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NOTES

Our May lead story on the privatization of airport control towers has generated a lot of interest. Author John Doherty was invited to attend the June 8 convention of the American Association of Airport Executives in Orlando. He reported back that association members—operators of smaller airports—seemed to be quite interested in the idea. John has also been asked to contribute an article on the subject to the Air Line Pilots Association magazine. Meanwhile, at press time, *Newsday* had slated for June publication a feature story on air traffic control privatization, mentioning both Doherty's REASON article and my own privatization proposal (published last year by the Heritage Foundation). And Tom Morgan's "Moneytalk," syndicated on 75 radio stations, discussed Doherty's article in a May broadcast.

Leonard Read, one of the pioneers of 20th-century libertarian thought, died May 14 at the age of 84. One of my very first exposures to free-market thinking came about when I discovered the *Freeman* while in college. This little monthly magazine made economics crystal-clear and helped me survive two semesters of Paul Samuelson's neo-Keynesian economics at MIT. The *Freeman* is still published by the Foundation for Economic Education (FEE), the organization Read founded in 1946. Over the years thousands of thinkers, writers, and business leaders discovered the free market thanks to FEE seminars and publications; many of them went on to start think tanks, write best-sellers, or become important educators in their own right. Long after most men retire, Read continued to write and lecture—the last of his 30 books was published just last year. REASON was proud to publish an interview with Read in April 1975.

Two of our recent articles on education continue to attract attention. Samuel Blumenfeld's October 1982 article, "The Victims of Dick and Jane'," has been reprinted once again, this time as a handsome pamphlet. Copies are available, at four for $1, from America's Future, 514 Main St., New Rochelle, NY 10801. Large-quantity discounts are available, too. And our April cover story, Gerald King's "Home Schooling: Up from Underground," is being distributed by the National Association for the Legal Support of Alternative Schools (Box 2823, Santa Fe, NM 87501). Incidentally, one of the leading researchers on home schooling quoted in the article—Raymond S. Moore of the Hewitt Research Center—recently had a long article on the failings of public schools in Columbia University's prestigious *Teachers College Record*. Titled "Research and Common Sense: Therapies for Our Homes and Schools," it appeared in the Winter 1982 issue.

Free-market environmentalism is getting increased exposure these days. REASON contributors and Advisory Board members John Baden and Steve Hanke had virtually back-to-back articles on the subject—Baden's in the May 2 *Barron's* and Hanke's on the op-ed page of the May 6 *New York Times*. And William Tucker, author of "Conservation in Deed" in our May issue, has an article on free-market environmentalism in the June issue of *Inquiry*.

Our award-winning exposé on the Love Canal incident (February 1981) is being reprinted once again, this time in a textbook edited by Prof. Wayne Hamilton of the University of Maryland. And Prof. Bernard Siegan's January 1981 article on the rise and fall of "economic due process" has been reprinted in pamphlet form by the International Institute for Economic Research (1100 Glendon Ave., Suite 1625, Los Angeles, CA 90024), headed by Reason Foundation Advisory Board member William R. Allen.

The free market produces both winners and losers. And, unfortunately, sometimes outright frauds. In our April issue, we reported in Trends the startup of an ambitious jitney service in Los Angeles called Express Transit District. But the company ceased operations in April (after our issue came out), amid charges by the district attorney's office that its founders may have operated a pyramid scheme, bilking investors by selling the same minibuses to several different people. (Those founders were believed to have fled to Mexico.) In May, however, a court-appointed receiver approved a plan under which the investors would put in additional funds to enable the company to resume operations. Thus, Express Transit District may ride again. We'll keep you posted.

—R. P.

EDITORIAL

Robert Poole, Jr.

Healing American Industry

With each passing week, the call for an "industrial policy" grows louder. Every Democratic presidential hopeful has some version of this idea, and Walter Mondale was reportedly ecstatic at the recent publication of Harvard professor Robert B. Reich's *The Next American Frontier*, which argues for such a policy. *Business Week* and Wall Street potentate Felix Rohatyn have been beating the drum for an industrial policy for several years.

Most conservatives and libertarians reflexively denounce such proposals for further government intervention, asserting that all we need is the free market. But this response, while technically correct, is simply not adequate.

In fact, we *have* an industrial policy today, though it is more implicit than explicit. The net effect of the US tax system, regulatory system, and even the public school system amounts to a *policy* toward business and industry. And, unfortunately, as free-marketeers have been pointing out for years, that policy is very damaging to economic growth.

The damage has been growing more obvious for years, but the recent recession managed to bring it into sharp focus. What were once "basic" US industries—autos, steel, machine tools—have failed to adjust to a changing world economy and are now being undersold by lower-cost, higher-tech firms overseas. This has led to wrenching unemployment and severely depressed regions. The only way such firms can survive is by drastic restructuring—yet in most cases, their remaining work forces refuse to accept competitive (lower) wage scales or to give up obsolete work rules. Moreover, interest rates remain so high that the billions needed for modernization are simply not being invested.

So it's quite clear that there *is* a problem, one of massive proportions. What should be done about it? Unfortunately, what is being offered as an industrial policy fails to address the causes of the problem and would only make matters worse. Whether it's the United Auto Workers, congressional Democrats, or the *Business Week*/Wall Street crowd, their basic proposal includes some sort of business-labor-government planning body and a development bank to provide grants, loans, and loan guarantees at taxpayer expense.

It should be crystal-clear by now why such a scheme will not work. First, there is no reason whatever to expect the individuals running either body to be able to obtain better information or make better decisions than the current participants in the capital markets—who, after all, have their *own money* at risk. Moreover, it is naive to expect such bodies to operate from some sort of godlike perspective outside the normal political process. As Sen. William Proxmire (D-Wisc.) recently put it:

> *Money will go where the political power is. . . . It will go where the union power is mobilized. It will go where the campaign contributors want it to go. It will go where the mayors and governors as well as congressmen and senators have the power to push it. Anyone who thinks government funds will be allocated to firms according to merit has not lived or served in Washington very long.*

The most likely result of this sort of industrial policy is the preservation of obsolete firms, technologies, and processes ("lemon socialism") plus the funding of a few politically sexy high-tech boondoggles like the Concorde supersonic jet and the Synthetic Fuels Corporation.

What we need, instead, is a thorough overhaul of the government's existing *anti*-industrial, *anti*-entrepreneurial policy. Such a policy should be based on Joseph Schumpeter's insight that true capitalism is a process—not an end state—a process he called "creative destruction," whereby inefficient, outdated firms and technologies are continually displaced by new and more productive ones.

What might such a policy consist of? Its first element would be a tax policy that rewards enterprise rather than discouraging it. For starters, as both conservative Ronald Reagan and neoliberal Lester Thurow have urged, abolish the corporate income tax and the entire patchwork of inefficient credits, loopholes, deductions, exemptions, and paperwork that go with it. Corporations don't really pay the tax, anyway—consumers do. Second, abolish *all* taxation of savings and investment, including both the capital gains tax and taxation of dividends and interest. The final element in ensuring a strong flow of new business investment would be to abolish antitrust restraints—especially those on joint R&D efforts—as urged by both Thurow and many free-market economists. Together, these changes would put US entrepreneurs on at least an equal footing with the Japanese.

But to restore competitive flexibility—the ability of both companies and their work forces to adapt to change—a heavy burden of regulation must be lifted, too. Labor laws that put the government's hand on the union's side of the scale must be abolished. Without their more-than-equal bargaining position, it is doubtful that US auto and steel workers would have been able to force their wages up to more than twice that of their Japanese competitors or to resist the kind of flexible work rules that enable Japanese cars to be produced with half the number of labor hours of US cars. Likewise, *all* restrictions on imports must be removed. The constant spur of world competition is essential to the process of "creative destruction" that will bring us all the benefits of innovation and growth.

Finally, if we are to move into the high-tech, flexible, decentralized economy in which our future competitive advantage lies, it's essential that we have a work force of competent, literate, adaptable people. To get them, we need to break the monopoly of the bumbling public school system, introducing real competition into the educational marketplace. Only then will schools be held truly accountable for results by those who pay the bills.

Advocates of liberty must do more than simply arm-wave about free markets. Today's anti-industrial policy is the cause of our stagnation. A big-government industrial policy would only make matters worse. But a policy that fosters entrepreneurship and competition—that sort of "industrial policy" is worth fighting for.

Robert Poole, Jr.

Letters

Plaudits

Your excellent May anniversary issue prompted me to write to offer congratulations for both the May issue and the tremendously important work you've done for 15 years. I began subscribing around 1972.

I found Machan's "Profits with Honor" and Tucker's "Conservation in Deed" articles particularly excellent. John Hospers's article was also excellent, and much better than the companion articles on the futures of Britain, Scandinavia, and West Germany, I thought. I found the latter too philosophical and not down-to-earth in terms of concretes; sure, the welfare state is everywhere, but a country's future depends on specific policies and trends. I came away feeling largely ignorant of these for Britain, Scandinavia, and Germany.

And finally, was I ever amazed to read about Bob Poole's model railroading hobby! While I'm not into it, I do have a fascination with model railroads.

Thanks, guys and gals, for your excellent work in spreading reason and liberty and for raising my spirits every month.

Dennis Edwall
Thousand Oaks, CA

Muddied Waters?

William Tucker is right to sense that private property ownership is the key to stopping pollution ("Conservation in Deed," May). But dealing with pollution does not require introducing private ownership of rivers, aquifers, or "airsheds."

If you fire a bullet that hits a peaceable person—say a TV repairman in his shop, a plumber on your pathway, or a UPS driver on a public street—it is absurd to suppose the case hangs on whether your bullet traveled in a privately owned airshed or an airshed "commons." Forget the airshed—your bullet has invaded the peaceable victim's body, which is undeniably his privately owned property. To force him to accept this invasion of his private property by your bullets is clearly a violation of his property rights.

