

nations of Europe, including Central and Eastern Europe, ought to be free and independent states. Instead of constantly reiterating how the United States believes in freedom but abhors violence and supports order, George Bush, Jim Baker, and pals ought to unequivocally endorse democracy. Violence is not, of course, desirable; but it is far less likely to come from those working toward liberty than from those who would suppress them (and who, after all, have the guns, tanks, and soldiers).

Second, we should support freedom and democracy while remembering that independence is not freedom, any more than elections are democracy. As countless Third World dictatorships have proved, throwing off a colonial yoke without establishing protections for individuals hardly amounts to freedom. And electing officials who exercise near-absolute power over political and economic life merely creates a milder form of dictatorship.

The United States should make sure it weighs *in for* freedom, not merely *against* communism—or against only pre-Gor-

bachev communism. (As Gorbachev's skillful manipulation of Russian nationalists, such as the fascistic Pamyat, demonstrates, groups that do not respect individual liberties are natural allies not for pro-freedom change but for existing tyrannies.)

The United States's own security would certainly be boosted by a smaller Soviet Union surrounded by neutral states. So it would not be out of place for the U.S. government, as well as for private groups, to provide financial assistance and advice on institution-building to those groups that are working to free their countries. We should not, however, try to prop up socialist economies by pumping money into the planners' projects, even those projects deemed "reformist." Subsidizing socialism will only postpone true reform.

These are exhilarating times. History seems to be moving in the direction of liberty. But there are no historical inevitabilities. If we abandon our principles, fail to set firm goals, or place excessive faith in the goodwill and permanence of Mikhail Gorbachev, we cannot hope to see freedom prevail. ■

belongings before their homes were bulldozed. Too risky, officials said. They never considered allowing the people at risk to make that judgment for themselves.

Such official arrogance was also apparent following Hurricane Hugo. After the storm passed through the Charleston area, Mayor Carmen Bunch of the Isle of Palms declared martial law and barred residents from returning to the barrier island to secure their property. In the meantime, heavy rain poured through torn roofs, causing further damage to homes and possessions.

In Charleston, one of Mayor Joseph Riley's first responses to the devastation caused by the hurricane was to impose price controls. The move followed reports that storekeepers had jacked up prices for goods that were in great demand, selling blocks of ice for \$100 or more and generators for thousands of dollars. As morally reprehensible as such gouging might be, the city did not do the people of Charleston a favor by outlawing it, thereby eliminating the incentive for outside suppliers to bring in equipment and provisions. Had the city allowed the market to work, competitors from nearby towns would have been attracted by the potential for profit, expanding the supply of sought-after goods and bringing prices down.

The resilience of the market was demonstrated by the performance of northern California's Safeway stores, which continued supplying essential goods following the earthquake. The chain arranged emergency shipments of water, canned food, batteries, and other necessities, while employees immediately began cleaning up the stores and repairing the damage. By 5 P.M. the next day, most of the 140 outlets affected by the quake were open. In addition to supplying its own stores, Safeway distributed food to private relief agencies.

By their nature, organizations such as the American Red Cross and the Salvation Army are far better equipped to respond quickly and effectively to a disaster than is a lumbering agency such as FEMA. After Hurricane Hugo, it took FEMA a week to set up an office; local charitable groups pitched in right away.

## DISASTROUS RELIEF

JACOB SULLUM

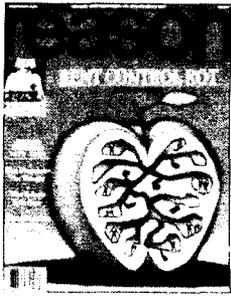
There's nothing like a good disaster to bring glee to the heart of a statist. Just as there are no atheists in foxholes, there are no skeptics of big government in the wake of an earthquake or hurricane. They all fall to their knees before the Federal Emergency Management Agency and shout, "I believe!"

Then again, maybe not. Sorting through the rubble of Hurricane Hugo and the northern California earthquake, we find more evidence of effective private action than of government omnipotence. Too often, in fact, government stood in the way of rescue and recovery, frustrating private efforts and violating the rights of property owners.

