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## Government and Hurricane Hugo: A Deadly Combination

BY MURRAY N. ROTHBARD

Natural disasters, such as hurricanes, tornadoes, and volcanic eruptions, occur from time to time, and many victims of such disasters have an unfortunate tendency to seek out someone to blame. Or rather, to pay for their aid and rehabilitation. These days, Papa Government (a stand-in for the hapless taxpayer) is called on loudly to shell out. A recent incident followed the ravages of Hurricane Hugo, when many South Carolinians turned their wrath from the mischievous hurricane to the federal government and its FEMA (Federal Emergency Management Agency) for not sending far more aid more quickly.

But why must taxpayers A and B be forced to pay for natural disasters that strike C? Why can't C—and his private insurance carriers—foot the bill? What is the ethical principle that insists that South Carolinians, whether insured or non-insured, poor or

wealthy, must be subsidized at the expense of those of us, wealthy or poor, who don't live on the southern Atlantic Coast, a notorious hurricane spot in the autumn? Indeed, the witty actor who regularly impersonates President Bush on *Saturday Night Live* was perhaps more correct than he

realized when he pontificated: "Hurricane Hugo—not my fault." But in that case, of course, the federal government should get out of the disaster aid business, and FEMA should be abolished forthwith.

If the federal government is

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## Big Government: an Unnatural Disaster

BY LLEWELLYN H. ROCKWELL, JR.

The California earthquake should teach "individualistic Americans" that they are "utterly dependent on government," says Washington columnist George Will. It proves that "big government is the solution, not the problem," adds Christopher Matthews of the *San Francisco Examiner*.

As someone on the front line, I draw a different moral.

Most of the heroes were volunteers. Unlike the bureaucrats, they went to work immediately after the earthquake when people's lives could be saved, and

before the government lumbered in to shut off private rescue efforts and violate property rights.

Within an hour after the earthquake, thousands of individuals were directing traffic, rescuing the trapped, treating the injured, and trying to salvage property. Soon the St. Vincent de Paul Society, the Salvation Army, and the Red Cross had centers all across the Bay Area to aid the victims.

By the next day, thousands had called these three agencies to make donations. Contributions

also poured into Church World Services, Direct Relief International, Feed the Children, Operation California, the Bishop's Fund of the Episcopal Church, and World Relief. A man dropped by a local TV station and donated his lottery winnings of \$10,000. Appeals for blood were so successful that the Red Cross had to turn people away.

Once again, Americans showed themselves a generous and courageous people—long before the Federal Emergency Management Agency (FEMA)

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# Big Government: an Unnatural Disaster

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## Writers IN THIS ISSUE

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was in operation, long before Transportation Secretary Skinner was dispatched, long before Vice President Quayle visited, and long before FEMA and local officials were blaming each other for any shortcomings.

As Nobel laureate F.A. Hayek pointed out in *The Road to Serfdom*, "the worst rise to the top" in government. Most officials fall into two categories: smart and despicable, and stupid and despicable. An emergency gives us the chance to pull back the curtain and see these Wizards of Ooze for what they really are.

In the Bay Area, we could turn on the TV and watch San Francisco's frenetic Mayor Art Agnos and our other rulers hog the cameras and fight over the microphones. We could listen to them babble the obvious, issue irrelevant orders, and announce a Master Plan worthy of Moscow. It would have been funny if not for the suffering...and the spooky look in all those elected and appointed eyes. The little dictators were actually enjoying it.

After Hurricane Hugo, it took FEMA a week to open an office. Bothered by criticism that it acted too slowly, this time it moved more quickly. But to what end?

Grant Peterson, a top FEMA bureaucrat, said on NBC that the agency had "opened our crisis center in Washington to issue emergency guidelines according to official processes." In other words, it was pushing paper. Days later, as after Hugo, FEMA snoozed while private agencies worked around the clock.