When polluters force peaceable people to breathe, drink, and ingest substances to which they object, it is like forcing them to accept bullets to which they object. Moreover, polluters easily forget that there are responsibilities as well as rights tied to private property ownership. Owners have responsibilities to control their property and to keep it from invading the property of others. Polluters, who own many inconvenient waste-products, are clearly failing to control their privately owned property.

The solution to pollution is inherent in the *existing* rights and responsibilities of private property ownership. There is no need to complicate, muddy up, and delay the solution by introducing privately owned airsheds and waterways. Occam's Razor!

John W. Gofman, M.D.
and Egan O'Connor
San Francisco, CA

Mr. Tucker replies: I find this effort to fit all polluting interactions into the mode of interpersonal actions and "violations of space" rather clumsy and strained. Certainly, shooting a bullet randomly into a crowd is antisocial, but does that mean we should repeal the murder laws and let the two individuals settle it themselves through private lawsuits? Or try working the analogy the other way. Firing a bullet on the street is reprehensible, but what about brushing against a person as you walk past him, or walking the streets with the flu and risking passing the germs to someone else?

The kinds of dangers we are exposed to from individual polluters are far closer to the second and third analogies than they are to the "bullet" idea. That is why it is more simple, at least at this stage of technology, to allow the government to deal with many of them in aggregate form, just as we license people to drive cars, even though each and every individual driver is a *potentially* lethal threat to every other driver and every pedestrian that walks the streets.

As a footnote, I have the suspicion that it is Dr. Gofman's inability to deal with the concept of *degrees* of risk that has enabled him these many years to stand before thousands of people and say that nuclear power plants are "license to murder," even though the health and safety risks to individuals are known to be orders of magnitude less than walking past a person on the street who has a cold.

Put the Market On Its Mettle

Is the free market incapable of handling trade in so-called "strategic" metals? James Sinclair and Robert Parker ("Mine the Metals Market," June) would have us believe so. The authors support "privatization" of the federal stockpile program through tax incentives to metals investors. They argue, "The most legitimate purpose of tax incentives and tax shelters is to stimulate investment in areas of industry in which risk and national need exist but in which a capital base is lacking or deficient."

But this is just social engineering in probusiness clothing. Who can claim adequate knowledge to decide what constitutes "national need" or when capital is "deficient"? That is what the free market is for!

The authors' proposal would also give the government the option, in the event of an "emergency," of purchasing stored materials from investors who took part in the tax-break plan. The implication here is that the free market can't be trusted with scarce resources; only a government monopoly can assure proper distribution of materials in short supply.

Sinclair and Parker suggest that the Reagan administration, "with its philosophical commitment to free-market principles," might approve of this plan. This is probably true, and it gives us a fine example of the type of economics this administration is trying to sell us under the "free market" label.

The authors claim that their plan "should not overly distort markets." Better that they not be distorted at all. If US

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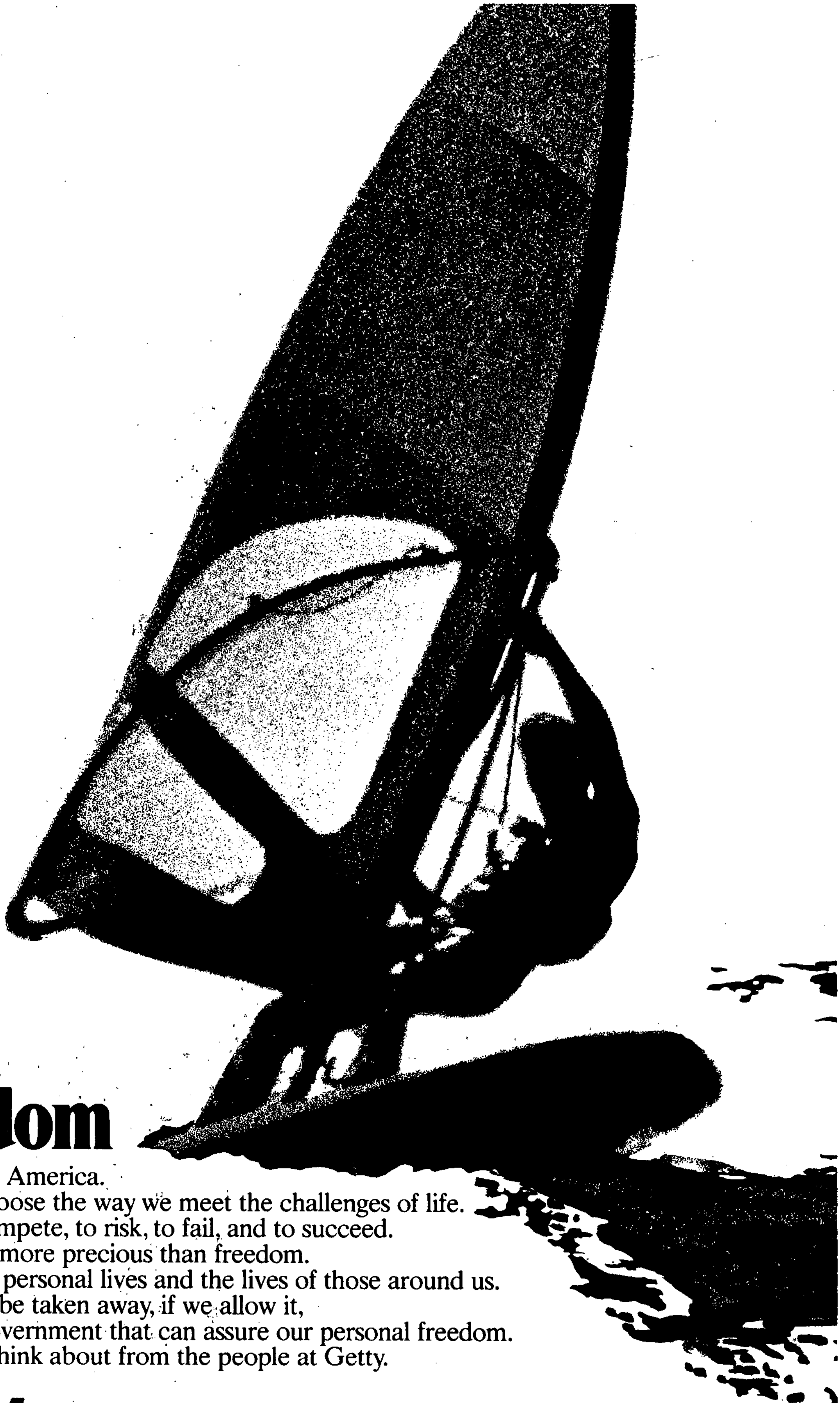


Freedom

We expect it in America.
Freedom to choose the way we meet the challenges of life.
Freedom to compete, to risk, to fail, and to succeed.
No resource is more precious than freedom.
It enriches our personal lives and the lives of those around us.
And yet it can be taken away, if we allow it,
by the same government that can assure our personal freedom.
Something to think about from the people at Getty.

Getty

Getty Oil Company • 3810 Wilshire Boulevard, Los Angeles, California 90010 industries need insurance against disruptions in the supply of raw materials, let them pay for it themselves.

William S. Statler
Davis, CA

Psychiatric Dissident

As a survivor of psychiatric assault, I am heartened to see that REASON continues to take a strong stand in favor of psychiatric inmates' rights. You are one of the few journals to oppose both the "progressive" demand for more tax-funded psychiatric "services" (that is, tortures) and the demand by those who, as Murray Rothbard puts it, are "only interested in scoring Brownie points in the Cold War game" to limit criticism of psychiatric atrocities to the Soviet Union and other Communist countries. . . .

Regarding Dr. Szasz's proposal for a "psychiatric will" (May), I find problems with it. It does not protect children or allegedly "incompetent" people; it may also lead to thorny legal problems in the case of those who change their minds once the shrinks come with their Prolixin needles and ECT machines. I hope Szasz is not selling us out to the advocates of therapeutic statism. Ex-inmates and others who advocate liberty against psychiatry ought to stick to our principles and insist that psychiatric relations be limited to adults who give truly informed, uncoerced consent in the private sector.

We shall not compromise with therapeutic statists who want to deprive us of our human rights and individuality.

Stephen Mendelsohn
Simsbury, CT

Rothbard on Rand

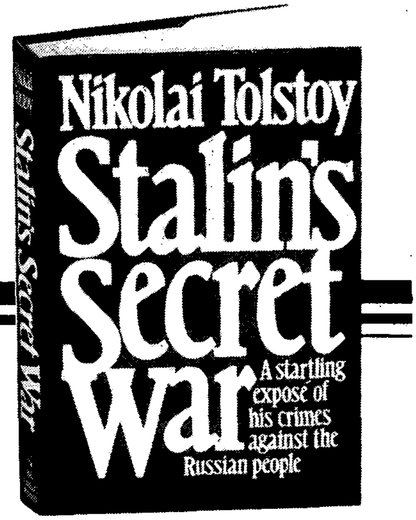
Wonders, apparently, never cease. I never thought I would be leaping to the defense of Ayn Rand as against Doug Den Uyl, but I thought his review of *Philosophy: Who Needs It* (May) unduly harsh. In the first place, Rand was a prophet—a creator of a new paradigm—rather than a systematizer. It is unreasonable to expect a prophet also to do the work of getting down into the scholarly trenches, replete with elaborations, qualifications, footnotes, and the rest of the scholarly apparatus. *That* work is being done very well, by Den Uyl himself and others.

