

reason

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NOTES

The Reason Foundation's expertise on free-enterprise urban transportation is increasingly in demand. In recent weeks we've been contacted by a foundation in Wichita, citizens groups in Houston and Fort Worth, the Denver Regional Conference of Governments, and a taxi association in Seattle. Generally, they wanted additional information—studies, articles, etc. For Denver, we recommended a list of qualified speakers for an upcoming conference and for Wichita a consultant (subsequently hired by the foundation to explore private-sector options for local transit).

We also recently assisted the Oklahoma State Auditor's Office with information on privatization of various state and local public services. And an official of the Florida Public Service Commission has requested further information from our files on the subject of telephone competition.

There have also been more articles in other media on Reason Foundation work. Our Local Government Center's privatization efforts were the subject of Owen Moritz's October 31 column in the *New York Daily News* titled, "Sell the Brooklyn Bridge: Has It Come to That?" (Moritz answered in the affirmative.) My article "Why Not Depoliticize Water?" appeared in the October issue of *Water/Engineering & Management*, provoking a number of interesting letters. And there have been three more articles on our proposal to privatize the air traffic control system. The first appeared November 9 in the Chamber of Commerce's *Washington Report*, another a day later in *Aviation Daily*, and the third article appeared in January in the *Kansas City Times*.

Two more REASON people have achieved new recognition. Frequent contributor Tom Hazlett is the author of a report from the Media Institute, "TV Coverage of the Oil Crisis: How Well Was the Public Served?" Given the general economic illiteracy of most reporters, it's no surprise that the answer is, "not very well." Contributor P. T. Bauer, expert on Third World development at the London School of Economics, has been named to the House of Lords. Our congratulations.

Our staff grows! Joining us this month as an assistant editor is Eric Marti, under an editorial internship program funded by the Institute for Educational Affairs. In addition to editing and research for the magazine, Eric will be contributing to the Trends column and assisting with the production of REASON and the editing of the Foundation's academic journal, *Reason Papers*, and other publications. A magna cum laude graduate of Middlebury College, he studied for a year in the philosophy Ph.D. program at Yale University. He has worked for several publications and, on a free-lance assignment, researched and wrote our December cover 1982 story, "Self-Help Housing." Our overworked editorial staff are pleased as punch!

Also added to the masthead this month is Timothy Condon. Over the last few years Tim has contributed several articles to our pages and appears bimonthly with his Taxes column, while working as a tax advisor and earning a law degree (he did it!). So we are pleased to make him a contributing editor and look forward to more of him in the magazine.

Jeff Rigenbach's retrospective on Ayn Rand's *Atlas Shrugged* has proved to be provocative, just as we thought when we decided to publish it as the concluding piece in our special annual book section in December. We've received what must be a record number of letters to the editor, a sampling of which you'll find in this issue beginning on page 8.

We are happy to report that Eduard Lozansky, introduced to our readers by Patrick Cox in the December 1981 Spotlight, has finally been reunited with his wife, Tatyana. The daughter of a high-level Soviet general, she had for six years been denied permission to emigrate. Eduard, now a professor of mathematics and physics at American University, left the Soviet Union in 1976 after being fired from his prestigious teaching jobs for defending the dissident Andrei Sakharov and distributing underground copies of Solzhenitsyn's works. While he kept the eye of the Western media focused on his wife's plight, it was apparently Tatyana's 33-day hunger strike that finally secured her a visa from the Soviet state.

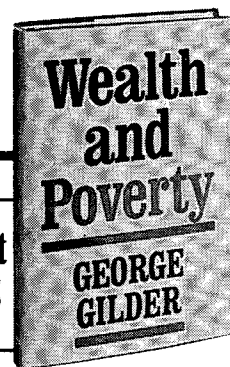
—R. P.

—M. Z.

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Let's "Protect" Freedom

In the name of "fair" trade, America's three-decade commitment to *free* trade is about to be dumped. The most recent sign was the December 15 House vote for a "local content" bill to "protect" the jobs of auto workers from foreign competition. That same lame-duck session enacted a gasoline tax bill that included a provision requiring 80 percent local content on all federally funded mass transit systems. And the watered-down Caribbean Basin Initiative—which was supposed to provide duty-free access to US markets for products of our impoverished island neighbors—ended up exempting apparel, handbags, footwear, luggage, mushrooms, canned tuna, and petroleum products and limiting imports of duty-free sugar.

Support for protectionism is popping up all over. *Business Week* last fall featured guest columns headlined "The U.S. Can No Longer Afford Free Trade" and "A Plea to Prop Up Basic Industries." Richard Viguerie and four other New Right leaders issued a statement in December calling for protection against foreign imports and terming free trade "economic unilateral disarmament."

Nor are the liberals any better. The traditional liberal Democratic support for free trade seems to have evaporated. Sens. Ted Kennedy and John Glenn both support the local content bill, and presidential hopeful Walter Mondale keeps attacking the Japanese.

In response to this nonsense, economically literate people can only shake their heads. Ever since Adam Smith, economists have understood the principle of comparative advantage. If each country concentrates on the goods and services it can produce most efficiently and obtains the others by trade, everyone will be better off. Since 1947 when the General Agreement on Tariffs and Trade (GATT) began slashing tariffs by 75 percent, world trade has expanded by 7 percent a year. In the previous 35 years, the annual growth rate had been a mere half of one percent.

With protectionism, governments shield—by definition—their most inefficient industries by restricting imports. But the net effect, worldwide, is to reduce everyone's ability to export (since somebody must be able to buy the exports). Thus, at least as many jobs are lost in efficient, export-oriented industries as are saved in the inefficient, protected industries.

Comparative advantage is so powerful that it works *even if allowed to function unilaterally*. Hong Kong and Singapore are two of the most prosperous places in Asia; both practice unilateral free trade. Chile's amazing economic recovery (see "Chile's Economic Revolution," *REASON*, Apr. 1982) was fueled by massive, *unilateral* cuts in tariffs. Old, inefficient industries went belly up, to be replaced by dynamic new ones.

Underlying the practical arguments for free trade are profound moral arguments. Those who advocate limiting or prohibiting certain imports are seeking to use force to prevent you from exercising your free choice to purchase Brazilian shoes, a Korean shirt, a French food processor, a Dansk place setting, or a Japanese car. If UAW president Douglas Fraser walked into a Datsun dealership with a gun and threatened to keep you from buying a 200SX, you'd be outraged. You should be equally outraged when he does the moral equivalent but seeks to gloss it over with a lot of fancy words and paperwork.

Moreover, it is morally nauseating to see the same liberals

who shed crocodile tears over the poverty of the Third World's people imposing "countervailing duties" on Peruvian textiles or advocating duties on Mexican beer (which makes up a whopping 6.2 percent of all beer imports) or keeping out peanuts from the Sudan or sugar from the Dominican Republic so that gentlemen farmers like Jimmy Carter and Bunker Hunt can continue to prosper. What Third World peoples need is not foreign-aid handouts. They need the freedom to produce their way out of poverty. And for that they need open access to markets in countries like ours.

A return to protectionism risks worldwide catastrophe like that of the 1930s. The infamous Smoot-Hawley Tariff "protected" the US economy by so sharply restricting imports that it set off a worldwide trade war. Economist Jude Wanniski has pointed out that the 1929 stock market crash occurred just after it had become obvious that Smoot-Hawley would pass. Sophisticated investors realized how disastrous such protectionism would be for American industry—and they were right, as the next 10 years amply demonstrated.