FEMA—described by Sen. Ernest Hollings (D-SC) as "bureaucratic jackasses"—was still looking for San Francisco office space, in *suitable* buildings of course, while private agencies were running hundreds of relief stations on the streets. But, claimed Peterson, FEMA had to find suitable temporary employees: "retired federal employees

and public school teachers" who know how to deal with the public!

Government did move fast, however, to stop "unauthorized relief." The night of the earthquake, volunteers pleaded to be allowed to keep rescuing people from the collapsed I-880 freeway. A concrete worker called the government "paralyzed"; why, he wanted to know, were they also "handcuffing volunteers"?

About the only thing *unparalyzed* was spending, as people from the rest of the country are forced to bail out the politically connected in Northern

In the less-severe Armenian earthquake, more than 25,000 people died in the collapse of socialist housing.

California. (As with all welfare programs, the poor may be the justification, but never the prime recipients.)

Such redistributive spending is not only economically harmful, it strengthens the welfare state, chokes off real charity, and undermines the family and community; far from being kinder and gentler, it's the tax man and the welfare worker writ large.

A century and a half ago, Congressman Davy Crockett argued against federal relief for a fire in Georgetown. The Constitution grants no such authority, he said. More to the point, he told his colleagues, the money "is not yours to give." But he was making a contribution himself; why

didn't the others join him? Then as now, however, Congress was interested only in spending *other* people's money.

In the less-severe Armenian earthquake, more than 25,000 people died in the collapse of socialist housing. In California, most of the deaths occurred when a government highway pancaked onto the road below, when a government bridge broke, and when government water pipes cracked, letting fires burn unchecked.

Then, in an act of mass victim abuse, officials denied people entry into their own damaged homes and businesses. Some San Franciscans were refused permission to recover their few possessions before the government bulldozed their houses. Adult property owners could not be allowed to make their own decisions. Government knows best.

It also knows a main chance. Like con men who target the bereft, politicians use adversity to increase taxes. Rep. Don Edwards (D-CA) wants California's tax-limiting Prop 13 repealed and Republican Governor George Deukmajian is calling for higher state taxes. The President refused to rule out a tax increase.

Big government—arrogance and waste incarnate—should get *more* of our money because now we have *less*? Taxpayers, not to speak of the country, are far better off when they send their dollars to private agencies instead of do-nothing bureaucrats.

The earthquake does not teach us the lesson of Messrs. Will and Matthews, but rather the opposite: churches and charities succor; businesses rebuild; government botches.

The Northern California quake was over in 15 seconds, but the politicians will be exacerbating its effects for years. There's no Richter for big government, but on the Rockwell Scale, it's a constant 7.1. (N.B.: A version of this article appeared in California's *Orange County Register*.) ◀

# The Wages of Sinhounds

BY SIMON BRADLEY

So far, only The Scourge of Drugs has been deemed to warrant a czar, who has said he has “no moral problem” with decapitating drug sellers, and would quit before carrying out his Constitutional duty to submit to congressional limitations on the way he wages this war. But government is a hog heaven for professional sinhounds, because there is no end to this sort of thing. Though you’re not forced to take drugs, their mere existence may offend your moral and spiritual sensibilities, and surely the moral and spiritual tone of society is far more important than mere laws.

“Once the principle is admitted that it is the duty of government to protect the individual against his own foolishness,” Ludwig von Mises wrote in *Human Action*, “no serious objections can be advanced against further encroachments.... Why not prevent him from reading bad books and seeing bad plays, from looking at bad paintings and statues, and from hearing bad music. The mischief done by bad ideologies, surely, is much more pernicious, both for the individual and for the whole society, than that done by narcotic drugs.”

Indeed, one wonders why the virtuosos of virtue don’t launch far more passionate and expansive pursuits of vice than they have so far. Some are constrained by such pesky impediments as civil-liberties law. Thus Czar Bennett, for example, noted after his moral endorsement of decapitation that he realized there would be legal problems. And though actual lynching is no longer officially tolerated, political success still requires whetting the mob’s appetite for the blood of such clear and present dangers as flag-burners (Bush on Quayle:

“He damn sure didn’t burn the American flag!”).

