

WHAT'S FAIR IN WAR?

VIRGINIA I. POSTREL

As American troops sit poised for war, we once again hear the cries of draft protesters. This time, however, they're not saying "End the draft!" but "Bring it back!"

They say the volunteer Army is too black, too poor, too "unrepresentative." Writes *Newsweek's* Richard Lacayo, "The prospect of fighting is causing the fairness question, which dominated the congressional debate on taxes...to return in a new form: Will the U.S. be asking its poor and working classes to do most of its fighting and dying?" A draft, critics suggest, would be fairer.

This attitude is based on a false image of U.S. forces and a misguided understanding of fairness.

It is true that the U.S. military does not perfectly mirror the population. It represents not some demographic map—an affirmative-action officer's ideal—but a combination of military needs and individual recruits' choices. It is too young, too healthy, too male, and too educated (94 percent high school graduates versus a 75 percent graduation rate generally).

It draws few recruits from the upper end of the money-and-education distribution, but it also gets few from the bottom. Contrary to the Princeton student who gushed at a teach-in that people like him shouldn't "shirk responsibilities to the people who are there, who are underprivileged, who have no means, who have no way out, who are going to die for me," the volunteer military is not a bunch of losers with nowhere else to turn.

In fact, the military draws primarily from upwardly mobile working-class people—the same sort of people who become firefighters and police officers. An analysis of recruits from 1979 (a year in which improper norming of aptitude tests

permitted less-qualified enlistees) found that they came from higher socio-economic groups than did full-time civilian workers of the same age.

As study author Sue Berryman of Columbia University writes, "The military profile is that of a classically upwardly mobile group. Its members come disproportionately from the racially, ethnically, or socio-economically less enfranchised subgroups in the population." In these respects, Berryman says, today's military resembles the 19th-century enlisted force, of which immigrants made up as much as 70 percent. Throughout American history, she notes, military service has been a vehicle for both economic and social advancement.

Draft advocates see Berryman's results as proof that there's something wrong with U.S. armed forces. "They are not the children of the affluent," says Charles Moskos of Northwestern University. "Whites from the suburbs—you just don't find them."

But is this a problem? Consider the constant harping on the Army's racial composition. We are frequently reminded that blacks make up 20 percent of the military but only 12 percent of the U.S. population. This "disproportionate" representation is hardly surprising.

In recent decades, the military has been the single fairest employer of blacks, offering them an essentially meritocratic system in which race is neither a handicap nor an advantage. And since the military relies heavily on on-the-job training, it has also reduced the educational disadvantages that hinder many blacks in civilian life. It makes perfect sense that blacks have joined the military in large numbers, have reenlisted, and have excelled.

Still, guilt-stricken pundits insist on seeing black soldiers as victims. Instead of according them respect—or trying to determine what the military knows about equal opportunity that civilian employers could emulate—draft advocates just want to get more white bodies into uniform.

In part, draft advocates want more people to feel the sting of military action. Without a draft, they fear, the public, particularly college students, will not rise up to protest military intervention. "If the U.S. military were truly representative of the country, you would have people going through the roof right now," says former Navy Secretary James Webb, a prominent draft advocate.

An all-volunteer force unquestionably makes some kinds of military action easier politically. Decision makers don't need a grand moral crusade to justify sending volunteers into action; the national interest will do. The all-volunteer force gives the president great freedom to commit U.S. troops.

But it also exercises a powerful check on military action. If a war is unpopular, there is immediate feedback at the recruiting centers: Volunteers just don't show up. The government is forced to raise pay (spreading the cost to the public at large), cut troop levels, or both. There is no way to fight a long, drawn-out, no-win war like Vietnam without a guaranteed supply of conscripts. A volunteer military, however "unrepresentative," is extremely democratic. Potential soldiers can vote with their feet.

Which brings us to the heart of the matter: the meaning of fairness. The philosophical communitarians who advocate universal service have no qualms about involuntary servitude, provided it

is equally distributed. They believe we all owe some portion of our lives to the state, so those who don't give their due enjoy an unfair advantage. Group representation becomes, in this scheme, a leading indicator of fairness.

