Cato Policy Report

September/October 1992 Volume XIV Number 5

Markets: The Most Powerful Stimulus to Progress

by Jim Powell

Since the United States faces tough foreign competition, Republicans and Democrats alike are once again demanding that we restrict our borders. Supposedly, keeping out imports, immigrants, and foreign investment will help bail out companies, save jobs, assure fairness, and protect our national security.

Yet it's hard to find a single significant case in which restricting borders has accomplished those objectives. On the contrary, historical experience shows that to the degree—and for whatever reason—borders are restricted, nations suffer stagnation, decline, backwardness, and corruption. The world's worst basket-case economies are found in places such as Albania and North Korea whose rulers did the most to cut people off from the outside world.

The reason border restrictions backfire everywhere, I believe, is that peaceful contact with the outside world is the most powerful and persistent stimulus to human progress. A decent civilization is impossible without open markets.

As French historian Fernand Braudel put it, "Wherever the market is absent, or insignificant, wherever money is so rare that it has a virtually explosive value, one is certain to be observing the lowest plane of human existence, where each man must himself produce almost all he needs."

Capitalist Mainspring

Recall that civilization arose not in remote regions but along trade routes where it was convenient for people to gather. The oldest known long-distance trade involved obsidian, a brittle volcanic glass that can be chipped into knife blades, mirrors, and other implements. Valued for perhaps 20,000 years, obsidian tools have turned up at most early village sites in the Middle East and the Mediterranean. Those villages were usually hundreds of miles away from sources of obsidian.

After studying the obsidian trade, British archeologists J. E. Dixon, J. R. Cann, and Colin Renfrew noted: "The most important traffic must have been in ideas. The network of contacts arising from the trade in goods must have been a major factor in the rapid development of the economic and cultural revolution that within a few thousand years transformed mankind from a hunting animal to a builder of civilization."

Archeologists believe that a light-skinned, dark-haired Babylonian people migrated south from the Caspian Sea about 8500 B.C. and settled what became known as Sumer along the delta where the Tigris and Euphrates empty into the Arabian Gulf. Trade was absolutely vital for civilization there, because the only natural resources were water and mud. There wasn't any stone, metal, or timber. People had to figure out what they could produce that others would want, so mutually beneficial exchange could take place. It was in the Sumerian

(Cont. on p. 10)

Jim Powell is a senior fellow of the Cato Institute and editor of Laissez Faire Books. This article is adapted from his book-in-progress, *Open to the World*.

***Wall Street Journal* editor Robert L. Bartley, author of *The Seven Fat Years*, addresses some 150 participants in Cato's "New Perspectives for the Nineties" luncheon seminar in New York City July 29.**

In This Issue

Niskanen on political change 2
Book: the globe isn't warming 3
Conference in New York 4
Nationalism and war in the Balkans 6
Bush still a big spender 12
New book on Third World economic development 12
Cato cosponsors Shadow SEC 13
Insurance *Regulation* 13
Book: a foreign policy for the post–Cold War era 14
Book: revitalizing feminism 15
Events planned in Washington, Indianapolis, San Francisco 15

Conventional Politics Is Not Enough

Chairman's Message

The Cold War is over. We won. And the Soviet Union has collapsed. President Bush and Governor Clinton, however, do not appear to recognize either the foreign or the domestic policy implications of the new conditions.

The collapse of the Soviet Union has not created a unipolar world; it has recreated a multipolar world. We should expect to have *less* influence on our Cold War allies, primarily because they are no longer dependent on us for a security guarantee. That is the primary reason, I suggest, for the continued stalemate on the Uruguay Round of trade negotiations and for the growing U.S. isolation on global environmental issues. We will have to relearn how to deal with other nations in the less threatening but much more complex multipolar political world.

A second direct implication is that the government should make a massive reduction in the U.S. defense budget and military forces. We no longer face any substantial military threat to our vital national interests, except the one threat against which we still have no defense—a missile attack on the United States. The budgets proposed by both Bush and Clinton, however, would maintain a defense budget (adjusted for inflation) at about the same level as during the peak of the Cold War in the early 1960s. A defense budget of about $150 billion (in 1992 dollars) would be more than adequate to meet any important residual threat and should include the deployment of a continental defense against small missile attacks.

The domestic implications of the end of the Cold War may be less obvious, but they are also important. First, after every sustained war there is a broad demand for a new political class. Almost every democracy has rejected its wartime leaders in the first postwar elections. The demand for a new political class, moreover, is usually associated with a demand for increased attention to domestic issues. Second, the end of a sustained war usually leads to a decentralization of political authority—away from the executive, away from the national government—and a reduction in the relative size of government. At present, however, the federal budget share of GDP is higher than at any time since World War II.

The broad discontent with conventional politics reflects a combination of the end of the Cold War and the failure of the established political class to respond to the change in priorities. The breadth of that discontent is reflected by a number of conditions:

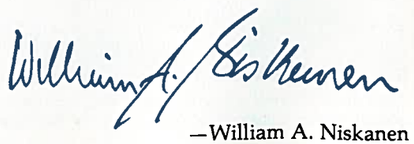
- the substantial primary votes for presidential candidates other than Bush and Clinton;
- the low reputation of Congress, as reflected in the primary defeat or resignation of a large number of incumbents;
- the growing term limitation movement; and
- most important, the broad support for the aborted candidacy of Ross Perot.

In January 1983 there may be as many as 150 new members of the House of Representatives, the largest new class of representatives since the Watergate class of 1974. That new blood will increase the potential for a major change in federal policies. The *direction* of any change, however, will depend on whether President Bush or Governor Clinton is more successful in responding to popular discontent.

Both Bush and Clinton, understandably, have campaigned as the candidate of change, but neither is quite credible in that role. Bush campaigns as a conservative, but he has governed as the successor to Richard Nixon—substantially increasing federal spending, taxes, and regulation. Clinton has promised a change of party and personnel but has enunciated no broad themes other than to "get this country moving again." Both candidates have endorsed a large defense budget; all major domestic programs; and an expansion of medical insurance, college financing, and job training. Neither candidate has made any substantial proposals to reduce the large federal deficit.

As is usual in presidential elections, the devil is in the details. Bush has endorsed several important substantive and procedural reforms—including school choice, banking reform, a balanced budget–tax limitation amendment, and congressional term limits. Clinton has demonstrated more independence from the special interest groups and the congressional barons than any Democratic presidential candidate in the past three decades. Bush favors big science projects such as the space station and the superconducting super collider; Clinton supports several types of high-tech public infrastructure. The federal government would almost surely continue to grow during the presidency of either Bush or Clinton—maybe somewhat less under Bush, but even that is not clear given the record of his first term.

Conventional politics as usual has not given us much of a choice. Our major problems are a consequence of a government that does not do anything very well, but those problems will probably not be addressed. The lessons from the dismal record of socialism abroad have not been learned at home. The opportunity for a genuinely liberating change will again be deferred. And on November 4, the temporary enthusiasm of the activists of the winning party will not conceal the continuing broad popular discontent with conventional politics.



—William A. Niskanen

The Globe Isn't Warming

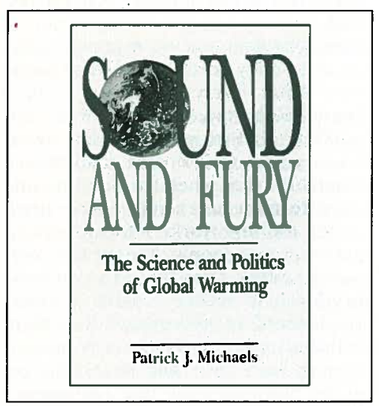
Don't Rush to Judgment on Greenhouse Effect, Book Says

The popular vision of an approaching apocalypse caused by global warming has no scientific foundation, according to a new book published by the Cato Institute. *Sound and Fury: The Science and Politics of Global Warming* by Patrick J. Michaels demonstrates that those who warn of a catastrophic greenhouse effect—such as Democratic vice presidential candidate Al Gore—can justify neither their fears nor their blueprints for dramatically interfering with the economies of the United States and the rest of the world.