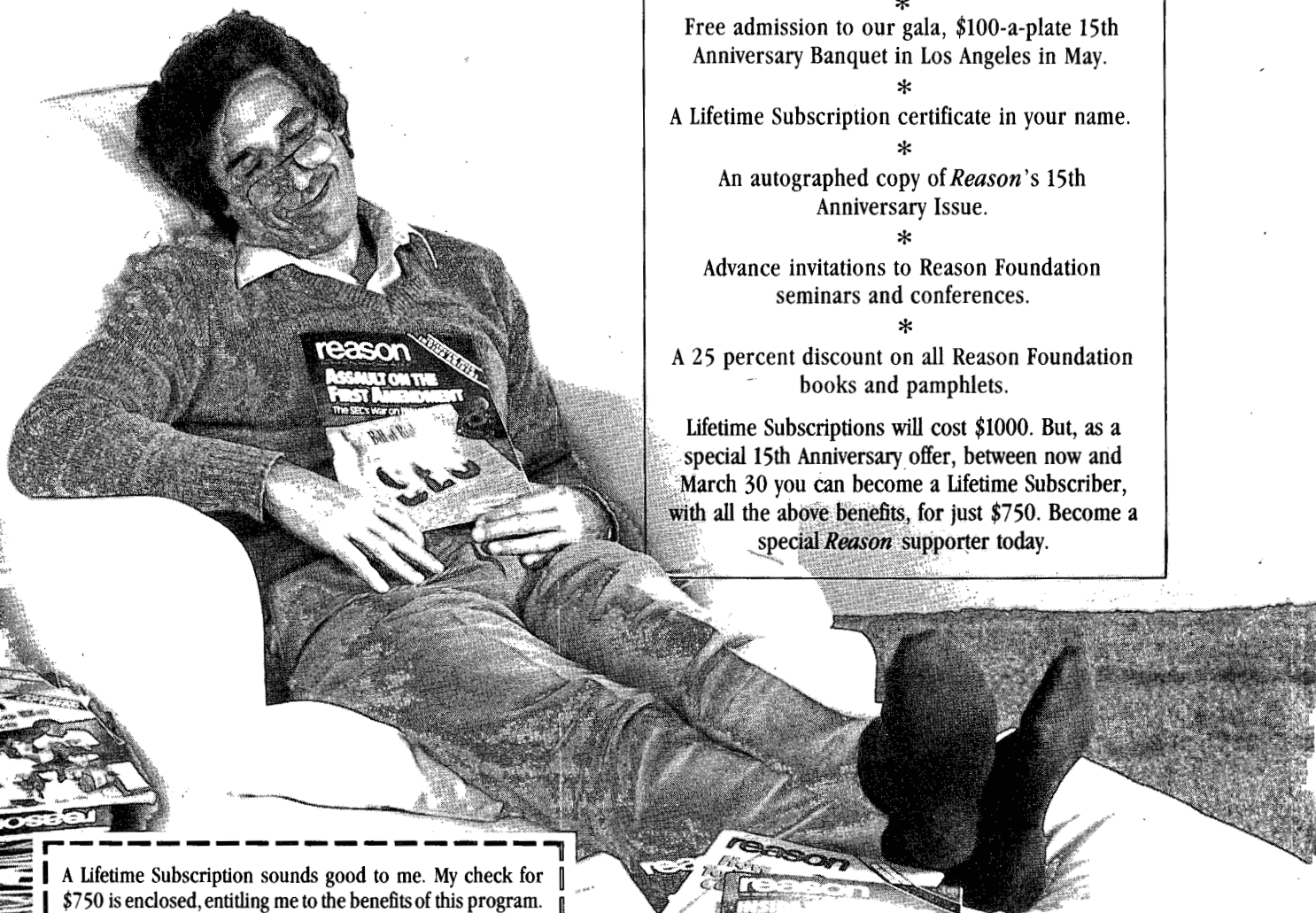
The signs of such a new debacle are all around. In France, the Mitterrand government is turning sharply protectionist. The entire Common Market "protects" member countries' high-cost farming, and recently US officials threatened to launch an export subsidy war in retaliation. Particularly ominous, at a time when many developing countries are in danger of defaulting on massive loans, is the threat to their exports. Hudson Institute economist Jimmy W. Wheeler warns of a "disaster scenario" in which protectionism chokes off the Third World's ability to earn hard currency, leading to a collapse of the international financial system.

But protectionism would also hurt us more directly. By seeking to protect aging and inefficient auto, steel, and textile industries against efficient foreign producers, the government would impoverish us all. As John Naisbitt points out in *Megatrends*, the United States is fast shifting from being an industrial society to an information society, operating in a *world* economy. Seeking to reverse these historic and economically sensible shifts is like holding back the tide. Ultimately, it can't be done—but the attempt could be very costly. The *Economist* points out that the countries hurt worst in the current recession have been those, like Britain, that devoted the most effort to protecting outmoded industries.

Protectionism is wrong—morally and practically. Free trade, even if unilateral, is the moral and practical policy. But if the protectionists want to channel their frustrations into a more constructive vein, we have a suggestion. Go after Japan and Europe not by restricting their autos or steel but by ending our subsidy of their defense. That would help put all our economies on a comparable footing. And it would help prevent *real* wars as well as trade wars.

Robert Poole, Jr.

Keep Reason In Your Life



This spring we are celebrating an important milestone at *Reason*: Our 15th anniversary. Most new magazine start-ups fail. Against all the odds, *Reason* has survived and grown. (Circulation this month is up to 34,000.) And our May issue will mark 15 years of "free minds and free markets."

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Let ters

tend the same social event) as "scummy young savages." It is equally absurd for Rigggenbach to classify students of objectivism as Moonie-types who regard every utterance of their "mentor" as unquestionable fact. Rand was human; she had her hang-ups. And so, apparently, does Rigggenbach.

Mr. Rigggenbach's points are well taken. But I suspect that were he to meet Howard Roark (or Galt or Rearden or Danneskjold) in person, he might classify Roark as "grim, humorless, regimented, [and] robotlike."

Robert G. Stone
Farmington Hills, MI

reliance on the claim, *as a means of arguing for Rand's influence*, that no explicit disavowal of this or that hippie practice occurs in *Atlas Shrugged*! As his really hard-nosed evidence, Rigggenbach cites a study in which 62 percent of those queried had considered themselves hippies and one-sixth of those queried cited Rand as someone they admired or had been influenced by. The care with which Rigggenbach draws conclusions from these data seem to me to be symptomatic of the integrity of his little essay. I am sorry REASON chose to publish it.

Eric Mack
Contributing Editor

Brilliant and Sad

The brilliant article by McMenamin and Gorenc, "Subverting the First Amendment," contrasts ironically with the sad interview that Irving Kristol gave Tibor Machan in your January issue. While McMenamin and Gorenc bravely expose and attack the SEC's censorship of financial newsletters, Kristol casually tells REASON: "I have no problem with censorship at all. I'm for it. . . . I think that in a civilized society you have censorship." The SEC's thought and free-speech police would feel right at home in Kristol's "civilized society."

D. T. Armentano
University of Hartford
West Hartford, CT

Far Out!

That was a brilliant retrospective on Ayn Rand. Let's see if I've got it right. In the '60s, young readers who took *Atlas Shrugged* literally turned on and dropped out. While smoking joints, they (some of them, one of them?) designed (day-dreamed?) solar energy converters. So when these "true children of *Atlas Shrugged*" got together for a drug bash, I gather, they were really brainstorming new technologies, a bit like a technical staff meeting at IBM but less "grim, humorless, regimented, [or] robotlike." Like wow.

John C. Boland
Barron's
New York, NY

Atlas Bombed

Jeff Rigggenbach, in his article on Ayn Rand as an avatar of the of the '60s, refers to the results of the *Woodstock Census* in support of his hypothesis. One respondent in six mentioned Rand as an individual he or she had "admired or been influenced by."

Possibly representative of this group is Jane Alpert, former radical fugitive, who "became devoted to Ayn Rand" while a student at Forest Hills High School in Queens, New York (1961). Alpert states in her autobiography, *Growing Up Underground*:

Ayn Rand's heroes and heroines moved me more than her ideas. . . . Although I rejected Rand's right-wing economics and political philosophy by the time I was fifteen, certain elements of the novels, which had more to do with psychology than with social ideology stayed with me for many years. The Fountainhead had planted in me the idea that bombing a building could be a morally legitimate form of protest. Atlas Shrugged portrayed the social revolutionary as hero. And Dominique and Dagny, brilliant, powerful, yet sexually passive heroines who submit to men they love, remained my role models long after I had forgotten where I first

Roark Robot?

Regarding Jeff Rigggenbach's article, "The Disowned Children of Ayn Rand," (Dec.): I believe Rigggenbach to be guilty of the same type of irrationalism that he decries in Ayn Rand's diatribes against "hippies." Both employ hostile, sweeping generalizations. It was absurd of Rand to classify thousands of young individuals (whose only common characteristic was that they all happened to at-

Dubious Data

Rigggenbach's piece is entirely a continuation of his attempt to rewrite '60s history with the New Left portrayed as the champions of freedom and individualism. This has always been bosh. And the foolishness is only compounded by the thesis that the true spirit of Rand animated these folks.

The unfoundedness of Rigggenbach's thesis is revealed by his continual

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~LETTERS~

heard their names.

Alpert was arrested in late 1969 and charged with bombing the Whitehall Induction Center, the Marine Midland Bank, Chase Manhattan, and five other government and corporate buildings in New York City said to be associated with the Vietnam war.

John Elmer
San Antonio, TX

Pseudo-Individualists

As an objectivist individualist, though not a "Randian," I take the strongest exception to Jeff Riggensbach's assertion in "The Disowned Children of Ayn Rand" that "'60s people," the self-realizers of the Me Decade, militant feminists, gay activists, and assorted "untraditional businessmen" are "true Randians." Rand's vicious denunciations of the "'60s people" and their successors of the Me Decade are not condemnations of "her children." Rather, they are denunciations of the children of philosopher and social psychologist George Herbert Mead and sociologist Charles Horton Cooley....

The self that Rand portrays and defends in her works is characterized by the statement, "I am myself," or "I am I." Derived from objectivism's rational egoism and refined in Nathaniel Branden's biocentric psychology, it asserts, "I am the self that I created." It is quite the opposite of the socialized self of pragmatic social psychology and sociology that declares, "I am the self produced by forces in my social environment." Committed as they are to the idea that self-identity is socially determined, the self-realizers of the Me Decade seek liberation, not from this particular view of the relationship of self to society, but from one set of social forces over against another.

