

Liberty

Our Fragile Economy

October 2009

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Ayn Rand's World

by Stephen Cox

How Bank Robbers Created the FBI

by Jon Harrison & Jo Ann Skousen

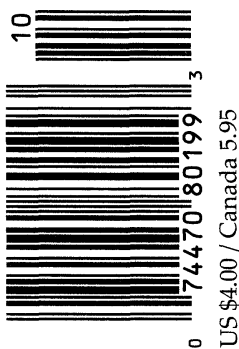
Much Ruin in a Nation

by Lanny Ebenstein

Shrinking the States

by Bruce Ramsey

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4 Letters Liberty's readers fire back.

9 Reflections We lose healthcare in the mail, ask the right question, spread the poverty, do the math, let them eat cake, wear super-strength beer goggles, set off some military-grade fireworks, and need more cocaine.

Features

23 Starving the States *Bruce Ramsey* examines that rarest of phenomena: state spending cuts.

27 The System Is Broken *Jon Harrison* investigates the fragile health of our society and wonders whether it's too late to do anything to heal it.

33 Much Ruin in a Nation *Lanny Ebenstein* considers the long-term prospects of the American economy.

39 Ayn's World *Stephen Cox* heralds a new biography that puts Ayn Rand where she always wanted to be: at the center of her own universe.

Reviews

47 The Other Side of Thailand What's the first thing that comes to mind when you think of Bangkok? *Paul Karl Lukacs* explores what's in a reputation.

49 Through Other Eyes *Gary Jason* ponders the relationship between madness and creativity.

50 How Much Do You Really Need? *Jo Ann Skousen* views a film that asks, "Who owns my body?", and gives the wrong answer.

51 A Cry for Justice A new film, *Gary Jason* discovers, makes a compelling case for freedom.

The Return of John Dillinger

Like the authors of the Patriot Act and the TARP bailout, J. Edgar Hoover wasn't one to waste a good crisis — and John Dillinger was a very good crisis.

52 What Dillinger Wrought *Jo Ann Skousen*

53 The Villain as Hero *Jon Harrison*

54 Dillinger's Last Movie *Jo Ann Skousen*



48 Notes on Contributors The apples of our eye.

55 Terra Incognita Reality intrudes.

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Letters

Freedom's Just Another Word for Raping All the Poor

For 31 years, I have believed in free trade and liberty for all. The terms liberty and freedom have now become the politically correct way to say rape the poor. I have always voted Libertarian. Now I look around and all I see are rich, greedy businessmen who fail to pay a living wage to those underlings that helped them get rich. I have changed my voting status to Democrat. Please immediately cancel my subscription to Liberty magazine.

Michelle Faulk
Hillsboro, OR

Embracing Failure

In the August issue, Leland Yeager appears to argue ("The Contagious Crisis") for government action in the financial markets because of the recent crisis, calling for more financial regulation and stating that "Only a libertarian more hardcore than I am would reject them outright." I reject them outright; so I must be a radical.

Prior to and during the financial crisis there were dozens of federal statutes regulating the mortgage industry. Among them are the Truth in Lending Act, the Real Estate Settlement and Procedures Act, the Fair Debt Collection Act, etc. Each of these federal statutes promulgated thousands of pages of federal regulations. This is why even prior to the financial crisis a typical residential mortgage was accompanied by at least 50 pages of regulatory disclosures. I don't believe that upping this to 200

pages of disclosures will in any way improve the industry or change the simple fact that people do not read documents when they want to believe they are getting rich.

My fear is that increased future regulation will be so broad that even formerly simple transactions will be burdened by federal disclosures. Imagine a simple sale of a free and clear home from father to son with seller financing. Will such a transaction now become subject to the regulation of a myriad of federal agencies? What of a \$20,000 loan between you and your friend? Perhaps even such a formerly simple loan will require registration with the SEC or some other federal agency. I have no faith in our government to craft "smart" regulations.

We already have plenty of regulations. Increasing the number of rules may alter the game, but it won't change the players. No regulation can change human emotions and desires. History has shown that we cannot outlaw greed. Perhaps we should embrace it as a fundamental human characteristic. Rather than attempting to bail out industries and companies we should embrace failure, liquidation, and bankruptcy, as this will lead to rebirth and a more honest economic system.

Mark K. Funke
Seattle, WA

Yeager responds: Mr. Funke takes my confession that I am not a hardest-core libertarian as an opportunity to advertise himself as just such a libertarian. By

Letters to the editor

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

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implication, he imputes to me a faith in horrendous regulation that I disavow on pages 40-42. Before firing off a comment, he should pay attention to what he proposes to comment on.

Funke's reaction is an example of what Hayek's theory of perception helps one understand: squeeze a text or person or thing into some preconceived pigeonhole, then react to the pigeonhole, inappropriate though it may be.

Tea for Two

Thanks for Bruce Ramsey's article on the Tea Party movement ("The Start of Something Big?", July). Here in the south county of San Luis Obispo, I am the organizer of the Five Cities Campaign for Liberty and the local Tea Party. Yes, it involves people from all walks of life. I am a hardcore radical Libertarian and a Ron Paul supporter; yet as much as I want to see anarchy, I understand that even I could not bring about overnight change. In fact, I like to say that if you did not have to pay any taxes it might take years for everyone to believe it and end the deductions from their paychecks. I may be wrong now. Things have changed a good deal.

I do sometimes wish you would not be so hard on us Libertarians. It is

true we are not ones to compromise, but what can you expect when our disagreement with others is that they wish to force us to live according to their ideas and standards, plus pay for it?

Gail Lightfoot
Arroyo Grande, CA

Buyer Bust

While I do not totally disagree with Bruce Ramsey's analysis of "Who's to Blame" in the housing crisis (July), it left many holes. True enough, while many banks and lenders, brokers, home buyers, security ratings services, et al., did blow it big time, and in fact committed fraud in many cases (see below), the government was just as culpable. Both must be condemned. But this article, and all the others, have missed the forest for the trees.

I am a Certified Residential Real Estate Appraiser, and lived in the middle of the boom and bust. Almost every real estate agent and appraiser I knew was asking "Where are all these buyers coming from?" Herein lies the real culprit, all those buyers. And here is where they came from, and why, and the ultimate damage they did.

All the government agencies, along with Freddie, Fannie, FHA, et al., did in

From the Editor

As I write, President Obama is in serious trouble in the polls. His "unfavorables" are beginning to overwhelm his "favorables."

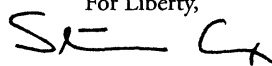
The reasons aren't entirely clear, but one reason is certainly that people are beginning to understand his mode of governance: enormous deficit spending, stunning pretensions to managerial expertise, determined ambitions to increase the state's control over such basics of life as healthcare.

Seven years ago I had cancer. It was detected when some slightly curious numbers appeared on a routine test, numbers that could have meant anything or nothing. What they meant was that I had a deadly disease — a disease that was diagnosed quickly only because I was able to get a CT scan quickly. The cancer was located and removed in time.

If I had lived in Canada, with its exemplary system of state healthcare, I would probably be dead today, because I would have had to wait too long for that CT scan. But now our president and Congress are struggling to find some way to Canadianize our healthcare — while leaving their own healthcare pristinely free of rationing.

The strong opposition to their efforts demonstrates that many people — perhaps most people — understand that. They want to be free. And that's why Liberty is here. The writers of Liberty disagree about a lot of things. They disagree about the history of freedom. They disagree about the best means of enhancing it. But they're not going to give it up — because to surrender freedom is to surrender life.

For Liberty,


Stephen Cox

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fact push banks to loan money to people who could not afford to pay it back. I have had personal conversations with (regional) bank CEOs, loan underwriter supervisors, etc., who told me more than once that they were “pushed” to make more loans by the government auditors (who knew everything the banks did). One example is a former loan underwriter of a now defunct bank, who retired in 2001 and sold all of her stock while it was still worth something. I was told the federal auditors would come and say to the officers of the bank (of which she was one) that they were not making enough loans in Rainier Valley and on Capitol Hill. The officers would reply that they had given loans to “everyone who’s qualified.” So the auditors told them to lower their standards and make more loans. Repeat. Repeat. Until 1997, the banks would balk, saying, “These people can’t repay the loans and we don’t want to take the houses back, and we can’t sell those loans.” In 1997, the Clinton administration ordered Freddie, Fannie, and the rest to buy subprime loans, and told the banks to go ahead with those bad loans since now they had a market where they could be sold. I have seen several charts prepared by appraisal industry organizations that show the rise in home values and the rise in wages at an almost identical inflationary creep of 3% to 5% annually from 1950 to 1997, then in 1997 home values skyrocket while wages continue on their previous path. To analyze why this happened, consider the following.

Prior to 1997, in any given year, there would be 500,000 to 1,000,000 people who qualified for a mortgage who had not qualified the year before. They might have gotten a raise or an inheritance, got married, got a job, whatever, but their financial position improved from non-buyer to buyer. Used home sellers and the construction industry had a reasonably balanced, stable, and predictable market. In 1997, when the gates were opened, it dumped probably 20 million buyers on the market in one day. Now, not everyone understood this on day one, but as loan originators starting becoming aware they could qualify anyone, there were suddenly millions more buyers than sellers. I witnessed this phenomenon as a house would go on the market on Friday, have

an open house on Saturday, attract a dozen or more buyers bidding the price up 10% or more from the listing price by Sunday, and on Monday the agent and seller would get together and accept the offers from the highest buyer who looked the most likely to actually get the loan in a short timeframe. This produced a shortage of used housing, and builders suddenly discovered they could sell houses as fast as they could build them, and for far greater profits than in past years — hence a construction boom, too.

We should always remember that the market cannot be circumvented. Supply and demand will always prevail, with or without government approval. This massive influx of (government-created) instant buyers caused the boom and the massive increase in housing values. Without this influx of buyers, prices would have continued to rise along with wages. And even if the banks took back some extra defaults from unemployment in Michigan, etc., if they were losing 10% instead of 50% (\$30,000 versus \$300,000 newly inflated price per house), most if not all would have survived.

This is the part everyone seems to overlook: the government-induced overload of buyers. In this respect the market did not fail, it acted exactly like libertarians say it will.

The aforementioned fraud consisted of buyers and loan officers, originators, etc. knowingly lying about income. When you lie on a loan application, you are committing fraud, and when a loan originator knows you are lying (and in these cases, they were often instructing people to do so), they are committing fraud, too. Assets should be seized from these people to repay stockholders who were swindled.

Dean Brittain
Mount Vernon, WA

Truly Dark Ages

I was disappointed upon receiving my first issue of *Liberty*, to read the glowing review by Michael Stahl of Peter Wells’ “Barbarians to Angels: The Dark Ages Reconsidered” (August).

Wells bases his thesis that the “Dark Ages” (the late 5th through the 8th centuries) in Western Europe was a time of “brilliant cultural activity” and economic growth, on almost no evidence. He uses evidence of some trading activ-

ity to deduce that trade was widespread and robust. Forget that the Roman road system had fallen into serious disrepair by the early 6th century and that archaeology (see particularly Ward-Perkins’ “The Fall of Rome and the End of Civilization”) strongly points to the opposite conclusion. And Wells throws out almost all the literary evidence of the time, calling it the “rantings of late Roman writers about societies they did not understand.” (Of course, unlike Dr. Wells, these ranting Roman writers, like Gregory of Tours, actually lived in these societies). Eugippius had no intention of being an apologist for late Roman society when he wrote his *Life of Saint Severinus*, early in the 6th century, but it certainly gives no support to Wells’ view. Now, Eugippius was writing about life in Noricum (roughly modern Austria) and conditions around the former dominions of the Western Roman Empire varied after the “fall.” But the thoroughness of Wells’ overall presentation is exemplified in his analysis of post-Roman London: the archaeological record showing vast areas within the old Roman walls containing no structural remains from the period, but rather just black dirt, does not mean the city was largely depopulated and that farming was brought into the security of the walls, but that the inhabitants instead used traditional local building techniques that left no trace. And from that supposition, Wells draws the conclusion that London was “thriving” during the Dark Ages.

One only need look at the fact that, when Western Europe emerged from the Dark Ages during the Carolingian Renaissance, it was far behind the other areas of the former Roman Empire — Byzantium and the Islamic dominions — both economically and culturally to understand that the Dark Ages was not a time of “cultural brilliance” and prosperity in Western Europe.

The various Germanic kingdoms that ruled most of the population of Western Europe during the Dark Ages may not have been as strongly centralized or imposed as crushing a tax burden on their people as did the late Roman Empire, but they were hardly models of *laissez faire*. They led to medieval feudalism, not freedom. Don’t put on ideological blinders and make the Dark Ages into something they were

not, simply because they succeeded an authoritarian “statist” regime. And don’t waste your money on this book.

Brandon Crocker
San Diego, CA

Stahl replies: I’d like to thank Mr. Crocker for reading my little review, and for taking the time to comment upon it. I’m compelled, however, to take issue with some of his commentary.

First, and foremost, Crocker mentions Bryan Ward-Perkins’ “The Fall of Rome and the End of Civilization” (a book I’ve not read, but will, as the period fascinates me) as an authority of current scholarship on the period. Yet when I looked the book up on Amazon, I found that in the publisher’s own description, Ward-Perkins is challenging the presently accepted viewpoint — that viewpoint being more in keeping with the theme of Wells’ book. I see no problem with challenging convention, but one should be forthright when doing so.

Additionally, I noticed that he brings up what are likely the most speculative areas of evidence in the entire book, namely the extensiveness of trade, and the explanation of “dark Earth” in London and elsewhere. On trade, it seems clear there was some — its amount and stability are less clear. As far as the “dark Earth” goes, I did some poking around and from what I can see there is an ongoing debate about just what “dark Earth” is and how it came about — including, of course, the view that it is building materials. This to me makes the most sense in light of the more concrete, and academically accepted, evidence presented by Wells.

To me the most interesting, indeed frankly startling, piece of this evidence is the scientific finding (through skeletal study) that people living in Europe during this period were not only taller on average than earlier peoples, but also later peoples, all the way up to the modern age. This is easily verifiable, I typed in “heights in Europe dark ages” in Google and was greeted with a screen full of links, none of them contradicting the basic assertion. The first hit was the abstract of a Richard H. Steckel journal entry in the refereed journal *Social Science History*. There is a reason that people get taller, besides genetics, and that reason is full bellies, especially the right kind of full bellies. Study of

the bones reveals diets rich in protein even for “common” people during the period.

Of course, Wells tells why that is, pointing to the (apparently uncontested) development during that period of the moldboard plow, the horse collar, and crop rotation in the form of the three-field system. That and being free from imperial taxation to maintain those “Roman Roads.” For my part I fail to see the tragedy in trading expensive roads for full bellies, and honestly am uncertain as to how those roads are a necessary component to trade — Europeans had been trading long before Rome, and somehow managed after.

Here I’d also add (and I’m in debt to David Friedman for sending me this) that populations during the period, according to the *Atlas of World Population History*, were on the increase, after peaking during the Roman era at AD 300, and indeed passed the Roman high by 800. I’m not certain how one fits that into a theory of a horrid “Dark Age” of mayhem, license, and death, but I’m interested to see how Ward-Perkins attempts it.

As to the quip “Of course, unlike Dr. Wells, these ranting Roman writers, like Gregory of Tours, actually lived in these societies”, I would simply say that it is preposterous to suggest that anyone, anywhere, could ever capture the essence of a society, even their own — it does not mean that they are untruthful, simply that they must be incomplete. Think of today, where unlike the time of Gregory of Tours, there is nearly full literacy (arguably), and a mountain of “cultural” media; would reading, or watching, or listening to, all of it give you a true sense of modern culture? I think not. But with writers who lived so far in the past, it must be remembered that only a scant sliver of the population could even write, and of that sliver, much of what was written must have been lost over the ages. Basing our understanding of history only on the writings of the past would be akin to basing the understanding of the modern world on the accumulated writings (with much randomly missing) of Noam Chomsky, Bill Kristol, Paul Krugman, and perhaps Eminem or Bono. All of those people write about the modern world as they see it, their perception, their bias, but none of them

has my perception, or my bias — and none of us has all of the facts.

Method Voting

Kudos to Gary Jason for noting alternatives to plurality voting (*Reflections*, August). This antiquated voting method (along with restrictive ballot access and campaign finance laws and single-member districting) is a key factor in the continued dominance of the Democratic and Republican parties.

However, Jason failed to mention the most promising single-winner method — score voting (also known as range voting), in which voters assign a score to each candidate, and the candidate with the highest average wins. Jason also errs in his endorsement of instant runoff voting, which does nothing to increase the odds of minor party or independent candidates actually getting elected, has serious mathematical flaws (which is why it has almost zero support in the academic voting methods community), and has encountered serious problems in jurisdictions such as Burlington and San Francisco that have experimented with variants of ranked choice voting. However, it does have a well-funded advocacy group, FairVote, which has spent heavily to lock up the support of the Greens, the League of Women Voters, and the Libertarian Party (LP Chair Bill Redpath has been FairVote’s treasurer since 1995).

Liberty readers interested in exploring this topic further would be well served by reading William Poundstone’s “Gaming the Vote: Why Elections Aren’t Fair (and What We Can Do About It).”

Doug Greene
Cedarhurst, NY

Jason responds: Mr. Greene’s thoughtful reply is an excellent addition to the discussion.

The method he prefers (voters assigning each candidate a score, and then the one with the highest average winning) sounds interesting. As I said in my piece, there are many methods left out of my discussion, all with their own merits and demerits.

Regarding instant runoff voting, my thinking was that if a majority of people really favored a third party but were afraid to vote for it (out of fear that they would be helping elect someone from the party they most despise), the

instant runoff system would allow that third party to win. But my preference is a mild one, so if there are "serious mathematical flaws" I am quite willing to look at all the other methods. My point was that unless there is a move to change our voting method, I just don't vote for third parties.

Finally, just to be clear, I have never heard of, much less do I have any connection with, the organization "FairVote," nor do I have any connection with the Greens, the League of Women Voters, the Libertarian Party, or Bill Redpath.

Blood for Oil (Among Other Reasons)

In "Internal Exile" (August), Jacques Delacroix wrote, "If 'the corporations' made [President Bush] attack Iraq for its oil, oil must have become cheaper since we won, right?"

To which I reply: why? I regard Monsieur Delacroix's "argument" as a humongous non sequitur.

There are at least two questionable assumptions underlying Delacroix's ridiculous rhetorical question. He's as-

suming that if Iraq was invaded for its oil, then the ultimate goal must have been to bring down oil prices. And he's assuming that, since we "won," such an ultimate goal would have to have been achieved.

But what if Iraq was invaded for its oil, the ultimate goal being to help oil corporations increase their profits by giving them access to Iraqi oil? Reducing oil prices might not have been on the agenda at all.

Here's a question: why is it that when U.S. troops reached Baghdad some of those troops were used to protect the Iraqi Oil Ministry from looters, while other buildings were unprotected?

For the record, I wouldn't claim that "the corporations" made Bush invade Iraq. My analysis is that Bush, Cheney, and other administration members with oil-company connections were quite willing, perhaps even eager, to invade Iraq for (among other reasons) its oil, to help their oil-company friends.

I repeat: among other reasons. Oil was obviously not the only reason for invading Iraq. There was also a desire to remove an enemy of Israel from power

and to set up a new regime that would be nicer to the Zionist state. There also appears to have been an intent to set up permanent U.S. military bases in Iraq and to use them as a base of operations for dominating that region. And there probably were other reasons for the Iraq invasion.

But to deny that oil was one reason would seem to be due to ignorance, idiocy, or disingenuousness.

L.A. Rollins
Bloomington, IL

Delacroix responds: Mr. Rollins in his breathless letter gives another good example of the kind of attitude I describe in the very story he deplores. He begins by drawing attention, with notable irrelevancy, to my foreign origins, by addressing me as "Monsieur." He ends the letter by giving me a choice between being ignorant, or an idiot, or a liar. At least, I am on the same familiar territory I describe in the story!

The successful invasion of Iraq did not correspond with any tangible benefits for any American actor, corporate or

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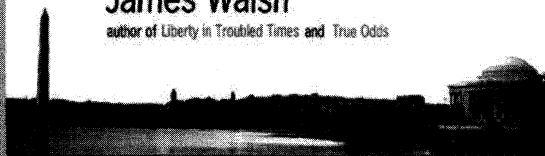
How the statist power grabs of the Obama, Bush and Clinton administrations hasten economic and political reckoning . . . and a return to America's founding principles.

libertarian NATION

The Call for a
New Agenda

James Walsh

author of *Liberty in Troubled Times* and *True Odds*



What do tax-protest Tea Parties, Arlen Specter's party switch, and Wall Street bailouts have in common? They mark the end of traditional Left-Right politics in America.

LIBERTY assistant editor Jim Walsh has written a book that shows what these changes mean. It applies libertarian philosophy to daily life in today's United States. It connects the beliefs of the country's Founders to the needs and wants of contemporary voters. And it does this with a fierce wit that LIBERTY readers will recognize . . . and enjoy.

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Reflections

Financial speedballs — Warren Buffett says that the money we've spent so far on the stimulus is insufficient — "sort of like taking half a tablet of Viagra and having also a bunch of candy mixed in."

Buffett may know a thing or two about money (or at least how to play the system), and he may know more than I want to hear about Viagra, but he's pretty lousy at similes. He should realize that Viagra is used to treat a symptom and does nothing to solve the root problem (so to speak). A better simile is that the money we spent on the stimulus was like using more cocaine than last time but not getting the same high.

Instead of listening to the Oracle who wants us to take repeated doses of a stimulant, maybe we should ask former cocaine addicts how well that worked for them. — Jeff Wrobel

The abominable postman — Recently, I used the U.S. Postal Service to send a letter to someone who, like me, resides on the East Coast. If I had the time, I could have taken a long, scenic, one day's drive to deliver the letter in person. But because I work for a living, that was not an option.

I chose to trust my letter to the post office. Shame on me.

For over two weeks, I periodically called the recipient to see whether the letter had arrived. He'd seen neither hide nor hair of it. In exasperation, and at greater cost than the 44-cent "forever" stamp, I went to non-government-owned FedEx. I was able to choose the method and time of delivery — guaranteed. Sure enough, the recipient had the letter in hand when FedEx guaranteed it would be delivered.

A week after FedEx delivered it — which was, again, exactly when they guaranteed it would be delivered — my original letter was returned to me through the U.S. mail. On the envelope there was an official (red, no less) U.S. post office stamp that read "Returned to Sender. Reason Checked — insufficient address." Funny, the "insufficient" address on the original letter was exactly the same address I put on the FedEx envelope.

And to think that this is the same type of system to which the president and Congress want us to entrust our healthcare. That would be an abomination . . . or, Obamination, if you prefer.

— Marlane White

Oh, Canada! — As Congress grew ever closer to passing ObamaCare — a program to introduce public health insurance, which would then crowd out private insurance — Sally Pipes published (*Investor's Business Daily*, July 2) the latest

stats on waiting periods for medical care in Canada. They are eye-popping.

As of last year, 2.8% of all Canadians (or about 750,000 people) were on the wait list for medical treatment. The average wait time for seeing a specialist after being referred by a general practitioner is now 17.3 weeks, 88% longer than 15 years ago. In British Columbia, the average wait time for a simple colonoscopy after referral is nine weeks — almost double what is considered clinically safe.

President Obama has claimed that some socialized medical systems work well, but refuses to actually name any. He has poooh-pooohed fears about such systems, saying that Americans should ignore "dire warnings about socialized medicine and government takeovers; long lines and rationed care . . ." As usual, he is simply lying.

— Gary Jason

DC DIY — There have been a number of stories in the news lately that the sales of Friedrich Hayek's "The Road to Serfdom" are way up. From a Cato Institute blog: "So far this year the most popular edition of 'Road to Serfdom' has sold 11,366 copies. That compares with 3,131 copies at the same point last year."

Sales seem to be particularly up in Washington, DC. The same blog indicates that a new Cato staff writer had "recently seen two people on the Washington Metro reading 'The Road to Serfdom.'"

I'm guessing that, at least in the DC area, most purchases are by bureaucrats. They see the title and think the book is a blueprint.

— Ross Levatter

Collectivist twits — In August, California's largest union of government workers voted to authorize a strike to protest furloughs of state employees and pressure politicians to ratify a labor contract that had

been in limbo for six months. A spokesman for one big local said that the vote "authorized union officers to initiate certain job actions." And, sounding like a North Korean apparatchik, he boasted about the overwhelming popularity of the proposal.

The union? The Service Employees International Union. The SEIU represents about 95,000 state employees in California, mostly clerical workers. Which prompts the question of how anyone would notice their strike.

In a twist on usual expectations, Gov. Arnold Schwarzenegger's administration had agreed to a new deal with SEIU in February, but it had been held up in the state legislature, which is controlled by Democrats with at least



"They're not going to take these commandments seriously unless you carve them in stone or something."

nominal allegiance to the union. Still, SEIU flacks tried to blame Schwarzenegger. "We feel that he really undermined any kind of a contract deal by pushing these furloughs on folks," one stammered.

About the same time, a rumor circulating at Comic-Con in San Diego was that Arnold has been talking with producers about making "True Lies 2" when his term as governor comes to an end.

— Jim Walsh

Equal opportunity abusers — Instead of immediately racializing the arrest of Henry Louis Gates Jr. (without any evidence that race played a role), my preferred response for Obama would have been to declare without qualifiers that *nobody* should be arrested for arguing rudely with a cop, even if it is part of a police department's official "protocol."

He could also have pointed out that while blacks are more likely to be targeted for abuse, cops have also wrongly arrested or tased many whites for similar behavior. Two recent examples, as shown on YouTube, were the tasing and arrest of a 72-year-old grandmother who apparently asked one too many questions, and the tasing of a student who refused to sign a speeding ticket.

Of course, had Obama taken a stand against the recent trend of police abuse across racial lines, he might have interfered with the discretion of federal law enforcement officers under his authority to do the same thing. Instead, he treated us to a lame apology-non-apology and a surreal combination beerfest and photo-op.

— David Beito

Step three: profit — In a recent CNN interview, angry comic Bill Maher claimed that "not everything has to be for profit." Since Maher is obviously a simpleton, I'm going to try and put this in his native language: it is very hard to spend exactly what you earn.

If you're like most people, you get to the end of the year with either a little bit of money in your checking account, or a check that you hope doesn't get to the electric company before your final deposit. So really there are only two options: making a profit, or losing money. And given that choice, most of us prefer the profit.

On the other hand, considering that his ratings have never matched those of the man he replaced, Dennis Miller, there is a good chance that Maher's remark was more of an apology to HBO than an attempt at coherent economic philosophy.

— Tim Slagle

Egalitarian virtue — It's a time-honored tradition for PTA parents to volunteer in classrooms and hold fundraisers to provide extras — art supplies, supplemental research materials, computers, and the like. This is the way it should be done. Those who use classroom services should pay for them, and if parents want more services in their schools, they should provide them without taxing the entire community to share in the costs.

For many years, Manhattan PTA parents have gone even further, raising money to hire fulltime aides to work in the classroom, assisting teachers with everything from reading stories and supervising art projects to tying shoes, running

Word Watch

by Stephen Cox

During the second season of "The Sopranos," Tony's detested uncle Junior finally mentions, about 20 years too late, the existence of a mentally handicapped person in the family. "I remember," Tony replies, "my mother . . . she kept talkin' about my father's feeble-minded brother. But I always thought she meant you."

Among the glories of the English language are the things people say when they just want to be mean to other people.

I'm not referring to those amusing comments that might be mistaken for good-natured joshing. I mean hurtful, unforgettably insulting things, linguistic hatchet jobs, remarks that make people remembered for hundreds of years, not because of anything they did, good or bad, but because of the bad things that were said about them.

Alexander Pope suggested that his critics would be remembered only for their invidious association with him. They were ugly objects preserved in a precious substance:

Pretty! in amber to observe the forms
Of hairs, or straws, or dirt, or grubs, or worms.
The things, we know, are neither rich nor rare,
But wonder how the devil they got there?

And he was right. The memory of his critics is alive today only because he said things like that about them.

In the same way, Lady Astor, despite her monumental follies, is chiefly remembered because of a reported exchange between

her and Winston Churchill, an exchange in which he got the better of her. She reportedly said, "If you were my husband, I'd poison your tea." He responded, "If you were my wife, I'd drink it." Her attempt to get the better of herself — "I am the kind of woman I would run from" — wasn't so successful.

Thomas Dewey is sometimes remembered as the Republican who failed to beat Truman, in an election in which almost anybody could have beaten him. But Dewey is more often recalled for the way he was described by Alice Roosevelt Longworth. She said he was "the little man on the wedding cake." Mrs. Longworth made a profession out of saying mean things. She didn't have much else to do. At her most gracious, she would make remarks like, "If you haven't got anything nice to say about anybody, come sit next to me."

It may seem unjust that losers and fools get remembered just because nasty, witty people insulted them. That's right; there's no justice in this court. Even wise and intelligent people are often remembered mainly for what their enemies said.

