAT teams everywhere and law enforcement ever more federalized. And there's continual talk about using the military in a domestic police role — tanks at Waco, patrolling the border with Mexico, "counterterrorist" actions, etc. More than ever, the military, police, and intelligence agencies are becoming castes loyal to themselves, with increasingly tenuous bonds to common citizens.

A recent survey, conducted by Lt. Cmdr. Guy Cunningham of the Navy Postgraduate School, posed the following question to 300 Marines:

The U.S. Government declares a ban on the possession, sale, transportation, and transfer of all non-sporting firearms. A 30-day amnesty period is permitted for these firearms to be turned in to the local authorities. At the end of this period, a number of citizen groups refuse to turn in their firearms. Consider the following statement: I would fire upon U.S. citizens who refuse or resist confiscation of firearms banned by the U.S. government.

One hundred and twenty-seven Marines strongly disagreed, and 58 disagreed; 56 agreed, and 23 strongly agreed; 36 had "no opinion." It's encouraging that over three out of five said they wouldn't fire, but much more discouraging that more than a quarter of the jarheads apparently would. I suspect the numbers would have been even worse if the question

hadn't been about gun owners, who I think most Marines are sympathetic to.

Several other responses displayed some really dangerous and scary attitudes:

- 256 Marines (85.3%) said they'd be willing to become part of the "U.S. National Emergency Police Force," an action that is not only completely contrary to American tradition, but counter to existing law (the Posse Comitatus Act of 1878), which prohibits the military from becoming involved in U.S. law enforcement.
- 252 (84%) favor direct military involvement in the enforcement of domestic drug laws.
- 245 (81.7%) agreed that U.S. combat troops should be used within the U.S. as advisers to SWAT teams, the BATF, and/or the FBI.

I have long believed that about 80% of the human race are basically people of good will. About 17% can be classed as potential trouble sources — PTS's — who will basically bend with whatever wind prevails. Only 3% are actively destructive sociopaths. But that 3% tend to gravitate toward politics, the military, the

media, the financial system, and other centers of power.

There's every reason to believe there's a normal distribution of sociopaths across time and space. There's little reason to believe, therefore, that there were any more sociopaths and PTS's in Russia under the Communists or Germany under the Nazis than there are right now in America under the Republicans. Certainly, the Marines' responses to the questions above tend to bear that out. It just takes the right set of circumstances to get them to crawl out from under their rocks.

It's indisputable that the most dangerous creature ever to have walked the face of the Earth is the young, unmarried male. Putting a bunch of them together in a pack, giving them an arsenal, and training them to kill is just asking for trouble. This is especially true with a volunteer or professional military, which has a special attraction for the very people most likely to be carrying an extra Y chromosome.

I remember my own mindset when I was of marauding age. Thank Crom I went to a military high school;

it vanquished my dreams of going to West Point before it was too late. Notwithstanding that, the war in Vietnam had a certain appeal in the summer of 1965. For many young, unmarried males who'd grown up on a

The most dangerous creature ever to have walked the face of the Earth is the young, unmarried male.

diet of books and movies about visiting strange far-off places, meeting interesting and exotic people, and killing them, Vietnam seemed like a rite of passage, an adventure.

That summer I worked in a scrapyard, not far from Calumet City, hometown of the Blues Brothers. One day, a dead ringer for Mike Tyson — not that we'd have known that at the time — showed up for work; he only stayed on the job a few days, but I talked with him when I could. His name was Willy Deal, and the fact I remember his name to this day shows the impression he made on me. Willy was just back from Vietnam, and I asked him about it, expecting to be regaled with some star-spangled war stories. He didn't go into a lot of detail, but I remember one thing he said word-for-word. It's stuck in the front of my mind, clear as a pure diamond: "If some officer tells me I got to go somewhere where I'm gonna die, and I know I'm gonna die, then that officer better get his gun 'fore I get mine, 'cause he's gotta die."

As officer material, I was taken

aback. But I pondered his words for some time, and came to the conclusion that it wasn't a question of Willy's lacking physical courage; it was a question of his having common sense. He hadn't volunteered to go off and kill people he didn't even know just because somebody told him to — although I have no doubt he was capable of killing people he did know, if he didn't like them. In that, Willy was a lot like Muhammed Ali, who opted out of the draft with the observation, "I ain't got no beef with no Viet Cong. No Viet Cong ever called me nigger."

The Vietnam-era Army had its problems, but there wasn't much danger of it being used against U.S. civilians. That now seems to be changing, as the Marine questionnaire shows. The U.S. seems well set on following the course of Rome, which devolved from a sturdy yeoman republic (reminiscent of the U.S. from 1861 to 1916), to an empire (the U.S. from 1917 to about the time it started having one adventure after another in places like Kuwait, Somalia, and Bosnia). The next step is a completely corrupt dissolute empire, with Clinton imitating Commodus, Caracalla, or Elagabalus. Military expenditures, as much as bread and circuses, destroyed the Roman Empire. Late-third-century Rome looks more and more familiar.

The U.S., like Rome, has always had generals in politics, but the popularity of outsiders like Powell seems analogous to the rise of emperors from outside the Roman establishment. This whole subject is worthy of a long essay; I'd hate to see the once-thriving cottage industry of comparing

America's descent to that of Rome fall into disrepair.

We've even developed our own Praetorian Guard — the FBI, CIA, NSA, DEA, ATF, Secret Service, and various military and police special ops units. They've always been used by the presidents; eventually, they'll try to become kingmakers and -breakers as well. It may sound outlandish, but something like what was envisioned in *Seven Days in May* is much more likely now than it ever was in the '60s.

I've already quoted Willy Deal. Now I'll quote Edward Gibbon: "The army is the only order of men sufficiently united to concur in the same sentiments, and powerful enough to

"If some officer tells me I got to go somewhere where I'm gonna die, and I know I'm gonna die, then that officer better get his gun 'fore I get mine, 'cause he's gotta die."

impose them on their fellow citizens. But the temper of soldiers, habituated at once to violence and slavery, renders them very unfit guardians of a legal or even civil constitution." I suspect Gibbon's observation about the decline of Rome may prove true of America's coming decline as well.

"How precarious," Gibbon wrote of Caesar Augustus, "was his own authority over men whom he had taught to violate every social duty! He had heard their seditious clamors, he dreaded their calmer moments of reflection." □

Kauffman, "Meathead," *continued from page 42*

1991, which mandated that all judges in movies and TV be stern black females while the meaty criminal parts must go to white actors, preferably those who can affect Southern accents and play characters named Dean. Thus the silly "realistic" cop shows *NYPD Blue* and *Homicide* would have us believe that virtually every criminal in Baltimore and Gotham is a white guy, usually a skinhead, smarmy businessman, or working-class lout. "There are almost no ethnic villains on televi-

sion," ABC executive Bruce J. Sallan told the *New York Times* a few years back. Nothing has changed, which may soothe liberal consciences but does not help black actors.

A Doleful Hollywood might have one or two surprises. A revisionist remake of *The Fugitive* in which the one-armed man is the hero? Or, if Reiner can apotheosize the dweeby George Stephanopoulos, will Glenn Close play Dole flunky Sheila Burke as the tigress of the Oval Office? (I don't suppose I

Was a Bag Man for Archer Daniels Midland would be a viable project.)

Artists — even the fast-buck artists of Hollywood — are too useful to the state to ever be ignored. Even Franklin Pierce gave Nathaniel Hawthorne a sinecure after the novelist had written a flattering campaign biography of his old friend. But is it too much to ask of the Beltway virtuecrats that they shut up and (for those who haven't abandoned spouse and children for trophy wives) tend to their own families? □

Reviews

Ayn Rand: The Russian Radical, by Chris Matthew Sciabarra. The Pennsylvania State University Press, 1995, 477 + xiii pp., \$55.00.

In Search of Rand's Roots

Lester H. Hunt

Highly creative people sometimes present themselves in a way that makes their origins very difficult to understand. Frank Lloyd Wright was clearly a creative genius, perhaps — if such things can ever be quantified and compared — the most productive mind that has ever applied itself to architecture. Where did his ideas come from? His own writings, as I recall them, do suggest some sources, but the ones that were outside his own mind (the Japanese, the ancient Mayans) were often so remote from his own practice that they seemed to explain little. His self-explanation made him seem almost like the god of certain theologians: the sole cause of himself.

Some years ago, Vincent Scully displayed the origins of Wright's very earliest designs in sources that were much less arcane — specifically, in what he called "the shingle style," a type of domestic architecture that is now almost forgotten but was very prominent in Wright's environment when he was just getting started. The effect of Scully's text and illustration was almost revelatory. It gave us a detailed, three-dimensional picture of what genius really does: taking what the environment offers and transforming it into

something startlingly new.

Of course, there is no creation *ex nihilo*, of oneself or of anything else. The act of creation always makes something out of materials, and those materials are always the product of some other act or event. What is new arises from what is old. The materials with which theoretical thinkers begin include, at least at the beginning of their careers, ideas produced by their predecessors. One way to shed some light on a thinker's eventual point of view is to go back to its origins and show what he adopted from his early environment and how he gave it a new shape and character.

This is the approach taken by Chris Matthew Sciabarra in *Ayn Rand: The Russian Radical*. In doing so, he admittedly receives no support from Rand's own self-explanation, which is at least as ahistorical as the one I just attributed to Wright. The only philosophical debt she could acknowledge, according to a notorious statement she made in a postscript to *Atlas Shrugged*, was to Aristotle. In a way, Aristotle was her version of the Japanese and the Mayan stone-cutters: an influence so remote from the most obviously salient features of her thinking as to leave her looking almost as unconditioned by history as she did before the connection had been noted.

Obviously, it would help us to

achieve a greater understanding of Rand if we could find some additional appropriate connection between her and the world that preceded her. To achieve this end, Sciabarra examines her work in light of the environment in which she spent her first 20 years and received her entire formal schooling, including her university education: the Russia of the so-called Silver Age.

Here again, relevant texts seem at first sight to offer him resistance. The intellectual milieu of Russia at that time, as both Rand and Sciabarra depict it, consists broadly of two intellectual traditions. One was traditionalist and mystical, the other revolutionary, secular, and collectivist. Both, apparently, were deeply authoritarian. The problem here is that Rand, even at that tender age, was repelled by both these traditions. Her later comments on the intellectuals who were influential then were generally negative and usually dismissive.

Here the only sort of influence that seems possible is negative. That, at least, would constitute a connection of sorts between her work and her early environment. There is such a thing as negative influence. If Debussy composed *Pelléas et Mélisande* out of hatred for the music of Wagner, in order to show that a good opera can be made that has none of the characteristics as those of Wagner, then Debussy will have been powerfully influenced by Wagner; an understanding of Wagner's music would be essential for understanding why *Pelléas* is the way it is.

In fact, to some extent, this seems to be just the sort of influence that Sciabarra finds in Rand's connection to her Russian origins. As his historical narrative unfolds, he makes it very clear that Rand's own views are about as far as one can get from those that dominated her early cultural environment.

That, however, is not his main point, or his most original one. He also finds that Rand was influenced by this

environment in a positive way, that in fact "her system is as much defined by what she accepted in Russian thought as by what she rejected" (p. 10). Briefly, his thesis is that, while the content of what she thought is virtually the reverse of the views that dominated the intellectuals of that time, including all her professors at Petrograd University, she absorbed, and always used, the intellectual method that dominated this same group of people.

This method Sciabarra characterizes as "dialectical." The dialectical approach, as Sciabarra describes it, is a way of avoiding both dualism and reductionist monism. Dualists, as he puts it, "distinguish mutually exclusive spheres." A classic example is of course Cartesian dualism, with its division of the world into minds and bodies. Reductionist monists "accept the dichotomies defined by dualists and reduce one polarity to an epiphenomenon of the other" (16). Thus, materialists explain mind away as an aspect of matter, and subjective idealists reduce matter to an appearance produced by the mind.