Riggensbach seems to think that their nonconformity is evidence that the "'60s people" were children of Rand. But if their nonconformity was inspired by Rand's novels, then they misread those works. It is not nonconformity but *psycho-intellectual independence* that is the distinguishing characteristic of Rand's heroes and of those who take her ideas seriously. This quality precludes irrational, indiscriminate altruistic conformity as well as pseudo-individualistic nonconformity, but not rational, selective, self-interested conformity and nonconformity. Rational egoists are not abject nonconformists who value noncon-

formity for its own sake but are rational and self-interested people who conform to social norms and conventions that make sense. Their nonconformity is not nihilistic but selective and rationally motivated. The other-oriented nonconformity of the "'60s people" was not individualism and the alleged narcissism of the Me Generation is not rational egoism.

Anne Wortham
Brookline, MA

Insights and Irony

My compliments to Jeff Riggensbach for his fascinating article. While I cannot agree that the young people of the '60s and '70s are really Ayn Rand's offspring, to the extent the article suggests, I certainly agree that Rand had a powerful influence on them and that that influence has never been so well described as by Jeff Riggensbach. I found his article fascinating, informative, original.

I imagine it may make some members of the orthodox a little hysterical, which is a shame. The article may overstate its case a bit, but that strikes me as much less important than the illuminating insights it provides.

Besides, I am not at all certain that at some points he was not speaking in irony.

Nathaniel Branden
Beverly Hills, CA

Lions and Tigers And Bears, Oh My!

Back in August your Trends column "noted the growing success of commercial farming and ranching of wildlife, in several cases saving animals from extinction." And now in December you are able to note: "What do we find as the lead story in the September 12 *New York Times* magazine but (we blush) 'Preservation for Profit,' a sympathetic account of game ranching in Kenya."

But as early as 1978 John Burton was

arguing in *The Myth of Social Cost*, published by our Institute of Economic Affairs: "The serious problems of the environment and conservation exist where there is *common* and not *private* ownership. In Africa, for example, lions have been treated in the past as common property—fair game for anyone—with the result that their numbers have fallen drastically during the twentieth century. But in the UK lions are reared and held under private ownership (in game parks and zoos), and the British lion population has boomed. Indeed, British game parks are now exporting their surplus lions to Africa!"

The most delightful twist in this British story is that our enterprising new exporters are in the main members of the House of Lords, who have added lions and other magnificent creatures to the attractions of their inherited estates—attractions needed to bring in the tourists whose admission fees help to pay the ever rising costs of maintaining those estates!

Antony Flew
University of Reading
Berkshire, England

Geller v. the FCC

I read with pleasure your comments (Nov.) on Simon Geller, the one-man FM broadcaster in Gloucester, Mass. As you know, we are proud to represent Mr. Geller, whose problems with the Federal Communications Commission typify what happens when government's rules and regulations become ends in themselves rather than a means to an end.

The paradox of Mr. Geller's case is that the FCC wants to take his license because he allegedly has not served the public interest, yet the only one to make this charge is Geller's competitor. The people of Gloucester who listen to Mr. Geller's station wholeheartedly support him. Thus, according to the FCC the public interest is what it, not the public, wants.

On October 22, 1982, the FCC refused to reconsider its decision to deny Geller's renewal application. Interestingly enough, four days later FCC Chairman Mark Fowler argued, in a speech to a group of broadcasters, that the government's handling of radio and television should be "indistinguishable from newspapers."

We intend to carry Mr. Geller's case to the U.S. Court of Appeals, and to the Supreme Court if necessary, in order to

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LETTERS

prevent misguided regulators from depriving Mr. Geller of his license. The issues at stake demand no less.

Dan M. Burt
Capital Legal Foundation
Washington, D.C.

Homey Praise

I was pleased to receive the December issue and read the cover story ("Self-Help Housing") by Eric Marti. I don't really know what I expected, but I was pleasantly surprised with the readability, clarity, and factualness of Eric's reporting. The concept at work in this unique housing program has never been easy to capture. REASON has done so in a very timely article.

I have shared my copy with Edward Ryan. We are agreed that the story was well done.

A number of us in the Pittsburgh area are indebted to Lynn Scarlett, who first sensed a potential story; to Eric Marti for his reportorial skills; and to you for putting it up front in your December issue.

E. Vaughn Gordy, Jr.
The Wesley Institute
Bethel Park, PA

E. Vaughn Gordy, Jr., was the director in the early 1970s of home builder Edward Ryan's philanthropic activities and was instrumental in the initiation of the Earned Home Ownership Program reported on in our December issue.—Eds.

Aging Debate

As president of a foundation devoted to research on the human aging process, I am compelled to offer some comments on the review by Lowell Ponte of Durk Pearson and Sandy Shaw's book *Life Extension: A Practical Scientific Approach* (Dec.).

I am sympathetic to Mr. Ponte's problem: the book does not lend itself to a brief lay review and requires extensive biochemical knowledge which many science writers do not possess. But Mr. Ponte's analogy between chemical intervention in the aging process and leftist

social planners is most inappropriate. Such intervention in aging, with some trial-and-error risks inherent in any long-range therapy, falls within any definition of scientific progress and carries with it none of the moral or practical pitfalls of collectivist social planning.

As to the question which Mr. Ponte raises of whether Shaw and Pearson are scientists or science writers, we have worked with Durk and Sandy for several years, and we can assure REASON readers that their knowledge of the biochemistry of aging exceeds not only that of most "employees of universities or laboratories," to use Mr. Ponte's definition of a scientist, but also of many investigators in the field of aging research itself. We would remind Mr. Ponte that Albert Einstein was a clerk in a Swiss patent office when he published his first paper on relativity, and he spent his last years at the Institute for Advanced Study in Princeton, still trying to perfect his unified field theory, not as a laboratory or a university employee....

Finally, concerning Mr. Ponte's complaint that Durk and Sandy's theories about aging are not supported by the standard double-blind trials involving large numbers of human subjects: there is a Catch-22 involved here. If those of us who are now adults have to await FDA approval of long-range trials to determine whether a specific aging therapy is effective, we shall long be in our graves before the results are in. We need Durk and Sandy's ideas to help us, as Mr. Ponte suggests, decide for ourselves which ones to pursue.

Paul F. Glenn
Glenn Foundation for Medical Research
Manhasset, NY

Bold Guess

The quotation at the head of the afterword in *Life Extension* by Durk Pearson and Sandy Shaw is attributed to Isaac Newton and reads, "No great discovery is ever made without a bold guess." If one statement can epitomize an entire book, this is it. It conveys the notion that even with a voluminous amount of scientific evidence, in order to synthesize a coherent concept, one must leap the synapse from the known to the probable. Lowell Ponte, in his review of this excellent book, misses this point. I doubt if he would ever have gone out into the rain if umbrellas hadn't been invented, for fear of what water might do to his head.

Durk Pearson and Sandy Shaw are pio-

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~ LETTERS ~

neers; they have gathered a massive amount of sound scientific data on aging and have presented it in an exciting, fresh, and sometimes even amusing manner. Perhaps Mr. Ponte confuses their use of humor and manner of dress for lack of scientific ability. Even though the authors devote an entire chapter to criticizing the antiscientific bias and cultism that pervades the "health movement," Ponte still attempts to group them with astrologers and witch doctors....

For the intelligent reader, both lay and scientific, this book represents a monumental breakthrough. The heart of the matter is that there exists abundant evidence that aging and its manifestations can be prevented or retarded. This is the future of preventive medicine. If Mr. Ponte chooses to sit and wait until this knowledge has been extrapolated to humans, let him. Those of us who are making a bold guess will tell his grandchildren the results.

Jeffrey A. Fisher, M.D.
Center for Preventive Medicine
Great Neck, NY

Keynesian Cover-up

In his review (Jan.) of T. W. Hutchison's new book, *The Politics and Philosophy of Economics*, David Henderson adds one more layer to what should properly be called the "Keynesian cover-up." Henderson writes uncritically about the essay "Keynes and the Keynesians," in which Hutchison makes Keynes out to be a misinterpreted friend of economic freedom: it was the Keynesians, not Keynes, who were prosocialist and pro-planning. This may be a popular tune to play these days, but it is not at all in harmony with the original score.

If Henderson wants to reconcile "Keynes the Hayekian" with "Keynes the Keynesian," let him go back and reread (or read) the *General Theory*. In the last chapter on the book, in which Keynes is writing specifically about long-run programs and not about stop-gap anti-depression measures, Keynes pays lip service to some unspecified degree of economic freedom while actually advocating socialist schemes.

