

THE BOOK CASE

tered man—yet personal qualities are not mentioned as detracting from his ideas. With Rand, however, such personality analysis often seems to pass as serious criticism of her ideas, sometimes even by those who take her ideas seriously enough to discuss them.

In conclusion, this collection is not a uniformly successful work. But by seriously treating the main ideas of Ayn Rand, it is to be hoped that it will lead to still more such serious, professional treatment—perhaps even in the classroom. Rand herself probably would have approved neither of the authors nor of the no-holds-barred criticism to which her ideas are here exposed. But objectively seen, this volume singlehandedly redresses a grievance against professional philosophy that has long been Rand's due.

Randy Dipert is a philosophy professor at Fredonia State University College, New York.

Closing in on Plant Closings

**Fugitive Industry:
The Economics and Politics of
Deindustrialization**

By Richard B. McKenzie
Cambridge, Mass.: Ballinger;
San Francisco: Pacific Institute for Public
Policy Research
281 pp. \$29.95/\$11.95

Reviewed by David R. Henderson

Are the Northeast and the Midwest, the so-called Frostbelt, dying? Is the rise of the South and the West, the so-called Sunbelt, due to the closing of manufacturing plants in the Frostbelt? If companies were forced by law to give long advance notice and to make large payments to employees whenever they

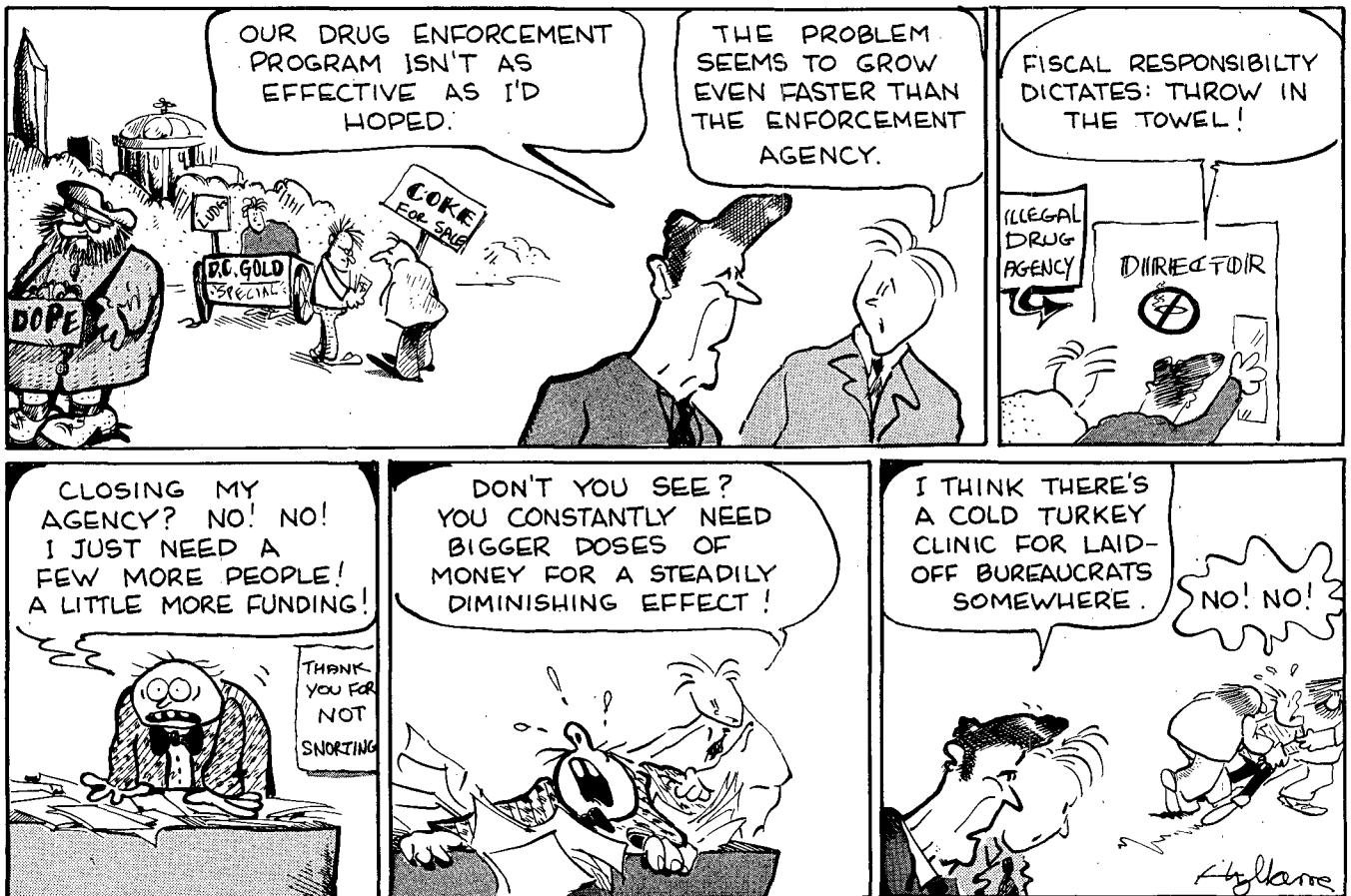
closed a plant, would this necessarily benefit workers?

