

**Benn Steil, 'The New Rules of Trade',
National Review, 18 April, 1994.**

Acronyms of free trade abound, with associated organisations and agreements – GATT, NAFTA, APEC – but free trade is giving way to 'fair' trade. Fair trade calls for elaborate rules to protect all parties from exploitation. Steil examines social dumping, environmental dumping, services dumping and cultural dumping. He fears that these problems have really been invented to keep protection alive and well. Social dumping occurs when goods from low-wage countries threaten local products, and EC countries have invoked the 'Community Charter of the Fundamental Rights of Workers' in response. Jacques Delors is so impressed with the protectionist potential of universal social rights that he is now pushing for a global social contract. Today Europe, tomorrow the world.

Environmental dumping occurs when foreign goods are produced in ways that offend environmentalists, such as purse-seine netting for tuna by Mexican fishermen. US fishermen dislike cheap imported tuna and so they join forces with environmentalists to argue that low environmental standards are equivalent to export subsidies and so call for retaliatory duties to keep the playing field level. Services dumping may be invoked when foreign competitors are claimed to be deficient in prudential regulation. An example of a response to this situation is the 1988 Basle Committee Accord on capital adequacy standards for G-10 banks, requiring minimum levels of capital for banks to maintain as a buffer against bad debts. Countries with low bank capital/assets ratios were supposed to be engaged in 'financial services dumping'. As for cultural dumping, the French are traditional leaders in the battle to save their cultural integrity (note the reaction to 'Eurodisney' near Paris). Steil's melancholy conclusion is that free trade has peaked and the new forms of protection will ensure that the journey from here will be downhill all the way.

**Stanley C. Brubaker, 'In Praise of Censorship',
The Public Interest, Winter 1994.**

The outgoing chief of the National Endowment for the Arts received a standing ovation from journalists and academics when he sounded a warning against 'an eclipse of the soul' under forces of darkness in the land akin to those which sustained fascism in Germany. These forces of darkness are manifest in objections to public funding for art works such as Serrano's crucifix immersed in urine or Karen Finley's smearing of her nude body in symbolic excrement.

Brubaker explores various schools of thought on the desirable relationship between the state and the state of our souls. How much is the state entitled to provide 'higher things' such as works of art, and how much is it entitled (or obligated) to undertake 'negative' tasks such as censorship to limit access to 'lower things.' He makes

a case for moderate censorship and support for the arts.

'The federal government should encourage the arts as an expression of what is noblest in people's lives. Liberalism remains suspicious of such a goal, but the republican element in our constitutional scheme, if strong enough to curb vice through the law of obscenity, surely is strong enough to encourage virtue through the gentle persuasion of noble example.'

Surely an optimistic view in the light of the performance of public arts funding bodies. His case for public support is not developed beyond a reference to the 'expansive' strand of the American federal tradition and the 'public good' case for government provision of things that might not be provided in the marketplace. Unfortunately he does not seriously examine the market liberal case against state provision of 'public goods'.

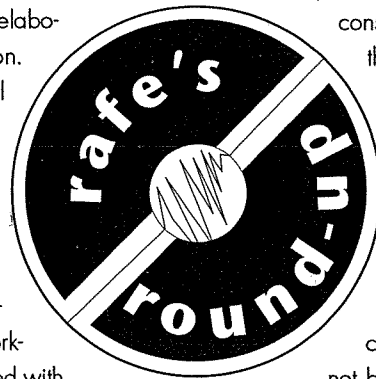
**Dana Mack, 'Are Parents Bad for Children?',
Commentary, March 1994.**

Mack opens a chamber of horrors which some of us would probably rather not know about. She scans some books in the recent genre of parent bashing, including Susan Forward's *Toxic Parents* (1989) which catalogues a wide range of abusive parenting practices from incest to occasional moralizing, from life-threatening beatings to demanding that children attend Christmas dinner. Claudette Wassil-Grimm's *How to Avoid your Parents' Mistakes When You Raise Your Children* (1990) casts her net even wider. Apparently children can be ruined not only by parental delinquency in fairly extreme forms such as alcoholism but also by 'parental overworking', 'overeating', 'overspending', 'moodiness', 'illness' and even 'death'.

This is all music to the ears of radicals reared on the corruption and decadence of bourgeoisie family life. It has also created a bottomless pit of needs for therapy, not to mention a market for more books of the same kind, and state programs to make the little ones whole again. These programs instruct children in the delicate subjects of pedophilia, alcoholism, drug addiction, and other dangerous negative propensities of adults – and this introduction to the big, bad world of grown-ups begins in kindergarten.'