The most famous letter in the language is Samuel Johnson's attack on Lord Chesterfield for failing to assist him while he was writing the English dictionary. Chesterfield withheld his support until after the project was finished; then he became complimentary. Johnson addressed him with noble sarcasm:

Is not a Patron, my Lord, one who looks with unconcern on a man struggling for life in the water, and, when he has reached

copy machines, and standing at recess duty.

Now Manhattan's powerful teachers' union has pressured Mayor Bloomberg to close the doors against these "scab" assistants, insisting that only card-carrying, union authorized assistants may be hired — at twice the cost, of course. Opponents of parent-funded classroom aides cite quality and safety issues, but most galling to them is the fairness issue — if every PTA can't (or won't) afford to hire aides, then no classroom should be allowed to have them. The result: since there is no money in the budget for hiring classroom aides, no teachers will have help in the classroom, and all students will suffer.

Winston Churchill said it best: The inherent vice of capitalism is the unequal sharing of blessings; the inherent virtue of socialism is the equal sharing of misery. — Jo Ann Skousen

Not necessarily a warm gun — The question of what makes us happy is as antique as it is important. Aristotle, the epitome of dead white males, famously had it that the goal of every person and every state is happiness. And he devoted much effort, as has every significant moral philosopher since his time, to explaining happiness.

While I have long been fascinated by the happiness debate, I must admit that philosophers haven't contributed as much to it in recent times as have people in psychology and economics, who have been doing the most exciting work in the field.

A very pretty example of this research caught my eye recently. It was an article in the estimable journal *Perspectives*

on Psychological Science (Vol. 3, No. 4, 2008), written by a team headed by Ronald Inglehart.

The authors examine a view that has been almost the received wisdom in economics and social science since R.O. Easterlin's seminal work in the 1970s on international surveys of happiness. This view is that the level of happiness in a person and in a state is essentially constant over time. In individuals, psychologists have called this the "set point theory." It holds that a person has a set level of happiness, and life events, from winning a lottery to getting a divorce or becoming disabled, will increase or decrease that person's happiness for a period of time, but eventually he will return to his previous level of happiness. Some studies have suggested that the level is genetically determined.

On the level of nations, again it is held that the level of aggregate happiness for a given society is constant over time. Easterlin, who originally used survey data from Japan, argued that even as a nation's wealth increases, its happiness stays constant. The common explanation was that people's happiness was tied to *relative* income, which tended to stay the same even as absolute income increased. And data from a number of countries seemed to show flat happiness levels. For example, self-reported levels of wellbeing among Americans have remained constant from 1946 to the present.

The authors don't mention it, but policy wonks of statist persuasion have drawn two implications from the received view: first, that high economic growth rates — traditionally considered the goal of economic policy — are unimportant

ground, encumbers him with help? The notice which you have been pleased to take of my labours, had it been early, had been kind; but it has been delayed till I am indifferent, and cannot enjoy it; till I am solitary, and cannot impart it; till I am known, and do not want it. I hope it is no very cynical asperity, not to confess obligations where no benefit has been received, or to be unwilling that the Publick should consider me as owing that to a Patron, which Providence has enabled me to do for myself.

Johnson's letter was a declaration of personal independence, a landmark in the history of individualism. But its target, Philip Stanhope, Fourth Earl of Chesterfield, was a good man and a great literary artist — unfairly doomed to be remembered as the object of Johnson's scorn. (Well, remembered for that, and for Chesterfield cigarettes, which were named after the county in Virginia that was named after him.)

Even when scorn is richly deserved, it gains its character from the scorner, not the scorned. God knows, our recent presidents have deserved derisive literary memorials; but what they've gotten has largely been generic abuse from the kind of people who can't think of anything more individual to say than that Obama is a "sell-out" and Clinton was "Slick Willie" and Boosh was a "war criminal."

Contrast Churchill's (again, reputed) comments on his successor as prime minister: "A modest man with much to be modest about . . . An empty taxi drew up outside 10 Downing Street, and Clement Attlee got out of it."

And contrast the remark of one of Churchill's opponents, Aneurin Bevan, about the Tories' talent for mismanaging the economy: "This island is made mainly of coal and surrounded by fish. Only an organizing genius could produce a shortage of

coal and fish at the same time." Bevan exercised his spite much less effectively when he simply gave vent to it, as when he spoke of his "deep burning hatred for the Tory Party," or when he said that they were "lower than vermin." None of that had any effect except to turn people against Bevan himself.

I've long thought that Bush must have been paying a lot of money to Al Franken and Gore Vidal and all those other people who thought they were so superior to him — just to make sure they kept piling on their vulgar abuse. That abuse was practically the only thing that made people support him. I doubt very much that it made an impression on Bush himself. And why should it? You've got to be more inventive if you really want to get somebody's goat.

Congressman John Randolph knew how to do that. He did it to Henry Clay when he described him as "this being, so brilliant yet so corrupt, which, like a rotten mackerel by moonlight, shined and stunk." In consequence, Clay challenged Randolph to a duel. (No, it wasn't fish hooks at two paces.) Both men acquitted themselves honorably. No harm was done — except that the memory of Henry Clay remains inseparable from the image of that stinking mackerel.

Yes, it can all be performed with images . . .

For many years I've been looking for exactly the right put-down of poor old Gertrude Stein, who irritates me because she is still taken seriously by trendy "intellectuals." You would expect that 63 years after her death, they would have trended elsewhere, but some of them haven't. So I value Ayn Rand's satire of Stein as the obnoxious Lois Cook in "The Fountainhead," and I enjoy Isabel Paterson's comment about one of Stein's lecture topics,

because they don't produce happiness; and second, that since relative income produces happiness, high levels of redistributive taxation are the way to produce higher national levels of happiness.

However, as the authors note, recent studies have questioned the received view. For example, Inglehart points to his own much earlier research that showed a high correlation between GNP and life satisfaction in two dozen nations for which data were available. But critics argued that the data tracking happiness over time were not reliable, because the sampling and surveying techniques were variable.

So in the current article the research team analyzes a better data set, the Values Survey. This survey asked the same questions in the same way to people in 88 countries representing 90% of the planet's population, from 1981 to 2007. The data set is both comprehensive and robust. Furthermore, the researchers are more careful in labeling what is being measured. They distinguish subjective wellbeing (SWB), happiness, and life satisfaction, viewing SWB as a broader concept that has happiness and life satisfactions as aspects. What the authors found was interesting, especially to classical liberals.

The better data set does show that rising economic development correlates significantly with rising reported subjective wellbeing (SWB). But — and here is the surprise — the reason this wasn't clear in some earlier studies is that the relationship is curvilinear rather than purely linear. That is, the correlation line rises steeply to a point, then flattens out.

The conclusion the authors draw is that wealth is a bigger determinant of SWB when a country is trying to emerge from poverty. As Inglehart put it in an earlier article, which he cites in this one, "At low levels of economic development, even modest economic gains bring a high return. . . . But once

a society has reached a certain threshold of development . . . one reaches a point at which further economic growth brings only minimal gains in both life expectancy and subjective wellbeing."

The point isn't entirely novel. Aristotle argued, in the "Nicomachean Ethics," that wealth isn't happiness but is a precondition of happiness: without a certain basic level of material comfort, happiness (which Aristotle took to be the exercise of virtue) would be impossible to achieve, but once that level is hit, further wealth doesn't increase happiness.

Another correlation that the authors draw from the data is the association between SWB and the degree of people's religious belief and tolerance for others (the authors use tolerance for gays as the most important indicator of tolerance in general). Higher levels of tolerance and religious belief are correlated with higher SWB, which is also correlated with higher levels of personal freedom.

The authors' conclusion in this regard is that early in a society's development, attainment of prosperity is the driving force behind growth in SWB. But as a society reaches a level of reasonable prosperity, increasing freedom and tolerance become the driving force. China, take note!

In fact, they draw a conclusion that should thrill the libertarian heart: "The evidence indicates that certain types of societies are more conducive to happiness than others — in particular, societies that allow people relatively free choice in how to live their lives."

Why have these trends not been noticed in earlier work? Inglehart et al. give four reasons. First, most earlier studies focused on already developed countries, ones past the initial high returns in SWB from increasing wealth. Second, prior work focused on material factors, and not the role of belief

"The History of English Literature as I Understand It." "That," Paterson said, "should be a very brief lecture." But now I've located the greatest, meanest thing that was ever said about Gertrude Stein. It's by Katherine Anne Porter. She said that Stein had a "tepid, sluggish nature, really sluggish like something eating its way through a leaf."

Something eating its way through a leaf. A sublime insult may be a simple statement of truth like that, the kind of statement that offers nothing you can grab onto, nothing that opens an escape hatch. Molly Ivins on the King of Pop: "Michael Jackson was a poor black boy who grew up to be a rich white woman." Keith Richards on Elton John: "His writing is limited to songs for dead blondes." Oscar Wilde on the novelist Mrs. Oliphant (yes, there was such a person, and there is even a street named after her in my home town, because they needed a name that began with "O"): "Mrs. Oliphant prattles pleasantly."

Mary McCarthy was a silly person, but she had one moment of precise simplicity, the moment when she summarized the literary accomplishments of the insufferable old Stalinist Lillian Hellman, in this manner: "Every word she writes is a lie, including 'and' and 'the.'" Hellman was richer than McCarthy, so she sued her, hoping to reduce her to membership in the proletariat. That didn't work, but McCarthy's insult did. It punctured the Hindenburg-class monstrosity that was Lillian Hellman's reputation.

In lieu of blunt simplicity, one can create a list of insults so

lengthy and well disciplined that it seems impossible to get away from them. Johnson did that when he wanted to insult his roast mutton: "It is as bad as bad can be: it is ill-fed, ill-killed, ill-kept, and ill-drest." He treated Thomas Gray, the poet, as if he were the same kind of dish: "Sir, he was dull in company, dull in his closet, dull every where. He was dull in a new way, and that made many people think him *great*."

So if you have a lot of words, use 'em — but you may get the best effect if your individual words are plain, unemphatic, matter of fact. Thomas Macaulay, whose work ought to be much better known to libertarians, turned this kind of stylistic bulldozer loose on Robert Southey — yet another Everest of political culture whose remains can scarcely be detected today, except by people who enjoy reading his opponents.

"Now," Macaulay begins, sniffing his prey, and knowing it has been delivered unto him, "in the mind of Mr. Southey reason has no place at all, as either leader or follower, as either sovereign or slave. He does not seem to know what an argument is. He never uses arguments himself. He never troubles himself to answer the arguments of his opponents. It has never occurred to him, that a man ought to be able to give some better account of the way in which he has arrived at his opinions than merely that it is his will and pleasure to hold them. It has never occurred to him that there is a difference between assertion and demonstration, that a rumour does not always prove a fact, that a single fact, when provided, is hardly foundation enough for a theory,

systems and institutions as drivers of SWB. Third, major economic, political, and social changes (global economic growth, democratization, and growing tolerance) are relatively recent phenomena, and earlier surveys missed their impact. Fourth, prior studies have not distinguished happiness from life satisfaction or SWB.

There is a lot more to this comprehensive article than I have touched upon. Two of the authors are political scientists, and their insightful discussions about particular countries and the changes in their reported levels of life satisfaction and happiness through major political upheavals are especially worth reading.

Happiness research is a hot area of interdisciplinary work. The article I've discussed gives you some of the flavor of that work. It is hard to overstate its importance. — Gary Jason

Hurry up and wait — The cap and trade bill addressing global warming was rushed through Congress during one of the coldest summers on record. It has only been 17 years since Al Gore wrote "Earth in the Balance," so they're moving quite quickly.

It is a classic example of why government doesn't do anything better than the private sector — it just doesn't move very fast. While the private sector was able to create truckloads of Michael Jackson memorabilia within a few short weeks of his unexpected death, Congress is still working on global warming legislation. Meanwhile, there hasn't been any measurable warming for the past ten years.

While the private sector can get something done in time to actually respond to the existing demand, Congress is constantly backlogged. If it were up to our legislators, the memorabilia being produced today would honor the death of Kurt Cobain. Unfortunately, the only process that moves more

slowly than getting laws through Congress is getting them repealed.

— Tim Slagle

Turnabout is foul play — I recall the years under Reagan when the United States led the world in economic reform. We liberalized our economic system, as did the British, and the result was a triumph of neoliberal economics. The world saw its largest economy lower taxes, lessen regulation, open up free trade, and subsequently enter a long period of unprecedented growth and prosperity. When the Soviet empire fell, formerly statist economies began to emulate our free-market system.

But in one of the weirdest reversals in history, as the rest of the world looks on in amazement — and trepidation — we now rush to embrace statism. A number of developments illustrate this terrible turnabout.

First consider Europe. We recently saw that continent (led by France and Germany, can you imagine?) rebuke Obama for doing too much stimulus spending and the Fed for doing too much monetary expansion. Even more amazingly, Europe has taken to lowering corporate taxes. At this point, most of the EU countries have corporate taxes lower than America's!

More recently, Europe has moved ahead on free trade. Obama has refused to sign the already negotiated free trade agreements (FTAs) with Colombia and South Korea, much less bothered to negotiate any new ones. Indeed, he won the endorsement of the Teamsters Union during his primary campaign by promising never to sign the Korean FTA. Korea, please note, is the 13th largest economy on earth, and a fast-growing one, so opening it up to tariff-free trade would be a major achievement.

Well, in July, the EU and South Korea finished negotiating an FTA. After the final wording takes place, the deal will be

that two contradictory propositions cannot be undeniable truths, that to beg the question is not the way to settle it, or that when an objection is raised, it ought to be met with something more convincing than 'scoundrel' and 'blockhead.' And so, summing up: "It would be absurd to read the works of such a writer for political instruction."

Yes, I think that's it. I think that just about does it. There is nothing left of Southey except his dust. I wish Ayn Rand would have written something close to those coolly murderous words, instead of that violently emotive defense of reason, John Galt's speeged in "Atlas Shrugged."

This doesn't mean there's anything wrong with just banging away at the people you don't like. But here's one thing to remember: if you're going to do that, don't show that they've got your goat, and don't pretend, on the other hand, that you're somehow being nice to them. Don't be like President Obama, who specializes in the "There are some who say" technique — starting with a coy allusion to unnamed opponents, then summarizing their views in such a way as to make them seem like clucks or crooks or fascists, without ever specifying what they actually said or did. No, go ahead and announce the shocking truth, or your shocking idea of it, so long as it *is* shocking. ("Vermin," "traitor," "racist," and so on are *not* shocking; they're just a bunch of syllables that everyone has heard before.)

Even popular songs sometimes aim at the shocking truth, and do it unforgettably. John Lennon's song, "How Do You Sleep?",

alludes to the rumor that Paul McCartney had died and his death had been covered up. The song's best line is, "Those freaks was right when they said you was dead." The rumor was idiotic, but the song happened to be true.

Yet even distortions can work. Way back in the election of 1884, a popular ditty conveyed the rumor that bachelor candidate Grover Cleveland had surreptitiously fathered a child: "Ma, Ma! Where's my pa? / 'Gone to the White House — ha, ha, ha!" That had its effect, although fortunately it failed to keep the great Mr. Cleveland from becoming president.

(What was the truth? It was this: Cleveland, like a number of other men in his town, had enjoyed a certain lady's favors; after she became pregnant, he gallantly took responsibility for her and the child.)

There was a time when even popular movies contributed resonant insults. In the greatest of Hollywood musicals, "42nd Street," the leading investor in a Broadway show is described as looking like "a Bulgarian boll weevil, mourning his firstborn." Yes, I know people like that. So do you. And I know people who call to mind another comment from "42nd Street": "In a star, it's temperament, but in a chorus girl, it's just bad taste."

Are you thinking what I'm thinking? I'm picturing the biggest chorus line in America — 535 touchy actors, and hardly a star among them. In the words of "42nd Street": "Not a calf in a carload."

But some targets are just too easy.

done. And in doing this deal, the EU will eliminate \$2.2 billion in tariffs on its exports to Korea. Its goods will now be at a decisive advantage over ours in the rapidly growing Korean economy.

Indeed, not only does Obama show no willingness to push for more FTAs but his trade representative Ron Kirk has vowed to start investigating our existing free-trade partners for any "labor violations." This he calls "trade enforcement." He has threatened them explicitly: "And if they don't fix their labor problems, we will exercise our legal options." Rising American protectionism is a major aspect of the economic role-reversal.

Turning now to the two Asian giants China and India, we see the new anti-free-market posture of the United States showing up in our attempts to make them buy into our environmentalist religion. We are demanding that they adopt measures (such as the proposed "cap and trade" bill that recently passed the House of Representatives) to stop the increase in carbon dioxide emissions.

That is in effect to ask them to stop their rapid industrialization. After centuries of abject poverty, both of these countries — whose cultures go back thousands of years before our own — have a chance to become, once more, the leading economies on earth. Do we really expect that they will pass up their chance to become great, simply because we urge them to do so?

In this matter, the Asians rightly view us as hysterical hypocrites. Hysterical, in that we are overreacting to the theory of anthropocentric global warming by attempting to choke off the use of fossil fuels without trying to replace them with another reliable large-scale source of energy (the only known such source being nuclear power). Hypocritical, because America rose to become the greatest economy on the planet by using fossil fuels.

Both China and India have replied unequivocally. They both intend to put their people first, rejecting any notion of limiting their economic growth. The Indian response was delivered directly to Secretary of State Clinton during her recent trip to New Delhi.

Here we see another aspect of the Great Economic Role Reversal: the saddling of our economy with massive job-killing and wealth-killing regulations. In the face of Asia's refusal to do the same, the administration has responded with the protectionist threat to impose tariffs on any country that refuses to join us in cutting greenhouse gas emissions.

My, how the worm has turned.

— Gary Jason

Courting the schools — In 1997 the Vermont Supreme Court handed down the *Brigham* decision, whereby it decreed that under the state constitution there is a fundamental right to "educational opportunities," and furthermore that the state has a responsibility to make sure that all children have access to the *same* opportunities. The court also held that these educational opportunities (which it never defined) can be measured by the amount of money taxpayers spend on public schools. Students in higher spending districts have greater educational opportunities, the court said, and therefore the state is required to equalize the opportunities for students in lower spending districts.

This was not just bad law, stretching the state's constitu-

tion way beyond any reasonable interpretation, but an egregious example of judicial activism. The five justices of the state supreme court acted as a super legislature — they didn't actually write the law that followed from their decision, of course, but they did direct the legislature to pass one that embodied their woolly philosophy. Additionally, the court's decision to take power from towns and transfer it to the state was a blatant attack on local control, while its demand for equality in school spending amounted to nothing less than socialism. It's certainly not too much to say that the justices should have been impeached, if not tarred and feathered. But unfortunately nothing of the sort happened.

What did happen was the Equal Educational Opportunity Act of 1997, better known as Act 60. It sought to level per-pupil spending (i.e., "educational opportunities") through complex machinations at the state level. It led to dramatic increases in property taxes. This caused widespread voter dissatisfaction, culminating in the town of Killington's vote to secede from Vermont in 2004 (a vote that has never been rescinded, by the way). While the number of pupils in Vermont schools has fallen, the amount of money spent on educating them has gone up dramatically. Yet there have been no accompanying increases in test scores, rates of graduation, or any of the other criteria used to measure educational success.

A new law called Act 68 replaced Act 60 in 2003. It was supposed to correct the problems created by its predecessor, but it didn't really accomplish much. Talk of further tinkering comes up in every legislative session, but no one is holding his breath waiting for real reform.

Personally, my biggest beef with Act 60/68 is that it's impossible to understand its provisions and how they are implemented. No doubt there are some pointy-headed lawyers and academics in the state who actually do understand it, but the average citizen (and, I fear, the average legislator) hasn't a clue.

My village of Poultney has just been informed that a reappraisal of properties will take place because we are no longer in compliance with the law. The first two paragraphs of the story in the local paper explained the situation thus:

On July 1, the town of Poultney received an order to reappraise the town's education grand list [a listing of taxable property within a given town] from William Johnson, the director of property valuation and review of the Vermont Department of Taxes.

Vermont law requires that a municipality maintains its education grand list at a common level of appraisal that is at or above 80 and a coefficient of dispersion that is at or below 20 as determined by the director of property valuation and review. Poultney's common level of appraisal of the education grand list is currently at 76.69 and is therefore out of compliance.

That's a direct quote, folks! If this isn't a sick state of affairs, I don't know what is. Even a Green Mountain George Orwell would be challenged to explicate what goes on here.

— Jon Harrison

Powering the debate — Many in the coal sector are spending vast sums reducing the residuals generated from burning coal — particulates, sulfur dioxides, carbon monoxide and, perhaps in the future, carbon dioxide. Coal CEOs give many speeches discussing their progress. They wait for

applause that never comes, and wonder why.

It never comes because coal CEOs (and indeed, most business leaders) don't understand that today the coal sector's contribution to society is unknown. People likely understand the benefits of electricity and the service it provides, but that does not mean they grasp its societal benefits or the legitimacy of the energy business. People may love their *own* car and yet believe the car threatens societal values. The choices one makes as a consumer may differ entirely from the opinions one holds as a citizen.

Coal CEOs aggravate this dichotomy when they speak to their critics and subtly apologize: "We used to pollute," they say, "but now (in part, because regulations require it) we spend vast sums to reduce our pollution. Give us some credit!" But, Joe and Joan Citizen only hear the horrors of pollution and the evils of capitalism.

CEOs don't deserve credit if all they're doing is less of a bad thing; they first have to establish credit for making a true contribution. To establish legitimacy, the coal industry (and the CEOs of other businesses) must communicate to the American citizenry how they have made the world a better place. Coal CEOs must increase awareness about the importance of their products as more than offsetting goods.

And that is what is wrong with cries for "clean" coal. Consider the similar push for "safe" nuclear power. Safety concerns have prevented nuclear power from becoming a substantial energy source in the United States even now as an offset to CO₂. But billions have been spent to reduce the rather small risks of nuclear waste disposal. Yucca Mountain became the most expensive garbage can in history — one that will likely never be used.

Coal and nuclear — and the auto sector and the chemical sector and, indeed, almost all of the private economy — have failed to legitimize themselves. Simply spending fortunes to reduce their unfavorable effects (or those perceived as unfavorable) is inadequate. Citizens need to know that, on net, businesses do much that is good. "Clean" coal and "safe" nuclear power fail to gain any popular political support. Business has yet to make its real case, and energy policy will continue to get worse until it does. — Fred Smith

Bombs away — I work on a small Pacific atoll where they recently launched the fifth attempt of a SpaceX rocket. My job on this island is to code, maintain, and operate the system that blows up missiles that go astray (an awesomely cool job). Whenever a missile is launched from here, I have a not-quite-subconscious desire that it veer off course so that we can blow it up. What 10-year-old boy wouldn't want to see this? (OK, I'm 51, but still . . .)

Over the years my software has taken out more than one multimillion-dollar missile. So far, though, they have all been government-funded missiles. SpaceX is a privately funded project that aims to deliver payloads into space at a much lower price than the government could ever dream of doing. As much as I enjoy exploding stuff, I get an even bigger thrill out of watching dramatic triumphs of private enterprise over government endeavors. So now my conscious and subconscious hopes are that the rocket not veer off course.

Each attempt at SpaceX has had increasing success over the previous attempt. On the third try, the rocket carrying the

ashes of Star Trek's Scotty did not quite make it into orbit, and Scottie is now lying somewhere at the bottom of the broad open ocean south of Hawaii. The fourth attempt barely limped into orbit, but only delivered a dummy payload because, well, no one wanted to go where Scotty had gone before. But the relative success of the fourth attempt was enough to convince Malaysia to give this latest SpaceX rocket a chance to deliver its RazakSAT satellite into orbit.

So on the same day that the Space Shuttle failed to launch for the *n*th day in a row, the SpaceX rocket lifted off the launch pad here in the Marshall Islands. The safety officers had their itchy destruct fingers ready to hit their buttons at the first sign of trouble. We all tensely watched as the data poured in from all sources and showed . . . all systems normal! Every indication from every source showed the rocket in perfect sync with predictions. When we knew it was not worthy of destroying, we all turned to watch the video broadcast from the rocket, which showed a steady view of the shrinking earth below. No pyromaniacal fan of the free market could ask for a better day. — Jeff Wrobel

Fizzle — On July 4, I watched a series of fireworks displays in the Phoenix area.

The one in Mesa was cancelled because of a lack of funds, the recession having reared its ugly head.

Last year, several fireworks were cancelled because of rain.

The year before, at least one was cancelled because of the heat and dryness, which created a risk of fire.

I was thinking it would be only a matter of time until they were cancelled because Americans confessed to being "not that into" liberty any more. Then I realized that would require a polity capable of being honest with itself, and thus unlikely. — Ross Levatter

The green jobs scam — President Obama has repeatedly promised, or suggested, that his program of subsidies and mandates for "green energy" will create millions of new jobs, perhaps 5 million. Well, the number of jobs is the same as the number of employed persons. Where will the additional employees and self-employed persons come from?

Conceivably they will come from the ranks of the unemployed. But much unemployment is frictional and unavoidable: workers are temporarily between jobs while adjusting to changes in market conditions or personal circumstances. Change may be beneficial, the result of technical progress and entrepreneurial activity. Or it may be government-imposed. Does Obama really want to risk more change-related frictional unemployment?

Another type of unemployment reflects the failure of plans to mesh and markets to clear in a recession. Imperfect monetary policy has typically contributed to it. Prices and wages have gotten out of market-clearing relations with one another; and contacts among business firms, workers, and consumers have been disrupted. Market forces, ideally aided by good monetary policy, work to restore coordination, although not quickly. Obama's energy program aims at a *long-term* reorientation of resources. Does he really expect it to cure short-term discoordination?

Some estimates, necessarily rough, draw on the website

of the Bureau of Labor Statistics. Suppose normal, frictional, unemployment is 5% of the labor force (probably a bit too low a percentage). It is then about 7.7 million out of total unemployment of 14.7 million, leaving 7 million as unemployment due to the recession's temporary disruptions. As a matter of mindless arithmetic, Obama's 5 million green jobs could absorb most of that unemployment. However, his program, if it worked, would work only gradually, while diverting some capital and technical and managerial skills from providing opportunities to workers in other occupations. In those, unemployment would grow.

It is far-fetched, then, to suppose that his program could cut cyclical unemployment to only 2 million. A long-term program of job diversion is no way to iron out the business cycle. Curing it, if possible, requires quite different remedies, including a steadier and more reliable monetary policy.

Besides implausibly reducing cyclical unemployment, an energy program might conceivably fill additional jobs by encouraging immigration or encouraging people to enter the labor force sooner and to postpone retiring. But is that what Obama wants?

Instead, the supposed job-creation must mean diverting labor, capital, and other resources from not-so-green occupations. The fact that these shifts would not occur without government subsidies and mandates indicates that they reshuffle resources inefficiently.

So much for national policy. What about state and local job creation?

The press here in Alabama and Lee County bemoans closings of industrial plants and celebrates openings of new ones. Programs to attract employers seem respectable. But what may get attracted is not so much net additional jobs as higher-paying jobs. Are these results worth the costs of the tax, credit, site preparation, and job-training incentives offered? Maybe, but they do imply attracting capital and technical and managerial skills and perhaps workers from outside the locality, leaving jobs there less attractive than they would otherwise be. Altruism might recommend against that, but local governments and workers can hardly be expected to be so altruistic. Anyway, costly interlocal competition for high-paying employers does impose a dead loss of efficiency from a broader point of view.

National and local programs both imply, at best, somehow finding additional employers and workers by reducing cyclical employment while adding less to the frictional unemployment of economic change. Realistically, subsidies and mandates counterproductively divert resources.

Obviously but fundamentally, jobs are not desirable in their own right. Work is regrettably needed for the necessities and pleasures of life. In the imaginary land of Cockaigne, as Ludwig von Mises has said, roast chickens would fly into our mouths with no effort on our part. In the real world, the basic law of economics holds: scarcity.

Politicians' use of the crude job-creation argument betrays their unsurprising economic ignorance, capacity for self-deception, dishonesty, or all three. They exploit voters' simplistic obsession with jobs, as diagnosed by Bryan Caplan in "The Myth of the Rational Voter."

Gabriel Calzada Álvarez, an economics professor at the Universidad Rey Juan Carlos in Madrid, has written a "Study

of the Effects on Employment of Public Aid to Renewable Energy Sources" (<http://tinyurl.com/d7z9ye>). To judge from his associations and his study itself, Calzada can hardly be accused of economic ignorance. Referring in particular to Spanish subsidies and mandates for wind and sun power and ingeniously deploying abundant statistics, he claims to show that such a program, with its inefficiencies, *destroys* more jobs than it creates. Other governments obsessed with green energy, he suggests, should take the Spanish lesson to heart.

Presumably Calzada means that labor and other resources are wastefully shunted from a greater number of relatively efficient and productive jobs into fewer, relatively inefficient ones. Unfortunately, he does phrase his conclusion in terms of *number* of jobs. Perhaps, as a colleague here at Auburn University suggests, he merely wants to show that he can beat the green-job-trumpeters at their own game. Perhaps so, but his playing that game confers a respectability on it that it does not deserve.