The dialectical philosopher views the elements singled out by the dualist as parts of a whole, as parts that can only be understood in terms of the rest of the whole. Thus a dialectical approach involves two characteristics that might be found in points of view that we do not ordinarily think of as dialectical: it treats the object of knowledge as a system and not as a collection of independently understandable isolates, and it understands the nature of a thing by understanding its relations to other things (the so-called doctrine of internal relations).

The Lossky Case

The most dramatic piece of evidence Sciabarra offers to connect Rand to the dialectical approach is his discussion of N. O. Lossky, a practitioner of this approach and one of the most prominent philosophers of his time and place. He is Rand's only philosophy teacher that she is known to have mentioned by name. Sciabarra's argument on this point rests on an anecdote that Rand once told Barbara Branden. Everyone who knows much of the Ob-

jectivist corpus remembers Branden's vivid retellings of this story.

In it, Rand tells how her favorite course while a student at the university was one on the history of ancient philosophy given by Lossky, who Rand describes as an authority on Plato. At the final exam, which is an oral one, he gives her a grade of "perfect," despite the fact that he is a harsh grader and especially hard on women. When he asks her the reason for her evident distaste for Plato, she says, "My philosophical views are not part of the history of philosophy yet. But they will be."

It is to Sciabarra's credit, and adds considerably to the interest of this part of the book, that he lists an extraordinary number of obstacles to believing this story. According to convincing testimony, Lossky was not an especially tough grader and was not prejudiced against women. Nor was he an authority on Plato: his area of specialization was nineteenth-century German philosophy. None of his listed courses at the university deals with Plato, Aristotle, or the Greeks. Worst of all is the fact that, shortly before Rand came to the university, he had been barred from teaching there because of his adamantly anti-Communist views.

Sciabarra manages to overcome all these obstacles without making any evidently implausible assumptions. Rand's apparent misperception of Lossky's character he explains with the hypothesis that, as a banned professor whose career was suddenly in ruins, he might well have been very dour and irritable at the time. Further, the ban on Lossky's teaching was qualified. He was allowed to teach, provided the content of his courses was not objectionable, at an institution connected with the university, the Institute of Scientific Research. Rand could have taken such a course if she had gotten special permission to do so. Teaching an introductory course on ancient philosophy, though not his usual sort of work, might have been desirable on the grounds that it would have seemed harmless to his politically correct tormentors. Unfortunately, as a course offered by a censured professor on the fringes of the university, there was no official record of it.

Sciabarra also turns up a reason

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why Rand might have gone through the trouble of asking permission to take a course from Lossky. She had earlier attended the Stoiunin Gymnasium, a school run by Lossky's in-laws. By an interesting coincidence, Lossky was there at the same time, lecturing to students who were older than she was. One can easily imagine the hushed tones of awe with which the gymnasium teachers would have spoken of the great man. If, while attending the university, she had found that he was still teaching courses that were available to university students, she would certainly have recognized his name and might well have retained a favorable impression of him, sufficiently favorable to make her want to hear what he had to say.

Of course, though the assumptions used in this theory are plausible enough, there is no independent evidence for most of them. They are offered only as the best available explanation of the facts that are known to be the case. As always, however, there are other explanations. A while ago, R. W. Bradford suggested an explanation which doubtless has occurred to others: that Rand was simply lying ("Rand: Behind the Self-Mythology," September 1995). Of the major alternatives, this seems to me the least plausible. What

There are obviously important similarities between the content of Rand's thought and Nietzsche's.

motive could she have had for inventing a connection with Lossky? The only one I can think of would be that of attempting to gain some sort of respectability. At the time she told this story to Barbara Branden (1961), he was dying in almost complete obscurity. Very few people in this country knew who he was, or would have cared had they known. His name unfortunately could work no magic in the world that she knew at that time. Further, trying to gain respectability by associating yourself with some antecedently respectable person was not the sort of thing that Rand did. As I have indicated, she was, if anything, in the grips of the opposite

vice: that of presenting oneself as unconnected with human history.

Probably, any plausible explanation of her claiming to have taken a course from Lossky would have to assume that she believed she had done so. But of course Sciabarra's is not the only explanation that is consistent with this constraint. Given that the tape-recorded interview on which Branden bases her retelling is the only time she is known to have mentioned Lossky or this course, the possibility that she is misremembering it in some crucial way seems particularly real. Obviously, an explanation that assumes that her memory was crucially faulty has something going for it: people do misremember events that happened 40 years in the past. What it has going against it is Rand's phenomenal memory and the vividness with which, according to Branden, Rand seemed to remember this event.

Further, supposing that her memory of the entire event is not delusional, the only error that would damage Sciabarra's case would involve the name of the professor. His point, after all, is to show that she took a course from a leading practitioner of dialectical method. Even then, little damage would be done if she were recounting a real event but replacing the name of the professor who was involved in this incident with the name of another professor from whom she took a course. It would still be true that she took a course from Lossky.

But this means that the sort of error that would seriously damage Sciabarra's case would be for her to have falsely remembered the name of a professor from whom she had never taken a course. This would seem to be an odd sort of mistake to make: to try to remember the name of someone with whom one had frequent contact for several months, and come up with the name (apparently accurately remembered and correctly spelled) of someone who one did not know at all. I grant you that even this is possible, but it seems very unlikely.

My own opinion on this issue, for whatever it might be worth, is that Sciabarra's explanation is the best that is readily available, but that its advantages over the others are not overwhelmingly large. At present, this issue is still a mystery, with the peculiarly

obsessive fascination that mysteries often have. None of the available views about it can be held with entire ease and comfort.

Either/Or, Neither/Nor

Fortunately, though the interpretation of Rand that Sciabarra is defending is helped by an assumed connection with Lossky, it does not require it. Sciabarra claims that dialectic had a strong and widespread effect on the culture around her in those years, on "both the Slavophiles and Westerners,

Rand's lack of civility and tolerance may not have been a purely personal foible, but deeply rooted in Rand's way of thinking.

and even on those thinkers who turned to materialism and positivism" (27). In particular, it was widespread in the history department, in which Rand majored (77-82). This is really his main argument, or rather half of it. The other half is that we can find the dialectical approach in her own works, and that looking for it sheds light on them. For people who, like me, are not competent to dispute the case he makes about Russian culture, the issue that is really discussable and debatable is the textual one: do Rand's works support the dialectical interpretation, and are they illuminated by it?

On this issue I find that the evidence is mixed. One fact that works in Sciabarra's favor is that the rejection of dualism is a definite and important theme in her work. In the canonical Objectivist works, the word "dichotomy" is consistently used as a term of opprobrium, as in "the soul-body dichotomy," "the analytic-synthetic dichotomy," and so forth. When we look up this word in the dictionary we find that it is simply an old logical term for a certain sort of distinction, in which a genus is divided into two species that are mutually exclusive and jointly exhaust the genus. It is, however, the sort of distinction with which dualists divide up the world.

Consequently, although many

dichotomies (such as the division of pine wood into white pine and yellow pine) are obviously harmless and legitimate, some philosophers tend to be suspicious of dichotomous distinctions where philosophical issues are concerned. There is some evidence that Rand is one of them. She certainly rejects a number of important dichotomies with considerable animus. Aside from the soul-body and analytic-synthetic dichotomies, there are the divisions between the theoretical and the practical, between morality and self-interest, and between reason and emotion.* Two of the most memorable passages in *Atlas Shrugged* are Francisco's parallel speeches on sex and on money. In one of them he

depicts sex as being at the same time a physical pleasure and a moral choice that embodies one's deepest values. In the other, he characterizes money simultaneously as the apt symbol of greed and as profoundly moral and "noble."

All this is obviously and fiercely anti-dualist, and it would be easy to compile other examples. Are they evidence that Rand's point of view is dialectical in Sciabarra's sense? For this to be true, something more must be the case; being hostile to dualism is not enough to make one a dialectician. From a dialectical point of view, what is objectionable about dualistic distinctions is not simply that, say, the mind and the body are supposed to be mutually exclusive and jointly exhaustive of reality, but that they are supposed to be separately understandable. We can only understand what something is by grasping its relations with other things. That is, all things are internally related to other things. This is why all dualities are bad from a dialectical point of view, in themselves and on principle.

I think we have good reason to doubt that this extra dimension of animus against dualism is present in Rand. One thing that should at least make us suspicious is the fact that all the examples of rejected dichotomies that I have just gave are dependent, at least as Rand understands them, on one dichotomy: the one that divides the soul and the body. Part of the reason, according to Rand, that morality and self-interest are thought to be mutually exclusive is that one of them is associated with the realm of the soul and the other with the body, and that these two realms are thought to be mutually hostile in some way. Something like this can be said of all the obviously important dualities that Rand denounced.

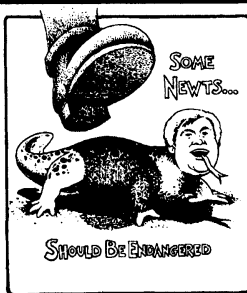
What this suggests is that what we are looking at is not an attachment to internal relations as such but a much narrower sort of concern. What lies in the background may not be a notion of how all things must be understood but

rather a view of what sort of entity the human being is. These are two very different things.

Of course, they are not mutually exclusive. Sciabarra does a very good job of marshalling examples from the Objectivist literature in which the elements of a distinction are understood in terms of one another. He argues, for instance, that virtue for Rand is defined in terms of its conduciveness to life, while on the other hand human life has that status precisely because it embodies those same virtues (258). One of the most interesting parts of the book is Chapter 13, in which Sciabarra discusses Rand's analysis of racism as a paradigm of her way of understanding social phenomena. In it, the psycho-epistemological flaws of individuals both cause and *are caused by* distortions in the language, and both of these in turn cause and are caused by defects in massive political institutions.

As a result of this habit of thought, Rand tends to think of the problems of life as problems about large wholes. As such, seemingly isolated problems, such as the fact that some people today think racist thoughts more often than they used to, cannot be eliminated unless the system itself is changed. This, according to Sciabarra, is why Rand is a radical thinker (hence the title of the book): her way of thinking more or less requires her to call for change in the system as a system, changes that would alter every aspect of life.

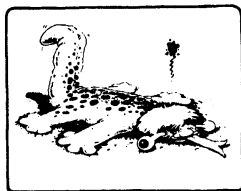
Sciabarra is very skillful at eliciting this tendency of Rand's to think in terms of totalities. He sheds unexpected light on many aspects of her work. I am also impressed by his evidence that this is something she gets from her Russian beginnings. What I am skeptical about is his claim that it constitutes a use of something that can rightly be called a dialectical method. The philosophers who clearly employ such a method do so for a reason: they believe that things are what they are in virtue of their relations to other things. This is why they always try to understand diverse phenomena by relating them to the wholes of which they are parts. As far as I know, this is the only reason why this practice could, as such and in general, be a good thing. But this idea is quite lacking in Rand's thinking; she has, to put it another way, no metaphysical



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* In a letter to John Hospers, she said: "Do you accept reason vs. emotions as a dichotomy? ... In a man of fully rational, fully integrated convictions, emotions follow the judgements of reason as an unforced, automatic response." Michael Berliner, ed., *Letters of Ayn Rand* (Dutton, 1995), p. 526.

doctrine of internal relations.

This would mean that any generalized tendency on her part to think dialectically would be, not an instance of philosophical method, but a mere habit of thought, picked up (if Sciabarra is right about this) in her Russian youth and never gotten rid of.

The Problem with the Totality

This might sound almost like a technical point, but I don't think it is. To the extent that Rand's thinking exhibits these generalized tendencies, it would be something that she — and her followers — would not be able to recognize as a virtue. This could go far in explaining why this book has elicited hostility from orthodox Objectivists, though others often seem to like it very much. Those whose thinking follows Rand's very closely may have good reason not to like it, in spite of its obvious merits.

A habit of thought that is a mere habit and not an intellectual method may be either a good habit or a bad habit. Suppose that I have picked up such a habit in my youth and then developed a way of thinking that, as far as its content is concerned, is sharply opposed to the entire culture of my youth. I should be concerned about whether the habit conflicts in some way with the content that I have developed.