Thus I call for a union of welfare statists and nanny statists, i.e., those who believe government should keep us on the path of moral correctness by using its vast resources to prod and punish. Democrats are already getting in the swing of this. They shrink from cutting existing boondoggles while demanding more billions for more child care, health care, and environment care, then bash Bush in the next breath for spending too *little* on the drug war.

Still, one marvels at the opportunities yet to be seized. Since man’s inherent tendency to sin means these wars can never be won, they are perfect excuses for endless bureaucratic bloat. We can always be prodded to greater moral heights, inspired by historical examples of various czars whose assaults on sin were more ferocious than today’s (if not as expensive). And, since most of these sins are committed against oneself in private, the way is paved for such things as random drug-testing, wire-tapping, and anonymous informants.

Certainly drug abuse is far from being the only scourge we need czars to fight. For the reason Mises cites, we need an Information and Culture Czar, for example. Think of the damage to young minds done by the uncensored ravings of such thinkers as Marx, de Sade, and the Fine Young Cannibals.

The key is to seize upon the rationale now used for outlawing, say, sports betting—i.e., that poor people gamble away too much money—to push for a ban on an endless list of undesirable activities.

Why not, for example, a Flab Czar? Obesity is a serious problem. The typical American diet

has far too much fat, sugar, salt, and cholesterol, which contribute to heart disease, stroke, and cancer, which kill far more people than drugs. If our representatives can’t bestir themselves to ban Big Macs, we must hold them accountable as merchants of death.

The examples of alcohol and tobacco should be too familiar to require comment. We know that tobacco causes cancer, yet not only don’t we ban it, we *subsidize* it. And we know that traffic accidents have killed millions, yet we subsidize roads as well. Do we care nothing about the loss of human life? Kinder and gentler, indeed!

Yet, some are naive enough to think that the Ninth Amendment, for example, means that the burden of proof is on the state to justify restricting freedom, instead of on individuals to comb the Constitution for language expressly protecting them from state intrusion.

Let the nay-sayers whine that the drug war will drain scarce resources needed to go after murderers, muggers, rapists, and thieves, and to support private research, education, and rehabilitation; that it won’t significantly decrease use but simply enrich organized crime syndicates; that it will encourage the gangland tactics common in markets where government prohibitions artificially inflate prices; that it will increase the number of innocent people mugged by users to get enough money to support their habits; that it will make drugs far more dangerous since there is no way to ensure that black-market drugs aren’t contaminated; and that it will fill Washington with even more bloviating pecksniffs.

Surely these trade-offs aren’t unreasonable if they lead us to the apotheosis of the Nanny State. ◀

# Government and Hurricane Hugo: A Deadly Combination

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not the culprit as portrayed, however, other government forces have actually weighed in on Hugo's side, and have escalated the devastation that Hugo has wreaked. First, local government. When Hurricane Hugo arrived, government imposed compulsory evacuation upon many of the coastal areas of South Carolina. Then, for nearly a week after Hugo struck the coast, the mayor of one of the hardest-hit towns in South Carolina, the Isle of Palms near Charleston, used force to prevent residents from returning to their homes to assess and try to repair the damage.

How dare the mayor prevent people from returning to their own homes? When she finally relented, six days after Hugo, she continued to impose a 7:00P.M. curfew in the town. The theory behind this outrage is that the local officials were "fearful for the homeowners' safety and worried that there would be looting." But the oppressed residents of Isle of Palms had a different reaction. Most of them were angered; typical was Mrs. Pauline Bennett, who lamented that "if we could have gotten here sooner, we could have saved more."

But this was scarcely the only case of a "welfare state" intervening and making matters worse for the victims of Hugo. As a result of the devastation, Charleston was of course short of many commodities. Responding to this sudden scarcity, the market acted

quickly to clear supply and demand by raising prices accordingly: providing smooth, voluntary, and effective rationing of the suddenly scarce goods. The City of Charleston government, however, swiftly leaped in to prevent "gouging"—grotesquely passing emergency legislation making the charging of higher prices post-Hugo than pre-Hugo a crime, punishable by a fine up to \$200 and/or 30 days in jail.