These questions and more are taken up in *Fugitive Industry*, written by economist Richard McKenzie of Clemson University. His answers may surprise a lot of readers.

Advocates of laws making it difficult and costly to close factories claim that plant closings, contractions, and relocations eliminated over 15 million jobs in the United States between 1969 and 1976. But McKenzie points out that these lost jobs were more than compensated for by 24 million jobs created over that same period. Moreover, while manufacturing employment in the North fell by 1.6 million during that time, total employment (excluding agriculture) increased by 1.9 million. McKenzie shows that between 1965 and 1980, total non-agricultural employment increased in all major regions of the country—even in northeast industrial cities such as Akron,

rudebarbs

RANDALL K. HYLKEMA

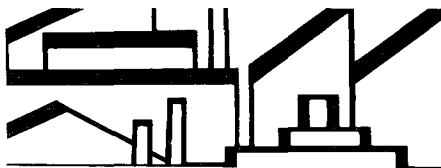


Permission to reprint this cartoon in periodicals is hereby granted, provided it is accompanied by this notice: Reprinted with permission from REASON magazine. Copyright © 1984 by the Reason Foundation, Box 40105, Santa Barbara, CA 93103. \$24/year.

THE BOOK CASE

Detroit, Youngstown, and Cleveland, which are supposedly the epitome of industrial decline.

Nor was the net loss of manufacturing jobs in the Frostbelt caused by a higher rate of job loss than in the Sunbelt. Rather, it was due to a lower rate of job creation. Moreover, McKenzie points out, over 98 percent of job losses in the Frostbelt between 1969 and 1972



resulted from companies scaling back or shutting down operations. Less than 2 percent were caused by companies moving to greener pastures. So much for the widespread belief that the Sunbelt is prospering at the expense of the Snowbelt.

Unfortunately, McKenzie fails to point out that the Frostbelt's industrial problems are concentrated in autos and steel, where very high wages prevail. In 1970, hourly compensation for auto and steel workers was about 30 percent higher than the average for all manufacturing employees. But by 1981 the difference had grown to 50 percent for auto and 70 percent for steel workers.

Do plant-closing laws benefit workers? McKenzie says no. Such laws, to the extent they prevent closings, tie up capital that could have been used to create new jobs. Unfortunately, this effect is not readily apparent. Consequently, workers who remain unemployed because new jobs are not created don't realize why few new jobs exist. So they don't lobby against plant-closing laws. On the other hand, workers who already have jobs, and hope to keep a lock on them with plant-closing laws, lobby very effectively.

In criticizing plant-closing laws, McKenzie makes one argument that does not make sense. He claims that such laws could themselves cause some individual plants to close: if a plant is doing badly and there is no law, the company might hold out in the hope that demand will pick up; but if there is a law that imposes a cost on the company for closing its plant, the company will be more likely to close it. McKenzie's logic here is obscure, for a company would be more likely to keep the plant open if its managers faced a penalty for closing it. McKenzie could reasonably claim, though, that if companies anticipated enactment of a closing law they would be more likely to shut down a marginal plant to avoid future penalties.

Often, worry about plant closings comes down to a perception that it's unfair to lay off employees who have spent years of their lives working in one plant. But, counters McKenzie, the supposed unfairness depends on what the employer has promised. If he has assured his workers that their jobs are secure for a long time, then it is unfair to close the plant suddenly. But when an employer breaks such a commitment, his employees have a just grievance that can be handled by the courts.

