on which politicians still pass antimarket measures, they are moving away from government regulation and toward markets.

Some assert that a changing income and wealth distribution will produce a populist response from voters, but that economic shift has been going on for more than a dozen years and has produced no perceptible change in that direction in all that time: as much proof as the political process ever gives us that it won't in the future.

In legislatures, in political campaigns, on city councils, and on county boards of supervisors, the burden of proof is now increasingly on those who would propose public spending programs and government regulation. That is likely to continue to be the case, regardless of who is elected, regardless of partisan tides, so long as market-oriented policies are seen to produce good results.

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LIBERTY ASCENDANT

The Global View

BY PAUL CRAIG ROBERTS

In the postwar period a small force of champions of economic liberty avoided demoralization by university faculties and public policy. Unheralded and isolated, they stuck to their guns. In the 1980s public policy changed in their direction. The United States and the United Kingdom dramatically reduced tax rates; the United Kingdom and France privatized; regulation and socialist approaches to welfare lost their luster. The political rhetoric also changed, and speeches by Ronald Reagan and Margaret Thatcher influenced the entire world.

After this heady experience, many feel that we have lost the policy initiative. Indeed, the nihilists of the American political establishment, who believe in nothing but their own careers, are an uninspiring lot. Our enemies among the journalists do their best to demoralize us with their mendacity, lies, and attempts to convince the population that Reaganomics was all a mistake. But no one believes them. The basic policies have not been overturned, and there is no public support for going back to socialism.

Despite the journalistic hype of "the widening income gap" and "the rich get richer," there is no public support for raising marginal tax rates. Surveys show that the public has lost faith in egalitarianism to such an extent that the *Washington Post*, probably the nation's most important advocate of egalitarianism, ran a front-page article on April 30 reporting that Americans do not share the egalitarian social vision. Only 29 percent of Americans see redistribution of income as a government responsibility. Americans are so turned off by government that it is impossible to get a majority to vote.

THERE IS ALMOST NO POPULAR SUPPORT FOR SOCIALISM. EVEN MIKHAIL GORBACHEV EMBRACES THE IDEA OF A MARKET ECONOMY.

Ironically, the American free-market movement has been weakened by its success, not by its failure. The postwar champions of economic liberty have personally lost the initiative because their ideas have been accepted and the initiative has moved into wider hands. Indeed, there is no other initiative today in Eastern Europe, the Soviet Union, Latin America, China, and even much of Africa. We feel less important, and are, because others have taken up our causes.

The gospel of free markets has even won converts within the Kremlin. On February 5, the Soviet foreign minister, Eduard Shevardnadze, declared that communism "has been destroyed by the will of people who wished no longer to tolerate coercion." Two days later marked a turning point in world history. The Communist Party repudiated Article Six of the Soviet Constitution and stripped itself of its monopoly of power. The same party conference endorsed the principle of private property.

Not long thereafter, Mikhail Gorbachev, with Margaret Thatcher sitting beside him nodding in approval, told a live televised news conference in Moscow that the creation of a market economy in the Soviet Union was essential. Accused of abandoning socialism, Gorbachev replied that the market economy, unlike socialism, "is an invention of civilization."

There are still battles to be fought. Advocates of big government continue to press their agenda on behalf of "the handicapped" and "the environment." But when the head of the Communist Party of the Soviet Union dismisses socialism as an ideology of intellectuals and embraces the market as the historical invention of civilization, the war is almost over.