— Leland B. Yeager

Cap and hobble — As our economy wallows in recession, alongside Europe's, China's economy continues to surge ahead. It is expected to grow at about 8% this year. If the trend holds, China will surpass Japan in GDP by the end of 2009 and will officially be the second largest economy on earth.

Since liberalizing its economy, China has moved rapidly up the ladder. In 2005, it overtook Britain and France to achieve fourth place in terms of GDP. In 2008, it overtook Germany to achieve third place. If it indeed exceeds Japan by the end of this year, that will leave the United States as the only larger economy.

By current estimates, China will overtake the United States and become the largest economy on earth by 2021. But that time will shorten if we continue to hobble ourselves. In particular, if we pursue cap-and-trade, which the Chinese have steadfastly refused to do, my estimate is that they will overtake us in about five years.

— Gary Jason

A bas les taxpayers — I am filled with increasing dread that we are facing a reenactment of the French Revolution, sans guillotine.

Hatred of the rich is accelerating with self-righteous glee. We don't have a Bastille, but we are being imprisoned by mountains of debt. We don't face decapitation, but our livelihoods are threatened by taxation that could surpass 60%. We don't have marauding mobs of villagers entering our homes with firebrands, but we find ACORN infiltrating our election system on every level.

I guess I should be relieved that this coup seems to be bloodless, but it is a coup, nonetheless.

— Jo Ann Skousen

Rule of three — Three celebrity deaths took place this summer, each instructive about the contradictions of American culture.

On July 6, Robert Strange McNamara finally died at the age of 93. An insufferably self-righteous corporate efficiency expert, he was Secretary of Defense under Kennedy, continued in that post under Johnson, then migrated to the presidency of the World Bank. He was a professional liar and fool, who to the end of his days smugly maintained his superiority to other mortals. In 1972, a hippie artist tried to assassinate him by dumping him over the side of the Martha's Vineyard

ferry. He didn't quite succeed. The United States was no luckier. It took her nine decades to get shut of him.

It is poetic justice that the death of this distinguished non-entity was obscured by the nearly simultaneous demise of another such, the singer Michael Jackson, who perished for reasons yet unverified on June 25. Jackson's extended obsequies knocked out all other mortuary news. It's clear what matters to the media.

By July 17, however, the stage was partly clear of Jackson, and the nation was invited to mourn another dead idol, Walter Cronkite. Cronkite was a pronounced modern liberal, but even Fox News gave his death 24-hour coverage, together with so much adulation that his former news colleague, the sensible Liz Trotta, had to tell her Fox News interviewers that enough was enough.

The instantaneous cliché, voiced by everyone except Trotta, was that Cronkite was the republic's "last voice of authority," the last person that "everybody trusted." The truth is that Cronkite had a good voice, a good presence, and was accordingly paid to read the news for one of the national television networks. That's it. That was his "authority." And in case you don't know what television networks are — or were, since practically nobody watches them any more — they were monopolies created by the government to amass wealth for the people who ran them and restrict the diversity of American opinion.

So people listened to Cronkite, who was never special in any way, because there was hardly anyone else they could listen to and see news photography at the same time. A person who got his information exclusively from Cronkite was pathetically ignorant of the state of the world. And so were the vast majority of Americans.

Some still are. But because of deregulation of television and the growth of other media, there is now no good reason for ignorance — or for the worship of authority figures in the news industry. The fact that even the cable media worship at the shrine of Cronkite testifies to something in American culture that continues to be dopey and dangerous — a desire for manufactured celebrity and state-provided "authority," as opposed to the true authority that comes from individual experience, thought, and judgment. In their three different ways, Cronkite, Jackson, and McNamara ministered to this herd instinct. Cronkite was, by all accounts, a good man. For that he deserved respect, not deification. — Stephen Cox

Shell game — The Obama healthcare initiative certainly is ambitious. Admittedly, with any legislation this overarching there is bound to be something for everyone to hate. That said, I hate almost all of it.

The initiative is both more and less than it seems.

It is *not* about cost savings, whatever cynical protestations Obama and Pelosi may make. If the bill were really about savings, then where's medical malpractice tort reform, reform of government purchasing of pharmaceuticals, and programs to increase the number of doctors? An unwillingness to take on tort lawyers (a favored constituency), Big Pharma (a generous constituency), and the AMA (a powerful interest group), make a mockery out of the supposed attempt to deal with spiraling medical costs. Obama is not addressing the issue; he is merely using it as a rallying cry for his initiative.

The initiative *is* about making taxation more progressive. While Obama is loath to launch a frontal attack on income tax rates, the current bill provides for a surtax on incomes above \$280,000, effectively creating new tax brackets for higher income earners. But wait, it gets better — if you are into social leavening. As I write (naturally, these things keep changing before our eyes), there are also deductions for middle-class taxpayers earning up to \$88,000, to offset the cost of health insurance. That's \$88,000, four times the federal poverty rate! We're not talking charity for the poor here, but about an attempt to rewrite the tax laws to favor the middle class at the expense of the wealthy (and the upper middle class).

Will this ploy win voter support? Maybe. George Bernard Shaw famously said, "If you rob Peter to pay Paul, you can usually count on the support of Paul."

A while back I discussed healthcare with a New York City school principal. She complained that her 20-something son didn't have health insurance. A hardship case? Well, not exactly. It seems the lad earned \$50,000 a year but chose to spend his surplus cash on vacations rather than insurance. The mother thought it unfortunate that someone (the government, his employer, or maybe me) wasn't taking care of his healthcare needs. I was tempted to remark what an unfortunate childhood her son must have had, to make such irresponsible choices as an adult. But it looks as if she may get the last laugh. I'm going to have to pay for her son's healthcare. Or is it his vacation?

— Bob Marcus

Wolffe in hope's clothing — Richard Wolffe is an institutional media hack who got his start repeating conventional Beltway wisdom for the Financial Times and Newsweek during the 1990s and 2000s. A native of Birmingham, England, and graduate of Oxford University, Wolffe became well-known in some media circles after making snarky comments in "Travels with George," a twee documentary about W. Bush and the media which was directed by Nancy Pelosi's daughter.

During the 2008 U.S. presidential election cycle, Wolffe's bosses at Newsweek assigned him to cover Barack Obama's then-longshot campaign. As the junior senator from Illinois ambled into the White House, Wolffe transitioned from print to television, becoming a paid "political analyst" and fixture on NBC News programs and their cable cousins. He wrote a fawning, not terribly successful book about Obama's election.

So far, so ordinary. Aside from his working-class-by-way-of-Oxbridge accent, Wolffe was no different than dozens of talking heads who populate television news and commentary programs.

Last Spring, he quit Newsweek (but not NBC) to join Public Strategies, Inc. — a consulting firm run by former W. Bush communications director Dan Barlett. This was a little odd, given the many uncharitable things Wolffe had written and said about the Bush administration. But, by DC standards, it was only a little odd.

Wolffe kept up his appearances in TV — especially on the MSNBC shows "Countdown" and "Hardball." In fact, he seemed to be on TV even more often; at one point, he stepped in as guest host of "Countdown" while the regular host was on vacation.

Those TV appearances may be the reason Public Strategies hired him. The firm's website makes plain the fact that it arranges favorable media coverage for troubled corporations. How better to assure this favorable coverage than having employees actively engaged in that media? Of course, this kind of thing has been going on in DC for decades; but the timing of Wolffe's sellout (in the midst of a recession that has hit print media especially hard) seemed beyond the pale to some of his former colleagues at Newsweek.

One former colleague leaked this unfavorable — yet intriguingly free-market — quote from Wolffe:

The idea that journalists are somehow not engaged in corporate activities is not really in touch with what's going on. Every conversation with journalists is about business models and advertisers. . . . You tell me where the line is between business and journalism.

In any other context, this would be a heartening, laissez-faire perspective. Coming from one of the main cogs in the institutional media's devotion to Obama, it . . . well, come to think, it kind of sounds like Chicago politics. — Jim Walsh

Any port in a storm — In late July, The Hill newspaper, read by Congress critters, offered a list of the "50 Most Beautiful" people on Capitol Hill.

Coming in *second* among elected politicians was the mirror-cracking Representative Maxine Waters. It was said of Ms. Waters that she wears "stylish glasses" and "impressively high footwear." I assume the latter is well designed to grind into the necks of taxpayers. — Ross Levatter

Money walks, bullshit talks — When I joined the John W. Pope Center for Higher Education Policy three years ago, I plunged into a fascinating world, hitherto unknown to me. It was like diving into a placid ocean bay and finding oneself peering into a coral reef teeming with exotic underwater sea life.

The nooks and crannies of higher education are replete with fantastic creatures, moldy accretions, and prickly incrustations: student loan payoffs, cartels, the student-teacher "mutual non-aggression pact," crotchety professors, Ivory Tower leftists, unintelligible theory, and weird courses — from "The Rhetoric of Feminist Spaces" to "The Social Construction of Whiteness." There are lawsuits galore (over admissions policies, donor intent, academic freedom), interspersed by firings of presidents and provosts, washed over by immensely successful fund drives. All these goings on are accompanied by endless erudite intellectual chit-chat by people up on the beach who apparently don't have much else to do but certainly have lots to say.

I had a problem, though: I didn't understand what was going on. I didn't understand, for example, why actual education is (to switch metaphors) just a sideshow to the multi-ringed circus. Fortunately, I came across the work of Robert E. Martin, an economist emeritus at Centre College. He's studied higher education for years, and the Pope Center has just issued his paper, "The Revenue-to-Cost Spiral," which explains the incentives in higher education. Here's a taste of what he says.

First, higher education is an industry, an extremely successful industry, with revenues in the hundreds of billions of dollars each year. But it's basically a nonprofit industry (we

aren't talking about the small for-profit sector here). Because managers don't have to make a profit that will be compared to other firms' profits, they can spend everything they get. There's no market for control; no one is looking over the manager's shoulder, ready to pounce and buy the firm if it's poorly run. Without profit, there isn't even a way to measure efficiency if one wanted to.

Worse than that, no one is in charge. There are no owners, except for taxpayers in the case of state universities — but they have little control over spending. Trustees are picked for their business sense (at best), but they are familiar with hierarchical organizations and haven't a clue about the shared governance of the university, in which administrators, faculty, and trustees are supposed to work together. And if they wanted to find out, administrators wouldn't let them, carefully keeping the trustees away from the faculty, who do know what's going on (in fact, they often make it happen).

The result is a giant principal-agent problem in which the agents run the place because there are no principals. I won't go into further details here, except to say that as a result, higher education has a 30-year history of higher-than-inflation cost increases, a worse record than any other sector in the country, even healthcare. Another result is the increasing marginalization of student education, even though eager undergraduates flock to schools thinking that a degree will give them a successful life. For some, it will, but for many it will be a waste of time and money. The reef they land on will be barren and bleached, no fun at all. — Jane S. Shaw

Presidential set-aside — Eric Holder, President Obama's attorney general, caused quite a stir earlier this year when he said that America is a "nation of cowards" when it comes to discussing race. But after watching Obama's campaign, and the Judge Sotomayor hearings, I think it is he who lacks the courage — the courage to explain and defend his preference for racial preferences.

That Obama chose Sotomayor is telling. Her past rulings indicate that she is a staunch believer in racial quotas, set-asides and other race-based preferences. For example, in the *Ricci* case, she contemptuously dismissed a suit by white (and Latino) firefighters who were denied promotion, even though they scored at the top of a promotion exam that was specifically designed to be race-neutral. This was no surprise, given her leadership of the Puerto Rican Legal Defense and Education Fund, which from its inception has pushed racial quotas ferociously. She is, in sum, the Compleat Quota Queen. But during the hearings, "Stonewall Sotomayor" refused to defend racial preferences in any detail.

During his campaign, Obama equivocated about racial preferences. (But then, during his campaign, he equivocated almost everything; talking on both sides of every issue is a technique he has mastered to perfection.) He said things that led white males to think he understood their weariness at being denied equality of opportunity in retaliation for crimes they had no hand in committing.

After 30 years of racial preferences, this legal jihad against white men has only intensified. Yet before minority audiences, Obama was only too happy to remind them of historic grievances, and to promise "justice." With the Quota Queen's selection, Obama has become unequivocal. We will have

racial quotas for a thousand years, supposing that our economy lasts that long.

It is time for Obama to show the courage that his own attorney general has so caustically called for. Can he explain to this country why hapless young white (and Asian) men are being denied jobs and entry to colleges to which their scores and grades otherwise entitle them?

Let me sharpen the point. Obama should start by answering two simple questions. First, did he get into Harvard Law School because of racial preferences? Second, if so, how does he justify that preference?

Let's set the premise for the first question. Much fun was had in the mainstream media when Bush released his college transcripts, and it turned out he had a humble C+ average as an undergrad, and mediocre SATs. But Obama has ordered his undergraduate transcripts, along with his SAT and LSAT scores, sealed from public view.

Isn't this fascinating? Bush's (and McCain's) undergrad records were the subject of great scrutiny, but Obama's are of utterly no interest to the media. The mere fact that he graduated from a Harvard professional program was enough to convince them that he is a genius (although the fact that Bush also got a Harvard professional degree didn't save him from attack).

We don't know what Obama's LSAT score was, nor what his GPA was at either Occidental College or Columbia University. We know only that he graduated from Columbia with a degree in political science — not, please note, economics, pre-medicine, or atmospheric science! — without honors. That means his GPA was less than 3.3 (in an era of grade inflation). Hardly Harvard Law material on the face of it, right?

Now let's set the premise for the second question. Let us assume that Obama was the beneficiary of racial preferences when he got admitted to Harvard. How would he justify that preference, given that none of his ancestors were slaves or suffered under the infamous "Jim Crow" laws? How can he explain why it was right for him to be given preference over the son of a poor white coalminer or the daughter of a poor Asian drycleaner?

Yes, it would take courage to address these issues. And Obama is uniquely well-positioned to discuss them. But instead, we have the enshrinement of a quota queen on the Supreme Court, and the cementing in place of a morally bankrupt policy of retribution against the innocent, all passed over in silence.

— Gary Jason

Check's in the mail — The stimulus bill was written into law, reputedly without a single member of Congress having read through its gargantuan 1,100 pages. It was a disaster of a bill, more about pork and ideology than about stimulus. About the only thing I'm sure it stimulated was my anger.

There was, I suppose, some modest amount of Keynesian economics behind it. I remember taking a course in Keynesian economics in the '60s. It wasn't called Keynesian Economics — just Economics — yet there wasn't much Milton Friedman or Hayek in it. I recall getting a reasonable grade, but through memorization rather than understanding or appreciation. Truth be known, the course didn't make much sense to me. It was sort of like a catechism, replete with what seemed like mystical and miraculous events. I treated it as if it were a

course on religion and muddled my way through.

Whenever someone offers you a bill of 1,000+ pages that nobody is going to read, you know that you're being set up. And this was the first of many from Obama & Co. The cap-and-trade energy bill is up to 1,300 pages and counting. The healthcare bill will easily top that.

Want to stimulate the economy and keep unemployment down? You don't need 1,000+ pages, just a little common sense and maybe a grasp of Economics 101 (post-Keynes). Here's what a proper stimulus bill might have been — all in a single paragraph:

Find the companies that are hiring, or at least not laying off. Easily done; just look at their monthly FICA payments to Uncle Sam. Send them each a check related to those FICA payments. Maybe a letter thanking them for bolstering the economy. (Or skip the letter; they know what they're doing even if no one else does.) Make it clear that there will be checks coming every month that they keep up the good work. Then make it known that the check recipients are members of a very exclusive club, but membership is open to any business that meets the same criteria.

There you have it, a real stimulus plan in a paragraph. Okay, maybe it needs a little fleshing out to ensure that no one games the system (e.g., by firing one month, then rehiring the next). Perhaps the bill would require two pages. Even our economically illiterate Congress could handle that.

It's enough to make you believe in term limits. Maybe one-half term.

— Bob Marcus

Czar power — It is now official: Obama has appointed more czars than any other president in history. The list is stunning.

We have Carol Browner as energy czar. Cass Sunstein — he of libertarian paternalism fame — is the regulatory czar. (He missed his calling; he should have been oxymoron czar.) Herb Allison is the TARP czar (has a certain ring, no?). Steve Rattner is the car czar (even more of a ring to that!). On the other hand, Ed Montgomery is the distressed auto communities czar, there to clean up after Rattner, I suppose. Adolfo Carrion, Jr., is the urban czar. Nancy Ann DeParle is the health reform (i.e., socialized medicine) czar. Gil Kerlikowske is the drug czar. Joshua DuBois is the faith-based czar (a fiefdom created by Bush, Obama's archenemy). Earl Devaney is the stimulus accountability czar; his job will no doubt keep him busy. On the other hand, Alan Bersin is now southwest border czar, a job that will *not* keep him busy.

The list has barely begun. John Brennan is the terrorism czar (although DHS Secretary Napolitano assures us that the word "terrorism" is passe). Vivek Kundra is infotech czar. Todd Stern is climate change czar. Dennis Ross is the Iran czar, and Richard Holbrooke is the Afghanistan-Pakistan czar, while George Mitchell is the Mideast czar. (Now there is a clear division of authority!) Gary Samore is nonproliferation czar (presumably there to stop any more democracies from getting nukes, as Obama seems completely comfortable with authoritarian regimes owning them). Kenneth Feinberg is executive pay czar. Jeffrey Zients is the efficiency(!) czar. And finally we have Daniel Fried as the Guantanamo closure czar (called by the cognoscenti the "later czar," since his job is to do his job at some unspecified later date).

And there are more czars to be named shortly, as soon as clever monikers can be devised.

Other presidents have appointed czars — which are nice from the executive point of view, since they don't face Senate approval, can be paid any amount whatever, and report only to the president. But no other presidents have appointed so many, and in such a breathtakingly short time. This is all hilarious, considering that Obama campaigned on the pledge of complete transparency. Just another lie from our Messiah.

— Gary Jason

Healthcare a la carte — In a July address, President Obama told the nation that physicians look at the reimbursement code before deciding on methods of treatment. Many physicians were insulted. To be fair, the president went to law school, not medical school. Likely he was just using his insight about how lawyers bill their clients and applying a similar approach to how, as he assumed, doctors must bill.

Ironically, if the president actually believes what he says (a big *if*, granted) he should be a strong proponent for the idea of having the government pay less, rather than more, of the medical bill. Clearly, the reason that doctors could (if they practiced that way) simply choose the most expensive option from a menu of tests and procedures is that the patient doesn't care what the price is. And the reason the patient doesn't care is that typically the government or another third party is picking up the tab.

I assume the president isn't concerned about the fact that when people go to a restaurant the waiter often recommends the most expensive dish on the menu. That's because people decide with their own money whether the dish is worth it or not.

— Ross Levatter

Pay to play — A brief story in USA Today (July 8) reminded me anew of how our country is, day by day, becoming Chicagoized. The story reports that the many billions of dollars of "stimulus" money that have already been spent have gone disproportionately to parts of the country that voted for Obama.

Amazing, no? The counties that supported Obama received more than twice as much "rescue" money per capita from his administration as those that voted for McCain. That's much more of a discrepancy than existed before the election. And regarding aid given directly to state governments: states that voted for our Dear Leader received 20% more cash per capita than states favoring McCain.

You can just imagine what will happen if Obama succeeds in nationalizing health care. Your mother needs a cancer operation? Well, let's just see how your county voted . . . Oh, wait! Sorry, comrade. Mama's county voted against the machine. Unless she has canceled checks proving that she contributed to the Democratic campaign, she will just have to wait . . . and wait . . . and wait.

This is machine politics. It's the Chicago way. Don't take it personally.

— Gary Jason

Borg Motors — A couple of days ago on NPR's "Morning Edition" I heard what can only be described as an infomercial. You know, a commercial camouflaged as a legitimate news story. Not unusual, but guess what product was being touted: the Chevy Camaro.

Seems odd, doesn't it? Why would NPR flog the Camaro? It is essentially still a muscle car with mediocre gas mileage, definitely not a Prius or Insight, the favorite green machines of the public radio set. So, what's up? They interviewed satisfied customers, waxed ecstatic over the styling, even got a bit poetic about flying over the desert. NPR would never have done such a piece as recently as, say, a year ago.

But a year ago, GM, the maker of the Camaro, was a fully private enterprise. In the Manichean universe of NPR, GM was an exemplar of big business, an avatar of capitalism, a minion of the Dark Forces. As some of my statist friends would say, it was Evil. No more.

Now, GM is owned by the government. It has left the Dark Side and stepped into the Light. Its CEO has been appointed by the government. Its board of directors has been configured by the government and even includes a UAW-approved representative. This board reports to the Treasury. So, since NPR, a creature of the Corporation for Public Broadcasting, also basks in the light of government direction and enjoys the boon of taxpayer support, GM is no longer its enemy, but a cousin. They are family.

For you Trekkies, think of GM as having been absorbed by the Borg. Of *course* NPR pimps for GM. It is simply government radio helping out government motors.

Today, NPR's "Morning Edition" revealed that the U.S. Army has given GM use of government land at the Yuma Proving Ground. This is not a joke. GM and the army will jointly test their vehicles at a GM-built facility there. The army will supply "ultra-high" security at no cost to GM, and test military vehicles "free."

An army spokesman said, "Really, it's just win-win for everyone." (Except, perhaps, for Ford.) The phrase used was that "GM was partnering with the army." And, by the way, the folks at NPR took the opportunity to tout a 550-horsepower Camaro being tested at the facility. Prepare to be assimilated; resistance is futile.

— Scott Chambers

The ties that bind — I have never liked any of Jonathan Swift's writings. And, definitely not any large- or small-screen adaptations of his works — think Ted Danson in the made-for-television "Gulliver's Travels." Yikes.

Yet I must admit that I can't help but see the defining image of "A Voyage to Lilliput" as symbolic of American society today — Gulliver immobilized, strapped down while he was sleeping by a horde of small people wielding a mass of ropes that together render him essentially paralyzed, though each rope by itself could do nothing.

Today, the American citizenry experiences the creep of insidious little laws controlling or regulating the most mundane aspects of our lives. Each law, regulation, town ordinance, or zoning code provision that each citizen must daily deal with is like one of the tiny ropes tying Gulliver down. Take a moment to think of all the federal, state, county, and municipal laws you face every day. Mandatory seatbelt laws, mandatory motorcycle helmet laws, municipal code provisions mandating that each resident's lawn must be kept below an eight-inch height, the EZ pass "express" toll lane mandating a portal speed of no more than five miles per hour, enforced by a police officer opportunely parked close to the toll plaza, and on and on.

This condition is not the proper rule of law: freedom from the wiles and caprices of rulers, the polity, or the political class. Rather, it is a subtle oppression through multiple layers of legal restrictions. It is a very different form of the rule of law that I have discussed in several earlier Reflections.

These numerous federal, state, and local statutes, regulations, ordinances, and other laws work to immobilize a citizenry by occupying each citizen's attention, in ultimately dangerous ways. First, a mind occupied with minutiae has little time to devote to more fundamental issues of liberty or freedom. With so many pressures taxing (literally) our daily lives, many people just want to get through the day. Second, such state intrusion into people's lives conditions them to be ruled and controlled. Third, an overly-legalized atmosphere conditions a citizenry to self-doubt and self-censorship, to think in terms of "I can't, or else." I can't go too fast through the toll plaza, or else I'll get a ticket. I have to wear my seat-belt, or else I'll get a ticket and a fine. I can't have wine or beer with dinner, in case I get stopped by a cop and get slapped with a DUI. I can't go through a yellow light, or the camera will catch me and I'll get fined.

Though many little intrusive laws are premised on safety, they create a most unhealthy form of distraction for a free society. When people constantly have to attend to compliance with a multitude of little laws, they are not really thinking. They are simply allowing themselves to be told what to do and what not to do. That is not the state of a free society, but of an institutional state. And, to borrow a little from Mae West — personally, I'm not ready for an institution.

Remember, Gulliver's bondage was only temporary. After waking up and getting his bearings Gulliver realized that, with concerted effort and in the face of painful attacks from the small people who bound him, he could break free from the many ropes that restrained him. Although his fictional travails differ from our real ones, the many infringements on our freedoms that face us each day, we citizens, too, must get our bearings. We, too, must realize that with a concerted effort and a will to withstand painful attacks from the small people wielding the legal ropes that currently bind us, we can break free from those restraints. They can hold us only as long as we allow ourselves to be bound.

Though libertarians are often not crusaders, there is indeed a first time for everything. Let each of us take advantage of every opportunity to explain to others the general libertarian conception of the rule of law in contrast to the present rule of law. We would do our society a big favor in helping to free our fellow citizens' minds of oppressive legal minutiae. Right now, more and more people are waking up and ready to listen.

— Marlaïne White

Doing his part — Daniel Ikenson of the Cato Institute concluded a blog post lambasting Congress and the Obama administration for their takeover of General Motors, as follows:

Enough. Show Congress that you won't comply and that you won't be pawns. Boycott GM. Boycott GM until the government relinquishes its grip on the company's decision making process.

I agree with Dan. I was planning on not buying a Lexus during this steep recession, but given my commitment to indi-

vidual liberty and free enterprise, I've decided, instead, not to buy a Cadillac.

— Ross Levatter

Bankrupt system — I have reflected before on the role that the mainstream media play in inflicting bad law on our benighted land. As I write, the nation struggles over the socialization of healthcare. The Democrats are within sniffing distance of their holy grail, a National Health Care Service. The idea is to create a "public option," that is, a public health insurance to "compete" against the horrible private health insurance companies. Since the public plan won't even have to turn a profit — indeed, it can run infinite losses and the government will just print money to cover them — no private plan will be able to compete. As a consequence, rather than continue to pay big bucks to keep employees in private health insurance, companies will simply "dump" tens of millions of people into the public option. The public plan will rapidly crowd out the private.

By stealth, the Dems will thus have realized their ultimate policy wet dream: socialized healthcare. They will then have the power to dictate who gets health service. You can certainly expect rationing by age. (Over 60 and need dialysis? Go croak, since you can't pay much more in taxes to the state.) It is also conceivable that affirmative action will eventually become involved. (White male with cancer? Go die in your own vomit, as a punishment for your past oppression of minorities.)

But Obama and his myrmidons have had trouble sealing the deal. So this has been the time to let loose the dogs of advocacy "journalism," to shove the sausage home. The role of social advocacy (SA) journalism is to write "objective news" pieces that support leftist programs.

One common ploy of SA journalism is called "Painting the Sad Case." The SA journalist "proves" a claim (say, that some problem is widespread in society) by simply finding an illustration of it. (And if the SA journalist cannot find a case, why, then, he can just invent one! Hell, Pulitzer Prizes have gone to SA journalists who created completely fictitious characters.)

Want to prove, say, that white men are angry — and so hate-crime legislation is needed, or that the Department of Homeland Security needs to spy on them? Easy: just find one angry white guy, describe him in elaborately unfavorable detail, and — presto propaganda — you get people to think that most white men are angry. If you want to be slightly careful, you can hedge your assertion. You can say things like "Anger is a growing problem in white men today," or "Anger in white males — can anything be done to stop it?"

Thus SA journalism is ordinarily an exercise in confirmation bias (to use a phrase from psychology) or hasty generalization (to use a phrase from logic). To prove by some empirical science — say, economics, when properly done — that some problem is widespread, and can be lessened by some policy, is a daunting task. To pick or invent one lousy case is so much easier.

A story recently appeared in The New York Times (June 30) with the dolorous title, "Insured, but Bankrupted by Health Crisis." Published at just the right time to help President Obama get his program through a Congress where some remaining shreds of common sense are impeding its passage, the article tells the story of exactly one person — Lawrence Yurdin — who apparently didn't read his insurance policy

closely. He sadly discovered that it didn't cover his \$200,000 in hospital care, and so wound up filing for bankruptcy. His insurance company said it had warned him that his policy was limited, not comprehensive, but he seems not to have gotten the message.

By dwelling on one case, and quoting one unnamed former insurance exec, the article leads readers to believe that a massive number of people have been driven to bankruptcy because they were tricked by greedy sales agents into buying limited policies — without citing any empirical studies to support the claim. Boy, do we need the government to take over here! Government never lies or deceives people, and never forces anyone into bankruptcy.

At this point, another article needs to be considered. Published by the Fraser Institute, a free-market think tank based in Canada, it's entitled "Health Insurance and Bankruptcy Rates in Canada and the United States" (Fraser Alert, July 2009). Now, Canada has a completely socialized healthcare system — government-run, single payer, universal coverage. So, if a major cause of bankruptcy in the United States is our private healthcare system, you would figure that there would be a lower rate of personal bankruptcy in the Great White North.

