

BOOKS

**Minority Myths,
Uncomfortable Facts****Ethnic America: A History**

By Thomas Sowell

New York: Basic Books. 1981. 336 pp.

\$16.95. \$9.50 paper.

Markets and Minorities

By Thomas Sowell

New York: Basic Books. 1981. 160 pp.

\$12.95. \$5.95 paper.

Reviewed by Jack D. Douglas

"The most bitterly criticized features of slavery—callous overwork, sexual exploitation, Negro fragmentation, and self denigration of blackness—were worse in the West Indies than in the United States." Today, "second generation West Indians have higher incomes than whites. . . . [and] 52% higher nationally" than other blacks.

Anyone addicted to simple-minded statistical fads and foibles, especially "correlationitis," would obviously conclude from Thomas Sowell's statistical facts in *Ethnic America* that the worst possible conditions of slavery are best for the slaves in the long run. Anyone taking that simplistic view might even feel forced into a Toynbee Theory of the Amelioration of the Masses: extreme challenges lead to the most extremely effective responses; therefore, if you want people to do well in the long run, immiserate them in the short run. Come to think of it, that applies beautifully to the whole American experience and to the experience of so many of us in our own lifetimes (and it is the theory of psychologists studying "survivors").

But, fortunately, Sowell is neither aiding and abetting statistics fraud nor launching a Grand Theory of Toynbeeism (nor supporting slavery!). There is more to his West Indian comparison with American slaves.

The paternalism of American slaveholders, which sprang from their being much closer to their slaves and concerned about them as a long-run capital investment, led even after emancipation to the "furnish system," which encouraged dependency. (Knowing the sharecropping paternalism and dependency that still prevails in much of the rural South, this has always seemed obvious to me. It is absurdly tragic that

"learned" do-gooders have so vastly reinforced this, making blacks dependent sharecroppers in the welfare state.)

The extremely exploitative treatment of the West Indian slaveowners, in contrast, led to far greater suffering, mortality rates, and so on, but also to more independence. There are also other factors, however: West Indian blacks had private plots, which provided an incentive to work, save, and invest in themselves; they were prepared for emancipation rather than suddenly freed; and they were freed a generation earlier.

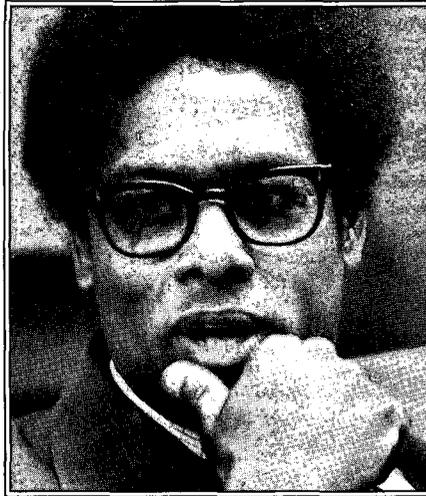
In short, a careful partialing out of effects, and a use of common sense and

all together in a very readable, even inspiring, way. As the Jeffersonians and Jacksonians said, the free market allows people to achieve the greatest possible degree of equality of opportunity and outcome commensurate with human nature. That was one of the crucial ideas of "the great system of liberty" held up as an ideal by both Adam Smith and the Founding Fathers. Collectivism inevitably leads to more inequality, freedom to less. Pity all the modern Marxists who never learned or too easily forgot that great truth.

Markets and Minorities, a spin-off from *Ethnic America* and from the far more systematically theoretical work by Sowell, *Knowledge and Decisions*, is a methodical discussion of how the free market produces equality of opportunity and outcome. It also includes some judicious selection of evidence to verify the theory. For example, blacks were of great and growing importance in the highly skilled building trades before government granted monopoly powers to unions. In the free-market situation, minorities could always get a start by accepting lower wages. Employers who hired them gained; those who would not lost. Under a system of liberty, discrimination costs; under monopoly, it need not. That's what happened when the unions came to power. In fact, since the union could often deny any labor to the employers, *nondiscrimination* could be fatally costly when the unions wanted discrimination. They got it, and blacks disappeared from the skilled trades.

This, too, is an argument that many of us probably know by now. (I had the great pleasure of hearing it a few years ago in a talk by the late and great patriot of freedom, Ben Rogge.) But it's done extremely well here and will make an excellent little text in any course on minority groups, racial relations, or economics. (I hope to use it in a course on social economics, if my department can ever overcome its instinctive fear and loathing for any discussion of the values of freedom.)