When an employer has made no such promises, why, asks McKenzie, is it "unfair" to close the plant suddenly? In such cases, the employer generally has to pay higher wages to compensate his employees for the higher risk of losing their jobs. For this reason, it is plant-closing laws themselves that are unfair. They force an employer to overcompensate his employees by first paying them wage premiums that reflect the risk that their jobs might end and then not being able to close the plant as quickly as anticipated when the premium wages were agreed to.

Of course, as McKenzie points out, employees would be overcompensated only in the short run. In the long run, employers would insist on paying lower wages to make up for their reduced flexibility, so employees wouldn't necessarily benefit overall. In fact, they might lose. After all, they are always free to bargain for lower wages in exchange for less management flexibility to close plants. Employees who opt for higher wages must want that more than they want job stability. But plant-closing laws would prevent them from making that trade-off.

One caveat is in order. While the reader will probably find most of McKenzie's arguments persuasive and his evidence convincing, there are some real problems with his book. It is wordy and plodding and too seldom incisive. The book clearly needed a good editor. Also, McKenzie fails to present some evidence that strengthens his case. Some of the best evidence appears only in the brief foreword by economist Finis Welch.

Nevertheless, the issue McKenzie deals with is important. Restrictions on plant closings are already in force in Maine and Wisconsin and in Philadelphia. And the debate over such laws continues. McKenzie's *Fugitive Industry* provides a valuable source for learning more about the case against such restrictions.

David Henderson recently left the staff of the Council of Economic Advisers to return to teaching.

THE DEFINITIVE **BIG BROTHER** T-SHIRT!

DOERS PROFILE:

B. BROTHER

HOME: San Francisco, New York, Chicago, London, Paris, Rome, Moscow, Beijing, Tokyo, Manila, Gnome, Baniff, Nepal, Borneo...

AGE: 36

PROFESSION: Surveillance Expert

HOBBIES: Watching television, re-writing dictionaries, "or just people-watching..."

LAST BOOK(S) READ: The FBI Files, in toto

FAVORITE MUSICIANS: "The Police"

FAVORITE LYRIC: "every breath you take, every move you make, I'll be watching you..."

PROFILE: Unavailable

HIS SCOTCH: Doers

"...although anything in tablet or capsule form is certainly preferable, and massive injections of thorazine are best yet..."

A GREAT GIFT FOR CHRISTMAS 1984! ORDER YOURS TODAY. LIMITED EDITION, WHITE SILKSCREEN ON 100% BLACK COTTON T-SHIRTS. ONLY \$12.95. CHECK/MONEY ORDER TO: KELLI WISETH • 2530 FULTON ST. #1 • SAN FRANCISCO, CA 94118

S _____ M _____ L _____ XL _____

NAME _____

ADDRESS _____

CITY _____

STATE _____ ZIP _____

XTENDABLES

TIE & BELT RACK



- Neatly organizes ties, belts, and other accessories for men and women
- 42 bars for ties and belts
- Pulls out for easy selection
- Attaches to all closet rods
- Completely assembled — easy to install
- Compact — uses space of 1 suit

To Order Mail To:

EXTENDABLES®, Benedict Engineering Co.
P.O. Box 3296, Tallahassee, FL 32315

☐ Check ☐ Mastercard ☐ VISA

Credit Card No. _____

Expires _____

Send _____ Tie & Belt Rack(s) at \$14.95 ea.

(Add \$2.50 ea. shipping & handling) \$ _____

Name _____

Street Address _____

City _____ State _____ Zip _____

TOLL FREE (800) 821-5226 ext. 402R

Allow 10-14 Days Delivery

CLASSIFIED

ANNOUNCEMENTS

FREE PROMOTIONAL ALBUMS, concert tickets, stereos, etc. Information: Barry Publications, 477 82nd St., Brooklyn, NY 11209.

INVENTIONS, IDEAS, new products wanted! Industry presentation/national exposition. Call free 1-800/528-6050. Arizona, 1-800/352-0458, x. 831.

JOIN DAVID BERGLAND, Ed Clark, Robert Poole, Murray Rothbard, and many other libertarian stars at the Freedom Fair. It's the annual convention of the Libertarian Party of California, February 15-18, 1985, in San Mateo. Freedom Fair—four days to talk principle, talk politics, talk liberty. We'll have debates, seminars, workshops, films, banquets, and parties. Write or call for a FREE brochure. Freedom Fair '85, P.O. Box 60995, Sunnyvale, CA 94088; 408/279-3733.