But what about fairness to the individual? To pluck someone from his home, to subject him to military discipline and military law, to endanger his life and thrust him into combat—to do all this without his consent—is the grossest

betrayal of American ideals, regardless of how egalitarian this invasion is. Our standard of fairness should be how well we preserve each person's control over his or her own life.

The all-volunteer force bears witness to that standard. It leaves the choice to serve to the individual. It does not enslave the young to further the goals of the old. And it asks the rest of society to pay explicitly, through taxation, for the service it demands. ■

American countries have expectantly joined the queue. Both Spain and Portugal have clearly benefited from trading with a more-integrated Europe.

Unfortunately, most trading-bloc proposals don't reduce trade barriers, but instead set import targets for specific goods and leave other protectionist measures intact. Free-trade zones could develop into miniature protection rackets (the final version of the E.C. is an example) that pound one another with high tariffs and quotas. This policy environment encourages manufacturers to hire effective lobbyists, not make better products.

The body currently governing world trade—GATT—certainly is inflexible; but that's why it's effective. GATT rewards the nations that lower their trade barriers. A country determined to use tariffs or quotas will punish only itself.

But the arguments of Thurow, Krugman, and the managed traders are winning the debate. As GATT loses its authority, the world economy may come to resemble the chilling vision of columnist Pat Buchanan. In a Thanksgiving Day *Los Angeles Times* op-ed piece, Buchanan celebrates protectionism based on tribalism. He makes no attempt to argue its economic merits. Instead, he says that in a stagnant economy, "the argument for efficiency will not carry the house....From Canada to Soweto, nationalism is ascendant; men are putting tribe, culture, country, first." Advocates of liberal trade recoil in horror from these developments; Buchanan seems to applaud them.

Unfortunately, tribal urges may evolve into policy. Once leaders of the wealthy nations succumb to protectionist pressures, the poorer countries won't find markets for their products. The global economy will splinter, leading to economic collapse in these fragile democracies—and, perhaps, to calls for the generals to return.

Buchanan's arguments confuse regional diversity with racial warfare, free trade with an interventionist foreign policy. He thus ignores the basic right of all persons to trade with anyone they choose. As weak as Buchanan's arguments are, they show that stating the practical case for free trade isn't enough: We have to make the moral argument as well. ■

TRADING PLACES

RICK HENDERSON

Margaret Thatcher departed 10 Downing Street less than a week before the General Agreement on Tariffs and Trade talks convened. For advocates of open trade, her timing couldn't have been worse. Among the European leaders, only Thatcher would stand up to the farm lobby and other protectionists on the Continent. And though John Major looks ready to carry Thatcherism into the next century, the immediate future of liberal trade policy appears muddled.

Even if GATT survives the Uruguay Round with any credible authority, a growing number of nations are prepared to abandon the "global marketplace" for a new collection of regional trading blocs. And before the GATT talks opened, an unusual role reversal became apparent: As the developing world begins to embrace free trade, the industrial democracies call for protectionism.

For decades, the economic basket cases of Latin America and Eastern Europe built walls of protection to prop up infant industries or keep out evil bourgeois influences—but only poverty thrived in that atmosphere. When these countries began to liberalize their political systems, they opened up their economies as well.

While these struggling democracies seek outside capital, they also have products to offer the rest of the world.

Poland and the Ukraine possess productive farmland; Mexico and Brazil have built modern automotive plants. Access to consumers in rich countries could provide economic growth to stabilize their governments.

But the developed world has also changed its tune. The richest countries have become fat, lazy, and beholden to noisy special interests. The European farm lobby uses environmental appeals to justify huge subsidies and tariffs. Japan will be tempted to build new trade barriers as it loses manufacturing jobs to Taiwan and South Korea. And textile manufacturers in the United States promise to keep up the pressure for more import restrictions.

What happened to the defenders of free trade? Once serious economists scoffed at protectionism. Now Lester Thurow and Paul Krugman, among others, argue that the global economy is too complicated to be governed by archaic notions of free trade. They claim GATT, which attempts to enforce one set of rules for all members, is obsolete. Only free-trade zones and bilateral trade agreements, they say, allow nations the flexibility to reward and retaliate.