Second, one need not accept the view

(Continued on p. 66)

"A STUPENDOUS BOOK"

– Joseph Sobran
National Review



Mr. Sobran's review explains why:

Liberals forever remind us that the Soviet Union lost twenty million people in World War II. Nikolai Tolstoy (grand-nephew of Leo) puts the figure even higher. But he argues that most of them were killed by Stalin himself....

He was incomparably the richest man who ever lived: "Stalin virtually owned the Soviet Union in as absolute a sense as property can acquire." When a dog in the street woke him with its barking, he had dog and master shot. A series of painters who produced insufficiently flattering portraits of him — five-feet-four, scrawny, scrofular — were also shot. While the proletariat was reduced, at times to cannibalism, he had mountains of caviar specially flown to his enormous personal estate, where he watched the American gangster movies he loved....

He drove one wife to suicide, obscenely abused his daughter for wanting to marry a Jew, beat and insulted a son, whom he later allowed to die unransomed in a German prison camp. He delighted in tormenting his highest confederates — including the nominal president of the USSR, Kalinin — in front of foreign dignitaries...

With his own criminal example he encouraged what one trusts was by far the most brutal period of violence in human history. Even *The Gulag Archipelago* hardly prepares one for this. One example will convey the tone: a man who would not "confess" to Trotskyist activities even after castration was forced to watch his pregnant wife beaten until she delivered a stillborn child. Such things were done thousands upon thousands of times, year after year after year. Special instruments of torture were apparently mass-produced, one for squeezing the skull, another for the testicles, and so forth, though interrogators were permitted to use broken bottles, ice picks, or whatever other conventional tools appealed to them....

There was apparently only one foreign head of state Stalin really trusted. He was paralyzed with shock and incredulity when Adolf Hitler broke his word by attacking Russia. For days he could barely compose himself sufficiently to order the usual potential enemies shipped off to labor camps; but eventually he did, even when he couldn't formulate a battle plan against the Germans.

It was always the domestic enemy he feared most: the kind of wartime revolt that had toppled Kerensky. Stalin did indeed make unremitting war on his own people; he never really understood why they didn't fight back, and he was amazed at the patriotism that drove them to fight for Russia, despite everything, when Hitler invaded.

Instead of returning the favor, he stepped up his pre-emptive purges all the while his people were saving his skin. It is wickedness of an astounding degree. This book makes *The Rise and Fall of the Third Reich* seem like Restoration comedy.

Tolstoy, who is worthy to inherit the name, interprets the slaughter of the Polish officers in the Katyn Forest as one of Stalin's attempts to forestall domestic revolt: the officers might have given potential rebels in the western part of the Soviet Union the leadership they needed, igniting a general uprising.

Just before his death Stalin was contemplating an invasion of Western Europe.

Stalin's Secret War is a stupendous book.

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brickbats

Trevor Parker survived a car crash over a 150-foot seaside cliff in western England because he didn't wear his seat belt. Now, because of a law that's been dumped in the laps of the British people, he may be prosecuted and ordered to pay a fine of $80. The cad actually violated the law that makes wearing seat belts compulsory after January. "It's a miracle he's alive. He wouldn't be around if he had been wearing a seat belt," said policeman Terry Whitts after the accident. "He was flung clear through the windshield. The car was completely destroyed when it hit a ledge and burst into flames." Parker landed safely in the sea. He survived the plunge, but now the law is going to belt him in the wallet.

The squeamish may want to turn the page at this point. A Tioga County, New York, sheriff's deputy was suspended without pay for three days for eating a live racing mouse in an Owego bar. Arnold Creeley was betting on a mouse race at the Rainbow Trail tavern when he told the mouse that if it didn't win, he was going to eat it, according to bar owner Donald Wheeland. The mouse lost, so Creeley put ketchup, salt, and pepper on it and swallowed the rodent. Sheriff James Ayers says Creeley brought discredit to the department. The sheriff should be happy Creeley wasn't betting on the horses.

Great Moments in Government Planning: After spending more than $700,000 to renovate part of an office building near the Capitol, the Veterans Administration has left the space vacant for more than a year because agency officials can't decide how it should be used. The agency has paid more than $1 million in rent on the unoccupied office space. Part of the problem is that the building is in such a high-crime area that few VA employees are willing to locate there. Empty space is indeed a problem, particularly when it's between the ears of bureaucrats.

British courts have ruled that television viewers can't legally buy England's version of *TV Guide*. The BBC and Independent (?) Television Publications, both public monopolies, were able to prevent the magazine *Time Out* from publishing weekly lists of selections from their advance schedules. The court ruled that both BBC and ITV guides and schedules were "literary works, prepared with a great deal of skill and labor, and therefore protected from being copied." So British viewers will continue to be denied the convenience of a single reference guide. Since the BBC and ITV are public monopolies created by Parliament, their program schedules must surely belong in the public domain. Not in the eyes of British justice.

"HE SAYS IT'S A FLOOD-CONTROL PROJECT, TO PROTECT US FROM A DELUGE OF LOW-PRICE, HIGH-QUALITY GOODS...."

Bellicose boo-boo: the crew of an Australian navy patrol boat blasted a hole in the ship's bow while practicing a 15-gun salute that never made it past "Fire one!" No one was hurt, but the *H.M.S. Buccaneer* will be in dry dock for a few weeks for repairs. Said an Australian navy spokesman: "The gun should not have been able to fire while it was pointed towards the ship—theoretically, that is." Back to the drawing board.

Thomas W. Ward, the mayor of tiny Berlin, Connecticut, appointed a What To Do With the Statue Committee, which decided to sell the weird-looking piece of municipal art back to the sculptor. The town bought the statue, named "Star Dancer," sight unseen to sit in front of the new municipal complex. But no one expected what was unveiled. The statue has seven legs attached to a common rump. Sculptor Andrew Coppola says it represents a "cartwheel of expression," but local vandals and lovers of whimsy have placed plaster casts on all the legs and have even diapered the statue. "This was clearly an uninformed, Philistine reaction," complained Coppola. "The public has no background. They would never think to question someone doing brain surgery. But when it comes to art, the people who know the least say the most."

From the government that brought you WIN buttons, cost overruns, and the cheese give-away program, the latest in the federal commitment to public service: Legionnaires Disease. The combination of a strong federal push for energy conservation during the 1970s and safety measures enacted by the Joint Commission on Accreditation of Hospitals may have been a factor in the growth of the bacteria causing Legionnaires Disease, according to a study by Ohio State University. Hospitals reduced their maximum hot-water temperature from 140 to 110 degrees to comply with new federal rules. Bringing the temperature down to 110 degrees provided the ideal temperature for the growth of the organism that causes the dread illness, the study found. The organism, which flourishes in both large and small water systems, causes an often fatal form of bacterial pneumonia.

—MARK EDWARD CRANE

How to launch your own business for under $1,000 and make $25,000 - $50,000 a year!

Management consultant David D. Seltz is an international authority on small businesses and franchising. He has served as Chairman for the International Franchising Congress in Zurich for two consecutive years and his business-guidance seminars have been sponsored by universities and government agencies, including the Small Business Administration.

In addition, Mr. Seltz has authored 16 books and more than 2,000 articles on these subjects which have appeared in such publications as *Nation's Business, Business Week, Wall Street Journal,* and *The New York Times.*

He has spent 14 months researching 18,292 small business opportunities to compile the first complete directory of *the most profitable small businesses* you can start in your spare time for under $1,000 (many for under $500).

He has published his findings in a book called, *"A Treasury of Business Opportunities for the Eighties,"* published for anyone who's dreamt of owning a business.

In its fascinating pages, you'll learn . . .

- How Michael S. makes $50,000 a year in a small community by providing a little-known, simple service needed by the graduating class of every high school and college. His student customers are easy sales and his work consists mainly of placing phone calls.
- How John H. runs a weekend business that uses other people's vacant land to rake in as much as $10,000 profit per weekend. No equipment, no investment, no employees needed!
- How James P. charges $2,000 for a simple service most businesses need, but few people are aware of. He has so much business, he doesn't even advertise!
- How Ronald P. earns $100 per week on a $200 investment supplying a service needed by most storefront merchants.

You'll learn about a unique new product that's selling like wildfire to religious people and gives you a 500% markup. You'll discover an easy-to-start business that nets about $25,000 profit in the summer months alone. You'll be given the amazing inside story of a business that requires so little of anything, you could run it out of a phone booth. Yet it's quietly making better than $50,000 a year for scores of men and women.

And this is just the beginning! You'll learn how to rake in enormous finder's fees for putting two types of common business clients in touch with each other. You'll discover why certain national manufacturers will pay you upwards of $40,000 a year for making local contacts for them. You'll see how to start a business in which moonlighters work their tails off to earn you $50,000 a year.

You'll learn where to haul away crates of what some businesses consider "junk"—but which other businesses need desperately and will pay you as much as $60,000 a year for. You'll discover a product that costs pennies to make, sells for $5, and is wanted by thousands in just about every community. And you'll be shown how to start an exclusive kind of club which can bring you more than $50,000 a year from people who'll feel *privileged* to pay you a hefty membership fee for the right to belong!

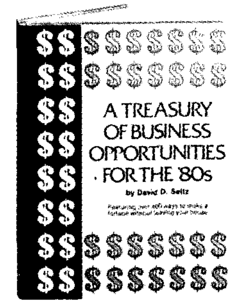
You'll see how to sell *a few sheets of paper* for as much as $2,000 to businesses all over your home town. . . . You'll read about the "dead flower" strategy that requires only one visit per customer per month yet gives back up to $25,000 per year in return. . . . You'll discover how to get people all over your community to gladly lend you their cars and then just as gladly pay you up to $50,000 a year to perform one simple, nonmechanical act with those cars.