Michaels is an associate professor of environmental sciences at the University of Virginia, state climatologist for Virginia, and the Senior Fellow in Environmental Studies at the Cato Institute.

Sound and Fury criticizes what Michaels terms "science by press release and congressional testimony" that has not been peer reviewed according to scientific standards. Among the misconceptions exposed is the claim that most scientists subscribe to the apocalyptic vision of global warming. "Rather, the consensus is the opposite: the Popular Vision is unscientific," Michaels writes. He notes that even Greenpeace's survey of scientists who participated in a major UN study of climate change found that only 13 percent of the respondents believed that failure to change the way we use energy would result in a runaway greenhouse effect.

Cato senior fellow Patrick J. Michaels, author of *Sound and Fury: The Science and Politics of Global Warming*, talks with Jerry Taylor, Cato's director of natural resource studies, and author P.J. O'Rourke, Cato's Mencken Research Fellow, at a reception.



Michaels shows that the slight warming over the last century has been far less than the prophets of the apocalypse would expect, which throws the reliability of their computer climate models into doubt; that most of it happened before industry's massive carbon dioxide emissions began; and that most of the warming is at night, when it produces benign effects such as longer growing seasons. In other words, the warming that has resulted from natural climatic processes is good.

Sound and Fury is available from the Cato Institute for $21.95 cloth, $11.95 paper. ■

Published by the Cato Institute, *Cato Policy Report* is a bimonthly review. It is indexed in *PAIS Bulletin*.

Correspondence should be addressed to: *Cato Policy Report*, 224 Second Street S.E., Washington, D.C. 20003. *Cato Policy Report* is sent to all contributors to the Cato Institute. Single issues are $2.00 a copy. ISSN: 0743-605X

"New Perspectives" in New York

Forums Look at Term Limits, Censorship, Property Rights

Cato Events

June 4: A Cato Capitol Hill Briefing examined **"The Truth about the Balanced Budget Amendment."** Addressing the news media and congressional staffers were Rep. Charles Stenholm (D-Tex.), principal sponsor of the balanced budget amendment; Cato chairman William A. Niskanen; and James Dale Davidson, president of the National Taxpayers Union. Stenholm said the amendment was the only way to bring fiscal discipline to Congress. Niskanen presented data showing that a balanced budget requirement has restrained spending at the state level. Davidson refuted Keynesian arguments against a balanced budget amendment.

June 10: The first Cato/IHS Intern Forum of the summer featured Paul Jacob, campaign director of U.S. Term Limits, speaking on **"Career Politicians or Citizen Legislators? The Movement for Term Limits."** This series of forums, cosponsored by the Institute for Humane Studies, is presented for Washington's many summer interns.

June 17: Julie Stewart of Families Against Mandatory Minimums spoke at a Cato/IHS Intern Forum on **"Cookie Cutter Justice: The Case against Mandatory Minimums."** Stewart's organization is working to repeal mandatory minimum prison sentences, which do away with judicial discretion in the sentencing of those convicted of crimes. She charged that mandatory minimums provide broad scope for abuse by police. Stewart cited a case in which undercover drug agents bought increasing amounts of drugs from someone with no criminal record until the mandatory minimum law was triggered.

June 22: A Policy Forum on **"Censorship and Propaganda in the Gulf War"** featured John R. MacArthur, publisher of *Harper's* and author of *Second Front: Censorship and Propaganda in the Gulf War.* MacArthur blasted the news media for their uncritical parroting of the government's case against Iraq and their timid acceptance of restrictions on coverage of the war. He called the Bush administration's propaganda campaign "the subversion of American democracy on a grand scale." Leon T. Hadar, author of the new Cato book *Quagmire: America in the Middle East,* argued that the media, rather than merely serving as passive conduits for government propaganda, were actually enthusiastic participants in the campaign to take America to war.

Roger Pilon and Judge Loren Smith discuss the status of property rights after the *Lucas* decision at a Cato Forum.

June 24: Economist Walter Williams spoke at a Cato/IHS Intern Forum on **"Americans: Serfs or Freemen?"** The George Mason University professor discussed how government power erodes individual liberty and impedes society's progress.

June 26: A noon Policy Forum explored whether it is **"Time to Exterminate the Endangered Species Act."** Robert Gordon, Jr., director of the National Wilderness Institute, argued that after nearly 20 years and hundreds of millions of dollars, no species has been removed from the endangered list because it was saved. Faith Campbell, senior research associate at the National Defense Council, responded that some species have been helped and that with more time and more money ("whatever it takes," she said) the act will be vindicated.

July 8: A roundtable discussion was held with Lawrence E. Harrison, author of ***Who Prospers? How Cultural Values Shape Economic and Political Success.*** Present to discuss the thesis of Harrison's book were Cato staffers David Boaz, Sheldon L. Richman, Brink Lindsey, Ian Vásquez, and Stephen Moore.

July 8: A Cato/IHS Intern Forum featured David Kelley of the Institute for Objectivist Studies speaking on **"Greed and Achievement in the 1980s: An Objectivist Perspective."** Kelley said that attacks on the 1980s as the "decade of greed" are actually attacks on capitalism and the right of people to pursue their self-interest through productive work in the marketplace. Such pursuit, he said, is proper for its own sake and cannot help but increase the well-being of all of society.

July 9: A. Haeworth Robertson, former chief actuary for the Social Security Administration, issued a grave warning at a Policy Forum on **"Social Security: What Every Taxpayer Should Know."** Robertson, author of a new book by that name, said the Social Security system is on the road to unavoidable crisis when the baby boomers retire in the next century. Since there will be too few workers to support so many retired people, the system will have to either raise taxes to confiscatory levels or reduce benefits. He said people need to understand that their contributions to Social Security are not invested in a trust and bear no relationship to whatever benefits they may eventually receive.

John R. MacArthur, publisher of *Harper's,* discusses his book, *Second Front: Censorship and Propaganda in the Gulf War.*

Cato director Tucker Andersen and sponsor Ravenel Curry talk with Federal Reserve governor Wayne Angell after his address to Cato's "New Perspectives for the Nineties" seminar in New York City.

July 10: A Policy Forum on the question **"Are Steel Imports Unfair?"** featured F. Kenneth Iverson, chairman of Nucor Corporation, and William C. Lane, international trade specialist with Caterpillar, Inc. The occasion for the forum was the filing of 84 unfair trade practice actions by the American steel industry. Iverson, whose mini-mills are highly efficient and profitable steel producers, said that protectionist measures to aid the domestic steel industry are unjustified and even harmful. He explained that the usual reasons for protection—dumping and foreign subsidies—are illegitimate because charging different prices in different markets is normal and the American steel industry has been among the most heavily subsidized in the world. Lane discussed how Caterpillar and other steel users are hurt by quotas on steel imports.

July 14: A book party celebrated publication of ***Reclaiming the Mainstream: Individualist Feminism Reconsidered*** by Joan Kennedy Taylor, published by Cato and Prometheus Books. Taylor explained that traditional American feminism has emphasized empowerment of individual women, not victimization; self-responsibility; community self-help independent of government; and individual, not group, rights. She said that feminism has won mainstream support when it has stressed individualism and has been of marginal importance when it has espoused a collectivist agenda.

July 15: A Policy Forum examined **"Property Rights after *Lucas v. South Carolina Coastal Council.*"** Loren A. Smith, chief judge of the United States Claims Court, and Roger Pilon, director of Cato's Center for Constitutional Studies, discussed the state of Fifth Amendment "takings" jurisprudence after the U.S. Supreme Court's recent decision in *Lucas.* Smith said the law is substantially unchanged. Pilon said that although the decision is not a boost for advocates of private property, some of the language in the majority opinion might leave room for future progress.

July 15: Clint Bolick of the Institute for Justice spoke about his legal work on behalf of property rights and educational choice at a Cato/IHS Intern Forum entitled **"Litigating for Liberty: How to Change the World and Ruin a Bureaucrat's Day."** He discussed his institute's involvement in the educational choice effort in Milwaukee and the case of a shoe-shine entrepreneur in Washington, D.C., whose business was threatened by leftover Jim Crow–era business restrictions.