Unerringly, the Charleston welfare state converted higher prices into a crippling shortage of all the scarce goods. Resources were distorted and misallocated, long lines developed as in Eastern Europe, all so that the people of Charleston could have the warm glow of knowing that if they could ever *find* the goods in short supply, they could pay for them at pre-Hugo bargain rates.

Thus, the local authorities did the work of Hurricane Hugo—intensifying its destruction by preventing people from staying at or returning to their homes, and aggravating the shortages by rushing to impose maximum price control. But that was not all. Perhaps the worst blow to the coastal residents was the intervention of those professional foes of humanity—the environmentalists.

Last year, reacting to environmentalist complaints about development of beach property and worry about "beach erosion" (do beaches have "rights", too?), South Carolina passed a law

severely restricting any new construction on the beachfront, or any replacement of damaged buildings. Enter Hurricane Hugo, which apparently provided a heaven-sent opportunity for the South Carolina Coastal Council to sweep the beachfronts clear of any human beings. Geology professor Michael Katuna, a Coastal Council consultant, saw only poetic justice, smugly declaring that "Homes just shouldn't be right on the beach where Mother Nature wants to bring a storm ashore." And if Mother Nature wanted us to fly, She would have supplied us with wings?

Other environmentalists went so far as to praise Hurricane Hugo. Professor Orrin H. Pilkey, geologist at Duke who is one of the main theoreticians of the beach-suppression movement, had attacked development on Pawleys Island, northeast of Charleston, and its rebuilding after destruction by Hurricane Hazel in 1954. "The area is an example of a high-risk zone that should never have been developed, and certainly not redeveloped after the storm." Pilkey now calls Hugo "a very timely hurricane," demonstrating that beachfronts must return to Nature.

Gered Lennon, geologist with the Coastal Council, put it succinctly: "However disastrous the hurricane was, it may have had one healthy result. It hopefully will rein in some of the unwise development we have had along the coast."

The Olympian attitude of the environmentalist rulers contrasted sharply with the views of the blown-out residents themselves. Mrs. Bennett expressed the views of the residents of the Isle of Palms. Determined to rebuild on the spot, she pointed out: "We have no choice. This is all we have. We have to stay here. Who is going to buy it?" Cer-

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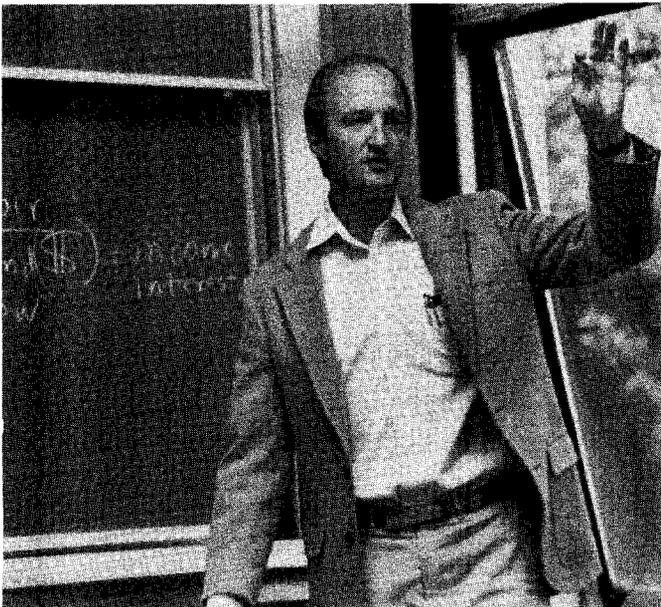
Samuel Francis (left) of the *Washington Times*, Jeffrey Gaynor (center) of the Heritage Foundation, and syndicated columnist Patrick J. Buchanan (right) after the Institute's Joseph Sobran lecture.



