trends

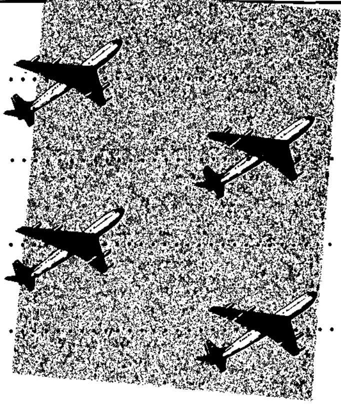
Slots Happening in Major Airports

The government restricts the sale of numerous valuable properties—mescaline, sexual favors, krugerrands, and federally designated wilderness areas, to name a few. It also restricts the sale of airport takeoff and landing rights, preferring to allow committees composed of airline officials to ration scarce landing slots at the nation's airports. As a result, those who value the slots the most don't necessarily wind up with them, and passengers pay the price in delays and inconvenient flight times.

But transportation bureaucrats are finally beginning to see the light, thanks, in part, to years of gentle prodding from articulate advocates of free-market efficiency. The Department of Transportation has announced that beginning April 1, airlines will be allowed to buy, sell, lease, or trade slots at the phenomenally busy La Guardia and JFK airports in New York City, Chicago's O'Hare, and Washington's National Airport.

By that time, 95 percent of the slots will be allocated to airlines that now enjoy landing rights and to international flights and small local carriers. (Slots owned by the latter two may not be sold.) The remaining 5 percent will be allotted by a lottery system in which new carriers will receive preferential treatment.

The DOT action is designed to "increase the range and efficiency of airline services to consumers," according to the agency. Indeed, William Niskanen, formerly a member of the president's



Council of Economic Advisers, has predicted that buying and selling slots "most likely [will] lead to a reduction of fares." Analysts expect brisk trading of slots, as takeoff and landing rights at peak travel times may go for as much as $250,000.

Kudos for the DOT action came, surprisingly, from the *New York Times*. In fact the *Times* scored the agency for not going far enough. "If slots are valuable property," challenged the sages of 43rd St., "why give them away? Why not auction landing rights the way Uncle Sam auctions mineral rights?" A good question for Department of Transportation analysts to keep in mind as they assess the results of this four-airport experiment in property rights.

Researchers Round Up Immigration Facts

Concern about too many Mexicans immigrating into the United States is widespread and has led to recently defeated but not-yet-abandoned reform—tightening up—of this country's immigration laws. The worries are by now familiar: immigrants undermine the economic position of native workers by reducing wages and increasing unemployment; immigrants drain public resources by relying heavily on government-provided social services for which they contribute little or nothing; and immigrants settle into uneducated, Spanish-speaking enclaves that tend to be isolated from the rest of American society. But several recent studies have unearthed facts that argue against these concerns.

In a recently released study from the Rand Corporation, a "think tank" in Santa Monica, California, two researchers reported on their 18-month examination of the effects of Mexican immigration in California, home to an estimated 1.2 million permanent immigrants from south of the border. Only 16 percent of California's Mexican immigrants work in agricultural jobs, note demographer Kevin F. McCarthy and economist Robert Valdez. The rest tend to be concentrated in low-skilled manufacturing and service jobs.

These immigrants, suggest the researchers, "may actually have stimulated manufacturing employment by keeping wage levels competitive.... By keeping costs low, slow wage growth enabled the manufacturing sector to maintain a better competitive position vis-à-vis foreign producers." The researchers found, moreover, that this slow wage growth has not erased the higher earnings of Anglo and black Californians relative to their counterparts in the rest of the country.

The same conclusion was voiced recently by Arthur Gundersheim of the Amalgamated Clothing and Textile Workers Union. Low-wage immigration, he told the *Wall Street Journal*, has probably prevented the southern California apparel industry from fleeing offshore.

In addition to boosting rather than dragging down employment levels, Mexican immigrants do not match one of the most widely held stereotypes—that a disproportionate number are on welfare. Rand researchers McCarthy and Valdez found that less than 5 percent of all Mexican immigrants were receiving any form of cash assistance in 1980. Furthermore, except for education, immigrants' tax contributions exceed the costs of the public services they use.

The pattern of Mexican immigration is actually very similar to that of earlier European immigrants, note the Rand researchers. Over 90 percent of the first generation of Mexican-Americans born in the United States are proficient in English, and the majority of the second generation speak *only* English. And while immigrants initially settle in barrios, subsequent generations "follow the traditional trail. . .from ghettos, barrios and little Italys to the suburbs."

Similar conclusions show up in two studies from the Urban Institute, a research group in Washington, D.C. One found "no evidence of an immigration-induced increase in unemployment in the Los Angeles metropolitan area, even with its high concentration of undocumented Mexican immigrants." Furthermore, "black workers, who potentially may be the group most seriously affected by a surge of low-wage immigrants, showed a general upgrading in their occupational status." The authors of the second study point out that even the employment prospects of black teenagers (the group with the highest unemployment rate in the United States) do not seem to have been hurt by immigration in the period from 1970 to 1982.