Some early reports on free-trade zones look favorable. Mexico might enter the U.S.-Canada agreement; other Latin

MILKING MILKEN

JACOB SULLUM

Since Michael Milken's indictment in 1988, his case has elicited an attitude of "condemn first, ask questions later." So it's not surprising that the justifications for Milken's 10-year sentence had an ex-post-facto quality. A *Los Angeles Times* reporter I know first told me Milken definitely got what he had coming, then said he'd have to get back to me with the reasons for that assertion.

George Will, waving his hand dismissively, declared on "This Week with David Brinkley" that Milken deserved his sentence because he was guilty of "grand larceny." Will did not elaborate, and neither did most news accounts.

The denunciations of Milken were broad and nebulous because they were really about who he was, not what he did. His detractors insisted on seeing his case as a morality play or object lesson, rather than the story of one individual. To many he was greed personified, never mind that his lifestyle hardly fit that image. To the prosecutors and the judge who sentenced him, he was a rich and powerful person who had to be punished severely to make a point. In their determination to put on an impressive display of equal treatment before the law, they guaranteed that Milken would be treated unequally.

Federal prosecutor Jess Fardella argued that Milken's sentence "must convince the public at large that individuals of great wealth and power do not receive special treatment at the bar of justice." Literally, this means socioeconomic status should confer neither an advantage nor a handicap. But the prosecutors—and, as it turned out, federal Judge Kimba Wood as well—were worried about only half of this principle.

A more subtle perversion of justice was also at work. Treating like cases alike requires getting beyond superficial differences and discerning the essential similarity between pocket picking and

electronic embezzlement, between burglary and investment fraud. Theft is no less a violation of rights when it is subtle or complex. But neither is subtlety or complexity in itself an indication of wrongdoing. This fallacy seemed to be at the heart of the popular reaction to Milken's crimes.

To someone who is not familiar with financial markets, there's something inherently suspicious about a guy who can make \$550 million in one year through means that are not instantly understandable. But as Michael Lewis, author of *Liar's Poker* and no fan of high-flying Wall Street types, conceded, "No more than a few of those dollars can be traced to Milken's crimes."

In any case, it's difficult to believe that the average person could summon much indignation at the particulars of the six counts to which Milken pleaded guilty. For the most part, he helped clients avoid taxes or withhold information from the SEC. This involved buying and selling securities in certain calculated ways and failing to complete forms required by the SEC.

The most serious infraction was Milken's failure to tell shareholders in an investment fund that they were being charged indirectly to cover the fees of Drexel brokers selling shares in the fund. This is the only crime that clearly involved imposing a cost on third parties without their consent.

Still, Milken acted wrongly in breaking the rules of the exchange. Whether or not the federal regulations are valid exercises of government power, Milken had agreed to abide by them. Violating reporting requirements was therefore a breach of contract. Such breaches, however, are properly handled as civil matters. Milken had already been banned from trading, and he had agreed to pay

\$600 million in fines and restitution. Why send him to jail?

Wood acknowledged that the goals of individual deterrence, punishment, retribution, and rehabilitation could be served without a 10-year prison term. But she argued that the sentence was necessary for the sake of "general deterrence"—to discourage others from doing what Milken did. "Crimes that are hard to detect warrant greater punishment in order to be effective in deterring others from committing them," she said.

In other words, deterrence is a function of both the magnitude of punishment and the likelihood of being caught. The lower the likelihood of being caught, the harsher the punishment has to be to maintain the same level of deterrence. But the value of deterrence cannot be judged without considering the severity of the crime. Otherwise, we would execute people for littering.

Wood herself characterized Milken's crimes as "skirting the law, stepping just over to the wrong side" and "cutting legal and ethical corners." Perhaps Wood should have set aside her general-deterrence calculator and asked: Is this the kind of thing a person should serve 10 years in prison for?

The fact that violent criminals, including murderers, serve less time is not directly relevant, but it should have given Wood pause. Furthermore, Milken's sentence is disproportionate even within the context of white-collar crime. His prison term falls outside the boundaries of the more than 75 sentences imposed on defendants in Wall Street cases during the last decade. For example, Ivan Boesky, who admitted to buying stolen inside information, received a three-year sentence and is out on parole.