Two excerpts from this important final chapter will serve to illustrate. "Now, though this state of affairs [an economy in which the monetary authority pegs the riskless rate of interest at zero(!)] would be quite compatible with some degree of individualism, yet it would mean the

euthanasia of the rentier, and consequently, the euthanasia of the cumulative oppressive power of the capitalist to exploit the scarcity-value of capital" (*General Theory*, pp. 376-77). This aspect of the Keynesian vision, of course, is pure Marxist claptrap. In the following passage, Keynes sounds more like a so-called market socialist. "I conceive, therefore, that a somewhat comprehensive socialization of investment will prove the only means of securing an approximation to full employment; though this need not exclude all manner of compromises and of devices by which public authority will cooperate with private initiative" (p. 378). It should be noted that

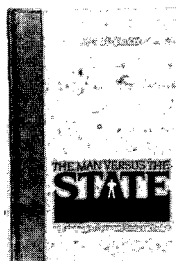
Keynes's sops to the individualist does not set him apart from other socialists but makes him all the more like them....

Roger W. Garrison
Auburn University
Auburn, AL

Mr. Henderson replies: In the same chapter that Professor Garrison quotes, Keynes goes on to say: "If we suppose the volume of output to be given,... there is no objection to be raised against the classical analysis of the manner in which private self-interest will determine what in particular is produced, in what

(Continued on p. 56)

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By Herbert Spencer
Foreword by Eric Mack
Introduction by Albert Jay Nock

This volume contains the four essays which Spencer published as *The Man Versus the State* in 1884. It also includes five essays which later publishers have at various times added to the original four. In addition, it provides "The Proper Sphere of Government," an early essay by Spencer which has long been overlooked.

In these essays Spencer develops various specific ramifications of his thesis that "there is in society... that beautiful self-adjusting principle which will keep all its elements in equilibrium... the attempt to regulate all the actions of a community by legislation will entail little else but misery and compulsion."

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b r i c k b a t s

“**O**h, they’re gonna thaw out Uncle Ray and Aunt Kathy if I don’t get some dough.” Sounds like the title of a bad country and western song, doesn’t it? But it’s the truth. Two California (where else?) firms threatened to defrost the bodies of a Maryland couple that were chemically preserved and frozen after death unless the companies receive \$169,000 in storage fees. The two cryonic preservation companies say the bodies of Katherine and Ray Mills—who’ve been frozen since their respective deaths in the early 1970s—will be ever so gently deiced unless they get their money from relatives of the frigid couple. So far, a judge has been cold to the idea and ordered the companies to keep Ray and Kathy on ice until he can figure out the law on the question.

Great news for drunks in Abu Dhabi, United Arab Emirates. The federal court ruled that non-Islamic foreigners convicted of drunkenness don’t have to be flogged. They’ll just go to jail.

But is flogging all that inhumane? Not according to President Zia ul-Haq of Pakistan, who explained to reporters in Washington recently the subtle distinction between just plain sadistic flogging and flogging with style—as it is done in Pakistan, naturally. Flogging with style means that the practice is strictly reg-

ulated to avoid permanent physical harm. “How long the whip should be, where the person should be struck and where the body should be placed are all carefully determined,” he said. “A little lower and to the left, *please!*!” cried the floggee.

Justice is supposed to be blind, but should it also be mute? Yes, according to New York Civil Court Judge William Friedmann. He ordered court files sealed in two cases involving...lawyers. One had stiffed a client for \$1,200, and the other had punched another lawyer in open court. The judge says the erring counsel have been punished enough without the shame of having their names dragged through the newspapers—like common criminals who bilk people or punch them. Judge Friedmann’s reasoning sounds a lot like the Sicilian version, which is called “omerta,” the code of silence. Judge Friedmann is Don Corleone’s kind of guy.

Mexico is fuming because a Texas rancher has started minting coins and stamps for his new island nation for Indians, on a site in the Rio Grande River. Herbert M. Williams, who is part Cherokee, owns the 154-acre island, which was formed in 1967 by Hurricane Beulah. “He’s talking about secession from Mexico,” fumed Enrique

Hubbard, Mexican consul in Brownsville, Texas. “And he can’t do that. He wants to start a new nation, and neither Mexico nor any other country will legally stand for that.” Williams is a fighter, though, and says he’ll go ahead with plans to have migrant Indians colonize his taxless utopia, which he asserts will be a sanctuary from red tape. “Governments are always taking away a little more of our freedom. In my country, called Cherokee Nation, people can do what they want as long as they’re honest.” Mexico shouldn’t gripe. In a few years, they can probably get foreign aid from Williams’s little country, which intends to base its currency on gold. Hmm...can we apply for citizenship?

Censorship by any other name stinks the same...but not if you’re among the ultra-liberals who run New York. A judge ruled that a city official was justified in urging (strong-arming?) department stores not to sell a game that pokes fun at folks on welfare. The game in question, “Public Assistance: Why Work for a Living?” was described by the judge as a “scurrilous and scathing attack on the welfare system.” The game’s manufacturers charged censorship and tried to collect damages from the city, but the judge held that the First Amendment doesn’t apply. If the game was called “Trash the Rich,” is there any doubt about which way the ruling would have gone?

Newark is practically bankrupt, but lawyers who defended Mayor Kenneth Gibson on charges he created a “no-show” job for a former city councilman are raking it in. Gibson was acquitted, although he did tell reporters that the job of director of security at the city’s reservoirs was a “perk” for Michael Bontempo. The security director’s absence was noted when vandals cut off the city’s water supply for two weeks. Bontempo was found to be living in Florida—a mere 1,500 miles away from New Jersey. Mayor Gibson was found innocent, however, and now the city is paying more than \$477,000 in legal fees for his defense. That comes to about \$225 an hour for attorney Albert G. Besser, who says his fees are “reasonable.” “I’m a very good lawyer,” he adds.

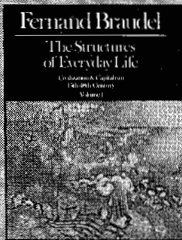
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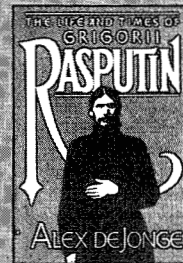
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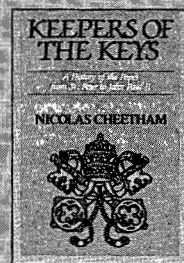
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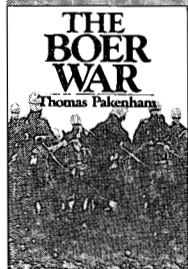
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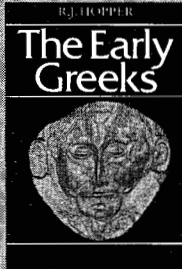
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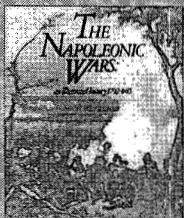
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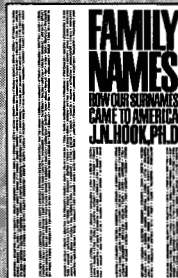
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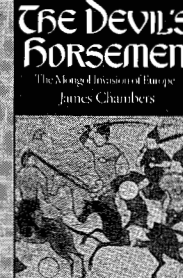
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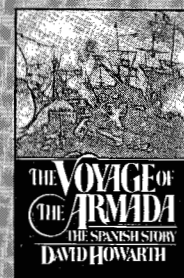
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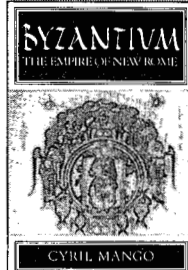
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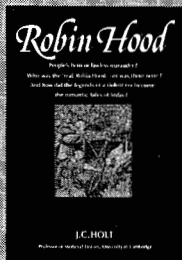
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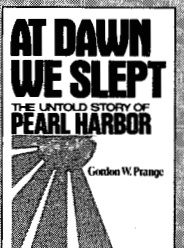
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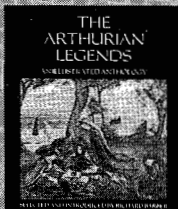
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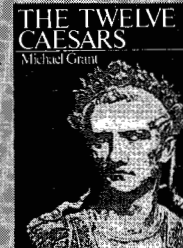
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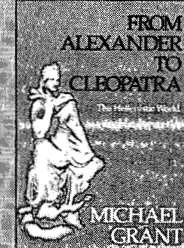
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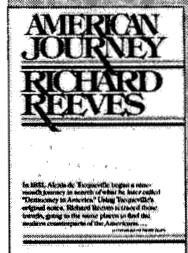
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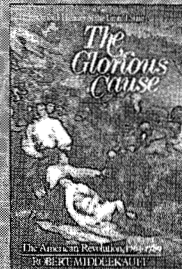
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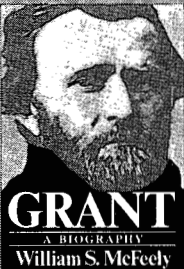
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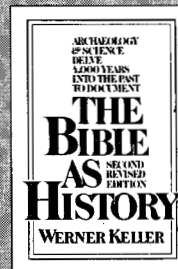
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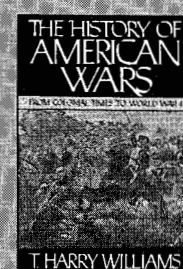
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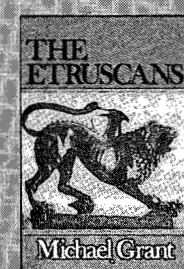
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TRENDS

BUS COMPETITION IS JUST THE TICKET FOR CONSUMERS

Riders on the nation's bus lines are reaping the harvest of deregulation. Since last November, interstate bus companies have been allowed to enter what used to be the exclusive territories of other companies. That new freedom has sharpened a price war that began more than a year ago.