LITERARY AGENT looking for screenplays with Libertarian philosophy. Also, how-to and humor books. Send with SASE to: Diane Fallon, 2333 E. Coast Highway, Suite D, Corona Del Mar, CA 92625.

BOOKS

FREEDOM INSURANCE: Alternate Identities book, \$10; Book List, \$2 (refundable). **DEALERS WANTED.** Tech-Group, Box 93124, Pasadena, CA 91109.

BUSINESS OPPORTUNITIES

AMBITIOUS INDIVIDUALS who desire unique business opportunity with large nationwide company. Can give you substantial income potential. Work from home or place of business. Requires nominal investment in time, money, and effort. Free information and cassette. RDG & Co., 2024 S. 28th St., Philadelphia, PA 19145.

\$40,000 ON 1/3 ACRE! Unbelievable? Not really. New Hydroponics works! Inexpensive! Practical! Free information. Barnhill's, Box 1657, Brenham, TX 77833.

EDUCATION

UNIVERSITY DEGREES! Economical home study for bachelor's, master's, doctorate. Prestigious faculty counsels for independent study and life experience credits. Free information. Richard Crews, M.D. (Harvard), President, Columbia Pacific University, 1415 Third St., Dept. 2L91, San Rafael, CA 94901; (toll-free) 800/227-1617, ext. 480; California, 800/772-3545, ext. 480.

EMPLOYMENT

WANTED: ACTIVISTS with political/direct mail experience. Positions require ability to write fundraising letters for conservative political groups. Activists working to elect conservatives in 1984 elections are encouraged to apply. Send resume to: Ms. Alvis Barbour, The Viguerie Company, Suite 502, 7777 Leesburg Pike, Falls Church, VA 22043.

REASON EDITORIAL POSITION. We are seeking resumes now for possible editorial staff addition in early 1985. Jobs to include editing, research, writing. Send resume, samples of work, salary requirements, to REASON, P.O. Box 40105, Dept. ED, Santa Barbara, CA 93103.

FINANCIAL

PRIVATE LEGAL TAX HAVEN! Avoidance of capital gains tax, affect income tax, family trust, tax-free retirement paying 13%, tax-free stock investment paying 20%. Call the American Consulting Team, 800/237-6360, ext. 322, or 800/282-1152.

THE ULTIMATE TAX SHELTER investment vehicle in America—common law contract trust organizations. Accumulate unlimited wealth tax-free. Legally avoid probate, estate/inheritance taxes, gift taxes, and ALL INCOME TAXES on business and investment income. This newly discovered information makes all other tax shelters obsolete. Free info: William Nicholson, Sovereign Trusts, P.O. Box 20280, Reno, NV 89515.

REDUCE EXPENSES 20% or more. Improve quality/reliability/productivity in manufacturing/white-collar/service operations. FREE brochure. Sage, Newbury Park, CA 91320-0128; 805/495-4033.

ORGANIZATIONS

THE LIBERTARIAN ALLIANCE is one of the largest libertarian groups outside the USA. It produces original and interesting analysis, both theoretical and topical, in magazines, leaflets and pamphlets. \$10.00 brings you a year's subscription, which includes *Free Life* magazine (quarterly), leaflets, pamphlets, posters, special book offers, etc. Write to: The Libertarian Alliance, c/o 3 Langley Court, Covent Garden, London, WC2E 9JY, England.

FREE INTRODUCTORY BROCHURE. Get acquainted with Atheists United, a positive, activist, growing organization! Box 65706-F2, Los Angeles, CA 90065; 213/254-4914.

PERSONAL

ENCHANTING ORIENTAL LADIES desire romance, love, marriage. Photos, details. Send \$2.00 refundable w/o. Friendship, 4959 BV Hollywood Blvd., Hollywood, CA 90027.

LIBERTARIAN ATHEIST woman, 46, 5'5", 130 lbs., living in Southwest, wishes to meet/correspond with similarly-oriented man, 50-ish, 6' min., commensurate weight; race or national origin no object; purpose: long-term/permanent companionship in support and encouragement of each other while dealing with the irrationalities, inconsistencies, and contradictions all around us. Prefer a man who translates ideas into practical shapes with his hands; will consider degreed intellectual only if he is able to appreciate and respect a degree in common sense from the school of hard knocks. Box EM, REASON.