# The High Court Stems the Tupperware Threat

BY SHELDON L. RICHMAN

Dr. Mark Skousen of Rollins College and *Forecasts and Strategies* shares his extraordinary knowledge of the structure of production at the Institute's 1989 summer "Mises University" at Stanford. "We're already getting applications for summer 1990," said Pat Heckman, the Institute's vice president for conferences. For information on this unique program, return the enclosed form.



America is the land of free speech and press. The principle is enshrined in the First Amendment to the Constitution: Congress shall make no law abridging freedom of speech and of the press. Any school kid knows this—well, there was a time when any school kid knew it.

Okay, the government has made exceptions. If the expression is deemed obscene it is not protected. And Congress has outlawed the destruction of American flags, such as the kind you can buy in the five-and-dime. But speech and press are substantially free, right?

How about so-called commercial speech?

Commercial speech has for decades been treated differently from regular speech. For example, cigarette ads on television and radio have been banned by Congress. And the government has rules regarding the kinds of claims advertisers can make, even when they aren't fraudulent. Billboards are frequently banned from public highways. And as Michael Gartner, president of ABC News, pointed out, "if you say 'Buy Finnegan's Ice Cream,' that has less protection than if

you say 'Ice cream is good for you.'" The Supreme Court wrote in 1978 that commercial speech enjoys "a limited measure of protection, commensurate with its subordinate position in the scale of First Amendment values" and is subject to "modes of regulation that might be impermissible in the realm of noncommercial expression." (Emphasis added.)

Maybe I've missed something, but the First Amendment seems not to have a scale of values. It says simply "Congress shall make no law...." There is something palpably anticapitalistic in the law's view that speech leading to a commercial transaction is inferior to other kinds of speech. During the Industrial Revolution the old aristocracies regarded commerce as base. This attitude lives on at the U.S. Supreme Court.

In 1980 the court affirmed the distinction between commercial and noncommercial speech, and it set out standards for regulation of the former. Essentially, the government could regulate, the court said, to advance a substantial government interest so long as the regulation was the *least restrictive* possible.

This was bad enough, but it didn't take long for the court to erode its own standard in favor of a much more permissive one. In 1986 the court upheld a prohibition in Puerto Rico against casino advertising aimed at local residents. It seemed unconcerned with whether the prohibition was the least restrictive method.

Then just last June the court openly abandoned the "least-restrictive" test for the ambiguous "reasonableness" test. The State University of New York (SUNY) prohibits businesses from operating on SUNY campuses, except for those providing food, books, etc. Nevertheless, a student held a Tupperware-style party in a dormitory. Present was a saleswoman with a housewares company, American Future Systems, Inc. The campus police asked her

to leave and when she refused, she was charged with trespassing and soliciting without a permit. Some students sued SUNY for violating their freedom of speech.

The students won in the lower courts, but then the case landed in the Supreme Court. In an opinion written by Justice Antonin Scalia, the court upheld the law. Scalia wrote that the court's past decisions only require—quoting the Puerto Rico case—a "fit" between the legislature's ends and the means chosen to accomplish those ends, a fit "that is not necessarily perfect, but reasonable."

While even the "least-restrictive" test allowed regulations out of spirit with the First Amendment, the new test of "reasonableness" is even worse. One at least can show that a regulation is not the least restrictive by coming up with something less restrictive. But how can one rebut the government's assertion that a regulation is reasonably related to its objective? Scalia has moved this area of the law from the (relatively) firm to the hopelessly soft.

Free commercial speech advocates are nervously watching another case now before the court. It involves a lawyer accused of violating an Illinois law forbidding lawyers from advertising themselves as "certified" or as "specialists." The lawyer, Gary E. Peel, noted on his letterhead that he is certified by a trial-lawyers' group. And interest groups in the United States are agitating to have Congress ban alcohol and cigarette advertising altogether, and the House has held hearings on a bill to prohibit tobacco ads that could be seen or heard by anyone under 18 years old.

