

• "The Effect of Advertising on the Price of Eyeglasses," Lee Benham, *JOURNAL OF LAW & ECONOMICS*, Vol. 15 (2), October 1972, p. 337. (The *JOURNAL* is published twice a year at the University of Chicago Law School, 1111 E. 60th Street, Chicago, IL 60637, \$7 per year, \$4 per copy. Highly recommended.)

#### FOR CONSENTING ADULTS ONLY

New advances have been made in recent months in the continuing struggle to remove the nose of the State from people's consensual transactions (e.g. gambling and sex). In New York City the prestigious Fund for the City of New York has recommended the legalization of the numbers game. Citing the results of an extensive study, the Fund's report noted that one out of four New Yorkers plays the numbers, resulting in \$600 million of the total \$1.7 billion annual illegal gambling gross. In order to drive out organized crime and reduce official corruption, the report concluded that the state legislature should legalize numbers. Wisely, the report cautioned *against* the State seeking to use the numbers game itself for revenue, saying that this would defeat the object of combating crime and corruption.

In Hawaii, meanwhile, "gambling during social events" has just been made legal by the state's newly-adopted penal code. The new code (which never defines "social," leading to prediction of large-scale gambling), goes a long way towards eliminating victimless crimes, in addition to gambling. It changes marijuana possession from a felony to a misdemeanor (and makes possession of two ounces or less a "petty misdemeanor"), allowing first-time arrestees to be released with a warning. The code also virtually eliminates all statutes concerning private sex relations between persons over 14 years of age.

(Sexual activity between persons under 14 is legal as long as the persons are within four years of each other in age.) Finally, prostitution has been reduced to a misdemeanor, as has "small-time" promotion of prostitution by cab drivers or hotel clerks (in an obvious concession to the tourist industry).

In Pennsylvania, the State House has adopted a new 200-page criminal code which legalizes premarital and extra-marital sex.

Finally, in the District of Columbia the law against prostitution has been found unconstitutional. The D.C. ordinance did not outlaw prostitution per se, but merely *solicitation*. As the law was enforced, it was applied only to women, not to patrons (except for a short-lived experiment a few years ago). Judge Charles W. Halleck ruled that the law therefore discriminated against women, as well as being an invasion of privacy and a violation of the First Amendment guarantee of freedom of speech. In addition, the judge noted that since prostitution itself is not illegal in D.C., solicitation to commit a noncriminal act cannot be held criminal. This is the case despite the fact that fornication, sodomy, or adultery might result from the solicitation, because the laws prohibiting the latter forms of conduct are an unconstitutional invasion of the right to privacy.

#### SOURCES:

- "New York Report Suggests Gambling Be Legalized," AP (New York), 26 November 1972.
- "Hawaii Social Gambling Law Takes Effect," UPI (Honolulu), 20 January 1973.
- *CRIME CONTROL DIGEST*, 26 January 1973, p.6.
- *CRIME CONTROL DIGEST*, 8 December 1972, p. 4.

• *CRIME CONTROL DIGEST*, 10 November 1972, p.2.

#### IRS QUOTAS EXPOSED

Last year opponents of coercive taxation cheered when Mr. and Mrs. Phil Long of Bellevue, Washington won a court battle with the IRS. Under the 1967 Freedom of Information Act, the court ruled that the IRS must make available to taxpayers their internal manuals and procedures. After having gone over some of the released materials, the Longs have informed the Senate appropriations subcommittee (which oversees the IRS budget) that the IRS uses a quota system in conducting audits. The 1972 plan, they said, called for office audits to produce \$68 to \$71 additional tax, on the average, for taxpayers earning under \$10,000. For those between \$10,000 and \$30,000, each audit should produce an average of \$926 in extra taxes. Similar quotas exist for businesses and other taxpayer categories.

The Longs' charges were supported by testimony from Vincent Connery, himself an IRS employee and president of a union representing 35,000 IRS personnel. Connery said he was told he must "produce X number of dollars" per audit and would be "in trouble" if he found no errors in the returns he audited. Agents in IRS training are told that "the presumption is that the taxpayer has cheated and the only question is to figure out how much more he owes the government."

The IRS, typically, denied the existence of any quota system.

#### SOURCE:

- "IRS Has Quota System, Senate Inquiry Told," UPI (Washington), 1 March 1973.

## publisher's notes

#### • SPECIAL BONUS FOR SUBSCRIBERS:

This month's extra-length Special Issue contains 48 pages, and features an unprecedented combination of leading libertarian contributors. The newsstand price for Special Issues—which are published twice annually—is \$1.50. Subscribers receive *REASON's* Special Issues at no extra charge.

#### • NEW REASON STAFFER:

*REASON's* newest foreign correspondent, Pauline Russell, reports this month from England. Ms. Russell is director of the Free Market Research Institute and operates the popular Transatlantic Success restaurant

in Kingston-on-Thames. She is a UCLA economics graduate and is one of England's most effective advocates of laissez-faire capitalism.

#### • FACULTY REGISTRY PROJECT:

*REASON* has compiled a tentative listing of more than 100 college and university faculty members who teach courses of interest to students interested in libertarianism. The list is still growing, and will be published in a future issue.