As a partial corrective to the hysteria Mack deploys some statistics to challenge the notion that there has been an epidemic of child abuse. Reports have soared but less than 40 per cent are substantiated. Of the genuine cases, less than 20 per cent are physically dangerous and less than 3 per cent call for medical attention. This is admittedly unsettling, even without inflation of the figures, but it is clear from other evidence that neglect of children is a much larger problem than is child abuse. Here Mack points the finger at the baby-boom generation whose self-indulgent lifestyles are facilitated by a theory that conventional, time-consuming, caring parenthood is really a cover for diverse forms of psychic abuse.

Rafe Champion



**Robert Wright, 'Feminists, Meet Mr Darwin',
The New Republic, 28 November 1994.**

Robert Wright argues that the science of evolutionary psychology has much to offer in the debate about sexual equality.

'Feminists are right to sense that culture matters; we are a pretty plastic species. Still, many of the differences between men and women are more stubborn than most feminists would like, and complicate the quest for – even the definition of – social equality between the sexes'.

He notes the attempts by some feminists to destroy the 'myth of the coy female' by drawing upon species such as the seahorse where the female appears to be more sexually adventurous and less selective than the male. The point about such behaviour is that evolutionary psychology is not mocked, rather the reversed pattern of promiscuity reflects a reversal in the responsibility for nurturing the young as well.

Wright notes that some feminists, the 'difference feminists' tend to stress ways women are good and radical feminists prefer to stress ways that men are bad. Neither are very interested in ways that women are bad or men are good. He suggests that feminists such as Andrea Dworkin, who take a very dim view of male motivation, could even find some support in the ideas of evolutionary psychology.

'Plainly, the resonance between radical feminism and Darwinism isn't just that the former's implicit depiction of female vulnerabilities is explicit in the latter. Darwinism also depicts men as something like the animals that MacKinnon and Dworkin say they are. Human males are by nature oppressive, possessive, flesh-obsessed pigs. They are not beyond cultural improvement...Still, MacKinnon and Dworkin are probably right to suggest that the current cultural climate does a lackluster job of improving men.'

**Rick Henderson, 'Retirement Wrangle', Reason,
November 1994.**

Like Australia, policy planners in the USA are contemplating the exploding health and welfare expenditures which are projected as the post-war baby boomers carry their increased life expectancy into the next century. Over there, much of this spending is mandated. In 1963, three quarters of federal expenditure was discretionary (not mandated), now half goes to Social Security, Medicare, Medicaid, federal pensions and interest on the debt. In ten years, nearly three quarters of the budget will be automatically absorbed before any discretionary spending can be contemplated.

The national savings rate is declining and with 15% of the population aged over 65 pensions and age benefits are politically untouchable. One of the measures proposed by a Bipartisan Commission on Entitlement and Tax Reform is a gradual increase in the retirement age. This follows the lead of Niskanen and

Moore at the Cato Institute who proposed an increase of two months per year indefinitely. The initial impact is small but the cumulative effect over some years amounts to hundreds of billions of dollars.

Most of the commissioners are determined not to rock the boat and an early statement was issued to the effect that net increases in taxes would not be part of any plan put forward. A clear ideological divide appeared between those who urged an assault on middle-class tax advantages (home mortgage and business-expense tax deductions) and others who want to 'End the fantasy that individuals and groups of Americans have a right to the income of others'.

Little more than tinkering is expected. A commentator noted that 'We have two political parties – one that's for expanding the state and one that passionately defends the existing statism but wants no more.'

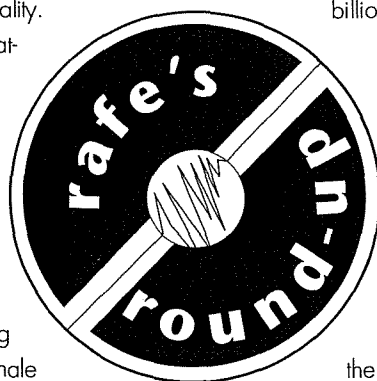
**Radek Sikorski, 'Animal Farm Revisited',
The Spectator, 21 January 1995.**

Radek Sikorski officially became a Polish peasant by adding 30 acres to the grounds of a house purchased some time ago. Three years of tortured negotiations were required with local officials until the final mock auction was concluded in five minutes (he was the only bidder present). 'Bureaucrats in the former communist world are like guard dogs at Siberian concentration camps who, after the camps closed, continued to chase people who tried to move about the countryside'.

The largest landholder in his district was previously the collective farm manager responsible for some 3,000 acres of farmlands which once belonged to two old estates. A loyal party member of the old regime, he had an anxious time for a while, then set up a company with some of his former farmhands. He is the majority shareholder and enjoys being called *Pan Prezes*, Mr Chairman. Under the privatisation plan he leases the farms whose value has doubled in a year or so. He employs 15 men in place of the 130 on the collective farm.