You'll read the remarkable story behind one little-known business that is not only depression-proof, but actually does fantastically well when the economy grows worse. Not only are the profits potentially enormous in this business, but there is this unexpected advantage: Simply issuing your own business card as a dealer enables you at once to buy men's suits for $22, metal tennis rackets for $8, electric typewriters for $85, and dozens of other items far below wholesale.

If you or your spouse like to "putter" around the kitchen, just turn to page 68 of this book and see how you can make that puttering yield you a spare-time income of $25,000 a year.

And if that's not enough to get you started in your own little "goldmine" business, wait till you discover . . .

- The instant travel business that gives you up to 50% discounts when you wish to go on a trip.
- The simple idea that lets you run your own sweepstakes—with *someone else* putting up the prizes!
- The method for earning thousands of dollars on other people's inventions.
- 23 different ways your car or truck can help produce profits.
- The way to turn each of your handy-man friends into a spare-time income of $25,000 a year.
- The technique for having your products displayed and sold in the finest homes in your area —with sales as high as $500 per home. This one strategy alone may be worth 100 times the cost of the book—and it's all yours on page 217.



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TRENDS

More Truck With Deregulation

The partial deregulation of the nation's interstate trucking industry in 1980 has had some dramatic results. Minorities, for instance, have benefited: there now exist more than 300 minority-owned trucking firms, three times as many as in prederegulation days. And shippers everywhere now enjoy reduced rates, large discounts, and improved service. With 6,500 more trucking firms operating today than in 1979, the competitive results are no surprise.

Also no surprise, however, are trucking-industry calls for renewed regulation. In urging new regulation, for example, the American Trucking Associations reports the failure of 250 carriers that were unable to keep up with the vigorous price competition—some carriers have slashed rates by nearly 30 percent and now offer discounts of as much as 10-20 percent. But the Reagan administration—as well as the Interstate Commerce Commission (ICC)—wants to carry deregulation of the industry even further, removing all rate-setting restrictions.

Coming to a head within the trucking industry itself is a battle between contract and common carriers over the rate-reporting requirements. Contract carriers negotiate rates with individual shippers and want exemption from an ICC requirement that they report every rate negotiated. Common carriers, who are legally required to serve anyone, must post rate changes with the ICC 30 days in advance, thus placing them at a disadvantage in negotiating lower rates.

Common carriers want more rate restrictions for the contractors. And while contract carriers may not exactly welcome the competition that would follow from deregulating the common carriers, they would prefer total deregulation for all over more regulation of their own operations.

Meanwhile, as the ICC moves to free up the interstate trucking market, moves are afoot in Colorado and Alaska to deregulate the intrastate markets there. In Colorado, the free-market group Coloradans for Free Enterprise is busy putting together a ballot initiative for motor-carrier deregulation. CFF spokesman Paul Grant reports that the initiative aims to decontrol the entry, exit, rates, and routes for all carriers (including passenger, as well as cargo, carriers).

Over the last 10 years, four bills to implement such deregulation—all sponsored by state senator Don McManus—have lost in the Colorado legislature. Grant expects the voters—who, if the initiative is successful, will decide the issue in the November 1984 elections—to stand up to the antideregulation lobby better than have the state's legislators.

And in Alaska, proponents of an extensive transportation-deregulation initiative are seeking signatures to put the issue on a statewide ballot next year. In addition to decontrolling surface carriers, the initiative seeks to free up air transport as well, including air taxis. In vast, road-poor Alaska, air taxis are essential to transportation—and Alaska is one of the few states that regulate air taxis.

Already, Florida and Arizona have deregulated their motor carrier industries. Prof. James Freeman of the University of Kentucky has studied the Florida situation. In a survey of both shippers and carriers throughout the state one year after deregulation, Freeman found that carriers were about equally split for and against deregulation, while nearly 90 percent of the surveyed shippers were "satisfied" with deregulation (though only 54 percent actually "preferred" deregulation). "There is no evidence," Freeman wrote in his study, "that any shippers or municipalities have been without adequate service since deregulation."

Freeman's recent follow-up research indicates that shipper support for deregulation is even stronger now, while carrier support may have declined slightly. Some of that decline may be explained by another of Freeman's recent discoveries: Florida's intrastate shipping rates apparently haven't increased over the last two years. Now that's competition at work!

Taxpayers' Rescue

Last year the skipper of a boat anchored off a coastal island near Santa Barbara, California, tried to fire up his engine, but it wouldn't start. He had no cause to worry—he knew the Coast Guard would save the day. After he radioed the Coast Guard, he was picked up by a helicopter and his boat was later towed back to the harbor.

It may have been a wonderful and dramatic episode, but with the possible exceptions of Zorro and Mighty Mouse, there are no such things as free rescues: the operation, like all other Coast Guard rescues, was paid for entirely by taxpayers. In this case, the Coast Guard's fuel bill alone was roughly $2,000, but the hapless skipper didn't pay a penny of the expense.

Because boaters pay nothing for rescues, the Coast Guard has always had to contend with "unnecessary rescues," Lt. Phil Dyer told the Santa Barbara *News-Press.* "People who know that a cutter is one hour away are likely to go out without enough fuel and/or a questionable battery—that sort of thing," he said. "The farther away you are from the Coast Guard, the more likely it is that you'll take care of yourself."

Some proposals for reform have been made. In April, for example, the National Advisory Committee on Oceans and Atmosphere (NACOA) proposed that the Coast Guard charge for "nonemergency" rescues. Dyer suggests that another solution could be privately operated seagoing tow services similar to those offered by auto clubs. "A highway patrolman will help you on the highway," he says, "but it's not their job to tow you in. They'll get you the services you need."

In fact, such private towing services are already operating a bit farther down the California coast, Coast Guard spokesperson Rick Woods recently told the Torrance (Calif.) *Daily Breeze.* And a new company called Vessel Assist began operation at Marina del Rey in May, providing not only towing service but mechanical repair for boats at sea. (Towing is a "last resort if the problem can't be fixed at sea," said Vessel Assist President Bill Lafay.)

On the Florida coast, private tow services have been operating for several years. Lt. Christopher Kelly, an officer of the Coast Guard's 7th District—which covers most of Florida and the Southeast, part of the Gulf of Mexico, and all of the Caribbean and Panama Canal area—told REASON that although it is a fairly new industry, private towing services are operating in 7th District waters. Their custom is mainly providing routine assistance to "Joe Boater who runs out of fuel," Kelly said, while the Coast Guard handles emergency rescue services where long distances are involved or life is in danger.

The NACOA proposal for a limited user-fee system is bound to stir controversy, and the extensive privatization of rescue service on a nationwide basis is far from imminent. But the experience in Florida and California with private tow services has been successful as far as it goes, and there's no reason that routine towing services and even emergency rescue service couldn't be privatized on all the coasts.

ONWARD, CONTRACT SOLDIERS

What Carnegie Hall is to music, the *Harvard Business Review* is to business journalism. When it published an article in its March-April issue called "Growing Opportunities in Public Service Contracting," that was a good sign that contracting out of government services has become respectable.

"With costs rising and tax and other revenues having difficulty keeping up," the article's author, James L. Mercer, said, "the private sector is likely to find many more opportunities in the years ahead to do work for municipal and other local governments."

The article mentioned such successful entrepreneurs as the Cincinnati-based ATE Management & Service Co., which operates 51 transit systems in cities such as Sacramento, Cincinnati, Charlotte, and Wilmington, and seven systems in Saudi Arabia. The firm has documented savings realized by its operation of various transit systems. They range as high as $200,000 while turning an annual 5 percent ridership loss into a 7 percent gain. More than 90 percent of ATE's contracts have been renewed, and the company plans to expand into transit planning and operation of school buses.

According to Mercer, "A key to a successful contractual relationship is an understanding about how performance [of the contractor] is to be measured." He suggests that this should include not only quantitative measures of performance—such as sanitation routes operated per month per dollar value—but such gauges of effectiveness as service "with no more than a certain number of complaints per 100 households."

One problem that Mercer alludes to is the political landscape where the contracting is being done. Powerful interests are often a major obstacle—perhaps none more so than government-employee unions.

In 1978, for example, Los Angeles County voters approved Proposition A, which significantly expanded the range of government services that could be contracted out to private firms. A majority of the present county board of supervisors is favorable to contracting out, and a California taxpayers' newsletter reported in March that 252 "Proposition A contracts" have been awarded for a cumulative amount of $47.3 million. (This is only a fraction of the 6,000 non-Proposition A contracts awarded in 1981-82, with a total value of $250 million.)

But all is not quiet on the contracting-out front. The Service Employees International Union (SEIU), whose membership includes 40,000 county workers, has been fighting the contracting process every step of the way. And the Los Angeles County grand jury recently commissioned a report by McManis Associates on contracting out of services under Proposition A.

When the McManis report was issued in May, County Supervisor Kenneth Hahn, an opponent of contracting, called it a "scathing report" that shows contracting as an "Alice in Wonderland program—a big hoax." SEIU official Cheryl Rhoden told the *Los Angeles Times*, "I think it's time that responsible people in the community start yelling about [contracting]."

But just what was so "scathing" in the McManis report? Not much. Most important, it disputed county reports of savings realized as a result of Proposition A contracting: the county had showed a total of $25.6 million saved as of December 31, 1982, while the McManis analysts found savings "closer to $10.8 million." But Kris Vosburgh, an aide to the chairman of the board of supervisors, Mike Antonovich, later explained that the discrepancy hinged on a simple misunderstanding. County officials were reporting savings from *all* contracting out, while the McManis report was counting only the savings by contracting out that resulted directly from Proposition A.

