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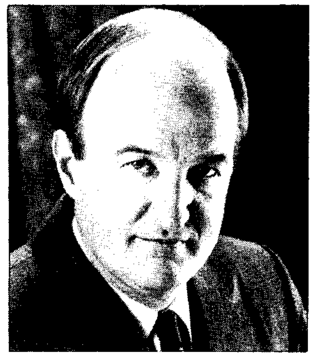


Chicago Gun Show

"According to the economic approach, criminals, like everyone else, respond to incentives."

—GARY BECKER[1]

The Chicago boys are at it again. This time the economists at the University of Chicago are making headlines in today's hotly disputed debate about gun control. Milton Friedman set the general standard a generation ago by insisting on rigorous empirical work to support sound (though often unpopular) theory and policy. More recently, Gary Becker extended Chicago-style economic analysis into contemporary social problems such as education, marriage, discrimination, professional sports, and crime.

Now John R. Lott, Jr., until recently the John M. Olin Law and Economics Fellow at Chicago, is making the case that a well-armed citizenry discourages violent crime. Lott analyzed the FBI's massive yearly crime statistics for all 3,054 U.S. counties over 18 years, the largest national surveys on gun ownership, and state police documents on illegal gun use. His surprising conclusions, published in his recent book, *More Guns, Less Crime*:

• States now experiencing the largest drop in crime are also the ones with the fastest-growing rates of gun ownership.

• The Brady five-day waiting period, gun buy-back programs, and background checks have little or no impact on crime reduction.

• States that have recently allowed concealed weapon permits have witnessed significant reductions in violent crime.

• Guns are used on average five times more frequently in self-defense than in committing a crime.[2]

According to Lott, recent legislative efforts to restrict gun ownership may actually keep many law-abiding citizens from protecting themselves from attack. (There's that Law of Unintended Consequences again.)

The Incentive Principle

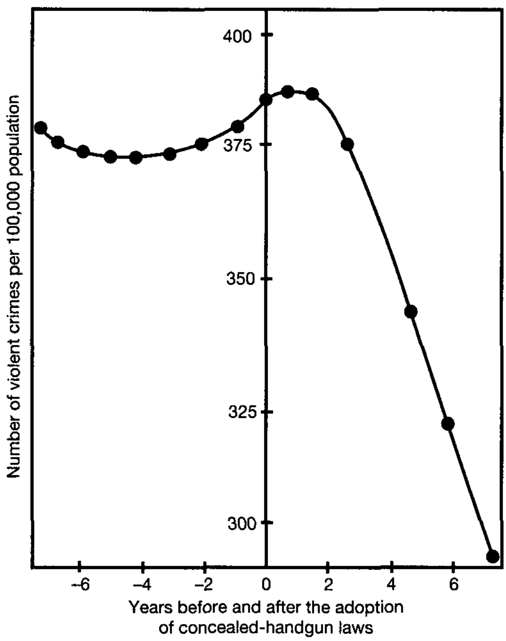
Underlining Lott's findings is a basic economic concept, the law of demand: If the price of a commodity goes up, people use less of it. In the case of criminal activity, if the cost and risk of committing a crime rises, less crime will be committed. This is often referred to as the market's incentive principle.

Gary Becker has showed that increasing the cost of crime through stiffer jail sentences, quicker trials, and higher conviction rates effectively reduces the number of criminals who rob, steal, or rape.[3]

Similarly, Lott argues that state laws per-

Mark Skousen (http://www.mskousen.com; mskousen @aol.com) *is an economist at Rollins College, Department of Economics, Winter Park, FL 32789, a* Forbes *columnist, and editor of* Forecasts & Strategies. *See the next page for details on his newly published textbook,* Economic Logic.

mitting concealed handguns deter crime. "When guns are concealed, criminals are unable to tell whether the victim is armed before striking, which raises the risk to criminals."[4] He produces a variety of statistics and graphs to support his case. For example, the following graph compares the average number of violent crimes in states before and after the adoption of a concealed-handgun law.