Those who applauded Milken's sentence talked a lot about "sending a message." Given her emphasis on general deterrence, this was clearly Wood's intent. When a case hinges on such vague considerations, rather than the actual conduct of the defendant, justice fails. Milken tried to tell Wood this in a letter before he was sentenced. "I've never sought notoriety," he wrote. "I am a person, not a symbol." ■

REASON

Publisher Robert W. Poole, Jr.
Editor Virginia I. Postrel

Assistant Editors Charles Oliver
Jacob Sullum

Asst. Managing Editor Rick Henderson
Art Director Andrea Reibsamen

Production Editor Eric K. Gill

Washington Editor Martin Morse Wooster

Editorial Assistant Mary Toledo

Associate Publisher Bryan E. Snyder

Circulation Director Steve Willard

Public Affairs Director Kevin D. Teasley

Advertising Manager David Meleney

Contributing Editors

Doug Bandow Tom Bethell
James Bovard David Brudnoy
Steven Hayward Thomas W. Hazlett
David R. Henderson T. A. Heppenneimer
John Hood Loren E. Lomasky
Michael McMenamin Steven W. Mosher
Stanton Peele Thomas Szasz
William Tucker Paul H. Weaver
Walter E. Williams Karl Zinsmeister

Editorial, Advertising, and Production Offices

2716 Ocean Park Blvd., Suite 1062
Santa Monica, CA 90405
(213) 392-0443

Washington Office

P.O. Box 8093
Silver Spring, MD 20907
(301) 565-7820

Circulation Service

P.O. Box 526
Mt. Morris, IL 61054
(815) 734-6309

Founding Editors:

Manuel S. Klausner, Tibor R. Machan,
Robert W. Poole, Jr.

REASON is published by the Reason Foundation, a 501(c)(3) nonprofit educational foundation engaged in public-policy research. Contributions to the Reason Foundation are tax-deductible.

Signed articles in REASON reflect the views of the authors and do not necessarily represent those of the editors, the Reason Foundation, or its trustees.



Audit Bureau
of Circulations
Member

Reason Foundation



Trustees: Bernard Baltic, Frank Bond, Joseph E. Coberly, Joseph H. Coulombe, Robert W. Poole, Jr., Tony Jackson, Norman Karlin, Manuel S. Klausner, David H. Koch, Robert W. Smiley, Jr.

President: Robert W. Poole, Jr.

Senior Vice President: Bryan E. Snyder

Vice President, Research: Lynn Scarlett

Director of Public Affairs: Kevin D. Teasley

Director of Educational Programs: Greg Rehmke

Bookkeeper: Ellen Baker

Office Manager: Donna Lee Braunstein

Public Affairs Assistant: Mario E. Clemente

Research Fellow: Nick Davis

Volunteers: Mike Griffin, Kitty Hedrick, Mark Lewis, Steven Piper, Gayle Teufel

Legal Adviser: Don Franzen

LETTERS

Donkey Kong

In "Don't Dismiss the Democrats" (Nov.), Joel Kotkin demonstrates a truly creative use of words when he belittles the idea of "putting someone in jail for...performing an abortion." Why, anyone who would jail someone just for "performing" must be a menace to all actors, jugglers, concert pianists, etc. By all means, let us encourage the free expression of performers: of Ted Bundy, who performed mass murder so audaciously and creatively; of the Central Park teenagers, who performed rape and assault with so much enthusiasm; of Saddam Hussein, who has performed the magic act of making Kuwait disappear; of Josef Stalin, who performed land reform by cleverly starving millions of kulaks; and of Adolf Hitler, whose followers raised performance art to a new height by the zeal and efficiency with which they performed genocide.

The issue, of course, is whether a "performance" takes away someone else's rights. An unborn baby has no less human life than does a newborn baby, a handicapped person, a mature adult, or a senior citizen afflicted with Alzheimer's. To say that government has the power to give one person the right to extinguish another (innocent) human life is to turn the concept of libertarianism on its head. And to say, as does Mr. Kotkin, that a person who snuffs out an innocent life should not be brought to justice by the state is to completely misunderstand the proper function of government.