But Skinner and Rovere actually took the time to look at the data. Surprise, surprise. Over the last two years, rates of personal bankruptcy were lower in the United States than in Canada. In 2006, the rate was 0.20% in the United States, and 0.30% in Canada. In 2007, it was 0.27% here and 0.30% there. Those years are important for this comparison, because changes in U.S. bankruptcy law in 2005 made the laws of the two countries comparable, and their unemployment rates were also comparable during this period.

The authors note that in both countries, the majority of debt among bankrupt consumers is nonmedical debt. In only 17% of U.S. bankruptcies does medical debt figure as a significant part of the total debt. (Conversely, the authors observe that even in Canada, many consumer bankruptcies cite medical expenses as the primary debt.)

So the scholars conclude, "The U.S.-Canada comparative analysis strongly suggests that bankruptcy statistics do not support arguments for a government-run health insurance system." The SA journalists at The New York Times might want to look at this report — even though it doesn't fit their social agenda.

— Gary Jason

What happens in Vegas . . . — I've been producing the annual FreedomFest conference in Las Vegas for six years now, and this year's was the most fun. We had nearly 1,700 libertarians there, including over 200 who just showed up at the door, without preregistration. One couple got married in Vegas on July 8 and spent their honeymoon at FreedomFest. Given the financial crisis and deep recession we're facing, I was surprised by the record turnout. According to a local Las Vegas business leader, FreedomFest was the only conference with higher attendance this year than last year.

The Liberty Editors Conference was held there again this year, and it seems that no matter how big the room is, the sessions are standing room only. I felt a real electricity in both the Liberty Editors Conference and the exhibit hall (especially around the Laissez Faire Bookstore). For me, the most memo-

rable part of the Liberty Editors Conference was my debate with Doug Casey and David Friedman. They upheld the cause of anarchism; I held the fort for limited government.

The first day of the conference, Thursday, was entitled "Clear and Present Danger." It was devoted to the ongoing financial crisis. Charles Gasparino, CNBC's #1 reporter, shocked everyone when he said, "The SEC has failed to uncover a single major scandal in the past 30 years. It should be abolished."

Friday night was the "big event," a trial of the free market. The defending attorney was Steve Moore (Wall Street Journal Editorial Board), taking on prosecuting attorney Jeff Madrick (Emmy-award winning author of "The Case for Big Government"), with star witnesses Steve Forbes, Charles Gasparino, John Mackey, and Doug Casey. Colorful Las Vegas Mayor Oscar Goodman was the judge, and he stole the show with his irreverent remarks throughout the trial. What a showman!

John Mackey, CEO of Whole Foods Market, was involved in several sessions. In the debate between "Randian vs. Conscious Capitalism," he noted significant differences between his philosophy of "conscious capitalism" and that of Ayn Rand: "Randian capitalism is all about making profits; conscious capitalism is about seeking a greater purpose." Needless to say, the Objectivists demurred. John also spoke to an SRO audience about the "Whole Foods Longevity Diet: How to Live to Be 100 and Avoid Heart Disease, Cancer, Obesity, and Diabetes." He recommended that people eat a low-fat diet with the consumption of animal foods including dairy products being less than 10% of total calories, and eliminating all refined foods such as sugar, white flour, and vegetable oils. According to him, a diet consisting of whole grains, beans, vegetables, and fruits is the least expensive we can eat, provided we are willing to cook and eat at home.

In one of FreedomFest's tax planning sessions, international tax attorney Marshall Langer spoke on "Saving Lots of Taxes by Moving to Another State or Country." When he asked the crowd which part they were interested in, he was surprised that 90% said they were more interested in moving "offshore."

Investing in gold and silver was as popular as ever. In the closing panel, I showed a \$100 trillion Zimbabwe dollar bill and asked the panelists, "Are we headed toward hyperinflation in the United States?" David Boaz, Steve Forbes, and Richard Viguerie didn't think so, but Peter Schiff and Doug Casey thought it was a real possibility with the government bent on out-of-control spending and entitlements. I suggested that the U.S. government could readily shift to a sound money system by circulating its own gold and silver bullion coins.

The Saturday night banquet concluded with the Free Market Hall of Fame induction ceremony. Everybody started dancing, including Steve Forbes. At one point the band sang a libertarian version of John Lennon's "Imagine":

Imagine there's no taxation,
It's easy if you try
No IRS below us
Above us only sky
Imagine all the people
Living to be free.

Hope to see everyone next year.

— Mark Skousen

Starving the States

by Bruce Ramsey

The recession's effect on state governments has been furloughs, accounting gimmicks, and a few legitimate cuts. There's some silver lining in that.

On July 2, 2009, with no budget for the fiscal year just begun, the government of California began paying contractors, local governments, and tax refunds in interest-bearing warrants. Said state controller John Chiang: "It's our last official step prior to defaulting."

The state's wooden nickels would be redeemed on or before Oct. 2, "assuming there is sufficient cash in the State Treasury," Chiang added.

On July 8, California still had no budget, and revenues were 35% short of expenses. The FDIC warned banks that California warrants were not guaranteed by the U.S. Treasury. Two days later Chase Bank stopped accepting them. SecondMarket, a company that trades illiquid assets, announced that it was opening a market in them.

On July 20, Republican governor Arnold Schwarzenegger cut a deal with Democratic leaders of the state legislature — and also with Republican leaders. California has supermajority requirements — a two-thirds vote in each house is required to pass a budget — so Republican votes were needed, too. The deal included \$15 billion in cuts — such measures as knocking five days off the 180-day school year, ordering three layoff ("furlough") days per month for state employees, providing no state money for schoolbooks for five years, and releasing

27,000 of the 168,000 state prisoners, many of them to home detention.

The deal also included strong-arming, such as state pre-emption of money due to local governments, and gimmickry, such as payment of the final state paychecks in the next fiscal year.

At 6:30 a.m. July 24, after an all-night session to wear down the will to say no, the California legislature approved most of the deal. The sticking point was releasing those 27,000 prisoners. Republicans objected, and the decision was put off until August.

California's drama in state finance was the biggest so far this year, but not the only one. In seven states, no deal between legislators and governors had been reached on spending for the fiscal year beginning July 1. In other states, deals had been reached, but only with accounting gimmicks, fund transfers, and economic assumptions not meant to be examined too closely.

Over the past decade, from recession to boom to recession again, I have followed the finances of my state, Washington. Always the champions of state education, social spending, and state employees have insisted, and deeply believed, that they are starved of money, and that the state has a revenue problem. Always the champions of the private sector have said, and deeply believed, that the state has a spending problem.

That was my view, and in the long run it still is. In the short run, there is a large and obvious revenue problem, in Washington and most of the other states.

In fiscal 2009, general-fund spending in the 50 states fell 2.2% — not from lack of appetite, but from lack of cash. It was the first nominal-dollar drop since 1983, when spending fell 0.7%. And for fiscal 2010, governors were proposing budgets that would fall another 2.5% in non-inflation-adjusted dollars. But revenue was dropping much, much faster than that.

Using census data, the Rockefeller Institute reported in July that state tax collections fell 11.8% in the first quarter. In ten states, tax collections fell by more than 15%: Alaska, Oregon, California, Arizona, Michigan, Massachusetts, New York, New Jersey, Virginia, and Georgia. Early figures from April and May show the declines deepening.

Worst off was Michigan, home of the briefly bankrupt and bailed-out General Motors. Michigan was in decline well before the recession started. Since 2000 its state government has cut its head count by 10,000. More cuts are coming: in the first three months of 2009, total employment in Michigan's economy was down 6.4%, the most of any state. In June, Michigan laid off 100 state troopers.

According to the National Conference of State Legislatures, in April 2009:

- Of the 41 states that collect a personal income tax, 35 reported collections down from the year before. The largest drop was in New York, 49%, partly because of a \$1 billion decline in cash bonuses to Wall Street employees. The next-largest drops: Arizona, 26%; Tennessee, 23%; Michigan, 23%; and California, 20%.
- Of the 45 states that levy sales taxes, 31 reported collections were down. The largest drops: Washington, 14%; California, 13%; Arizona, 13%; Utah, 11%; and Minnesota, 11%.
- Corporate income-tax collections were down in almost every state that had such a tax, starting with Oregon, down 44%.
- Real estate transfer tax collections were down 44% in Connecticut and Florida, 40% in New Jersey, 34% in Virginia.

The Obama administration has dished out \$135 billion to the states, most of it for Medicaid, so states have not had to feel all their pain. In Washington state, the "stimulus" money made up about a third of the budget shortfall. Still, Democratic legislators, who had won office by promising to give all children medical insurance, instead had to throw 40,000 enrollees off the state-subsidized Basic Health Plan. State employees, whose unions had just negotiated a contract with cost-of-living raises had to give them up (but they retained salary-schedule increases).

The states are famously not all the same. Conservative and libertarian groups have made much of state tax and spending

comparisons — arguing, for example, that California has declined economically because it is a high-tax state, and that Nevada has boomed because it is a low-tax state. Left-liberals have countered that good public spending made states like Massachusetts more competitive, and that failing states like Michigan and Montana had cut and cut and cut their public spending, and that all the cuts had not revived them.

Reality is more complicated than single-issue explanations. In determining which states surge ahead and which ones lag behind, tax levels are important, and also the kinds of taxes. Regulation is important. So is history: Michigan inherited General Motors and the United Auto Workers, Massachusetts didn't. And geography: Nevada is next to California, Montana isn't. And (from the viewpoint of state policy) plain dumb luck: recently the state with the healthiest economy has been North Dakota, largely because of discoveries of oil.

There is also some underlying stability among the states. The Tax Foundation's data show that from 1977 to 2008, state and local taxes nationwide took between 9.3 and 10.3% of personal income, with no long-term trend up or down. The data also show that most of the states have tax personalities that they tend to keep for a long time. California is a high-tax state: it ranked fourth highest in 1977 and sixth in 2008. Michigan is a middle-tax state, ranking 27th in both years. Texas is a low-tax state, ranking 48th in 1977 and 43rd in 2008.

During those 32 years, California's economy underperformed the nation's. In 1977, average personal income in California was 18% above the national average. By 2008, it was only 8% above. High-tax California had dropped 10 percentage points.

But other high-tax states increased their lead over the national average. From 1977 to 2008, average personal income in high-tax New York gained 14 percentage points on the national average. High-tax Massachusetts was up 22 points. High-tax Connecticut was up 23 points. Michigan was down. So was Ohio.

That lower taxes are good for economic growth — an argument championed by The Wall Street Journal and free-market think tanks — is true at the margin. But it is not the only thing and in the short run may not be the important thing.

The great fact about state and local taxes in America is not that some people flee them, but that most people pay them. The soundest reason to favor low taxes is not that the people around you ("the economy") will keep more of their money. It's that *you* will keep more of *your* money.

The economic crisis has been an opportunity to shrink the state — probably not a strategic one, because you need an ideology for that, but at least a tactical one. State governments have had to shrink.

This year, many of the Democratic legislators in my state wanted to raise taxes. Instead, they cut the very programs they favored. They didn't want to, but in Washington (thanks to a ballot initiative by an antitax activist) all tax increases have to be passed either by a two-thirds vote of both houses or by a majority vote of the people. In 2009, neither was possible.

After the California legislature passed its cut-and-cheat budget, Cathleen Decker of the Los Angeles Times wrote a column comparing today's California with the California of Gov. Pat Brown, a Democrat elected 50 years ago. She waxed idyllic about the wonderful big-government time of Brown.

In two terms in office, Ronald Reagan's predecessor presided over the building of aqueducts, state colleges, and more than 1,000 miles of freeways:

In Brown's California, there was a broad consensus that government was a competent force for good. Now, among Californians of all political ideologies, there is the opposite: a repudiation of government and, even more, of any confidence in the governor and the Legislature to act competently. On that matter, at least, California as a whole has shifted to the right.

There has been a shift, and not just in California. Yet what has happened is not that government has atrophied — how could anyone believe that? — but that public works like new colleges and freeways have largely been replaced by salaries and benefits to individuals. The growth in tax revenues has been eaten by the Regulatory State, the Correctional State and, most of all, the Healthcare State.

A Democrat I know, liberal in a Pat Brownish way, laments that his party has become the captive of the public employee unions. There is, for example, the prison guards' union in California, representing 30,000 guards. Wrote the Los Angeles Times last year, "The union had gained the most rapid pay increases of any state workers in recent years, with salaries up to \$73,000 plus overtime that routinely vaults them into six figures." In my state, some of the richest pension, medical and dental benefits are enjoyed by police.

Where I live, King County, Washington, medical coverage of county employees costs \$1,100 per employee per month. The employees pay none of that, though they do hand over

more co-pays than they used to. Employees feel put upon because they have been required to take furlough days, and the furloughs cancel out most of the financial benefit of the 4.88% cost-of-living raise they got in January. The county has promised to make up some of the furlough days next year with vacation days; that is, to make up for a day with no work and no pay, the county will offer a day with no work and full pay.

You can see why the union opts for furloughs. The hourly rate of pay is not compromised, nor are seniority or staffing levels, medical or dental benefits. Pension benefits are affected minimally, if at all. And, of course, union dues continue flowing. The whole setup of furloughs leaves workers in a privileged position to claim new tax revenue once hard times come to an end.

You can see, too, the reason for tax gimmicks, such as California's pushing its last paychecks to the new fiscal year, or Washington state's skipping a \$400 million payment into its employee pension funds. If legislators could close the whole gap in that way, they would. But they can't. Not this year.

The next thing the state opts for is a service cut: Washington's taking 40,000 people off its subsidized medical plan, or California's releasing 27,000 prisoners early. The *last* thing a state does is to cut out whole programs, because that is a permanent shrinkage and the state does not want to shrink itself. Still, in years like this it has to. Some people who had planned to rely on the state can't. And that is something.

Probably it will not be permanent. Ideologies have not changed much, nor have appetites. Only circumstances have. Still, state governments shrink, and that is worth noting. □

Letters, from page 8

otherwise, except those Rollins wishes to imagine. When and if the United States bombs Iranian nuclear sites, there will be commentators like Rollins who will affirm that the purpose is to destroy the Iranian pistachio nut crop in order to increase the "profits" of California nut farmers. Similarly, the United States intervened in Kosovo because American "corporate" interests were lusting after the Kosovars' skinny cows.

If the Bush administration had wanted to increase the profits of American oil corporations, it would have been easier on him politically to lift, or even to ease, the oil embargo against Iraq that preceded the invasion. Instead, the Bush administration resisted a relaxation of the embargo in spite of foreign pressures to do so, from France among others. Thus, the Bush actions preceding the invasion would seem to have been against the interests of his buddies in American petroleum corporations.

It's true that American forces protected Iraqi oil installations, pipelines, and the corresponding ministry. They

also occupied military targets. With the significant benefit of hindsight, I wish they had done the latter more forcefully even if at some cost to the former. Resources are always limited; choices have to be made. Some people deplore that the Baghdad museum of anthropology was not better protected. Value choices all.

If your plan were to establish a working democracy in Iraq *and* if it were not to become a welfare case, you would want to preserve the country's main resource. In an oil-rich country with mediocre agriculture and little and bad manufacturing, that would be oil and the capacity to extract and sell it. The explicit model here is the exemplary American-led rehabilitation of Germany and of Japan after WWII.

There are no plans, and no former plans have come to light, to establish permanent American military bases in Iraq. A big part of me regrets it. If we must have strong armed forces, I would rather they were stationed in the midst of those who want to kill me than two

blocks down the street from my house. I count this as a failure of the Bush administration.

Saddam Hussein's bloody dictatorship almost entirely applied its talents to its own defenseless citizens and to its militarily weak neighbors after it got its butt kicked by the Iranians. Hussein never came close to threatening a fairly distant country with a powerful air force. It was never much of a problem for Israel, and the Israeli political class knew it well. In fact, and I am speculating here (and aware of the fact that I am speculating), if the Israeli military establishment had been given a choice, it's likely it would have asked that we leave Iraq alone and take out the Iranian military instead.

And, in case you are wondering, Mr. Rollins: no, I am not Jewish, never have been, and probably never will be.

At this point I believe (with Tarik Aziz, Saddam Hussein's long-term vice-president now serving time) that the Bush administration invaded Iraq largely to try and rearrange the political

map of the Middle East. I think the plan mostly succeeded, although not neatly, and with more expenditure of American lives than anyone expected. I also think the adage well supported that democracies don't attack other democracies. As a result of American intervention, Iraq is a functioning democracy, even with a fair amount of rule of law by its neighborhood's standards. It's not as good a democracy as, say, Switzerland, but it's a more real democracy than, for example, Illinois or New Jersey.

Make Mine Minarchy

In "Coercion Free for 70 Years" (August) Don Crawford implies that, if we accepted the model of Alcoholics Anonymous and operated a leaderless (formally, that is) United States, our problems would be solved. Only when someone is formally in charge do power struggles, taking of sides, politics, etc. appear on the horizon. Sure, once in a while, something has to be "done," so appoint a temporary one-time leader who wisely reduces the problem to its basics and presents it to the nation for a consensus. Well, the ancient Greeks chose their legislature at random for one term. Sort of like that?

Can't you just see running America (and the rest of the world) on the basis of temporary leaders who magically rise from the crowd to do what needs to be done and then happily sink back into obscurity? Maybe you can, I can't.

Every philosophy has a catchy tag line. I am reading Mark Levin's "Liberty and Tyranny," promoting the joys of very small government. He plaintively states that "A free people living in a civil society, working in self-interested cooperation, and a government operating within the limits of its authority promote more prosperity, opportunity, and happiness for more people than any alternative." This concept, in its pure 'orm, is no more workable than (for example) communism, "From each according to his abilities, and to each according to his needs." James Madison said it perfectly, "If men were angels, no government would be necessary." But we are not angels and "working in self-interested cooperation" or "balancing ability and need" both require watchers, and someone to watch the watchers. And that's government!

Our governments, city to federal,

have clearly usurped far more power than ought to be allowed, because they are seldom competent to manage a problem that should be handled lower down where it is better understood. But semi-anarchy? Aw c'mon!

Sam Brunstein

Prescott Valley, WA

Crawford responds: I don't believe I implied that our country should adopt the semi-anarchy of AA, although I did hope to show that civil society can operate effectively with less governance structure than we usually see. I did point out that AA, lacking a large purse and coercive power, is still able to accomplish many good things. The implication, if any, for government, is that the power to tax and coerce may not be required to solve all of our problems. I hoped to show how AA's self-imposed poverty was a wise way to avoid battles over control of money and property — and gave an example of AA in one town that ended those battles by divesting itself of a bookstore. The implication there is that corruption of government attends to the power governments wield over other people's money and property.

As for the temporary appointed leader magically rising to the challenge, that was me. I wasn't appointed, nor did I magically rise to the challenge. I was elected, just like every other chairman had been. I didn't stay on "in power" because there wasn't any power to be had — and because my career took me across the country. I didn't say that formal leaders cause taking of sides, power struggles, or politics — only that taking of sides and political power struggles may not be the best way to solve all problems. That when we seek consensus instead of political power we find that "live and let live" is the only way to achieve that consensus.

We all want to control the most important things in our lives: the curriculum of our child's school, our own bodies, what medical treatment we can get, what substances we can ingest. Going for consensus instead of political power leads us to give up attempting to have control over those most important things for everyone else. We discover that the right to control our own lives is more precious than political power over other people's choices.

On Palestine

Bill Merritt offers ("Behind the Veil," July) a remarkably one-sided and superficial analysis of the Israeli-Palestinian conflict and the role of the United States. Perhaps this is because he writes from the perspective of a Cairene; hopefully once back in the United States his own veil will lift and he can see things more clearly.

Merritt expends much verbiage on the issue of Israel's alleged mistreatment of the Gazans, with no mention whatsoever of the context in which such actions occurred, and with seemingly no awareness of (or concern for?) Israel's position. Like many other obviously biased commentators on the Middle East, he writes as though the history of the region began with an unjust Israeli "occupation" of Palestinian lands, and that the only meaningful events that have occurred since are Israel's "killing and maiming, into ghettoizing and beggaring entire populations for reasons that hold no relevance to us." Leaving aside that many Americans would consider those reasons to be quite relevant, he fails completely even to note the role the Palestinians, and other Arabs in the region, have played in this drama since 1948. (I'm sure that the "neighbors expelled from their homes" that he is so concerned about do not include any of the thousands of Jews so displaced from every Arab country prior to 1948.)

One would think, from reading his comments, that Palestine is, and has been all along, a peaceful state whose people and government desire nothing more than to live in peace and harmony with its neighbors, if only it were allowed to do so. This ignores the fact that a Palestinian state, as such, has never existed in the entire history of the world, that the sovereignty of these lands has been and continues to be very much in dispute, that the world community decided in 1947 that the appropriate disposition of these lands was to partition them between the parties, that the Arabs have never accepted this partition and still don't today, that the Arabs have taken every opportunity to destroy Israel and its people, and that it is only because Israel has, in justifiable response, developed overwhelming

continued on page 32

The System Is Broken

by Jon Harrison

America's troubles are much greater than mere
housing crunches or manufacturing collapses.

Every July my wife, my daughter Kate, and I travel from our home in rural Vermont down to Boston for the Independence Day celebrations.

The girls are more interested in the festivities than I am. On the night of the third they attend the Boston Pops Concert at the Hatch Shell — the rehearsal for the live television broadcast of the Fourth. While the female branch of the family attends the concert, I haunt the used book shops in Boston and Cambridge.

On the evening of the Fourth we pick a restaurant for supper and then, as darkness falls, join the thousands of other people, native Bostonians and visitors, who make their way down the eight streets (Arlington, Berkeley, Clarendon, Dartmouth, Exeter, Fairfield, Gloucester, and Hereford) between the Public Gardens and Massachusetts Avenue that lead to the banks of the Charles River.

Those in the know walk down Exeter or Fairfield, for on the river, opposite the ends of these streets, lies the huge barge from which the night's spectacular fireworks are emitted. I dare not fail to find and hold a good spot of ground from which to watch the pyrotechnics, lest I provoke the displeasure of 10-year old Kate.

This year we stayed at the Sheraton, and by chance had a room on the 26th floor, directly opposite the barge. How I would have liked to sit back with a drink and watch the show from there! But Kate would have none of it; she demands immediacy of experience. So we stood packed like sardines with a half a million other people on a surprisingly cool summer night and waited for the show to begin. Before darkness fell, four F-15s came roaring down the river only a few hundred feet in the air, a rather awe-inspiring sight.

At 10:30 the fireworks began. Half an hour later, still dazzled by the display, we three atoms detached ourselves from the crowd and walked back to our hotel. After a night's sleep we left for Vermont in the morning.

For me at least this annual trip is more than a short vacation. I always spend a part of the time reflecting on America's past and, more importantly, its future. This year

in particular I found myself brooding over the financial panic of last September, its meaning and possible long-term consequences.

I don't travel around America as much as I would like. If I were to judge simply by the condition of my own little state and the city of Boston, I would find it hard to perceive the depths of America's economic plight. Vermont of course is a special place. It's a never-never land that keeps going by

We could never support ourselves just by siphoning off a portion of outsiders' discretionary income. No, we count on Washington's willingness to send us more dollars than we send to it.

ignoring reality. The unofficial state motto is: "I'm a Vermonter, I do what I want." And what most Vermonters want is to maintain a style of life financed by the dollars of others. Not tourist dollars. Despite antiques, leaf-peeping, and skiing, we could never support ourselves just by siphoning off a portion of outsiders' discretionary income. No, we count on Washington's willingness to send us more dollars than we send to it.

So long as Democrat Senator Patrick Leahy remains in office, building on his immense seniority, that perverted dream will remain alive. Seconding Leahy is our junior senator, Bernie Sanders, a Brooklyn transplant who until the fall of the Berlin Wall described himself as a socialist, and who in his days as mayor of Burlington was wont to use the clenched-fist salute in electioneering photo-ops. That he is the most popular politician in the state says a lot.

Our senators have a protege in our lone congressional representative, one Peter Welch, a lawyer in horn-rimmed glasses who looks like a commissar and, since he is just barely to the right of Senator Sanders, no doubt thinks like one too. Huey, Dewey, and Louie form a quartet with Governor Jim Douglas, a man who has spent his adult life as a politician, and who though a Republican (President Obama's favorite Republican — recall the two of them hobnobbing during the early days of the administration) sometimes swims, or rather drifts, with the left-wing tide in order to keep getting reelected.

The only other important politician in Vermont is State Senate President Peter Shumlin, a Democrat best described as being in lockstep with the National Education Association. He wields more power in Montpelier than the speaker of the house (a mere boy) and perhaps even the governor, though he has not dared to challenge Douglas in a statewide race. Given that the Democrats have a veto-proof majority in the legislature, why should he?

These, then, are the people who shape Vermont's political economy. They are in office not because of voter indifference, but because the people want them. And the people want them because they provide bread and circuses — circuses such as the antics of Senator Sanders, at town meetings and on his

own cable TV program, where he brays and rants and blames the Republicans and Vermont's ever-shrinking business community for every ill under heaven.

Vermont, a state with no real economy outside of Chittenden County (where Burlington and most of the state's six-figure income households are located), remains a going concern because of government (i.e., federal) largesse. You readers from outside the Green Mountain State are subsidizing our platinum-plated social services, which otherwise we couldn't afford. And we like that. Polls consistently show that Vermonters want economic growth, but only growth generated by small, ultra-green, mom-and-pop businesses, 90 plus percent of which, of course, fail within five years. Heck, even the occasional Ben and Jerry's success story doesn't create more than a few dozen jobs. But most Vermonters seem oblivious to this. And speaking of ice cream, God forbid we should let a single dairy farmer go out of business, even though the majority of them would be insolvent without Senator Leahy's legislative legerdemain on behalf of dairy-price supports.

Vermonters in general just don't get it. Without good jobs, young people can't buy homes and raise families here. We also make the building permitting process as onerous as possible: can't have too many human habitations spoiling the endless green views. We have been experiencing youth flight for decades, and the trend is accelerating. Without a growing population of young workers who pay taxes, Vermont will eventually go broke. My prediction is that by about 2030 the population will consist entirely of rich retirees, government workers, and welfare recipients. The question then will be how the government workers and welfare recipients continue to get paid. But the attitude here is: what, us worry? Washington will send money.

Perhaps the best way to sum up Vermont is to point to the spring 2009 legislative session, during which the legislature passed a tax *increase* to combat the worst recession in 70 years. Such is the Oz that is Vermont. Yet so far we haven't seen anything like the economic dislocations of the Sun and Rust Belts. When you have virtually no economy, you don't get massive layoffs. When there is no housing boom, there's no bust to follow. Many houses in rural Vermont have been in families for generations, and the owners hold them free and clear. Home prices, despite something of a spike after 9/11, never reached the dizzying heights seen elsewhere. Most people can still pay their mortgages. Empty storefronts dot the landscape, but not to the extent seen elsewhere. Even Rutland, Vermont's "second city" (population: 18,000), which has a 10.4% unemployment rate, doesn't look much grimmer than it did before the recession. It's as if a wrathful God had given us a pass when he devastated the lands all about us. Poverty protected Vermont from the worst effects of this crash. But the demographic crisis will get us in the end.

Compared to Vermont, Boston appears another world. It has been called one of the ten most desirable cities in the world to live in (New York, Miami, Los Angeles, San Francisco, Sydney, Tokyo, Shanghai, Paris, and London being the others), and maintains, even in these parlous times, a lively pulse. The economy is dependent on higher education, health care, and high tech, with a bit of financial services thrown in. Of these, only the latter has so far suffered much from the current crisis. House prices and rents have come down, but not a

lot. The ubiquitous markdowns ("up to 75% off!") on display in store windows are the only palpable signs of crisis. Late-model cars fill the streets. The sidewalks are crowded with well-dressed people babbling on their cellphones, or playing with other, more esoteric devices. Restaurants and clubs are packed. A moderate to severe recession in retail and the hospitality industry appears to be the worst that Boston is undergoing. On my recent trip I saw *fewer* people than usual panhandling and sleeping outdoors in public spaces.

Massachusetts state government is suffering from a budget crisis, of course, but the root of that evil is the pols' lust to spend and their refusal to think ahead and provide for a rainy

You readers from outside the Green Mountain State are subsidizing our platinum-plated social services, which otherwise we couldn't afford. And we like that.

day. It is within the power of Massachusetts voters, if they choose, to remedy this problem at the voting booth, especially since the Bay State allows ballot initiative. It was by this means that Proposition 2 ½, which placed some limits on property taxes, was passed in 1980. Vermont, on the other hand, denies the people such a direct voice. As a result, its property owners bear one of the heaviest tax burdens in the nation.