If Sciabarra's account is right, I think there is some reason for this sort of concern in Rand's case. The problem, as I see it, is this. The content that Rand eventually developed placed a very high value on liberty. As Sciabarra shows very effectively, liberty for her is very closely related to the value of reason itself. But if she has the habit of using her reason, for want of a better term, totalistically — that is, if she was in the habit of seeing everything as connected with everything else — this habit would tend to give her other habits, ones that tend to be very unfriendly to liberty. Suppose I notice that you have made a mistake of some sort. To the extent that I have the habit of thinking in totalistic terms, I am apt to think there is a great deal more wrong with you than this one mistake. This will be true whether the mistake is moral, aesthetic, or philosophical, whether you are attracted to a person I find unworthy, or do not adequately appreciate the music of Rachmaninoff, or have wrong views on the problem of free

will. At the very least, you are ignorant of the logical import of all the truths that support the idea you have rejected or the virtue you have failed to show. Worse yet, if I expect your thinking to constitute an organic whole, then I will suspect that your error will bring with it many other ideas, ones that must also be faulty somehow.

On such a view, there will not be many small mistakes, and harmless ones will be far between. But in that case, people who appear to me to make mistakes — that is, people who disagree with me — will be ones that I find unwelcome and undesirable. If that is true, then I am that much less likely to show the virtues of civility and tolerance. But these virtues are an essential part of a free society, because they require me to act in such a way that I leave others free from irrational pressure to subject their way of thinking to mine.

It is well known that Rand's own life — and that of some of her followers — sometimes exhibited this lack of civility and tolerance. The possibility that Sciabarra's interpretation opens up is that this flaw was not a purely personal foible, but deeply rooted in her way of thinking, an aspect of it that is a relic of her Russian past. If he is right, then the question, for me at any rate, would be to what extent her totalism is detachable from the rest of her system.

After Nietzsche, at Odds with Hayek

There is a great deal more in this book to talk about, but I suspect it would tax the reader's patience and my own time exorbitantly to go into any of them at length here. I will briefly mention just two of the more important issues.

One on which Sciabarra makes interesting, if disappointingly brief, comments is Nietzsche's influence on Rand. Though he rightly calls for further research on this subject (382), he seems

eager to downplay the influence that Nietzsche might have had (100–6). I think this is a serious mistake. There are obviously important similarities between the content of Rand's thought and that of Nietzsche, including her idea that life is the standard of value and her idea that evil rests on some sort of incapacity or failure and consequently is not to be taken as seriously as good is.* There are also direct statements from Rand herself that she was strongly impressed by Nietzsche at one time.† In both these respects, the Rand-Nietzsche connection differs sharply from her relations with the Silver Age writers Sciabarra discusses. I don't mean to suggest that these relations are not real or that they are not worth writing a book about — they are — but the odds seem very high that the connection with Nietzsche is more important.‡

One other issue opened by Sciabarra that cries out for further discussion is the relation between Rand and Hayek. Here the obviously important problem is ascertaining the nature of the difference between these two seminal thinkers. Hayek's case for liberty is largely based on the idea of spontaneous order, in particular on the idea of phenomena that are the results of human action but not of human design. Not only is this idea virtually absent in Rand, but her few apparent references to it seem to be unfriendly, to say the least. She seems to have been hostile to whatever is fortuitous in human affairs.§

This, according to Hayek and his followers, is one of the most fundamental errors of socialism, the source of many others. How deep does this difference between Rand and Hayek go, and who is right? Sciabarra's discussion of this issue is a very helpful beginning, though I think he errs in making the difference involved seem much less profound than it probably is.

It is indicative of the interest of this book that I have so far engaged in an

* On the former idea, see my *Nietzsche and the Origin of Virtue* (Routledge, 1991), pp. 111–112. On the latter, see Part I of Nietzsche's *On the Genealogy of Morals*.

† Incidentally, I believe he is also the only real person who is quoted by any of the characters in *The Fountainhead*.

‡ There is also an important methodological connection: namely, the tendency of both Rand and Nietzsche to criticize other authors in terms of their hidden motives and what they "really" meant to say, as a result of which both have been criticized (too facilely, I think) for their intemperate and unfair comments on the views of others.

§ This, incidentally, is another important trait she shares with Nietzsche. See *Nietzsche and the Origin of Virtue*, pp. 43–46.

argument with it instead of saying how good I think it is on the whole. Among other things, it is an excellent synthesis of the Objectivist literature, both the works of Rand and those of her immediate successors. Sciabarra's mastery of enormous amounts of material is almost literally incredible. He also manages to break entirely new ground on several different issues.

I don't think that Sciabarra has achieved the detailed, three-dimensional

picture of genius at work that we ultimately desire, but it may be a long while before we can expect that. We are barely past the earliest beginnings of serious Rand scholarship. He has, at least, executed the largest single leap forward that it has taken so far. While it is true that his interpretation of Rand is very controversial and likely to remain so, it is also true that he has produced indispensable reading for anyone genuinely interested in Rand's life or work. □

was the most hated ballplayer in history.

What Makes a Genius?

Genius is 1% inspiration and 99% perspiration, or at least that is what generations of schoolchildren have been told was the observation of Thomas Alva Edison. Like most truisms imposed on the young, that aphorism is balderdash. If genius were 99% perspiration, then the most frequent species of the genus genius would be hard-working day laborers.

But like most such aphorisms, it has an element of truth. Genius is plainly much more than inspiration or intelligence, and the "more" has something to do with perspiration. What distinguishes a genius from someone who is simply inspired or gifted or both is the way he pursues his goals — tenaciously, systematically, obstinately; the way he ignores obstacles that would stop others; the way he makes his objective the focus of his life.

Not surprisingly, there is a fine line between genius and madness. The obsession and monomania that characterize the genius also often characterize the lunatic, and few geniuses escape neurosis. The single-minded pursuit of a single goal, the intense focus on a single objective to the exclusion of all other human experiences, has an effect on one's mind and one's personality. It makes it impossible for the genius to understand the emotions of ordinary people. It separates the genius from other human beings, leaving him isolated and often profoundly lonely. Aware both of the magnitude of his achievement and of the price he paid for it, the genius often demands admiration, even worship, as the price of his acquaintance.

Anyone who knows the life of Ayn Rand knows that her achievements were purchased at a great price, that in a million petty and irrational ways, the great rationalist made her own life and the lives of those around her miserable. Her mania for philosophic truth left her unable to carry on ordinary human conversations or to maintain ordinary human relationships. She insisted that all those who knew her hold her in the highest possible esteem, yet she so lacked self-esteem that she shut herself off from all but flatterers and acolytes.

***Cobb: A Biography*, by Al Stump. Algonquin Books of Chapel Hill, 1994, 436 pp., \$24.95.**

American Genius

R.W. Bradford

Ty Cobb could never tolerate being less than the best.

As a teenager, he pursued his goals with a determination and intensity that startled people. Before he reached his twenty-first birthday, he was the best baseball player in the world.

Other players who achieved star status at an early age were inclined to take things easy and enjoy the good life. Not Ty Cobb. He had to do better still. So he continued to practice technique, spending hours on end working on a certain style of slide or a certain type of bunt. And he continued a grueling training regimen.

Two years later, Cobb led the league in hits, batting average, slugging, and runs-batted-in for the third straight year. He also led the league in home runs, runs scored, and stolen bases, and led his team to its third consecutive league championship. At age 22, Ty Cobb was the best baseball player who had ever lived.

He could not tolerate not being better still. He continued the same dedication, the same determination, the same

regimen. And he continued to get better and better. His lifetime batting average continued to improve for the next eleven years.

Playing long before the science of physical training and the incentive of multi-million-dollar salaries that routinely extend superstars' careers beyond the age of 40, Cobb played until he was nearly 43 years old. Unlike modern players (for example, Pete Rose) who extended their careers at the price of hurting their teams, Cobb remained an asset to his team even as his skills finally declined. When he retired at the end of his twenty-third season, he was still one of baseball's better players. His lust for victory never diminished, nor his will, nor his fearlessness.

Ty Cobb could never accept defeat, nor could he tolerate those who could. The purpose of baseball was winning, and when you lost you failed. But baseball is a game where even the very best teams lose a third of their games, and Cobb was not always a member of the very best team, or even a very good team. Consequently, he found it difficult to get along with his fellow ballplayers. There is no doubt that Cobb

The same can be said of Jascha Heifetz, if we are to believe Roger Kahn's biographical sketch of the great violinist. And the same can be said of Ty Cobb, the greatest of all baseball players, the one baseball player who was undoubtedly a genius at his sport.*

Cobb's maniacal pursuit of excellence and his extreme competitiveness made him difficult to get along with; like Rand and Heifetz, his genius cost him friends, family, and lovers. Whether one views this as a tragic flaw or as a condemnation of human greatness itself, I suppose, depends on how much one values genius and achievement.

All this is lost on Al Stump, whose *Cobb: A Biography* combines a nasty and mean-spirited portrait of an elderly Cobb dying of cancer, but fighting for his life with the same passion he brought to baseball, with a gee-whiz conventional sports biography of the sort written for little boys, lacking any feel for the game Cobb played or the life he led.

Partly, I suppose, this was Cobb's own fault. After he was diagnosed with cancer, Cobb ached to do an autobiography, to demonstrate the superiority of the kind of baseball that he played. He'd had a book contract for some

time, which called for the assistance of Stump, a sportswriter. Cobb was by this time crazy with pain and dying, but determined to maintain control over his life. He was miserable, nasty, idiosyncratic, virtually impossible to work with. Yet Stump knew he had the opportunity of a lifetime, a chance to spend a serious amount of time with Cobb, to ask Cobb whatever he wanted about baseball, to go through Cobb's private papers, to discover what made a man like Cobb . . . a man like Cobb. And so he tagged along on Cobb's desperate journey to stay alive on his own terms. For Cobb, this meant drinking a quart of bourbon (mixed with milk) daily, driving like a maniac through blizzards in the Sierras, and getting in fights with stickmen at casinos in Reno. It meant keeping huge sums of cash on hand at all times, and a pistol for protection. It meant firing that pistol at ruffians in a motel parking lot who disturbed his sleep. It meant distrusting his physicians, refusing their treatments, and outliving their expectations. It meant living in the dark in his California mansion, the power cut off by the electric company because he had refused to pay a disputed bill. Death was creeping up on Cobb, and Cobb fought it the same way he fought players of other teams on the baseball field. It wasn't a pleasant thing to watch, and it was worse to participate in. It involved a lot of humiliation for Stump, who Cobb bullied, abused, and treated like a servant. Stump stayed on the job, taking the abuse, swallowing his pride, unhappy that Cobb had such definite ideas about his autobiography.

In sixteen months, Cobb and Stump put together a memoir that historian Charles Alexander describes as "possibly the best book of its kind ever published." Five months later, Stump wrote a venom-filled article for a "men's magazine," chronicling Cobb's final sixteen months, embellished with every nasty rumor about Cobb that Stump had ever heard. It was a hatchet job, obviously the work of a small, bitter man. But it had truth in it.

Thirty-two years later, someone brought the magazine story to the attention of a film producer, who liked the idea of portraying the hero of an earlier generation as a sexist, racist bigot, and turned it into a nasty film.

* I realize that to speak of playing a sport as an activity at which one can be a genius strikes many as odd. Sport is physical, we ordinarily think, while genius is intellectual. In this we are wrong. Ty Cobb, John McEnroe, and Earvin Johnson excelled at baseball, tennis, and basketball because they profoundly understood their games in a way that no one else did. All were physically gifted. Athletic ability is necessary, but not sufficient, to achieve the sort of greatness they achieved — just as intellectual ability is necessary but not sufficient for genius in other fields. Just as other philosophers could manipulate words more or less as well as Rand and other violinists could manipulate a bow more or less as well as Heifetz, so could other baseball players run and bat more or less like Cobb, other tennis players could serve and volley like McEnroe, and no other basketballists could dribble and shoot like Johnson. What distinguished Cobb and McEnroe and Johnson was the way they pursued winning, the innovative ways they discovered to beat their opponents.