Savouring a glass of Mr Sikorski's whisky *Pan Prezes* complained about the weather and interest rates, as farmers do, also about the laziness of the workers, their ignorance and the way they no longer show him the respect that they did. When he left, Sikorski reached for Orwell's *Animal Farm* and found the description of the pigs who took over the farm and assumed all the arrogant and overbearing manners of the humans they had chased out. Sikorski reflected that the main effect of the communist revolution was to allow the *Pan Prezes* of Eastern Europe to move from peasant hovels to the manor house. 'It would have been less cruel and cheaper to have accomplished it the English way, with death duties and income taxes.'

Rafe Champion



Jon Meacham, 'The Truth About Twentysomethings', *The Washington Monthly*, January /February 1995.

Some healthy aspects of classical liberal thought are alive and well among educated young people in the US. Meacham himself is distressed by the prevalence of anti-government prejudice amongst articulate young people, a prejudice shared by right and left leaning twentysomethings. On some surveys over three quarters of people aged 18 to 24 disagree with the statement 'Government can generally be trusted to look after our interests.'

Meacham deplores the selection of issues by non-conservative activists. In place of programs to rebuild the inner cities or extract more tax from the affluent, they are obsessed with global warming, trees and the survival of the rare spotted owl. Invited to return to the roots of left-liberalism, to a concern for social justice and the poor they reply 'This is the planet we are talking about, man!'

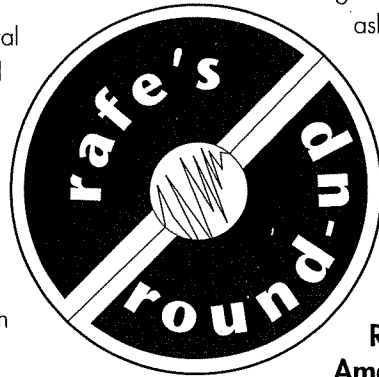
He places much blame with the upbeat liberal intellectualism which Adlai Stevenson brought into the Democratic Party. This marked the beginning of a retreat from 'lunch-bucket liberalism', a liberalism that spoke to the condition of blue collar workers. 'To be intelligent meant "understanding" criminals, looking down on family values, and being standoffish on patriotism. The result was a divided Democratic Party and a liberalism whose own snobbery made it unpopular.'

Peter F. Drucker, 'Really Reinventing Government', *The Atlantic Monthly*, February 1995.

'Now is the time to start, when polls show that less than a fifth of the American public trusts government to do anything right. Vice President Gore's "reinventing government" is an empty slogan so far.'

Some elements of the reinventing government program date back to the Eisenhower years. The usual reason offered for the failure of reform is resistance from the bureaucracy. However Drucker claims that many initiatives have support from staff in the organisations who actually have to deal with the world outside because they too are frustrated by red tape.

Unfortunately the usual procedure for reform is to set a target of cost reduction, perform some patching or spot-welding on an agency, then proceed to 'downsizing'. Patching generally does not work, and indiscriminate cutting of numbers tends to remove too many of the wrong people. In contrast Drucker urges a review of the need for the service, then a push to deliver it effectively, with cost-cutting as a likely by-product but not the initial aim. But what services are really needed?



Drucker claims that political theory, from Locke to the contemporary think tanks, has been hooked on processes, power and organisations. 'None deals with the substance. None asks what the proper functions of government might be and could be. None asks what results government should be held accountable for'. This sells short classical liberals who have written extensively on reducing the functions of government. Drucker hopes that rethinking along these lines will at least force people to ask the right questions, even if the answers remain elusive.

Robert D. Putnam, 'Bowling Alone: America's Declining Social Capital', *Journal of Democracy*, January 1995.

Social capital is defined, by analogy with aspects of physical and human capital which enhance productivity, as 'features of social organisation such as networks, norms and social trust that facilitate coordination and cooperation for mutual benefit'. Civic associations of various kinds are the most obvious (and measurable) forms of social capital, provided that the associations are of the appropriate kind (rule out the Ku Klux Klan).

Tocqueville picked out the American zest for civic associations as the key to the effectiveness of democracy in the young republic. Putnam charts the decline of many civic associations over recent decades – church groups, P&T bodies, labour unions, traditional women's groups, even bowling leagues (hence 'bowling alone' in the title of the piece). There are fewer volunteers for charities and for leadership of the Boy Scouts. Lions, Elks, Jaycees and Masons are losing numbers steadily. People visit neighbours less, are less trusting of others, and are opting out of politics, as shown in declining voter turnout.

Some traditional group affiliations have been replaced by others, such as environmental groups, women's groups and various kinds of counselling and support organisations. But many of these groups have a significant difference from the traditional ones: they are either concerned with lobbying government or they are propped up by it.