July 23: A Cato Policy Forum examined ethnic violence in the Balkans. **"The Bloody Flag: Post-Communist Nationalism in Eastern Europe,"** featured Juliana Geran Pilon, program director for the International Foundation for Electoral Systems and author of *The Bloody Flag: Post-Communist Nationalism in Eastern Europe.* Pilon warned that virulent "pseudonationalism" is being exploited by ex-communists who seek to retain power and asserted that genuine nationalism is consistent with tolerance and market liberalism. Ted Galen Carpenter criticized the Bush administration for inching toward military intervention in Yugoslavia when no vital U.S. interest is at stake.

July 28: Cato held a reception to honor Robert L. Bartley, editorial page editor of the *Wall Street Journal,* on the occasion of the publication of his book, ***The Seven Fat Years.*** The reception was held at the home of Cato board member David H. Koch in New York. Bartley's book is about the economic effects of the Reagan years.

July 29: A **"New Perspectives for the Nineties"** seminar was held in New York City. The seminar featured Robert L. Bartley; Wayne Angell, a member of the Federal Reserve Board of Governors; C. Boyden Gray, counsel to President Bush; Roger Pilon, director of Cato's Center for Constitutional Studies; and Cato executive vice president David Boaz.

July 29: Fred Smith, president of the Competitive Enterprise Institute, discussed private property as a solution to environmental problems at a Cato/IHS Intern Forum entitled **"Less 'Gorey' Ways of Saving Planet Earth."**

August 12: David Boaz concluded the Cato/IHS Intern Forum series with a talk on **"400 Years of Failure: The Futility of Drug Prohibition."** He explained why the war on illegal drugs cannot succeed and why legalization would markedly improve society. ■

Marxism, Nationalism, and War in the Balkans

Policy Forum

The Cato Institute regularly sponsors a Policy Forum at its Washington headquarters, where distinguished analysts present their views to an audience drawn from government, the media, and the public policy community. A recent forum featured Juliana Geran Pilon, director of programs for Asia, the Americas, and Europe at the International Foundation for Electoral Systems and author of The Bloody Flag: Post-Communist Nationalism in Eastern Europe, *and Ted Galen Carpenter, director of foreign policy studies at the Cato Institute.*

Juliana Geran Pilon: The nations that emerged from what is known as the Revolution of 1989 continue to mystify the Western world, which assumed rather too hastily the immediate triumph of democracy and tolerance, free markets, and convertible currencies, to say nothing of the supposed disappearance of the secret police. Instead, one reads of explosions and implosions as the former Soviet empire divides itself in often improbably small pieces.

Such splintering may be the result of a special brand of nationalism that is explained by a complex variety of factors shared by the ethnic communities in East-Central Europe, however different their particular circumstances at any given time. Historian Walter Kolarz refers to them all as "peoples without history" (a term he borrowed from Friedrich Engles) because in fuedal times only the upper classes wielded effective political power while the people themselves "were condemned to be inarticulate, anonymous, silent." The result was an uneven development in the self-awareness of those ethnic societies; the ordinary folk were alternately revered and despised, their languages either ridiculed or glorified, depending on ideological and political expediency. In contrast with Western Europe, where relative national homogeneity had been achieved before the 19th century, East-Central Europe continued to accentuate and nurture differences. Royal power helped unify and civilize the West quite rapidly, while in the East "feudal and local particularism did not yield to political and administrative centralization until the 19th century, when nationalism was becoming a conscious force." Accordingly, rather than tending naturally toward democracy, the East tended toward exclusiveness, particularism, intolerance.

The Volk approach to nationalism in East-Central Europe was radically different from the West's romantic concept, which was expounded by Johann

Juliana Geran Pilon: "True liberalism implies a mosaic of nations that will feel no compulsion to appeal to any kind of 'single, global authority.'"

Gottfried Herder at the end of the 18th century. Herder, who was fully aware of the dangers of an overly messianic rediscovery and rewriting of national history, emphasized linguistic and cultural tradition. But his humanistic tolerance did not survive his adoption in Eastern Europe. While he was a champion of liberty for all humanity, his disciples to the east were statists and exclusivists.

The region was particularly affected by the Revolutions of 1848, which were widely perceived as nothing short of a "watershed." Their legacy was xenophobia, anti-Semitism, and other noxious fumes that persisted through the First World War and were further exacerbated by the horror that ensued with the Nazi period and the communist totalitarian terror.

While explicitly anti-nationalistic, Marxism paradoxically served some of the same functions as nationalism; it provided a sense of group identity beyond the individual; a messianic sense of history; and a moral framework designed to justify aggressive acts against others who are perceived as exploitative, in a power struggle for social, political, and cultural control. Slovak writer Martin Simecka elaborates: "Nationalism is similar to communism in some ways. It gives people an ideology, a sense of identity that we lost when we became free."

Four decades after its forced imposition in East-Central Europe, Marxism has left deep, possibly even inescapable scars. In brief, nationalism is the new euphemism—the mantle that covers a multitude of both sins and virtues—with the resulting confusion that is the necessary correlate of all ambiguity. Despite their different histories, each of the East-Central European nations is now facing a number of common problems that can be traced to their recent ideological plight. Those problems are the reason that today more than ever the Danubian nations constitute, in the words of Hugh Seton-Watson, "the sick heart" of modern Europe.

Let me explain briefly the nature of this sickness. First: over the past four decades, each nation of East-Central Europe has had to systematically rewrite its entire chronology from a Marxist-Leninist point of view. Regardless of the valor or cowardice of its people, or the richness or mediocrity of its culture, erasing its history altogether might have been easier to survive than the distortion. Books must now be rewritten, rediscovered, resuscitated.

Second: having to lie—not only about one's own past but even about the present, about matters before one's own eyes—for fear of the secret police, for fear of destruction and retaliation, not only against oneself but against one's children and parents, has created a deep sense of insecurity. No matter how clear it is that such fear is perfectly justified, the sense that one should have sacrificed everything in the interest of truth is impossible to erase completely.

An additional source of self-loathing is the virtual absence of genuine culture. For in addition to the distortion—if not obliteration—of past tradition, there was the Kitsch of socialist anti-art, the mirror of the lie in the form of a pseudoculture that needs to be undone, to be eliminated from the body of the nation like so much poison.

Furthermore, not only is the legacy of poverty that the people of East-Central Europe are facing a source of anger as a result of the felt injustice at having been subjected to a system imposed by force. It also manifests itself as exhaustion due to malnutrition, psychological stress, and lack of proper medical attention and treatment. And the contrast with life in the West makes it even harder to bear: penury in the Middle Ages was taken as a given; in the 20th century it is insult added to ideological injury.

Paradoxically, one of the saddest legacies of the anti-individualist Marxist-Leninist dogma, which turned out to be an enormous hoax benefiting a small ruling elite, is the pervasive suspicion of one's fellow human beings. In a social setting where "the Group" was exalted above all individuals—requiring immediate reporting of any deviant behavior that was supposed to harm Group interests—suspicion was inevitable. It is impossible to properly appreciate the true nature of postcommunist nationalism without understanding that fact.

As well as suspicion of one's own countrymen, there has been a deep mistrust of foreigners. The West in particular has been mistrusted for the rather palpable reason that it did not come to the rescue of East-Central European nations during the Soviet occupation. On the contrary, various forms of détente with the communist rulers were witnessed by the incredulous populations until the final implosion of the entire system, starting in 1989.

Finally, quite apart from—and in addition to—the traumatic legacy of Marxism-Leninism, there are the maneuverings of the outgoing nomenklatura, the privileged elite of the socialist state. The old elite, which did not disappear with the revolutions, will undoubtedly seek all possible ways to survive. In each of the countries of East-Central Europe, the former communist ruling class has found ways to profit from the dismantling of the empire. In the process, discord, including anti-Semitism, and instability and discontent are fueled and perpetuated. And it is not always easy to identify the causal elements.