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Stump took his old magazine article, added a perfunctory account of Cobb's career, and rushed *Cobb: A Biography* into print, its cover emblazoned "Look for the WARNER BROS. motion picture COBB."*

Stump's book was obviously cobbled together. Aside from its inclusion of his personal memoir of his 16-month association with a dying Cobb, it is of little value. It is mainly a recapitulation of the facts of Cobb's playing career, showing little research beyond a news-

paper morgue and consultation of a few easily available histories and biographies. Its bibliography is perfunctory, and has no source notes. Charles Alexander's *Ty Cobb* (Oxford University Press, 1984) remains the definitive biography of Cobb, distinguished by first-rate scholarship and a genuine appreciation of baseball in Cobb's era. John D. McCallum's *Ty Cobb* (Praeger, 1975) remains the best biography of Cobb by one who knew him. Neither McCallum nor Alexander make any

attempt to whitewash Cobb, but both maintain a more judicious attitude toward their subject.

Of course, there was more to Cobb than baseball. He had an extraordinarily successful career as an investor and an unusually unhappy family life, and engaged in the sort of philanthropy typical of the wealthy. But first and last, Cobb was ballplayer. It was baseball that captured his intellectual interest and it was baseball that was always the focus of his life.

Baseball is a contest between two teams of nine men. The team whose players safely cross home plate more than the players of the other team wins the game. In the final analysis, all that counts is scoring runs by crossing home plate safely. There are three ways to score a run: You can hit the ball out of the ballpark, you can cross home plate because of the play of others — batters on your own team hitting while you are on base, a player on the other team throwing the ball inaccurately, etc. — or you can score on your own, without the benefit of a batted ball or misplay by an opponent. One steals home by running from third base to home plate on a pitched ball and touching the plate before the other team's catcher can touch you with the ball.

Stealing home is the most dangerous and most dramatic play in baseball. The play begins with a runner edging off third base, 90 feet away from the plate. The pitcher holds the ball atop the pitchers' mound, some 60 feet, six inches from home plate. The fastest runner alive can cover the distance to home plate in about 2.8 seconds. An average pitcher can throw the ball there in about half a second, leaving the catcher 2.3 seconds to tag the runner. Being fast is not enough. Nor can the runner rely on strength: the catcher wears heavy protective gear, giving him a powerful advantage in any collision.

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* *Cobb* is one of the nastiest films ever made. Not content to portray Cobb warts and all, it insists on adding new warts of a vileness that escaped the imagination of even Cobb's most hate-filled enemies, and to omit virtually any hint of Cobb's virtue or genius.

pitcher, thereby cutting the advantage the defensive team enjoys by perhaps a second or so. He may run with the pitch, hoping the catcher will be distracted. Or he may run while another runner attempts to steal a base or otherwise distracts the defensive team.

The danger of injury and the need for speed make stealing home a young man's action, and the likelihood of ignominious failure makes it one of the most infrequent plays in baseball.

During the two seasons he played after he turned 41, Ty Cobb stole home

five times — more often, on average, than all 700 of today's major league players combined.

There was only one Ty Cobb. "He was the meanest, toughest son of a bitch who ever walked onto a field," said Babe Ruth. "He gave everybody hell — me included — because he couldn't stand to lose. All he wanted was to beat you on Saturday and twice on Sunday."

Tyrus Raymond Cobb was the best there was when baseball was at its very best. □

***What Comes Next: The End of Big Government — and the New Paradigm Ahead*, by James Pinkerton. Hyperion, 1995, 356 pp., \$21.95.**

The Paradigm Thing

Jonathan H. Adler

Five years ago, James Pinkerton was the closest thing in the Bush administration to a thinking, breathing libertarian. Within that den of statist, he promoted a "new paradigm" that stressed markets, choice, and decentralization. Pinkerton seemed to be the only White House employee who could make a principled case for school vouchers without reading a sheet of carefully scripted talking points.

On the other hand, he also proposed a Civilian Conservation Corps, à la Franklin Delano Roosevelt, that would pay the jobless to plant trees to stave off global warming. "Save inner-city kids by saving the environment," was Pinkerton's pitch. ("Communist," was budget director Richard Darman's response.) Still, to be fair, had George Bush taken Pinkerton's advice, embracing an AmeriCorps-style program would have been the least of the president's failings.

Now that he has been freed from the political constraints of appointed office, one expects much more from Pinkerton. No longer should he have to curry favor with Republican elites to keep his corner office. And he doesn't. In his new book, *What Comes Next*, Pinkerton's new freedom shows.

What Comes Next is an insightful and irreverent look at contemporary public policy. When not bogged down by jargon, it is enjoyable and provocative. Un beholden to any particular political constituency, Pinkerton proposes some unconventional ideas and flirts openly with a third party. (This book was published in the heat of Powellmania, and is clearly not designed to ingratiate the author with Republican power-brokers.) Pinkerton's goal is a political revolution, even if some of his recommendations are anything but revolutionary.

Future Shocked

When Pinkerton gazes into the crystal ball provided by futurists and cyber-

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punk novelists, he sees a troubling potential for dramatic social decay. The pervasive growth of government, whether or not it was ever justified, has produced terrible consequences. The state has sapped people of their independence and created barriers to reform. As Pinkerton writes, "the biggest obstacle to change in the public sector is the public sector itself." Today, governing institutions are ossified structures more likely to crumble than change.

While the public sector can be inordinately immune to change, it cannot stop those with sufficient wealth from opting out of the system. As the state continues to lag behind in meeting the demands placed on it, "more and more Americans will withdraw from civil society and tend their own personal gardens." The result, Pinkerton rightly fears, could be a "Brazilification" of American society, in which haves maintain their private realms while the have-nots are increasingly subjected to the will of the state — and the chaos the state is unable to prevent. Those who are able will seek to protect what is theirs on their own, through "evacuation," "cocooning," and "retreating into bunker habitats."

This is not a future that Pinkerton desires, and he thinks it can be avoided. Government overreach created many of these problems, and scaling back government, combined with an "empowerment" agenda and the occasional cutesy "new paradigm" political reform, can help get America off the slow boat to disintegration. Jack Kemp, save us from William Gibson.

Same as the Old BOS

To better understand the present mess, Pinkerton takes his reader on a tour of bureaucratic history, reaching as far back as biblical times. (For Pinkerton, Joseph, son of Jacob, was the first bureaucrat of all.) Modern bureaucracy is the outgrowth of progressivism and "scientific management": the idea that, with the proper design, bureaucratic government would operate like a machine.

Attuned to the times, Pinkerton presents a different analogy for bureaucracies: the computer operating system. Where most personal computers once ran on DOS, most modern governments run on some form of BOS — the Bureaucratic Operating System. (Pinkerton is an insufferable neologist.) Over the past hundred or so years, governments have upgraded their governing structures, becoming more elaborate and proficient, but the underlying system is the same. BOS 1.0 is replaced by BOS 2.0, and some bugs are eliminated, but the system's underlying failures remain. All bureaucratic structures have their limits, no matter how many upgrades or National

Performance Reviews they endure.

How can the BOS be replaced? Pinkerton argues that dramatic change can only result from a successful "big offer" — when a political movement proposes "a new idea, a new direction" to the American people, prompting realignment and a new political consensus. The "Republican Revolution" does not qualify, even if one takes it at face value; a big offer requires a true consensus, at the very least a governing majority that cannot easily be filibustered in

If Pinkerton could produce this after several years in the Bush administration, imagine what he could have done had he worked someplace else.

its quest for political change. By this standard, no amount of Gingrichian maneuvering or Dolean compromise will ever produce truly dramatic change. Only a majority coalition on the order of that which created the New Deal or guided Reconstruction will be enough to bring the BOS to an end.

Yet even were there such a majority behind Pinkerton's agenda, there would be no full-scale revolution. For despite his visionary dreams, Pinkerton seems unwilling (or unable) to divorce himself from the regnant statism of American politics.

Consider the elements of the big offer that Pinkerton would propose. He would promote economic growth through a flat or consumption-based tax and deep cuts in federal spending. There would be no Departments of Energy, Education, Transportation, HUD, or Veterans' Affairs. There would be a "new emphasis on federalism," to return decision-making to where the costs and benefits of decisions are felt. ("Moving decision-making authority away from the center may decrease control, but it increases intelligence," Pinkerton avers.) Medical savings accounts would replace the current third-party-dominated payment system, and educational choice would be a national norm. Notes Pinkerton, "If there's a shortage of 'good' schools today, that's because

there's a shortage of unencumbered money to pay for good schools."

So far, so good. But then Pinkerton's vision gets confused. Pinkerton is still enamored with his Civilian Conservation Corps idea, and with "the guarantee of a job for everyone." Why? "America is not a left-wing country, nor is it a right-wing country: it is a work country." Pinkerton's brief paean to FDR and the virtues of the New Deal work programs is hardly a basis for a new anti-big-government agenda.

Pinkerton also argues that "we must consider ways to raise the prestige of government service" to create an elite of "samurai" bureaucrats to perform that large handful of functions that would remain in federal hands. But government service, particularly in the nation's capital, offers tremendous perks, not the least of which is the potential of lucrative consulting and lobbying opportunities later on. If Pinkerton is serious, he has spent too much time inside the Beltway.

Not Quite Revolution

Despite his often insightful analysis, Pinkerton is not the revolutionary he would like to be. His vision is as constrained by current political paradigms as the visions he critiques. At critical points he is unwilling to write off a potential constituency or recognize that certain interests may be simply illegitimate. Sure, teachers' unions may be politically powerful, but expecting them to lead the fight for debureaucratization is more than a bit fanciful.

True revolution, of the sort Pinkerton says he wants, cannot be gained by simply marshalling available forces. New constituencies must be created, and intellectual, financial, and moral capital must be mobilized. Consider the term limits movement, a whole new constituency created by the power of an idea and the willingness of certain individuals to stand behind it and push. This, albeit on a much larger scale, is what policy revolutions require.

What Comes Next may not be the next revolutionary manifesto, but it is a good read. If Pinkerton could produce this after several years in the Bush administration, imagine what he could have done had he worked someplace else. □

***Payback: The Conspiracy to Destroy Michael Milken and His Revolution*, by Daniel Fischel. HarperBusiness, 1995, 332 pp., \$25.00.**

The Milken Myths

Jeff Scott

The "decade of greed" is only six years past, and Daniel Fischel's *Payback* is the latest addition to the pile of books about it. Fischel's book is about Michael Milken, and the forces that targeted him because of the money they lost and he made.

Fischel is the first writer to offer a tight legal and economic explanation of how the state assaulted innovative financial activities in the late 1980s. Other authors have focused on financiers' private vices, offering loose allegations and inciting readers' piety by reporting the salacious details of conventions and yacht parties. Fischel has the good sense to avoid such trivia. But his decision to emphasize the positive consequences of financial tumult leads him to stumble over the critical ethical issues that surface in a mixed economy. When the state sanctions corrupt fiduciaries, con men will be conflated with entrepreneurs, and moral confusion will abound. But Fischel shows little awareness of this complexity.

Payback benefits from Fischel's formidable credentials as a professor at the University of Chicago. No other author to tackle this case brings as much combined experience in the fields of law, economics, business, and government. It also helps that he participated in many of the events he writes about. His command of the factual record is strong, though he sometimes misses the forest for the trees. Fischel's mood and theme are captured by his subtitle, *The Conspiracy to Destroy Michael Milken and His Financial Revolution*, and though he is more dispassionate and less dyspeptic than this choice of words suggests, he often sounds like a defense attorney offering a tense closing argument. But although

Fischel has downplayed some facts and left out some important details, his is a welcome addition to the literature.

Eyeing the Target

Like most economists, Fischel is pro-Milken on economic grounds. But as a legal scholar, he delves deeper into the dispute, concluding that Milken's felony confessions were for technical violations of little importance, extracted under serious duress.