To balance his account, Putnam warns us against a dewy-eyed nostalgia for small-town society, for all its richness of small-group associations. Recent years have seen gains in tolerance of diversity and social mobility that most would be loath to abandon. Mancur Olson and others have noted the propensity for corruption as the downside of close-knit social economic and political organisations. Still, a vicious process is at work when government spending erodes the will and the capacity of people to form their own associations, for their own reasons, using their own resources.

Rafe Champion

Michael Lind, 'Why Intellectual Conservatism Died', *Dissent*, Winter 1995.

This is an alarmist and exaggerated tale of the collapse of intellectual and moral credibility of the conservative movement in the United States. According to Lind some of this is due to the corrupting effect of foundation money on the journals. At the policy level the cause of the collapse is the formation of vote-gathering coalitions with the religious right, the 'Moral Majority'. This is no doubt an example of the situation described by Hayek when genuine liberals, 'Old Whigs', are forced to form dangerous and even destructive alliances with groups which have very different agendas.

On the intellectual front 'free and frank debate within conservatism was made impossible by the dependence of the journals of the right on foundation money. One by one, every leading neoconservative publication or think tank over the past decade has come to depend on money from a few foundations – Olin, Smith-Richardson, Bradley, Scaife. This has promoted groupthink...'

'I had failed to realise just how corrupt the conservative leadership had become. I don't mean personally corrupt (though the leadership is full of secular Jews recommending Christianity for other people, closeted homosexuals condemning "alternative lifestyles" and divorcees and adulterers praising marriage and family life)...The corruption of the conservatives has involved the sacrifice of intellectual standards'.

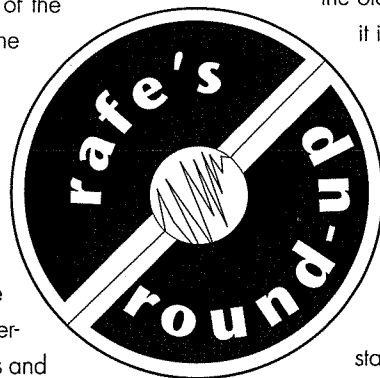
A lack of critical thinking and a lowering of standards prevented the conservative leadership from resisting the hijack of the Republican Party by the Protestant right. Indeed the intellectuals have been recruited into public relations to promote policies which are narrow, anti-intellectual, intolerant and essentially anti-democratic.

Greg Melleuish, 'Beyond the Australian Settlement: The Transformation of Identity and Political Culture', *Political Expressions* 1(1), 1995.

Melleuish has written an exciting paper, raising issues of vital concern which call for nationwide debate for many years to come.

He argues that a form of British/Australian culture was established early in the century (the 'Australian Settlement'), providing a framework for working (though often strained) relationships between major groups such as Catholics and Protestants and a distinctive Australian ethos (though not one that elicited universal support).

During the 1960s this pattern began to fall apart as various of its props gave way under the impact of changed family life, the declining influence of religion, the migrant presence, rising afflu-



ence, increased mobility and higher education. He claims that 'postmodern Australia' has emerged, 'a place of uncertainty where the old verities can no longer be taken for granted. But it is also a 'moment of possibility' that has not been offered to Australians for some four generations'.

He analyses three tendencies, one of which he describes as deregulation and privatisation in the cultural domain. He instances the retreat of censorship, liberalisation of trading hours, easy divorce, and the fact that a mature individual's sexuality is no longer a concern of most states. Strangely, he suggests that the retreat of the state has left a vacuum. Some of us have not noticed the retreat of the nanny state and Melleuish is well aware that some amongst us would destroy one set of imperatives only to replace them with another equally doctrinaire.

'Nevertheless in the cracks between the disciplinary state of modern Australia and the not yet established discipline of postmodern Australia, a "moment of possibility" exists during which a genuinely free social order may still emerge'.

Assar Lindbeck, 'Hazardous Welfare-State Dynamics', *AEA Papers and Proceedings*, May 1995.

This is a perplexing paper because it stops just when it becomes interesting. Lindbeck advocates a dynamic analysis of welfare state policies to capture the changes in incentives as people become familiar with the system. Such an analysis can detect vicious cycles of dependency and spiralling demands which he describes as 'hazardous dynamics'. Apparently in the past he has often described the modern welfare state as 'a triumph of western civilisation'. But he goes on to say 'If we do not watch out for hazardous dynamics there is a risk that the welfare state will destroy its own economic foundations. That risk is today a reality in several countries'.

Presumably Sweden is one of those countries and Lindbeck works in a Swedish research institute. What does he have to say about the state of the nation and the recent efforts made by a (relatively) conservative government to wind back the Swedish welfare state?

