

Alfred Kahn, Stanley Hubbard highlight book on 1996 act

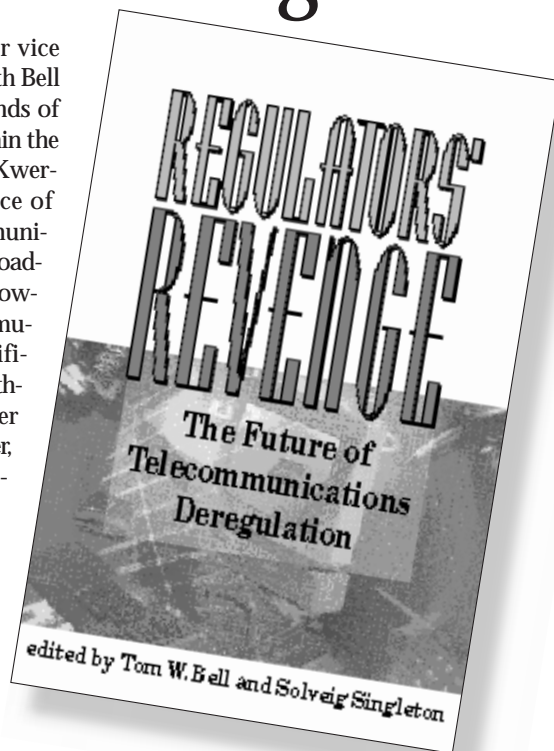
Whatever Happened to Telecom Deregulation?

The Telecommunications Act of 1996 promised deregulation and free markets for the telephone, cable television, and broadcast industries. But the act failed to deliver. *Regulators' Revenge*, a new book edited by Tom W. Bell, who teaches law at Chapman University in California and is an adjunct scholar of the Cato Institute, and Solveig Singleton, director of information services at the Cato Institute, offers a free-market response to the act's shortcomings. The book includes essays by leading telecommunications experts who present "innovative ideas for truly freeing markets in the wake of the act."

Regulators' Revenge addresses telecommunications deregulation around the world, the role of antitrust law, competition in local telephone markets, privatization of the wireless spectrum, and universal service subsidies. The essays, first presented at the Cato Institute's conference "Beyond the Telecommunications Act of 1996" in September 1997, have been updated and revised for 1998. Alfred E. Kahn, professor of political economy at Cornell University, explains how lessons from the fantastic success of deregulation of the airline and trucking industries can be applied to telecommunications. For-

mer congressman Tom Tauke, senior vice president for government relations with Bell Atlantic Corporation, looks at the kinds of reforms that can be accomplished within the framework of the 1996 act. Evan R. Kwerel and John R. Williams of the Office of Plans and Policy at the Federal Communications Commission argue that if the broadcasting spectrum is sold as property, allowing a market to develop, the telecommunications industry will become significantly more efficient and productive. Other authors include broadcasting pioneer Stanley W. Hubbard, author Peter Huber, and Cato senior fellow Lawrence Gasman.

Industry observers hail the book as essential reading for policymakers and those involved in the telecommunications industry. Richard E. Wiley, former chairman of the FCC, calls the book "stimulating and provocative"; Robert Corn-Revere, former chief counsel of the FCC, calls it an "important intellectual contribution." The essays in the book will be of significant interest to anyone who wishes to understand how deregulation can offer new benefits both to industry and to consumers.



Copies of *Regulators' Revenge* are available for \$18.95 cloth and \$9.95 paperback from Cato Institute Books at 1-800-767-1241. ■

Mao endorses Cato's latest book

China Needs Law and Markets

The new Cato book *China in the New Millennium: Market Reforms and Social Development* addresses a wide range of issues that will affect China's economic and social development in the 21st century.

In commenting on the book, Mao Yushi, chairman of the Unirule Institute of Economics in Beijing, writes, "China's economic reforms and opening to the outside world have advanced both material progress and civil society. This book shows why with depth and vision."

Most of the book's 24 essays were originally presented at the Cato Institute's June 1997 conference in Shanghai, "China as a Global Economic Power: Market Reforms in the New Millennium," cosponsored with Fudan University's Center for American Studies. Edited by James A. Dorn, vice president for academic affairs at the Cato Institute, the book addresses the reform or privatization of state-owned enterprises; financial liberalization; China's accession to the World Trade Organization; pension reform; and the constitutional, fiscal, and regulatory changes needed to keep China on the road to a freer and more prosperous future.