Stephen Levy, senior economist at the Palo Alto–based Center for Continuing Study of the California Economy, also found that Mexican immigrants have not thrown blacks out of work. Because the immigrants "have been absorbed," he told the *Wall Street Journal*, "the influx hasn't changed the pattern of unemployment."

Worries about the effects of alien peoples are as traditional in this country as the flow of those peoples to our shores. But in considering whether to use the long arm of government to allay those worries, it is useful for us as citizens to have the facts about immigration at our disposal.

Privatizers Do It in Public

Faithful REASON readers know that we've a special place in our hearts for privatization. Since the early '70s this magazine has preached and demonstrated the wisdom of contracting out or just selling to the private sector various services usually performed by government.

We're happy to note that REASON is no longer a voice in the wilderness. What was once "a gleam in the eye of a few free-market zealots," as the *New York Times* puts it, is today "generating enthusiasm from the Potomac to the Ganges."

Much of privatization's sudden stateside prominence is due to enactment of the Gramm-Rudman deficit-reduction act, which requires our lawmakers to reduce the mammoth federal deficit by $46 billion in fiscal year 1987. With Congress and the president unwilling to make significant cuts in many of the budget's big-ticket items—entitlements and military spending, in particular—our solons are examining, with unprecedented seriousness, the possibility of raising money for the Treasury by selling off chunks of the US government to private businesses.

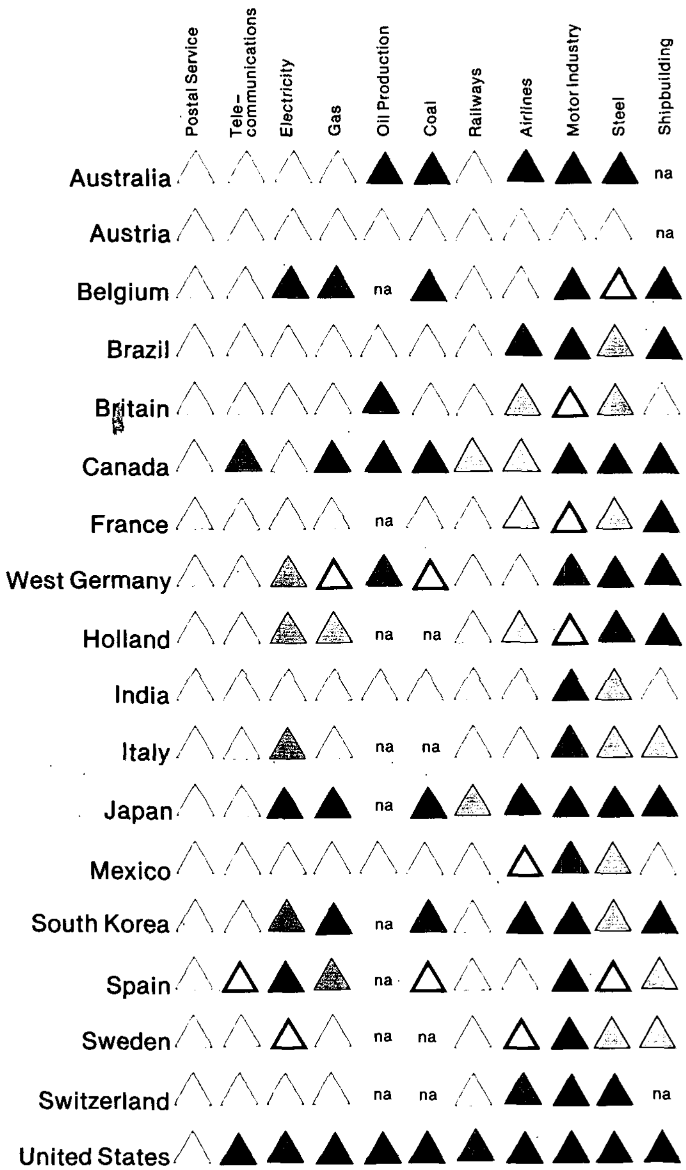
The proceeds from the sale of various government agencies would make a sizable dent in the deficit. How's this for a garage sale? US Postal Service—estimated value $7.8 billion (probably much higher). Bonneville Power Administration and the Southeastern, Southwestern, and Western Area power administrations—$16 billion. Tennessee Valley Authority—$4 billion. Dulles Airport—$750 million. Washington National Airport—$2 billion.

Even if such sales aren't consummated this year, selling government properties is one new idea that's here to stay. And it has a powerful Reagan administration advocate in Office of Management and Budget Director James C. Miller III. Miller, notes *Newsweek*, is "dead serious" about selling off state assets, including the

Leviathan, Inc.

The extent of government-owned enterprises around the world: Postal service, railways, and telecommunications remain most resistant to the growing trend toward privatization.