'To take an extreme example: in the early 1990s a large majority of the adult population in Sweden received practically their entire income from the public sector...Is this a "point of no return" for public-sector spending? Or is it possible to get the support of some tax-financed groups to cut the benefits for other groups?' Or will a severe economic crisis shock people into reform before the system collapses completely?

Unfortunately this is where Lindbeck's paper ends, just at the point of posing the questions which a study of recent Swedish experience should have illuminated.

Rafe Champion

Edward Luttwak, 'Does the Russian Mafia Deserve the Nobel Prize for Economics?' *London Review of Books*, 3 August 1995.

It is widely accepted that one of the major factors holding back economic progress in the Soviet bloc is the havoc wrought by organised crime and the Mafia. Standover tactics, arson, and theft are flourishing in the legal, moral and administrative vacuum created by the collapse of the old regime.

Luttwak offers a shocking and counter-intuitive view of the situation. He finds that some forms of criminal activity are quite acceptable, namely theft from state enterprises and black marketeering. Many libertarians have argued before that the black markets which spring up under price controls are simply real markets with a bad name attached. As for the positive side of theft, Luttwak points out that many state enterprises actually destroy the value of their inputs, so that any diversion of usable materials is desirable.

'Perfectly good Uzbek cotton which had real value was made into shirts so poorly cut and of such ugly colours that not even Soviet consumers would buy them. The same was true of leather, wool and synthetics, of wood and structural plastics, and all sorts of other inputs into Soviet light industry'. Cement and steel solidified or rusted respectively in open storage areas, farm machinery became unusable in a couple of years through lack of shelter and maintenance. The tiny private farm sector produced out of all proportion to its acreage using pilfered fertiliser and tools.

More dangerously, Luttwak argues that organised crime can act as a countervailing force to the remnants of the command economy and the unreconstructed communists who still run it. Gangs may undermine the monopoly positions enjoyed by state enterprises that have not been privatised, especially those which supply items such as gas, oil, coal and electricity. In one case a firm in a remote location faced a 500 per cent increase in gas prices, a rise which was dramatically reduced by calling in the Mafia to bargain on behalf of the firm. This kind of role has a major downside: according to Luttwak the war in Chechnya could have started as a struggle over pipeline fees between the Grozny Mafia and a Russian oil company with good Kremlin connections.

James Fallows, 'Why Americans Hate the Media', *The Atlantic Monthly*, February 1996.

Fallows explores how the media and its leading lights have distanced themselves from the sympathies and perspectives of ordinary people. One of his examples comes from a kind of 'hypotheticals' program on TV. Army officers were pressed on moral issues such as the use of torture to extract information to save some of their own men held hostage. The moderator turned to two

journalists and posed a hypothetical where they had the choice of breaking cover, at some personal risk, to warn their troops of an ambush or sitting still and safe 'to get the story'. One opted for the patriotic act but retracted when the other held to the strictly 'professional' line of story before country (and the lives of countrymen). This stance was met with stunned disbelief by the military men on the show and no doubt by most of the viewers. Given the glibness of the performance by the journalists, Fallows formed the opinion that the military had put more thought into the moral dilemmas of their trade than had the men of the press.

Another example was the reception of Clinton's 1995 State of the Union address, a long, detailed and earnest effort, in contrast to the promise of something punchy and thematic. It was met with a tidal wave of media criticism, starting with the immediate TV comments and spreading into the print media during the following days. In contrast, polls of the public showed a highly favourable response; many people had discovered where Clinton was trying to go, and they appreciated his efforts to accentuate the positive and his earnestly articulated desire to work for the public good. These positive qualities of the speech had been invisible to the commentators.

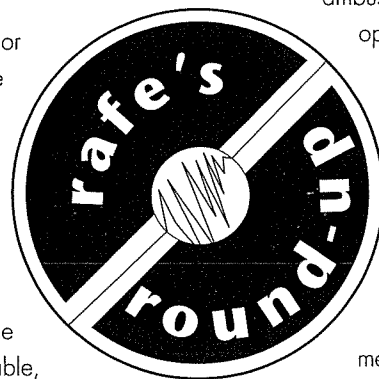
Suri Ratnapala, 'Administrative Regulation in Australia: Its Social, Political and Economic Costs', *IPA Backgrounder*, February 1996 (Volume 8, Number 1).

The author claims that the volume of legislation and supplementary regulations (delegated to officials and not subjected to Parliamentary scrutiny) reflects a society in a stage of constitutional decay. The torrent issues forth from the Commonwealth government, the States, and local authorities. The sheer volume of law and the frequent changes render most people overly dependent on lawyers for advice.

In addition, the outcomes of bureaucratic regulation are often unpredictable and perverse. This is especially the case when exemptions or modifications are allowed to cater for special interests. Typically the reaction to a perverse outcome is not to repeal the regulation but to pile additional regulations upon it for 'fine-tuning'. One outcome is assured – the community and especially the small business sector carries heavy costs.