PRIVACY BOOK CATALOG—free. Learn best low-profile methods. Hide assets. Avoid banks, taxes, lawsuits. Confidential loans. New identity. Keep mail, finances secret. Eden Press, Box 8410-RS, Fountain Valley, CA 92728.

PRODUCTS

MOVING AVERAGES? If you use moving averages to trade stocks or mutual funds, then STOKPLAN may be for you. This software program calculates moving averages, displaying and printing them graphically and in tabular form. It permanently stores each daily (or weekly) price update you enter and uses this data to calculate (or recalculate) any moving average between one day and 2610 weeks. STOKPLAN is available for \$40.00 from Erdel Enterprises, Box 6343, Albany, CA 94706. Specify format and computer: MS-DOS (IBM) or CP/M. Other formats if demand justifies.

SIGNED FIRST EDITIONS of Nathaniel Branden's "Lectures On The Basic Principles Of Objectivism" (40-record set), and "Lectures On The Psychology Of Romantic Love" (32-record set). 509/582-3112.

BUMPER STICKER: "Don't blame me. I voted Libertarian." Fund raiser to build affiliate. \$2.00, 3 for \$5.00. Indianhead Libertarian, Box 65, New Richmond, WI 54017.

"ONE RUSSIAN INVASION CAN RUIN YOUR WHOLE WEEKEND," quality bumpersticker. \$2 to BRW, 8323 Lincoln, Suite 775J, Westchester, CA 90045.

NBI (Nathaniel Branden Institute) records wanted. Send price to: Dick Carey, 5 Walnut St., Arlington, MA 02174.

PUBLICATIONS

ARISTOS—THE JOURNAL of Esthetics. Third year. Sample, \$1.00. P.O. Box 1105-A, Radio City Station, New York, NY 10101.

CRIMINAL JUSTICE U.S.A. Not since the Assyrians... \$1.00. Rogers, Social Research and Development Programs, 6103 Ellis Ave., Richmond, VA 23228.

LIBERTARIAN CONNECTION. 17-year-old open-forum magazine. Subscribers may (but needn't) insert two pages/issue free, unedited. Lots of stimulating conversation. Eight issues (one year), \$10. 9850 Fairfax Square #232R, Fairfax, VA 22031.

RATES: 75 cents per word, \$10.00 minimum. Telephone numbers count as one word; box numbers count as two words. Add \$1.50 per insertion for REASON box number. *Payment must accompany all orders.* Copy must be received by the first day of the month two months prior to issue date (e.g., advertising for the March issue, which is mailed in February, should reach us by January 1). Check or money order should be made payable to REASON and sent to REASON Classified, Box 40105, Santa Barbara, CA 93140-0105.

THE CLASSIFIED AD DEADLINE FOR THE MARCH ISSUE IS JANUARY 1.

IT'S FINALLY HERE!