Thanks to the Supreme Court, the future does not look good for free capitalistic speech. It is worth remembering that this is the one they call the Reagan Court. ◀

# The Cambodian Catharsis

BY LAWRENCE REED

It is always better to kill by mistake than to not kill at all" was the slogan of Pol Pot's communist Khmer Rouge. From April 17, 1975, until January 7, 1979, the tiny southeast Asian nation of Cambodia endured a nightmare of mass murder, torture, and oppression at the hands of the fanatical Khmer Rouge. In an attempt to brutally reshape society, Pol Pot waged a campaign of genocide. Money was abolished. So was private property. The institution of the family was nearly erased. An all-out assault on religion led to the deaths of thousands of Buddhist monks and worshippers. Churches and pagodas were demolished. Schools were closed down and modern medicine forbidden in favor of quack remedies and sinister experimentation. Even eating in private or scavenging for food were considered crimes against the state.

Mass graves have been unearthed all over Cambodia, giving rise to the title of the movie, *The Killing Fields*. At one place I visited known as Choeng Ek, a memorial houses more than 8,000 human skulls—all found nearby. Rivers near places like this ran so red with blood that cattle would not drink from them.

Peace talks in Paris in the summer of 1989 convened to find a way to form a coalition government of reconciliation, but broke down. Should these monsters shoot their way back into Phnom Penh, the stage would surely be set for Act Two of the Cambodian Holocaust.

With that awful prospect dangling over this tragic nation, I went to Phnom Penh expecting the worst. A million land mines and other horrors of war have left behind many crippled and legless people. The city's drainage and sewer systems are in such disrepair that even a moderate rain-

fall produces flooded and often smelly streets. Peeling paint, crumbling stucco, and filthy walls and floors have taken over what once were glistening and majestic French colonial-style buildings. Routine power outages blacken whole sections of the city from 10 minutes to an hour every day. I visited a military hospital where young men blinded and maimed subsisted on the barest of medical care. Orphans were as prevalent as children with parents.

The Khmer Rouge had forced people to leave the capital. When the city was repopulated after 1979, housing was reclaimed—homesteaded is the word—in a free-for-all. So much had been damaged that the 750,000 people who now live in the capital are crowded into tiny apartments. One house I visited had been home to a family of five; now it is home to 63 people from no less than seven different families. All this was depressing. But it's not the whole story.

The big news in Cambodia is the revival of life, the reconstruction of markets, and incredible growth of economic activity. The city was humming with vitality and enterprise—with more optimism than any visitor could reasonably have hoped to witness.

Progress is palpable, even astonishing. A French relief worker told me that since the government began implementing "free-market reforms" a few years ago, the progress has come "almost hourly."

Indeed as the Vietnamese pull out and their influence in the Cambodian government wanes, Cambodians are putting markets in charge of the economy. Agriculture has been largely de-socialized; farms are now chiefly in private hands, by either lease or outright ownership.

There are no wage controls, no price restrictions, almost no controls over the movement of people and capital, no rationing, and no

lines in front of stores. Having just visited the Soviet Union for the fourth time days before arriving in Phnom Penh, I found myself thinking how envious my friends in Moscow would be if they could see the variety and abundance of goods in Phnom Penh's still officially Communist markets.

In the city's Central Market, one of its many commercial hubs, hundreds of women hawk all sorts of produce from fish to fruit. Others push gold and silver jewelry, watches and calculators and televisions from Japan, blue-jeans and T-shirts emblazoned with American logos and city names, a wide array of cosmetics, and all the Pepsi and Seven-Up one needs in the tropical sun-drenched land.

Along Phnom Penh's main thoroughfare, women are having their hair done in several privately owned beauty shops. Restaurants are humming with business and serve a variety of cuisines from "international" to native Cambodian dishes of fried cricket, snake soup, duck feet, sweet and sour chicken, and, of course, white rice. Shops full of automobile and bicycle parts, carpets and mattresses, even tennis rackets and baseballs, dot the city.

The capital now boasts 20 theaters. For the equivalent of 50 cents or less, you can see a movie on the big screen, ride an elephant, play ping pong, or join a small audience of 20 or 30 crowded into a darkened shop to view an American film or a music video. Pleasure boaters ply the city's large lake, Voeung Kak, while families nearby enjoy a small zoo and amusement park.