Private Sector
More than 75%▲ Public Sector 25%▲50% △ 75%△ More than 75%



Source: *The Economist*

Postal Service.

American politicos who worry that privatization is too "radical" a step to take without years of study, deliberation, etc., need only look out their back doors. For privatization is all the rage around the world, from Malaysia selling off its national airline to the Japanese government preparing to put its National Railways on the block.

Though the undisputed leader in the field is Maggie Thatcher's Britain (see "Buying Out of Socialism," Jan.), the most recent converts are the governments of Spain and Brazil. Brazil's new civilian President José Sarney has embarked upon an ambitious campaign to liberalize its economy, including the sale of 100 state-owned companies and the elimination of "unnecessary" government offices. Sarney's professed goal—to encourage the development of "a private sector freed from the chains of statism."

Meanwhile, the Socialist government of Spanish Prime Minister Felipe Gonzalez is busy privatizing industries that were nationalized decades ago by the late fascist dictator Francisco Franco. Among the businesses sold off thus far are the car-maker SEAT and the venerable travel agency, Viajes Marsans. More are on the block. As Gonzalez warns, in language not borrowed from Karl Marx, "The days of socializing business losses are numbered."

It's a measure of how far privatization has come that resident *New York Times* "humorist" Russell Baker recently lampooned this "marvy idea . . . for getting the Government out of government." Just a few blocks away, columnist James Ridgeway of the rad-chic *Village Voice* took respectful notice of privatization in a lengthy piece replete with quotes from such free-market champions as Stuart Butler of the Heritage Foundation and Fred Smith of the Competitive Enterprise Institute.

Privatization has seized center stage in the national political debate. It should serve as an antidote to politicians' tendency to say "Gramm-Rudman" and "tax increase" in the same breath.

More Pols, Parents Choose Educational Choice

Ten or 15 years ago, advocates of tuition vouchers and tax credits were a small but hardy band. No longer. From the federal level to growing private alternatives, more and more people are seeing the value of introducing real choices among schools for parents—if not to do away with the government's monopoly, then at least to improve the public education system with a healthy dose of competition.

Most of the national attention has focused on Secretary of Education William Bennett's proposal to give vouchers to parents of the 5 million students who now qualify for remedial aid. Yet Bennett's plan, which will almost certainly die in Congress, is tepid stuff compared with what's happening in those laboratories of democracy, the states.

National Journal reports that "such controversial proposals as tuition tax credits and education vouchers, which have gone nowhere in Congress, are hot topics in many state legislatures." In fact, the *Journal* speculates that attempts to ensure choice "may be the second wave" of educational reform kicked off at the beginning of the '80s.

In 1985, tuition tax credit bills were introduced in 15 states. None passed, but several states, including Colorado, South Dakota, and Minnesota, have enacted a kind of voucher plan in which students can transfer out of their assigned public schools and into others. The American Legislative Exchange Council has put out model education laws that include proposals for both tuition tax credits and vouchers. And the National Governors' Association has a task force studying "parent involvement and choice"; on its staff is Joe Nathan, a former school teacher and, as *National Journal* describes him, "a vocal Minnesota education choice advocate."

Minnesota is widely regarded as the cutting edge in the push for educational choice. Tuition tax credits or deductions have been offered to Minnesota parents for years, and their constitutionality was upheld by the Supreme Court in 1983. Last year, Gov. Rudy Perpich proposed an "open-enrollment" plan, which would allow 11th and 12th graders, and eventually all students, to enroll at any public school in the state. He also put forth an "early-exit" plan, in which public high-school students would be able to enroll at public postsecondary schools.

Perpich's proposal drew wide support—as well as opposition from two powerful teachers' unions, the National Education Association and the American Federation of Teachers. The bill was eventually killed, but in a move indicative of the persistent support behind it, Perpich's early-exit proposal was revived in the state legislature and broadened to include *private* as well as public postsecondary schools. The modified proposal became law, and nearly 1,500 Minnesota high-schoolers are now enrolled in classes at public and private colleges and universities.

Of course, while the legislators debate, a lot of parents can't wait. Worried about falling test scores and other deficiencies of the public schools, they are turning to a growing number of franchised education outlets to supplement their children's education. Included in the growing list of such franchise businesses are the American Learning Corp. (based in Huntington Beach, Calif.), Huntington Learning Centers, Inc. (Oradell, N.J.), and the Sylvan Learning Corp. (a division of Kindercare based in Bellevue, Wash.). Sylvan already has 197 centers nationwide and plans to open 100-135 more franchises per year for the next five years, as well as company-operated centers.

And the next move may be franchised full-scale private schools. Two ambitious entrepreneurs are busy running their own private, for-profit schools. Ronald Pisaturo is cofounder and president of American Renaissance School, Inc., a proprietary school in White Plains, New York, that teaches gifted, as well as bright but unmotivated, high school students. Robert G. Evans is founder of R. Evans & Associates, Inc. (REA), which owns and operates the Reid School in Petaluma, CA. In REA's program, which includes children with behavioral and academic problems, students are taught only what they're ready to learn and must master each step before moving to the next. After only nine months, claims Evans, a student's reading level can be boosted by six years.

