

One of China's top reformers, Zhang Weiyong (the architect of China's dual-price system, which helped China make the transition to market pricing), writes in *The Logic of the Market: An Insider's View of Chinese Economic Reform* (Cato Institute, 2015): "The progress of humanity has been a continuous transition to the logic of the market," which is the logic of freedom. Lardy would no doubt agree. Like the late Peter Bauer, a pioneer in development economics, Lardy sees state ownership as a "drag on development."

The spontaneous nature of many of China's key reforms, which were later sanctioned by the state, illustrate that if the government gets out of the way and allows experimentation with market-friendly institutions that reward productive activity, then there will be a cumulative movement to expand those reforms. Lardy shows how small steps in the direction of the market led to deeper reforms in product and factor markets, and in enterprise ownership. Yet, entrenched interests continue to impede the path of free enterprise and cling to the commanding heights of state capitalism.

The CCP's Organization Department still appoints the directors of the largest SOEs, including state-owned banks. Such political control is inconsistent with what Milton Friedman called "free private markets." Until China's leaders respect the rule of law, private property, and freedom of expression, markets will not be fully released from Mao's grip.

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### **The Future of Violence: Robots and Germs, Hackers and Drones—Confronting a New Age of Threat**

Benjamin Wittes and Gabriella Blum  
New York: Basic Books, 2015, 336 pp.

On Memorial Day this year, link-aggregator *The Drudge Report* displayed a shocking banner headline: "Drone Hits 2 People during Parade." Playing on readers' expectations of some titillating new horror disrupting a beloved American holiday, the site linked to a story about a small, remotely piloted aircraft flown over a parade in the New England town of Marblehead, Massachusetts. Its owner had lost control and run the drone into a building. On its descent, the drone hit a man on the head and nicked his neck, then caromed off

another parade-goer's shoulder before falling to the ground. The injured man declined treatment, according to the news item. As for the drone operator: "A police report described the man as very apologetic and embarrassed."

Drones are among the suite of new technologies authors Benjamin Wittes and Gabriella Blum offer up as "technologies of mass empowerment" in their book, *The Future of Violence: Robots and Germs, Hackers and Drones—Confronting a New Age of Threat*. "By delivering dramatic new capabilities to humanity in general," they write, "technological development creates the certainty that some of those individuals will use those capabilities to do evil." The prediction is undoubtedly true, as a literal matter. Most every technology empowers someone bent on doing wrong to do it better. But it is not at all clear that technology will cause the human capacity for evil to outstrip its capacity for good, or that our capacity for self-defense will not grow to meet our capacities for offense. It is not a given that enhanced capacity to do evil translates directly into evil actually done.

Most people are nice. Give them technology and they'll do nice things with it. Wittes and Blum make an unconvincing case that drones, or the advance of technology generally, are particularly threatening.

Their premise in greater detail is that advancing technologies have produced a new era of security challenges. Unlike in the past, technologies of mass empowerment are creating an unprecedented "many-to-many" threat environment, where anyone can mount a devastating attack on anyone else. On the basis of that premise, they set out to rethink states and the social order; the relationships among privacy, liberty, and security; legal jurisdiction and sovereignty; surveillance; and domestic and international governance. That's a lot of rethinking when the premise hasn't been solidly established.

Again, most people are nice, and they have lots of incentives to keep being nice to each other. Where natural incentives fail, there are a lot of laws and regulations that make not being nice a less attractive option.

The advance of technology is producing vast direct benefits to society—Wittes and Blum give that little more than brief acknowledgement—and technologies that can be used for harm do

not occur in a vacuum. Developing dangers draw defensive practices and policies closely in their wake. Advancing technology is not obviously bringing us to a security precipice.

Are there some dangers that could do extraordinary damage before society's defenses could kick in? Maybe. Virology stands out as such an area. It seems plausible that an engineered disease loosed on the world could do extraordinary damage before society's protections can come into play. But defenses against such threats are already in place and under construction—controlled access to essential tools, and surveillance of actors in the field, for example. In a 2010 Cato Institute book on counterterrorism, *Terrorizing Ourselves*, University of Maryland scholar Milton Leitenberg argued that post-9/11 attention to bioweapons threats have counterproductively induced nonstate actors to focus on developing those kinds of capabilities.

As Wittes and Blum skip across the vast terrain they've mapped out for themselves, their counterintuitive and unproven concept—the “many-to-many” threat environment—crops up again and again, reminding the reader that the substrate of their argument is made of sand.

How much better—and important—would be a book (or books) on specific new technologies that amend the threat environment in problematic ways? Carefully applied risk management could turn up and analyze new threats that new technologies create or expand. Such work could identify the unique instances where existing social and legal systems don't or can't already prevent, interdict, or mitigate harms. That would be much more attractive and interesting reading than a book that serves up distended ideas about revamping social and legal systems without the enticement of solid reasons for doing so.

In the years immediately following the 9/11 attacks, American society collectively ascribed acute technical skills to terrorists based on the damage they had caused in New York City. Our invalid thinking turned dimwitted thugs carrying box-cutters into the advance team for evil bioweapons scientists and nuclear engineers. With the passage of time, our collective psyche is recovering, as is our ability to analyze the threat environment dispassionately. We may still be tweaked by over-the-top *Drudge Report* headlines, but the time for reconsidering long-standing social institutions in reaction to

unproven threats seems to have passed. *The Future of Violence* is a book from what is hopefully a bygone era of threat exaggeration.

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### **Government against Itself: Public Union Power and Its Consequences**

Daniel DiSalvo

New York: Oxford University Press, 2015, 304 pp.

No one likes paying more for less, especially for basic public services like fire and police protection. Yet that is the situation many state and local governments now face because of powerful government employee unions. Government costs more than ever, but the quality and effectiveness of the public services that taxpayers need are in decline. Daniel DiSalvo, assistant professor of political science at City College of New York and senior fellow at the Manhattan Institute, tells this story in his new book, *Government against Itself: Public Union Power and Its Consequences*.

Public-sector unions are necessarily political institutions. Seeking to influence public officials in order to gain greater benefits for their members is one of their core functions. Government unions, notes DiSalvo, “are effectively *government lobbying itself*.” Unlike private-sector labor negotiations, public-sector collective bargaining involves government sitting on both sides of the table. Public-sector “managers” face weaker incentives than their private-sector counterparts to resist union demands, such as increased compensation or greater job security. Therefore, collective bargaining in the public sector undermines democratic governance by shifting some government decisions away from public officials and toward unelected government employees.

Public-sector collective bargaining also has contributed to one of the biggest fiscal challenges threatening state and local governments around the nation: underfunded public pensions. This is a classic case of concentrated benefits and diffuse costs: government unions have greater incentives to lobby for increased compensation for their members than taxpayers have to organize to resist paying for it.

Of course, voters generally don’t like taxes, so there’s a limit to how high taxes can rise to pay for those benefits. But this political