It would seem that the economic crisis is more regional than national in scope. Certainly it has hit the Sun and Rust Belts harder than elsewhere. In the Rust Belt, America's manufacturing base has been eviscerated by foreign competition. This is the culmination of a trend that began decades ago. Is it on balance a good thing, because foreign-made products are less expensive than their equivalents turned out by domestic industries? Surely we must admit it cuts both ways. The tradeoff of well-paying jobs at home for cheaper products made abroad is not, I would argue, a zero-sum game. I would submit that on balance it works against America, because too many workers find their wages and benefits "downsized" or eliminated, with adverse social consequences as the result. At some point creative destruction became more destructive than creative. I realize that there are economists — many of them libertarians — who have nothing but scorn for this view. But their arguments do not persuade me. They are the prisoners of an *idée fixe*, that efficiency and the lowest possible price for goods and services are invariably beneficial. This amounts, at bottom, to a crude utilitarianism. If a suburban couple saves \$200 on a refrigerator made overseas, while the American worker who once built refrigerators loses his job and sees his standard of living decline — well, to me at least, that's not a good trade-off.

The poster child for deindustrialization is, of course, the auto industry, which collapsed because of the incredible stupidity displayed over decades by both labor and management. Here the market clearly should have been allowed free rein, with no government bailout. GM and Chrysler deserved to perish. Of the big three Ford was still standing, and therefore

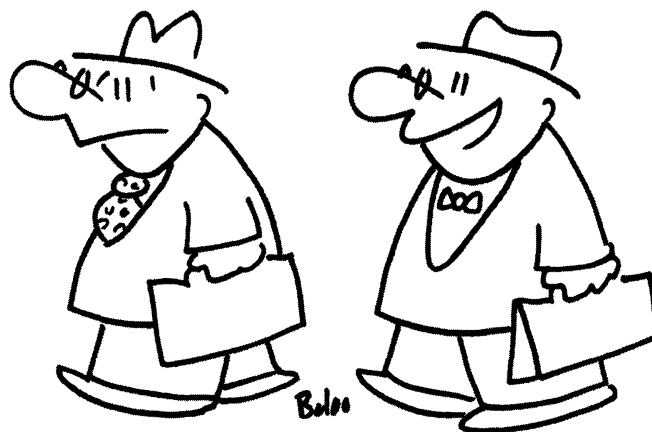
available to produce tanks and other vehicles for the military (for obvious reasons, we don't want these made only overseas). Today, after the bailouts, the same sorts of people are still running GM, Chrysler, and the UAW, and there's no evidence that they have really seen the error of their ways. GM will be back at the public trough in ten or twenty years, or less, you can bet on it. Consider Chrysler — bailed out in the 1980s, back for more a quarter of a century later.

In the South, manufacturing, autos included, is established on a sounder basis. No absurd union contracts, no overwhelming healthcare and pension costs to drive up prices and make the product uncompetitive. Can this model work in the Rust Belt? Perhaps so, but it will still entail a major decline in the living standard of northern blue collar workers. Irrespective of its causes or inevitability, that will *not* be a healthy social development.

Americans are a resilient people. New and better methods and products will undoubtedly emerge from the current crisis, creating new opportunities and wealth. Nevertheless, on the evidence of the past 30 years, we must conclude that a rising tide does not lift *enough* boats. The economic bifurcation of American society — the clever, well-educated and well-connected on one side, the mass of the population on the other — is likely to accelerate in coming years. In an age of worldwide, dynamic competition for resources and markets, less clever, less educated, less connected Americans will be losers. To this point the well-offs have placated the have-nots through social welfare programs and the virtual abolition of the federal income tax for low-wage earners (today 43% of Americans who file a tax return pay no federal income tax). How long, however, can this continue, given that the federal government projects trillion-dollar deficits for years to come? If the social safety net is withdrawn or collapses, will the have-nots simply accept their fate?

The present difficulties in the Sun Belt are largely housing-driven, and constitute, I believe, an episode rather than a problem that will persist. The Sun Belt's climate, resources,

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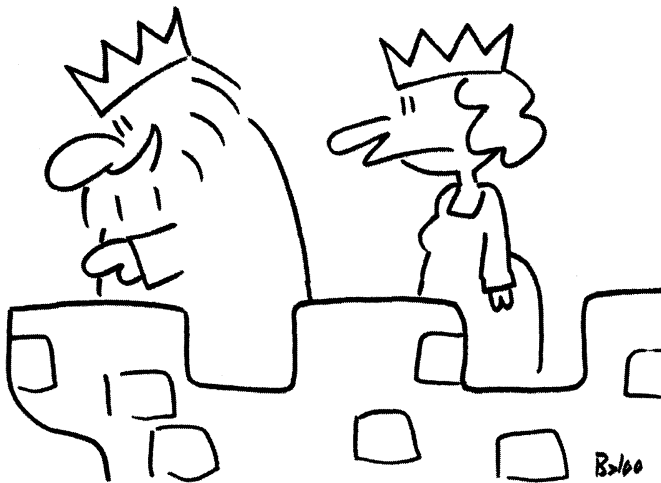


"The way I see it, deficit spending keeps the taxpayers on their toes."

and political clout should allow it to emerge from the mess and generate real prosperity (as opposed to fake, bubble prosperity) once more. Its biggest challenges are concentrated in the western portion of the belt, where three of the states hardest hit by the housing crisis (Arizona, Nevada, and California) are located. The first challenge is water: finding enough of it. Heavy development, enormous population growth, and the needs of agriculture have been pressing the region's water resources to the limit. The recession has put off the day of reckoning, but at some point a crisis over water will come.

The second challenge is that presented by the excessive spending and regulation imposed by state government, as epitomized by California's budget crisis. The spectacle in Sacramento, with the world's seventh largest economy issuing IOUs, must at some point find a resolution along the lines of less government and lower taxes, or future prosperity will be choked off. I hope that Californians will, eventually, smarten up and cut taxes, downsize government, and thus liberate their great economic engine.

The speculative excess in housing that began after about 2000 was, of course, a nationwide phenomenon, albeit more frenzied in some parts of the country than others. It constituted a classic bubble, reminiscent of tulips in Holland in the 1630s and the South Sea boom and bust of 1719–20. As in those earlier bubbles, the reckless speculation that led to disaster was enabled by government. The Community Reinvestment Act of 1977 was relatively harmless in and of itself. But when it was harnessed by the Clinton administration to ratchet up the percentage of Americans who owned their own homes, the storm began to brew. It should have been obvious that no-down-payment mortgages, interest-only monthly payments, and adjustable rates (the instruments that allowed "subprime" borrowers to become homeowners) were recipes for delinquency, foreclosure, and an eventual collapse of prices. It is hard to believe that the private sector didn't realize this, at least intuitively, but apparently it convinced itself that risk could be safely managed through the use of credit derivatives, specifically credit default swaps (CDSs) and collateralized debt obligations.



"Look, that peasant is eating something — the economy's on the move again!"

The "compassionate conservatives" of the Bush administration also played the feel-good game of promoting home ownership, seemingly oblivious to the economic Katrina on the horizon. The administration did attempt, in 2003, to rein in the activities of Fannie Mae and Freddie Mac, the government sponsored entities (GSEs) set up decades earlier to facilitate mortgage lending, by transferring oversight from Congress to the Treasury Department. Despite Republican majorities in both houses, this failed (as did a later effort led by Sen. Chuck Hagel of Nebraska).

At the time when the Bush administration sought more regulatory power over the GSEs, Democratic congressman Barney Frank of Massachusetts stated that "these two entities — Fannie Mae and Freddie Mac — are not facing any kind of financial crisis." No one in either party contradicted this fatuous phraseology, except one man: Congressman Ron Paul.

On Sept. 10, 2003, Paul testified before the House Financial Services Committee that

the special privileges granted to Fannie and Freddie have distorted the housing market by allowing them to attract capital they could not attract under pure market conditions . . . Like all artificially created bubbles, the boom in housing prices cannot last forever . . . Congress should act to remove taxpayer support from the housing GSEs before the bubble bursts and taxpayers are once again forced to bail out investors who were misled by foolish government interference in the market.

Paul introduced a bill to end government subsidies to Fannie and Freddie. It had no cosponsors, and died in committee. Hagel's bill cleared the Senate Finance Committee in 2006, but was never brought to a vote. Nothing else was done by anybody — in the administration, Congress, or the regulatory agencies — to stop the lemming-like rush into subprime lending by the GSEs and private lenders like Countrywide Financial.

So companies like Fannie and Freddie, American International Group (AIG), Lehman Brothers, Merrill Lynch, and Countrywide were able, for a time, to reap enormous profits through reckless speculation in the subprime market. By 2007 housing prices were collapsing, just as Paul had predicted. In 2008 the bubble burst: Fannie, Freddie, and AIG had to be taken over by the federal government; Lehman Brothers collapsed into bankruptcy; and both Merrill and Countrywide escaped Lehman's fate by being absorbed into Bank of America.

It is a curious fact that Representative Paul stood almost alone against the tide. It may be instructive to note that Barney Frank is now the very powerful chairman of the House Financial Services Committee, while Paul is reduced to making a fool of himself in the movie "Bruno." This perhaps says something rather profound about how America is organized and ruled.

It is plain that the two major parties collaborated from the late 1990s to relax the regulatory environment, just when greater oversight was required. The Gramm-Leach-Bliley Act of 1999, which repealed in part the 1933 Glass-Steagall Act and permitted commercial banks, investment banks, and insurance companies to merge, did *not*, however, precipitate the financial crisis of 2008. The notion that it did, which has been put forward by economists such as Paul Krugman, has

rightly been dubbed “folk economics.” It was the Commodity Futures Modernization Act of 2000, sponsored by Mssrs. Gramm, Leach, and Bliley, among others, that set the stage for disaster by exempting derivatives from regulation. This allowed Joe Cassano, the president of AIG’s financial products division, to run wild selling CDSs until the market for them collapsed, AIG went bust, world credit markets froze, and taxpayers were obliged to pony up \$700 billion through the Troubled Asset Relief Program (TARP) to combat a world-wide financial panic.

Yet even this is too simple a formulation. For who believes that the Securities and Exchange Commission, for example, had it been given the power, would have lifted a finger to

In 2003, Ron Paul introduced a bill to end government subsidies to Fannie and Freddie. It had no cosponsors, and died in committee.

stop Cassano? It did nothing, despite clear warnings, to investigate Bernie Madoff’s massive Ponzi scheme, not to mention other, less spectacular crimes. It was not simply that Chris Cox (SEC chairman, 2005–09), was a lackluster chairman. Rot ran, and runs, throughout the organization. There is a revolving door at the SEC, as elsewhere in government, through which people pass from relatively low-paying jobs regulating or otherwise interacting with the private sector, to lucrative jobs within it. Under such circumstances corruption is inevitable. An analogous situation exists in the private rating agencies, which receive payments from the firms whose securities they rate. This is a clear conflict of interest that nevertheless remains common practice today.

The period 1998–2008 witnessed the growth of systematic financial buccaneering enabled by powerful men (and a few women), with immense profits going to those within the magic circle, irrespective of outcomes. Winners became enormously rich; losers were bailed out with public money. Consider the events of mid-September 2008, when the collapse of Lehman Brothers placed the international financial system, and perhaps capitalism itself, on the edge of an abyss.

The key moment came on Sept. 16, 2008, immediately after Lehman’s collapse, when Treasury Secretary Henry Paulson decided to bail out AIG. Paulson, a former CEO of investment bank Goldman Sachs, allowed a third party in the room that day: Goldman’s current CEO, Lloyd Blankfein. Why was Blankfein present? Well, Goldman was on the hook for \$20 billion if AIG went belly up. We know, of course, that Paulson saved Goldman’s bacon by persuading Congress to give AIG \$85 billion of taxpayer money (a mere first installment on a bill that eventually ran to almost \$200 billion).

The obscenity of this affair beggars description. Not surprisingly, the corporate media have underplayed the story. This too tells us something about how America is organized and ruled.

Whether Paulson and Federal Reserve Chairman Ben Bernanke had to act to prevent an economic apocalypse, we

cannot know for sure. To have done nothing would certainly have been a very high-stakes gamble, and it is easy to criticize from the sidelines. But the TARP represented more than just a lifeline for world capitalism. It was a plundering of the U.S. Treasury by the old-boy network, a saving of the Masters of the Universe’s asses by their co-conspirators — people who were, at that moment, in “public service.”

We do not live under a system of free enterprise. Our economic life is defined by corporate capitalism, a relatively closed system that forms a nexus with big government. It matters little which party is in power, as events of the past 40 or so years have made clear. The collapse of the Penn Central Railroad in 1970, the savings and loan fiasco of the late 1980s, the tech bubble of the late 1990s, and the events of 2008 all had similar origins. Names like Drexel Burnham Lambert, Enron, and WorldCom make headlines, then fade from public consciousness. A few of the actors in these scandals pay a price, but note that it is only schmucks like the two Bernies — Ebbers and Madoff — who do the hard time. The Robert Rubins and Christopher Dodds of this world remain influential, powerful, rich — and thus free to facilitate, even if they do not directly perpetrate, new disasters.

The system is not entirely closed. It is possible for a Ben Bernanke to rise from a middle-class childhood in South Carolina to Chairman of the Federal Reserve. It is remarkable, however, that so many of the actors who caused the current crisis — in business, elective office, and the regulatory agencies — are graduates of Harvard or Yale. So were most of the men who gave us the Vietnam War. This bespeaks something awful about America’s ruling class. If the best and the brightest are corrupt (or, alternatively, hopelessly incompetent), whence will relief come?

As the summer of 2009 draws to a close, economic malaise still grips America. The country as a whole has not sunk to the depths of California or Michigan, but it is a fact that trillions of dollars of national wealth have disappeared, with millions of people experiencing a decline in their standard of living. Yet the stock market is up and Goldman Sachs has reported

We do not live under a system of free enterprise. Our economic life is defined by corporate capitalism, a closed system that forms a nexus with big government. It matters little which party is in power.

record profits for the second quarter. The worst, we are told, is now over (even economist Nouriel Roubini, a.k.a. “Dr. Doom,” said as much in mid-July.) The people who made the crisis have managed, somehow, to come out on top. This cannot help breeding animosities that will, I suspect, eventually assume tangible form. An American version of 1789 should not be dismissed as impossible.

Market forces alone cannot be relied upon. The license given to finance capital from the late 1990s was perhaps the major factor in the crisis. Like it or not, government has a

role to play — as rulemaker, referee, and watchdog over the engines of wealth. We would be wise, nevertheless, to doubt government's ability to fulfill these roles.

It is not simply the evidence of the past ten years, when government enabled the worst practices of the private sector, which should give us pause. From 1930 to the present, the role of government in America has expanded enormously in response to a series of crises — the Great Depression, the Second World War, the Cold War, the "War on Terror," and the financial crisis of 2008. The American way of life underwent a profound and quite possibly permanent change during these years. Individual freedom and individual initiative were eclipsed by big government and big business, or what might be termed the government-military-industrial complex. Is it too much to say that we have witnessed the *triumph* of socialism, which we thought had crumbled along with the Berlin Wall?

Consider. Under conservative governments we get socialism for the rich (the TARP, for example), with the masses kept quiet through social welfare payments and the elimination of income taxes for low-wage earners. Under liberal governments we get more traditional socialism — national health insurance (the Obama plan amounts to a single-payer system via the back door, and will undoubtedly cause millions of workers to lose their private health plans) and industrial policy (*vide* the auto industry), with more regulation of capital and business thrown in to please the masses, and, perhaps more importantly, The New York Times.

What difference is there between the two, beyond that of emphasis? In truth, the system is a Janus, presenting in turn one face, then the other, as the respective parties fare well or ill at the ballot box.

It is not enough to say that America is freer than most of the rest of the world. Most of us are less free today than our grandparents were, and it seems quite possible that our grandchildren will enjoy even less freedom than we do now.

With each passing decade new departments or agencies are added to government, each and every one of them an enemy of individual freedom. The list is a long one: the FBI, the CIA, the DEA, the Department of Homeland Security, and on and on — each one a new a shackle, a new fetter on the individual citizen.

The system is broken — irresponsible and out of control, unresponsive except to those who can buy influence. Real reform, systemic change, is desperately needed, but who will provide it? Who will divert America from the course of empire, slash taxes and spending, and eliminate the instruments of repression, when there is no organized constituency for such measures? Every new crisis brings new forms of control over the people, while the ruling class pursues its own agenda virtually unhindered. At some point, perhaps, when an even more severe economic crisis hits, or a major military or foreign policy disaster occurs, a final break may come between rulers and ruled. But by then will it be too late?

Walking in Boston on the Fourth of July, I came across a Tea Party rally on the Common. A crowd of perhaps three or four hundred people had gathered to hear several speakers. I stood a while in the crowd, waiting to hear whether anything new and interesting would be said. But nothing was offered beyond the usual talk-radio verbiage about taxes and guns. No, I decided, these people don't even know where to begin. I walked away.

I had not gone a hundred paces when I bumped into a libertarian march, consisting of 20 or 30 people. Toward the front a woman carried a placard that read, "Read Ayn Rand." Could such a rallying cry move millions? No, I said again, if that's the best they can come up with — well, we're just going to have to go through the wringer someday.

What we will look like when we come out, I shudder to think. For when I gaze at America marching into the future, I see only the blind leading the blinded, and the deaf dragging the muted. □

Letters, from page 26

military strength that it is so roundly criticized today. The present government of Gaza, ruling an area completely free of the hated Israeli "occupation" and elected by the very same people for whom Merritt is so concerned, has done nothing for its people except proclaim as its objective the destruction of Israel.

Perhaps if Merritt's "oppressed" Palestinians had spent more of their time and effort on the development and prosperity of their own people, instead of recruiting and training suicide bombers and lobbing rockets into Israel, the Israelis wouldn't need to defend themselves in this way. Perhaps if they utilized their limited resources for the betterment of their people instead of terrorism and weaponry, the Israeli blockade might not have been neces-

sary. But the Palestinians who arouse such deep sympathy with Merritt never miss an opportunity to miss an opportunity when it comes to chances for peace. When you elect as your government a terrorist organization dedicated to the destruction of your neighbor, and when that organization then acts accordingly, you cannot fairly complain when that neighbor finally has had enough and seeks to defend itself by the only means left to it. But that's probably just another value that holds no relevance to Merritt. I for one am proud that our country stands with Israel and our shared values.

Michael L. Carp
Montclair, NJ

On Gaza

I've read some puerile commentary

on the Arab-Israeli conflict before, but I don't think I've seen anything quite as silly as Bill Merritt's claim that women in Cairo are covering themselves from head to toe as a defensive cultural reaction to Israeli actions in Gaza.

Beyond the absurdity of this purported causal link, Merritt's column betrays no knowledge of the actual history of Gaza, to wit: (1) Egypt occupied Gaza, which was originally supposed to be part of a new sovereign Arab state, in 1948, and stayed there until expelled during the Six Day War. (2) While Egypt occupied Gaza, Gaza was among the poorest, least-developed, and least looked-after places in the entire world. The only "development" Egypt engaged in was to "develop" a terrorist

continued on page 35

Much Ruin in a Nation

by Lanny Ebenstein

As Adam Smith observed, it's hard to cripple a healthy economy. Carter didn't manage to do it, and Obama won't either. Probably.

In their 1980 bestseller "Free to Choose," Milton and Rose Friedman title their discussion of the Great Depression "The Anatomy of a Crisis." They begin on this note: "The depression that started in mid-1929 was a catastrophe of unprecedented dimensions for the United States. The dollar income of the nation was cut in half before the economy hit bottom in 1933. Total output fell by a third, and unemployment reached the unprecedented level of 25% of the work force."

It is unlikely that the next several years will be a reprise of the Great Depression. More likely they will be a reprise of the late 1970s. In the short run — the next six to nine months — the economy may rebound more quickly than most observers predict. The index of leading economic indicators, which is supposed to forecast economic activity in three to six months, rose in both December and January. Unemployment may crest in the 8–9% range for the rest of 2009. It may top 10% for a short time, but prolonged unemployment above 10% is, at this time, unlikely.

Another favorable sign for the economy is that there is little of permanence in the \$800 billion Obama stimulus package. There is no new Social Security or other enduring entitlement. It's pretty much a short-term spending binge that defers longer-term and more important change. It's not "change you can believe in" — it's just a lot more of the same.

In the short run, fiscal and monetary stimulus will probably work. If the most significant fiscal and monetary stimulus in history has no influence on the economy, then everything that economists have been saying for the past century, from both monetarist and Keynesian perspectives, would be proved wrong. But it isn't wrong: pumping money into the economy will make it easier for consumers to buy things and for producers and distributors to employ more workers.

At some point, however, probably in 2010, the economy will hit a wall. The most likely economic scenario is not an immediate and prolonged recession but a double-dip inflationary recession in which economic growth is better than expected in the second half of 2009 and going into 2010 but diminishes later in 2010 as inflation, interest rates, and the price of energy all rise.

Energy is the key. The worldwide economic boom from the early 1990s to the first half of 2008 was made possible by the circumstance that the world had capacity to produce more

energy than was being used. Since the early 1990s, though, oil and gas production capability has increased only about 8% worldwide, while oil and gas use has increased about 25%. The world's current production capacity for petroleum is about 86 million barrels a day. Consumption, before the recent world recession, was as much as 84 million barrels a day. By way of contrast and comparison, production capacity in the early 1990s was about 80 million barrels a day, and consumption was about 67 million barrels a day.

In economic terms, this is a discrepancy between supply and demand. If there is any continuing increase in world economic activity, the result must be, in the short run, an increase in the price of oil. Moreover, the policies of the Obama administration are inimical to an increase in our capacity for energy production. The two best sources of additional energy in the near future are nuclear energy and increased oil production, but the administration (despite some lip service to the contrary) is discouraging both. Higher growth will resume at some point, but this almost cannot occur physically in the next five years. The energy does not exist to power it.

A good way to conceive of the world economy is as a great engine, powered by fuel. To expand production, the engine must consume more fuel. For the past 15 years, increased consumption of fuel has been obtained mostly through increased use of existing production capability, not through expansion of this capacity. This cannot continue. It is inevitable the price of energy will rise. And there is always a good possibility that some international event will cause the price of oil to rise. If there were an Israeli attack on Iran, for example, anything could happen. The price of oil could skyrocket again and, in the midst of recent economic turmoil, the economy could go even deeper into the tank.

Whether this pessimistic vision of world politics will be realized is an open question. However, from both economic and political perspectives, it is probable that the world economy is in transition from traditional fossil fuels to alternative energy sources. The political pressures are well known. The economic pressure will come from the increase in fossil fuel prices, which will make the prices of alternative energies more competitive. But it is not possible, particularly in the next five years, to increase world energy production capacity so as to permit the kind of world economic growth that

The policies of the Obama administration are inimical to an increase in our capacity for energy production.

took place during the past 15 years. Instead of 3.5–4.5% real economic growth in the world each year, we are more likely to see growth of 1.5–2.5%, about half the world growth rate in recent years.

These are among the real phenomena that are occurring, irrespective of the influence of monetary and fiscal policies. Moreover, real growth will probably continue to be more pro-

nounced in developing economies than in developed ones. The older, more established economies of Europe, Japan, and the United States will probably experience little real new economic growth during the next five years — and this statement presumes that no international event arises to exert disproportionately bad economic effects.

A general rule of economic activity, a rule to which Milton Friedman subscribed, is that the sharper an economic downturn, the sharper the succeeding economic upturn. It is likely that the sharp downturn in U.S. economic activity from the

The Obama years are likely to resemble the Carter years: high energy prices, high inflation, high interest rates, and high unemployment.

second half of 2008 through the first half of 2009 will be followed by a comparable increase in economic activity, at least for a few quarters later in 2009 and the first half of 2010. It is always easier to recover from a slump than it is to build anew. But any new growth, beyond previous levels, will have to be powered (at least in part) by more energy, and this will take time and resources to develop. Energy prices will accordingly rise.

And there are other large problems.

One of Friedman's observations was that there is a lag between changes in policy and changes in economic activity, including price activity. In the fourth quarter of 2008, the Federal Reserve System opened the money spigots. Preliminary estimates are that M1 (essentially, currency plus checking deposits) increased by 12–13% in that single quarter alone, representing an annual rate of increase in excess of 50%.

Three months of near-hyperinflationary growth in M1 do not indicate that wheelbarrows full of dollars will soon be required to purchase loaves of bread. However, if Friedman's observation with respect to lags is accurate — and he generally thought it takes from six months to two years for a change in monetary policy to work its way through the economy — our economy should soon begin to experience favorable effects from the substantially easier monetary policy that the Fed began to practice in January 2008. Yet, as long as the money supply keeps growing as it did in the fourth quarter of 2008, inflation is inevitable.

Most economists, to be sure, predict aggregate price stability or even modest deflation. It's true that other measures of money have not grown as much as M1, the recent rate of growth in the money supply will probably not continue, and the velocity of money may decline. Nonetheless, other things being equal (which they rarely are), a rate of annual inflation in consumer prices in the 7–10% range by the summer of 2010 appears likely, and the Fed will feel almost compelled to raise interest rates.

The Obama years are, in short, likely to resemble the Carter years: high energy prices, high inflation, high interest

rates, and high unemployment. Housing, ironically, could become a small silver lining in the economy, for two reasons. First, if there is significant inflation, the price of housing, even if it continued to decline in real terms, would increase in nominal terms, reducing the effective value of preexisting debt. Second, it is possible that federal regulators will relax or eliminate the “mark to market” rule, whereby the assets of financial institutions are valued at a current possible sales price rather than on the basis of return on assets.

In financial circumstances such as exist at present, the “mark to market” rule has the pernicious effect of reducing the value of assets with some cash flow that are not currently marketable, resulting in a decline in the value of financial institutions’ assets and triggering the sale of these assets, further reducing their price. By a stroke of the pen, in relaxing the “mark to market” rule and substituting in its place a more reasonable estimate of value in the present financial circumstances, much would be done to restore the health of financial institutions.

Monetary policy has great influence, whether benign or malign, on an economy. In 1931, when the Federal Reserve raised interest rates sharply, the depression intensified. Similarly, when the Fed raised interest rates sharply between 2004 and 2006 — after having cut them deeply, and with a large proportion of loans tied to fluctuating interest rates — it precipitated the crash in home prices and of the financial system.

The Friedmans have argued strongly that the example of the Great Depression demonstrates the power of monetary policy. The double-dip inflationary recession the United States is likely to experience would be another testament to the power of monetary policy — specifically, of the monetary policy followed between 2001 and 2006.

The Fed has pursued an erratic, roller-coaster monetary policy in recent years, and the economy has followed in its path. Alan Greenspan’s tenure as chairman of the Federal Reserve will appear less rosy in retrospect than it did when

he was in office. Greenspan engineered two recessions, one of them catastrophic. The first occurred in 2000–2001, following the Fed’s increases in the federal funds rate from 1998–2000. The second, the catastrophe, is happening now.

After lowering the federal funds rate to the amazing level of 1% from 2002–2004, thus engendering a housing bubble, Greenspan’s Federal Reserve began a relentless campaign to raise interest rates, which crested at 5.25% in June 2006. In retrospect, the 2004–2006 raising of the federal funds rate from 1–5.25% is likely to become considered among the most destructive policies in the history of the Fed — and the main source of the financial crisis that began in August 2007.

Monetary policy is not, of course, everything. There are also the real productive forces of the world economy. As I indicated, among the most crucial of these is energy. As a result of the unstable monetary policies of recent years and the lack of development of new sources of energy, it is difficult to see how the world can keep from experiencing reduced economic prospects in the next several years. But hope springs eternal — and sometimes with justification.

Among the real productive forces are individual creative energy and the enormous capacity of the capitalist system, wherever it is allowed to function freely. Productivity may continue to increase, which would allow more economic growth with less energy. It is possible that more balanced monetary and fiscal policies will be pursued. The best course would be to raise interest rates modestly and sooner, instead of greatly and later, and to reduce, though not eliminate, the federal budget deficit at this time.

Alas, neither action now appears on the policy horizon — implying that, after a brief blip upward, the economy is likely to head down again. Fortunately, in an increasingly democratic world, electorates will vote against parties that fail to deliver economic growth and prosperity. Our economic challenges seem great, but there is every chance that they will recede in time, as better policies are implemented. The elections of 2010 and 2012 cannot come too soon. □

Letters, from page 32

infrastructure to use in a continuing cross-border war against Israel. Gazans were not permitted to live or work in Egypt, and were not offered Egyptian citizenship. (3) Israel offered to return Gaza to Egypt along with Sinai as part of the Camp David Accords. Egypt declined responsibility for Gaza. (4) From 1967 to 1987, the onset of the first Palestinian “intifada,” Gaza had one of the highest economic growth rates in the world. Israel established Gaza’s first university, first modern hospital, and other infrastructure. Private consumption per capita rose at an annual rate of 5% per year. Outside the refugee camps (under UN jurisdiction), the percentage of households with running water and electricity rose from the low single digits to almost 100%. (5) Tens of

thousands of Gazans worked in Israel. (6) Meanwhile, Egypt kept its border closed with Gaza the entire time. (7) Israel gradually closed off Gaza as a result of continuing terrorist acts emanating from Gaza, which continued even after Israel withdrew from Gaza completely in 2005. (8) Egypt has kept its border with Gaza closed since 1967.

In short, the idea that Egyptians deeply care about Gazans is nonsense; they do tend to hate Israel, but not because of Gaza. And the idea that Israel set out to immiserate Gaza is nonsense. When the Gazans lived in peace with Israel, they literally never had it so good.