Both Pisaturo and Evans are working on expanding their operations. Pisaturo wants to increase enrollment and open more schools. Evans plans to franchise his schools; he expects to open three more in the Los Angeles and San Francisco areas by fall. According to *Venture* magazine, Pisaturo and Evans believe that their schools provide "the last refuge of students, parents, and teachers whose needs aren't met by public institutions."

One way or another, it

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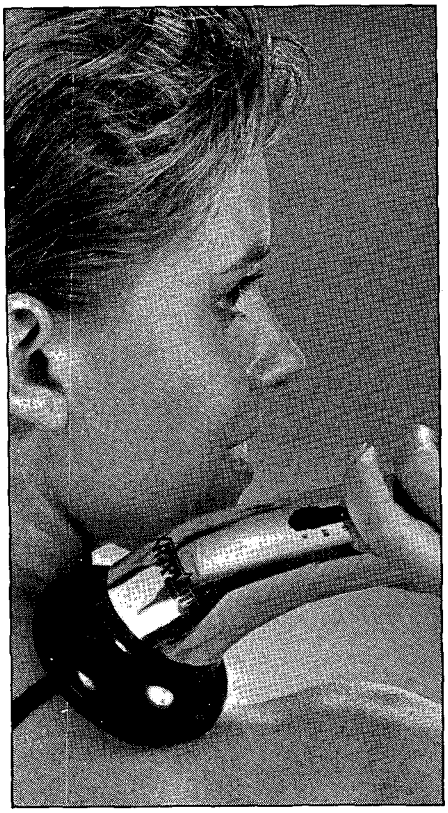
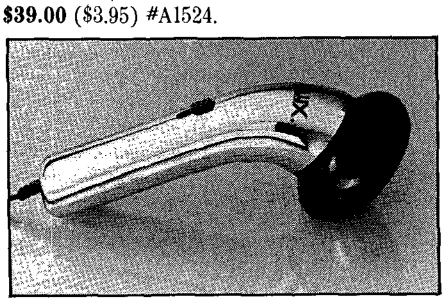
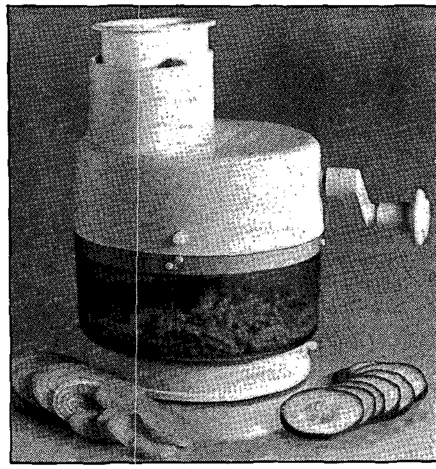


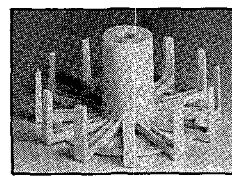
Home infrared heat treatments are an increasingly popular form of natural pain relief. Now the means of applying that heat have been significantly improved. Heating surface has been tripled, the larger contour head comfortably angled for reaching neck and back. The replaceable interior infrared bulb is now 10w, giving 45% more heat. The new Infralux relieves muscular aches and pains, sinus headaches, arthritis, bursitus, backache, neuralgia. Reaches deeper than heating pads or hot water bottles. Dialates blood vessels, increases cell metabolism, soothes irritated nerves. UL-listed. **$39.00** ($3.95) #A1524.

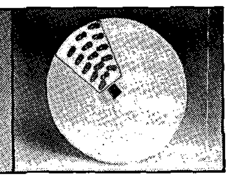


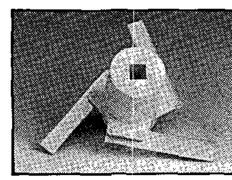
THE FUNDAMENTAL FOOD PROCESSOR

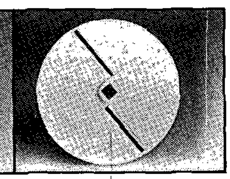
The convenience and compactness of this non-electric hand food processor impresses even the most accomplished cook. You'll quickly see why it's called *The Handy*. The Handy doesn't take up a lot of counterspace, like its hefty electrified cousins. It doesn't intimidate people with the velocity of its whirling blades. It isn't a hassle to wash. It stores readily in a minimum of space. Yet — and here's the best part — it does the same basic things that a full-size processor does at a very down sized price. Slices beautifully, evenly, thinly. Minces onions, garlic, vegetables for stuffing. Mixes and whips eggs, cream, and dressings. Shreds cheese, potatoes, cabbage. Easy turn crank handle gives direct control of speed and consistency. Suction lock holds base to countertop. Four-cup capacity work bowl, extralarge input chute with pusher. Comes with four blades for mincing, slicing, grating and whipping. Made of tough high impact plastic with metal shafts and blade edges. **$29.00** ($5.95) #A1521. The Handy is especially handy for second homes, crowded apartments, campers, and anyone who appreciates convenience.