In the best part of the book, the second and third chapters, Fischel explains, in logical order, the headliner cases, including Posner, Princeton/Newport, and Mulheren, among other nodes in the alleged web of financial deceit. He starts with the question of just what the ill-defined "crimes" of insider trading, stock parking, and stock manipulation *are*, then shows how prosecutorial discretion ultimately triumphed. Rough-and-tumble financial practices that had previously been treated as mere civil disagreements were now fodder for ambitious prosecutors, legislators, and regulators. Even though the authorities could not distinguish between legitimate and illegitimate activities, they applied the blunt axe of criminal sanction. Thus, a crucial distinction between civil disputes and criminal felonies broke down. In the end, no one but legal scholars could even begin to understand how and why hypertechnical violations had suddenly become crimes.

Another way law was perverted beyond reasonable and Constitutional limits was with the smash-up derby car known as RICO (the Racketeer Influenced and Corrupt Organizations Act). RICO was supposed to be an anti-Mafia tool, but the authorities had no qualms about treating investment bankers as mobsters. By giving police the power to freeze assets, RICO could

deal an instant mortal blow to an institution that deals in credit. So without blinking, the authorities exacted punishment before trial, tossing aside the presumption of innocence. The flimsy but "clear" admissions of guilt elicited in cooperative plea-bargains triggered by the threat of RICO do not match up against the reality of a sorry record of unsuccessful prosecutions.

The weakest section of the book is the final third, consisting almost entirely of case studies from the savings-and-loan crisis that bore on Milken only indirectly. The stories linking junk bonds to the S&L fiasco have been wildly overblown, owing to a combination of their inherent complexity and journalistic laziness. It's true that traces of junk bond DNA were found on the

Without blinking, the authorities exacted punishment before trial, tossing aside the presumption of innocence.

corpses of several S&Ls, but it is simply bizarre to associate the collapse of the junk bond market in 1990 to the collapse of the S&Ls in the 1980s. If these S&L failures had nothing to do with Milken — as Fischel agrees — why does he devote an entire third of a book to them?

A Choice of Conspiracies

The first conspiracy theory about the "decade of greed" was presented by James Stewart, in his bestselling *Den of Thieves*. That book featured tales of insider trading, corner-cutting, and stock manipulation on a grand scale, as a vast web of financial deceit. Ultimately, *Den* tells us more about book marketing savvy than about financial crime and the economy of the '80s.

The second conspiracy theory was expounded in Benjamin Stein's *License to Steal: Michael Milken and the Conspiracy to Bilk the Nation*, based on his articles in *Barron's*. This theory has come to dominate the debate because, stripped of its shrillness, it contains a basic truth: some easy taxpayer money was available to buy junk bonds. Stein

focuses on the manipulation of distressed bonds for the purpose of depressing junk bond default rates to make them look like better opportunities than they really were. Stein presents a coherent theory about Milken's place as the linchpin of a huge financial scheme, arguing that there was a basic deceit in the sale and promotion of junk bonds. By exchanging and refinancing junk bonds in a few key S&L portfolios, Stein says, Milken was able to postpone the day of default, making the company that issued the bond look better and the market itself more strong and liquid. Therefore, the whole set of enterprises that were involved in junk bonds (LBO takeovers, S&Ls, mutual funds) should be evaluated with the highest degree of skepticism. Stein thus shrugs off the vast evidence from financial economists that show the creation of wealth from changes in managerial conduct. To Stein, the most important aspect of the junk bond market was the Milken client base, who he accuses of participating (willfully or ignorantly) in a phony, if not criminal, exercise.

Fischel describes a different kind of conspiracy, arguing that Milken was a scapegoat for what was fundamentally a political failure. This plot starts after corporate restructuring was well underway, thanks in part to the availability of junk bond financing. By 1985, an alliance was forming among those whose oxen were gored by the leveraged buyout. This coalition included the oil industry (which was squandering shareholder money on ridiculous investment projects), old-line investment banks (who were not nimble enough to compete in the new merger wave), state legislatures (who were beholden to established management interests), and several others. These economic losers and their political lackeys found allies among journalists and intellectuals who morally detested risk-taking activity.

Such a marriage of Left and Right for convenient political ends is a familiar phenomenon: the Left likes more constraints on market freedoms, and the entrenched Right likes to use those laws against weaker competitors. This time, the unholy alliance was led by future New York mayor Rudy Giuliani, an unprincipled opportunist aided by

the arrogant and expanding Securities and Exchange Commission.

Giuliani's major cohort was Treasury Secretary Nicholas Brady. Brady was the former head of Dillon, Read, an old Wall Street investment bank — where he rose on the strength of his success in mergers and acquisitions. He adopted the position that acquisitions by large blue-chip companies (represented by the blue-blood firms such as Dillon, Read) were a good thing, but that acquisitions of blue-chip companies by smaller investors using junk bonds were somehow bad. Dillon, Read had been left on the sidelines as Drexel rose to prominence during the hostile takeovers, and Brady never lost his contempt for Milken and Drexel.

And in the public realm, "greed" became so unfashionable among the illiberati that even Donald Trump and Henry Kravis (of KKR) came out against it. Together, Fishel concludes, the losers and the haters spitefully maligned a legitimate enterprise that promoted management competition and changed corporate America for the better.

The Kernel of Truth

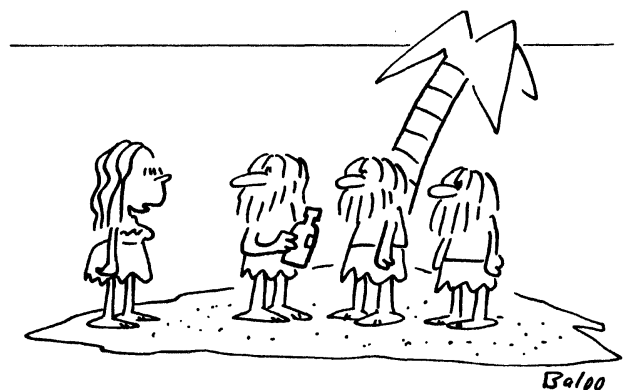
Fischel is mostly right, and Stein is mostly wrong. But there is a kernel of truth in the Stein theory, one which has been elaborated on by several prominent economists. Couldn't sophisticated investment products be a problem in a subsidized industry vulnerable to corporate welfare abuse? Junk bonds were one among many high-risk, high-return S&L strategies. Perhaps they were abused. But so was every other asset strategy somewhere in some S&L, including the plain vanilla home mortgage. There is no intrinsic evil to junk bonds, nor is there any intrinsic good to mortgages. Both can, under appropriate circumstances, lead to investment failure or success.

The regulatory apparatus of the mixed economy is a breeding ground for corruption. Among S&Ls, the context under which any investment product could be managed was radically biased

toward managerial discretion. That is, the managers of S&Ls could get away with almost anything because the owners could not exercise effective control. Some would argue that the incentives involved were so perverse, the S&L was by its nature a ticket to paradise: an S&L manager could make a bundle, bankrupt the S&L, and walk away unscathed. Deposit insurance was (and is) a subsidy to banks and S&Ls, since it guarantees the flow of depositor money regardless of performance or risk. This basic structural defect in the system created the means and opportunity for massive and unprecedented looting. Junk bonds, like many other assets with even scarier names, were one small part of that.

The government created the circumstances. The question is whether Milken assisted S&L executives by providing them a means (high-risk assets) to take advantage of the opportunity handed them by Congress. It is plausible that Milken had effective control of the junk bond trading accounts in taxpayer-backed S&Ls, thereby misleading investors about the true credit quality of junk bonds. Milken, like any other innovator, was conducting an experiment, one that might have relied, at least in part, on the public guarantee of funds. He could be the most successful user and abuser of the S&Ls' pool of easy money.

For all the books and articles that have been written on this subject, including *Payback*, it's still difficult even to sort out what constitutes abuse in this context. After all, even if junk bonds were abused, why should we distinguish them from the sorts of investment and operational tools (salary, perks) generally available to S&L executives?



"But if we use it send a message, we won't be able to play spin-the-bottle anymore!"

There are other hard questions about the Stein theory left unanswered in *Payback*. Consider how two specific cases function in the Milken mythology and how Fischel misses their significance. He devotes a full chapter to Columbia Savings' Thomas Spiegel, the most successful junk bond S&L operator. Drexel-Beverly Hills and Columbia were in the same building, and the relationship between Milken and Spiegel, and between the Drexel sales staff and the Columbia credit staff, cries out for answers. Is there no connection between Spiegel's operational irregularities and his investment policies? There is, after all, such a thing as corporate culture, and it can affect the destiny of a financial institution. This is a more open question than Fischel would have us believe.

Similarly, Fischel considers too narrowly the bribery charges relating to a Fidelity mutual fund manager, Patricia Ostrander, who was allowed to buy shares of one of the legendary Milken investment partnerships. Even Milken acknowledged that this was a wheel-greasing offer, leaving the charges of commercial bribery still hanging in the air. Fischel would have seen the importance of these two cases had he considered more seriously the default rate controversy. Default rates and alleged manipulation of distressed securities are the foundationstone of the conspiracy theory, explaining why Milken would be motivated to control junk bond trading accounts and bribe mutual fund managers. Thus, the heart of Stein's theory still beats.

Unfinished Business

There are other problems with this book. For example, Fischel tries to dispel the "decade of greed" label by repeating the familiar story about the rise in corporate giving during the '80s. But ethics is about what people do in their lives, not about cutting checks to orphanages and opera societies. Would the author defend Milken by pointing to his contributions to prostate cancer research?

Payback is not the full story of the Milken saga we've been waiting for. Still, it's better read than unread. If nothing else, it shows how reckless Stewart's *Den of Thieves* is. *Payback* is a good book on a maligned decade;

unfortunately, it will not eradicate or completely supplant the established anti-market mythology. We need a

wooden stake to drive into this beast, and Daniel Fischel has brought us garlic and crosses. □

***The Myth of Political Correctness: The Conservative Attack on Higher Education*, by John K. Wilson. Duke University Press, 1995, 205 + xv pp., \$44.95 hc, \$14.95 sc.**

P.C., Left and Right

Jesse Walker

Growing up in the state that keeps sending Jesse Helms to the Senate, I never dreamed I would one day find myself defending the rights of fundamentalist Christians against an attack by gays. But my first year at the University of Michigan, I did just that. A Christian group sponsored a concert by a folksinger whose repertoire included a song called "God Hates Queer"; offended homosexuals demanded the student government "derecognize" the organization. And my world turned topsy-turvy.

As my college years progressed and I witnessed other P.C. horrors, I never dreamed I would one day find myself giving a generally favorable review to a book called *The Myth of Political Correctness*. But my world has turned upside-down again. For all its flaws — and it has quite a few — John Wilson's book presents a theme that is undeniably true: conservative critics of political correctness are usually guilty of wild exaggeration, sloppy reporting, poor logic, and hypocrisy.

The question then becomes: now that we know this, what do we do? Wilson has wounded the conservative critique of P.C., but he has done little to injure those of us who always thought campus pwogwessives and campus babycons are each other's mirror image.

Part of the problem is that no one is entirely sure what *political correctness*

means to begin with; the term is too vague to discuss on any deep level. It can refer to:

- A leftist conspiracy to replace the canon of Great Books with the works of Jacques Derrida, Rigoberta Menchu, and Ice Cube; to confine all conservatives to reeducation camps; to prosecute all sexually active straight men as rapists; and to destroy all academic standards in the name of diversity. No such conspiracy exists, and no one thinks it does, outside of a few daily-newspaper writers who haven't set foot on campus since 1973.

- A mentality common among leftists, on campus and elsewhere, who are better at reciting the party line than understanding it. Such people tend to be humorless, intolerant, in love with "sensitive" jargon, and unconcerned with free speech, due process, and other civil liberties. This is the original meaning of "politically correct," and while it is to some extent a caricature, it is nonetheless a dead-on description of many real people. I know this because I've met them.