The effect of concealed-handgun laws on violent crimes

Source: John R. Lott, *More Guns, Less Crime,* Figure 4.5

Lott's crime figures also remind me of Frederic Bastiat's brilliant essay "What Is Seen and What Is Not Seen." In 1850, this great French journalist wrote, "In the economic sphere,. . . a law produces not only one effect, but a series of effects. Of these effects, the first . . . is seen. The other effects emerge only subsequently; they are not seen."[5]

According to Lott, Bastiat's principle applies in crime statistics. "Many defensive uses [of guns] are never reported to the police."[6] Lott gives two reasons. First, in many cases of self-defense, a handgun is simply brandished, the assailant backs off, and no one is harmed. Second, in states that have stringent gun laws, citizens who use a gun for protection fail to report the incident for fear of being arrested by the police for illegal use of a weapon. Thus, Lott confirms (through extensive surveys) the initial work of Gary Kleck, professor of criminal justice at Florida State University, that guns are used far more frequently in self-defense than in committing crimes. Kleck, by the way, used to have a strong anti-gun bias until he uncovered this revealing statistic.

All this confirms a long-standing constitutional principle: People have the right to own a gun for self-protection. □

1. Gary S. Becker and Guity Nashat Becker, *The Economics of Life* (New York: McGraw-Hill, 1997), p. 143.
2. John R. Lott, Jr., *More Guns, Less Crime* (University of Chicago Press, 1998).
3. Becker and Becker, p. 137.
4. Lott, p. 5.
5. Frederic Bastiat, "What Is Seen and What Is Not Seen," *Selected Essays on Political Economy* (Irvington-on-Hudson, N.Y.: Foundation for Economic Education, 1995 [1850]), p. 1.
6. Lott, p. 5.

BOOKS

The Great Philanthropists and the Problem of "Donor Intent"

by Martin Morse Wooster

Capital Research Center • 1998 • 198 pages • $15.00

Reviewed by George C. Leef

According to a book titled *The Right Guide* and its companion volume, *The Left Guide*, funding for the various organizations that promote the expansion of government is between three and four times as great as the funding for the organizations that seek to protect freedom, private property, and limited government. The principal reason for this lamentable situation is that several huge foundations that were built on the fortunes of men who were staunch laissez-faire advocates have been turned into cash cows for statist advocacy, among them the Ford, Rockefeller, and MacArthur foundations.

The Great Philanthropists examines the problem of the subversion of the wishes of individuals who create vast wealth and foundations to disburse that wealth after their deaths. The villains of the piece are the "professional" and almost invariably statist foundation managers who think that they know how to use the fortunes amassed by entrepreneurs to refashion society and have no qualms whatsoever about employing the funds in ways the donor would not have approved.

Wooster introduces us, for example, to William H. Allen, one of the earliest of these types, who denounced the "dead hand" of donor intentions and argued that trustees should be free to use foundation money for any purpose they thought worthy 20 years after the donor's death. (In truth, many don't see why they should have to wait 20 minutes.) The philosophy and objectives of "professionals" like Allen usually differ markedly from those of the wealth creators, yet in case after case, they succeeded in taking control of the foundations of the great capitalists. The book explains how it happened.

Consider John D. Rockefeller, creator of Standard Oil. During his lifetime, he made sure that his charitable giving did not promote dependency or waste. But people were constantly hounding him for money, and he was persuaded that he could insulate himself from that hounding by setting up a foundation and letting others handle the giving away of his money; this was "wholesale" rather than "retail" philanthropy. Within one year of the establishment of the Rockefeller Foundation in 1913, Wooster writes, "many foundation trustees and employees were looking for ways to exclude Rockefeller from the foundation's affairs." They would succeed.

Equally harmful was the fact that John D. Rockefeller, Jr., was philosophically much different from his father. Young Rockefeller surrounded himself with advisers who were hostile to capitalism and allowed them to quickly steer the foundation radically away from the desires of the senior Rockefeller. This was a heist worthy of the most audacious bank robbers, yet all done perfectly legally.

In 1919, Rockefeller, Sr., tried to reassert control. He wrote to his attorney explaining what he wished to do to put his foundation back on what he regarded as the right track. The lawyer, however, was aghast at the idea of Rockefeller's controlling his own money and maneuvered to thwart his client's intentions. The foundation continued on its merry statist way, as it does to this day.

The story of the Ford Foundation was similar to Rockefeller's. Henry Ford was a staunch advocate of capitalism. He was virtually the only prominent industrialist who refused to cooperate with the National Recovery Act, thus making himself a target of FDR and his New Dealers.

Confronted with New Deal "share the wealth" legislation that threatened to cost the Ford family control over the business he had built, Ford established the Ford Foundation in 1936. The foundation remained relatively small and unobtrusive until after World War II, but a tremendous infusion of wealth came in following Ford's death in 1947. Henry Ford II, a political moderate, allowed the founda-