Writes Michael Dobbs of the *Washington Post:* "For thousands of midlevel Communist apparatchiks, nationalism has presented an almost miraculous way of hanging on to power following the collapse of the Marxist-Leninist ideology. By handing in their party cards and wrapping themselves in the national flag, former Communists were able to acquire new political identities overnight."

Perhaps the most spectacular—and sinister—example of a cynical change of ideological facade may be found in Serbian president Slobodan Milosevic, the principal instigator of the conflicts that have swept through Slovenia, Croatia, and Bosnia during the last 12 months. Says Dragan Veselinov, a political scientist at the University of Belgrade:

> Milosevic and the Serbian Communist elite were not originally nationalists. They took over nationalist ideology to keep themselves in power without substantially changing the political and economic system. By switching ideologies, they were able to unify the public mind, achieving the same result as under Communism.

It is no exaggeration to say that in the near term, the insidious, skillful, and astute effort of the old elite to change their stripes is perhaps the most formidable obstacle to the dismantling of the old regime in East-Central Europe. In Bulgaria, for example, Turkish party spokesman Yunal Lyutfi puts it plainly: "Nationalism is the only card the Socialists [the former communists] have to play. Regrettably, that feeling is flourishing in this part of the world. It has no future, but in the short term it is very dangerous." But it is not clear how "short" the short term may be.

What should one recommend for those deeply wounded societies? Adopting the U.S. system? Not without some qualifications. For the fact that America is "a melting pot," however positive in legal and economic terms, must give pause to the ethnic societies of East-Central Europe whose experience under communism dampened any desires to melt in any cauldron, no matter how benign. For those societies, liberalism must be accompanied by a sophisticated and serious commitment to cul-

(Cont. on p. 8)

Cato president Edward H. Crane talks with Vaclav Klaus, prime minister of the Czech Republic, at the 1992 General Meeting of the Mont Pèlerin Society in Vancouver on August 31.

Marxism (Cont. from p. 7)

tural vitality if it is to have any hope of adoption.

I believe that such a commitment is to be found, eloquently and cogently defended, in the words of Austrian economist and philosopher Ludwig von Mises, who in his 1919 book *Nation, State, and Economy* argued not only that freedom is thoroughly compatible with nationalism but that the two are intrinsically connected.

Von Mises cherished pluralism and difference, the blend of cultures that has traditionally made the Danubian region a mosaic no less splendid than it is varied. He was a strong proponent of nationality (or nationalism), which he took to be an individualistic idea opposed to "the collectivist idea of the racial community." Nationalism is based on a common language and thus on a similar cultural tradition. Far from believing that modernity and economic efficiency require the suppression of national differences, von Mises felt that nationalism was—or should be—entirely positive. It is predicated on the idea that freedom allows creativity and the development of one's ethnic heritage in any manner one desires. And that applies to all nationalities, all individuals. Thus, nationalism is to be fostered for it "bears no sword against members of other nations. It is directed *in tyrannos*. . . . The idea of freedom is both national and cosmopolitan."

In brief, von Mises defended nationalism because he believed in freedom. He thus appealed to the positive historical roots of Western European nationalism. The only moral and, coincidentally, most prudent policy, argued von Mises, is individual freedom, which implies tolerance. Not only is freedom necessary for prosperity, it is necessary for its own preservation. All other roads, whatever their apparent value, lead not only to serfdom and penury but to various forms of oppression, to violation of human—which is to say, individual—rights.

Will East-Central Europe be able to embrace freedom? Returning to pluralism seems too exhausting. There is so much felt hurt, and where is one to turn if not to government? Above all, the priorities are confused: What should be salvaged first? One's individual identify or one's ethnic heritage? Should one look out first for oneself and one's family, one's national group, or the country?

If true pluralism is to develop, there will have to be political safeguards—the kind of constitutional framework that protects the rights of all men as does, for example, the American Bill of Rights. Above all, the right to free association—including the right to organize ethnically based political parties, even communist parties—must be guaranteed. And an independent judiciary is absolutely essential to defend the individual against state abuse.

Ted Galen Carpenter: "There is no justification for, nor any profit or gain to be realized from, attempting to solve the conflicts of Eastern Europe by military means."

In conclusion, I cannot resist the temptation to take up the challenge that Strobe Talbott extended in his article "The Birth of the Global Nation" in the July 20, 1992, issue of *Time*. He predicts that within 100 years "nationhood as we know it will be obsolete; all states will recognize a single, global authority." That view is depressing at best. A global nation, by definition, is no nation at all; nationality implies tradition, difference, particularism. If true liberalism prevails, as the optimists among us believe it will, so will choice, democracy wedded to individual freedom, and plurality of traditions. This to me implies a mosaic of nations that will feel no compulsion whatever to appeal to any kind of "single, global authority." Anyone who still believes that central government is the only guarantor of order should look to the great lesson of the past century. Global authority is a horrible illusion. Eternal vigilance is the sole guarantor of freedom.

Ted Galen Carpenter: Juliana Pilon is absolutely correct in finding that, contrary to the prevailing mythology that communism was an antidote to the malignant impulses of nationalism, the Leninist period aggravated those tendencies. Since the collapse of Leninism as an ideology, nationalism in its most intolerant forms has not only made a comeback; it is likely to be even more virulent than it was before.

I rarely argue with von Mises, but I think he was a little too kind to nationalism. I tend to think that intense group identity is going to take unhealthy forms far more often than relatively benign ones. Nationalism can be consistent with an overall attitude of tolerance and individuality and be expressed primarily in cultural distinctions, but historically that has been the exception, not the rule. Group identity fosters a sense of insularity, a sense of "us versus them," which is inherently a rather unhealthy attitude. I do not think nationalism has to take the violent forms we are now witnessing in various parts of the world, but I put much greater confidence in emphasizing individuality and judging people as individuals than I do in judging them as members of political or religious groups.

The fighting that is taking place, even as we speak, in Moldova, Nagorno-Karabakh, and what used to be Yugoslavia raises a very serious question, one that Western policymakers have been addressing with increasing frequency: what can the West, specifically the United States, do about the increasing violence in Eastern and Central Europe? My short answer is that the United States cannot do very much at all to resolve those conflicts and that it would be extremely unwise for us to venture beyond the realms of diplomacy and economic relations in an attempt to do so.

Unfortunately, we have a foreign policy establishment in this country that seems to have an inexorable urge to meddle. One particularly disturbing example is the ongoing effort to transform NATO from an arrangement to defend Western Europe against Soviet military aggression and political intimidation into an extremely vague regional collective security organization to preserve what President Bush has described as stability. The new enemies, according to Bush, are "uncertainty, instability, and unpredictability." Particularly ominous was the decision reached by the NATO foreign ministers at their June meeting in Oslo to place NATO military units at the disposal of the Conference on Security and Cooperation in Europe for possible peacekeeping operations in Eastern Europe. That was a very dangerous step that could involve the United States in all manner of extremely messy conflicts.

We also see growing pressure from a self-appointed political and opinion-making elite in the United States to have this country lead an international intervention in Yugoslavia. Unfortunately, the Bush administration, despite its initial healthy skepticism about the wisdom of getting entangled in that conflict, seems to be drifting toward military involvement.

It is unnecessary for the United States to engage in that kind of promiscuous interventionism. For the first time in more than 50 years, the United States does not face a powerful challenger to its security. We ought to learn to enjoy that situation rather than search for new interventionist missions. Without a powerful challenger to exploit the turmoil, the conflicts taking place in Eastern Europe and in portions of the former Soviet Union are parochial. They will not upset even the European, much less the global, balance of power and are therefore irrelevant to U.S. security interests.

Some of those who are trying to push the administration into engagement in Yugoslavia draw potent historical analogies, and one of the favorites is with the beginning of World War I in Sarajevo. Interventionists act as though that small city in the middle of a mountainous peninsula somehow had global significance. It doesn't. The assassination of Archduke Franz Ferdinand in Sarajevo triggered World War I because of the nature of the European state system at the time. Conflicts in the Balkans had devastating consequences during that period only because the great powers of Europe foolishly made them important to their own security interests. Today Sarajevo is nothing more than a dot on the map. It has no great geopolitical significance, and we ought to stop pretending it does.