The opening shot was the challenge by Trailways, number two in the industry, that it would meet or beat *any* intercity fare—bus, plane, or train. Moreover, the maximum on any route would be \$99. In May of last year, industry leader Greyhound began meeting the new Trailways fares on selected routes. Since many routes were protected from competition, the overall effect on prices was not very

large. But since November, all restraints on competition have been off. Trailways is extending its meet-or-beat fares into Greyhound territory. Already, by year-end, most rates were 30 to 40 percent below what they had been a year earlier.

Even more competitive gambits are now being introduced. Trailways has joined forces with Delta Air Lines to offer a trip-extender fare. By purchasing a package deal, you can fly Delta between major cities, then connect to Trailways to your small-city destination (many of which have bus service but no regular airline service) for just \$15 more. Over the Christmas holidays, competition spurred Greyhound to offer guaranteed seating, even if it meant adding an extra bus for just one passenger.

As consumer columnist Peter Weaver summed it up, if you're "cautious about spending money on travel, this surge of competition should come as good news."

on liability should be established by law. Still, in 25 years of reactor operation, there has yet to be a single claim that exceeded even the old \$160 million limit, let alone the \$560 million ceiling.

TRICKLE-DOWN TAXING AND SPENDING?

What effect does federal aid have on state and local government spending? Two recent studies reached opposite conclusions.

The first, by the Office of Management and Budget, looked at spending on state and local government facilities—roads, sewers, buildings, etc.—during the 1970s. Precisely as federal aid increased—by an average of 2.2 percent per year in real terms over that period—state and local spending on these facilities decreased by an average of 4.2 percent a year. What happened was that federal aid made it easier for local governments to divert resources to social programs. At the same time, voters rejected many bond increases and enacted tax-limitation measures. Concludes OMB: more federal aid for public works would probably lead to continued decreases in local taxing and spending.

The second study looked at one state, New Hampshire, and covered all federal grant programs, not just those for public facilities. Carried out by Dartmouth economists James R. Fries and Colin and Rosemary Campbell, it found that, overall, the state and local tax burden increased or decreased in direct proportion to the level of federal aid. In other words, as federal aid went up, New Hampshire taxing and spending went up, often to provide matching funds. They predict that as federal aid declines in the 1980s, therefore, New Hampshire taxing and spending will decrease proportionately.

The two studies' findings may not be as contradictory as they sound. New Hampshire is a low-tax, low-spending state. Its voters probably view federal grants as "free money," permitting projects to be undertaken that might not otherwise occur. Thus, when federal aid is cut back, they'll probably be content to do without those projects. Big-spending state governments, by contrast, see federal aid as a basic element of their total resources, committed to a panoply

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NUCLEAR INSURANCE GOES PRIVATE

One of the ways in which the federal government has long subsidized nuclear power plants is by providing liability insurance. Under the 1957 Price-Anderson Act, the utilities' insurance policies covered only the first \$160 million of possible claims. Anything above that—up to a government-imposed ceiling of \$560 million per accident—would have been paid by the taxpayers.

In 1977, however, efforts to repeal Price-Anderson led, instead, to its modification, to provide for a gradual phase-out of the federal subsidy. To supplement the initial \$160 million insurance coverage of each reactor, the utilities agreed to contribute \$5 million for each reactor they operate into a common fund to meet larger liability claims. Once 80 reactors were in operation, there would thus be \$400 million of additional coverage, entirely displacing the federal coverage. That point was reached last November 15, when San Onofre Unit 3, operated by Southern California Edison, went on line as the 80th US commercial reactor.

From now on, as each additional reactor comes into service, adding another \$5 million to the pool, the total liability limit will increase above the old \$560 million ceiling. Which is not to say that *any* limit

College Students!

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of spending programs. They would tend to behave more like the OMB study predicts. Large-scale federal aid cuts to those states would be more likely to lead to local tax increases.

DAY CARE CHAFES UNDER THE BURDEN OF BUREAUCRACY

Private households have been taking care of children for millenia, but when they do it for hire, government feels obliged to step in and tell them what to do. All too often, the effect has been to raise costs or reduce the number of providers.

Take the case of Susan Suddath, who'd been running a day-care center on her farm in Maryland for 17 years, according to the *Wall Street Journal*. When the bureaucrats discovered that she was caring for as many as 20 children, they invoked a state law forbidding a private home from taking in more than four children during the school day. Thus, Mrs. Suddath was forced to turn away most of the children. That painful ex-

perience led her to a successful effort to get the law amended to allow for "group care homes" that can take 7-12 children without having to meet stringent institutional requirements.

But the regulators' heavy hand is still being felt elsewhere. In California, where the addition of a seventh child makes a day care home subject to building codes designed for schools, the operator of one day care home found that she would have to have separate toilet facilities for boys and girls, and bathrooms accessible to wheelchairs, before she could increase her enrollment from six to seven. She withdrew her application.

But there's good news. A number of parents and professionals familiar with family day care service are beginning to question the worst excesses of government regulation. For example, Anne Bersinger, deputy director of California's Department of Social Services, has publicly expressed her preference for making state licensing of family day care providers (that is, day care facilities, usually in private homes, that care for six children or less) completely voluntary.

Bersinger reasons that since an estimated 90 percent of family day care serv-

ices around the country don't currently have licenses, "there are obviously many parents for whom licensure is not very significant; one wonders if licensing is in sync with their wishes or needs." Moreover, California taxpayers currently pay \$4.1 million annually for a licensing system that's something of a farce. The state has enough case workers to visit a day care site before its license is granted, and after that only once every few years on the average. "The level of oversight is minimal," Bersinger says. "It lulls parents into a false sense of security."

Her argument for making certification voluntary (a proposal made by then-Gov. Jerry Brown in 1981 but rejected by the state legislature) is that the state would no longer be trying to suppress unlicensed family day care; parents who feel that certification is important could choose a day care service that met that standard (and perhaps they would pay a slightly higher price), while other parents could freely use other criteria; and the program could be financially self-supporting, with certified providers paying a fee to keep the program alive.

Meanwhile, an important battle against home day care regulation is being



Gene Tupper

The Peninsula Times-Tribune

NEW FORCE ON THE LEFT

Tom Hayden and the Campaign Against Corporate America

by John H. Bunzel

For years former street activist Tom Hayden, a founder of the Students for a Democratic Society, railed against the Democratic Party and the American political process. Now, as a newly elected California Democratic Assemblyman, he seems bent on turning the revolutionary slogans of the 1960s into the liberal left common sense of the 1980s. Organizationally, he hopes to transform the amorphous New Left into an active political faction operating openly within the California Democratic Party. Yet Tom Hayden also wants more than a successful political career. He wants and intends to make history. *NEW FORCE ON THE LEFT* traces Hayden's career as student, radical, revolutionary, and politician and examines the political machine he has built, the Campaign for Economic Democracy. Clearly there is a new Hayden. The question is whether the new Tom Hayden is the real Tom Hayden.

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waged in the courts. The California Health and Welfare Agency has had a policy of making unannounced visits to family day care providers—and if the inspector was refused entry, that would be sufficient cause for revoking the provider's state license. In *Rush v. Obledo*, however, a day care home operator and the San Mateo County Daycare Association claim that this policy mandates warrantless searches of homes and thus violates Fourth Amendment protection from unreasonable search and seizure. A team of lawyers with the San Francisco Lawyers Committee for Urban Affairs—which is providing legal representation for the plaintiffs—was victorious in the district court last year; but the state appealed, and at this writing, the final outcome of the case is still in doubt. REASON will keep you posted.

DAM PRIVATIZATION?

Will the world's largest hydroelectric plant be privatized? That's the question being asked in Pasco, Washington. The subject is the Grand Coulee dam, built by

the Bureau of Reclamation in the 1930s. The dam is the centerpiece of the Columbia Basin Project, a New Deal irrigation and hydroelectric project.

Several months ago the bureau's regional office in Boise, Idaho, wrote to the three irrigation districts served by the project, asking if they'd be interested in taking title to any of the facilities. Russell Smith, director of the South Columbia Basin Irrigation District, responded that his district would like to take over the dam itself. Although the Bureau has been directed to divest itself of much of the irrigation network, Smith's offer took the regional office by surprise. L. W. Lloyd, regional director, told the *Seattle Times* that selling or giving the dam to the district would require congressional approval.

As a nonprofit entity, the district could issue tax-exempt bonds to cover the purchase price, Smith told REASON. Since the dam generates \$700 million a year in power sales, there would be a steady stream of revenue to pay off the bondholders. The three irrigation districts are already involved in the electricity business, with six low-head hydro plants cur-

rently under construction. Thus, there's a precedent for a district to be the dam's operator.