Wilson doesn't deny that this mentality exists. He only asserts that these people are not guilty of operating a reign of terror; that's the "myth" of the title. He's right, sort of. At Michigan, they were unafraid to trash their opponents' civil liberties when they could — but they weren't always in a position to do this, and it wasn't very difficult to muster opposition to them when they did. But so what? P.C. might not have reigned supreme on my campus, but

that didn't mean it wasn't a force worth fighting.

- A mentality common among administrators, on campus and elsewhere, who have lost their principles and their spine and replaced them with a love for empty symbolic gestures. At Michigan, this trend is symbolized by such events as Diversity Day, known in the rest of the country as Martin Luther King Day, on which students celebrate King's legacy by sleeping late.

Diversity Day was won after a long student struggle. Blacks and whites marched together, demanding the holiday in loud, angry voices. The administration finally succumbed. Classes were cancelled, and a day's worth of seminars was put in their stead. Some of these sessions were worthwhile, but hardly anyone attended them. This didn't bother the administrators. Diversity Day was a feather in Michigan's cap, proof of its sensitivity to the plight of people of color, people of gender, and people of orientation.

The spineless bureaucrat is an important figure in modern political imagery. Conservative papers (e.g. *Heterodoxy*) often blame campus problems on administrators who cave in to student radicals. But there's more to this story than meets the eye. As Wilson points out, "Administrators on college campuses are equal opportunity offenders when it comes to academic freedom. Intent on avoiding controversy, they are rarely staunch defenders of free speech for anyone" — Left or Right.

Besides that, there's another issue. How often are the administrators actually manipulating the protesters? Somehow, the demands the radicals manage to push through always seem to dovetail with the administrators' economic interest in bureaucratic expansion: more departments, more government funding, more "affirmative action" programs, more *in loco parentis* regulations. It's hard to believe this is mere coincidence.

- Censorship of "insensitive" speech, as via speech codes. Wilson argues that this trend has been exaggerated: that few people have actually been the victims of such codes, and that most of the victims have been exonerated following pressure from anti-P.C. conservatives and ACLU liberals. Again, Wilson is right, but not as right

as he thinks. The fact that speech-code censorship does not rule on campus is only trivially true; more interesting is the fact that many of Wilson's fellow leftists (though not Wilson) would like it to. Again, I know this because I know these people. I've spoken to them about free speech, and I've heard their opinions. And having heard them, I think vigilance is justified.

Speech codes aren't the only sort of censorship that goes on in universities, of course. Wilson offers a whole chapter on "Conservative Correctness," an eye-opening survey of leftist, moderate, and even conservative victims of right-wing repression on campus. Some of these incidents, including most of the cases of anti-gay intervention, took place in small Christian colleges — private schools with the right to set their own rules of conduct, no matter how onerous they strike the rest of us. But many are set at the large, publicly-funded liberal-arts institutions that P.C.-watchers say are being swept by only leftist oppression.

Incidentally, Wilson is guilty here of some hypocrisy of his own. After spending page after page refuting anecdotes about political correctness — sometimes successfully, sometimes not — he swallows whole the late-'80s media feeding-frenzy about the wave of racism allegedly sweeping universities. Readers of *The Myth of Political Correctness* may want to pick up a copy of Laird Wilcox's recent *Crying Wolf: Hate Crime Hoaxes in America* as well, if only to learn that conservative journalists have no monopoly on empty hype. As for which side can boast the greater number of true horror stories, the question is outside my competence. I suspect it is outside Wilson's — and Wilcox's — as well.

- Incidents in which professors are attacked for politically controversial statements they've made in lectures or for stances they've taken on campus issues. Wilson argues that many of these cases are not censorship at all — that criticism, no matter how ill-informed or unfair, is itself protected speech. Michael Kinsley has made the same argument: "Phrases like 'accused' and 'ran into trouble' often turn out to mean that someone was yelled at, or picketed, or vilified in the student newspaper. How is that censorship?"

Wilson and Kinsley have a point. But again, the argument has its limits.

Consider the case of Alan Gribben, a professor of English at the University of Texas at Austin. Gribben first saw controversy in 1987, when he opposed creating a Master's program specializing in ethnic studies and Third World literature (but supported the program at the Ph.D. level). Soon he was criticizing UT in *Academic Questions*, the journal of the National Association of Scholars. Then, in 1991, he helped lead the fight against his department's proposed revisions of E 306, a required freshman rhetoric class. The new course would have focused on writing about racism and sexism; Gribben and others feared this meant it would become a class in left-wing indoctrination. After all, they argued, it would take a brave student to argue the "racist" side of the debate.

Gribben began receiving threatening phone calls and hate mail, and was widely denounced as a bigot. Soon he decided that the university atmosphere was poisoned against him, and left.

For Wilson, this is just another exaggerated story of a "victimized white male conservative." He's already off track: Gribben may well be a conservative now, after this experience, but he was a liberal for most of his life. When he attended Berkeley in the early 1970s, he was active in the antiwar and civil rights movements. White and male he may be, but he is no right-wing ideologue.

In any event, Wilson argues, Gribben's rights were not violated: "If treating a colleague rudely is a violation of academic freedom, then thousands of professors (and Gribben himself) are guilty of it." In the end, "having alienated most of his colleagues, he freely chose to leave for another job. But Gribben's story of victimization convinced many." (Note the shift in language: from saying that Gribben's "academic freedom" was not under attack, a defensible proposition, Wilson moves to asserting that no "victimization" occurred, a much more dubious claim.) "The true violation of academic freedom at UT-Austin came from the conservative forces inside and outside the university who sought to impose their ideological agenda on an English department that did not con-

form to their ideas," through outside political pressure.

Again, Wilson is being one-sided. If it is wrong for right-wing politicians to try to impose their will on a university — and I think it is — then it is equally wrong for left-wing politicians to do the same. But after the E 306 reforms were discarded, state legislator Ron Wilson (D-Houston) tried to pass a bill requiring students to take a course on racism and sexism before graduating. This attempt to "impose" an "ideological agenda" is not mentioned in *The Myth of Political Correctness*.

Nor does Wilson look very closely at exactly how the E 306 controversy came to an end: the committee charged with designing the course resigned *en masse*, explaining that they were frustrated with how their syllabus had been popularly represented. Why is it a "true violation of academic freedom" for a committee to disband voluntarily, but not for a professor to leave voluntarily?

- The phenomena known collectively as "sexual correctness." This is a touchy subject. A lot of writers, myself included, are reluctant to discuss topics such as date rape, for fear that our criticisms of other people's ideas will be mistaken for a flip lack of concern with the subject. Still, it's hard to keep your mouth shut when you hear someone simultaneously claim (a) that "rape is a crime of violence, not sex," and (b) that it is possible for sexually aggressive men to commit rape without realizing it.

In any event, Wilson's chapter on sexual correctness is sensible on some of these issues (he is almost unique in understanding that sexual harassment and poorly written harassment policies are *both* problems) and silly on others (he spends several pages defending some dubious statistics). And sometimes he's dead wrong. For example, he describes Katie Roiphe's *The Morning After* and Christina Hoff Sommers' *Who Stole Feminism?* as "attacks on feminism." But both authors are themselves feminists, and their criticisms of other women are couched in feminist terms. Also, Wilson asserts that no feminists have claimed that consensual sex can be rape. But at Michigan, posters around campus announced that the spectrum of sexual coercion includes,

yes, "persuasion."

Interestingly, Wilson's usually crisp and enjoyable prose falters in this chapter. After over 100 pages of good writing, the reader is suddenly confronted with sentences like: "Contrary to what rape deniers believe, the cause of women is not promoted by denying the truth about sexual violence." What could lead an ordinarily talented writer to use the word "deniers" in the same sentence as "denying"? Or at all, for that matter? Or to create such awkward constructions as "the cause of women is not promoted by denying the truth about"? Or, most importantly, to offer such a strawman argument in the first place?

Such is the fate of the sensitive male leftist: the P.C. censor becomes internalized. But *contrary to what P.C. deniers believe, the cause of women is not promoted by denying the truth about sexual correctness*.

- Recent efforts to revise or restructure the college curriculum in the name of multiculturalism. Whatever the merits or demerits of such proposals, they have nothing to do with censorship or thought control. The conservative effort to link the canon debates with political correctness is an obvious attempt to hitch their ideological agenda onto a more popular wagon.

The same goes for rightist attacks on revisionist history, deconstruction, post-modernism, Afrocentrism, women's studies, and Foucault.

A War on Higher Education?

So there you have it: seven kinds of political correctness. I'm sure there are more. Like I said, it's a pretty vague term. No wonder the public debate has been so vacuous.

There's another reason for the empty debate: Some of academe's harshest critics have been shut out of it. Just as the best criticisms of the Bush administration often came from conservatives, some of the sharpest critiques of P.C., and higher education in general, have come from the Left. For the most part, the mainstream media have ignored these voices. So does Wilson — probably because, for all his problems with the way universities are run, he is ultimately a part of the system.

For a more incisive look at the ivory tower, one can't do much better than

the Fall 1993 issue of *Telos*, a post-Marxist journal with an interest in libertarian and paleoconservative thought. That issue included a lengthy excerpt from Russell Jacoby's recent book *Dogmatic Wisdom*, followed by a number of commenting essays, most notably Paul Piccone's "Scapegoating Capitalism," Paul Gottfried's "Up from McCarthyism?," and Tim Luke's "The Leisure of the Theory Class." These writers have their differences, but they all agree that there is something deeply wrong with higher education today. Luke has a label for it: "professional correctness."

In his essay, Jacoby dissects professionally correct academics' self-serving justifications for their own irrelevance, bemoaning the transformation of radicals who happen to be professors into professors who happen to be radicals. With far more credibility than the likes of Lynne Cheney could ever muster, he argues that "multiculturalism" is usually the agent of monoculturalism, and that the jargon of literary theory exists mostly to preserve an otherwise untenable critical hierarchy. Why, he asks, should *reading* be professionalized? And what kind of radical thinks it should?

Meanwhile, Gottfried uncovers the common ground between political correctness and the neoconservative backlash: both live off the same state-corporate-academic trough. "The quarrel of today's liberals with Roger Kimball, Charles Sykes and other neo-conservatives critics [sic] . . . is an intermural battle between feuding sets of welfare state democrats who differ on specific policy issues but mostly on who among themselves should rule." And: "[There are] ties between what the neoconservatives leave out of their educational criticism and their own funding sources. It is corporate wealth and government agencies, not the friends of Sartre and Marcuse, who pay for neoconservative educational foundations and books."

Gottfried is onto something here. When John Silber and Bill Bennett present themselves as defenders of academic freedom and decentralization, no one familiar with their professional histories can take their pious statements at face value. By the same token, the self-styled radicals who join

Teachers for a Democratic Culture (a leftist organization whose newsletter Wilson edits) seem curiously uninterested in genuinely radical critiques of the university. They search high and low for evidence of racism, sexism, and homophobia, but the solutions they propose always seem to do more to expand the university bureaucracy than to solve any of these problems. They denounce skyrocketing tuition, but ignore the root of the problem, students' inability to control where their tuition dollars are going; they instead call for more student loans, which only make the problem worse. They generally ignore the exploitation of the untenured, and would never dream of criticizing occupational licensing laws or the ideology of credentialism.

Wilson argues that the P.C. hysteria is part of a concerted effort to weaken American universities, an effort spearheaded by state and federal cutbacks. Gottfried's assessment is more realistic: the Cheney bunch doesn't want to destroy the ivory tower; they want to own it. Wilson's own anecdotes about conservative correctness support this thesis. Bearing that in mind, Wilson's demands for more funding for academia are laughably un-radical. As Piccone points out, "even (or, better, most of all) the best funded American universities have tended to develop into dens of self-congratulatory idiocy." The problem isn't money. It's who controls the disbursement of that money, and how.