David Bernstein
Arlington, VA

Merritt responds: It’s a pleasure to re-

spond to two such thoughtful letters. In fact, it’s a pleasure to realize that anybody reads my stuff at all. So, Mr. Bernstein and Mr. Carp, thanks for taking the trouble to write.

Both of you gentlemen have presented scholarly and detailed information to spackle over the gaps in my historical knowledge. Thanks for that, too. I only wish that you’d had something convincing to say — anything at all, really — that gave some reason, some barely minimal justification, for the violence Israel visits upon those living outside its borders.

The fact that two such erudite gentlemen as yourselves seem happy to rely upon empty twaddle to justify hideous, ongoing evil suggests that you subscribe to moral codes that are not widely held

by other people. Specifically:

Mr. Bernstein, in your ethical universe, is it really okay for Israel to bomb, invade, and incinerate Gaza because Egypt shut down its borders? I don't have any reason to think you've done time, but this is the ethic of prison rape: "I get to violate some defenseless schnook because another guy is violating him too." What I think is puerile is trying to use tortured, rococo debating points to shift the blame for the vicious acts Israel commits.

And, as a reader of this magazine you already know that libertarians value freedom. Heck, people value freedom. Are you really trying to persuade me that people should trade their right to govern themselves for a shot at a third-rate college, a chance to die on a filthy mattress in the corridor of an understaffed hospital, or the opportunity to line up at a border post every morning so they can work at a menial job in a foreign country?

An ethical system that tries to pretend that anybody — anybody at all who has been coerced into a deal like this — never had it so good, oozes the self-serving paternalism that led generations of plantation owners to congratulate themselves on taking such good care of the Africans they'd dragged to Virginia. "Them people never had it so good, I can tell you that. Why, over here we give them jobs and teach them their letters and, sometimes when Ol' Missus is feelin' especially eleemosynary, she even nurses them when they get sick."

Mr. Carp: as someone who seems to have paid actual money to purchase a journal of libertarian thought, are you trying to tell me, a singing member of the choir, that because "the world community" decided to partition Palestine, the people who live in Palestine are required to watch passively while their land is taken from them?

In what shadowy ethical system could any decision pretending to give away somebody else's property possibly be moral?

Do you think that trotting out that kind of legalistic blather would ever be enough to cause the people whose property was taken from them to stop trying to get it back? Or resenting those who took it?

Do your values really tell you that,

because a Palestinian state as such has never existed, it's okay for Israel to smash homes and blow up hospitals in Gaza? Do you expect those of us who subscribe to the more generally accepted moral codes of the world to be persuaded by such an argument?

And have you seriously concluded that, because 60-some years ago places other than Gaza expelled Jewish citizens from their territory, that Israel has the right to starve and bomb people in Gaza today? Is this what your moral code teaches you?

To me, what is remarkably one-sided, superficial and, yes, even obviously biased is using cheap intellectual pettifoggery to let Israel off the hook for the heartbreaking evil it looses upon other people. Perhaps you are a parent. If you are, you will recognize this childish dodge as straight out of the "look-what-my-sister-made-me-do" tradition of moral obfuscation.

On one point, your moral universe may actually overlap with the one the rest of us inhabit. I think we would all agree with your conclusion that, when a neighbor has finally had it with the way it is being treated, it has the right to defend itself by the only means it has left. I challenge you to apply your own tawdry code of ethics in both directions and ask yourself what, exactly, are the means available to Israel's neighbors when they have finally had enough. And how could it possibly benefit Israel to keep putting them in a position where their only option is violence.

And I challenge you to do something else. Not for the sake of the neighbors, but for the sake of Israel itself. If you have any love for the country you pretend to support, look at the other part of your statement and ask yourself whether this wanton, pointless destruction really is the only means Israel has left.

Lots of us can think of other things Israel could try. One of the things I can think of is the same thing Field Marshal Gerd von Runstedt thought of in the summer of 1944 when the Western Front was collapsing and the German General Staff asked him what they should do: "Make peace, you fools."

That would be an approach Israelis could try: make peace with their neighbors while they still have a country for the neighbors to make peace with.

Mr. Bernstein and Mr. Carp, please

don't get me wrong. It's not my place to accuse either of you gentlemen of anti-Semitism, but whose side are you own here? It doesn't take somebody like me to point out that the contemptible violence you so strongly support isn't going to lead anywhere but to Israel's being run into the sea. Is this what you want?

Most of us would prefer that Israel continue to exist. Personally, I would have appreciated it if one of you had explained why it benefits Israel for those of us in America who really do wish her well to stand silently and watch while she commits national suicide.

And I would have liked to hear how it benefits our country to supply the weapons she uses to maim, kill, and impoverish people beyond her borders — people who are not enemies of the United States.

But mostly, I wanted to hear why we should allow our great and honorable nation to be cynically drawn into a fight that is neither of our making, nor in our interest. These questions were, after all, the point of what I wrote.

Questioning the Quiz

Jeff Wrobel's attempt to improve the World's Smallest Political Quiz (August) falls short.

Note that the title of the article is "World's Shortest Political Quiz, Improved." The actual title of the Quiz is "World's Smallest Political Quiz," written in bold print on every Quiz. Wrobel then presents his first and only example of a bad question, the Quiz's question about the "right to bear arms." Although his argument against this question is sound, it is not on the Quiz.

The Quiz is updated every ten years or so. The first generation Quiz (1980s) did have the gun question. The second generation Quiz (1990s) and the third and current Quiz do not have that question. These two errors indicate that it has been many years since either Wrobel or the editor of Liberty has looked at the Quiz, which makes the rest of the article suspect.

"Another problem," according to Wrobel, is that "when Communism and Nazism are plotted on the [Quiz's diamond] chart, they end up in essentially the same location." Yes, they end up in exactly the same location (0/0), at the very bottom. A question on the

present Quiz could be changed, which would allow Nazism to land slightly to the right (0/20) of communism. But this should only be done if it did not distract from the far more important task of letting people know how left or right and up or down their political views are.

"A third problem is the way the center is not well defined, [which allows some] to answer every question differently from each other, yet end up together in the middle of the chart." The center *is* well defined. That is where those who do not strongly lean right or left should land. Wrobel attempts to fix this nonexistent problem by proposing a triangle that has no center. The center does exist. It is very important. That is the group the Republicans and Democrats spend their advertising dollars trying to sway.

"But the fundamental problem with the chart is that it is a mistake to categorize freedoms." Yet, like the diamond chart, Wrobel's proposed triangle chart also categorizes freedom. I find it very helpful when talking to someone to know where they landed on the chart, especially how high they land.

To redress these nonexistent faults Wrobel proposes an improved triangle chart with three sections, with "Libertarian" at the top and "Left" and "Right" at the bottom. Then on the outside and bottom of Wrobel's triangle chart he writes words that have no political meaning to a great majority of people. Also the triangle chart gives no clue that landing at the bottom of the chart is a bad thing. The diamond chart (the Quiz) gives a big clue with the words "Statist (Big Government)" in the bottom section of the chart.

Each of the ten questions on the diamond chart has ten words or less. Wrobel proposed two questions as an example of improving two of the Quiz's questions. Wrobel's two questions contain 95 words. The *ten* diamond chart questions contain 84 words. If a new quiz was developed using six times as many words, it could no longer be called the World's Smallest (or Shortest) Political Quiz. However, I do like his questions, and feel that they could serve as a supplement to the "Quiz" for the few who want to take the Quiz to the next level.

Clyde Garland
Bryan, TX

Often the Twain Shall Meet

I enjoyed "The World's Shortest Political Quiz, Improved" by Jeff Wrobel, but I dispute the triangle-shaped chart's positioning of Nazis and fascists on the Right. These two philosophies were very socialist in belief.

The Fascists believed in the corporate state. This was a state run as a corporation with an all-knowing leader; big government, certainly not for a free market or religion. The Nazis were a welfare state too, experimenting with Social Security before us. The Nazis were no free-market capitalists. The German government controlled its large industries. I think the Nazis and Fascists were against communism because it wasn't their brand of socialism, it wasn't their "baby."

Many governments on the Left were racists besides the Nazis and fascists. The USSR deported, killed, and enslaved many minorities. In our own country African-Americans were used for several experiments during FDR's leftist New Deal. In fact weren't more "hate crimes" in the past committed on the pro-socialist side? The Democrats, not the Republicans, tried to stop integration of the schools. Jim Crow laws and poll taxes flourished in the southern states under their Democratic administrations during FDR's reign. And didn't FDR refuse to allow ships carrying European Jewish refugees to land in the United States? You didn't put Liberals on the Right. Please, Mr. Wrobel, put the socialist Nazis and fascists on the Left on your new chart, where they belong.

As an aside I think it may be "damage control" by the media to always show racists as being on the Right, thus diverting attention from the racial hate on the Left during WWII. There have been and still are racists on both sides of the line.

Jan-Erik Janson
Highland NY

Asking the Right Questions

As a classical liberal and public high school teacher of political science (not "civics," mind you!), I realize that I'm a minority in the education field. It's difficult to find resources that don't emphasize varying degrees of statism, and I've had to become pretty creative for how I teach my curriculum. This

being the case, David Nolan's famous chart has become very valuable to my classroom.

However, like Jeff Wrobel, I've noticed problems with Nolan's chart, especially when trying to explain its labels to 14-year-olds. Wrobel accurately articulates my chief concern: "Categorizing freedoms lends legitimacy to the Left-vs.-Right political battle that garners so much of the public's attention." The chart's oversimplification undermines the theory of false choices that influences many of my lectures. I think Wrobel's improvements frame the discussion of political philosophies in a much clearer way. Granted, any chart attempting to plot such complexities cannot explain everything; but the triangular chart with axes based on individual autonomy and tradition is a promising step toward educating the masses about libertarianism.

I want to encourage Wrobel to develop his chart further with questions similar to the example he included. Since all passionate libertarians must occasionally play the role of educator, I'm certain that the movement would be very interested in seeing the results of his efforts. The establishment knows too well Thomas Pynchon's proverb: "If they can get you asking the wrong questions, they don't have to worry about answers." Nolan's chart has already been (and hopefully Wrobel's chart will soon become) one of our greatest tools for framing the national debate.

Bretton H. Chatham
Blairsville, GA

Wrobel responds: I think that most of Mr. Garland's troubles with my chart stem from the title of the article. Actually the title came as a surprise to me; it was assigned by Liberty editors after I submitted my article. My own title was (the admittedly boring) "A New Political Chart." I was not trying to set a record for having the shortest or smallest quiz. I was trying to overcome problems I saw with other charts. I'll ignore those issues related to this confusion.

Garland did not like that my only example of a question that did not fit on Nolan's chart was the right to bear arms. I thought that issue to be big enough to make my point, but if another is needed, the subject of abortion could be considered. That is a topic that

is equally large in American politics today. But I have never seen this topic in a quiz using Nolan's chart. The reason is that it doesn't fit on that chart — that debate is between the two conflicting personal freedoms of life and choice. But like gun rights, the abortion issue is easily handled by my chart.

Despite what Garland wrote, I did not claim that the political center does not exist — I claimed that it is poorly defined on Nolan's chart. It is still not perfectly defined on mine, but I think that mine is an improvement.

Garland does make a good point about my chart not explicitly showing that the bottom is bad and the top is good. But maybe it's enough for people to see that the farthest away they can get from either Communists or Nazis is at the top with the libertarians.

My biggest distress at comments came from Garland's claim that my chart categorizes freedoms. The most important feature of my chart is that it *doesn't* categorize freedoms. It has one axis for freedom. Count it — one. Nolan divides (i.e. categorizes) freedoms into those personal and those economic. Unlike Nolan's chart, mine shows that as long as you're in favor of freedom overall (as I said, "true, unclassified freedom"), it doesn't matter where you fall on the horizontal axis. You can peacefully coexist with someone on the opposite side of the horizontal axis as long as you both are opposed to government involvement. To paraphrase an overused ancient quotation, any enemy of big government is my friend.

More than one respondent did not like my placement of Nazis and fascists on the Right. They are correct that, in practice, the Nazis shared some policies with socialists and in fact, the official name of the Nazis included the word socialist. But the advertised core tenets of the fascists and Nazis are ones that people usually associate with the Right, such as nationalism, control of social behavior (for instance, banning abortions), and corporatism. It is legitimate to argue that they can be seen as being on the Left when viewed from certain perspectives, but in general I think they are on the Right. At least as I have defined the horizontal axis, their traditionalism places them at the far right.

Mr. Janson read more into my article than was there. He seems to argue

against claims that Nazis were in favor of the free market and had a monopoly on racism. I never made either of those claims. There is plenty of racism all across the political spectrum. And the "free" in free market is represented by the vertical access on my chart — the Nazis, being at the bottom of my chart, are by definition against the free market.

Mr. Chatham suggested that I develop the chart further. I have been working on that. The current version can be found at <http://wrobels.org/chart>.

Blame Game

In the Letters section of the August Liberty, Barnaby Ohrstrom defends "conspiracy theory" in general and, more specifically, in regard to 9/11.

He has a point with regard to the former. There have been various conspiracies which, as far as I know, even boring, conformist academic historians don't deny.

With regard to 9/11 Mr. Ohrstrom asks, "Cui bono?", i.e., "Who benefits?" He answers, correctly enough as far as he goes, the military-industrial complex and "the parasites and would-be masters in Washington."

In the latest published version of my "Lucifer's Lexicon" in "The Myth of Natural Rights and Other Essays," I defined *Cui Bono?* as meaning "Who can I blame?" The serious point behind that definition is that, contrary to what some "conspiracy theorists" seem to assume, answering that question does not necessarily identify the culprits responsible for a crime (or assumed crime).

Consider: the explosion of the *USS Maine* in Havana harbor in 1898 benefited the warmongers who wanted a war with Spain (and who blamed the explosion on the Spanish). But that doesn't prove that Hearst, Pulitzer, or any other warmongers blew up the *Maine*.

Or consider another case: in his book "The Reichstag Fire: Legend and Reality," Fritz Tobias made a convincing case that Marinus van der Lubbe, the Dutch anarchocommunist, set the German Reichstag building on fire all by himself, just as van der Lubbe claimed. Thus, even though Hitler and the Nazis benefitted from the fire — it provided an excuse to crack down on commies and other political opponents

— that doesn't prove that Hitler or the Nazis started the fire.

Likewise, pointing out some of the political beneficiaries of 9/11 doesn't prove that they did it. Having said that, I'll add that I think there are some unanswered questions about 9/11 and it might merit further investigation.

L.A. Rollins
Bloomington, IL

Be It Noted

In Doug Casey's otherwise fine piece ("Street Fighting Man," July), there are two errors:

First, the Warsaw Ghetto uprising began April 19, 1943 — not in 1944. The German army was going to empty the ghetto that day and present Hitler with this accomplishment for his birthday on April 20. The Jews in the ghetto lasted longer against the Germans than did all of Poland in September 1939. Incidentally, my license plate is APR 19 to honor both this resistance and that on Lexington Green in 1775 (the shot heard 'round the world) and also to remember the Davidian massacre in 1993, when 80-plus innocents (including children!) were gassed, burned and machine gunned to death by our FBI — as well as the "man-caused disaster" on that day in 1995 in Oklahoma City.

Second, there was no viticulture ever in Greenland. The whole island is covered by hundreds of feet of snow and ice. The deceptive naming of Greenland and Iceland is still working, as Iceland is where agriculture occurred, and Greenland where global warming would be welcomed.

Norm Bernier
Los Angeles, CA

State and Nation

Stephen Cox in the August "Word Watch" says that "40% of the electorate will always vote Democratic." This is untrue. Democratic nominees for governor, or U.S. senator, have received less than 40% in many elections in the last few decades, except in three states; and in those three states, Democrats were below 40% for president at least once in the 1970s or 1980s.

Richard Winger
San Francisco, CA

Cox responds: Thanks for the happy news about statewide results. The picture is somewhat different in the national statistics.

Ayn's World

by Stephen Cox

A new book expands our understanding
of an intriguing — and perplexing — writer.

During the past few months, sales of Ayn Rand's novels have experienced a great resurgence. Most people think this is because her writing is once again perceived as relevant: her fictional accounts of government gone wild reflect the actual behavior of the Bush and Obama administrations.

And sales will probably advance still further, now that a big new biography is about to hit the stores: "Ayn Rand and the World She Made," by Anne Heller (Doubleday, forthcoming, October 2009). I will have more to say about that book shortly.

Yet Rand's *resurgence* never had very far to *surge*. For 66 years, her novels have sold enough copies, every year, to satisfy the fondest wishes of any publisher of a brand new novel. She is a perennial best seller. Why? The best explanation is that her novels project a powerfully libertarian view of the world.

(I know, she repudiated the name "libertarian," but she did so for reasons that do her no credit for objective self-description. Instead of calling herself a libertarian, she said she was an individualist and a "radical for capitalism" — in short, a libertarian.)

There are two things involved in Rand's literary success; they work together, but they should not be confused. One is libertarian ideas; the other is the artistic embodiment of lib-

ertarian ideas. Rand knew how to make each of those things interesting, and permanently interesting.

First, libertarian ideas. Individual rights, free enterprise, rugged individualism — these good ideas had become cliches long before Rand started writing. For many people, they were discredited cliches. Rand revived her audience's interest in them by taking them to their logical but intensely dramatic conclusions. In "The Fountainhead," her hero Howard Roark addresses the court that is deciding whether to send him to prison for an act that is popularly regarded as disgraceful and repulsive, and he announces, "I came here to say that I do not recognize anyone's right to one minute of my life. Nor to any part of my energy. Nor to any achievement of mine. No matter who makes the claim, how large their number or how great their need." That's pushing the envelope.

Second, literary embodiment. Evidence has never been lacking that if the government takes over the economy, it will

wreck it. In "Atlas Shrugged," Rand didn't present statistical speculations and abstract theories; she projected a nation, an America, in which the government intervenes in the economy and, yes, wrecks it, in ways more picturesque than any economist could possibly have imagined.

Rand often denied that she wrote propaganda, or even that she intended to teach her audience anything. (I believe the first claim was true; the second, transparently false.) She said that she wrote for her own pleasure, to create the kind of characters she would want to meet, in the kind of world that such characters would inhabit and deal with in their own

Rand didn't present statistical speculations and abstract theories; she projected an America in which the government intervenes in the economy and, yes, wrecks it.

way. Whatever her motivation, she did create a literary world in which radical libertarian ideas were embodied and found an interesting home — an intense and serious world, a world full of ideas and characters and exciting action, a world in which libertarians, self-proclaimed or only implicit, could feel that they too were at home.

This was a very considerable accomplishment. There can be no question about the fact that Rand remains America's most influential libertarian, with the possible exception of Milton Friedman, and America's most influential novelist of ideas. In that second category, there is no contest, because there is no runner-up.

Many American novels contain philosophical ideas or are motivated by such ideas. There have even been a few novels that, like "Atlas Shrugged," were successful in selling a system of ideas. I'm thinking of Edward Bellamy's "Looking Backward" (1888), a socialist utopia that achieved a cult following, for a while; and Carlos Castaneda's "Don Juan" books (1968 and following), New Age exhortations masquerading as anthropological field reports. (In Castaneda's case, "system" may be putting it too high.) On the libertarian front we have Henry Hazlitt's "Time Will Run Back" (1952), a very literate but also very somnolent narrative about a communist state under reconstruction as a capitalist state. But these works are ideological tracts; any interest the reader may derive from plot or character is probably a symptom of the reader's mental illness. They aren't really novels, and their quasi-literary success was brief.

Much closer to the novel form were the many works of fiction of the socialist activist Upton Sinclair (1878–1968). Most of them were real stories, with real characters, and although their purpose was to inform the audience about the evils of capitalism and the moral grandeur of a weird, puritanical, missionary-American form of collectivism, millions of heartland Americans bought them, read them, and suffered no harm. The audience had trouble detecting the author's big ideas and was therefore in little danger of succumbing to

them. The world of Sinclair's novels is just a sillier form of our own world, with commonplace men and women doing commonplace things and thinking excruciatingly commonplace thoughts.

Rand was different: she created a world, and no one could ever call it commonplace. As the god of a novelistic universe — and an intellectual milieu — that she ran according to her own, highly individual ideas, she can never be confused with anyone else.

This concept of Rand as the creator of her own world is the theme of Anne Heller's new biography. The book is a very significant addition to the large and growing literature about Rand, her life and times.

The standard biography is Barbara Branden's "The Passion of Ayn Rand" (1986), based partly on taped interviews with the subject. Nathaniel Branden has contributed an important memoir, "Judgment Day: My Years with Ayn Rand" (1989, 1999), focused on his intimate personal and intellectual relationship with her. Chris Sciabarra, editor of *The Journal of Ayn Rand Studies*, has provided a book — "Ayn Rand: The Russian Radical" (1995) — and many articles on Rand's intellectual and personal history. Even the present reviewer has tried his hand at a (brief) biography for "American Philosophers, 1950–2000" (Gale, 2003).

Heller's book assesses the existing work — of which she has acquired a virtually encyclopedic knowledge — and offers the results of her own extensive research. Her writing is clear, vivid, and perceptive. She has the good storyteller's gift for pace; in her narration, nothing is either too short or too long. She presents the dramatic scenes of Rand's life without underplaying or overplaying them, and she is perfectly capable of recording Rand's flaws while admiring her virtues. Her Rand was "gallant, driven, brilliant, brash . . . as accomplished as her heroes," but also "cruel" and "ultimately self-destructive." Through it all, this Rand retained her interest for her biographer, who believes that Rand "has to be understood to be believed." The resulting biography is a powerful aid to understanding.

Heller writes comparatively few summary statements, preferring to let concrete facts speak for themselves, but when she does make such a statement, her words are memorable.

Rand often denied that she wrote propaganda, or even that she intended to teach her audience anything. The first claim was true; the second, transparently false.

She speaks, for example, of Rand's "clarity of language and purity of point of view" — qualities for which, I believe, literary critics should show much more appreciation than they currently do, in regard to Rand as well as other authors. She speaks of Rand's shrewdness in "deconstruct[ing] political speech and uproot[ing] hidden agendas," thus identifying another of Rand's undervalued qualities — her ability to

demystify contemporary discourse, often with just one thrust of her incisive, aphoristic style. Heller has an eye for Rand's most telling aphorisms. "Whoever tells you to exist for the state," she quotes, "is, or wants to be, the state." Deny that at your peril.

Heller pronounces Rand "prophetic" and "revolutionary," as indeed she was. Rand spoke up, she called for radical change — and she was heard: "Her extraordinary achievement extended far beyond the collapse, later in the decade, of the Communist tyranny she so abhorred, and still informs our thoughts about the competing values of liberty and safety, individual rights and the social contract, ownership and equity, and the flickering light of freedom." All gold, and all true.

The Rand who emerges from Heller's pages was a brilliant thinker and writer who exercised remarkable power over the world of her texts and the world of her life. Yet in the pursuit of this power, the individualist who refused to believe in the morality of self-sacrifice made enormous sacrifices of things important to herself — friends, truth, objectivity, intellectual curiosity, and self-knowledge. To this also Heller gives appropriate attention.

Everyone who closely studies Rand's life is struck by the sad contradiction between the plucky Russian emigree who sat at the feet of libertarian social critic Isabel Paterson in her office at the New York Herald Tribune, and the hubristic ideologue who ruled her little senate with a rod of iron, denying that anyone had ever helped or influenced her — except, perhaps, the long-dead Aristotle, supposedly her only philosophical peer. The difference was 20 or 25 years of popular success, success with readers whom the author herself had learned to scorn.

But Heller finds evidence that there weren't two Rands, a bad one and a good one. Rand was always the same person, right from the start, with the same good qualities and the same bad qualities that would eventually bear abundant fruit, together. She was always a person of immense ambition, immense determination to create a world in which she would like to live. This is the world she assembled in "Atlas Shrugged," where her heroes withdraw from a decadent collectivist culture and build a community in which each can fulfill the imperatives of his or her unique genius. And this is the world that she (with much help from others) created in her "inner circle," a community where libertarians gathered to conform completely to her every "rational" whim.

That isn't good, God knows — but it does show strength of character.

Rand had enormous personal and literary courage. Her standards were her own, and she was not about to compromise them. Heller extends our lines of evidence about the difficulties she faced, from her birth in 1905 to a precariously established Jewish family in Tsarist Russia, through the confiscation of her parents' property and the risk of her own life in the Bolshevik Revolution, her escape from persecution and inevitable liquidation in the Soviet empire, her battle for economic survival in America, and her unlikely, her very unlikely, literary success with "The Fountainhead" (1943). Hers, as Heller shows, is an heroic story, one that can scarcely be matched in the annals of American literature. And hers was not a morally empty success. If anyone ever deserved to suc-

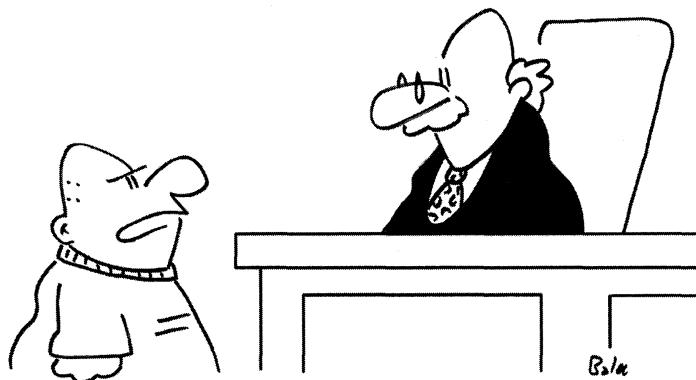
ceed, it was Ayn Rand, who was thinking seriously, all the time, both about ideas and about the literary forms in which they ought to be embodied, and who risked her all to write what she thought was good to write.

But her ambition, determination, and integrity were disfigured by awful scars. Heller shows how frequently Rand lied, explicitly and implicitly, directly and indirectly, to others and to herself. Do we all lie? Sure. But your lie about the artistic ability of your friend's 6-year-old is nothing like the lies that Rand communicated and believed. She made a profession out of lying to herself about the artistic and intellectual incapacity of 99% of the literary world, so she could feel at home in her own, increasingly isolated domain. And, as Heller's work shows, there were many worse lies, and worse failures, than literary ones. Rand's injustice and ingratitude, her intransigent emotional demands, her gross one-sidedness on countless emotional and intellectual occasions, appear in larger dimensions than ever before. All of it testifies to her desire to create the world she wanted to have, even when the evidence was all against her, even when she had to lie to herself and everyone else in order to do so.

Courage? Yes. But not always in a good cause, unless the cause of emotional self-preservation, at the sacrifice of emotional health and balance, can be considered good.

These basic conclusions have been reached before. Yet anyone interested in Rand will value Heller's new information, both about Rand's hard-won achievements and about her tragic defects. Most biographers are slaves to their material. They are in love with their subjects, and they stay that way. Why else would they devote years of their lives to chronicling other people's affairs? Occasionally a biographer decides that he has had enough and turns angrily against his subject. Mark Schorer, Sinclair Lewis' biographer, is a good example. He got bored with Lewis' drunkenness, silliness, and squandering of his talent, and the disgust showed. It didn't improve the book.

Heller doesn't fall for either temptation, love or hate. Throughout her biography, she is calm, objective, perfectly willing to praise literary or moral success, and just as willing to notice literary or moral failure. You might regard this as a prescription for blandness, but you'd be mistaken. Heller's



"There you go, bringing up the *past* again!"

book is engrossing all the way through. If you start reading it on Friday afternoon, you'll finish it on Saturday, as I did; and it's a pretty long book.

I do have some disagreements with Heller. I believe that Rand, like her mentor Paterson, was a true libertarian isolationist, unwilling to support foreign wars unless they were clearly defensive, and hesitant about them even then. So I differ from Heller about part of her characterization of Rand's attitude toward World War II. I doubt that Rand wanted the United States to see whether Hitler or Stalin won, and then go to war against the winner.

I also think that Heller exaggerates the influence on Rand of the "anarchist" libertarian Albert Jay Nock. Nock is a perennially interesting literary figure, but I doubt that Rand needed his distinction between "economic man" and "political man" — the producers and the exploiters — to fill out

her system. That kind of distinction could have occurred to anyone, and did occur to many people, from St. Paul onward. Nock's (goofy) way of thinking about economics was extravagantly different from Rand's. (For a summary of Nock's ideas and accomplishments, see Cox, "Albert Jay Nock — Prophet of Libertarianism?", *Liberty*, March 1992.)

I would like to believe, as Heller does, that Rand was inspired by Nock's essay "Isaiah's Job." There, Nock pictures literary prophets ministering to the needs of a "remnant" of right-thinking people who may at some time have the opportunity to rebuild their civilization. As Heller says, it sounds like the situation in "Atlas Shrugged," and I want to agree with her, because "Isaiah's Job" is one of the finest essays ever written by an American. I like to picture Rand reading it and enjoying it. But I don't think she needed Nock for the storyline of "Atlas." Anyone who devotes her life to conveying

Liberty Talks with Anne Heller

Liberty: What got you interested in Rand, and in writing a biography of her?