Robert L. Brittingham
Memphis, TN

I FAIL TO SEE MUCH positive in Joel Kotkin's embracing the donkey over the elephant because, he says, "the Republican Party...has chosen to embrace

within its core the most repressive elements in our society." I find liberals abandoning the First Amendment (by calling for curbs on "racist" speech at universities, for example) and promoting a "fair draft" for the upcoming war with Iraq (that supposedly would alter the "discriminatory" race- and class-based makeup of our all-volunteer armed forces) far more frightening than conservatives giving lip service to a drug war everyone knows is a joke or defunding performance art by chocolate-splattered feminists parading in the buff. All told, if one chooses not to become a big-L Libertarian, one is better off joining the Dumbos than the Eeyores. Dumbo's positions may be asinine, but Eeyore's ideological shifts are dumb like a fox.

Sally Anne Moore
Cincinnati, OH

SO JOEL KOTKIN won't register as a Republican because he doesn't wish to ally himself "with proto-fascists like Bill Bennett and Jesse Helms." I'm not particularly fond of those two myself. On the other hand, I won't become a Democrat because I refuse to ally myself with the likes of Ted Kennedy.

Come on, Kotkin. The Democratic Party has time and again proven itself to be purely statist and socialist. Read its last several party platforms and breathe deeply their strange and esoteric smells. Better yet, take a good long look at the party's most recent presidential candidate.

Lawrence D. Skutch
Westport, CT

Farmers Market

Jeff Taylor's article criticizing the Textile, Apparel, and Footwear Trade Act of 1990 ("Woolly Bullies," Dec.) was right on target with one exception: the implication that American agribusiness would

LETTERS

benefit from a failed Uruguay Round of GATT talks.

In fact, the majority of American farmers would benefit more from reductions in foreign trade barriers and European farm subsidies than they would "lose" from continuing to rely on government farm policy. As a result, mainstream farm groups urged Congress to uphold President Bush's veto of the textile bill so that the GATT talks could continue.

True, four Democratic farm-state senators who voted against the 1985 textile bill joined Minority Leader Robert Dole (R-Kan.) and supported the 1990 legislation. But the House vote to sustain President Bush's veto included representatives from the country's 10 largest farm states.

Taylor is right that the protectionists will be back. For hundreds of years, the battle for free trade has been more successfully fought in textbooks than in reality. But as foreign barriers fall and more individuals come to depend on trade for their jobs, the chances increase that protectionism will be relegated to the classroom, where it belongs.

*Bryan Riley
Director of Trade Policy
Citizens for a Sound Economy
Washington, DC*

JEFF TAYLOR'S "Woolly Bullies" was on target, but deficient in at least one important respect: The bulk of American farmers, represented by the American Farm Bureau Federation (3.8 million member families) were strongly opposed to the Textile, Apparel, and Footwear Trade Act of 1990, and supported its veto.

Most farmers know that a free-trade policy is in their own best interest as well as that of the nation and world as a whole. Unlike the labor movement and a good portion of American industry, farmers have been steadfast in modern times in their support for free trade.

If the current GATT talks fail, it will be due to the European Community's stubborn resistance to the reduction of farm subsidies, including dumping through subsidized exports. The U.S. proposal to substantially reduce or eliminate farm

You deserve a factual look at...

Hussein and Arafat – Birds of a Feather How they engineered the bloody events in Jerusalem

On Monday, October 8, 1990, on the Jewish festival of Succoth, about 20,000 Jews assembled for prayer at the Western Wall in Jerusalem, the holiest place in the Jewish religion. Two mosques are also located on Temple Mount, high above the Wall. Because of the indulgence and respect for other religions, the Israeli authorities allow them to operate freely and fully under the jurisdiction of Moslem religious authorities. Suddenly and without any provocation, whipped into a frenzy by their clerics, a raging mob of 4,000 Moslem Arabs stormed out of the mosques and loosed a barrage of rocks, bricks, and Molotov cocktails on the worshipping crowd below them. Twenty-eight people were severely injured. By miracle, nobody was killed. The mob then attacked the Israeli police post and set it afire. The police responded, first with tear gas and then rubber bullets. When those ran out and when 40 police were at the point of being lynched they opened fire with live ammunition. Twenty Arabs died and twenty martyrs had been created.

What are the facts?