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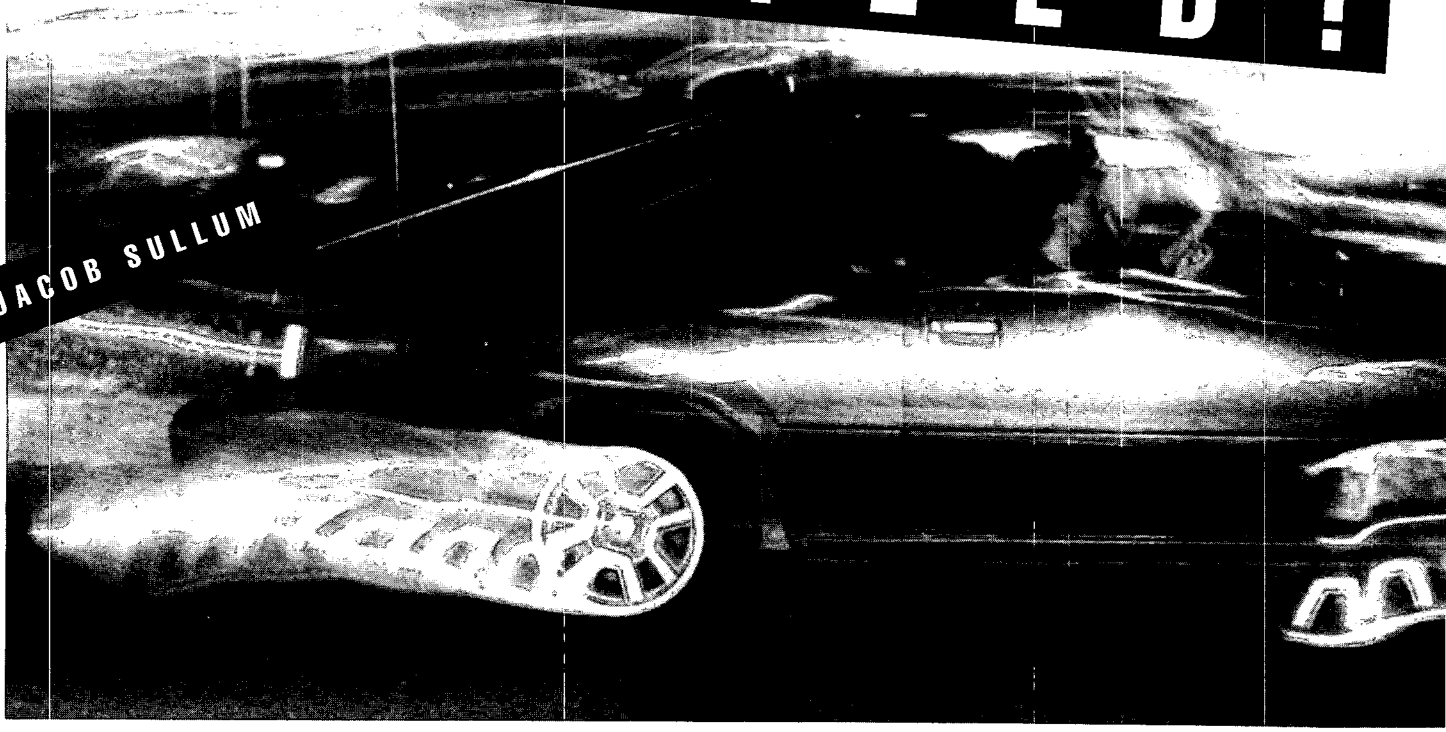
TOTALED!

BY JACOB SULLUM



Conway Collis knew his audience when he announced that he was running for California insurance commissioner last March. "If I'm elected commissioner, I'm not going to be fair to the insurance industry," declared Collis, who was later praised by Ralph Nader and endorsed by Harvey Rosenfield, the man behind Proposition 103. "I'm not going to be reasonable. I'm not going to be even-handed. I'm going to break their backs. I'm going to be their worst nightmare come true."

Although he lost the contest for the Democratic nomination, Collis's remarks revealed as much about the public mood in California as they did about his own attitudes. In a state where virtually every driver has a car-related horror story to tell, the insurance industry is not very popular. Demagogues such as Collis paint insurers as both greedy and inefficient, crooks who provide poor service and charge outrageous prices for it. They find receptive listeners among urban drivers who pay upwards of $1,200 a year for insurance.

A combination of factors is pushing up the price of car insurance in California and elsewhere, including increases in traffic congestion, car thefts, litigiousness, damage awards, and legal, medical, and car-repair costs (all three of which are rising faster than the rate of inflation). But frustration over escalating premiums, particularly in highly urbanized states, has focused on insurers. It is feeding a drive for greater regulation of the car-insurance industry, epitomized by California's draconian Proposition 103.

This Naderite initiative, approved by the voters in November 1988 but still entangled in litigation, seeks to impose rate rollbacks of more than 20 percent; forbid insurers to set prices according to risk; require insurers to obtain state permission for rate changes; and force companies to continue serving current policyholders indefinitely. It would transform one of the freest auto-insurance markets in the nation into a command-and-control system in which political forces prevail over the choices of consumers.

Proposition 103 has already spawned rollback measures in other states. "What's going on is a movement from markets to a regulated system," says University of Chicago law professor Richard Epstein, who writes frequently on tort law and insurance and has represented Allstate Insurance Co. "The essence of all these bills is an effort to confiscate....The difference between unregulated and regulated rates is the difference between feast and famine."

The urge to *do something* about car insurance is understandable. In 1988, the average premium in California was $673, the fourth highest in the nation (behind Massachusetts, New Jersey, and Nevada). During the last 20 years auto-insurance rates nationwide have climbed by an average of 7.7 percent a year, compared to an overall inflation rate of 6.3 percent a year.

A handful of jurisdictions have seen dramatic increases. Between 1982 and 1988, for example, average premiums jumped 135 percent in Arkansas, 130 percent in the District of Columbia, 119 percent in Massachusetts, and 111 percent in North Carolina. Premiums are especially steep in high-risk,