**IN
COLOR**

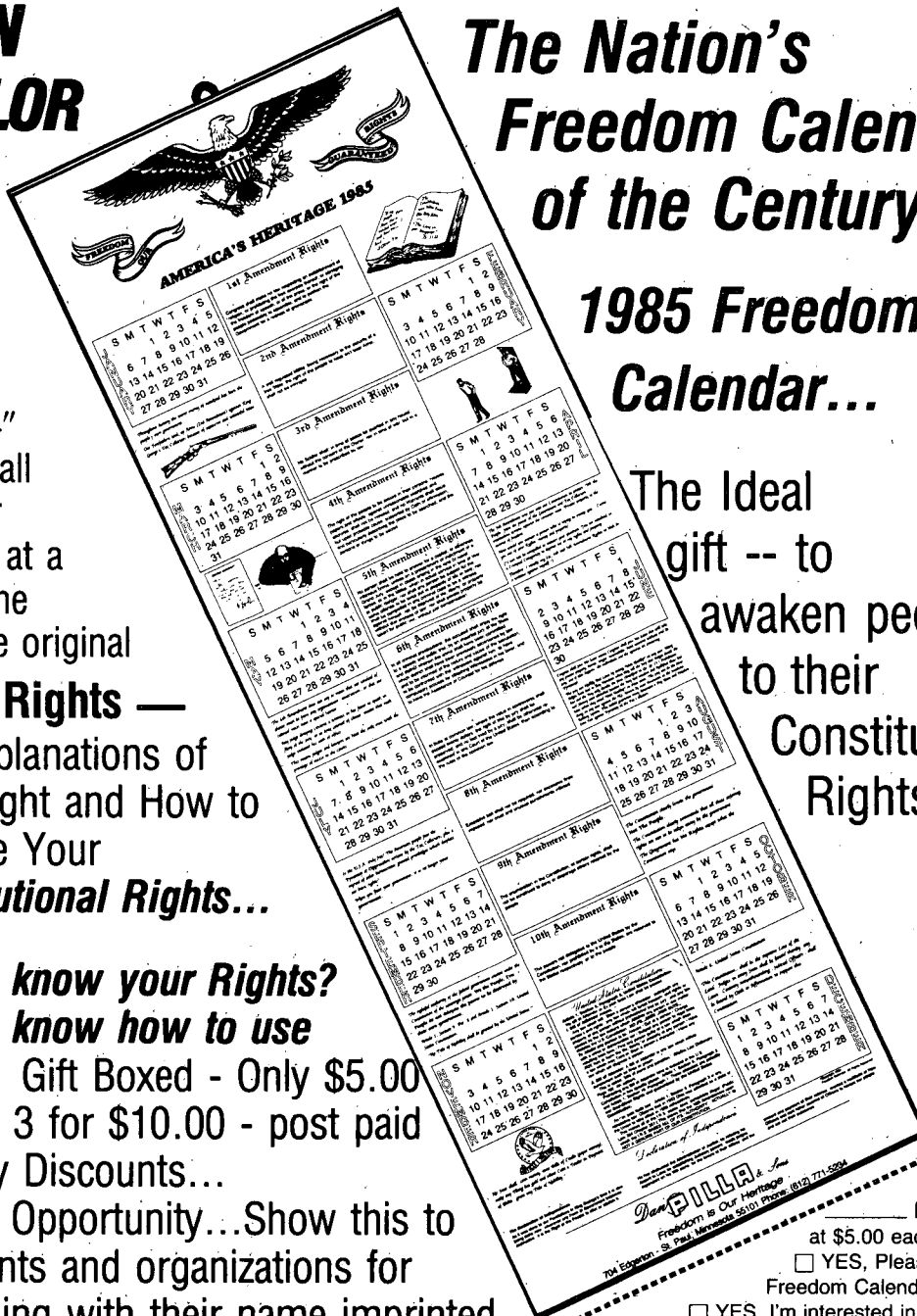
**The Nation's
Freedom Calendar
of the Century...**

**1985 Freedom
Calendar...**

This
unique
12
month
11" x 34"
Panel Wall
Calendar
displays at a
glance the
complete original

Bill of Rights —
with explanations of
each Right and How to
Exercise Your
Constitutional Rights...

Do you know your Rights?
Do you know how to use
them? Gift Boxed - Only \$5.00
each or 3 for \$10.00 - post paid
Quantity Discounts...
Income Opportunity... Show this to
merchants and organizations for
advertising with their name imprinted.



The Ideal
gift -- to
awaken people
to their
Constitutional
Rights!

**SEND TODAY TO: DAN PILLA
704 EDGERTON
ST. PAUL, MN 55101**

☐ YES, Please Send Me
Freedom Calendars
at \$5.00 each.
☐ YES, Please Send Me
Freedom Calendars at 3 for \$10.00.
☐ YES, I'm interested in Quantity Discounts
for Personalized Calendars. Please send information.
Enclosed is \$5.00 for sample calendar.

Name _____
Address _____
City _____ State _____ Zip _____

RE84

Further & More

CONVERSION EXPERIENCE

A proposal to sell government housing to tenants may be seeing the light of day in Washington ("How to Change the Facade of Public Housing," Trends, Oct.).

The plan has already done well in Britain, where the Thatcher government has sold more than a half-million public housing units to tenants. Stuart Butler, director of domestic policy studies for the Heritage Foundation, has adapted the idea to the United States, and it is apparently beginning to gain momentum.

Rep. Jack Kemp (R-N.Y.) first introduced an "urban homestead bill" in the House that would provide for sale of public housing to tenants, mainly to tenants' associations. Since then, a companion bill has been introduced in the Senate by Steve Symms (R-Idaho). The legislation would broaden a Department of Housing and Urban Development (HUD) pilot project, announced in September, to let tenants' associations, public-housing authorities, and municipal governments jointly purchase public housing units. HUD said it would pick as many as 10 cities for the pilot project by early January.