If the members of the European Community feel they have significant interests at stake in the Yugoslavian conflict, they have sufficient resources to defend those interests. We are talking about an association that now has a collective gross national product of some $6 trillion a year, a collective population of 340 million, and active duty military forces of more than 2.2 million personnel. A community with those characteristics should certainly be able to handle an expansionist threat the size of Serbia.

So far the West European nations are divided about what, if anything, to do. Britain wants to leave well enough alone. The German government, however, has adopted a policy that is especially odious. German officials have insisted that they will be unable to send any military forces to meet collective security obligations in the Balkans for both constitutional and historical reasons. At the same time, Bonn is beating the war drums for an international intervention, an intervention from which German forces would be conveniently, and conspicuously, absent.

The lack of vital U.S. interests in Yugoslavia and elsewhere in Eastern Europe doesn't mean that we are indifferent to the fate of the people who live there. We ought to follow a program of active diplomacy, and we certainly should be willing to act as mediator and conciliator if the various warring factions want to reach peaceful solutions. We should not make their economic troubles more difficult by closing our markets to their products as we have done previously, even since the revolutions of 1989, as James Bovard pointed out in a recent Cato study.

Beyond engaging in active diplomacy and opening its markets, however, the United States should be extremely careful. There is no justification for, nor any profit or gain to be realized from, attemping to solve the conflicts of Eastern Europe by military means.

William A. Niskanen: Let me offer a final comment. My sense is that nationalism is less of a problem when the power of the state is limited. If you have a big active government, who controls that government is very important. One of the ways to make it easier to live with various group identities, in a given national state, is to reduce the power of the state. The Israelis and the Palestinians would have a much greater potential for living together in harmony if the budget of the Israeli government were not as big as the GNP, which it roughly is. Who's in control of the Israeli government is very important. The Jews and the Palestinians would have a much easier time living together if everyone's life were not so controlled by the leviathan that is Jerusalem. ■

Rep. Charles Stenholm (D-Tex.), Cato chairman William A. Niskanen, and National Taxpayers Union chairman James Dale Davidson discuss a constitutional amendment to balance the budget at a Cato Capitol Hill Briefing in June.

Markets (Cont. from p. 1)

vortex of trade that writing began.

Europe's first great civilization arose from trade. Beginning perhaps around 7000 B.C., a resourceful maritime people established themselves in Crete. The Minoans, as archeologists call those people, became great traders who dominated the Aegean. They brought copper from Cyprus and tin from Asia Minor. Many Egyptian objects have been unearthed at Knossus, and Minoan pottery made its way to Egypt.

A complex commercial network evolved in ancient Africa. In North Africa Marrakech was a market town. Goods flowed across the Sahara Desert. The kola-nut trade flourished in the Volta River Basin, now part of Ghana. Hundreds of commercial towns appeared in West Africa. East Asian traders conducted a lively business in honey, coconuts, ivory, and gold.

Markets also flourished in ancient America. Between about 1600 and 500 B.C., Chalcatzingo, about 100 miles southwest of Mexico City, seems to have been a major trading center. Olmec objects, found throughout Central America, suggest that trade flourished there from about 800 to 400 B.C. Archeologist Raymond Sidrys analyzed obsidian tools from ancient Mayan sites and discovered evidence of an efficient commercial network quite a few hundred miles long.

In China, Shang dynasty (1765 to 1122 B.C.) tombs contain trade goods such as sea shells, turtle shells, turquoise, jade, and tin whose source was some distance away. The Han dynasty (206 B.C. to 220 A.D.) conducted extensive trade with "barbarians." Han merchants opened the famed "silk road" across Central Asia.

A Radiant Civilizing Influence

Markets appeared at every stage of the development of civilization. "Trade was the great disturber of the primitive world," noted historian Will Durant. Medieval Europe emerged from wretched isolation in large part because markets revived. Commercial fairs brought together merchants from Europe, Russia, Scandinavia, the Mediterranean, and the Middle East. Those fairs, which for centuries were the most potent civilizing force, helped to erode ancient prejudices and bring people new ideas as well as goods.

Most of the Western world's great cultural centers—London, Paris, Amsterdam, Florence, Venice, Vienna, and New York—started as market towns and remain major commercial centers. The closer ordinary people live to markets, the better their lives tend to be. In mainland China, people are best off along the coastline, where they have the easiest access to traders. In the former Soviet Union, the Baltic republics, which are closest to the West, are the most prosperous. Similarly, Slovenia, bordering Western Europe, is the most prosperous part of the former Yugoslavia. Mexico's most prosperous region is the north, which is close to the United States. The most prosperous regions in the United States are generally on the coasts where people have the greatest exposure to the outside world.

> **"Most of the Western world's great cultural centers started as market towns and remain major commercial centers."**

Enriching Our Culture

Imagine how dull our diet would be if we were limited to eating just what originates locally. Like cave men, we'd be foraging for edible roots and berries. Practically all the food that has become an integral part of our culture originated someplace else. Archeological evidence suggests that sheep were first domesticated in what is now Iraq, chickens in Pakistan, and cattle in Greece and Anatolia. The Egyptians were among the earliest people to domesticate wheat. Apples are considered about as wholesomely American as anything can be, but the apple probably came from central Asia. Oranges, peaches, apricots, and Japanese plums came from China.

Potatoes originated in the Andes, possibly in Chile from whence they were probably brought to Peru, and then to Ireland during the 16th century. Irish immigrants introduced potatoes in New England; hence the common name "Irish potato." A meager-looking maize probably originated in Peru, then crossed with other varieties to emerge in Guatemala as flour corn that was subsequently brought to North America and hybridized into modern sweet corn during the 19th century. Tomatoes originated in the Andes, but, perhaps because they're in the same botanical family as deadly nightshade, Americans avoided them until the 18th century, after Europeans had shown that they weren't poisonous.

American culture is rich and dynamic because this country has been open to the world. What could be more American than cowboys? Well actually, ranching in the Southwest reflects Mexican influence. The pioneers who went to Texas were farmers, not ranchers. And many Spanish words have entered the American language to describe life in the Old West: corral, bronco, pinto, palomino, rodeo, canyon, mesa, mesquite, pronto, and fiesta.

Immigrant Slavs have not only provided industrial muscle but have given us Stan Musial, Carl Yastrzemski, John Havlicek, and other star athletes. Italians were among the first to settle Virginia, back in 1622, and in the 19th century Chinese and Japanese laborers sweated to build railroads across America. The foods of those cultures have become a familiar part of American cuisine.

Perhaps the most popular expression of American culture is movies, and here Jews have made stupendous contributions—from entrepreneurs such as William Fox, Samuel Goldwyn, Louis B. Mayer, Adolph Zukor, and Jack Warner to entertainers such as Groucho Marx, Jack Benny, and George Burns and composers such as Irving Berlin, George Gershwin, and Richard Rodgers. Black composers and musicians such as Louis Armstrong, Duke Ellington, and Ella Fitzgerald have delighted millions.

It is largely because of German immigrants that Christmas is such a joyous holiday in America—the Puritans had banned festivities. German immigrants also introduced the Easter Bunny, frankfurters, hamburgers, coffee cakes, gymnasiums, picnics, and state fairs.

The Hungarian immigrant Eugene Fodor did much to inform people everywhere about world civilizations. After attending the Sorbonne and the University of Grenoble, he got a job as a clerk/interpreter with the French Line whose ships cruised between Le Havre and New York in the summer and the Mediterranean and Caribbean in the winter. He began writing travel articles, then books with lively reports about local culture. He eventually assembled a team that produced and updated some 140 books annually. More than 200 million copies of Fodor guides have been sold. "I always thought that we could really solve the world's worst political problems simply by throwing out every government and replacing it with a national tourist office," the feisty Fodor remarked.