Yet this issue—whether Proposition A was saving the county $25.6 million or a "mere" $10.8 million—plus some relatively minor recommendations for administrative reform, gave rise to charges such as Hahn's and Rhoden's. It is interesting that a dismayed Allan Rusten, who headed the grand jury investigation, told the *Times* that he regretted "the very heavy emphasis on the negative aspects of the report." He said, "We are saying we think that contracting out is a valuable management tool if used properly."

Despite the political flak, board chairman Mike Antonovich has consistently supported contracting out. "Failure to pursue this policy will result in higher taxes and poorer quality of service to the public," he warned in a letter to the editor of the *Times.*

RATINGS RISE FOR AIR WAVE FREEDOM

"Broadcast deregulation is one of the key issues, and among the most complex, facing Congress this year," a *Los Angeles Times* reporter observed in May. When one recalls that the issue of broadcasting deregulation was virtually nonexistent only a few short years ago, this is pleasant news indeed.

In May, Reps. Tom Tauke (R-Iowa) and Billy Tauzin (D-La.) cosponsored a bill, strongly supported by the National Association of Broadcasters, that would eliminate procedural hearings for FCC license renewal. This would, as the *Times* said, make radio and television broadcast license renewal "almost automatic, leaving the broadcasters to operate more freely than ever in the past."

At the time of this writing, political maneuvering on the bill continues, with its supporters trying to circumnavigate Rep. Timothy Wirth (D-Colo.), the chairman of the House subcommittee on telecommunications and no friend of deregulation. "It's all very fluid," an observer told the *Times.* A showdown should come in the fall, but an indication of the atmosphere on Capitol Hill was the easy Senate passage early this year of a radio deregulation bill cosponsored by Sens. Robert Packwood (R-Ore.) and Barry Goldwater (R-Ariz.).

Meanwhile, more good news for friends of deregulation came from the US Court of Appeals in Washington. A three-judge panel voted to uphold major portions of the Federal Communications Commission's 1981 partial deregulation of the radio industry. The FCC had issued a ruling that dropped limits on commercials, eased license renewal requirements, and abandoned minimum air time for news and public affairs programming.

Two days after the Appeals Court ruling in May, the FCC proposed elimination of two rules under the so-called fairness doctrine. One rule required broadcasters to provide time for individuals and groups to respond to attacks on their "integrity, character, or honesty," and another required any station that endorses or opposes a political candidate to offer response time for the other side.

Maybe the FCC will not bring a free-market utopia to broadcasting, hitherto one of the most regulated industries in America—but it's been inching ever closer.

STOP AND GO FOR TAXI DECONTROL

Now added to the list of cities with at least partial deregulation of taxis—all of Arizona's cities and towns; San Diego and Santa Barbara, California; Seattle and Spokane, Washington; Honolulu; and the District of Columbia—is Kansas City, Missouri. In March, the city repealed its rate restrictions on cabs, although the number of permits is still limited (presently to 542).

Barbara Williams, of the city's transportation office, told REASON that the city's decision to repeal the rate-setting ordinance was partially motivated by concern over antitrust liability, following a 1982 US Supreme Court ruling that cities can be sued on antitrust grounds for restraining competition. In addition to allowing operators to set their own rates, the new law requires permits—which now will expire annually—to be attached to operating cabs.

In response to the measures, the city has received nearly 200 or so new applications for permits. Because the city's largest cab operator, Robert Christine, held 200 inactive permits, many new applicants hoped to get a permit under the new rule requiring the attachment of permits to active cabs. But, also in response to the new rule, Christine was able to get most of those inactive permits fixed to operating cabs.

Taxi deregulation, however, recently suffered a setback in San Diego. In response to complaints coming from the tourist industry there, the city council in April imposed a one-year moratorium on new taxi permits. In addition, the council reimposed a maximum rate—$1.60 per mile—that cabs can charge. According to Barbara Lupro, of the city's Paratransit Administration, there has been no official change in the paratransit code. She said, however, that the council may indeed permanently reinstall the rate ceiling.

The problems largely stem, it appears, from "confusion among tourists"—particularly at the city airport—over the competitive pricing of cabs. While some cabs charged as little as $1.20 per mile under deregulated pricing, others charged as much as $2.50 per mile. Apparently, some visitors to the city, unaware of the various rates, felt they had been had.

On a more welcome side, Lupro reported two noteworthy results of deregulation in San Diego: (1) response time to calls for cabs appears to have improved dramatically and (2) insurance rates for cabs have declined significantly, to about 20 percent below the national average—from more than $2,000 annually before deregulation to about $1,400 now. This despite the fact that San Diego requires significantly more insurance coverage for its cabs than most other American cities.

Dave Estey, a San Diego insurance agent, has studied the taxi market there extensively over the last few years. He told REASON that "good old American competition" explains the insurance-rate decline. Since deregulation, the number of cabs in San Diego has doubled (to more than 900 today), creating a larger—and thus more attractive—market for cab insurers. Increased competition for the growing market—as well as insurers' underwriting more lower-cost group policies—has pushed rates down. So much for the oft-proffered antideregulatory argument that insurance would be unavailable for new transit operators under decontrolled entry.

EXPRESS SERVICES OUT OF SIGHT

At a time when many other industries are reaching new lows, the small-package-delivery business is soaring. Analysts expect the $3-billion-a-year industry to continue at its present double-digit rate for several more years. And, as a result of airline deregulation, a rising number of companies are scrambling to get a bigger share of the various market areas.

Gargantuans in the field—like Federal Express, Airborne Freight Corp., Emery Worldwide, Purolater Courier, and United Parcel Service—are all busy trying to expand, improve, and innovate service. Emery, for example, recently introduced its Urgent Letter—an overnight desk-to-desk delivery service—in 20,000 North American cities, as well as a worldwide version of the service. And a variety of companies now offer next-day and second-day delivery services, many of them promoted through slick advertising campaigns.

Many firms are moving to start-up facsimile-transmission services to diversify their business. Such expansion is also spurred by the development of electronic and satellite-communications services, which promise to one day supersede document-delivery services.

Not only must the established companies in the field vigorously compete against one another for business—aggressive newcomers are intensifying the battle for market shares. One notable example is DHL Corp., the US branch of an international overnight-package-delivery concern that already serves 97 percent of the 500 largest companies in the United States. DHL has now launched domestic services, supported by a $10-million advertising effort. Its main competitor is Federal Express, which is itself attempting to expand into the international market.

With a 44 percent share of the domestic market, Federal Express is hands-down the industry's leader. But the firm is by no means becoming complacent. Feeling more pressures (such as those from the newcomer DHL), Federal Express recently moved to diversify its operations by acquiring the commercial Titan launcher program of the New Jersey-based Space Transportation Company. The new concern, Fedex Spacetran, has immediate plans to seek contracts for launching Intelsat spacecraft. Other of its long-range plans may include launch and marketing services for both reusable and expendable launch vehicles, as well as financial and insurance programs for space transporters.

Express service to the moon, anyone?

CABLE NEWS FROM BRITAIN

The British government in April made public its official policy on cable television. The Thatcher government's long-awaited "white paper" by no means opens up a free market in cable, but it shows more respect for a free cable market than we've seen this side of the Atlantic.

Perhaps most laudable is the conspicuous lack of exclusive franchises. A national office—rather than the various local governments—will grant franchises (initially limited to a dozen or so), and more than one franchise may be granted in the same geographical area. The resulting possibilities for competition among cable companies could prove a boon to their customers.

The policy statement allows cable companies to schedule programming without securing prior state permission, unlike conventional broadcasters. Cable operators are not generally obligated to provide balanced programming—as are the conventional broadcasters—though operators are expected to schedule a "proper proportion" of British shows. (In addition, pornography and excessive violence are off-limits to cable programmers.) And cable operators may air commercials with less regulation than broadcast TV. Specific requirements on technology and systems are few, although companies are required to use a more-expensive configuration in laying down the cable network in order to allow for future accommodation of advanced telecommunications.

The move toward a market falters with a provision prohibiting cable companies from offering data- and voice-communication services (with only a few limited exceptions). This is to ensure the state British Telecommunications and its token private "competitor," Mercury, exclusive access to this lucrative communications market. (Mercury and BT, on the other hand, may enter the cable-TV business without undue restriction!)

The British cable policy is certainly no great triumph of the free market. But in light of the highly regulated television industries common to nearly all of Western Europe, the British policy isn't as bad as it might have been.

VOUCHER PLAN EARNS CREDIT

Early next year, the Minnesota legislature will vote on a bill to implement a statewide education voucher system for low-income families. Under the plan, the dollar amount of a voucher would be determined by several factors, including the student's grade level and his family's income and welfare dependence. A grade-school student, for example, whose low-income family does not receive benefits under the federal Aid to Families with Dependent Children program would get a voucher for $1,475 (the state's average per pupil cost). A high-school student whose family does receive AFDC benefits could get a voucher for double that amount. The voucher could be used to attend any public or private school in the state.