The contrast between private and

government action was nowhere more glaring than at the scene of the Nimitz Freeway collapse in Oakland. Immediately after the earthquake, passers-by and neighborhood residents spontaneously set to work, using forklifts and ladders to rescue at least 50 motorists within the first half hour. Firefighters and police did not arrive for 90 minutes, but once the authorities took charge, they cleared the area and set up barricades to keep out all those pesky intruders who had dared to save people's lives without permission.

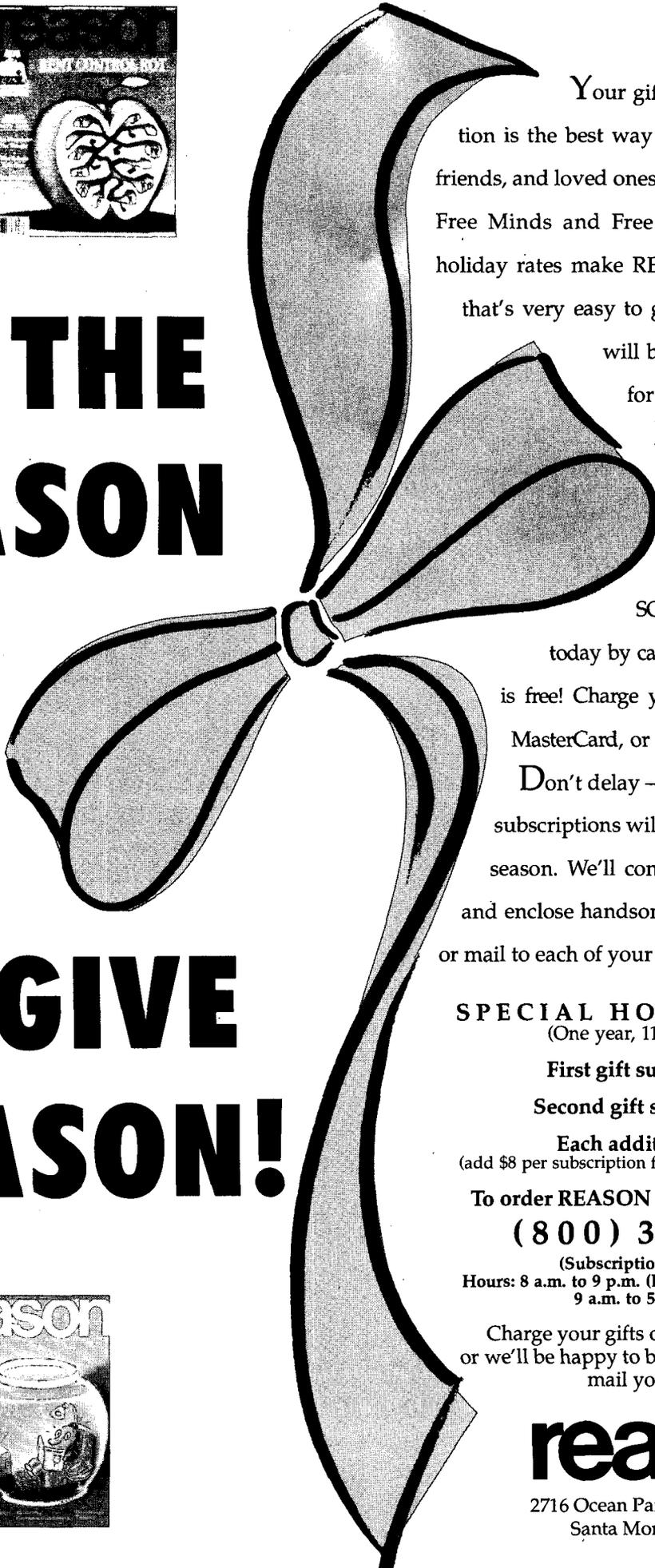
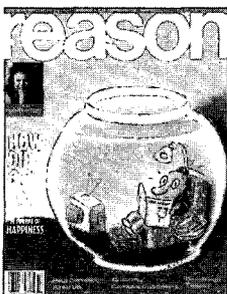
In San Francisco, the authorities prevented many people from entering their damaged homes and businesses after the earthquake. In some cases, residents were not even allowed to recover a few



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Just minutes after the earthquake, the Salvation Army was providing food; the Red Cross opened shelters within four hours, while federal bureaucrats were still holding meetings and issuing directives.