■ There is no question in anybody's mind that the bloody incident was engineered and organized by Saddam Hussein, the "Butcher of Baghdad", and Yasser Arafat, the master terrorist and "president" of the non-existent state of "Palestine". After virtually every Arab leader has turned against Hussein, Yasser Arafat remains steadfastly loyal to him. And why not? Both have the destruction of Israel at the very top of their agendas -- in fact Arafat has no other agenda; he surely doesn't care at all about the fate of Kuwait. The bloody incident on the Temple Mount served the purposes of both. They rightly expected that it would take, at least temporarily, the heat and the focus off Saddam Hussein and had the potential to weaken the tenuous common front between the United States and our new-found Arab "allies". As to Arafat, the incident was certain to put the "Palestinian problem", which because of the troubles in the Gulf had taken a back seat, once again into the spotlight. That twenty Palestinian Arabs had died was a small price to pay, because human life is cheap for both Hussein and Arafat. Naturally, they had hoped

that a few hundred Jews would also die in that fusillade of rocks. But, by great good fortune, that turned out not to be.

■ One of Saddam Hussein's and Yasser Arafat's main themes is the linkage of any possible withdrawal from Kuwait with a demand for Israeli withdrawal from the "West Bank". This is a ludicrous proposal and, so far at least, most of the Western world has called it just that. If the world's minorities problems must be solved, why not address the "Irish question", which has been festering for centuries? Why not settle the age-old grievances of the

Basques, those of the ethnic Albanians in Yugoslavia and, closest to home and right in Iraq, the justified despair of the Kurds, whose aspirations Saddam Hussein "solves" by poison gassing thousands, and by forcefully relocating the rest? Iraq has annexed Kuwait in an act of aggression motivated by greed. Israel came to administer (not to annex!) the "West Bank" and the Gaza strip as the result of its victory in the Six-



Birds of a Feather: Saddam Hussein and Yasser Arafat, two enemies of the U.S. in loving embrace.

Day War. Israel has always been ready to negotiate the ultimate status of these territories. It promised to do so in the Camp David Accords as the result of which it also returned the vast Sinai Peninsula to Egypt.

By his actions and by his statements, Yasser Arafat has clearly demonstrated that he is a bird of the same feather as Saddam Hussein. Arafat's immediate ambition is to shift the focus of interest from the Gulf to Israel, in order to gloss over the crimes of Hussein, to change the conflict of the World vs. Iraq into the conflict of the Arabs vs. Israel, and thus to break up the fragile coalition between the United States and its Arab "allies". The recent bloody incidents in Jerusalem were clearly provoked for that purpose by Arafat and the PLO, in connivance with Saddam Hussein. Regrettably, the United States in great haste, without even ascertaining the facts, and in order to curry favor with our new Arab "allies" (among them the murderous Syrians), introduced a resolution into the Security Council of the United Nations that condemned Israel's actions.

This ad has been published and paid for by

FLAME

Facts and Logic About the Middle East

P.O. Box 590359 ■ San Francisco, CA 94159

FLAME is a tax-exempt, non-profit educational 501(c)(3) organization. Its purpose is the research and publication of the facts regarding developments in the Middle East and exposing false propaganda that might harm the interests of the United States and its allies in that area of the world. Your tax-deductible contributions are welcome. They enable us to pursue these goals and to publish these messages in national newspapers and magazines. We have virtually no overhead. Almost all of our revenue pays for our educational work, for these clarifying messages, and related direct mail.

Yes, I want to help the publication of these ads and in clarifying the situation in the Middle East. I include my tax-deductible contribution in the amount of

\$ _____ R/31

My contribution is in the amount of \$50 or more. Please send me your booklet containing twenty of the ads that you have published in the national media over the last two years.

My name is _____

I live at _____

In _____ State _____ Zip _____

Mail to: FLAME, P.O. Box 590359, San Francisco, CA 94159

Serious About Libertarian Politics?

join the

REPUBLICAN LIBERTY CAUCUS

1717 Apalachee Parkway, Suite 434

Tallahassee, FL 32301

In the 1990 Election, numerous libertarian Republicans were elected to the U.S. Congress and State Legislatures.

The RLC works to promote the candidacies of Republicans who believe in free enterprise, individual freedom and limited government.

Now organized and active in 20 states, it is the fastest growing libertarian political organization!

