Perhaps the greatest virtue of this book is that it reminds us of the past failings of socialistic meddling with the medical marketplace and the futility of trying more of the same. If bleeding a patient of an ounce of blood just made him weaker, it was folly to believe that bleeding him of a pint would make him better. But that is similar to what the advocates of government intervention in health care have been doing: prescribing more of the same harmful treatment. As Faria forcefully argues, freedom for patients and practitioners is the cure for the manifold illnesses of our system.

For me, the biggest problem with *Medical Warrior* is its obscurity. My research of the worldwide library database revealed only 17 copies in more than 25,000 public libraries, and the book has had little or no exposure at the major retailers. Nevertheless, it makes an important contribution to the literature documenting the demise of what was once the world's greatest health-care system. □

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Public Policy Toward Cable Television: The Economics of Rate Controls

by Thomas W. Hazlett and Matthew L. Spitzer

MIT Press and the AEI Press • 1997 • 253 pages • $32.00

Reviewed by Robert B. Ekelund, Jr.

In modern times no industry has been regulated, "deregulated," "re-regulated," and "re-deregulated" more than cable television. Much has been written about cable regulation, but there is no better chronicle of the most recent (post-1984) high tragicomedy of cable doings than this clear review by economists Thomas Hazlett and Matthew Spitzer. Their account is a case study in what government should not do.

Cable television was initially brought under the regulatory communications umbrella to benefit over-the-air broadcasters in the 1970s, just as motor trucks were regulated at the behest of the railroads in an earlier period of rent-seeking. Regarded initially (and possibly erroneously) as a "natural monopoly," pre-1984 cable provision was regulated by local governments through franchise-bidding arrangements. These arrangements were supposed to bring the price of cable services close to cost-based levels. Debate continues over whether this form of "regulation" had the desired impact on price. There is no debate, however, on the municipally regulated monopoly's adverse effects on quality and on investments in new programming.

The Cable Communications Policy Act of 1984 "deregulated" parts of the cable industry, largely freeing cable operators from rate regulations. The predictable result was that between 1987 (the effective date of deregulation) and 1991, there was massive and rapid growth in cable investments and in new technologies. Prices rose, but so did quantity demanded, and service quality also forged ahead. Hazlett and Spitzer demonstrate this with the best available data from the Government Accounting Office, Federal Communications Commission, and private sources. As they point out, a GAO survey showed that the cable companies responded to price incentives by "consolidating packages, adding basic channels, upgrading basic program quality (spending more per channel), marketing basic service more aggressively, and dropping premium rates." All this, of course, enhanced consumer welfare—a principle that is oft-forgotten in the whole cable regulatory mess.

Predictably, the re-regulation of prices enshrined in the (misnamed) Cable Television Consumer Protection and Competition Act harmed consumers. The authors meticulously examine the economic effects of re-regulation and conclude that the 1992 regulations were ineffective "in suppressing cable rates in quality-adjusted terms." And they go further to suggest that, while impossible to quantify, "the hidden costs that result from regulation-inspired disorder are almost certainly dominant; the real expense to society involves lost surplus from the services not sold, the program services not begun, and the infrastructure not built." Cable regulation, in other words, has been the typical case of government's imposing huge costs in an attempt to solve a minimal or non-existent problem.

Hazlett and Spitzer follow the "economic effects" with the most entertaining discussion of the book—the political economy surrounding the passage and conduct of the 1992 Act. A prediction of who gains and who loses from the imposition of nominal price controls in 1992 would not have been hard to make, and the authors clearly explain the outcomes. Naturally, cable operators and programmers opposed passage, while TV broadcasters and telephone companies supported it. Politicians, eager to seize a consumer-oriented election issue, complied with the latter's desires. As usual, the interests of consumers counted for very little in the political calculus.

After a discussion of new forms of competition on the horizon, Hazlett and Spitzer end with this strong conclusion: "unregulated cable monopoly works better for consumers than regulated monopoly even in the face of anticompetitive barriers (yielding substantial market power) and during relatively brief adjustment periods."

This excellent study is strongly recommended as a superior analysis of regulatory effects in the cable market. When rent-seeking coalitions become strong enough to effectively demand new forms of regulation, in cable or any other market, politicians will be ever eager to supply them. Greed is alive and well in D.C., Gotham, and the provinces, and there is no end in sight for the political wrangling over cable TV. But if economists view their role as devising policies to achieve normative goals—such as eliminating dead-weight regulatory losses—perhaps they should become better "journalists" for the intelligent layman. The tale of the effects of cable regulation by Hazlett and Spitzer could and should serve as a model. □

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The Ethics of Liberty

by Murray N. Rothbard, with a new introduction by Hans-Hermann Hoppe

New York University Press • 1998 • xliii + 308 pages, including bibliography and index • $25.00

Reviewed by Sheldon Richman

The late Murray Rothbard was a libertarian scholar and advocate with an incredibly wide range of interests. His books covered technical economics in the Austrian tradition (*Man, Economy, and State; Power and Market*), economic history (*America's Great Depression*, *The Panic of 1819*), the history of economic thought (*Economic Thought Before Adam Smith*, *Classical Economics*), history (the multivolume *Conceived in Liberty*), and political philosophy, or what he called political ethics.

What underlay all his work was a passion for liberty and a fervor for building a unified science dedicated to its study. Rothbard took obvious delight in exploring the foundations and ramifications of liberty across disciplines. For him, individual liberty was a single gem with many facets: economic, historical, sociological, political-ethical. A scholar can set his sights on one or another facet, but for Rothbard, something is lost if one neglects the whole gem.

The Ethics of Liberty, first published in 1982, is the summation of Rothbard's political philosophy. We are fortunate it has been rescued from the limbo of out-of-print books by New York University Press. The book is unchanged, except for the addition of a new introduction by Hans-Hermann Hoppe, a protégé of Rothbard's.

In his search for the purest political philosophy based on "self-ownership," Rothbard was nothing if not provocative. His ideas about liberty, property, and the state, grounded in reason and Thomistic natural law, led him to advocate "anarcho-capitalism," for he could not square a coercive, monopoly government with the individual's natural right to liberty and legitimately acquired property. Even readers who are left unpersuaded by Rothbard's position on this or other matters