What can an American possibly learn about the English language from a foreigner? A number of successful American publishing firms were started by immigrants: Phaidon (Frederick A. Ungar from Austria), Frederick A. Praeger, Inc. (Frederick A. Praeger from Austria), Pantheon Books (Kurt Wolff from Germany), and Academic Press (Walter Johnson and Kurt Jacoby from Germany). Rudolph Flesch has probably had as much influence as anyone on the way Americans write English. He was preparing for the Austrian bar when Hitler annexed his country. Soon after arriving in the United States, Flesch, aged 27, decided he didn't want to study law all over again. He got a job as a stock clerk at a book bindery, then won a one-year scholarship at the Columbia University School of Library Science where he began studying stylistic elements that distinguish readable from turgid writing. That led to *The Art of Plain Talk* (1946), *The Art of Readable Writing* (1949), *Why Johnny Can't Read* (1955), *Say What You Mean* (1972), and 10 other books that continue to sell well. Flesch convinced people in journalism, advertising, and business to write simpler, more conversational English that can be easily understood.

Old World art collections were initially often the result of plunder. Later, merchants created great wealth and paid gifted artists to spend their time creating masterpieces. In the New World art has been a by-product of open markets.

Museums were born in the 18th century, during the industrial revolution. Entrepreneurs and their heirs, such as the Rockefellers, Guggenheims, Havemeyers, and Mellons, supported museums. Unlike European museums, which originally catered mainly to artists and scholars, American museums aimed to educate the public. As Joseph Choate, a founder of New York's Metropolitan Museum, explained in 1880, "The diffusion of knowledge of art in its higher forms of beauty would tend directly to humanize, to educate and refine a practical and laborious people."

Great American art collections could be built up because there was free trade in art. However, when protectionism surged after 1890, Congress slapped tariffs on imported art. Those tariffs became an issue in 1907 when J. P. Morgan wanted to give the Metropolitan Museum the vast collection of paintings he had in London. He held off because the tariffs would have cost him an estimated $1.5 million. Trade liberalization was in the air, though, partially because American tariffs had triggered trade retaliation that harmed Americans, and so—encouraged by Morgan's lobbying clout—the 1909 tariff law put art on the free list. The Metropolitan Museum subsequently took delivery of Morgan's collection.

> **"Commercial fairs helped to erode ancient prejudices and bring people new ideas as well as goods."**

Open markets bring culture to millions. Until the 19th century, books were typically published as a cooperative venture between printer and bookseller. Consequently, sales were limited. Thomas Paine's *Common Sense* (1776) was among the first books published in quantity for distribution to many shops; it quickly sold an estimated 150,000 copies, more than any other book since the introduction of printing in America. During the 19th century, publishing for the market became commonplace. Millions of copies of works of popular fiction were sold. In April 1862 Victor Hugo's *Les Miserables* was published simultaneously in Paris, London, New York, Brussels, Madrid, Turin, and St. Petersburg. Harriet Beecher Stowe's *Uncle Tom's Cabin* sold 3 million copies—in a country of 30 million people—before the outbreak of the Civil War. Between 1900 and 1930, Edward Stratemeyer wrote more than 1,300 children's books, including the Tom Swift, Nancy Drew, Hardy Boys, and Bobbsey Twins series, that sold over 200 million copies.

Since the late 19th century cultural entrepreneurs have served huge markets. Free-wheeling Americans began building large newspaper circulations. In 1922 Dewitt and Lila Wallace launched *Reader's Digest*, which has achieved a monthly circulation of over 100 million in more than 180 countries and sold 1.1 billion books. Condensed Books editor John S. Zinsser remarked, "At *Reader's Digest*, we never considered reading an elite activity." In 1923 Henry Luce published the first issue of *Time*, which became a publishing colossus with 23 magazines reaching 120 million readers a month; it has also sold over 28 million books. In 1926 entrepreneurs Harry Scherman and Maxwell Sackheim launched Book-of-the-Month Club, which has signed up 3.5 million members in 70 countries, including out-of-the-way spots like Belize, Oman, and Andorra, and has sold over 600 million books.

Markets gave millions of people the affluence, leisure, and competitive spirit to pursue sports. Except for horse racing, organized sports didn't exist before the American Civil War. Back then, baseball was only for amateurs. Football was a variation of soccer played around Boston. Boxing was outlawed in every state. Basketball, golf, tennis, and ice hockey were unknown. Even track and field developed after the Civil War. Most modern sports date from the era of great entrepreneurs who pioneered American industry. The National Baseball League was started in 1876, the U.S. Lawn Tennis Association in 1881, the American Hockey Association in 1887, and the U.S. Golf Association in 1894. Modern soccer, rugby, and football developed during the late 19th century; the American Professional

(Cont. on p. 14)

New Cato Studies

Bush Increases Domestic Spending at Record Pace; Other Papers Examine Yugoslavia, Unions, Biodiversity

President Bush has increased real federal domestic spending by 8.7 percent per year, a faster rate of growth than under any previous president since John F. Kennedy, and has run up bigger deficits as a percentage of GDP than any other post–World War II president, according to a new Cato study, "Crisis? What Crisis? George Bush's Never-Ending Domestic Budget Build-Up" by Stephen Moore, the Institute's director of fiscal policy studies (Policy Analysis no. 173).

Bush has achieved his record of fiscal mismanagement by increasing real domestic spending by 28 percent in just three years, Moore writes. Bush has increased real spending since 1989 by 11 percent for highways, 58 percent for Head Start, 46 percent for food stamps, and 18 percent for child nutrition. The study also notes that the president has not vetoed a single spending bill sent to him by Congress.

Bush's spending spree has not been a result of defense spending. Since 1989 real defense spending (in 1987 dollars) has declined by $30 billion while real domestic outlays have risen by $175 billion. Every domestic area has had a double-digit percentage increase, and expenditures for all areas but agriculture have grown faster than inflation.

U.S. Should Avoid Yugoslavian Entanglement

The United States has no compelling interests or obligations that should lead it to become involved in the turmoil in Yugoslavia, either unilaterally or through NATO or the United Nations, Ted Galen Carpenter, Cato's director of foreign policy studies, writes in "Foreign Policy Masochism: The Campaign for U.S. Intervention in Yugoslavia" (Foreign Policy Briefing no. 19). Carpenter says that the conflict in Yugoslavia is based on long-standing ethnic and religious animosities that show little hope of being eased by outside intervention. Though the results of Serbian aggression may be tragic, they do not affect U.S. security interests.

Advocates of U.S. intervention in Yugoslavia point to the role that Balkan conflicts played at the beginning of World War I. However, it was other powers' meddling in Balkan conflicts that led to the war, not the conflicts themselves.

Employees' Rights against Unions Upheld

President Bush's recent executive order requiring federal contractors to inform their employees of their rights under the Supreme Court's decision in *Communication Workers of America v. Beck* is a belated but important step toward providing justice for workers who are forced to pay union dues that are spent on political activities they may oppose, writes Charles Baird, professor of economics at California State University at Hayward, in a new study from the Cato Institute.

In "The Permissible Uses of Forced Union Dues: From *Hanson* to *Beck*" (Policy Analysis no. 174), Baird writes that Executive Order 12800 finally gives teeth to the 1988 *Beck* decision, which "enables a worker, already compelled to pay dues to a union as a condition of continued employment, to withhold that portion of his dues that the union would otherwise spend for purposes of which he may disapprove, such as partisan political activities." Baird shows how a series of Supreme Court decisions, beginning in 1956, has helped clarify the rights of workers who are forced to pay union dues under the National Labor Relations Act.

"Government coercion pervades the entire collective-bargaining process," Baird argues. "No collective-bargaining contract under the NLRA can rightly be considered a private voluntary exchange relationship." The *Beck* executive order will "mitigate at least some of that coercion."

Baird concludes: "If the National Labor Relations Board promulgates rules that rigorously enforce the *Beck* decision . . . many unions may simply choose to drop their union shop and agency shop agreements. If that is the eventual outcome, the long court battle, waged since 1956 by workers seeking freedom from forced dues associated with unions, will have been won."