One of the key features of the book is its emphasis on the relationship between the free market and personal autonomy. Most people realize that a market economy fosters wealth creation, but they often fail to perceive how the spontaneous market process promotes freedom.

Kate Xiao Zhou, assistant professor of political science at the University of Hawaii at Manoa, points out that women have greatly benefited from market reforms in China. In her chapter, "Market Development and the Rural Women's Revolution in Contemporary China," Zhou writes that "social developments in China came mainly as a result of unintended consequences of the market development." Rural women, who are 80 percent of all Chinese women, "have participated in the development of markets, the rise of rural industry, and migration." Although the "contemporary rural women's revolution" has positively affected the lives of millions of Chinese women, it has largely gone ignored, Zhou says, because it "has no organization, no leader, and no ideology."

Minxin Pei, assistant professor of poli-

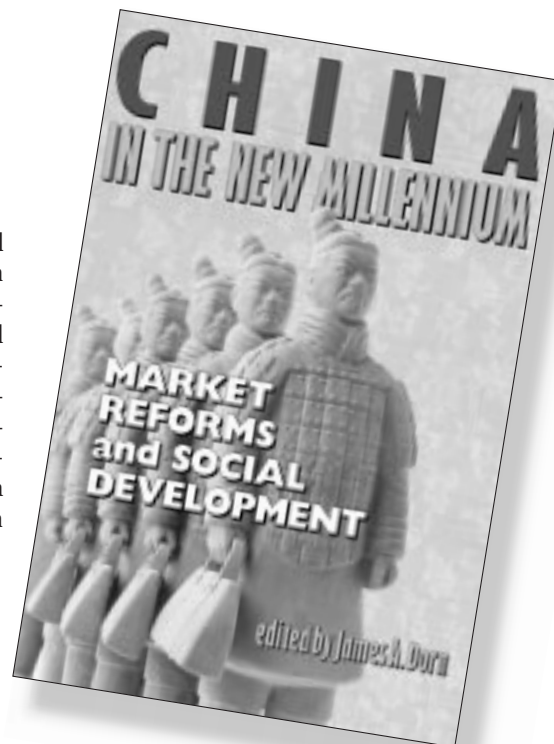
tics at Princeton University, provides a detailed look at how economic liberalization in China has spawned thousands of semiofficial and private associations that have widened and deepened civil society. They include associations of private entrepreneurs, associations of consumers, and associations of village and township enterprises. Cato president Edward H. Crane explains why China is at a crossroads and must choose between political society and civil society—that is, between coercion and freedom as society's organizing principle.

China's economic growth has been breathtaking since the country first began experimenting with markets and prices in 1978. But if China is to become the world's largest economy in the next 30 years, as some experts predict, further institutional reform is needed—especially a legal system that protects property rights and enhances freedom of contract. Roger Pilon, director of Cato's Center for Constitutional Studies, therefore advocates a "constitution of liberty" for China.

As Dorn writes, "The reality is that, unless China can insulate economic life from the state, future economic and social development will be on shaky ground. Indeed, if China is to escape the crippling effects of crony capitalism, now evident in much of East Asia, the institutional clash between markets and socialism in China needs to be resolved in favor of greater economic freedom."

Although the authors agree that China must continue to reform itself, one point of disagreement is whether China should take the "gradual" or the "big-bang" approach to reform. Fan Gang, director of the National Economic Research Institute and the China Reform Foundation in Beijing, argues that gradualism has worked well for China and is probably the best approach to future reforms. But Barry Naughton, associate professor at the Graduate School of International Relations and Pacific Studies at the University of California at San Diego, argues that although gradualism has worked well for China in the past, China needs "to do more, faster" in the future.

What is needed, argues Zhou Dun Ren, professor and former deputy director of the Center for American Studies at Fudan University, is a "true market economy for



China"—and that will require a new way of thinking. As Zhou writes, "We must have more trust in the market, and trust that the true market practice will change people for the better in their economic decisions."

China must look away from its collectivist past. As P. J. O'Rourke, Mencken Research Fellow at Cato, argues about collectivism, "This is a very powerful idea. This is a very common idea. This is a very bad idea."

Copies of *China in the New Millennium: Market Reforms and Social Development* can be ordered in cloth (\$24.95) or paperback (\$15.95) by calling 1-800-767-1241. ■



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