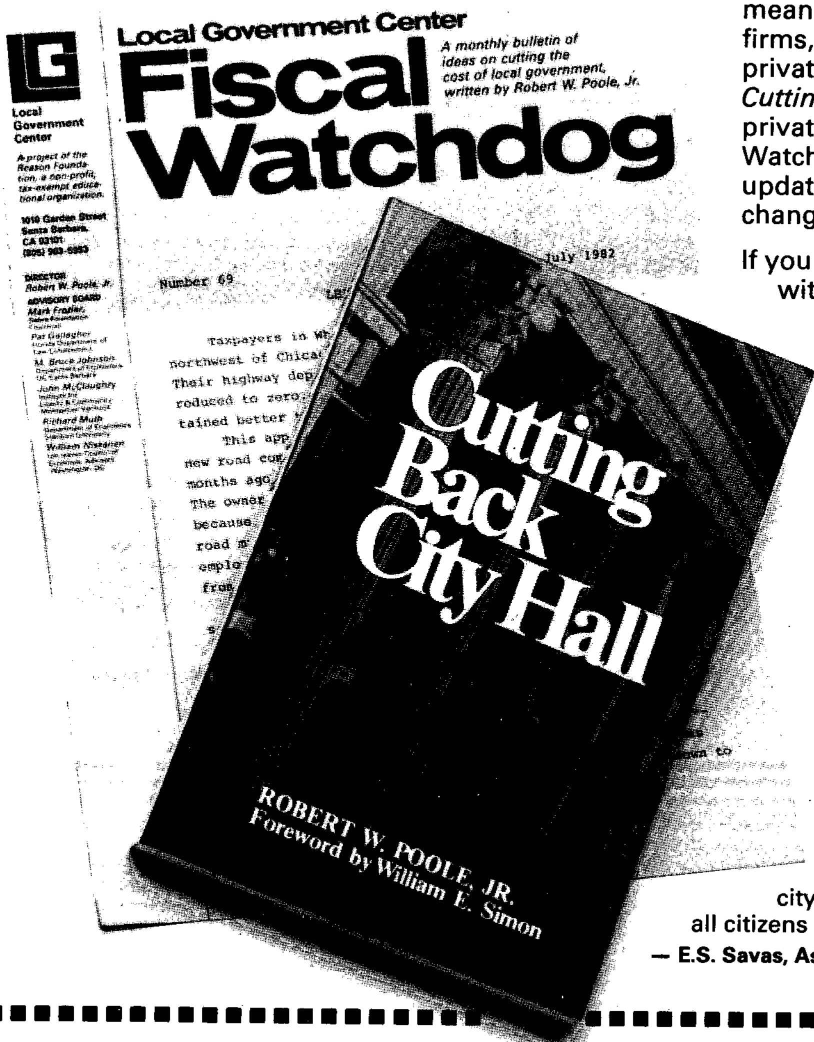
Though the state's two teachers organizations—the Minnesota Federation of Teachers and the Minnesota Education Association—oppose the voucher plan, the Minneapolis Urban League has endorsed it. Gleason Glover, MUL president, agrees that vouchers would give more choice of education to the children of low-income families.

The bill's sponsor, state representative John Brandl, told REASON that the participation of both public and private schools in the voucher program would be voluntary. Schools, too, would determine their own quotas for voucher students. But, Brandl said, participating public schools would have to accept the voucher as full payment for the student, and private schools would get only 80 percent of the full voucher amount. In addition, once a school had decided to participate, it could not place any further acceptance criteria on voucher students—including, even, academic or achievement standards.

Family income levels determining eli-

Public Services for *Less* Money?

Our cities are in big trouble. Transit systems are going broke, police and firemen are being laid off, bridges and water mains are crumbling. And now federal aid is being cut back.



But there is a solution: *privatization.* That can mean turning services over to competing private firms, charging users market prices, or shifting to private, voluntary mechanisms. Robert Poole's *Cutting Back City Hall* is the definitive volume on privatization of local public services. And his "Fiscal Watchdog" newsletter provides regular monthly updates on the latest developments in this rapidly changing field.

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gibility for the vouchers would be the same as those for the state's school-lunch program. According to Brandl, the number of students now eligible for the voucher program is around 123,000, or about 15-20 percent of the state's total student population.

Conservative support for the voucher bill appears strong, and Brandl, a Democrat, hopes the bill's focus on low-income families will persuade liberals to go along with the plan as well. Hearings on the bill within the legislature will begin in the fall.

INFRASTRUCTURE ISSUE IN RUINS

The great journalist A. J. Liebling once wrote that news stories are like schools of fish—without notice, they suddenly swim to shore then just as suddenly depart. So with political fashions.

One apparently departing political fashion is the crumbling-infrastructure issue. A few months ago, every respectable establishment newsweekly was issuing dire warnings that unless the government (a euphemism in these instances for the taxpayers) spent trillions of dollars, America's bridges, sewers, and highways would crumble, the nation collapsing along with them.

But fashion's passions are nothing if not short-lived. A report issued in late April by the US Conference of Mayors and the National League of Cities has concluded that the costs of repairing and maintaining the infrastructure are now suddenly "manageable." The report, based on a survey of 809 cities, concluded that "relatively small" amounts of assistance in the $1-$5 million range "would pay for most of the privately contracted, high-priority projects in the majority of cities." "This finding should end any charges that urban infrastructure funding would mean massive patronage and public hiring or distortions in the balance between public and private employment," the report said.

It is interesting that a report with such modest conclusions as these would be issued by an interest group—confederations of city governments—that could hardly be expected to minimize needs for government spending. It is also interesting that the report signified a growing acceptance of private contracting. Alan Beal, executive director of the League of Cities, said that most of the city governments surveyed indicated that they would use private contractors to do the work and could finance a significant portion of their projects from local revenues.

A few days after the survey was released, the Congressional Budget Office issued a report on policy considerations for public-works infrastructure. Like all CBO reports, it steered clear of making any formal recommendations to Congress, but it discussed user fees extensively. It pointed out that "most user fees are set well below levels that would recover all the federal government's costs." Highways and airports are an exception, but "even in these two programs, some users—notably, operators of heavy trucks and private planes—pay less than their share of federal outlays, while other users. . .make up the difference by paying fees that recover more than their share of the costs."

The problems that result from undercharging and thus subsidizing users are familiar to REASON readers. "By stimulating demand," the report said, "subsidies can lead to exaggerated perceptions of infrastructure expansion needs. Overstated demand promotes unneeded new construction."

The report also questioned the old chestnut about infrastructure subsidies invariably helping the needy. "Household expenditure on mass transit, which the federal government subsidizes heavily, is concentrated in the upper-income groups," the report said. "The subsidy for urban transit tends to shift income to high-income households."

The report, entitled *Public Works Infrastructure: Policy Considerations for the 1980s*, takes a hard look at such areas as water resources, air traffic control, airports, and municipal water supply and is surprisingly reliant in its analysis on free-market principles. Because the Congressional Budget Office, like its 535 employers, has rarely been a bastion of free-market thinking, this is a welcome development.

COMING TO THE SELF-DEFENSE OF EUROPE

What would it take for the member-nations of the European Economic Community (EEC) to defend themselves—without the massive financial and personnel assistance of the United States (which costs American taxpayers about $130 billion a year)? Researchers at five major European think tanks on international affairs recently provided some answers to that question.

To make up for withdrawn American troops, the EEC nations would have to expand their ground forces by 300,000; to match the Warsaw Pact's forces, 500,000 more troops would have to be added. Moreover, the researchers concluded, the Europeans would have to develop a nuclear strike force. Britain and France, they suggested, might develop their nuclear weapons to protect all of Western Europe if the other nations would share in the cost.

Though the thinkers finally discounted the notion of self-defense without American aid—the cost would be too great, they said, and the international unity necessary to achieve this end might not materialize—that the question was seriously posed and considered is itself significant. Ever since NATO was formed, the EEC has kept itself out of the defense arena.

And the researchers *did* advance several reasons why the Common Market nations should develop a defense apart from the United States. They suggested, for example, that Europe's heavy reliance on the Mideast for oil gives it a strong interest in maintaining stability there. Moreover, European nations may now show too little concern for defense because of US military dominance of NATO.

The think-tank dialogue is only part of a wider and growing debate among Europeans over the issue of a defense independent of the United States. Indeed, the Italian, French, and West German governments are attentively studying the possibility of a strictly European defense policy and system.

Late last year, debate began within the Western European Union—a defense group of seven nations—over a French proposal that the union start developing its own supertank and combat aircraft (including a combat helicopter). The French also urged development of a nuclear force independent of US involvement.

So serious is the French government's doubt about the reliability of American defense in the event of a Soviet attack on Western Europe that it has announced independent plans to beef up the nation's defense forces. Included in the plan is the addition of a seventh nuclear-armed submarine, plus investment in nuclear air-to-ground missiles, an MX-like mobile missile system, and a tactical missile force able to penetrate the Eastern bloc.

Ironically, though much of the current self-defense discussion is fueled by European worry over American reliability, many observers fear that the debate will add further credibility to arguments against US subsidization of Europe's defense. With some luck, perhaps, those fears will prove to have been fully grounded.

SLUGGISH FDA NEEDS PICK-ME-UP

The Food and Drug Administration (FDA) should perhaps prescribe itself a wake-up tonic to help it keep up with the changing times. Drug manufacturers have for some time been interested in advertising their prescription products directly to consumers, but most have refrained, preferring to wait for the FDA to develop a policy on the issue. Such is the regulatory giant's immobility, however, that it hasn't yet set any policy. And that makes most companies hesitate.