It's up to the true radicals — and the true conservatives — to call for something different. □

Booknotes

The Military-Informational Complex — Those who do not understand the connection between the extension of executive power at home and the extension of executive power abroad ought to read Ted Galen Carpenter's *The Captive Press: Foreign Policy Crises and the First Amendment* (Cato Institute, 1995, 315 pp., \$14.95). Carpenter traces the stormy history of press-state relations in America, from the Alien and Sedition Acts of the first Adams administration to the interna-

tional misadventures of the Clinton era: the police-state atmosphere of the First World War, the extraordinary growth of executive authority under Ronald Reagan, the imposition of the press pool system during the Gulf War, and more. Along the way, Carpenter demolishes the myth that the media lost the Vietnam War, offers a compelling analysis of reporters' willingness to collaborate with the state, and critiques the U.S.'s recent interventions in Somalia and the Balkans.

Many civil libertarians believe global affairs aren't relevant to their domestic concerns. They should read this book and think again.

—Jesse Walker

Friction in Eden — Today, it is considered proper to believe that primitive cultures were harmonious and peaceful until Western civilization disrupted them. In this view, for example, American Indians lived harmoniously with nature, walked quietly on the Earth, and worked out their problems peaceably until the white man came. Modern cultural products such as the movies *Dances With Wolves* and *Pocahontas* support this view.

A major source of this idea is anthropological research. In *Sick Societies: Challenging the Myth of Primitive Harmony* (The Free Press, 1992, 278 pp., \$24.95), Robert B. Edgerton says that "many anthropologists have chosen not to write about the darker side of life in folk societies, or at least not to write very much about it. Among themselves, over coffee or a cocktail, they may talk freely about the kinds of cruelty, irrationality, and suffering they saw during their field research, but only a relative few have written about such things or about any of the many ways in which people in various folk societies do things that are seemingly harmful to themselves and others."

Edgerton's rereading of the ethnographic literature makes quite clear that some societies are "sick." He presents an overwhelming case that many primitive cultures have (or had) severe disharmonies that cause strife or maladaptation, in some cases to the point where they threaten the cultures' existence.

The maladaptations are varied. For example, the Tasmanians (first studied in 1802) loaded so much work on

women that the women became angry and discontented and failed to provide enough food in winter. A more recent example is a group of the Maring people of Papua New Guinea. Depending on a diet that lacked protein, they were severely undernourished, but their mourning practices made things worse. When someone died, the spouse and close relatives ate far less food and stopped working in their gardens, leading to more deaths. Maladaptive practices in other cultures include infanticide, cannibalism, and *suttee* (the practice of burning widows on their husbands' funeral pyre), to mention a few.

Anthropologists have ignored or downplayed such practices for a variety of reasons, says Edgerton. Some believe that they resulted from colonialism and are not inherent facets of the culture under study. Others are reluctant to offend their hosts by discussing practices that would make them look bad. Many take the view that these practices must be "adaptive" or beneficial in some way. And many anthropologists are cultural relativists who don't want to judge other cultures.

Sick Societies is a kind of "Emperor's New Clothes," revealing that at least some members of the anthropology profession have distorted reality — another reminder that "scientific" reports are often colored by the views of those reporting them. I suspect it is causing a stir in academic quarters. For those of us concerned with liberty, it should remind us how unusual, and how precarious, is the modern "extended order" that allows individual freedom.

—Jane S. Shaw

Hayek and Keynes at Cambridge — Each new addition to *The Collected Works of F.A. Hayek*, the University of Chicago's painstaking series of reissues and collections, is a gem. But the latest to reach my hands, *Contra Keynes and Cambridge: Essays, Correspondence* (University of Chicago Press, 1995, 269 + xi pp., \$35.00), is the first that I would not recommend immediately to anyone interested in the work of the august Austrian. The reason for this is simple: this book is largely about Keynes, and it is hard for me to work up much interest in Keynes these days. (We are all ex-Keynesians now.)

The present volume contains two classic essays by Hayek: his early essay

contra underconsumptionist doctrines, "The 'Paradox' of Savings," and his famous review of Keynes' now-forgotten "instant classic," *A Treatise on Money*, "Reflections on the Pure Theory of Money of Mr. J.M. Keynes." More interesting than either of these is the cobbled-together history "The Economics of the 1930s as Seen from London." And more interesting than this is the peculiar exchange between Hayek and the Cambridge economist Pierro Sraffa.

I had read about the exchange before, but never read the volleys themselves. I was fully prepared to despise Sraffa's infamous attack on Hayek's *Prices and Production*, first printed in the pages of Britain's *Economic Journal*. And the tone of Sraffa's review is indeed nasty: "The lectures collected in this volume fully uphold the tradition which modern writers on money are rapidly establishing, that of unintelligibility." To my surprise, at times I found myself agreeing with Sraffa, who caught the weirdness of Hayek's juggling of both the standard "general equilibrium" approach and the foreign (Austrian) "disequilibrium" notion. It is hard not to agree with some of Sraffa's criticisms, even though he himself was dealing with another notion of equilibrium altogether. (Sraffa was a peculiar neo-Ricardian, not a full-fledged Keynesian, to his Cambridge comrades' chagrin. His notion of equilibrium was pre-Jevonsian, pre-Austrian, pre-Walrasian, pre-sensible.)

Sraffa's harsh, fiery essay helped ruin Hayek's reputation in London during the '30s, despite the fact that most economists were bewildered by the whole debate! Though Sraffa may have been disingenuous, his role as destroyer of economic theory was complicated enough to make of him more of a devil in the literary sense than in the practical sense. That is, his character (as revealed in this debate, anyway) is more interesting than despicable.

The introduction by Bruce Caldwell is most helpful, and his careful editing and footnoting is mostly flawless. I am especially pleased to see that Caldwell is no neo-Austrian acolyte: he correctly points out that neither Hayek nor Keynes had a monopoly on either truth or error, and that a complete understanding of business cycles would have

to incorporate ideas from both theorists. (Though reading Keynes seems hardly worth it. Pretty much every stylistic criticism Sraffa directed towards *Prices and Production* applies doublefold to Keynes' *General Theory*.)

—Timothy Virkkala

White Girl's Burden — It has often been remarked that Communism resembles a religious faith. But rarely is the reverse point made — that religious faith often resembles Communism. Religious leaders follow their faith even as the bodies pile up and the noble goals they are assumed to be following are never met.

In his extended essay *The Missionary Position: Mother Teresa in Theory and Practice* (Verso, 1995, 98 pp., \$10.95), Christopher Hitchens paints the saintly one as a hypocritical demagogue who cavorts with despots and leaves a trail of suffering in her wake. But, one might object, doesn't Teresa ease suffer-

ing? No: her "homes" are intentionally run-down warehouses for the sick, where the terminally ill are given nothing stronger than Tylenol to ease their pain, where the diseased are misdiagnosed and kept away from real hospitals. (Of course, when the Divine Miss T ails, she checks into a modern medical facility.)

Meanwhile, the chief Minister of Charity runs from one Third World country to another, preaching the evils of birth control, proclaiming that "there can never be enough" children, even in the poorest countries; "God always provides." Her goal, Hitchens argues, is not to eliminate suffering but to enshrine it. "I think the world is being much helped by the suffering of the poor people," she croons.

Hitchens blasts Teresa for hypocrisy, noting that her actions invalidate her claim to "not mix up in business or politics or courts." If it is possible to prove guilt by association, then Hitchens

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Directory of Libertarian Periodicals, updated latest edition, lists about 150 titles, with addresses, other information. All believed to be presently publishing. \$3.00 postpaid, \$4.00 overseas. Jim Stumm, Box 29-LB, Hiler Branch, Buffalo, NY 14223.

The Foundations of Morality, by Henry Hazlitt. Stirring defense of individual freedom from the author of the classic *Economics in One Lesson*. \$13.95 (\$4 off publisher's price) plus \$3 s&h. Liberty Book Club, P.O. Box 1181, Port Townsend, WA 98368.

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Periodicals

Liberty back issues: Vols. 1 & 2: \$30 ea.; Vol. 3: \$20. Dennis, 206-347-7257.

The Radical Individualist, quarterly zine of anti-authoritarian ideas. Sample issue \$4.00 from Jeffrey Deboo, 1442-A Walnut St. #64, Berkeley, CA 94709.

shows Teresa's culpability beyond a reasonable doubt. Not only does she pose with such politicians as Margaret Thatcher, Ronald Reagan, Hillary Clinton, and even Robert Dornan, she also exhorts them to "never allow in this country a single abortion." Nor does Mother Teresa limit her associations to "respectable" contributors. Here she is, gazing approvingly at the wife of Haitian dictator Jean-Claude "Baby Doc" Duvalier. There she is, posed in a studio with scam artist John-Roger, the poor of Calcutta pasted in the background later. And that's her smiling at Charles Keating, convicted S&L embezzler.

Her link with Keating, who contributed vast sums to her Missionaries of Charity, provides the book's most amusing documents. The first is a plea from Teresa to Judge Lance Ito, the not-yet-famous adjudicator of Keating's case, on behalf of the defendant. She informs Ito that Keating "has always been kind and generous to God's poor, and always ready to help whenever there was a need."

The other document is Keating prosecutor Paul Turley's reply. "You have been given money by Mr. Keating that he has been convicted of stealing by fraud," he writes. "Ask yourself what Jesus would do if he were given the

fruits of a crime. . . . Do not keep the money. Return it to those who worked for it and earned it." Hitchens notes wryly that Turley has yet to hear back from Teresa. "Nor can anybody account for the missing money; saints, it seems, are immune to audit."

Hitchens also adds flesh to that oft-repeated anecdote about Teresa being unable to open a New York City home because of bureaucratic red tape. It turns out this is half true. The state did demand Mother T put in an elevator before moving people into the run-down building. But they also offered to pay the cost of putting one in. Teresa refused, unwilling to coddle the crippled with such a luxury.

Ultimately, though, Hitchens says his argument is not with Mother Teresa but with us, not with a deceiver but with the deceived. She has never pretended to be anything but a religious zealot on a strict doctrinal mission, he observes. It is we who overlook this.

—Matt Asher

Political Market Failure — In virtually any university economics department — certainly in the one that awarded me my degree — one concept, above all, is repeatedly driven into students' minds: market failure. Left alone, proclaim the professors, the free

market foment pollution, monopoly, economic instability, and gross inequality. The solution is government intervention. Class dismissed.

Although orthodox economic theory has been eager to identify "market failures" and quick to concoct statist solutions, it has conspicuously failed to scrutinize government failures. Indeed, as William C. Mitchell and Randy T. Simmons contend in *Beyond Politics: Markets, Welfare, and the Failure of Bureaucracy* (The Independent Institute, 1994, 234 pp., \$49.95 hc, \$17.95 sc), "The problem is that few economists have applied their powerful tools for analyzing market processes to an analysis of government processes. Those who argue that market failure justifies government action don't stop to ask certain questions: What incentives exist in government? Who wins and who loses? Are the actual outcomes different from those we hope for? Do good intentions in government produce good results?"

Throughout *Beyond Politics*, Mitchell and Simmons examine these and other questions through the lens of Public Choice, the application of economic analysis to political institutions. In so doing, the authors not only present a concise and coherent introduction to Public Choice theory, but wield it deftly as well.

—Thomas Reardon

Alexander, "The Wars of Yugoslav Succession," *continued from page 41*

discussed with Serbian President Milosevic the partition of Bosnia into two spheres, one Croat, the other Serb. The Dayton agreement virtually establishes this land-grab.

Slobodan Milosevic. Although defenders of Western and NATO policy often dismiss the invocation of this name as an oversimplification and a cliché, we must nevertheless acknowledge the awesome audacity and criminal responsibility of this man.

Head of the Serbian Party in 1987, president of Serbia in 1989, Milosevic worked energetically on a Serb version of Tudjman's plan for the expansion of power. The first component of his rise was and is nationalism. Violating LCY orders, Milosevic in 1988 began staging massive nationalist rallies wherever Serbs could be found in Yugoslavia. This created for him a substantial power base while foregrounding

nationality as an issue and radicalizing nationalist politics.