If the Reagan administration gives a damn about the New Federalism, maybe it should "give" a dam to the South Columbia Irrigation District.

THE (PRIVATE) ROAD TO CHINA

The United States may not be ready for private-enterprise highways. But it now looks as if China—of all places—may be.

Business Week (Dec. 20, 1982) reports that Hong Kong property developer Gordon Wu has proposed building and operating a 145-mile, \$500-million superhighway running from Hong Kong through Canton (Guangzhou) to Macao. Wu proposes raising the money by issuing bonds, to be paid off out of toll revenues. The average toll from Hong Kong to Macao would be \$20, and Wu figures he could turn a reasonable profit with 20,000-25,000 cars per day. After 30 years, ownership of the road would revert to the Chinese government.

Wu says he got the idea for the project from the New Jersey Turnpike. Actually, the model for this quasi-private tollway is the superhighways of Italy and France, mostly built and operated by private firms but with ownership eventually reverting to the state. Well-funded by toll revenues, those roads are superbly maintained, in sharp contrast with America's often-decaying (but mostly toll-free) interstate highways.

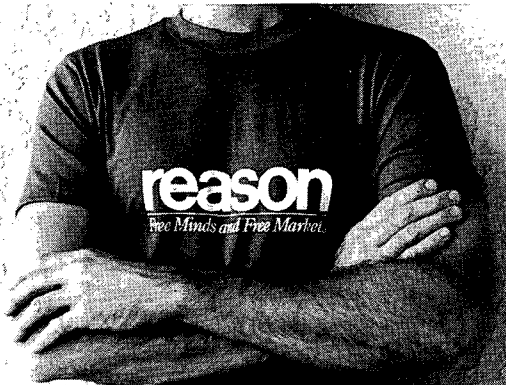
Who knows—maybe once China authorizes private superhighways, the idea will no longer seem too radical in the land of free enterprise.

VOTERS DON'T AXE LIMITS ON TAX

Despite cries of alarm from politicians, voters continued to approve tax-cutting and tax-limitation measures last November. Alaska became the ninth state to amend its constitution to limit taxing and spending, enacting by a 61 percent margin a measure largely drafted by the National Tax Limitation Committee. Maine's voters approved, by 57 percent, a measure to prevent bracket creep by indexing the state's income-tax brackets to compensate for inflation. Tennessee voters approved a measure

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reducing property taxes for the elderly. And, as previously reported, Texas voters abolished the state property tax, by a 70 percent margin.

Even the bureaucratic heartland resists tax increases. Voters in affluent Prince George's County, Maryland—adjacent to the District of Columbia—rejected a measure that would have abolished a four-year-old freeze on property taxes.

BANKING ACROSS BORDERS

The 1927 McFadden Act still bans interstate banking—officially, that is. Still, interstate banking is rapidly becoming a reality in this country, thanks to creative exploitation of loopholes.

One such loophole is franchising, pioneered by Los Angeles-based First Interstate Bankcorp. Rather than acquiring banks in other states, the company simply makes a franchising arrangement, whereby the participating bank uses First Interstate's name and gains access to shared systems such as the automated-teller-machine network. First Interstate is already operating in 11 western states and is reportedly about to expand into Alaska.

As reported here last September, the 49th state last year became the first to allow out-of-state bank holding companies to acquire local banks—a McFadden Act loophole never before exercised. Critics feared the worst: voracious lower-48 banking giants would roar into Alaska and gobble up the local banks. Surprise, surprise! As the *Wall Street Journal* reported last November, it simply didn't happen. In the first five months, only two Seattle banks purchased Alaska banks. "The lesson of Alaska," noted First Interstate chairman Joseph Pinola, "is that banks are going to be very selective when choosing new areas in which to compete."

New England may become the next big opening for interstate banking. The Massachusetts and Maine legislatures enacted new laws permitting interstate bank mergers and acquisitions on a reciprocal basis with other states that enact similar laws. Similar legislation is expected this year in Connecticut, New Hampshire, Rhode Island, and Vermont. Legal experts are uncertain whether Congress would have to give its blessing to the idea, by exempting New England from the McFadden Act and the 1956

amendments to the Bank Holding Act.

Once before, Congress allowed New England banks to pioneer. In 1973 it permitted federally insured banks in Massachusetts and New Hampshire to offer what amounted to interest-bearing checking accounts—the so-called NOW accounts. Now New England could once again point the way to more commercial freedom.

SELF-DEFENSE GAINS DEFENDERS

The idea that this country's wealthy allies—NATO Europe and Japan—should start paying for their own defense is picking up support in those countries. Ironically, at the same time the Reagan administration is trying to *increase* the number of US troops in Europe by 18,900—and denouncing congressional opponents of the move by portraying them as advocates of a "cutback."

In December the Western European Union took up a French proposal to move toward European self-defense.

French defense minister Charles Hernu called on European governments to develop more of their own weapons, rather than relying on US products. Hernu's position reflects the views of Jean-Paul Pigasse, director of the Paris-based Center for Defense and Strategy Studies, who has called for dissolving NATO in favor of an all-Europe defense alliance with its own nuclear deterrent.

The French defense budget, at 3.9 percent of gross national product, is among the highest in Western Europe. Although the French are holding down spending on conventional forces, spending on their nuclear forces increased 29 percent in 1982 and will go up another 22 percent this year. Moreover, the 1963 security treaty between France and Germany has finally been activated, and the two governments are discussing common defense problems.

Across the Pacific, meanwhile, the new government of Japanese prime minister Yasuhiro Nakasone has proposed only a modest 6.5 percent increase in defense spending for 1983. That increase would still keep Japanese defense outlays below 1 percent of GNP (actually 1.6

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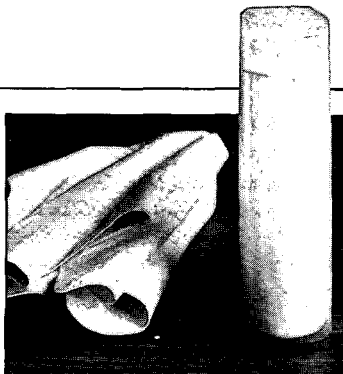
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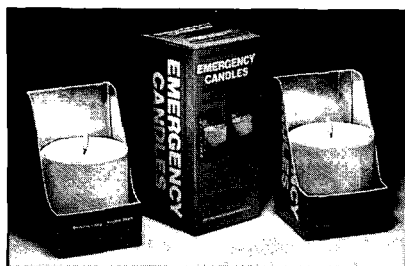
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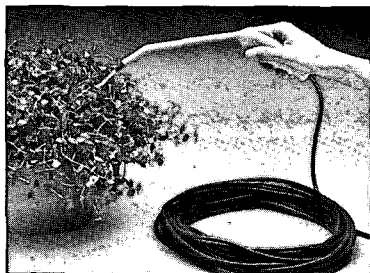


Emergency Candles



candles come 2 to a package in a snap-apart foil-lined box that makes its own flame protector windbreak candleholders. The candle wax has a high melt point (155°), so the candles store well even in unfavorable conditions such as a car trunk. We can supply 2 boxes of emergency candles (a total of 4 candles) — 8 days and nights of continuous light — for **\$14.00** (\$2.95) A672.

Most candles are poured hot wax. Our emergency candles are pressed into shape by a hydraulic process, making them notably denser than ordinary candles. As a result, they are very slow burning — a single 3" x 3" candle lasts 50 hours or more. These

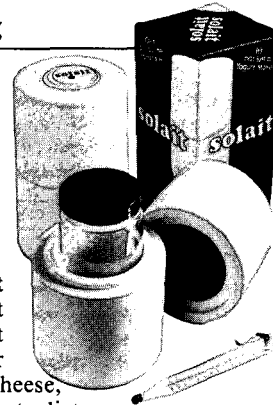


Watering Whiz

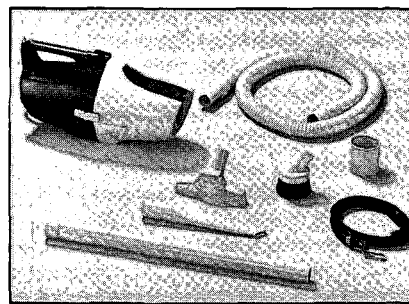
Do your houseplants run you ragged, back and forth, trip after trip, watering can in hand? There is an easier way: with an indoor garden hose you can water them all in a single trip. This 50' vinyl hose comes complete with a set of four adaptors that readily attach to most indoor and outdoor faucets. 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 almost as simple as turning on the faucet.