Membership - \$20.00

Includes a one year subscription to the quarterly, "Republican Liberty," (Subscription - \$10.00) plus special election and activist bulletins.

pd. political ad. by RLC

Bargain Books, Publishers' Overstocks

Over 3,000 Titles at up to
80% Off in our Free Catalog

Choose from Biography, History, Fiction, Art, Literature, Health, Movies, Nature, Cooking and Gardening and much more. Everything from yesterday's best sellers to hard-to-find books you never knew existed—including about 600 new arrivals monthly. Write:

Hamilton

Box 15-502, Falls Village CT 06031



Provide a Legacy for Freedom

When planning your estate and writing your will, consider a bequest to the Reason Foundation. *Reason* magazine and other activities of the Foundation are exposing millions of people to the importance of free minds and free markets.

For more information, write:
Reason Foundation,
2716 Ocean Park Blvd.,
Suite 1062,
Santa Monica, CA 90405.
(213) 392-0443.

LETTERS

subsidies in Europe and the United States is a logical extension of freer trade and elimination of the costly and unproductive system of production controls and subsidies that have plagued farmers for far too long.

C.H. Fields
Alexandria, VA

Collusion Policy

Jacob Sullum's examination of the U.S. auto-insurance industry ("Totaled!," Nov.) was highly perceptive. The only shortcoming in this otherwise sterling piece was the omission of the role the McCarran-Ferguson Act has played in creating not only the auto-insurance mess but also the troubles in other sectors of insurance.

The McCarran-Ferguson Act exempts the insurance industry from antitrust suits (with a few minor exceptions). The reason given is that insurance companies can better set rates if they share their actuarial data. Further, consumers will be better able to compare insurance products if each company offers policies based on a common form (as is currently provided by the Insurance Services Office).

Of course, sharing these data does enlarge the statistical sample on which insurers rely to set rates. However, rates are just as likely to be set for other reasons. Overhead, claims losses, investment income, and so on vary from insurer to insurer. Rates reflect far more than just the insurance risk the insurer is accepting. The case for sharing data appears less than compelling.

As for product comparison, the current system seems to favor the notion that "you can have any color car you want so long as it's black." An auto policy based on a common form is unlikely to vary much from company to company. So the consumer's choice becomes one of which agent smiled more warmly rather than which company will suit the policyholder's insurance needs. Warm smiles are important, but insurance tailored to the needs of the client is better than off-the-rack coverage. Form-based policies diminish this diversity.

A further provision of the McCarran-

Ferguson Act places the responsibility for regulating the insurance industry on the states—a wonderful example of federal government spinelessness. Congress and the White House excuse the industry from antitrust rules and then require the states to deal with this stacked deck. The feds shouldn't set such rules in the first place. But when they do, they ought to clean up the mess that follows.

Jeff Myhre
Executive Editor

Lloyd's of London Press Inc.
New York, NY

Mr. Sullum replies: The McCarran-Ferguson antitrust exemption does not appear to be a significant factor affecting price or diversity in the auto-insurance market. Large companies generally set their own rates and do not need access to data collected by other insurers. In any case, I don't see any objection to allowing companies to share information, so long as barriers to entry remain low enough to deter collusion. Indeed, the ready availability of rate-setting data probably helps to promote competition.

Rigorous Concerns

In his review of Jean-Claude Derian's *America's Struggle for Leadership in Technology* ("Où Est le Boeuf?," Nov.), Michael Schrage observes that "this book is marred by an unrigorous approach to these techno-cultures. While Derain relentlessly cites newspaper articles and book passages, he appears to have conducted only a handful of interviews with real, live people."

Regardless of the merits of Derian's book, I find this remark to be a classic example of intellectual narrowness. It confuses a particular style of writing and research, known as journalism, with the generality of knowledge about humanity.

Journalism is only one way of writing about human affairs. There are many others, of equal validity. Each method has its own advantages and disadvantages. None can afford to issue a blanket denigration of the others for not being like itself.

For example, historical research deals

LETTERS

with texts; ethnography, or participant observation, requires initiation into the group under study; and social statistics, in such areas as geography, economics, or sociology, compiles and interprets numerical data.

In none of these areas are the number and nature of the interviews a valid criterion of rigor. Each has its own criteria.

And, of course, various composite or synthetic approaches are possible as well. In such cases, one must still be cautious in criticism since one may not completely understand the author's methodology and may therefore miss the point.

Journalism, in turn, can be savaged by the partisans of the alternative approaches.