Sowell's works have some shortcomings. For example, there are no controlled comparisons of West Indian blacks and Americans with the similar yet different experiences of blacks and Indians throughout Latin America on the *latifundios* (great estates). Nor does Sowell look at blacks in the growing non-union segments of building today in comparison with those in the unionized segments, especially those subject to the



Thomas Sowell

wisdom about mankind gained from great learning, show conclusively the absurdity of claiming that "racism did it all." Racism, ethnicism, sexism, classism, personalism, and so on have been important parts of the American experience—much less than in most societies, but still important. But the free market provided a means by which all of this could be and was overcome by Jews, yellows, browns, reds, blacks, and so many others—all in proportion to how well they played the game of economic freedom, which is more dependent on past culture and individual experience than on anything else.

The vast array of statistical evidence and argument used by the "grand inquisitors" of the American way is mistaken, mythical, or downright fraudulent. The minute details of those blunders and frauds experienced in negativistic action programs (fraudulently called "affirmative") have been exposed in the pages of the *Public Interest*, *REASON*, and many other sources. But in *Ethnic America*, now available in paperback, Sowell does a fine job of bringing it

federal requirements to pay union wages (the Davis-Bacon Act). But, then, something needs to be left for the next generation.

Besides, Sowell is abused enough. Even the reviewer for the *Economist* (Apr. 17, 1982) spent about half the review impugning Sowell's racial integrity—and implying "racism did it all." Fortunately, the *Economist* did publish a rebuttal (May 1, 1982) by the prime minister of Barbados, J. M. G. Adams, who pointedly noted that the reviewer overlooked all the careful argument and evidence. If Sowell's critics can be so blind to his obvious strengths, we can at least be gracious by forgiving his failure to be perfect—but never accept it!

Jack Douglas teaches sociology at the University of California, San Diego.

A Rebellion in Retreat?

The Tax Revolt

By Alvin Rabushka and Pauline Ryan
Stanford, Calif.: The Hoover Institution.
1982. 288 pp. \$16.95.

Reviewed by James T. Bennett

In *The Tax Revolt*, Alvin Rabushka and Pauline Ryan set out to explore the causes and consequences of the tax-reduction movement in California in the late 1970s that produced the now-famous Proposition 13. For those interested in and discontented with the burden of taxation, the book provides fascinating insights into the events and personalities that precipitated tax-cutting fever in California and other states without the esoteric jargon so typical of the work of economists. A reader who expects to discern a recipe or a "how-to" set of instructions for curbing the public sector's appetite for the incomes of private citizens is likely to be disappointed, but the study was not written for that purpose. Nevertheless, from this brief historical review, there are many lessons that have far-reaching implications for the future.

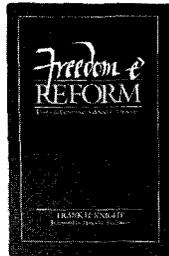
According to the authors, two essential ingredients came together in the late 1970s to precipitate Proposition 13: economic factors and the personality of Howard Jarvis. Throughout the decade, inflation had produced a devastating effect on real disposable (after-tax) incomes of California citizens by rapidly escalating property values and by

pushing taxpayers into higher income-tax brackets. Other government policies such as no-growth restrictions further increased the assessed value of property and caused property taxes to soar. By 1977, Californians were paying about 16 percent of their incomes to state and local governments—well above the average for all other states—in addition to federal taxes.

Rabushka and Ryan contend that as long as their after-tax real disposable income grew, "taxpayers were willing to tolerate even more rapid growth in the public sector." Apparently, the straw that broke the camel's back was the decline in the purchasing power of tax-

payers. Also, as government grew, so did the popular perception of rampant waste, inefficiency, and fraud. Economic events bred discontent, and the stage was set for a taxpayer rebellion.

Despite the dissatisfaction of taxpayers, the legislature made no decisive moves to reduce the tax burden, even though a sizable (and growing) budget surplus had developed in the state coffers. As in 23 other states, however, California's constitution provides for ballot initiatives through which citizens may attempt to convert public sentiment into laws or constitutional amendments. The personality of Howard Jarvis provided the driving force that focused voter



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Freedom and Reform *Essays in Economics and Social Philosophy*

By Frank H. Knight
Foreword by James M. Buchanan

Fifteen essays, first collected in 1947, treating social, political, economic, and philosophical problems from Frank Knight's characteristic perspective. Professor Knight (1885-1972), author of the economic classic, *Risk, Uncertainty and Profit* (1921), taught economics for many years at the University of Chicago.

In the Foreword Professor James M. Buchanan says of Knight, "He possessed the elementary gumption to stake out his intellectual-moral position unawed by either the 'wisdom of the ages' or the potential censure of his peers in the academy. He was willing to acknowledge his own vulnerability to error, and when he was confused, he was not reluctant to say so." Hardcover \$14.00. Paperback \$6.50.

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