

might be needed to rectify the unanticipated effect of the first.”

Another interesting idea developed by Brenner is that direct democracy can force on governments the kind of accountability that financial markets impose on businesses. “[R]eferenda and citizen initiatives,” he writes, “can discipline the public sector in much the same way that the stock market disciplines the private sector.” Perhaps the more powerful argument given by Brenner is that referenda would never approve complex and unreadable laws. Direct democracy reduces the power of the political and bureaucratic classes, which is indeed why they don’t like it.

Direct democracy can even, as in Switzerland, allow people to secede from municipalities, or cantons, that don’t offer them what they want—“In other words, moving borders on paper, rather than forcing people to move with their feet.”

In monetary matters as in so many others, Brenner is close to the Austrian economists. A stable currency, he writes, “is a necessary part of a vital capital market.” Monetary policy must be separated from politics, and he argues for returning to the gold standard. He mentions the possibility of free banking, but adds that “it would involve such drastic changes that discussing it at this stage would be impractical.” Perhaps he should have pursued the idea further, though. If denationalization of money can be achieved gradually, simply by removing monopolistic privileges from the central bank, it may actually be easier to achieve than the re-establishment of the gold standard.

The Financial Century offers a good critique of Keynesian macroeconomics. In some countries, macroeconomic aggregates (like gross domestic product) measure something that people want, while elsewhere they measure things that rulers and the establishment want—for, indeed, macroeconomic aggregates mean only what prices and incomes mean, that is, how they are determined. Or read this neat formulation: “By adding government ‘output’ to whatever was produced in the ‘private’ sector . . . economists transformed a self-serving political

idea (a benevolent big government) into a neutral-sounding scientific debate about numbers and statistics.”

Summing up, Brenner writes that “Freedom means having options. . . . But alternatives come from having access to capital, from being able to borrow against imagined futures.” For him, the key to prosperity “is to establish a system of checks and balances, together with democratized financial markets.” That combination—government that is subject to significant restraints on its power and capital markets that are open to all—currently is, in Brenner’s opinion, approached most closely by the United States and, for that reason, “the twenty-first century, like the twentieth . . . will belong to the United States.”

Isn’t Brenner too optimistic? When an individual cannot make a cash deposit or transaction of \$10,000 without having to file a Currency Transaction Report with federal authorities, or when a technical violation of securities regulations can turn one into a felon, perhaps we should realize that American financial markets are not so free after all, that they are under surveillance, and that individual liberty is far from secure. Yet *The Financial Century* gives us reason to further reflect on the importance of capital. □

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Cuba in Revolution

by Miguel A. Faria, Jr.

Hacienda Publishing • 2001 • 452 pages
• \$26.95

Reviewed by George C. Leef

The vicious regime of Fidel Castro has for more than 40 years trampled on individual rights in Cuba, but the details of his seizure of power and subsequent Stalinist rule remain surprisingly little known in the United States. Within weeks of the September 11 terrorist attacks, everyone was hearing about the atrocities of the Taliban in Afghanistan, but year after year, Castro and

his henchmen torture and kill Cubans who seek elemental human freedoms with virtually no attention from the media. Most Americans remain blissfully ignorant.

In his new book, *Cuba In Revolution*, Dr. Miguel Faria strives mightily to tell the truth about Castro and his government. As a boy of 13, Faria escaped from Cuba with his father, came to the United States, studied medicine, and became a surgeon. In his previous books, he has fought against the trend toward socialist health care in the United States. With this book he takes up what undoubtedly is the source of his greatest passion—the ruin of his homeland by one of the most repressive states in the world.

One part of the book is Faria's recounting of his escape from Cuba in 1966. "Harrowing" is the best adjective to describe the events—a middle-of-the-night drive with a stranger to whom Faria and his father entrusted their lives; boarding the poorly maintained little fishing boat (it had been confiscated by the government after Castro's seizure of power, so naturally it was in bad condition) and setting out for the 200-mile voyage to the Cayman Islands; engine trouble; a near-collision with a Soviet freighter in the dark; a severe storm that almost capsized the craft; severe dehydration; and the lucky sighting of the smallest of the Caymans when they were lost and at the point of desperation. It would make a great movie if Hollywood had any interest in stories that show communism as a hellhole worth risking life itself to escape.

Most of the book, however, is devoted to setting the record straight about Castro's regime. Faria has sharp words for the gullible American media that have chosen to serve as a conduit for Castro's disinformation. Going back to the reporting of Herbert Matthews of the *New York Times* in the 1950s, when Castro was organizing his campaign against the Batista regime and continuing up to the present, the media have readily accepted the government's claims to have made great improvements in literacy and health care for the Cuban people. Castro's statistics are pure deception, Faria shows.