Ratnapala suggests that the government should send a reference to the Industry Commission to assess the full costs of administrative regulation to the country at large. At the same time, the constitutional roots of the problem need to be explained so that possible solutions can be discussed as a part of the debate on the republic.

Rafe Champion



Amity Shlaes, 'Doom, Gloom and the Middle Class', *Commentary*, February 1996.

Shlaes examines some books which rage over the supposed disappearance of the middle classes as the economy stagnates and society polarises between the very rich and the poor. *The End of Affluence* argues that economic growth has ceased in the US for lack of an industrial policy. *America Unequal* is even more pessimistic because its authors hold that not even economic growth would help the poor. They want billions to be spent on workfare. However a book by Robert J. Samuelson 'shows the extent to which Thomas Jefferson's nation of yeomen has become a land of perpetual dependents ... fully 51 per cent of our families receive some form of federal payment'.

Welfare payments and perhaps other forms of 'black' income are so substantial that 'Americans in the bottom quintile spend just about twice the income they officially report. Thus, some 60 per cent of America's poor own VCRs compared with 39 per cent of Danes and 35 per cent of the French'. For this reason, claims about inequalities based on income figures will be wide of the mark.

Shlaes claims that the advocates of intervention have chosen the wrong targets for their concern. The real problems are overregulation, also the challenge of technology and the need to anchor inflation. The interventionists love 1973 as a golden year for wage growth, but Shlaes points out that this wage surge set off an inflationary spiral which sent property and other prices out of reach of huge numbers of low wage earners.

Malcolm Gladwell, 'The Tipping Point', *The New Yorker*, 3 June 1996.

Gladwell is concerned to account for the remarkable reduction in crime figures in New York. 'Homicides are now at the level of the early 70s, nearly half of what they were in 1990...On the streets [of the poorest areas] it is possible to see signs of everyday life that would have been unthinkable in the early nineties'. He suggests that two concepts may explain this situation; the 'tipping point' for the spread of disease and the 'broken window' phenomenon as a cause of antisocial behaviour.

A tipping point is a critical level of some activity, whether the spread of a disease, the flow of traffic on a highway or a crime rate, at which a slight increase triggers a cascading effect in the form of an epidemic, a traffic snarl or a crime wave. Conversely, if events move the other way the cascading effect can work benignly.

The 'broken window' effect is the US experimental observation that a car can be left for some days and little harm will come

at first, but if a window is broken the car is likely to be stripped within 24 hours (even in a respectable neighbourhood). A little disorder prompts further disruption. This type of thinking prompted a clean-up of the New York subways, starting with the removal of graffiti from every car and cracking down on people who leapt turnstiles without paying. These problems were regarded as 'broken windows' which, unchecked, might prompt more serious delinquency. A similar strategy has been taken up by the New York Police Department with incremental changes that can be effected without increased funds. Hence, for example, a push for more streamlined law enforcement and the systematic dispersal of street-corner loiterers before they become disruptive. Gladwell suggests that these modest advances (with others) have generated a 'tipping point' and so have considerably reduced the level of criminal activity.

Loek Halman, 'Is There a Moral Decline? A Cross-national Inquiry into Morality in Contemporary Society', *ISSJ* 145/1995.

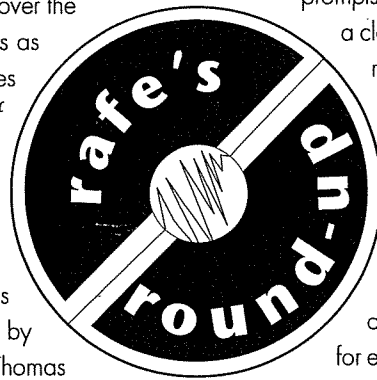
Modern times have seen a rise of individualism and a drift from traditional allegiances to communities, congregations, tribes, families, etc. As Halman puts it 'Modern individualized people are guided mainly by ideas of personal happiness, self-realization and an immediate gratification of needs, at the cost of collective authority'. Many consider that this has resulted in a collapse of moral standards.

Halman reports on research which provides some hints about the state of play in the modern moral universe. The database is the European Values Study (EVS).

Two dimensions of morality are probed, one labelled private morality (such as sexual acts in private), the other civic morality, relating to public activity (littering, drink driving, cheating on taxes or welfare). Many intriguing cross-national variations occur: France and Belgium score high on permissiveness and low on civics; the Irish are not permissive and are high on civics (IRA excepted?); the Dutch are highly permissive and only moderately civic-minded; the Hungarians are appalling in civics and are not very permissive.