Four months ago, there wasn't a photocopier to be found in Phnom Penh, except for a few in government or private offices. In recent weeks, a half dozen small shops have opened advertising photocopy services. Cambodians

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# U. S. Trade Law: Losing Its Bearings

BY ALEX TABARROK

**W**e hear that consumers are the major victims of protectionism. This is true if we remember that businesses are also consumers, and that protectionism can hurt them as much as retail consumers. In fact, protectionism has become a major threat to American firms. For example, the "voluntary" restraint agreements in steel and semiconductors have hurt Caterpillar, General Motors, and Atari, which need steel and semiconductors to produce goods and services. These firms have lost profits and customers because their production costs have been increased by U.S. trade laws.

Most protectionism results from the lobbying activities of domestic manufacturers. A recent example is a decision by the U.S. International Trade Commission (ITC) to impose massive duties on hundreds of types of bearings and ball bearings—at the behest of an American producer. The duties are currently wreaking havoc at many American firms.

At present, the world-wide demand for commodity bearings—the mass-produced sort used in many household appliances—is extremely high. Although U.S. manufacturers are producing at capacity, they cannot begin to meet the requirements of U.S. users, so firms like Penn Fishing Tackle, Black and Decker, G.E., and many others have turned to foreign suppliers.

Penn Fishing Tackle, for example, bought from the French producer SKF because domestic firms could not deliver the bearings they needed. In one case, an order placed by Penn with a domestic supplier—Torrington Co.—took two *years* to deliver.

Alcoa, Dana Corp., and Xerox, among others, have also had problems with Torrington. William R. Wilson of Xerox reports that Torrington "has taken around 44 weeks to supply an initial order." When "domestic sources prove to be unreliable suppliers, as Torrington has, we have no alternative but to seek alternative suppliers abroad."

Not surprisingly it was Torrington that initiated the ITC investigation of foreign producers who were "dumping" ball bearings, i.e., selling them too cheaply. True to form, the ITC decided in favor of Torrington and imposed duties—in spite of the fact that their own survey showed that "the most common reason for purchasing imported bearings...was the inability of the domestic manufacturers to meet delivery and availability requirements."

These duties unjustly injure productive American firms. But according to the ITC, this is unimportant because duties should be imposed if "imports contribute, even minimally to [the] material injury" of the *domestic producer*. The ITC has found even this lax and irrational standard difficult to prove. It claims that bearing producers have been materially injured by foreign dumping—a necessary finding for the imposition of duties. However, ITC data show that the U.S. bearing industry was consistently profitable over the investigation period. Even as the ITC found injury, the U.S. bearing industry was spending more on research and development. Furthermore, ITC vice-chairman Ronald Cass, the sole dissenter in

the case, points out that "capital expenditures increased dramatically from 1985 to 1987." Firms experiencing difficult times rarely invest in research and development or new plant and equipment.

While the "injury" done to the domestic bearing industry is invisible, the injury perpetrated by the duties is crystal clear. One of the most popular fishing reels produced by Penn uses a bearing that has nearly tripled in price because of the duties. Penn may have to stop making it because they are having difficulties competing with lower priced offshore manufacturers.

Pittman, a U.S. producer of miniature motors, has also been injured by Torrington and the ITC decision. The bearings they use have risen in price by 40-50%—a burden their world competitors do not have to bear.

On the opposite end of the spectrum from commodity bearings are "super-precision" bearings. These are made from specialized materials, are very expensive, and must be produced in small batches to high tolerance levels. However, the ITC ignored all these important distinctions and imposed duties on a wide variety of super-precision bearings—even though many are not even produced in the United States!

"Tenter bearings," for example, are made to withstand extreme stress. Torrington, the petitioner, doesn't produce these bearings. The 3M Company uses these bearings to produce specialty film products. Although 3M has tried to encourage U.S. producers to supply the bearings, demand is not high enough to justify the considerable investment in specialized machinery needed for their production.