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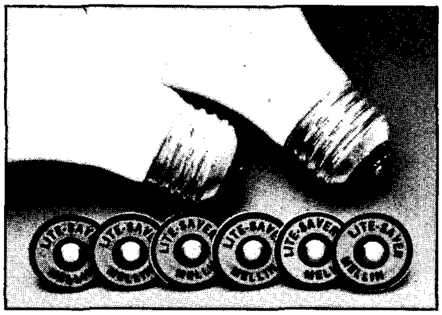

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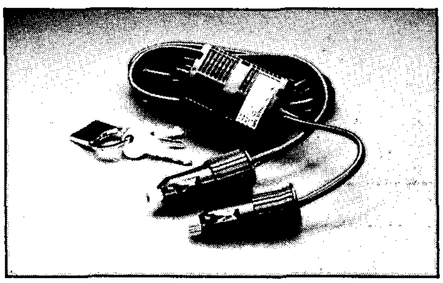
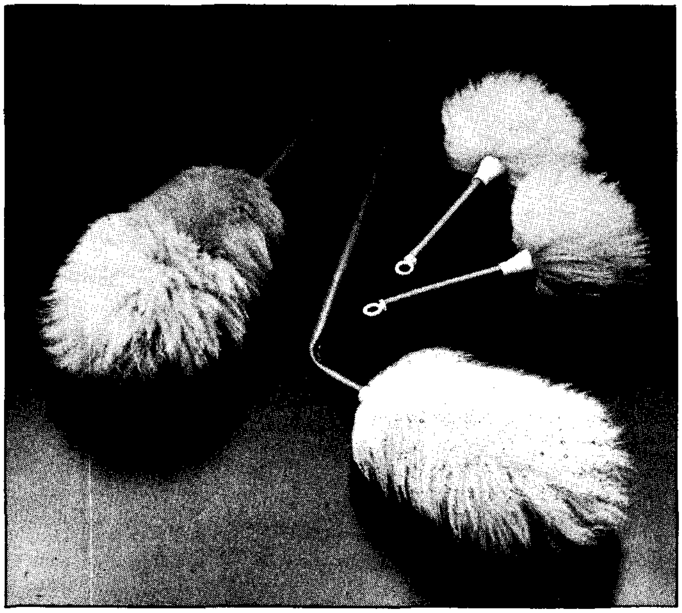
EASY CHARGE



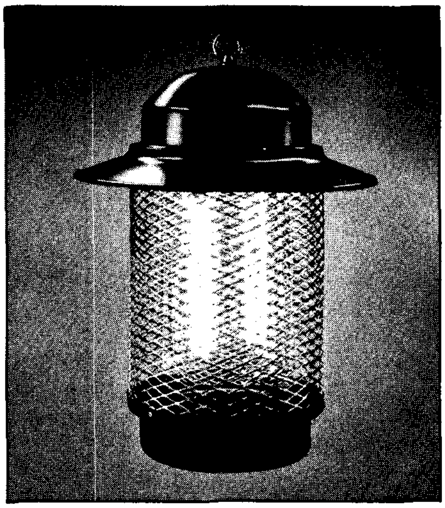
How would you like to recharge your car battery without ever opening the hood? Sound impossible? It's not, thanks to the Easy Charge. With traditional jumper cables you have to maneuver a second car fender-to-fender with the disabled car, open both hoods, and attach leads from battery to battery. The Easy Charge simplifies this process brilliantly by substituting connection from cigarette lighter to cigarette lighter. Just plug one end into the lighter of a running car, pass the 16′ cord through both car windows and insert the other end in the lighter of the disabled car. After a few minutes' wait the battery is recharged sufficiently to restart the car. The Easy Charge costs **$20.00** ($2.95) #A629. Two for **$37.00** ($3.95) #A6292.

DUST-MAGNETS™



If we ever compile a book on *The Old Ways That Were Better Ways,* we will certainly include a chapter on lambswool dusters. On its own lambswool actually attracts and holds dust like a magnet. The static charge in the wool causes dust literally to leap off surfaces where it has accumulated, making these dusters just the thing for dusting bric-a-brac, china, crystal, pictures and other fragile items. Recently we were introduced to two exciting new versions of our old time favorite, the mini-duster and the bent-handled duster. The standard 27″ long duster costs **$7.00** ($1.95) #A780; the bent-handled model is **$8.00** ($1.95) #A781; two mini-dusters cost **$8.00** ($1.95) #A794. We can send you the entire group, a total of four dusters, for just **$16.00** ($2.95) #A783.

BUG ZAPPER



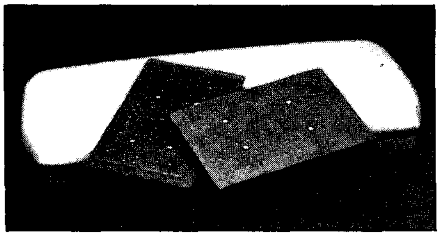
Electric bugkillers all operate on the same basic principle — fluorescent blacklight attracts bugs into an electrically charged grid where they are electrocuted. These backyard bugkillers are notable in several respects: all-steel construction (no cheesy plastic housings); large area grids (for dispatching a higher proportion of the bugs attracted to the light); quiet operation (fewer of the disconcerting snaps and pops); easy disassembly (for cleaning and bulb replacement). We looked at many different bugkillers and found, in terms of construction and insect clearing distances, these to be a superior value. The Model 75 attracts insects from 80-100 feet, clears approximately ¾ acre, and costs **$99.00** ($9.95) #A826. The Model 100 uses two bulbs, attracts up to 130 feet, clears up to 1¼ acres, and costs **$115.00** ($9.95) #A825. Bulb life is one full season and replacement bulbs can be ordered by mail. These bugkillers are completely weatherproof and UL-listed. They operate on normal household current.

ONE INCREDIBLE CLEANER

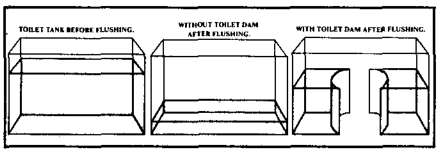
Simple Green is an oven cleaner. Bathroom cleaner. Window cleaner. Floor cleaner. Stain remover. Laundry pre-soak. Upholstery cleaner. Rug cleaner. Leather and vinyl cleaner. Simple Green is non-abrasive, non-caustic, low-phosphate and biodegradable. It has no bleach, ammonia or petroleum. It is approved by U.S.D.A. This industrial strength cleaner is used in restaurants, car washes, hospitals, airlines and oil rigs. We are pleased to be one of the first to offer Simple Green nationally. Technically, Simple Green is a blend of synthetic penetrants that emulsify and suspend oil for cold-water rinse. It can be used on anything you use cold water on. We can send two 16 oz. spray bottles of Simple Green for **$9.00** ($2.95) #A698; two 16 oz. bottles plus a natural ocean sponge for **$12.00** ($2.95) #A828 or one gallon plus an ocean sponge for **$21.00** ($3.95) #A827.

TOOLS FOR LIVING®

TOILET SANITY

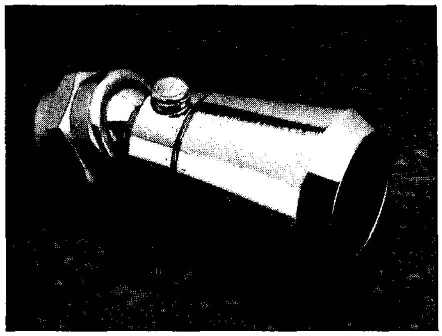


A government study shows that 45% of the water used by the average American family gets flushed down the toilet. That is 90 gal. per day for the family of four. The conventional flush toilet uses 5 to 8 gal. of clean fresh water each flush, when 2.5 to 3 gal. is sufficient. What can we do about this insanity? Use toilet dams. Putting a dam in the tank saves ⅓ to ½ the flush without reducing the toilet's effectiveness. (It doesn't reduce the *pressure* of the flush, just the amount of water used.) Putting dams in all your toilets could cut your overall water use (and bill) up to 20%. For **$11.00** ($1.95) #A259, we can supply first-quality toilet dam units made of stainless steel and thermoplastic rubber. It comes with a 5-year limited warranty and requires no tools (or special effort) to install.

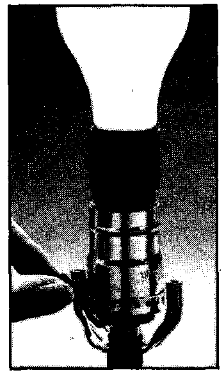


SAVINGS IN THE SHOWER

This finely crafted shower head called the Deluxe Fuel Saver, cuts the use of water — hot water — in the shower from 5 or 8 to 2.45 gallons per minute. With the conventional shower head, the average family of four uses 300 to 400 gallons of water — much of it heated — everyday. According to U.S. Department of Energy figures, with the Deluxe Fuel Saver that same family uses 70% less water in the shower and realizes a savings of between $150 and $350 depending on the utility rates. The Deluxe Fuel Saver also offers a "trickle valve" that allows you to stop water flow while soaping up. Made of chrome-plated solid brass, the Deluxe Fuel Saver is accompanied by a one-year limited warranty. It installs easily over the standard ½" shower arm with pliers or a wrench — no plumber is needed. We offer the Fuel Saver for **$14.00** ($2.95) #A800. Two for **$26.00** ($3.95) #A8002.

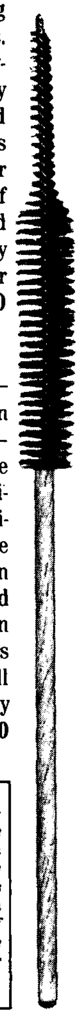


CONVERT-A-BULB



The Convert-A-Bulb allows you to use regular bulbs in all your 3-way lamps with no loss of function and it can save you $15 in the process! Here's how. Let's assume that you replace a 50-100-150 watt 3-way bulb with a regular 150-watt bulb using the Convert-A-Bulb. You now get the same amount of light at medium setting that you formerly had at the high setting — providing a savings of 27 watts per hour. The regular bulb at medium setting will last 6 times its rated life of 750 hours. At 7¢ per KWH for electricity that's a savings of $8.50. Plus, 3-way bulbs are usually rated at 1200 hours, so you would need four of them at $2.20 each, to outlast this one regular bulb, at $1.50. That's another $7.30 in savings for an overall windfall of $15.80! The Convert-A-Bulb is UL listed and available exclusively from us. Buy one for **$10.00** ($1.95) #A495; two for **$18.00** ($1.95) #A496 or three for **$26.00** ($2.95) #A497.