Heller: I first heard of Rand when I was 15 or 16. Given what friends told me, I thought she was more a political and economic than a literary writer; and I wasn't interested. Decades later, while I was working on a financial magazine at Condé Nast, a contributor emailed me the text of Francisco d'Anconia's "money" speech from "Atlas Shrugged." I was amazed by the patient elegance of its logic, and even more amazed by the beauty of Rand's writing. I bought "Atlas Shrugged," took it on a trip to the tropics, finished it, and immediately turned back to the first page and started over. How did all the puzzle pieces of plot, character, and message finally fit together? That kept my interest.

In 2004 I believed the time was right for a fresh look at Ayn Rand's life and work, given that there was no more argument about collectivism versus capitalism (capitalism had won, at least it seemed so). Also, Rand's closest associates from the '40s, '50s, and '60s were growing older and should certainly be interviewed; also many Russian archives were newly opened. I wanted to know more about her, and (notwithstanding Barbara and Nathaniel Branden's books) I was astonished that no one else was then known to be writing an impartial, research-driven biography. I gulped and drafted a proposal. Interestingly, five out of seven of the well-known editors who saw the proposal expressed interest in publishing the book. I don't think this would have happened ten years ago. Good timing.

Liberty: What was the most rewarding part of your work?

Heller: I loved conducting the research for the book — especially working with archival researchers in St. Petersburg, Russia, where Rand was born. They and I corresponded for two and a half years in pursuit of details of Rand's childhood addresses, school records, her parents' origins and family history, her father's financial situation, the family's whereabouts when they left St. Petersburg for the Crimea, etc. I also enjoyed tracking down letters, old news reports, and facts revealed in obscure presentations by the Ayn Rand Institute that shed new light on the development of Rand's thinking. I enjoyed conducting interviews

with men and women who knew her, attempting to earn their trust (not falsely, I hope), and recording memories they shared with me that I had not seen in print before.

I liked the hideous process of trying to write to my own standards in a first book.

But most of all I enjoyed the privilege of coming to know Rand at the judicious distance of a biographer. She changed my convictions in ways I didn't think possible. She was an endlessly fascinating characterological enigma: Where did her drive come from? How did her Russian and Jewish history shape her? What were her sources of inspiration for her plots and characters? How could she be so brilliant and yet so credulous as not to see things that were obvious to people around her?

Liberty: And what were your greatest difficulties?

Heller: Gradually winning the cooperation of her surviving friends and associates was difficult but immensely satisfying. But having to reconstruct aspects of her life without recourse to ARI's archives (containing unpublished letters, diaries, desk calendars, drafts, notes, and memorabilia) was the biggest difficulty. The reason I was given for not being able to work in the ARI archives was that ARI had given Prof. Shoshana Milgram exclusive use of the material for an unspecified period of time. The Rand estate also blocked other means of gathering information; for example, it refused permission for Curtis Brown, the literary agency, to grant me access to its archives about Rand at Columbia, where I could have found contracts and business and literary correspondence post-1943. I managed to construe some but not all of the important missing information.

Liberty: Along these lines, we understand that some people declined to be interviewed.

Heller: Leonard Peikoff and Alan Greenspan were, finally, the only two important ones who would not talk to me.

Liberty: Did your view of Rand change during the course of your research and writing?

Heller: Yes, it did. I understood her better and admired her accomplishment immensely more than when I started. Her contribution to the American novel and to our continuing national conversation about freedom is immense.

unpopular ideas is apt to feel as Nock and Rand did — alone and without influence except on a few currently anonymous other people, a small “remnant” of civilization. That doesn’t mean that Nock influenced Rand. I acknowledge that Rand uses the word “remnant” in John Galt’s big speech in “Atlas Shrugged,” so Heller may be correct — though considering the unfavorable things Rand said about Nock’s failure to help her get the individualist movement off the ground, I can’t see her intending to write an homage to him in “Atlas.”

That’s a judgment call. I’m glad that Heller brought the issue up and made it a point of legitimate controversy. On most other controversial issues, I’m inclined to give her the palm. She recognizes Paterson’s crucial influence on Rand’s acceptance of “a uniquely American brand of individualism, based on a commitment to the natural and equal rights of all men.” She’s right — and I believe that only last-ditch orthodox Randians now deny the large extent of Paterson’s influence.

Heller also emphasizes — more perilously, but still with good reason — Rand’s affinities with an older generation of Russian intellectuals who looked to books to discover revolutionary acts: “Sounding like the 19th-century Russian intellectual she essentially was, she wrote [of Paterson’s ‘The God of the Machine’], ‘It takes a book to save or destroy the world.’ “ That was a mighty claim — and one step above Paterson’s own assertion: “The great body of literature and of information handed down in books actually comprises the world we have lived in, both mentally and physically. Every one who lives in this country lives in books; and that would be true even of an illiterate person. He is living in books he has never read.” Probably Heller is correct; Rand derived her attitude toward books and revolution from her continental roots.

Sciabarra emphasized the idea of Rand as a Russian writer, and Heller finds much evidence to support it. Rand’s stress on production rather than consumption; on the primacy of spiritual goals, bad or good, over strictly material ones; and even on liberated ideas of sex and love (“standard notions in Russian intellectual circles from the middle 1800s onward”) — this all seems closer, as Heller says, to the Russia of Rand’s youth than to the United States of her maturity.

Still more interesting is what Heller’s book has to offer as a study in the unpredictabilities of art and of the artistic temperament. Rand’s literary gifts were very special, as are those

would have been a post as script watcher in some Hollywood studio. And this, basically, was her situation until late 1943, when she was 38 years old and “The Fountainhead” had been published to no particular acclaim except that of Isabel Paterson. Then sales took off. Rand’s book was the sole novelistic example of radical individualism; it cornered the market,

Rand was anxious to ensure that the Speech would represent her ultimate, unassailable statement of reality. The result was a 60-page literary disaster — a ridiculously long and arrogant essay.

a market that proved unexpectedly large. Who but the most radical libertarian — such as herself — could have imagined that Rand was living in the same ideological world as millions of her fellow citizens? But that was the case.

Before “The Fountainhead,” Rand had kept on working, and kept on hoping, while her twenties and her thirties passed. But here’s the strange thing: despite her high ambitions, she was sometimes doing practically nothing to further them. She took six years to plan “The Fountainhead” and to write the first third of the book, losing a publisher’s contract along the way because she twice failed to meet the deadline. Then she sailed through the last two-thirds of that long, long book in just one year — averaging, as Heller points out, a chapter a week, which is something like saying that a locomotive can go 300 miles an hour when it really needs to.

After “The Fountainhead,” she started planning the novel that would be known as “Atlas Shrugged.” She supposed that she would finish it posthaste. It took her 14 years. For what reason? She put out the rumor that she spent the last few of those years getting the right tone for the endless speech about philosophy that she intrudes on the final movement of the book. The true reason, as it seems to me, is that she had come to regard “Atlas” as a philosophical Bible and was anxious to ensure that everything in the Speech would represent her ultimate, unassailable statement of reality. The result was a 60-page literary disaster — a ridiculously long prose essay, its tone arrogant, inappropriate, and repellent to the last degree, in which she repeated everything she had already made obvious in the rest of the novel. Years working on the “tone”? I don’t think so. Rand’s attitude toward this manifest literary failure is a mystery of the creative process. How could she have thought she was doing the right thing?

“Atlas Shrugged” was finally published in 1957, and Rand immediately suffered a paralyzing depression. Heller is a clear and patient narrator of the events that ensued. One probable cause of Rand’s depression was an especially severe form of postpartum reaction, which can be worse for writers than for women literally giving birth. Mothers have the pleasure and challenge of rearing a new child, but authors suddenly have nothing to do after the “birth” takes place — their child has ceased to grow and change; it died the moment it

Heller has an eye for Rand’s most telling aphorisms. “Whoever tells you to exist for the state,” she quotes, “is, or wants to be, the state.” Deny that at your peril.

of any other great artist. She had no faculty for compromise or for what other people regard as realism. She didn’t read widely, and her command of the English language was tenuous when she came to this country as a young adult. She was miserably poor and without important friends. Her chances of success were one in a million. The best imaginable outcome

was born. Rand herself attributed most of her depression to the hostile reception that her book received from critics and intellectuals.

That reception would have killed any other book. Yet Rand's work had the ability to inspire multitudes of people who were not official intellectuals. While its author sank more and more deeply into lassitude and self-compassion, its tale of heroic individualism continued to sell like crazy, and it still does. As Heller shows, Rand took little comfort in her popular success. She played a lot of solitaire, considered writing another novel but never did much about it, and eventually became interested in the kind of writing she had usually rejected as beneath her — prose exposition of her philosophical and political ideas. She proved a very able popularizer of those ideas. Yet she lived for 25 years without producing another work of fiction. This must have been intensely disappointing to her, but she could apparently do nothing about it.

What was the cause? Nobody knows for sure. I suspect she was trapped in her own Bible. The last verses of Revelation contain a curse against anyone who presumes to add or detract from its words. I believe that Rand felt the same about her words in "Atlas." They were final. Even their author could consider meddling with them only at great risk — the risk of needing to revise her ideas.

But Heller's suggestion may be the best. She notes that the pleasure Rand derived from writing fiction was that of creating "a world of her own." In youth, "she longed to find *her* kind of people, and . . . to do so meant she had to make them up in stories. And so emerged the three-dimensional world of Ayn Rand, where idealized characters take the measure of reality and often find it needs correcting." Then, in "Atlas," Rand produced the kind of world she viewed as perfect: "For good and ill, she had fulfilled the mission she had lived for: to create her ideal man and a microcosmic ideal world in which he and all other 'real people' could breathe freely and love passionately." There was nothing left to do. By the time of

The last verses of Revelation contain a curse against anyone who presumes to add or detract from its words. Rand felt the same about her words in "Atlas."

"Atlas," Heller observes, Rand's characters were becoming "more real than the people around her. . . . [H]er own larger-than-life characters came to define the limits of an imagined world so compelling that many admirers who entered it never left."

The obvious problem was that those characters — though more important for our culture than most people who actually exist — did *not* exist. You couldn't touch them, talk with them, see what they would do next. When they showed up, their presence was often destructive. During Rand's post-"Atlas" depression, she talked about the hero of her novel and

said things like, "John Galt wouldn't feel this . . . He would know how to handle this. I don't know . . . I would hate for him to see me like this." If any author was ever captured by the world she created, it was Ayn Rand, whose characters sat in judgment on their creator.

Like Kay Gonda, the heroine of her play "Ideal," she wanted the "glory [she] create[d] as an illusion" to become "real." This ideal was enchanting, and it worked enchantment. Under its spell, Rand created stories, friendships, discipleships, ultimately an ideological movement — all of the greatest seriousness. She surrounded herself with concentric circles of intelligent and devoted followers who enabled her to live in her own world as much as any author could possibly expect to do. If that world didn't satisfy her — and it didn't — there was no other world that could interest her.

Running through modern literary history is a golden thread of artists who have manufactured their own worlds. Rabelais. Swift. Melville. Faulkner. Borges. Tolkien. All different, all united in the idea of creating a self-substantive literary reality. But none of them created a Following, a Circle, a Cult, as Rand did. Heller, skeptical about Rand's claim that creative people are motivated solely by a "selfish" commitment to their own work, remarks that "even she sometimes seemed driven by a desire to guide others." "Driven" is a well-chosen word. As Rand got older and crankier, her concern with the minute details of her followers' ideas, tastes, and conduct grew more and more obsessive — quite at odds with the laissez-faire principles that she professed and sincerely believed.

The world that Rand wanted to inhabit was essentially a literary world, a novel written by and for herself. Good novels aren't written by committees, but Rand carried the idea of individual authorship to an absurd degree, denying the influence of others on herself and trying to make sure that her own influence was all that counted for others. As Heller chronicles the falsehoods she told about her family, friends, and associates, one realizes that she had to believe her own stories, because otherwise she could not have enjoyed the pleasure of creating her own world, with herself inside it. It would not have felt like a world; it would have felt like a fake, and so would she. When the defection of her disciples showed her the fragility of the world she inhabited, her response was to assert the author's prerogative; these characters were written out of her book, no matter how many chapters she needed to destroy. It was a bad business, for herself and everyone else.

Heller dates Rand's process of deciding to live on her own planet (my phrase, not hers) to the year 1945, when the publishers of "The Fountainhead" prompted her to issue a pamphlet describing herself. This, Heller comments, "was the first building block in Ayn Rand's public legend. This small pamphlet self-consciously depicted a woman who had been a prodigy from childhood, whose ideas were entirely her own . . . [S]he added that her reason for creating the character of Howard Roark was not to 'serve my fellow man' or to 'save the world,' but to obtain the purely private pleasure of writing about a kind of man she could admire; she didn't add, in a world she could control." That was a long way from the world of "The Fountainhead" itself, in which, as Heller appropriately comments, "moral integrity is forceful, ruthless, and erotic." Rand's falsehoods were feeble, obvious, and

far from erotically stimulating. It is safe to say that for most people who encountered them, they sounded a warning that her world was starting to close.

Heller lists the few people whom Rand, by the time she reached 60, still professed to admire. It's a strangely assorted group. Cyrus, the hero of an adventure story she read as a child. Aristotle, for his three laws of logic — and little else, no matter what the professional Randists suppose. Victor Hugo, for his romantic novels. Rostand's character Cyrano, for his aplomb. Her husband Frank O'Connor, for his good looks. Her lover Nathaniel Branden, for his good looks and his great intelligence. The Founding Fathers, for their establishment of limited government. By denying that she had been influenced by a wide range of writers and thinkers, Rand also denied herself the ability to be, as Heller puts it, "taken seriously" by other intellectuals. In response, she spent her time rereading her own works. That was the world in which she found herself most at ease — a world in which she was the only inhabitant, the Petit Prince of an extraterrestrial kingdom.

There have been important writers — Hemingway is a good example — who were not intellectuals, and who read fairly little. Rand is the only example I can identify of an important writer, and a brilliant intellectual to boot, who in her mature period retained practically no curiosity about current or classic works of literature, philosophy, or history. She had studied some kind of history at Leningrad University, but where are the accounts of her enjoying any work on the subject, outside of Paterson's "The God of the Machine" (1943)? After that book, and some works by Ludwig von Mises, the great economic theorist, she appears to have ceased learning much from either theory or history. It was as if she were making good on her claim not to have been influenced by other people. It was as if individualism meant making everything up on one's own.

She couldn't really do that, of course. In constructing her ideas, she drew largely on Paterson, Mises, the concepts of 18th-century classical liberalism, as expounded by Paterson, the logic of Aristotle (influence acknowledged), and her strong reactions to ideas she did not like. Nevertheless — and this should not be forgotten, whenever she is criticized — she was remarkable for the ingenuity she showed in developing a fairly small stock of premises into a large philosophical system. Much the same can be said of any major philosopher; it's the professors of philosophy who, typically, know everything about their field but cannot construct a world. Like other real philosophers, Rand often reinvented the wheel, without recognizing it; but her wheels were never like other people's wheels. Her boldly individualistic conclusions gave her an exciting vantage point on a world that always seemed new, a world over which she seemed to have as much intellectual command as if she had written its blueprints. She imparted this perspective to her disciples. For many of them it initiated a great spiritual experience, one that continued to inspire them no matter how far their relations with her decayed.

Unfortunately, they were admitted to her drama, and continued in it, only on the condition that they repeat the script exactly as written. She told them what to think and disciplined them cruelly when they thought something else. Most of them were people of intelligence, integrity, and high ideals. And most of them either deserted her world or were cast

out. Rand was nearly as disappointed as they were. For her, as Heller says, they had "escaped from the world of [literary] symbols and abstractions" — becoming, very regrettably, real. Those who did not escape became dolls in the Museum of Ventriloquism. Few literary fates are worse than this.

Heller is very good at telling the stories of the people whom Rand encountered at various points in her life, people whose lives have their own, very considerable, interest. And she identifies the root problem of Rand's relations with them: her striking lack of empathy.

"Empathy" is a word that's hard to define, but most people know what it means. Rand didn't. She had little spontaneous insight into the beings who surrounded her. To get a fix

Rand's concern with the minute details of her followers' ideas, tastes, and conduct grew more and more obsessive — quite at odds with the laissez-faire principles that she professed.

on them, she needed to view them from an ideological or theoretical remove, as if she were an astronomer and they were distant planets.

Naturally, this problem showed itself most clearly in her relations with the people closest to her. Her letters to Paterson indicate that she hadn't a clue about the reasoning by which her friend reached different conclusions from her own. No matter how lucidly Paterson explained her thinking, Rand's way of understanding it was to label it irrational; then it could be dismissed. When her relationship with Nathaniel Branden went on the rocks, she constructed analyses worthy of Sir Isaac Newton to explicate actions and emotions that anyone with empathy would have comprehended in a flash. This, to her, seemed rational, but it was really a fundamental failure of empathy.

Heller's best example of Rand's lack of empathy is her conception of Frank O'Connor. Frank was a handsome, lovable, nonintellectual person whom Rand systematically confused with the heroic geniuses of her novels. To say that her expectations of Frank were damaging to him, and to their relationship, is putting it very mildly. Her expectations of other people — people she liked, people she trusted, people she eventually shed — were almost as damaging.

It is significant that Rand's failure of empathy wasn't fatal to her art. In some ways, it actually appears to have aided it, by encouraging her to perfect her distinctively stylized, intellectually symbolic characterizations — ways of understanding and portraying people that did not depend on close and sympathetic study.

Discussing Rand's refusal to employ ordinary forms of literary realism and to "soften her characters' hard symbolic edges," Heller comments, "If form followed function, as she believed it did in literary art as in architecture, then the special, the exalted, the highly stylized was her medium and her message." It's difficult to think of a better summary of Rand's

literary approach and its justifications. But if Rand had no other means of creating “stylized,” “symbolic” characters, characters without the usual kinds of emotional subtlety, failure of empathy would have sufficed. There is also a Dickensian quality about Rand’s satires (one of the many unacknowledged facts about Rand is that she was one of American literature’s greatest satirists); and this is a quality heavily dependent on the author’s ability to target people from a distance, to fire at them without compunction, and to hit nothing but the bull’s eye. Again, lack of empathy helps.

On the whole, however, this absence of a certain kind of intellectual equipment was as damaging in art as you would expect it to be in life. Rand was uninterested in complexities of character or motive when she found them in other people,

One of the many unacknowledged facts about Rand is that she was one of American literature’s greatest satirists.

and she denied their existence in herself. Intolerant of mystery and ambiguity, of everything that couldn’t be immediately understood according to her own theories and observations (or theories and observations borrowed without attribution from other sources), she missed the fact that mystery is sometimes a sign of depth — of real depth, not the pretentiousness of people who want to be respected simply because they cannot be understood.

Those people she rightly skewered, and if any civilian deserved the Congressional Medal of Honor, she did, for that. But she missed the basic literary fact that characters who retain their allure are characters that one doesn’t fully grasp after the first handshake.

Few of Rand’s characters improve upon acquaintance. Readers return to “Atlas Shrugged” for its brilliant philosophical speculations, its exciting story, its frequently well-wrought oratory, and its uncompromising individualism; they do not return to find out more about the inner workings of John Galt or Dagny Taggart or Francisco d’Anconia or Hank Rearden.

Much of “Atlas” is preoccupied with Rearden’s failure to discover why he is so unhappy, despite his success as an industrial tycoon. Of course, everyone but Rearden knows the answer: his wife is a demon from hell, he’s killing himself with work, the government wants to take him for all he’s worth, and he feels guilty about any form of enjoyment he can experience. To Rand, this means that he has the wrong “philosophical premises.” That’s it; that’s the answer. He has the wrong premises. So much for the complexity of Hank Rearden, who is a much more complicated character than most of the others in “Atlas.”

I used to think that Rand was right when she congratulated Dostoyevsky on his ability to analyze his own characters “all the way down to [their] philosophical premises.” I no longer think so highly of that comment. When characters are tracked to their premises, they usually cease to be characters. Their intellectual function becomes their only function. They

may be interesting as something, but they’re not interesting as people. They don’t have enough DNA to populate a fully plausible world, which is what Rand wanted them to do.

I don’t know what cures are available for a lack of empathy. Heller shows that Rand’s formidable powers of ratiocination weren’t sufficient to convince her that she shouldn’t be outraged because Barbara Branden didn’t recognize that a feeble short story that Rand offered for criticism, without naming the author, had actually been written by Rand. And all of Rand’s reason wasn’t sufficient to keep her from warring with her friends because they preferred Beethoven to Rachmaninoff. Liberty Contributing Editor Ronald Hamowy tells me that when he asked Rand why her favorite composer was Rachmaninoff, she said, “Because he was the most rational”; at which Hamowy laughed, thinking that it must be a joke — and was immediately cast into the outer darkness by Rand and her associates (most of whom were later cast into the same place, for other, equally “rational” reasons). The cream of the jest is that the composition in question was Rachmaninoff’s second piano concerto, which was dedicated to the composer’s psychiatrist, for services rendered; hence Hamowy’s inappropriate laughter.

How does one persuade oneself that one should feel empathy, if one has never been tempted to do so? I don’t know. But if, somehow, Rand could have felt it, her literary works would have become much more than masterpieces of idea, plot, oratory, satire, and symbolic description. They would have become masterpieces in every sense. They would have embodied a human world in which readers could dwell without any sense of boundaries or curfews.

That having been said, the final impression one gets from Heller’s book is that of Rand’s amazing vitality, as a writer and a human being. Limitations that would have doomed anyone else never managed to doom her. Rand hated Tolstoy, but there is a certain analogy between them. “War and Peace” is severely limited in many ways; they’re not the same ways in

Rand was uninterested in complexities of character or motive in other people, and she denied their existence in herself.

which Rand’s work is limited, but the comparison is instructive. The plot of Tolstoy’s masterpiece is haphazard; its thesis, constantly preached, is close to nonsense; and several of its leading characters, especially its heroine, are pathetically conceived and rendered. As people, they are dreary or insipid for the same reasons that Tolstoy admires them. Yet the vitality of “War and Peace” carries all before it. As with “Atlas Shrugged” — or Heller’s biography of the author of “Atlas Shrugged” — once you get started you can’t put it down.

The message is: Whether in work or in life, the individual, creative personality can somehow transcend all obstacles — even the obstacle of itself. Heller doesn’t say that. And Rand didn’t say that, either; even her own claims for individualism didn’t go that far. But that’s what Rand’s life had to say. □

Reviews

"Bangkok Days: A Sojourn in the Capital of Pleasure," by Lawrence Osborne. North Point Press, 2009, 271 pages.

"Tone Deaf in Bangkok (And Other Places)," by Janet Brown, with photographs by Nan Chen. ThingsAsian Press, 2008, 155 pages.

The Other Side of Thailand

Paul Karl Lukacs

Thailand pays a price for its honesty.

Ask random Americans what they know about Thailand, and most will mention the sex trade. Several will hum the refrain from "One Night in Bangkok," which contains explicit references to prostitution, and a few will mention boozy beach vacations, with implicit references to the same.

Ask the same question about China, and people will mention the Great Wall, globalism, Mao, the Beijing Olympics, Tiananmen Square, the terracotta warriors, Tibet, or half a trillion dollars in U.S. Treasury bonds. No one will mention the sex trade.

But, for the single male Westerner, China is by far the more sexually aggressive of the two countries. I have traveled throughout China, and one constant of the experience is prostitutes. They beckon from "barber shop" windows. They hang out in nightclubs and karaoke joints. They work in the ubiquitous massage parlors. Hotels are no respite;

hookers gather around the entrance, loiter in the lobby, obtain your room number from the desk clerk, call you to offer services, and knock on your door if you ignore them. There were times when I wondered whether any aspect of the Chinese travel and leisure industry was *not* a front for prostitution.

In Thailand, by contrast, sexual services marketed to foreign men are concentrated in four places: the Patpong and Sukhumvit neighborhoods of Bangkok, Patong Beach in Phuket, and the Walking Street in Pattaya. While every town has its red light district and scattered bawdy houses, a man can easily spend weeks in Thailand without knowingly encountering a prostitute.

Yet Thailand is synonymous with commercial sex, and China is not, and the reason is simple: Thailand is honest, and, in matters of the genitals, honesty is always punished. Although prostitution is technically illegal, the Thai authorities have taken a practical, capitalistic, and open approach. The result has been that the world unfairly stereotypes their country. The Chinese cad-

res, meanwhile, front a phony puritan facade — and the world fails to notice the seedy interior.

One consequence of Thailand's reputation is that Western writers have flooded the literature with stories about "bar girls" and the clueless *farangs* (foreigners) they bilk. The literature is vast, if not particularly deep, and includes everyone from the most eminent travel writers (such as Paul Theroux and Pico Iyer) to countless backpackers and their unreadable blogs. Thai publishing also features the possibly unique market niche of salacious novels with lots of local color written specifically for vacationing Europeans; titles include "The Vampire of Siam" and "Murder at the Horny Toad Bar."

Lawrence Osborne's "Bangkok Days" sits uncomfortably on the frontier between genres. It's not a trashy read, but it fails as literature, if that's what the lackadaisical memoir even aspires to become. Osborne, a Brit who lives mostly in New York City, found himself in Bangkok because it was a cheap place to stay while waiting for a

check to arrive. He fell in with a group of Western expats whose drifting lifestyles caused him to reflect upon the nature of men drawn to the Thai capital.

"It was a hospitable place for a man who has done nothing, and who will probably never do anything," Osborne writes. "For someone with no career, with no prospects, permanently broke, it was the perfect asylum. Its gold-tinted eggs and its bags of oolong tea were virtually free. One could graze continuously on delicacies one had never heard of and still be in pocket."

True enough, but Osborne, like his rudderless comrades, doesn't build

upon his observations. Repeatedly throughout the book, Osborne will make a provocative point — for example, how the phrase "dirty old man" forces retirees into an unnatural asexuality — but it floats away, unexplored.

Take Osborne's remark about how market economics causes the expats to become dismissive toward women who, in any other arena, would be the centers of all attention: "It was a spectacle seen in a hundred Bangkok bars at a certain time of the night: a small crowd of gorgeous, improbably robed supermodels converging with vampiric desperation upon a couple of dingy, badly

dressed *farang* patrons in stained shirts and sandals who are more interested in their argument and in their drinks than they are in the relentless pincer movements of Beauty. The ugly foreigners are spoiled by a superfluity of beauty, made obtuse by this gratuitous superabundance."

That's an interesting insight, well said but unelaborated, and it exemplifies the shortcoming of "Bangkok Days." Osborne doesn't do much digging. By the end of the book, we don't know much about him or the expats or Bangkok, except for the fact that some Western men with sketchy resumes are there for the cheap food and ready sex. Whether the impression is intentional or not, Osborne's book is characteristic of an intelligent but burned-out expat who fails to live up to his potential.

Janet Brown does a better job in "Tone Deaf in Bangkok." A middle-aged single woman, Brown displays no interest in the sex trade, freeing her pointillistic essays from the subject. Instead, she writes about culture shock, the difficulty of the tonal Thai language (hence the title's pun), and her romance with the younger Thai man who was her language tutor. And she writes about the city and its residents with a love absent from Osborne's arm's-length prose.

"Most of them are beautiful," Brown writes of young Thai women. "They are all obsessed with beauty. One of my friends once was bitterly disappointed with a set of engagement photos because in one of the pictures her hands were posed in a way that wasn't beautiful. There is a beautiful way to walk, to gesture, to gaze out of windows. Features are endlessly and ruthlessly studied for imperfections, and on the morning of university graduation, girls are awake at 4 a.m. to have professional make-up artists spend hours applying cosmetics to faces that are beautiful when bare."

Brown puts a lot into that paragraph, more than Osborne puts into any of his. The best travel writing envelops you, the way a city does, and Brown understands that. She sings a few of the obvious notes — she describes the stink of durian fruit, and she ends one chapter with the dreaded Vow To Return — but she generally avoids the clichés, and, when she doesn't, she charms.

Brown's experience in Bangkok

Notes on Contributors

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touches two decades, and she's seen the city transform itself. She remembers the construction of the Skytrain rapid transit system in the 1990s, which changed the city's mental map. Before Skytrain, Bangkok was a shapeless collection of urban villages connected by buses, taxis, and motorcycles. After Skytrain, the city seemed to shrink to the area connected by the tracks; that's where the tourists were, and that's where affluent Thais wanted to live and shop.

But Thailand is still alluring, because

it recognizes certain truths. Men are sexual creatures, in youth and in dotage. Women want to look as beautiful as possible. Western men are attracted to Thai women, who in turn need cash to support their families, and in such mutual needs are markets made. Thai culture embraces these truths, among many others, and is castigated by the hypocrites of rectitude. Writers in search of easy sales pile on. A few are willing to accept the truth on its own terms. □

"Séraphine," directed by Martin Provost. Music Box Films, 2009, 125 minutes.