It will probably take U.S. industries a year or two to build the factories and train the workers needed to make tenter bear-

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Joseph Sobran of *National Review* recently addressed a Mises Institute seminar on "Conservatism: What Now?"



# The Cambodian Catharsis

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love to have their pictures taken, and entrepreneurs have responded by opening photographic studios all over the city. And the country's first one-hour film developing business has just been inaugurated by a man who committed 10 years of his family's savings to the venture.

People who aren't on foot get about town via bicycle, motorcycle, bicycle-rickshaws called "cyclos," or car—and there are now several thousand cars, whereas six months ago there were barely 200. Gasoline can be purchased from a few government gas stations when they have it, but for about 20% more, you can get it anytime from the free-market vendors along the curbside.

Not even high inflation—which I estimate to be running at 75% plus—has put much of a damper on the business boom. Checkbooks and savings

accounts are rarely used, but the cash economy is growing feverishly without them. Though the government fixes the Cambodian currency—the riel—at 150 to the U.S. dollar, it permits a thriving exchange business in the streets where the buck fetches 210 riels.

Service with a smile seems to be the order of the day all over town. I found that little more than eye meeting eye quickly produces a broad, friendly grin from almost every Cambodian. In the markets, even a prospective patron who declines a purchase usually warrants a smile and a polite thank you.

By the end of my stay, I was asking people to tell me just what was "communist" about Cambodia anymore. Aside from the one-party political monopoly, the country is relying substantially on free enterprise to direct every day life. Even former beggars, I was advised, are getting into

business.

To be sure, Phnom Penh has a long way to go before it achieves the level of prosperity it had before the Vietnam War spilled over into Cambodia in the late 1960s. And in the countryside, where conditions are generally harsher than in the capital, the reconstruction of normal life has been painfully slow. A rising tide of political corruption threatens to undermine the regime's progress in currying favor with the public.

But the advances to date, coming on the heels of near national annihilation, are a remarkable testament to the curative powers of private enterprise and to the determination of the Cambodian people. Three years and nine months of Pol Pot's horror could not erase the spirit of enterprise in the Cambodian people, or their desire to survive and rebuild. ◀

# U. S. Trade Law: Losing Its Bearings

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ings. In the meantime the government is forcing 3M to pay a debilitating 132% duty.

These rulings are unjust. Why should innovative companies like Penn and 3M be penalized because the government kowtows to the greed of a company that wants profits by federal fiat?

Anti-dumping laws shift resources from one set of Ameri-

can firms to another: from smaller, dynamic, and entrepreneurial firms to large, politically well-connected but inefficient firms.

Retail consumers are, of course, also injured by duties. In this case they can expect large price increases on products that use bearings, from heavy-duty construction machinery to office equipment, power tools, fish-

ing reels, and household appliances.

The ITC should stop undermining efficient American companies and consumers with this nonsense. They should start considering the harmful effects that duties impose on consumers, be they companies or individuals. But if that occurred, they would have to vote themselves out of existence. ◀

# Government and Hugo: A Deadly Combination

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tainly not the South Carolina environmental elite. Tom Browne, of Folly Beach, S.C., found his house destroyed by Hurricane Hugo. "I don't know whether I'll be able to rebuild it or if the state would even let me," complained Browne. The law, he pointed out, is taking a property without compensation. "It's got to be unconstitutional."

Precisely. Just before Hugo

hit, David Lucas, a property owner on the Isle of Palms, was awarded \$1.2 million in a South Carolina court after he sued the state over the law. The court ruled that the state could not deprive him of his right to build on the land he owned without due compensation. And the South Carolina environmentalists are not going to be able to force the state's taxpayers to pay

the enormous compensation for not rebuilding all of the destruction wrought by Hugo.

Skip Johnson, an environmental consultant in South Carolina, worries that "it's just going to be a real nightmare. People are going to want to rebuild and get on with their lives." The Coastal Council and its staff, Johnson lamented, "are going to have their hands full." Let's hope so. ◀

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