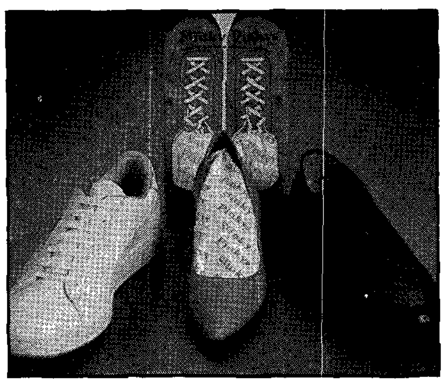




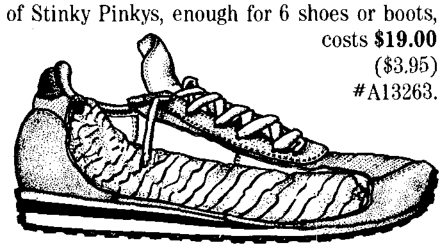




STINKY PINKYS

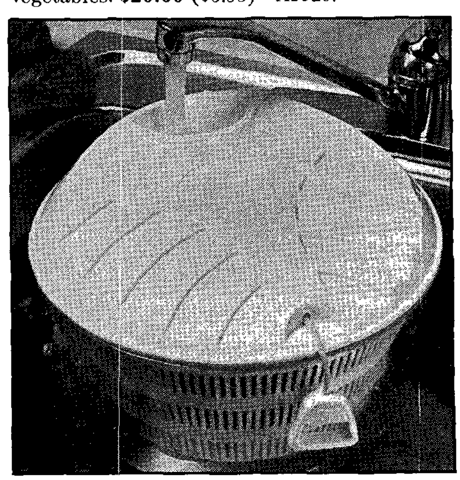


Fortunately, human anatomy is arranged so the nose and the feet are separated by the greatest possible distance. Even so, the twain do occasionally meet — and the nose is usually not delighted to know of the foot's exertions. Now just put a Stinky Pinky "sock" in each shoe and overnight odor is gone, absorbed by the special blend of all-natural earth materials. Works in running shoes, sneakers, boots, leather shoes, anything that goes on your feet. And keeps on working, too — just put Stinky Pinkys out in the sun for a day every three months or so to restore their odor-catching ability. Three pairs of Stinky Pinkys, enough for 6 shoes or boots, costs **$19.00** ($3.95) #A13263.



SPIN WASH, SPIN DRY

The Jet Spin Washer/Dryer for salad greens and vegetables does a better job with a minimum of effort in less time than any other method of preparation. As the stream of water hits the spinning inner basket, it bursts into spray, giving the contents a good drenching before being carried off by centrifugal action. Flywheel action keeps basket spinning easily. Turn off the faucet and with a few more tugs the remaining water spins away, leaving you with crisp clean salad greens, so dry they are positively perky. Also works for fruits and vegetables. **$20.00** ($3.95) #A1520.



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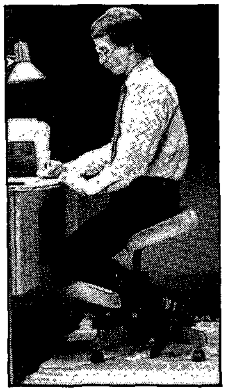

Backless "Back" Chairs have solved the age-old problem of proper seating, aligning the body on its natural axis so that sitting does not stress spine or back muscles. The redistribution of body weight is dramatically more freeing, natural, comfortable. But until now you had to give up mobility to sit this intelligently — these chairs were unidirectional and if you needed to change orientation you had the awkwardness of moving the whole chair. Finally it swivels! In its brand-new swivel incarnation, the Back Chair is suited for use at any work station, desk or table. The reinforced oak 4-star base has commercial-quality dual-track casters for easy manueverability over carpets or floors. Effortless swivel action. Manual height adjustment. Gray poly-cotton fabric over plush cushion. This is a new twist on a good idea and until you use it you don't know how relaxed and productive you can be sitting down. The price is a nice turn too, only **$69.00** ($11.95) #EVA1337. Minimal assembly.