Tito's last revision of the Yugoslav constitution set up an eight-member collective presidency. Once vaulted into local power in 1987, Milosevic worked to control this awkward body. In 1988, he engineered the abolition of autonomy for the Vojvodina and Kosovo parties, enabling his candidates to attain membership in the presidency. Milosevic cronies took over the Montenegrin Politburo in January 1989, sending another Milosevic-approved president to the collective. At this point Milosevic, himself part of the presidency, controlled four of its eight members and could veto any act, thus disabling any opposition he might face.

Not surprisingly, at this point the remaining republics began to argue for a decentralized federation.

In the meantime, Milosevic was

carefully nurturing Serb nationalism in the other republics. Croatia and Bosnia-Herzegovina each contained a powerful Serb minority, nearly one-third of the population in each case. Until Milosevic intervened, militant national radicals in both republics were fairly marginal. Yet in 1990, JNA material from Belgrade began to arrive in certain Bosnian Serb communities; in response, certain radical leaders gained in stature, an increase furthered by spectacular confrontations with police. This yielded a vicious circle: Milosevic could justify further support to these communities by pointing to the police oppression he essentially stimulated. This in turn yielded greater power for Serb nationalists. The logical outcome was militant separatism and civil war. But the appearance of rebellion was belied by the constant flow of JNA troops and material throughout the wars to these catspaws of

Milosevic's ambition.

A similar process occurred in Croatia, most notably within the Krajina region.

Once the wars began in 1991-92, Milosevic's power-grab expanded further. War allowed the process of ethnic cleansing, whereby Serb forces would terrorize or simply exterminate non-Serbs to set up "pure Serb" communities in the emptied ruins. Milosevic was careful to use separate agents, such as the charismatic Radovan Karadzic in Serbian Bosnia, or the thoroughly vile paramilitary travelling exterminator Arkan. This allowed him to seem above the fray, a man of peace and just war.

Of all the people responsible for the nightmarish horrors in the West Balkans, Slobodan Milosevic is by far the most culpable.

The international community. It is a commonplace — and, like all commonplaces, based on truth — that the Western nations furthered the Balkan tragedy. We noted above the unfortunate results of instantly recognizing Slovenia and Croatia. We need note one more problem.

Every peace plan, from Vance-Owen to the current agreement, is based on trying to map political affiliation and structure to the ethnic situation "on the ground." Although this seems sensible and has honorable precedents (the plebiscites in Alsace-Lorraine earlier in this century, for example), in the Wars of Yugoslav Succession it is the worst diplomacy imaginable. Why? Because if the newly designed maps reflect conditions on the ground, *the reverse can also be true*. Nationalist leaders who see themselves about to become merely partners in a coalition regime created in Geneva suddenly have all the incentive in the world to alter the ethnic composition of their community — mass murder as the logical response to peacemaking.

The Vance-Owen draft plan of 1992, for example, led to the worst levels of ethnic cleansing in Europe since World War II. Since the Western powers refused to intervene against this — but created the "peace plan" that inevitably led to it — they essentially created and enforced a shifting arena of extermination attempts.

Intervention

We can see the results — the concentration camps, the ethnic cleansing, the

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mass murder, the mass rape, the mass starvation — on CNN every night. It is crucial to remember that these horrors were neither necessary nor preordained. Other multiethnic societies since the end of the Cold War have managed to negotiate themselves to pluralism and safety.

The latest tragedy in this sequence of nightmares is that the Dayton treaty, which has every appearance of succeeding, ratifies the work of those responsible. Germany continues to enjoy the profits of its neighboring colony, Slovenia. Tudjman has won back the Krajina, and now rules about a third of Bosnia. Western leaders come and go, but not one has satisfactorily been

assigned blame for his or her misdeeds — not the recently deceased François Mitterand, not Bush/Clinton, not John Major. Grimmiest of all is the recreation of Slobodan Milosevic as a man of peace. He continues to rule Serbia, Montenegro, Kosovo, Vojvodina, and one-half of Bosnia.

All this is supported — is enforced — by the armed forces now settled in Bosnia. The multinational "peacekeepers" are there to protect the reputations and the gains of these responsible parties, not the ever-suffering Bosnian Muslims. Remember that the next time you hear Bill Clinton describe the U.S. intervention as a blow for justice and peace. □

Terra Incognita

Wheaton, Ill.

New trends in literature, as described by *Publisher's Weekly*:

"Our books show how people can incorporate the Lord in their relationships," says Tyndale House editor Karen Ball, explaining a new series of evangelical Christian romance novels.

Berkeley, California

Much ado about nothing, as reported in *Hard Times*:

Holocaust revisionist David Irving, taken by surprise at finding a venue for espousing his theories, conceded after fussing with his notes for ten minutes that he actually has nothing to say. "Our whole purpose is to discredit people by provoking them into obstructing our speech," he explained. "I've never actually prepared any remarks."

Honolulu

Government compassion in action, as reported in the *Hawaii Tribune*:

Three women who hand out early-morning coffee and pastries to the homeless could face fines of \$1,000 a day. The trio has run afoul of the state Department of Health because they brew their coffee at home, not in a kitchen approved by the state.

Yorba Linda, Calif.

Historiography in action, as described by United Press International:

The director of the Richard Nixon library and museum has announced that people who want to know Nixon's real story should avoid Oliver Stone's movie *Nixon*, and instead visit the Nixon museum.

Vietnam

Quality programming abroad, as described by Knight-Ridder News Service:

One of the most popular TV programs in Vietnam is *Charlie's Angels*, especially among intellectuals.

Washington, D.C.

The Hon. Sonny Bono explains what he does as a Member of Congress in an interview broadcast on the CBS television network:

"You try to do that [get jobs for the people back home in your district]. You try to improve the economy. You worry about all their concerns. You listen to almost every problem they have, and they tell you, and you try to take care of it through legislation."

Springfield, Ill.

The health hazards of going electric, according to the Associated Press:

Murderer-rapist George Delvecchio asked the Illinois Supreme Court to stay his execution, contending that a recent heart attack, his medication, and his incoherence render him unfit to be executed.

Beverly Hills

Government health care in action, as described in *Capitol Ideas*:

The Centers for Disease Control and Prevention held a national conference in Beverly Hills to discuss problems of vaccinating low-income children. The gathering cost taxpayers \$1,015,900.

Tuzla, Bosnia-Herzegovina

Preparing for the Americans, as described by the *Baltimore Sun*:

When the citizens of Tuzla heard that 20,000 American soldiers were on their way, condom sales jumped, as Tuzlans hoped to ward off the AIDS epidemic they assumed would accompany the Americans.

Santa Fe, New Mexico

An amendment passed by a voice vote in the New Mexico State Senate, quoted in *The New Mexican*:

"When a psychologist or psychiatrist testifies during a defendant's competency hearing, the psychologist or psychiatrist shall wear a cone-shaped hat that is not less than two feet tall. The surface of the hat shall be imprinted with stars and lightning bolts.

"Additionally, a psychologist or psychiatrist shall be required to don a white beard that is not less than 18 inches in length, and shall punctuate crucial elements of his testimony by stabbing the air with a wand. Whenever a psychologist or psychiatrist provides expert testimony regarding a defendant's competency, the bailiff shall contemporaneously dim the courtroom lights and administer two strikes to a Chinese gong."

Orlando, Florida

Cognitive dissonance in the lowest of the 48, as observed by a *Liberty* subscriber in a grocery store parking lot:

Two bumper stickers on the same car: "Smokers Vote" and "Say No To Drugs."

Milwaukee

Trouble in paradise, as reported by the *Milwaukee Journal Sentinel*:

9to5, a feminist worker's rights organization, is facing a union-organizing drive by its employees. The union accuses the group of mistreatment of racial minorities.

Singapore

Government's role in promoting social harmony, as reported by the *New Zealand Herald*:

Singapore's National Courtesy Council called for the island state to adopt a nation-wide code of courtesy, noting that an after-dinner belch, while appropriate among some Singaporeans, may be an assault on the sensibilities of individuals of other cultures.

(Readers are invited to forward newspaper clippings or other items for publication in *Terra Incognita*.)

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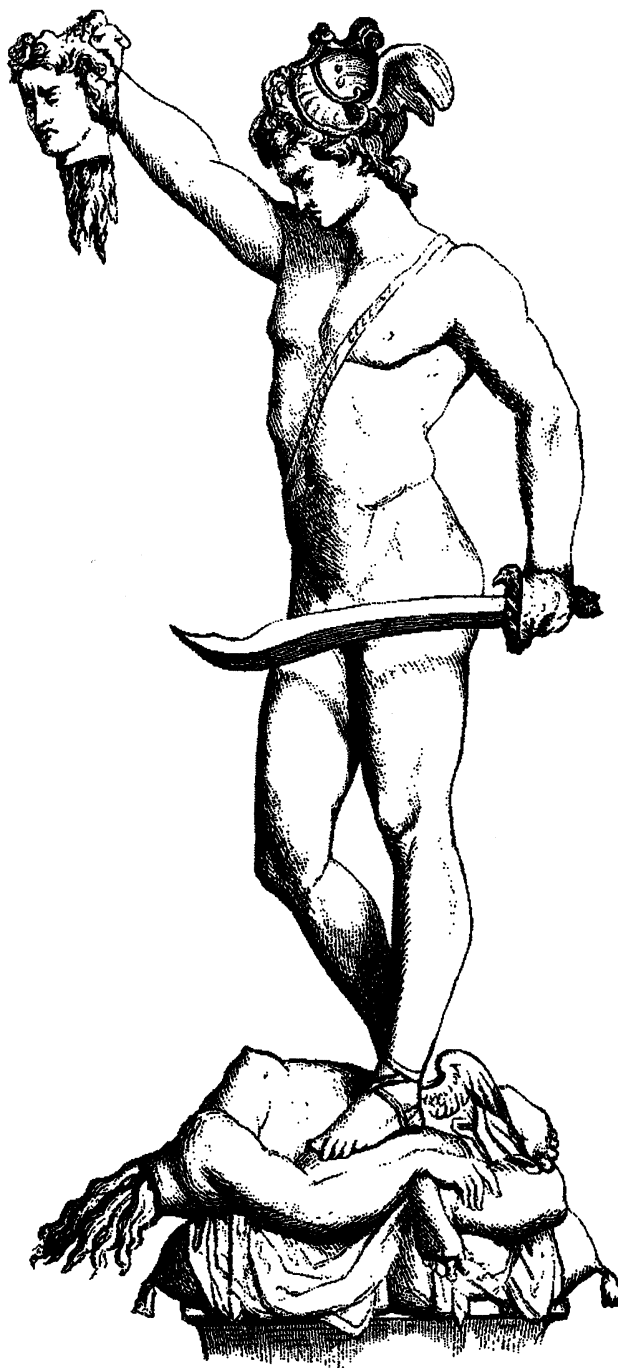
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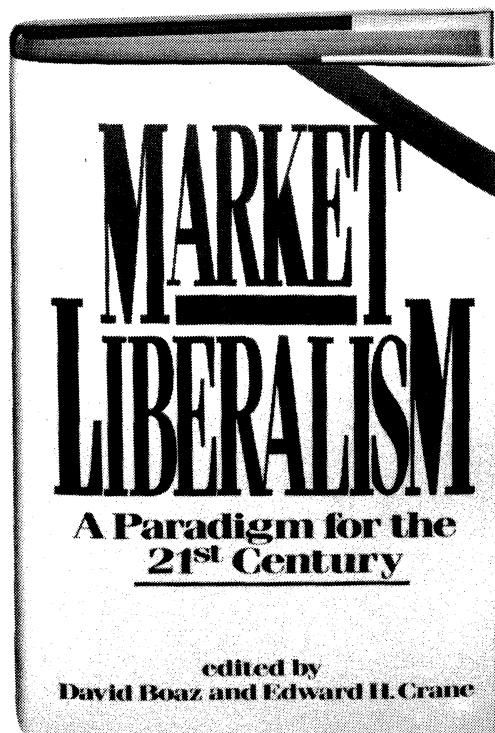
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