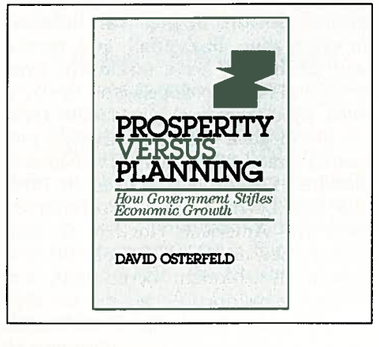
Limits on Technology Would Hurt Biodiversity

The measures recommended by the recent Earth Summit would deny all nations the means of developing new technology, write Indur Goklany and Merritt W. Sprague in "Sustaining Development and Biodiversity: Productivity, Efficiency, and Conservation" (Policy Analysis no. 175). The authors, who are program analysts with the U.S. Department of the Interior, argue that those measures might well do more environmental harm than good, because the major cause of loss of forestland, other habitats, and biodiversity is the conversion of land to meet human needs. The best way to limit land conversion is to continue to improve the efficiency and productivity of activities that use land.

To prove their point, the authors demonstrate that had technology been frozen at 1910 levels, in 1988 it would have taken 1,222 million acres, or more than 54 percent of total U.S. land area including Alaska, to meet our domestic and export needs instead of the 297 million acres we actually harvested. ■

Government Stifles Economic Development, Book Argues

Political scientist David Osterfeld challenges the prevalent interventionist model of economic development and proposes capitalism as an alternative in *Prosperity versus Planning: How Government Stifles Economic Growth*, a new book from Cato and Oxford University Press. Osterfeld, who teaches at St. Joseph's College in Indiana, argues on both theoretical and empirical grounds that the most effective way to promote growth is to establish a wall to separate government and the economy.



Building on the work of Peter Bauer and Julian Simon, Osterfeld emphasizes the importance of the market as a vehicle for growth. He extends the concept of privatization to the Third World and argues that many commonly held views on food production, resource availability, and population growth are actually alarmist myths flatly contradicted by the data.

This book focuses on such critical issues as foreign aid, the role of multinational corporations and foreign investment, migration, the impact of political corruption, and a host of other issues. It is an important contribution to the continuing debate over poverty and population in the developing world.


David Osterfeld

Prosperity versus Planning: How Government Stifles Economic Growth is available from the Cato Institute in paperback for $19.95. ■

Freeing Capital Flows

Cato Joins Bradley Policy Center As Cosponsor of Shadow SEC

The Cato Institute has become a cosponsor of the Shadow Securities and Exchange Commission, which promotes greater use of economic analysis and evidence in formulating regulatory policy for financial markets. The Shadow SEC also seeks to encourage academic economists to focus their research on issues related to financial-market regulation. Cato's cosponsor is the Bradley Policy Research Center of the William E. Simon Graduate School of Business Administration at the University of Rochester.

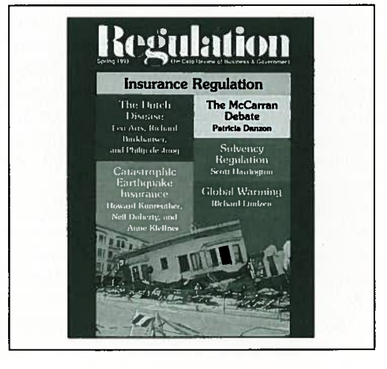
The Shadow SEC is made up of five leading economic and legal scholars specializing in the economics and regulation of the financial sector. Through open debate at annual meetings, the shadow commissioners attempt to formulate objective, economically sophisticated policy responses to regulatory problems of current concern. The commissioners are Charles C. Cox, former acting chairman of the SEC; Nobel laureate Merton H. Miller; professors Ronald J. Gilson and Hans R. Stoll; and Gregg A. Jarrell, director of the Bradley Center, who serves as chief of staff of the Shadow SEC.

The third annual meeting of the Shadow SEC will be held in Washington, D.C., November 9–10, 1992. That meeting will focus on executive compensation and market-value accounting. The debate over whether American executives are overpaid made front-page news last year when President Bush visited Japan with an entourage of highly paid American CEOs. The growing gap in pay between the factory floor and the boardroom had already raised questions of fairness, but now the possible impact on the international competitiveness of the United States has sparked additional concerns. The federal SEC has recently offered proposals that would require increased disclosure of top management's compensation.

Market-value accounting has also been generating intense controversy. At issue is whether companies, in particular financial institutions, should value their assets and liabilities at market price rather than use the traditional measure of historical cost. Advocates of the switch say that investors and creditors would have a much clearer picture of a company's true financial condition if assets and liabilities were "marked to market"; detractors maintain that market-value accounting is an ivory-tower construct that is unworkable in practice. ■

New *Regulation* Issue on Insurance

The Spring 1992 issue of *Regulation* is devoted to insurance regulation. Contributors include Scott E. Harrington on solvency regulation, Patricia M. Danzon on the McCarran-Ferguson Act, Howard Kunreuther, Neil Doherty, and Anne Kleffner on earthquake insurance, and Benjamin Zycher on insurance price controls. Also in the issue is an article providing reasons for skepticism about the enhanced greenhouse effect. In "Global Warming: The Origin and Nature of the Alleged Scientific Consensus," Richard Lindzen, a professor of meteorology at the Massachusetts Institute of Technology, discusses the shortcomings of the environmentalists' case, refutes the notion that the scientific consensus supports that case, and tells how Sen. Al Gore and other believers in global warming have distorted his views.



A Foreign Policy for the Post–Cold War Era

Military Alliances Are Costly and Outdated, Book Argues

The passing of the Cold War is the most important development of the late 20th century. Yet, as a new Cato book, *A Search for Enemies: America's Alliances after the Cold War* by Ted Galen Carpenter, points out, Washington clings tenaciously to old policies. Carpenter, Cato's director of foreign policy studies, writes that in a futile attempt to rid the world of "instability" and "unpredictability," the Bush administration insists on perpetuating a host of obsolete, expensive military alliances, including NATO and the alliance with Japan, which cost the United States about $150 billion a year.

Although those outdated alliances have no real adversary, writes Carpenter, they could potentially embroil the United States in obscure conflicts, ethnic and otherwise, that have little relevance to America's legitimate security concerns. As an alternative, Carpenter proposes a policy of "strategic independence" according to which the United States would act only to defend its own vital interests, such as the liberty of the American people.

Carpenter adopts what he calls "the foreign policy equivalent of zero-based budgeting," insisting that because of the dramatic changes caused by the collapse of the Soviet Union, all alliances must be justified anew, regardless of any utility they may have had during the Cold War. He places under the microscope America's explicit treaty obligations to defend other nations: NATO; ANZUS, which links the United States, Australia, and New Zealand; and the Rio Treaty, which provides a collective defense arrangement for the Western Hemisphere; and the four bilateral security treaties—with Japan, South Korea, the Philippines, and Pakistan. This is *the* book on noninterventionism.

A Search for Enemies is available from the Cato Institute for $22.95 cloth, $12.95 paper. ■

Ted Galen Carpenter

Paul Jacob, campaign director of U.S. Term Limits, tells a Cato Forum that term limits will be on 15 ballots in November.

Markets (Cont. from p. 11)

Football Association got under way in 1920. Basketball made its professional debut with the American Basketball League in 1937.

As yachting writer John Rousmaniere noted: "The men who won the cup called America's were sons of the Industrial Revolution, and their slippery schooner was as much a product of that fantastic era of invention as the steamboats and locomotives whose profits created the pastime of yachting. Without the smoking factories and slag heaps of the early nineteenth century, without the sensitivity to forces and power and how things worked that grew from generation to generation, such modern concepts as leisure and sport might never have been born. And without money, free time, and competition, there would be no America's Cup sailing as we know it."

Redemption through Markets

Only markets have been able to revive nations from barbarism. Germany furnishes about as dramatic an example as one might imagine. During the 1930s Hitler enforced a new kind of socialism and provoked a war in which 50 million people were killed. Though devastated, Germany regained its position as the leading Western European nation within a decade. Its secret was not diplomacy or military might but markets—a seemingly miraculous economic boom that enabled people to enjoy a civilized life again.