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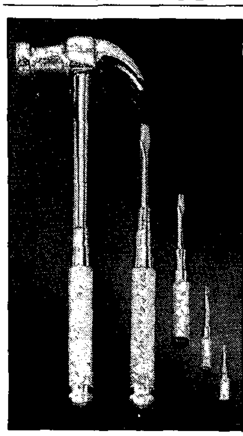
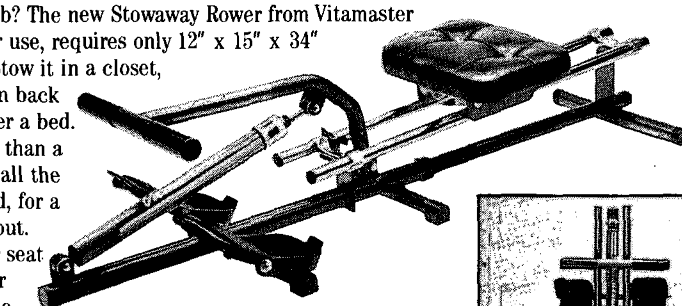
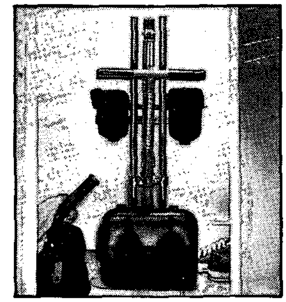


Hammer and screwdriver are civilized man's most indispensable tools. The problem is how to assure their availability in all those daily circumstances when we need such tools of persuasion. The 6-in-1 hammer is perfect for pocketbook, briefcase, office drawer, car glove compartment, dorm room — anyplace where you would be glad to have tools but don't have a toolbox. It's only 8" long, and weighs under 8 oz. Includes claw hammer head, 4 sizes of screwdrivers nesting inside handle. Knurled solid brass handles, tempered steel blades. **$9.00** ($2.95) #A1517. It's a great way to begin a tool collection.

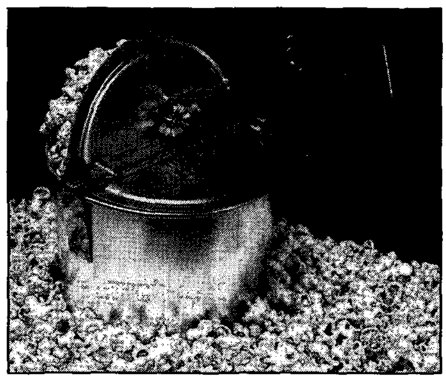
STOWAWAY ROWER



Rowers require elbow room. But when the workout is over, why have your home looking like a health club? The new Stowaway Rower from Vitamaster slides shut after use, requires only 12" x 15" x 34" storage space. Stow it in a closet, behind a door, in back of a couch, under a bed. Takes less room than a suitcase, packs all the quality you need, for a first-class workout. Padded contour seat with nylon roller riding on chrome rails for comfortable quiet rowing action. Single rowing arm with hydraulic tension resistance, 12 dial-adjustable settings, from ladylike to linebacker strength. Hefty tubular steel construction. No-Mar foot pads protect floor or carpets. Fits nicely in a budget, too, only **$99.00** ($11.95) #VMA1522.



GOURMET POPCORN WITH OR WITHOUT FLAVORS



Most electric and hot-air poppers "puff" the corn more than they "pop" it, leaving it tough with hard centers. This flat-bottomed stove-top popper reaches 475° (electric poppers typically operate at 350°) and pops full in two minutes with 4 quarts of the best popcorn you ever tasted. Stirring paddle with through-the-handle crank virtually eliminates burnt or unpopped kernels. Wooden handle for safe grip, two dump lids. Pop without oil for delicious diet popcorn, 325 calories per giant bowl. Produce tender, fluffy, old fashioned movie theater popcorn, **$25.00** ($3.95) #A1503. For taste-tempting flavored popcorn, a selection of 3 gourmet flavors — raspberry, praline and caramel — enough for 6 more gallons of popcorn, costs **$10.00** ($1.95) #A15043.

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We tried White Wizard cleaner on a rug stain of several months' standing. The rug came clean. We tried it on the grass-stained knees of the kids' blue jeans. They came clean. We tried it on a necktie gravy stain. It came clean. Now it is the first thing we reach for when confronted with a grease, oil, blood, ink, berry, fruit juice, lipstick, coffee, tea, smoke or pet stain. We have found White Wizard exceedingly mild-mannered — odorless, neutral Ph, non-abrasive, biodegradable, compounded of 9 non-toxic quality chemicals. This product has been well-known in England for years, but is just now coming to the American consumer market. 2 10-oz. tubs of White Wizard for **$14.00** ($2.95) #A14302.

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trends

looks like education in the United States is in for much-needed changes.

Now, the Sun Never Sets on the Russian Empire

More and more people are coming to realize that the Soviet Union, despite its revolutionary rhetoric, is a classic imperialist power. During the 1960s and '70s, when "imperialism" explained every action of developed Western nations and every problem in undeveloped former colonies, the Soviet Union was exempted from the paradigm, even as its sphere of influence continued to spread. Now, that's changing.