Through Other Eyes

Gary Jason

The relationship between genius and madness, or more accurately, between creativity and mental illness, is one of perennial interest. That relationship lies at the heart of an exceptional new French bio-flick out now in limited release.

"Séraphine" tells the true story of the famous French painter Séraphine of Senlis (Séraphine Louis, 1864–1942), a talented but troubled artist. She was a "Naive" painter, generally classed in the school of Henri Rousseau.

The story seems deceptively simple. It opens shortly before World War I, in the small French town of Senlis, not far from Paris — the center of the art world at the time. Here we meet the protagonist, Séraphine, an impoverished house cleaner. She struggles at various menial jobs during the day while painting at night. She is completely self-taught. It is unclear in the film whether Séraphine was an idiot savant (as one of the blurbs for the movie had it), or in fact schizophrenic. She certainly heard voices

from what she took to be angels, telling her to paint.

We also meet the second major character, the famous art critic and collector Wilhelm Uhde, who has come from Germany to Senlis to relax and visit his sister Anne-Marie. Uhde happens to spot one of Séraphine's paintings and seeks her out. She is withdrawn and taciturn, but sells him a few of her pieces. With the money she receives and his encouragement, she is able to paint more. When war breaks out, however, Uhde is forced to flee back to Germany. During the war and the period immediately after it he loses track of Séraphine, but she continues to progress as a painter.

In 1927 Uhde finds that she is still alive and painting more beautifully than ever. He arranges to purchase some of her paintings, and she gains the respect of the town and an international reputation. But as the Great Depression sets in and the art market collapses, so does Séraphine's world.

This film is a real gem — nicely written, directed, acted, and filmed. Indeed,

it won seven Césars, the French equivalent of Oscars. The director, Martin Provost, wisely chose to present a period in Séraphine's life, from her discovery as an artist to her final days, and present it in a linear fashion. With so many directors showing a penchant for studding their films with endless flashbacks, it is refreshing to see a tale told with its continuity respected.

The acting is excellent, but two performances stand out. Ulrich Tukur gives a fine performance as the art critic Uhde, representing a man whose life is committed to art and who struggles to enable an artist afflicted with mental illness to live her own life to the fullest. Uhde, it should be noted, was an early admirer of Picasso, and was the critic who brought Henri Rousseau to world acclaim. Especially remarkable is the performance by Yolande Moreau, a relatively unknown, plain-looking Belgian actress who plays Séraphine. The director must have been tempted to pick a well-known, attractive actress (say, Juliette Binoche) to play the lead. Yet Moreau was a great choice. It is often hard for actors to portray the mentally ill convincingly. Many actors are tempted to overreach emotionally. However, Moreau's performance is a model of restraint, and won her the César for Best Actress.

The cinematography is superb as well. The colors are muted when the characters are interacting but then are enhanced when Séraphine is looking at flowers and trees, her favorite subject for her paintings, as well as when we see the paintings themselves. She used very exotic self-made paints for her work, and we see the glorious, intricate art that resulted. This film technique also works well in creating a visual demonstration of her mental illness.

The film raises the question, was Séraphine's illness a help or a hindrance to her work? At first the viewer sees the hardship it caused, but then is struck by the thought that the voice of her guardian angel provided the only support for her work before the very real Wilhelm Uhde entered the scene. Perhaps, had she been completely normal, she might never have painted.

If you enjoy art, or simply enjoy seeing characters overcome hardships to create things of value, this is a movie you should not miss. □

"My Sister's Keeper," directed by Nick Cassavetes. Curmudgeon Films, 2009, 109 minutes.

How Much Do You Really Need?

Jo Ann Skousen

After Cain kills his brother Abel in a fit of rage, God asks him where his brother is. Cain's response has sparked debate for millennia: "Am I my brother's keeper?"

Good question. Are we responsible for the lives and livelihoods of others? When a conflict exists between community and individual needs, which takes precedence? Must we ensure that all members of our community are clothed, fed, housed, nurtured, educated, and medicated? And just exactly who is "my brother," anyway? The person who shares my immediate parentage? The tribe members who share my gene pool? The people who live in my neighborhood? My state? My solar system?

As Obama and the Democratic Congress vilify the rich and debate the largest income redistribution plan in U.S. history, along comes a film that addresses the same issue in microcosm. "My Sister's Keeper" tells the story of an 11-year-old girl, Anna (Abigail Breslin) who wants to be medically emancipated from her parents to avoid being required to give her kidney to her leukemic sister, Kate (Sofia Vassilieva).

Designed in vitro as a donor match for the purpose of providing umbilical cord blood to save her sister's life, Anna now says she is tired of being poked, injected, and scarred. "I don't want to be careful the rest of my life," she explains about the consequences of

kidney donation. "I want to play soccer, have children, drink!" Her mother shouts back, "People give kidneys to total strangers every day. Why can't you do that for your sister?"

As the film unfolds, Anna says nothing about her sister's needs, or the fact that Kate will surely die without the kidney. Kate says nothing about Anna's choice, either — she neither pleads for the kidney nor acquiesces to death. Therein lies the weakness of the film's story, and the strength of its philosophy as well. Surely these two sisters would have talked about Anna's decision. Surely Kate would have acknowledged graciously that Anna has given enough, or else railed against her for being so selfish. We expect that, in this kind of emotionally voyeuristic film genre. But they don't talk about it at all, and this dishonesty in the storytelling gives the film an oddly detached and sterile tone.

At the same time, I had to applaud the strength of the film's philosophical integrity. How refreshing that Anna wasn't required to justify her choice! If Kate had indeed told Anna it was okay to keep her kidney because she was prepared to die, that act would have subtly taken ownership of the kidney away from Anna and given it to the "community" — in this case, to the sister who needed it to survive. I had to cheer a film that has the courage to elevate an individual's private property above the so-called greater good.

But alas, I cheered too soon. As the

film draws to an end, we learn that director Nick Cassavetes has been deliberately manipulating us, leaving out an important conversation until Anna reveals it in flashback at the end. The two sisters have indeed talked about Anna's decision. In fact, Kate has begged Anna to initiate the emancipation order. She's the one who doesn't want any more operations. She's tired. And because she has the greater need, she has the right to decide who keeps Anna's kidney. So there it is. The kidney belonged to the community after all.

"You already have one, why do you need two?" demand the do-gooders today, in so many areas of our lives. You already have one house, why do you need a vacation home? Or a second car? Or three bathrooms? Or plastic grocery bags? Or a hundred thousand a year? Or a second kidney. It's *their* right to decide.

I shouldn't have been taken in. Juxtaposed against Anna's legal battle for ownership of her body is the service dog that her attorney, Campbell Alexander (Alec Baldwin) keeps at his side at all times, to warn him of the onset of seizures. The message is subtle but definite: If we train puppies from birth to become service animals, shouldn't we be able to use people for spare parts? Spare me.

In sum, there is almost nothing to make this film worth watching. Cassavetes relies on mechanical manipulation to manufacture audience emotion, using schmaltzy music, shocking scenes of blood and vomit, and glycerine tears in the eyes of the adult characters. The actors are sincere, and Joan Cusack is wonderful as the judge who must decide Anna's case. But they are hampered by the story's contrived ending, forced to lead the audience in the wrong direction just for the *aha* moment at the end. It is not worth the *aha*.

The film makes some important observations about how parents of seriously ill children often neglect the rest of their children, and each other, in caring for the one who has special needs, but it offers nothing new. Jason Patric has some fine moments as the father who is often neglected. When the mother (Cameron Diaz) argues that Anna owes it to her sister to keep her alive, he responds, "She just wants to be

considered. Let her take the credit that it's her decision." Now there's a point worth cheering. We all have the right to choose when or whether to be generous, and to take credit for our choices instead of being forced through taxation to give.

So let's go back to the beginning. Am I my sibling's keeper? In his essay "Self-Reliance," Ralph Waldo Emerson said this:

Do not tell me, as a man did today, of my obligation to put all poor men in good situations. Are they my poor? . . . I grudge the dollar, the dime, the cent I give to such men as do not belong to me and to whom I do not belong. There is a class of persons to whom by all spiritual affinity I am bought and sold; for them I will go to prison if need be; but your miscellaneous popular charities; the education at college of fools; the building of meet-

inghouses . . . alms to sots . . . though I confess with shame I sometimes succumb to give the dollar, it is a wicked dollar, which by and by I shall have the manhood to withhold.

Emerson was a generous man who provided housing and living expenses for some of the finest writers of the 19th century: Nathaniel Hawthorne, Bronson and Louisa Alcott, Margaret Fuller, Herman Melville, and of course, Henry David Thoreau. If the government had taxed his inheritance away from him, none of them would have had the freedom to write and produce. Emerson was his brothers' keeper. But he chose for himself who those brothers would be, and he claimed the right to do so without guilt. Like Anna in this movie, we all have the right to decide who, if anyone, will receive our charity. □

"The Stoning of Soraya M.," directed by Cyrus Nowrasteh.
Fallen Films, 2009, 116 minutes.

A Cry for Justice

Gary Jason

Authoritarian regimes of any kind are inherently evil, but those that base their oppression on a religious ideology are especially loathsome, since they pretend to operate from a position of moral certitude. Leading the pack of vicious theocracies is surely Iran, which for decades has been headed by people who act devilishly in the name of God.

A film that opened this summer to unfortunately limited release gives the viewer a realistic and vivid look at life in the Iranian theocracy. "The Stoning of Soraya M." tells the true story of a woman falsely accused of adultery by her husband, condemned by the Iranian religious legal system ("Sharia law")

in a trial where the rules are stacked against her, and then stoned to death.

Based upon a novelized version of the case by French-Iranian journalist Freidoune Sahebjam (one of the key figures portrayed), it is a completely compelling film. Despite the fact that you know what happens in the end — the title tells you that — there is still tremendous suspense up to the final moments, as we wonder whether Shakespeare was right that the truth will out.

This film is director Cyrus Nowrasteh's *cri de coeur* about the vicious injustice so many women face under such religious tyrannies, and about the brutal barbarity of this form of punishment. There are few heroes

in this film. The people of the village in which the events take place behave like a vengeful mob. The self-styled "mullah" is nothing more than a corrupt poseur. The husband is a libidinous liar, angry that his wife won't give him an easy divorce, and his sons are corrupted by him. The chief witness is a weak fool.

The would-be hero and heroine are Sahebjam, the journalist, and Zahra, an older woman who approaches him with the story of her hapless niece Soraya. Sahebjam is initially skeptical, but Zahra proves a persuasive witness.

The acting is fine across the board. Navid Negahban plays the malevolent husband, and Ali Powtash is the complicit mullah. Soraya is played with authenticity by Mozhan Marno, in a role as challenging physically as it is psychologically. And Sahebjam is portrayed well by James Caviezel, one of the most overlooked actors in film today. Just as he did in the role of Jesus in "The Passion of the Christ," in this movie he delivers his lines in a foreign tongue (Aramaic in the former, Farsi in this), and he does so convincingly.

Of special note is the tremendous performance by Shohreh Aghdashloo as the witness Zahra. Aghdashloo is the brilliant actress who was nominated for a Best Supporting Actress Oscar five years ago for her performance in "House of Sand and Fog." In one beautiful scene, she puts herself between the journalist and the angry villagers, spreading her arms and holding her scarf like a fierce bird of justice. When she confronts them and exclaims, "My God is Great!" we understand the powerful, bitter reproach she is making.

All of this is accompanied by an evocative, almost haunting, musical score composed by John Debney.

We took our daughter (visiting us from college) to see this movie, because we felt it was important for her to understand what women still face, even today, in some places on this planet. She was tremendously moved, but my advice is to leave younger children at home for this one.

For everyone else, this is a must-see film — not least to help understand why the young people recently demonstrating in the streets of Iranian cities were willing to risk beatings and death to oppose a hellish regime. □

"Public Enemies: America's Greatest Crime Wave and the Birth of the FBI, 1933–34," by Bryan Burrough. Penguin Press, 2004, 592 pages.

What Dillinger Wrought

Jo Ann Skousen

The gangsters of the 1930s have been romanticized in film, story, and song for nearly a century. With names like Pretty Boy Floyd, Baby Face Nelson, and Ma Barker, they became folk heroes to a downtrodden populace that was fed up with big banks and big government. Even Bonnie and Clyde had the romantic air of star-crossed lovers. Only Machine Gun Kelly was given a moniker that focused appropriately on his weapon rather than his appearance. John Dillinger, in particular, was presented to the public as the gentleman bank robber, a Robin Hood character who stole from the banks while allowing the customers to keep their money.

This was at the height of the Depression, when banks were often seen as bad guys foreclosing on family farms, refusing to extend loans, and even defaulting on deposits. Congress established the FDIC in 1933 to protect depositors, unintentionally creating the impression that no one got hurt when a bank was robbed. (Citizens were as ignorant then of the true cost of government bailouts as they are today.)

Striding into a bank with his gun held high, Dillinger would leap gracefully over bank railings, snatch the loot from a vault, and leave in a cloud of charisma without harming the customers, sometimes shielding himself with bank officers whom he released as soon as

he was safely out of town. Rural gangsters were a nuisance, but there wasn't much of a hue and cry from the general populace to capture them. In fact, evidence suggests that local residents often helped them hide.

So why was John Dillinger named "Public Enemy Number One"? Yes, he robbed banks. But Dillinger and his gang were not cold-blooded killers. Compared to big-city mobsters such as Al Capone and Frank Nitti, they were very small potatoes. They weren't trafficking in drugs, prostitution, or murder. They just wanted the money. Criminals, yes. But Public Enemy Number One? Why?

Bryan Burrough's well-researched "Public Enemies" attempts to answer that question. The book is as much about J. Edgar Hoover and his quest to establish a national police force as it is about the gangsters he chased. Hoover and the birth of his FBI provide the unifying thread in Burrough's narration, uniting the stories of six notorious gangs into one cohesive tapestry.

It was not an easy birth. According to Burrough, Hoover's original band of investigators bungled stakeouts, overlooked significant clues, mishandled weapons, tortured witnesses, and arrested the wrong suspects. In the famous attempted arrest of Dillinger at Little Bohemia in rural Wisconsin, Hoover's investigators killed three uninvolved civilians and arrested three women while the criminals escaped.

Humorist Will Rogers suggested wryly, "Dillinger is going to accidentally get with some innocent bystanders some time, and then he will get shot."

Hoover eventually got his man — and his centralized agency. Burrough portrays Hoover as a vindictive, egotistical, power-hungry czar intent on federalizing his fledgling Bureau of Investigators — most of whom had never held a weapon — into a modern crime fighting unit with the authority to cross state lines in pursuit of criminals. Publicly humiliated by botched investigations, he developed a personal vendetta against Dillinger and the other rural gangsters, making their arrest his number one priority — and Dillinger the public's number one enemy.

In a sense, Dillinger and his ilk were J. Edgar Hoover's Twin Towers, his highly publicized excuse for creating a new federal agency that would nationalize crime fighting in the same way that the attack on 9/11 became the basis for creating the Department of Homeland Security. Wars are often used by presidents as an excuse for expanding government. Bush's War on Terrorism allowed him to establish the DHS with all its tentacles. Carter's War on Illiteracy resulted in the Department of Education's becoming a separate arm of the federal bureaucracy. Johnson's War on Poverty led to HUD, Medicare, and a slew of welfare agencies. Hoover's three-year War on Crime led to the FBI.

Burrough grew up hearing stories about the gangsters of the 1930s. His grandfather manned a roadblock during the hunt for Bonnie and Clyde, and his best friend's uncle was murdered by Clyde Barrow. But Burrough did not rely on local tales, Hollywood myths, or sensational journalism to write this book. "Public Enemies" is based on thorough research of facts gleaned from millions of recently released FBI documents, including court transcripts, telegrams, agents' reports, contemporary newspaper articles, and eyewitness testimony. Dialogue is not fictionalized; it is lifted directly from FBI records. The result is a definitive history of important events in American history. The book is informative, exciting, and well written, with a footnoted air of credibility that the movie version unfortunately lacks. See the movie, but read the book first. □

"Public Enemies," directed by Michael Mann. Universal Pictures, 2009, 133 minutes.

The Villain as Hero

Jon Harrison

The last time we had a financial crisis like the present one, violent outlaws roamed the land. The depths of the Depression witnessed the crimes of Bonnie and Clyde, Pretty Boy Floyd, Baby Face Nelson and, most notorious of all, John Dillinger. They robbed banks, killed cops, and won a degree of popular applause before they were finally rubbed out by law enforcement.

Michael Mann's "Public Enemies," starring Johnny Depp as Dillinger, can't help but follow the well-worn Hollywood path of romanticizing the gangster. Deep within most of us is a desire to become the outlaw, to break the bonds of civilization and allow the id free rein in the world of fact and matter. Normally the superego holds the id in check, assisted by the physical forces of public order. The gangster movie allows us to experience vicariously the thrill and terror of the id unleashed.

Few Hollywood directors have resisted the temptation to mould their gangsters along heroic lines (Martin Scorsese being one exception, the Francis Ford Coppola of "Godfather II" another), to turn them into larger-than-life figures who devour the fruits of life, scatter the rinds, and damn the consequences until they are gunned down in the final reel. Mann's Dillinger is brutal, but also bold, clever, sexy, and, until his last moments, triumphant against the

forces of law and order that are brought against him. In reality Dillinger was a two-bit, violent hood, the product of a strict (and perhaps abusive) petit-bourgeois upbringing, a misfit who chose crime as the way to deal with his frustrations, and who for a brief time was quite successful.

Given the tableau upon which the real Dillinger acted, Mann's romanticizing is perhaps understandable. Many average Americans cheered Dillinger as he robbed the banks that they felt had robbed them. Add to this the current atmosphere of anger and resentment over the shenanigans of finance capital, which has forced taxpayers to bail out big banks to the tune of hundreds of billions of dollars, and the temptation to elevate a stickup guy to the status of hero, or at least antihero, becomes irresistible.

Mann does give us more than typical gangster fare, however. Perhaps most important is his treatment of J. Edgar Hoover and the FBI. It was the public enemy era that elevated the FBI to the status of a national police force and gave the malignant Hoover the opportunity to establish himself as a veritable American Reichsführer. Had Dillinger eluded special agent Melvin Purvis, Hoover might have been no more than Clyde Tolson's bitch, rather than the arch-inquisitor he became.

Before he finally got Dillinger, Purvis made a fool of himself trying

to do so. His subordinate agents killed innocent civilians needlessly, indeed almost wantonly, a reminder that this didn't start with Ruby Ridge or Waco.

Also instructive is a nicely underplayed scene in which Dillinger stumbles upon a gambling operation run by the burgeoning national crime syndicate, a.k.a. organized crime. The public enemy era of the early 1930s was not only a period of notorious celebrity criminals; it marked the transition between the freewheeling 1920s (the days of prohibition and Al Capone) and the establishment of a syndicate run along quasi-corporate lines. Dillinger's blank expression as he tries to comprehend how a roomful of men with telephones can, without risk or bloodshed, make more money in an hour than he can robbing a bank, perfectly symbolizes this transition to a new and more insidious form of predatory crime. (I note in passing that for 30 years after the public enemy era ended Hoover's FBI denied the very existence of organized crime.)

Parts of the movie are not historically accurate — the prison scenes with which it begins, for example. I would guess that most of these inaccuracies

A lesson from this movie, that I daresay Mann didn't intend: today we are far more at the mercy of the state than in Dillinger's time.

are deliberate and serve to streamline the story. In any case, the movie succeeds both in entertaining and in delivering its social and political message; it does not pretend to be a documentary.

Mann delivers scenes that are clever and surprising, surpassing the expectations one brings to a gangster pic. The movie was shot entirely in digital; the combination of Mann's imagination and this still-new format at times leaves one feeling that an entirely new form of moviemaking is on display.

Johnny Depp turns in a fine performance as Dillinger. As in my favorite Depp movie, "Ed Wood," he succeeds

through understatement, no mean feat given all the violence on display.

The supporting cast is extremely strong. Bill Crudup is brilliant as Hoover, and Christian Bale nearly as good as Melvin Purvis. I was quite taken with Marion Cotillard, who plays Dillinger's girlfriend Billie Frechette and makes the most of a somewhat limited role. She yields nothing to Depp in their scenes together, and when he is absent she fills the screen.

A final, disturbing lesson from this movie, and one that I daresay Mann didn't intend: today we are far more at the mercy of the state than in Dillinger's time. Dillinger was able to rob banks

because the forces of law and order ranged against him were relatively uncoordinated and weak. In our time a career such as Dillinger's would be over almost before it began – thanks to the large and well-armed forces at the service of federal, state, and local authorities, and the pervasive public surveillance we now accept as routine. Dillinger and his ilk were nihilists, and deserved their fate. But if those with a better cause chose to battle the state today, they would be crushed by the forces of public order. The public enemies of the 1930s helped to create the overwhelmingly powerful Leviathan that now overawes us. □

and families. Mickey Rooney is marvelous as the young Blackie, a carefree youth who scams the other boys with such good humor that they don't even seem to mind losing their nickels to him.

The film's opening scenes echo the real-life sinking in 1904 of an excursion ship, the *General Slocum*, that had been chartered by a local church to take its parishioners on an annual pleasure cruise around Manhattan. Over a thousand passengers were killed, mostly women and children. In the film, Blackie and Jim are orphaned by the tragedy, and are subsequently raised by a Russian Jew named Poppa Rosen, whose son has been killed in the same

"Manhattan Melodrama," directed by W. S. Van Dyke. MGM Studios, 1934, 93 minutes.

Dillinger's Last Movie

Jo Ann Skousen

On July 22, 1934, John Dillinger was shot and killed as he left Chicago's Biograph theater after watching "Manhattan Melodrama," a B-list gangster film that starred Clark Gable as a likeable grifter and paired the great team of William Powell and Myrna Loy for the first time. One can't help but wonder what Dillinger thought as he watched this movie about a charming, good-natured gangster who looks out for his friends.

Of course, director W.S. Van Dyke had no way of knowing that his film would be immortalized as the one Dillinger was watching just before the G-men got him, but he may have intentionally cast Gable to capitalize on the public's interest in Dillinger.

Gable's character, Blackie Gallagher, is black Irish like Dillinger, popular like Dillinger, and handsome like Dillinger, with a winning smile and a pencil mustache. Like Dillinger, Blackie is willing to sacrifice his own safety and happiness for the woman he loves. And like Dillinger, he is determined not to go back to prison. Near the end of the film he says to his childhood friend, Jim Wade (Powell), "Hey look Jim, if I can't live the way I want, then at least let me die the way I want." Fifteen minutes after watching the film, Dillinger was dead.

"Manhattan Melodrama" is a pretty good film in its own right, regardless of its being Dillinger's last movie. It begins with Blackie and Jim as two young boys enjoying a pleasure cruise up the East River of Manhattan with their friends

The film's opening echoes the real-life sinking in 1904 of the General Slocum. Over a thousand passengers, mostly women and children, were killed.

accident. The scenes of the disaster and its aftermath are filled with terror and pathos, and set up the later character conflicts effectively. When Poppa Rosen is later killed by a political mob, the boys choose two different paths: Blackie becomes an outlaw, and Jim becomes the district attorney with eyes on the governorship.

Myrna Loy plays Eleanor, the girl whom they both love, and who loves them both. Like Dillinger's moll, Billie Frechette, Eleanor is attracted to the excitement and charisma of the bad boy, but she longs for the respectability and social acceptance that the good boy offers. Loy is sleek, cool, and beautiful, with just a hint of the sly wit she would develop in the "Thin Man" series in which she played so successfully with Powell from 1934 to 1947. It's fun to watch all these actors in their early roles, especially Rooney.

Because of "Public Enemies," "Manhattan Melodrama" is enjoying a renaissance of interest. You can find it on Netflix, but also check your TV listings for its next showing on Turner Classic Movies. □

Denver

Denial of essential freedom of speech, in the *Boulder Daily Camera*:

Kelly Coffman-Lee wanted to tell the world about her love of tofu by picking the letters for her car's license plate. But her tofu fondness ran into a snafu at the Division of Motor Vehicles, which blocked her plan because they thought the combination of letters could be interpreted as profane. Her suggestion for the plate on her Suzuki: "ILVTOFU."

Coffman-Lee, 38, said tofu is a staple of her family's diet because they are vegan and that the DMV misinterpreted her message.

Kabul, Afghanistan

Advance in preventative epidemiology, from the Reuters wire:

Afghanistan's only known pig has been locked in a room, away from visitors to Kabul zoo where it normally grazes beside deer and goats, because people are worried it could infect them with the virus popularly known as swine flu.

The pig is a curiosity in Muslim Afghanistan, where pork and pig products are illegal because they are considered irreligious, and has been in quarantine since visitors expressed alarm it could spread the new flu strain. There are no pig farms in Afghanistan and no direct civilian flights between Kabul and Mexico.

"We understand that," said Aziz Gul Saqib, director of Kabul Zoo. "But most people don't have enough knowledge. When they see the pig in the cage they get worried and think that they could get ill."

Weymouth, Mass.

Decline of a venerable heritage, evidenced in the *Quincy Daily Ledger*:

A man witnesses said was dressed like a ninja used a sword in an attempt to rob a dry cleaner on Main Street, police said.

The man, wearing a ski mask and a sword in a sheath on his belt, first walked into an adjacent convenience store where a clerk, alarmed by the man's appearance, called police. When the man noticed her, he pulled his mask off and asked if she was calling about him.

When she said she was, the man left the store and walked into nearby Galaxy Cleaners. There, he pointed a sword at the register and asked a clerk to give him all of the money inside. She told him she couldn't open the drawer, and the man left the scene.

Preston, England

Mistakes were made, as noted by BBC Lancashire:

A health trust did not take adequate steps to prevent the loss of a memory stick with data on 6,360 prisoners and ex-prisoners, a report has said.

The report found that human error was to blame, but that procedures on data security had not been adhered to. The data lost was encrypted but the password had been written on a note which was attached when it was misplaced. The USB stick has not been found.

Montreal

Getting serious about escalator safety, in the *Toronto Globe and Mail*:

Anyone who has ridden an escalator and bothered to pay attention has seen — and likely ignored — little signs suggesting riders hold the grimy handrail. In Montreal's subway system, the friendly advice seems to have taken on the force of law, backed by a \$100 fine.

Bela Kosoian, a 38-year-old mother of two, says she was cuffed, dragged into a small holding cell, and fined when she didn't hold the handrail.

Société de transport de Montréal regulations say that "it is forbidden for all persons to disobey a directive or a pictogram posted by the Société."

Jackson County, Miss

Southern hospitality lives, as reported in the *Birmingham News*:

A Mississippi woman who was shot in the head not only survived but made herself tea and offered an astonished deputy something to drink, authorities said. Tammy Sexton, 47, remained hospitalized three days after being wounded by her husband, who killed himself after he shot his wife. A bullet struck her squarely in the forehead, passed through her skull and exited through the back of her head, authorities said. She is expected to fully recover.

Chicago

New venue for an American hero, from the *Chicago Sun-Times*:

Called for jury duty at Cook County Criminal Court, Mr. T didn't disappoint.

"I enjoy doing my civic duty along with my friends I've met," said the Chicago-born actor, 56, motioning to the 20-plus potential jurors who'd been in the room with him for about five hours. "I enjoyed the people that were around me. It's not about 'The A-Team'; it's the J-Team — the jury team. Like others called for jury duty, Mr. T will collect \$17.20 for the day's work.

There was no bad attitude on the part of the actor regarding jury duty. "If you're innocent, I'm your best man," he said. "But if you're guilty, I pity that fool."

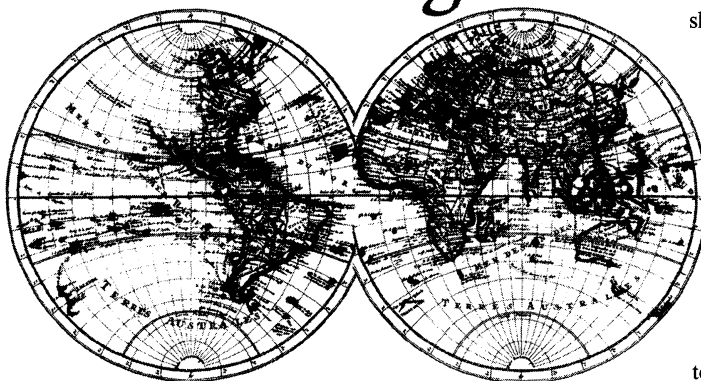
India

Curious addition to biz-school syllabi, spotted in *Management Today*:

A report suggests Indian students are snapping up Hitler's "Mein Kampf" — to make them better managers. "Mein Kampf," the two-volume account of Adolf Hitler's political ideology, is still banned in several countries — but it continues to fly off the shelves in India.

One Indian bookshop owner said that buyers saw it as a good example of someone forming and executing a strategy. "They see it as a kind of success story where one man can have a vision, work out a plan on how to implement it, and then successfully complete it."

Terra Incognita



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

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