is no reason to believe that any harm comes to us when different peoples settle here. Besides, he says, recent immigrants seem to be "assimilating" just fine.

I think Johnson would have made a stronger case if he had, apropos of that last point, challenged the notion that "assimilation" is really important. What does it matter if a group lives in the United States and chooses to keep to itself, speaking some language other than English, adhering to traditional customs, and ignoring American political institutions? The Amish are a very much unassimilated people, but there is no reason to complain about them. Live and let live—as long as an individual abides by that rule, there is no moral ground for interfering with him.

That point is something of a quibble, but there are more serious problems with the book.

First, Johnson's grasp of economics is weak. For example, he takes seriously the notion of "the multiplier effect," long ago shredded for its errors. And he repeatedly extols labor unions as if they have the power to transform low-paid jobs into "decently" paid jobs. The impact of unions is greatly exaggerated, and they have little or no impact at the bottom of the labor scale.

More important, Johnson thinks it would be good policy to allow free immigration, but then attempt through taxation to "even things out." If we had open borders, he says that "business" would gain but low-paid workers would lose because of added competition in the labor market. Therefore he advocates taxation to compel the supposed winners to pay the supposed losers.

That's where he really loses me. Increasing freedom to migrate should not be offset by decreasing freedom elsewhere. FEE

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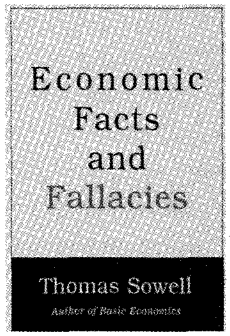
Economic Facts and Fallacies

by Thomas Sowell
Basic Books • 2007 • 221 pages • $26.00

Reviewed by Gary M. Galles



You don't have to read far to find the focus of Thomas Sowell's latest book, *Economic Facts and Fallacies*. It begins by quoting John Adams—"Facts are stubborn things; and whatever may be our wishes, our inclinations, or the dictates of our passions, they cannot alter the state of facts and evidence"—then immediately argues for the importance of debunking economic errors because so many policies are based on false beliefs and fallacious thinking.

Economic Facts and Fallacies exposes an array of widely held beliefs to careful logical scrutiny and evidence—evidence that is usually ignored by those who favor interventionist government policies. Time and again, readers are shown that support for expanding government control arises from mistaken reasoning and interpretation of data.

First is Sowell's discussion of four core fallacies we frequently encounter in public-policy discussions: the zero-sum fallacy (ignoring that voluntary economic arrangements are positive-sum); the fallacy of composition (particularly that robbing Peter to pay Paul benefits society simply because it benefits Paul); the chess-piece fallacy (assuming that some authority can achieve desired results as though he were moving chessmen on a board, ignoring people's desires and incentives); and the open-ended fallacy (that commitments to ever-more health care, safety, open space, and so on, are sensible in a world of scarcity). Even if people read only that section, they would greatly benefit from Sowell's logic.

The bulk of the book consists of six chapters dealing with subjects where economic misunderstanding abounds: the urban economy, male-female comparisons, academia, income, race, and the Third World. In each of those sections Sowell rebuts a group of beliefs that are widely accepted despite their fallaciousness and incompatibility with the evidence.

While the whole of the book is enlightening, Sowell's discussions of affordable housing and income comparisons are particularly powerful. I'll concentrate on them.

Most Americans believe that government intervention is necessary to ensure that there will be enough "affordable" housing. Sowell challenges that notion with a barrage of contrary evidence, including that 1) people paid smaller percentages of their income for housing before the era of government intervention; 2) housing prices rose sharply when more pervasive government regulation began; 3) housing prices in areas with more government intervention rose more rapidly than in areas with less; and 4) growing population and income did not result in far higher housing prices where builders were allowed to construct more housing.

In short, government intervention in the housing market is the *problem*, not the solution. Sowell writes, "It is precisely government intervention in housing markets which has made previously affordable housing unaffordable." The next time you hear someone claiming that there is a shortage of affordable housing due to a failure of the free market, you can haul out the book and show that the failure does not lie with the free market.

Sowell similarly devastates income comparisons that twist the data to get whatever conclusion is desired to justify political redistribution. He points out many ways that those who want to create the impression that the United States faces an income distribution "crisis" rely on misleading statistics. For example, there are substantial differences between real income growth *per household* and *per capita* (from 1969 to 1996, the former rose only 6 percent in America, while the latter rose 51 percent). By emphasizing only the first statistic, it is possible to create the impression that income growth has been fairly stagnant. Another way of misleading people is to focus only on income data and ignore consumption—consumption by people in the poorest quintile is actually twice their income, but that fact is usually ignored. Moreover, the idea that there is an income crisis is greatly undermined if, instead of looking at "snapshot" data, you consider the high degree of income mobility. The latter data tend to be ignored. With this section, Sowell shows that it's unwise to jump to conclusions based on highly selective facts.

Economic Facts and Fallacies highlights many instances where questionable if not downright foolish policy choices were made. So why don't we change them? Sowell writes, "Many beliefs which collapse under scrutiny may nevertheless persist indefinitely when they are not scrutinized, and especially when skilled advocates are able to perpetuate those beliefs by forestalling scrutiny through appeals to emotions or interests." This book makes it harder for such advocates to keep pulling the wool over our eyes. FEE

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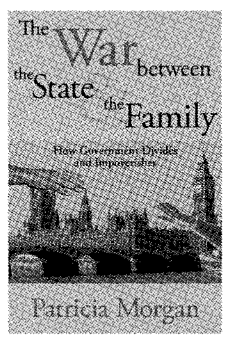
The War Between the State and the Family: How Government Divides and Impoverishes

by Patricia Morgan

Transaction Publishers • 2008 • 162 pages • $24.95

Reviewed by Raymond J. Keating



Sympathy and compassion help make humans caring, moral beings. Adam Smith, the father of modern economics, understood that, as illustrated by his emphasis on sympathy in *The Theory of Moral Sentiments*.

Often, however, sympathy and compassion are transformed from tools of moral judgment and action into weapons of blind ideology, irrational emotionalism, and cynical politics. They particularly serve as the bat with which opponents of the welfare state get pummeled. After all, the argument goes, if you oppose an extensive network of government income, housing, healthcare, employment, and child-care assistance programs, you must be severely lacking in sympathy and compassion. To truly care, you must support big government.

That assumption, unfortunately, has long clouded the debate over welfare policies, especially when it comes to government programs affecting family life. The big-government crowd has pushed blindly for