With reunification and reconstruction of the East, Germany is securing its position as Europe's peaceful powerhouse. Bonn is pushing for the European Community to adopt more liberal trade policies, whereas sometimes violent French protectionists want to keep out British sheep, Japanese cars, and other imports. Instead of soldiers, Germany is sending bankers, accountants, brokers, and manufacturers to help nurture the spirit of enterprise amidst the ruins of communism.

Argentina's experience, too, suggests that a decent civilization is impossible without open markets. During much of the 19th century Argentina was ruled by brutal military men. By 1880 they were gone, commerce flourished, and Argentina emerged as a cultural capital. Many visitors compared Buenos Aires to Paris because of its opulent buildings, wide boulevards, and busy cafes and theaters.

After World War II Argentina embraced economic nationalism, which triggered runaway inflation, military dictatorship, and chaos. But impressed by the extraordinary performance of market economies during the 1980s, Argentine leaders have begun opening their borders and abolishing obstacles to enterprise. As Oscar Imbellone, president of CPC International, Buenos Aires, says: "We can't wait for anybody to help other than ourselves. We need to use our management know-how, capitalist structure, innovation and research and development. We have to do the things all civilized countries do."

As we see, open borders are vital for much more than economic efficiency. Civilization itself depends on people being free to take advantage of the best the world has to offer. ■

"Don't Tie Feminism to Government"

Feminists Should Reclaim Individualist Roots, Book Says

A new book from the Cato Institute seeks to revitalize feminism by establishing its individualist and classical liberal roots. *Reclaiming the Mainstream: Individualist Feminism Rediscovered* by Joan Kennedy Taylor calls on all who respect women's rights and happiness to embrace feminism while rejecting socialist and collectivist approaches.

"We feminists who believe in the inspiring history and classical liberal mainstream of American feminism should not give up our claim to the name *feminist*, any more than institutions supporting limited government should give up their claim to the name *liberal*," Taylor writes. She calls for a "feminist movement that is more self-consciously individualistic, but also understands that individual action includes cooperation and association, which doesn't tie feminism to positive government programs."

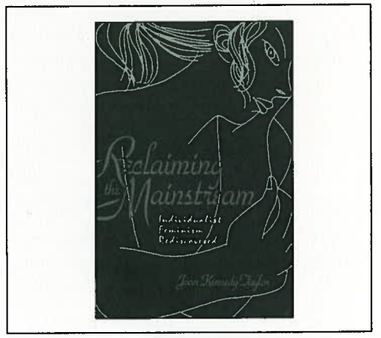
Nadine Strossen, president of the American Civil Liberties Union, calls the book "an important contribution to the movement for individual rights, including women's rights." Barbara Abrash, an independent film producer, says the book is "eminently rational and deeply personal" and "invites conversation, debate, and contemplation about what it is to be 'feminist' in late twentieth-century America."

The book, published with Prometheus Books, traces the origin of feminism from the 19th century and shows that when individualist ideals predominated, the movement was widely accepted. However, feminism became more marginal and sectarian when it supported a collectivist agenda for social reform. Against that backdrop, Taylor looks at the contemporary movement and the failed campaign to ratify the equal rights amendment.

The second half of the book discusses contemporary policy issues from an individualist perspective, including affirmative action and comparable worth; rape, battering, sexual harassment, and incest; the many facets of sexual and reproductive choice; and the attempts to unify feminist and nonfeminist women against pornography.

Taylor, a journalist, book editor, and commentator on "Byline," Cato's former syndicated radio program, calls attention to the voices within feminism that continue to encourage women to reclaim their strength, their faith in their own abilities, and the community feeling of the 1970s and to use them to find nongovernmental solutions to the problems women still face in managing work, family life, and relationships.

Reclaiming the Mainstream is available in cloth from the Cato Institute for $24.95. ■



Joan Kennedy Taylor

CATO INSTITUTE CALENDAR

Distinguished Lecturer Series
Peter Bauer
"Subsistence, Trade, and Exchange"
Cato Institute • October 14, 1992

New Perspectives for the Nineties
Indianapolis • Columbia Club • October 16, 1992
Speakers will include Stephen Goldsmith, J. Patrick Rooney, and Edward H. Crane.

Shadow SEC Conference
Cosponsored with Bradley Policy Research Center
Washington • Four Seasons Hotel • November 9–10, 1992
Speakers will include Merton H. Miller, Charles C. Cox, Michael Jensen, and Edward Fleischman.

What Works: A Look at the States
Cosponsored with Empire Foundation and National Review Institute
New York • November 12, 1992
Speakers will include William Weld, John Engler, Tommy Thompson, Pete du Pont, and Polly Williams.

New Perspectives for the Nineties
San Francisco • December 8, 1992
Speakers will include Milton Friedman.

Fifth Annual Benefactor Summit
Ritz-Carlton • Rancho Mirage, California • February 4–7, 1993
Speakers will include Chris Whittle and Patrick Michaels.

Financial Deregulation in a Global Economy
Eleventh Annual Monetary Conference
Sheraton Carlton • Washington • March 18–19, 1993
Speakers will include Anna Schwartz, George Selgin, Jerry L. Jordan, Edward J. Kane, and Lee Hoskins.

"To be governed..."

The old paradigm

The conclusion that social programs don't work is dead wrong. Throwing money at poverty works beautifully. The problem is, we haven't thrown enough money at it, and not in the most effective ways.

—Brookings Institution scholar Anthony Downs in the *Los Angeles Times*, June 6, 1992

Safeway, Blockbuster, and Montgomery Mall also complained that there are too many customers in the area

A fresh moratorium [on new construction] would apply to housing in parts of eastern Montgomery [County, Maryland] because officials say schools there cannot handle an influx of new families.

—*Washington Post*, June 13, 1992

The good news is there haven't been any black-market murders . . . yet

A decade ago, Jersey City started a war against graffiti by banning the sale of spray paint to those under 18. The campaign has been futile, officials say.

"Graffiti is out of hand," said Councilman Joseph Rakowski. "We're losing the war." . . .

Tonight, the Council opened a new front in its war by taking up a proposed law to ban the sale of spray paint to anybody, period. After two and a half hours, the Council instead voted to draft a new measure that would require people to give their names and addresses when they buy spray paint. It would also require stores to be licensed to sell the paint. . . .

Councilman Rakowski . . . says he knows of adults who buy cans of spray paint for $2 and resell it to the graffiti-minded for $5.

—*New York Times*, June 11, 1992

Just call me 007

The most-often assaulted of all federal law enforcement officials, revenue officers for the Internal Revenue Service, soon will have the option of using fake names for their protection when dealing with tax scofflaws.

—*Washington Post*, June 1, 1992

Not the drug czar, not the state, women must control their fate

In a report [in the New England Journal of Medicine], FDA Commissioner David A. Kessler rejects the "fashionable" argument that women should be free to decide whether or not to take whatever small risks are involved in breast implants.

"To argue that people ought to be able to choose their own risks, that government should not intervene, even in the face of inadequate information, is to impose an unrealistic burden on people when they are most vulnerable to manufacturers' assertions," Kessler writes.

—*Washington Post*, June 18, 1992

What's the *Post*'s definition of a big spender?

[Alabama Democratic Senate candidate Chris McNair] is known as a fiscal conservative and advocates an expanded version of Head Start and some kind of universal health insurance.

—*Washington Post*, June 1, 1992

Giving it the old college try

Democrats today issued a draft platform . . . recasting their party as the enemy of "entrenched bureaucracies" and . . . pledging themselves to a "revolution in government" [and] criticizing "a government that consumes more of our tax dollars yet delivers less of value."

—*Washington Post*, June 13, 1992

I'm convinced

Like Prohibition, experts—especially economists—say law enforcement's efforts in the drug wars are a key factor driving [record] murder rates.

The economists say violence is a natural and unpreventable result of outlawing popular consumer items, such as drugs. . . .

Elaine Crispen, spokeswoman for White House drug czar Bob Martinez, doesn't buy it: If drugs were legal, "the situation would be totally out of control from people crazed on drugs."

—*USA Today*, June 10, 1992

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