The young are more permissive and less civic-minded than are older people. However in those countries such as Scandinavia which were most permissive a decade ago, AIDS has produced a shift the other way. 'It seems as if it is not that morality has declined, but that the basis of morality has changed. Instead of a morality which is dominated and legitimized by the churches, a personal morality seems to be emerging'.

Rafe Champion



Joseph Epstein, 'W.C. Fields Was Wrong. Why, Despite Everything, Republicans Should Not Abandon the Arts'; *The Weekly Standard*, 3 June, 1996.

Epstein offers a case for limited government involvement in the arts, tempered by awareness that 'it is difficult in the extreme for government to put its thick-fingered hands on anything as delicate as art without badly mishandling it'. His concern is illustrated by a remarkable example.

In 1939 a set of committees convened to provide the British government with a list of writers, artists and musicians, under the age of 40, selected for placement in safe jobs to save them from the risk of death in military service. The idea was to avoid the tragic loss of talent that occurred in the Great War. They offered 61 names but the government rejected the plan on the ground that it violated democratic principles. In the event, not one person on the list actually died in action. More significantly, none of the writers and artists in the relevant age group who made a serious mark after the war were on the list.

Epstein notes that the American arts establishment has grown fat in recent decades, puffed up by a sense of national importance cultivated by opportunistic politicians. Does this sound familiar? Despite this, Epstein sees a need for support in certain areas such as dance companies which have no permanent homes that would qualify them for state and local support. Similarly, symphony orchestras in smaller cities are failing. He notes that the tradition of private charity is declining among the newly wealthy. In this situation Epstein sees a limited role for state aid.

His dream is that the GOP may one day cease to be identified as a party of mean solutions to complex problems and 'become known as the party to take culture at its best with the seriousness that it deserves'.

Jack Shafer, 'Therapeutic Laws. Legislation designed to make you feel good, not to do anything' from *Slate*, September 1996, an on-line magazine <http://www.slate.com>

Bill Clinton has clambered nimbly on board the 'smaller government' bandwagon, stating 'We know there is not a program for every problem' and 'The era of big government is over'. At the same time he has apparently mastered the art of promulgating what Shafer calls 'therapeutic legislation', laws or rumours of laws directed at relatively trivial problems, or laws directed in a symbolic and unhelpful manner at genuine problems (e.g. racial vilification laws, or laws against parents slapping their children).

For example, stalking across state lines is now a federal

offence. In his view the purpose of the legislation is to express federal concern with stalking in general. Illustrative of the unreflective nature of the process is the fact that the Senator who sponsored the bill collected no information on the number of interstate stalking cases.

Other examples of actual or proposed therapeutic legislation include a ban on 'cop killer' bullets, extensions of Family and Medical Leave law to keep mothers and babies in hospital for a minimum period, and the outlawing of 'even attempting to pollute'.

Shafer grudgingly yearns for the Clinton of yesteryear who tried to reorganise Medicare and called for a workfare program that would cost more, not less, than simple handouts. 'That Clinton didn't pussyfoot around. He stood for what he believed in. He stimulated a thunderous and enlightening debate. He demonstrated to the electorate that real change is not cheap and easy. He also got his ass kicked'.

Bruce Anderson, 'Not Un, But An. The Rise of Anemployment' *The Spectator*, 21 September, 1996.

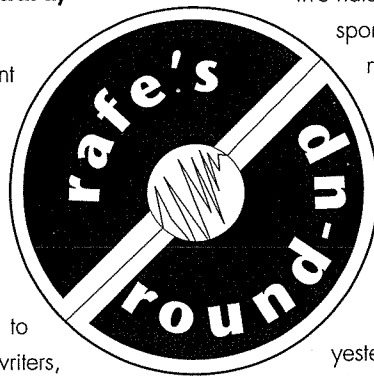
The unemployed of the thirties remained workers who wanted and expected to work, and wanted and expected their children to do the same. By the sixties an increasing number of unemployed (especially children of the unemployed) were no longer part of the working classes. They were becoming an underclass.

'Their culture owes nothing to work or working men. Or, often, to any men. Most of their children are being brought up by single women ... with men perceived not as breadwinners or authority figures ... but as sporadic, unpredictable, feckless, even violent creatures ... But boys will always learn how to be a man by observing men. If there are no good role models available, they will follow bad ones'.

By the time these boys are out of school they have a record of schoolyard violence, truancy, petty (and not so petty) crime, no skills, no serious aspirations or expectations of employment. They do have the dole. Anderson echoes the sentiments of those American neoconservatives who deplore not the waste of money in welfare (the US is rich enough to waste money), rather the waste of people. 'The most damaging waste is not financial, it is moral', the loss of morale and a socially useful role in the growing underclass.

He contemplates, and dismisses, the prospect of some kind of religious revival. He predicts a similar problem in future for the Far Eastern Tigers. As a feeble palliative he proposes that retired senior executives should be recruited to act as social workers, mentors, trainers, surrogate fathers etc, for underclass youths.