A historian would dismiss a work merely consisting of interviews with: "How do you know that he actually said a year ago what he just told you he said then?"

An ethnographer would say: "How can you possibly know anything about these people when you spent such a short time with them? You have to get beyond the facade they put up for strangers."

A social statistician would say: "Gather some numbers to show that the people you interviewed are statistically typical, that they aren't just unimportant exceptions."

If Derian's book in fact lacks interviews, then it may not be journalism, or at any rate, journalism of the type Mr. Schrage is accustomed to. Do not confuse that with lack of intellectual rigor.

Andrew D. Todd
Springfield, OR

School Book

Regarding Martin Morse Wooster's review of *Politics, Markets, and America's Schools* ("Poor Man's Choice," Nov.), did he and I read the same book? Judging from his assessment of John Chubb and Terry Moe's choice proposals, I would have to guess that we did not.

Wooster contends that the Chubb/Moe plan stops short of the kind of "education voucher" plan advocated by the Heritage

Does this Japanese model outperform famous European luxury pens?

Fujiyama Ceramic Pen only \$39.95*

**But read this ad for an even better deal!*

If you've ever had occasion to write with one of the famous European pens, you know what marvelous products they are. Writing with them is a joy. It is almost effortless. The pen appears to float across the paper—even your thoughts seem to flow more freely. The substantial drawback, however, as with so many other nice things, is that the price of these luxury pens is awfully high. It's easy to spend \$150 or more on one of them. Our Japanese friends have created their own version of these luxury pens. They are equally pleasing and quite similar in appearance, heft and feel. They have the same hi-lacquer finish, the same fine gold-tone accents and the same gold-plated clip as the famous European luxury pens. The exclusive ceramic writing tip provides silk-smooth, effortless writing. It will never flatten, stall or skip, even after hardest and longest use.

The most remarkable thing about the *Fujiyama Ceramic Pen* is its price. We are the exclusive distributors and are therefore able to offer it for just \$39.95. But, we have an even better deal: *Buy two for \$79.90, and we'll send you a third one, with our compliments—absolutely FREE!* Discard those tacky ballpoint pens and those clumsy felt tips. Write smoothly and easily, give character and good appearance to your writing. And make a really great buy, an even greater one if you take advantage of our "3-for-2 better deal". Get with it—get your *Fujiyama Ceramic Pen(s)* today!

●The great reservoir of the Fujiyama Ceramic Pen holds enough ink to draw a line 6.3 miles long. That is enough to write a medium-size novel. But just in case your literary requirements go beyond that, we include not just one but two extra tips with two extra ink reservoirs.



FOR FASTEST SERVICE, ORDER
TOLL FREE (800) 882-3050
24 hours a day, 7 days a week

Please give order Code #4800A651. If you prefer, mail check or card authorization and expiration. We need daytime phone # for all orders and issuing bank for charge orders. Add shipping/insurance: \$4.95 for one; \$6.95 for three. Add sales tax for CA delivery. You have 30-day return and one-year warranty. We do not refund shipping charges.

For quantity orders (100+), call Ernest Gerard, our Wholesale/Premium Manager at (415) 543-6570 or write him at the address below.

since 1967
haverhills®

131 Townsend Street, San Francisco, CA 94107

DEREGULATION'S DEMISE



In 1980, there was popular belief that the size of government would be cut. However, the growth of the federal budget has continued and no agencies have been phased out. Ranging from antitrust and telecommunications to trade and public lands, this book analyzes the incentives in Washington and policies that failed and succeeded.

"The best book on Reagan's overall regulatory relief effort, *Regulation and the Reagan Era* describes what happens when the rubber of the academic scribblers hits the road of agency recalcitrance."

—JAMES C. MILLER, III
Former Director
Office of Management and Budget

"*Regulation and the Reagan Era* is not only very sound analysis and good political advice, but it is readable."

—GORDON TULLOCK
Professor of Economics and Political
Science, University of Arizona

6 Figures • 6 Tables • Index • 304 pages, Paperback, Item #6065
\$19.95 plus postage (\$2.00 per book; CA residents add Sales Tax)

ORDER TOLL FREE 1-800-927-8733
Credit card orders only. 24 hours a day.



The Independent Institute, Dept. AH1, 134 Ninety-Eighth Avenue, Oakland, CA 94603