#### • REASON ASSOCIATES PROGRESS REPORT:

One of the major aims of Reason Associates is to provide "risk

capital" for expanding *REASON's* circulation beyond the libertarian movement. The first step in this direction has been taken with the placing of classified ads for *REASON* in three publications: *PSYCHOLOGY TODAY, MS.*, and *SOCIETY* (formerly *TRANS-ACTION*). Additional ads will soon be placed in the *NEW YORK REVIEW OF BOOKS* and *NATIONAL REVIEW*. Depending on the response to these ads, additional classified ads may be placed in other such periodicals. In addition, the relative response rates will help to determine which publications appear to offer the most fertile ground for possible future display ads.

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# editorial: On Beginning Reason's 5th Year

## Have Your Friends Subscribe, Too

This issue, Volume 5, Number 1, inaugurates *REASON's* fifth publishing year. It seems appropriate at this point to share with our readers some thoughts on what *REASON* has accomplished thus far, and what lies ahead.

First of all, Reason Enterprises has now largely achieved its initial goal of several years ago—namely, that of building *REASON* into the country's major libertarian publication. We have come a long way since *REASON's* first mimeographed 8-page issue in the Spring of 1968. With the absorption of nearly 1000 subscribers from SIL and *INDIVIDUALIST* (as announced last month), *REASON* has now achieved a paid circulation of over 6000. It was only last December that Murray Rothbard pessimistically concluded that "no libertarian periodical, regardless of promotion, advertising, layout, or whatever . . . has been able to get its circulation above two or three thousand." On that basis, Rothbard sadly noted that "there seems no real warrant for gauging the [libertarian] movement at more than 3000."

We are delighted to be able to prove Dr. Rothbard's pessimism premature. In addition to building a circulation base of 6000, *REASON* has developed as a major marketplace for reaching people concerned about freedom. As Dave Nolan of the Libertarian Party recently stated, "When you place an insertion order for an ad in *REASON*, you know it will get published when it's supposed to." In short, *REASON* has established a reputation for regular on-time publishing not previously seen in the libertarian movement.

What does all this imply for libertarianism? Looking first at the movement itself, it means that there is finally a "real" magazine that reaches virtually all active libertarians on a regular basis, to provide intellectual ammunition, to advance the state-of-the-art of libertarian ideas, to provide a forum for open discussion of both major issues and of strategy and tactics for freeing our culture, and to provide a marketplace for

products and services of interest to people in the forefront of the battle for liberty. Looking outward, it means that there is now a reliable, professionally-written and produced publication available for introducing libertarian ideas into our culture: via homes, offices, libraries, etc. The editors consciously select a mix of material for *REASON*, so that as much of it as possible will be relevant to the reader just encountering the libertarian philosophy, while not boring the more experienced reader. And, as exemplified by this month's contents, we also strive to include articles representing different facets of the diverse libertarian movement, rather than pushing any single viewpoint. The result is a magazine that is read by an average of two nonsubscribers for every paid subscriber.

All of which is well and good. *REASON's* success has not, however, been costless. Despite our best efforts, *REASON* remains a long way from being profitable, at the 6000-circulation level. This circulation is still a very small base over which to spread the large costs of magazine production. And *REASON* is only now beginning to approach the point where regular (i.e. nonmovement) advertisers will start to take it seriously. (Most magazines make a large portion of their income from advertising; only 6% of *REASON's* 1972 income resulted from ads.) Each increment of circulation brings with it new elements of workload, and continually-rising fulfillment costs. Inflation and rising postal rates also take their toll.

We are not, of course, just sitting back and complaining. An extensive effort to attract advertisers, based on our new circulation base, has just begun, under the direction of Advertising Manager Donna Rasnake. A major increase in ad revenue will enable us to avoid raising subscription prices again, something we would much prefer to avoid. Readers can help in this effort by patronizing our advertisers and letting them know you saw their ad in *REASON*. We are continuing to carry out expensive, time-

consuming direct-mail promotional test-mailings in order to find lists of potential subscribers to mail to. We are also hoping to increase our circulation with the help of the Society for Individual Liberty and the Libertarian Party. Finally, we have established Reason Associates as a means by which subscribers and friends can assist us in amassing capital for promotion of *REASON* well beyond the confines of the libertarian movement. The first phase of this promotion is now under way (see Publisher's Notes), with the placement of classified ads for *REASON* in several major periodicals. As more funds become available, we plan to run larger display ads as well.

There is one final resource left untapped, possibly the most valuable of all sources of new subscribers: our current loyal readership. It is exciting for us to ponder that if every subscriber gave a gift subscription to just one of the people who now read his/her issue, *REASON* would jump to 12,000 circulation. *REASON* would then be assured substantial advertising, the magazine could further expand in size and features (since unit costs per subscriber would decline), and it would very likely move into the black.

What does *REASON's* growth mean to you? The more subscribers *REASON* has, the bigger and better *REASON* can become, and the more influence it can have in spreading libertarian ideas.

We'd like very much to see this happen during *REASON's* fifth year. We also think our readers would also like to see it happen, and we'd like to make it worth your while to help us make it happen. Therefore, every subscriber who gives a gift subscription during 1973 will get a free three-month extension of their own subscription. Give two gifts and get a six-month extension, four gifts for a 12-month extension, etc. Help us make 1973 the year of *REASON*.

ROBERT POOLE, JR.  
MANUEL S. KLAUSNER