Cheese And Yogurt Making

If you like commercially made yogurt, you'll flip over homemade! When you make your own yogurt, you control whether it is rich or lean, light or thick, tangy or mellow. You can use whole-milk, low-fat, skim, dry, evaporated — even goat's milk — to get just the taste and texture you want. Best of all, it will cost about half what you pay in the store. And with a Solait yogurt-maker the advantages do not stop there — you can also make your own buttermilk, sour cream, cottage cheese, cream cheese, plus a variety of gourmet, diet and cooking cheeses. The Solait cooker works by insulation, no electricity, so there's no need to plug it in. Originally yogurt was a food of nomads, and the Solait can travel with you camping or to the office. Yogurt is surprisingly easy to make. In your Solait, it will require a total of about 10 minutes attention. Just heat a quart of milk to 190° to kill stray bacteria, then set it aside until it cools to 120° (about half-an-hour). Stir in a tablespoon of plain yogurt or starter culture, pour the mixture in the jar, and place in the Solait cooker. Four hours later you have yogurt. Timing is flexible — you can even go away for the weekend and have yogurt on your return. The Solait unit is made of unbreakable plastic and uses interchangeable glass quart jars. The Solait yogurt and cheese-making kit — with thermometer, glass jar, freeze-dried starter cultures, and hefty recipe booklet — costs only **\$25.00** (\$2.95) #A335. Extra quart jars make it convenient to store your freshly made yogurt while you prepare *creme fraiche* or *boursin* in the Solait cooker. You can order your Solait kit with two additional quart jars for **\$30.00** (\$3.95) #A354.



Portable Hip-O-Vac



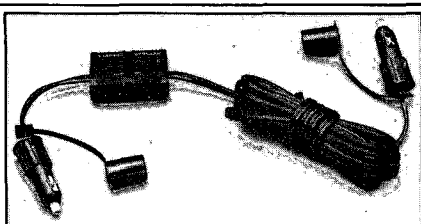
All vacuum cleaners are portable in the sense that they can be maneuvered quite easily from room to room. But when it comes to stairs, cars, garage and outdoor uses the conventional vacuum cleaner loses much of its portability. Here is a different breed of indoor/outdoor vacuum. The Hippo-Vac. It slips right over your shoulder, weighs just 12 pounds and will go practically anywhere. Attach the flexible hose to one end of the Hippo-Vac and you have a vacuum with suction stronger (1.1 peak horsepower motor) than some full size canister machines. Attach the hose to the other end and you have a convenient blower for cleaning walks and gutters and other outdoor jobs. It comes with a 6' flexible hose, 19" extension wand, crevice tool, round brush and an upholstery nozzle. It's constructed of lightweight, shatter-resistant plastic which is so strong that the manufacturer stands behind it with a lifetime guarantee. It has an 18' cord, disposable collection bag and is fully UL listed. The Hippo-Vac costs **\$110.00** (\$9.95) #A687.



If we ever compile a book on *The Old Ways That Were Better Ways*, we will certainly include a chapter on the lambswool duster. This remarkable implement originated, the best we can tell, in 19th-century England where it quickly put the feather-duster to shame. On its own it actually attracts and holds dust like a magnet. The static charge in the lambswool causes dust literally to leap off surfaces where it has

Beyond Jumper Cables

Your car battery is dead. How would you like to recharge the battery and start the car *without ever even opening the hood*? Sound impossible? It's not, thanks to the Easy Charge, which takes the old idea



of jumper cables and refines it to a new level of ease, convenience and safety. 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. You just plug one end of the Easy Charge 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. A trickle charge immediately starts flowing into the dead battery. After a few minutes' wait the battery is recharged sufficiently to restart the car. The Easy Charge comes in a handy plastic storage envelope, is small enough to fit in the glove compartment and costs just **\$20.00 (\$2.95) #A629.**

Electric Mini-Kettle

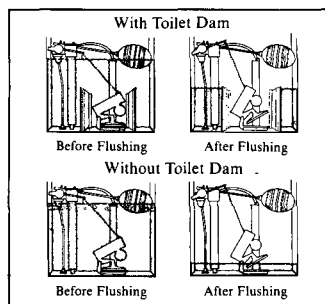


How many times a day do you boil two or three (or more!) times as much water as you actually need? Because of the way our kitchen pots are designed, we usually indulge in overkill — wasting money (for the energy to heat all that unused water) and time (the more you heat, the longer it takes to

Toilet Sanity

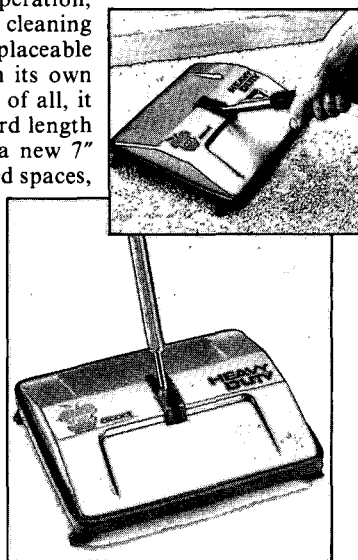
A government study shows that 45% of the water used by the average American family gets flushed down the toilet. That is 90 gal. per day for the family of four. The conventional flush toilet uses 5 to 8 gal. of clean water each flush, when 2.5 to 3 gal. is sufficient. What can we do about this insanity?

Use toilet dams. Putting a dam in the tank saves $\frac{1}{3}$ to $\frac{1}{2}$ 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.



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Vacuums are great when you are cleaning the whole house, but for those quick little daily clean-ups almost everyone can benefit from the new compact carpet sweepers. The Appel sweeper is the first of an improved second-generation of these convenience cleaner-uppers: it has larger wheels for better traction on thick carpeting, and all-around rubber bumper strip, cushioned dust pan covers for rattle-free operation, horsehair corner brushes for cleaning tight up to things, and a replaceable boar-bristle rotor brush with its own cleaning comb. Most helpful of all, it comes with 2 handles, standard length for stand-up operation and a new 7" handle for cleaning in confined spaces, on the stairs or in the back of the station wagon. The Appel sweeper works on bare floors as well as carpets. Its heavy duty all-metal construction assures long life and good service. The sweeper unit measures 7½" x 9" and weighs under 2 lbs. The head folds flat against the handle for easy storage. The Appel sweeper is American-made (by the Bissell company), comes with a 5-year warranty and costs **\$31.00 (\$3.95) #631.**



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percent, if pensions are included, as they are in NATO defense budget figures), as they've been since 1976. But for the longer term, many defense analysts are optimistic that Nakasone, a former defense minister (1970-71), will be the one prime minister who can overcome Japanese (and Southeast Asian) opposition to a serious military buildup by that country. After all, as the *Economist* noted recently, West Germany has been able to rearm without a return to militarism. There's no reason to think that Japan could not do otherwise.

SPACE VENTURES TAKE OFF

Several more private enterprises have announced plans for developing launch vehicles or for marketing existing launch vehicles—all without government money. The age of commercial space enterprise has definitely arrived.

The latest launch vehicle company to be announced is Orbital Systems Corp. Started up with \$500,000 in seed money from Texas oil and real estate investors, the company plans to develop a new upper stage designed for use with NASA's

space shuttle. With the new SRM-1X upper stage, the shuttle will be able to place a 6,900-pound payload into geosynchronous orbit—a 38 percent increase. That will give the shuttle a strong advantage over the European Ariane 3 and 4 rockets. Unlike the latter (and the shuttle), the SRM-1X will be developed entirely with private money. Orbital Systems's chief technical consultant is rocket pioneer Krafft Ehricke, a former colleague of the late Wernher von Braun.

A second major development is the growing interest of private firms in purchasing and marketing existing boosters as commercial satellite launchers. Space Transportation Co., the firm that has been trying to fund a fifth shuttle orbiter, has signed an exclusive agreement with Martin Marietta to market and launch that company's Titan 34D booster. SpaceTran will market the Titans as a backup to the space shuttle for large communications satellite customers. Meanwhile, both Space Services, Inc. (developer of the Conestoga-I booster) and General Dynamics have expressed interest in marketing the latter firm's Atlas Centaur rocket. (We reported here in December that recently formed TranSpace Carriers is seeking to market the McDonnell Douglas Delta booster.)

At press time, NASA was reportedly near a decision on the future of the shuttle. The main alternatives appear to be either to set up a government corporation (like Amtrak) to operate and market the shuttle or to begin turning over the entire operation to the private sector. The first step in the latter case would be to contract out shuttle marketing operations. Besides SpaceTran, major aerospace firms—including Rockwell International, McDonnell Douglas, Grumman, and Boeing—have told NASA they're interested.

Boeing and Lockheed were among the four bidders for a three-year contract to operate the entire Kennedy Space Center. The winning firm, selected in December for the \$193-million contract, was EG&G, which already operates under contract the Nevada Test Site and seven other military bases and Energy Department facilities. NASA expects to save 25 percent of the cost of launch operations at Kennedy due to efficiencies introduced by contracting out its operation.

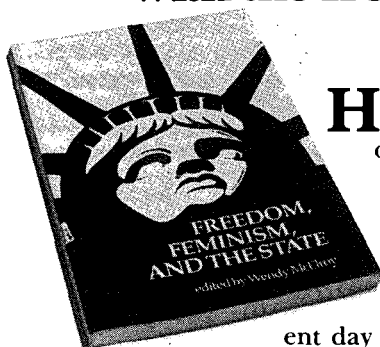
SEX EDUCATION AND CARNAL KNOWLEDGE

Many parents and some political groups have opposed sex education in the schools, out of concern that teaching teenagers *about* sex would encourage them to participate in sexual activities. Defenders of sex education maintained that since many teenagers were going to have sex in any case, it would be foolish to deny them information. Both sides acknowledged that more and more teenagers have been engaging in sexual activity, over the same time period that sex education has become more widespread. But the question remained: Does sex education itself make sexual activity more likely?