Rafe Champion



Matt Ridley, 'The Ancients of Trade', *Demos* 10(1996).

In search of a uniquely human characteristic, people have tried language, the use of tools, and possession of an eternal soul. Market liberals should be delighted to find that a likely contender is the propensity to trade. Adam Smith threw out a hint in this direction, though he opted for the division of labour rather than trade. According to Ridley there is a good deal of division of labour to be found in the animal kingdom but virtually no reciprocal exchange.

Trade is well documented in very early human communities, including various tribes of Australian indigenes. It seems that our Yir Yiront discovered David Ricardo's law of comparative advantage long before Paul Samuelson described it as the only proposition in the social sciences which is both true and non-trivial. The Yir Yiront, at the mouth of the Coleman river on the York Peninsula, used polished stone axes which came from quarries four hundred miles south. They traded spears tipped with sting-ray barbs (from the north) for axes (from the south). They had discovered arbitrage, buying something where it is cheap and selling it where it is dear. By the end of the nineteenth century the Yir Yiront were still largely untouched by the modern world but already they had steel axes which had begun to work their way north from camps where they were distributed by missionaries'.

Evidence for similar chains of trade has been found in many other areas, despite the tendency for contact with whites to destroy traditional trading patterns, or replace them with a trade in modern goods (such as steel axes) which disguises the antiquity of the practice. Sometimes anthropologists have turned a blind eye to trade, preferring to depict their hunter-gatherers as entirely self-sufficient. The existence of primitive trade refutes the claim that trade followed the rise of law (to provide protection for traders) or followed the flag of empire (for the same purpose). As for the biological roots of trading, Ridley reports that a research team has assembled evidence to argue that our brains have a special section for calculating the equity of social exchanges.

Irwin M. Stelzer, "'Lies, Damned Lies, and Statistics" Revisited', *The Weekly Standard*, December 23, 1996.

Stelzer claims that some key economic indicators in the US have been miscalculated. Consequently the accepted picture of economic performance is drastically wrong.

Consider the CPI. A panel of experts led by Michael Boskin estimates that for two decades the real rate of inflation has been 1.3 per cent per annum below the official figure. This has massive implications for the payout in pensions (indexed to the CPI) and the

perception of real wages. If pensions and other entitlements could be linked to the lower CPI, the savings in state spending would amount to \$1 trillion over the next decade. As for earning power, according to the conventional wisdom American families have been struggling to maintain living standards in recent decades with a decline of 9 per cent in real hourly earnings from 1975 to the present. Inserting the alternative CPI figures into the equation yields a 35 per cent increase instead of the 9 per cent decrease. Similarly, the increase in median family income over two decades shifts from 2 per cent to 19 per cent.

The statistics on international trade could be equally misleading. Some 40 per cent of exports of services may be missing from the official figures, amounting to \$85 billion. Another \$60 billion is 'lost' through defective accounting practices in Customs. Result of the correction: A trade surplus in the order of \$40 billion!

Yet another soft spot concerns the mismatch between reported incomes and spending patterns. Many people, classified as poor and receiving benefits, spend a great deal more than the annual income they report. Among the millions who are supposed to require state assistance, some 75 per cent own a car and over 40 per cent own their own homes.

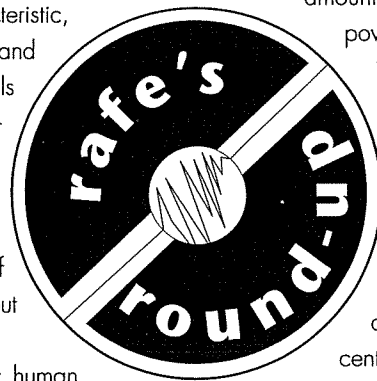
Peter Huber, 'Cyberpower', *Forbes*, December 2, 1996

Once upon a time only the very rich could move their money around the world to keep it in places where they felt it was safe and productive. Today millions of ordinary investors can move their wealth between currencies and countries as fast as they can click icons on a screen'.

It is not only central bankers who are under scrutiny, so too are regulators and governments. If labour laws, consumer protection and the like become too onerous then the work may be done in another country. According to Huber 54 per cent of US jobs are still in the non-traded sector, but services represent the most rapidly expanding section of the economy and this is where the market is truly global. The result is a worldwide trend towards more responsible government, at least in spending and taxing.

'The tremendous new mobility of private capital sharply curtails government power over macroeconomic policy. Budget planners become little more than fancy book-keepers. Whether they talk left or right, governments worldwide have little choice but to abandon fiscally suicidal policies, most notably the practice of issuing long-term debt to finance current entitlements'.

Rafe Champion



St. L. Cam.