GIVING DUST THE BRUSH

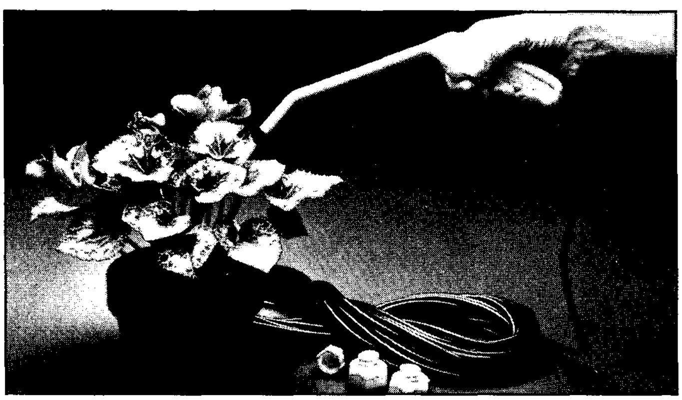


Saving energy means paying attention to the small things around the house — like the refrigerator coils. Once these coils become coated with dust, the efficiency of your refrigerator drops dramatically. Simply cleaning the coils can reduce your refrigerator's electric consumption as much as 10%. This brush, angled and with tapered bristles, is designed to clean deep in the coils where vacuum cleaners and dust cloths won't reach. It is a full 27" long with 12" of bristles and a sturdy 15" wooden handle. It costs only **$8.00** ($1.95) #A427.

ORDERING INSTRUCTIONS AND GUARANTEE: *We ship via United Parcel Service wherever possible to insure prompt delivery. The price of each item is shown followed by its shipping and handling charges in ( ). Be sure to add the item price **plus** shipping and handling charges for each item ordered to arrive at the **total price** of each item. If you are not satisfied for any reason, return the article to us within 30 days, and we'll exchange it or refund the cost, per your instructions.*

WATERING WHIZ

Do your houseplants run you ragged, back and forth, trip after trip, watering can in hand? There is an easier way: with an indoor garden hose you can water them all in a single trip. Think of the steps waiting to be saved! This 50' (that is a lot of reach) vinyl hose comes complete with a set of four adaptors that readily attach to most indoor and outdoor faucets. From there you just take the water where you want it, an easy-control handle allows you to turn a splashless stream of water on and off as needed. This indoor hose comes with a snap-in misting attachment, so after you water the roots you can spray the foliage and wash away the dust accumulation that impairs a plant's health as well as its beauty. The indoor garden hose kit costs just **$11.00** ($1.95) #A681. It will make your watering as simple as turning on the faucet. Two for **$19.00** ($2.95) #A6812.



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ADVERTISEMENT

Most—but not all. In May, Boots Pharmaceuticals, a British firm, launched a six-week trial series of television commercials over Florida TV to advertise Rufen, its anti-arthritis drug. The ads emphasize that Rufen is cheaper than the chemically identical Motrin, a product of Upjohn. The ads advise consumers to ask their doctors about Rufen. At the same time, Boots notified doctors and pharmacists of its TV ads through Mailgrams.

Other drug firms have engaged only in limited consumer-directed advertising, mostly through print ads. For example, Merck Sharp & Dohme ads for Pneumovax, a pneumonia vaccine, have appeared in *Reader's Digest.* Pfizer has run a series of "Healthcare" ads in *Time, Newsweek*, the *New York Times*, and the *Wall Street Journal.* And a Peoples Drug Stores full-page ad for Zovirax, a herpes treatment, appeared last year in the *Washington Post.*

Wanting time to study the issue, the FDA now urges drug firms to refrain from consumer advertising. But pressed by the reality of competition, the drug industry may simply decide it can't wait for the agency's administrative constipation to subside.

RISING TIDE FOR USER FEES

In harmony with its stated aim of instituting more user fees for government-funded services, the Reagan administration recently devised a plan to require users of new federal water projects—particularly dams—to pay more of their share of the costs of the projects. Especially in the arid West, the various users of federal water projects—mainly farmers, utilities and their customers, industries, and recreationalists—are heavily subsidized by taxpayers.

The White House plan would require municipal and industrial users to pay their full share of a new project's cost; farmers, 35 percent of their share; and recreationalists, half of their share. Currently, it is estimated that the federal government recovers less than 15 percent of the costs of dams and water-distribution systems.

The heavy subsidization of water throughout the West has led to many uneconomic uses that may well end if users are charged more. For example, California's Central Valley—naturally a desert and grassland area—has been turned into a major agricultural center by the massive California Aqueduct, which brings water from the north to central and southern portions of the state. There, the charge to farmers, who account for 85 percent of developed-water use in California, is little more than 1.5 percent of the water's actual marginal cost. Since 1948, federal subsidies to the region have totaled about $1 billion.

In contrast to California's extensive subsidization of water use, Arizona has moved to institute more-rational water pricing and less subsidization. Several years ago, the state government recognized an impending crisis: water users—the great majority of which were farmers growing crops in a desert—were drawing twice as much water from natural underground water reserves as was being replaced by nature. In 1980, then, state laws were changed to impose more fees on water users and to allow holders of water rights to sell those rights. The expected result of the upped fees and water-rights bidding is that the state's agricultural industry (now at $2 billion a year) will shrink while others—especially new high-tech businesses—will grow, as water becomes more available for an increased population.

Though the main areas of the Reagan administration's user-fee proposal could be implemented without congressional approval, Congress could pass laws to limit localities' and individual users' cost burden. But, even though Western local officials have historically resisted cost-sharing, they seem more resigned now than before to having to pick up more of projects' costs. Indeed, if the White House has its way, local users will have no choice but to pay up—the proposal would require them to contribute to a project's estimated cost up front before construction could begin.

MILESTONES

• *Regulator rolls box cars.* In May, against the strong objections of Interstate Commerce Commission Chairman Reese Taylor, a majority of ICC commissioners decided to uphold an earlier vote to deregulate railroad box-car shipping rates (except for nonferrous recyclable goods). The new ruling allows box-car operators to freely change their rates daily, including those for rental, storage, and return of equipment.

• *Spaced out satellites.* The Federal Communications Commission has okayed a plan to increase the number of domestic communications satellites in orbit. The increase is achieved by reducing the spacing between satellites in fixed orbit above the United States.

• *Catching-up act.* The Federal Home Loan Bank Board in April proposed allowing savings and loans to open branches and purchase associations in other states without federal regulatory restriction. If approved, the new policy would confirm an increasingly commonplace practice.

• *Saying farewell to welfare.* A recent study commissioned by the Reagan administration and conducted by the Research Triangle Institute of North Carolina found that when income-earning welfare recipients lose their welfare benefits, they generally don't quit their jobs to get back on the dole. The studies contradict the predictions of many critics of the Reagan-initiated welfare reforms that cut benefits to the so-called working poor.

• *Metals peddle.* In mid-May, all 620 California branches of Security Pacific National Bank started a new service—the retail sale of gold and silver. The bank, California's first major institution to retail the investment metals statewide, expects the service to attract many new accounts.

• *Spirited dispute.* A Coca-Cola subsidiary, Wine Spectrum, is challenging in court an order issued by California's Alcohol Beverage Control Department that the company abandon a cash-rebate offer promoting its wine. Wine Spectrum spokesman Rick Theis told REASON that California wine purchasers stand to recover more than $500,000 from this and other of the firm's scheduled rebates. The Coke subsidiary, which includes Taylor California Cellars, beat the federal Bureau of Alcohol, Tobacco and Firearms in two prior court battles.

• *Court axes paper taxes.* The Supreme Court ruled in March that it is a violation of the First Amendment for states to impose a special tax on newspapers or to give small papers more-favorable tax treatment than large ones, both attributes of a now-overturned Minnesota law.

• *Fighting indecent law.* A Utah group, Citizens for Everyone's Freedom, is going to the courts to challenge a new state law banning "indecent" programs from cable TV. Legislators viewed R-rated movies before voting on the law.

—ROBERT POOLE, JR.,
PAUL GORDON,
AND ERIC MARTI

How to Get Out of the Food Stamp Trap

The food stamp program is one of the government's largest—and probably the most abused—welfare programs. But private efforts point the way out of this costly response to hunger.

BY DAVID A. LIPS

Nearly 23 million people—more than one-tenth of the American public—currently receive food stamps. The US Department of Agriculture (USDA) estimates that another 9 million might be eligible. The program, administered by the USDA's Food and Nutrition Service, was large enough to consume some $11.1 billion in fiscal year 1982 (FY 82).

From the beginning, the food stamp program has been beset by serious structural problems. Their severity and profundity indicate that far more is necessary than cosmetic change. It is time to reassess the purposes of the program and to entertain a real alternative.

Rapid and spiraling growth has been a hallmark of the food stamp program. Since it went nationwide in 1965, its budget has increased 103 times in constant dollars. Program costs, which may climb to $12.8 billion for FY 83 if the Department of Agriculture gets its way, increased by 120 percent between 1972 and 1982 alone. And these figures don't even include all the unreimbursed administrative costs incurred by states and localities, which the USDA calculates totaled another $528 million in FY 82.

Considering the enormous scope of the food stamp program, it is instructive to recall a long-forgotten projection made in 1966 by Howard P. Davis, then the deputy administrator for the USDA's food programs. "Ultimately, when the program reaches maximum expansion," he said, "we've been figuring on 4.5 million people, covering about half the counties in the nation, and involving somewhere between $375 million and $400 million a year."

Clearly, the program was conceived of as a limited measure offering governmental relief in emergency situations. Instead, food stamps have become a permanent feature of the lives of many people as the program has ballooned.

The irony of the modest prediction of 1966 is com-

Photograph by Joyce True