In health care, for instance, the Cuban government claims to have greatly reduced infant mortality. Faria observes that Castro's statistics are hardly reliable, but it appears that what little improvement there may be in infant mortality comes at the expense of a worsening of health for older children and mothers. Castro has chosen to focus on the one statistic calculated to tug most at the heartstrings of Americans while allowing the health of the people in general to decline. The author visited Cuba in 1995 and could see that clinics are dirty and lacking in basic supplies and equipment. Moreover, the diet and hygiene of the population have fallen to Third World levels.

Another piece of Castroite deception that the media fall for is the supposed "safety" of living in a country with complete gun control. One of the first orders of business after taking power in 1959 was the confiscation of private firearms, a task made easier because of the previous gun registration by Batista's government. When the Elián González battle flared in 2000, Castro sympathizers, in an attempt to capitalize on the shootings at Columbine High School, were heard to say that in Cuba the boy would be able to attend schools that were safe. Faria argues that no one is really safe in totalitarian Cuba, and notes that with gun control, the homicide rate in Cuba is higher than in the United States.

Speaking of the González affair, Faria strongly condemns the Clinton administration's insistence on returning the child to Cuba. Singled out for particular scorn is Dr. Irwin Redlener, a loyal Democratic supporter of government health-care initiatives, who, without even seeing the child, claimed that he was being held in a "profoundly disturbing and dangerous environment." That "expert opinion" (given to counteract the opinions of physicians who had actually seen Elián) provided the excuse Janet Reno wanted to justify the infamous pre-dawn raid.

Faria is optimistic that after Castro's demise, his regime will totter and fall as did those in Eastern Europe. He sees hope in reports that the Internet is starting to spread the truth in Cuba and that several of Cas-

tro's top lieutenants appear to be squirreling away money in foreign accounts.

It's hard to imagine that anyone could read this book and not feel the deepest sorrow for the Cuban people, who have suffered so much at the hands of Fidel Castro. □

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Internal Improvement: National Public Works and the Promise of Popular Government in the Early United States

by John Lauritz Larson

University of North Carolina Press • 2001

• 324 pages • \$55.00 cloth; \$19.95 paperback

Reviewed by Burton Folsom, Jr.

In 1805 Thomas Jefferson, in his second inaugural address, focused attention on the limited government of his presidency: “[I]t may be the pleasure and the pride of an American to ask, What farmer, what mechanic, what laborer ever sees a taxgatherer of the United States?” Little did Jefferson know that the issue of “internal improvements at federal expense” would unleash the taxgatherers during his second term to support an abundance of canal building from the coast of Maine to Athens, Georgia.

Professor John Larson of Purdue University sympathizes with plans—especially the Gallatin Plan of 1808—to unite America with a network of federally funded canals, post roads, and other improvements. What's more, Larson finds such extra-constitutional actions consistent with republican ideals. “It is my contention,” Larson argues, “that the positive use of government power for popular constructive purposes, such as public works of internal improvement, never was proscribed by republicanism.” He commends, for example, “[George] Washington's vision of a rising empire, guided from the center by benevolent government and striving toward some splendid republican future.” By contrast, those “capitalists” who wanted to build internal improvements with

private funds Larson dismisses as localistic, obstructionist, and narrowly partisan.

Larson laments that the latter group usually won the congressional battles in the early 1800s and prevented the national planning of America's transportation network. The states then began building their own canals. Much of this state-directed construction, Larson concedes, was a failure, but he still prefers state planning to private enterprise. He spends many pages describing the Erie Canal and commending the New York legislature for funding it. Since the Erie Canal brought in millions of dollars profit in tolls, Larson sees it as a microcosm of what could have happened nationally if we had only tried public planning.

Despite an abundance of research, Larson's analysis is often superficial and weak. The first problem is with typology. Both planners and capitalists wanted internal improvements—the question was how to fund them. The Founders refused to grant the federal government the power to tax *generally* to build canals *locally*. Presidents Jefferson and Monroe, among others, urged the planners to pass a constitutional amendment before going forward with their schemes.

Larson's second problem is that national planning is hard to impose on a nation with a representative government. What if voters change their minds on where they want canals? Or, if they want railroads instead, whether they want them built with expensive T-rails or cheaper strap-iron rails. Strong changes in the composition of Congress—not to mention the inherent problems of voter self-interest, overly bureaucratic planning boards, and the almost daily adjustments necessary with new technologies—make any national plan almost impossible to direct centrally.

Larson's third problem is that the internal improvements ultimately built by the various state governments were usually inferior to the ones built by private enterprise. Larson described the typical government-run canal when he said, “Early projects often failed, soaking up great sums of investment capital while yielding little or no general benefit.”