Seeing the USSR as an empire, argues REASON contributor Jack Wheeler, would make it possible for the US government to devise a less-militaristic foreign policy. And it sheds light on the various instances around the world where insurgents are fighting Soviet-backed governments—together, says Wheeler, they might be called "the second stage of post–World War II anticolonialism." Since he developed these points in a series of articles in REASON, beginning with "How to Dismantle the Soviet Empire" (Nov. 1983), a number of respected journals of opinion have adopted this way of looking at the USSR and various hot spots around the world. And now a fascinating article in *Science* by Charles Wolf, Jr., dean of the Rand Graduate School, attempts to estimate the economic cost to the Soviet Union of maintaining its empire.

Wolf follows Wheeler in pointing out that there are not one but three distinct Soviet empires—the empire at home (the Ukraine, Georgia, and the 12 other subjugated socialist republics), the empire of contiguous satellite states (Hungary, Rumania, Poland, Afghanistan, etc.), and the USSR's far-flung network of alliances and client states in the Third World (Cuba, Angola, Mozambique, etc.). In determining the cost of the Soviet Empire, Wolf ignores the empire at home, which is largely a product of czarist expansionism, and concentrates on the latter two.

Wolf leaves aside most Soviet military spending and calculates the cost of empire as the sum of six components: trade subsidies,

global trends

The Tide Turns in Bangladesh

DHAKA—When Bangladesh won its independence in 1971, the new socialist regime nationalized virtually all industrial enterprises and financial institutions. Unfortunately (or fortunately?), corruption and gross mismanagement devastated the economy to such an extent that nationalization soon became a dirty word to all. The socialist regime was overthrown in 1975, and succeeding governments have proceeded to liberalize the economy.

The critical year was 1982, when far-reaching reforms, including widespread privatization, were implemented under a "New Industrial Policy." In the first year after enactment of this bold initiative, industrial output grew by 5.7 percent—quite a jump from the paltry 0.3 percent of the previous year.

The freer markets have worked wonders here, as REASON readers would expect. The ailing cotton-spinning mills were returned to their prenationalization owners. Each is now making a profit *and* selling yarn at a lower price than in the government-owned days. A whole new apparel industry employing hundreds of thousands of workers sprang up soon after private initiative was encouraged. Private profit-seekers have spawned a bustling engineering industry. Industries as diverse as jute twine and shrimp canning were started and grew to major volume. Exports of tea, tobacco, and hides have jumped severalfold.

The stock exchange has been rejuvenated, just a few years after the socialist government had decided to abolish it. New shares are floated all the time. And it's not the big dirty capitalists who buy them up—it's mostly small savers.

A plan to denationalize all but one bank and to permit private insurance and investment companies was announced in 1985. Pursuant to that announcement, two government banks have been sold off and several new banks and insurance and investment companies have sprouted in the private sector. Even the railways and electricity boards—government monoliths for centuries—are being privatized to root out inefficiencies.

The lesson from Bangladesh's first 15 years of independence is clear—capitalism is appropriate for poor countries as well as rich ones. This Third World country is finding the free-market model more attractive than totalitarianism.

—Tahsin Alam

Latin American Planners Finally Notice the Market

SANTIAGO, CHILE—The United Nations Economic Committee for Latin America and the Caribbean (UNECLAC), one of the most influential bodies shaping economic thought and policy south of the border, recently offered some unexpected criticism of its own long-standing pro-state politics.

For over three decades UNECLAC consistently promoted the view that the state alone should shape the economic structure of Latin American countries. The committee sponsored economists and public policy papers that were strongly interventionist, if not socialist or Marxist. Many UNECLAC scholars taught at major Latin American universities and occupied important government positions, which explains in part why successive changes of government and military coups have essentially failed to change the sequence of political events.

UNECLAC is thus probably the world's most successful disseminator of so-called development economics. This school of assorted interventionist theories holds that free markets may be appropriate for developed nations but are inappropriate

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economic aid, military aid, export credits, covert and related activities above and beyond domestic repression, and the incremental costs incurred by the USSR's involvement in Afghanistan. Calculated in constant 1980 rubles, he finds, the cost has increased from 8.6 billion rubles in 1971 to 21.3 billion in 1976 to 42.2 billion in 1980, for an average annual growth rate of 16.3 percent. Over that same period, the ratio of this cost to the Soviet gross national product shot up from 1.7 percent in 1971 to 6.6 percent in 1980.

What does this all mean? Well, for one thing, that Soviet rulers are willing to spend many billions of rubles to maintain their empire. As Wolf observes, "the maintenance and continued momentum of the Soviet empire probably registers as one of the highest priority claimants on scarce resources, perhaps only second to the top priority claim represented by the demands of the Soviet military."

Whether economic difficulties—the Soviet economy has been stagnant for years—will force Soviet decisionmakers to some day reduce empire costs in order to keep consumers mollified remains to be seen. What's worth noting is that respected scholars like Wolf are dissecting the largest empire in the world, and academics, foreign-policy analysts, and journalists are coming to see the Soviet Union for what it is.

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for poor countries, where underdevelopment renders economic agents unresponsive to world prices.