Faster than officials could propose tax hikes, donations poured into relief organizations. The Red Cross alone had collected \$46.5 million as of October 31. Those in California who clamored to raise taxes in response to the earthquake should recognize that, aside from the funds needed for road repair (which, like it or not, is a state project), the money would be better spent on private efforts. Concerned Californians could get more bang for their buck by giving to relief groups that do not have large bureaucracies to feed.

While government money will undoubtedly help victims of the earthquake and Hurricane Hugo, much of the spending will be counterproductive. Congress allocated about \$4 billion for relief in the aftermath of the two disasters. Of this, \$2.2 billion goes into a fund that will be spent at FEMA's discretion. The appropriation also includes \$500 million for Small Business Administration disaster loans. A lot of this money will be used for grants and loans to uninsured residents and businesspeople. Such assistance may seem noble, but it undermines the incentive to prepare for future disasters. If you know that the federal government will restore your property, make your home or business whole again, why would you bother to buy insurance or reinforce your house?

Federal aid also raises the question of fairness: Is it right to demand that taxpayers in Butte and Des Moines help to bail out people who choose to live in areas that are vulnerable to earthquakes and hurricanes (especially, say, the well-to-do people south of Broad Street in Charleston)? Take federal flood insurance, which is subsidized by taxpayers to the tune of 25 cents for every dollar in claims. Either this business is inherently unprofitable—unlikely, since the private sector took care of flood insurance until the late '60s—or it simply cannot make money while offering low rates to everyone. In any case, federal flood insurance amounts to an inexplicable income-transfer program.

By disrupting the insurance market,

the government tampers with one of the most effective means for dealing with disasters. In northern California, private insurers plan to pay close to \$1 billion in claims. Just as important is the influence insurance companies can have before disaster strikes, by insisting on safe construction. Had the Nimitz freeway been privately built, you can be sure its insurer would have scrutinized its soundness more closely than the state of California did. Furthermore, in a free market, the cost and availability of insurance discourages people from living in dangerous buildings and locales.

When government competes with private insurers—by controlling a segment of the market or, through relief aid, offering insurance for free—it weakens or destroys these healthy incentives. In their stead, it offers building codes and construction restrictions. South Carolina's Beachfront Management Act, for example, will prevent many oceanside property owners from rebuilding homes and businesses destroyed by the hurricane. These people, along with all the others who have been slapped by government's helping hand, will be forgiven if they do not feel relieved. ■

## IN MEMORIAM: BURTON C. GRAY

**T**his magazine lost a very dear friend in October with the untimely death of Burton Gray, at the age of 48.

Burton was a longtime supporter of the Reason Foundation and for the past six years served as one of its trustees. In many ways, he was an ideal trustee. He possessed a deep interest in and understanding of the philosophy of liberty. But he also had extensive business and financial experience and years of experience on nonprofit boards. So he was able to offer advice and counsel on every aspect of the foundation's operations, as well as faithful financial support.

If anyone met the definition of a Renaissance man, it was Burton. A Yale graduate (class of '62), he did graduate work in economics at the University of Chicago. But he was eternally fascinated by mathematics and philosophy, financial markets and technology.

He was a founder and chief financial officer of Scientific Time Sharing, one of the first computer time-sharing firms. He was the first person I knew to travel with a transportable PC—and the first to have software to do fractal geometry.

His reading was voracious and wide-ranging. Among his favorites were *Gödel*, *Escher*, *Bach*; the science fiction of

Robert A. Heinlein; and the works of economist F.A. Hayek and political philosopher Michael Oakeshott.

One of Burton's proudest achievements was serving on the staff of the Gates Commission, which made the case for abolishing the draft. That was his only direct involvement with public policymaking, though he was in regular contact with many of those involved in this arena. His father, Gordon Gray, served as Truman's secretary of the army, and his brother Boyden is White House counsel.

As a lifelong advocate of liberty, Burton was excited by recent developments in Eastern Europe. He visited Poland last year, and he was deeply involved in the efforts of the Sabre Foundation (of which he was president) to arrange large-scale donations of books and farm equipment to people and organizations in Poland.

His family has suggested that memorial gifts may be made to the Reason Foundation or the Sabre Foundation. We are setting up a special Burton Gray memorial fund at the Reason Foundation to foster long-term programs, as he would have wanted.

He will be sorely missed.

—Robert W. Poole, Jr.