The answer seems to be that, in general, it does not. The way to find out is to compare two statistically similar groups of teenagers, one exposed to sex education and one not, and compare the extent of their sexual activity. Just such a comparison has been carried out by two Johns Hopkins University professors of population dynamics, Melvin Zelnik and Young J. Kim. Their data sources were a 1979 survey of male and female teenagers in metropolitan areas and a 1976 nationwide study of teenage girls. As reported in the May/June 1982 issue of *Family Planning Perspectives*, the data showed no significant association be-

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Here at last is a much-needed challenge to contemporary feminist orthodoxy. Wendy McElroy has assembled a powerful collection of individualist-feminist writings which chronicle the anti-statist heritage of the feminist movement. Feminist writers from abolitionism to the present

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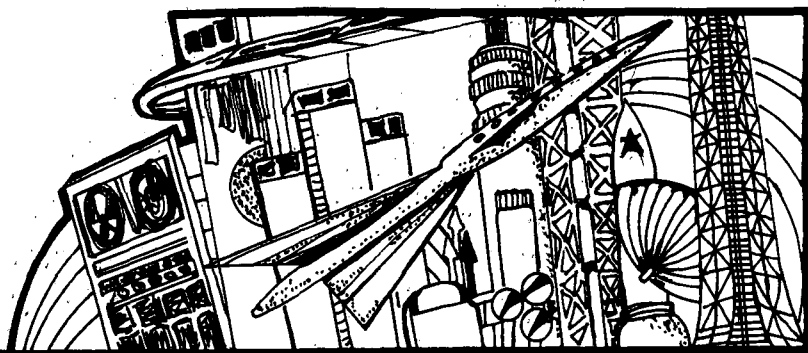
Edited by Wendy McElroy
Foreword by Lewis Perry

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tween taking a course in sex education and being sexually active. The one significant effect of sex education seemed to be that among those teenage girls who *are* sexually active, those who had sex education were less likely to get pregnant.

The Zelnik/Kim study will not end the controversy over sex education. But it ought to set the record straight on what it does and does not lead to.

CALLING COMPETITION

The once-monopolistic local telephone business is increasingly turning into a competitive marketplace. The two major competitive technologies—cable and radio—are attracting more and more firms, in more and more cities.

MCI Communications Corp., which pioneered competitive long-distance service, has begun competing at the local level as well. In January it began operating a local communications service in Omaha, Nebraska, in cooperation with the local Cox Cable company. The service will enable Omaha businesses to connect their telephones to MCI's long-distance lines without having to use the local telephone company's lines—thereby avoiding high phone company access charges.

Other major cable companies are more extensively involved as local telephone competitors. The pioneer, Manhattan Cable TV, took in about \$1.5 million from its commercial telephone customers last year, including such firms as Chase Manhattan, Manufacturers Hanover, and the New York City government. For data transmission, Manhattan Cable offers about 40 percent cost savings compared with New York Telephone's lines. The company is doing so well that it added 20 miles of cable just for telephone service last year.

Other cable companies moving into local telecommunications include American Television & Communications (ATC), Cablevision, Warner Amex Cable, and Group W Cable. ATC's systems are being developed in Denver, Kansas City, Memphis, San Diego, and San Francisco. Cablevision has a 23-mile business system under development in Boston to carry voice, data, text, and video. Warner Amex is adding such features to its Pittsburgh system and plans similar services in Chicago, Cincinnati, Dallas, Houston, and St. Louis. And Group W is

building such systems in Dallas, Detroit, and southern California.

On the radio front, mobile telephone service will soon be coming to rural areas, not just big cities. NASA has asked the Federal Communications Commission to set aside UHF frequencies to permit satellite-relayed mobile telephone service in the countryside. The proposed frequency bands are adjacent to those already allocated for the cellular radio systems now being developed for urban mobile telephone services.

In addition, the FCC has begun allowing FM radio stations to utilize their sub-carrier systems to transmit not just muzak but information. Dataspeed, Inc., sees a major opportunity to utilize FM broadcasting as an alternative to telephone lines. It's introducing a nationwide electronic mail service using a \$300 hand-held terminal that can pick up messages coded for specific individuals. Telemet America offers a \$299 portable stock-market data terminal, programmable to select up to 20 (out of 1,600) stocks. And other companies, such as Amway Corporation, are using FM sub-carrier frequencies to communicate with their distributors and retailers.

Both cellular radio and two-way cable are about to appear in England, as well. The British department of industry is planning to emulate the FCC by licensing two competing mobilephone networks—one to state-owned British Telecom (which may be privatized within several years) and the other to a fully private firm. Unfortunately, the government intends to protect British Telecom's local telephone monopoly by forbidding cable TV operators from offering voice service (even though such systems will be required to have two-way capability). As the *Economist* lamented, "Cable lines could... carry telephone services. Their potential should not be stunted for the sake of an existing monopoly. Telephone systems used to be regarded as 'natural' monopolies. New technology, cellular radio as well as cable, has changed all that. Or should be allowed to."

MILESTONES

- *Seabed rejection.* Governments from 46 nations declined to sign the Law of the Sea Treaty at the signing festivities in Jamaica in December. None of the industrial countries signed except France. Neither did the Vatican or Peru or Venezuela or South Korea or several Middle Eastern nations.

- *Controller recall.* Proceedings have begun to recall two county supervisors in Tehama County, California. The two opposed a ballot measure enacted last November abolishing all land-use controls in the county (see Trends, Feb.).

- *Bye-bye, blues.* The Massachusetts legislature in December repealed the state's "blue laws," which prohibited retail stores from operating on Sundays. Exempted from the measure, however, were liquor stores.

- *Freer skies.* As predicted here last month, the European Parliament in December loosened controls on regional airlines, permitting new service to begin. The first license granted under this partial deregulation authorizes service between Denmark and regional airports in Great Britain.

- *OSHA restrained.* The US Court of Appeals has ruled that a search warrant does not give OSHA inspectors a blank check to snoop through company files. The court held that the agency must obtain a subpoena if companies won't reveal records voluntarily.

- *Timber profits.* The British treasury has ordered the state-owned Forestry Commission (the equivalent of the National Forest Service in this country) to start turning a profit. For 60 years the agency has lost money and is currently costing the taxpayers about \$140 million a year more than it brings in from timber revenues.

- *Tickets deregulated.* As of year-end, the selling of airline tickets was opened to competition. By a 4-to-1 vote, the CAB allowed anyone—not just travel agents—to contract with airlines to sell their tickets. Ticketron was among the first to announce it would enter the business.

- *Friedman versus Fed.* "I am in favor of abolishing the central bank," stated Nobel laureate Milton Friedman in a recent letter to Gold Standard Corporation, published in *Gold Standard News* (vol. 6, no. 11).

- *Gas okay.* Utilities and other users of natural gas will no longer be forced to stop using the fuel by 1990. The Energy Department has abolished that silly provision of the Powerplant and Industrial Fuel Use Act.

- *Deregulate electricity.* To save the electric utility industry from financial disaster, electricity generation should be removed from regulation. So says the Congressional Budget Office in a study released in December.

—ROBERT POOLE, JR.,
AND PAUL GORDON

By R. Gaines Smith

IN 1976, THE RURAL AREA surrounding the small town of Grants Pass, Oregon, had one of the few privately owned and operated fire departments in the nation. And Grants Pass Rural Fire Department had been serving the area for 19 years.

But this private fire department wasn't doing very well. Prompted by citizens' complaints about rural fire service, county officials had set up a Fire Protection Study Committee to evaluate the five fire services operating in Josephine County in southwestern Oregon. The committee's report, completed in September 1976, concluded that the county's recent track record in fire protection was "extremely poor." And it was clear that the culprit was Grants Pass Rural, the only private fire service among the five.

The committee reported that for the five preceding years, the county's ratio of fire loss to the value of property involved in fires was 30 percent—compared to a statewide average of less than 4 percent. Other data pointed to the reason for the high loss ratio in the county: poor protection by Grants Pass Rural. In its service area, the property loss was averaging \$13,596 per fire in insured structures. In the area served by the town fire department in Grants Pass, in contrast, the average loss was running only \$2,052; and in another rural area in the county it was \$3,986.

"We are in trouble!" concluded the study committee. "We need better fire protection!" It is not surprising that the options for improvement presented by the committee were all variants of establishing government-operated, tax-supported fire services

throughout the area. Of course, 8 of the 14 committee members and all 5 advisors to the committee were government officials. But the fact is that government provision of fire protection is nearly universal in the United States and in this

case had an excellent record compared to private Grants Pass Rural. Shutting down Grants Pass Rural seemed to be the only solution.

The 1976 study was presented to the county commissioners, where it lan-