Now, however, UNECLAC is offering sober criticism of the state's role in the economy and welcoming greater participation by private enterprises in the development of Latin America. In one of the basic documents guiding the discussions of 100 Latin American economists and sociologists who met last year in Santiago, Chile, the committee declared that neither the state nor private enterprise alone can guarantee smooth and effective economic development. The last two decades, said UNECLAC, have shown that the institution's former position—that the *governments* of Latin America should be the sole engine of economic progress—was mistaken.

The committee now recognizes three political-economic strategies for achieving progress. In the first, the decisive agents are privately owned companies, especially the most dynamic and productive ones. The main task of government is to guarantee the functioning of the market, which is more efficient in allocating resources. The second strategy accepts government action as a decisive factor in resource allocation and income distribution. Private enterprise operates but does not have a dominant position in the economy. The third strategy integrates the most dynamic private enterprises with the state, as in the second, but extends participation in economic decisionmaking to labor unions, small businesses, and social groups. From this integration, rational criteria for development policies would emerge.

The latter strategy clearly retains the elusive goal of "economic democracy" via some modified form of planning. And UNECLAC will likely embrace this formula; ideas die hard. Nevertheless, the official advancement of formerly heretical views signals a shift toward free-market thinking that's occurring all over Latin America.

—José Italo Stelle

Bringing Property Rights Back to the Land of the Free

In the past six years, the Supreme Court has heard three cases resting on the Fifth Amendment to the Constitution, which bars governments from taking private property for public use unless the owner is compensated. At issue is whether local governments must compensate owners when the taking is indirect—as with land-use regulations that deny the owners' desired uses. Each case was dismissed on technical grounds, but with increasing signs that the Court is inclined to decide in favor of individuals' property rights. Now a fourth case has reached the Court, and observers say that this one may succeed in reversing the country's 50-year trend away from property rights.

The case involves three landowners in Davis, California. For eleven years they've tried to develop their 44-acre tract of land—but the local government won't let them. Back in 1975, the owners asked Yolo County to approve a subdivision for single-family homes. Even though the land was zoned for residential use, the county objected to the development proposal, claiming it was inconsistent with the county's plan for "sound and orderly" growth. The owners took the matter to court, arguing that the regulations were being enforced at their expense. They lost their case in the California courts, but the US Supreme Court has agreed to hear the case this term.

County officials assert their right to plan development and control growth and deny any constitutional wrongdoing. Environmentalists support this contention, but political columnist Dan Walters reminds us of the "darker side" of their argument. "Although no- or slow-growth activists wrap themselves in the cloak of environmental protection," he wrote in a recent column, "the use of land-use controls to stop development also creates racially and economically exclusive communities in which only those of a particular social class can afford to live."

There are other signs that a dramatic shift in regard for property rights is under way. Last fall, Harvard University Press published a hard-hitting book by University of Chicago law professor Richard A. Epstein, *Takings: Private Property and the Power of Eminent Domain.* (See Spotlight, page 43.) Allowing the government to take property without compensation makes private property subject to virtually any special-interest demand, notes Epstein. "Private property once may have been conceived as a barrier to government power, but today that barrier is easily overcome, almost for the asking." The remedy, he suggests, is a strict application of the Fifth Amendment.

If the Supreme Court agrees in the Davis case, notes columnist Walters, "it would dramatically alter the politics of land use . . . throughout the nation."

—Robert W. Poole, Jr., Lucy Braun, Bill Kauffman, and Eric Martí

Reagan's Smutstompers

The folks who pledged to get government off our backs want to control what you watch on your VCR and read in your bedroom.

Filthy literature . . . is creating criminals faster than jails can be built.

—J. Edgar Hoover, 1970

J. Edgar Hoover died in 1972, but his ghost still haunts the Justice Department.

Attorney General Edwin Meese III has resumed the war on civil liberties abandoned after Hoover's death. Not since Hoover's time has an Attorney General denied, as Meese did during an interview with *U.S. News & World Report*, that criminal suspects should be presumed innocent because "if a person is innocent of a crime, then he is not a suspect."

A particulary pernicious part of the Justice Department's war on liberty is its campaign against "pornography"—which term it strategically uses to condemn everything from soft-erotica to violent S&M flicks. In this assault, the Reagan administration has chosen to undermine the most sacred right of a free people: the right to see and read what we like, unhindered by the whims of obscure regulators.

The Reagan administration has chosen a motley bunch as its shock troops against smut. Headed by Alfred Regnery, son of America's leading conservative publisher, Meese's smutstompers include not only seasoned veterans of right-wing trench warfare, but also radical feminists whose views are normally abhorred by the hard right. But though the crew may be motley, they share a common theme: a willingness to despise pornography with your tax dollars.

Even prior to Meese, the order of battle in the government's smut war was already formidable. Between September 1978 and March 1985, the FBI launched 2,484 investigations into pornography,

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Martin Morse Wooster