Tom Humbert of the House Republican Conference told REASON that the Kemp-Symms proposal will be reintroduced in the new congressional session by February. He also said that although both Kemp and Symms are conservative Republicans, some liberal Democrats have expressed interest in co-sponsoring the measure. (Liberal Democrats have supported such proposals in the past, including Robert Kennedy in the period shortly before his assassination.)

Meanwhile, we note that a shift of government-owned housing to tenant control has actually been practiced on a small scale in New York City for some time now. The city government takes over buildings—most of them old and unmarketable—from landlords who haven't paid property taxes. And a group called the Urban Homesteading Assistance Board trains tenants of those buildings to take over and manage their own buildings as a cooperative.

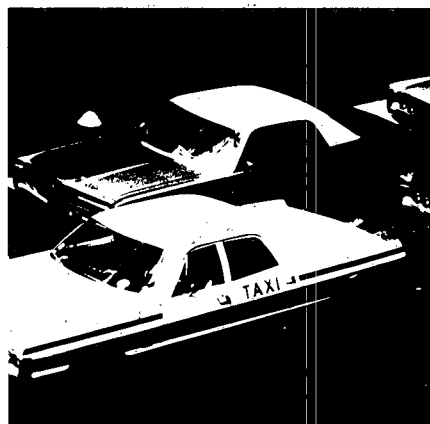
As the one-time tenants "learn about improvement costs, rent rolls and the

other facts of ownership," noted the *New York Times* recently, "an amazing transformation takes place: Many of the tenants begin to sound like landlords."

RETRENCHING IN SEATTLE

Since 1979, REASON has reported several times on Seattle's experiment with deregulation of taxi fares. Most recently, in the June-July issue, we noted a study showing how minor problems with deregulation had been solved ("Driving to Market," Trends).

But apparently that wasn't good enough for the city and county fathers. Last fall, the city of Seattle and King



County government, which had acted in tandem to deregulate taxis both within the city limits and in the suburbs, decided they'd had enough of free markets and they both reregulated rates. The way they went about it opened a new Pandora's box. Even though the Seattle metropolitan area is, practically speaking, a single market for taxicabs, the city and county came up with different regulatory schemes—the city set a rate ceiling of \$2.60 for the first mile and \$1.40 per additional mile that cab companies are free to undercut, but the county imposed a flat rate of \$2.00 for the first mile and \$1.20 for each mile thereafter. Thus, a taxi with the temerity to take a passenger from the city to a suburb, or vice versa, enters a legal no-man's land.

In October, Lorraine Brekke, the head of the county's Executive Administration Department, told REASON, "We are hopeful that the city and county can come up with a compromise plan." But she figured it would prob-

ably take two months to iron things out. Meanwhile, according to the *Seattle Post-Intelligencer*, six cab drivers got warning tickets from the county for undercharging their passengers by 20 cents a mile. The passengers of Seattle must be thanking their lucky stars for such regulatory "protection."

AND MORE

- *First Amendment follies.* In January 1983, REASON exposed the Securities and Exchange Commission registration system for financial newsletters and its violation of press freedom ("Subverting the First Amendment"). Evidently, the powers that be in Washington were not persuaded. In October 1984, President Reagan signed legislation that increases the maximum fine to \$250,000 for individuals and \$500,000 for publishers who put out an unlicensed financial magazine or newsletter. Newsletter Association official Glen Parker told REASON that to his knowledge, no one has ever been criminally convicted and paid a fine. In his view, the SEC uses the possibility as a veiled threat—they file civil charges, and harried newsletter publishers know that if they don't kowtow, the SEC has the option of the far more severe, criminal complaints.

- *Winning the slot game.* Auctioning off landing and take-off slots at airports, discussed in Trends in the June-July issue and in the Editorial in September, is gaining supporters. The *Wall Street Journal* recently reported that Office of Management and Budget (OMB) director David Stockman supports the idea, as do commuter airlines hungry for slots that they're denied by the current cumbersome system of allocation. The *Journal* itself likes the idea. "A congestion solution points in the direction of auctioning the best time slots to the highest bidder, with airlines then free to buy and trade these rights among themselves in a secondary market," a *Journal* editorial said. But in Westchester County, New York, the White Plains Airport isn't waiting for the Federal Aviation Administration to approve the controversial idea of bringing market efficiency to the management of a scarce resource. There, the County Board of Legislators has announced that it will be auctioning off all its slots to the highest bidders.