

Safety, debt crises, and altruism in the Cato Journal

The Virtues of Free Markets

In the Spring/Summer 2011 issue of the *Cato Journal*, Mark Zupan, dean and professor of economics and public policy at the University of Rochester, examines “The Virtues of Free Markets.” He argues that entrepreneurs’ interest in maintaining long-run relations with their customers gives them an incentive to cooperate and honor their word—or face the loss of business to those who are more ethical. Private property, freedom of contract, and the rule of law—the institutions upon which free markets rest—motivate individuals to take account of the impact of their current decisions on future values, and in so doing foster cooperation and integrity over time.

French social philosopher Anthony de Jasay examines several cases in which it appears that an individual sacrifices self-interest for the good of the group. Upon deeper reflection, and with some realistic assumptions, he finds that what initially looks like “selfless” behavior turns out to be “selflessly self-ish.” Thus, the self-interest postulate behind rational economic man (*homo economicus*) can be broadly applied.

Economists Daniel Gropper, Robert Lawson, and Jere Thorne Jr. present evidence from more than 100 countries that economic freedom and happiness go hand in hand. Economic freedom expands individual choices and increases real per capita income, making people better off and happier. Carrie Kerekes of Florida Gulf Coast University, in a cross-country study, finds that when property rights in land and water are more secure, there is a positive impact on environmental quality.

Paul Rubin, professor of economics at Emory University, examines the role of markets, tort law, and regulation in achieving safety. He finds that free markets are often the most important mechanism to achieve safety and that tort law and regulation may “overreach”—doing more harm than good.

Other contributors include Jerome Stein on “The Diversity of Debt Crises in Europe,” Matthew Carr on “The Impact of Ohio’s EdChoice on Traditional Public School Performance,” Dean Stansel on “Why Some Cities Are Growing and Others Shrinking,” Joseph Noko on “Dollarization: The Case of Zimbabwe,” and Jerry Tempelman on “Why Do Federal Funds Trade at the FOMC’s Target Rate?” ■

All of these articles, as well as the five book reviews in this issue of *Cato Journal*, are available online at www.cato.org.



Cato News Notes

PREBLE NAMED VICE PRESIDENT



Christopher Preble has been named vice president for defense and foreign policy studies at the Cato Institute, succeeding Ted Galen Carpenter effective July 1. Carpenter will retire from management and from Washington but will continue writing and lecturing as a senior fellow.

Carpenter, who joined Cato in 1985, is the author of 8 and the editor of 10

books on international affairs, including *Smart Power: Toward a Prudent Foreign Policy for America*, *Bad Neighbor Policy: Washington's Futile War on Drugs in Latin America*, *The Captive Press: Foreign Policy Crises and the First Amendment*, *Beyond NATO: Staying Out of Europe's Wars*, and *A Search for Enemies: America's Alliances after the Cold War*. He is currently completing two new books. He has written for all the major foreign policy journals and major newspapers. Carpenter received his PhD in U.S. diplomatic history from the University of Texas and will move back to Austin.

Preble has been Cato's director of foreign policy studies since 2003. He is the author of three books including *The Power Problem: How American Military Dominance Makes Us Less Safe, Less Prosperous, and Less Free* (Cornell University Press, 2009), which documents the enormous costs of America's military power and proposes a new grand strategy to advance U.S. security. Preble is also the lead author of *Exiting Iraq: How the U.S. Must End the Occupation and Renew the War against Al Qaeda*, and he co-edited, with Jim Harper and Benjamin Friedman, *Terrorizing Ourselves: Why U.S. Counterterrorism Policy Is Failing and How to Fix It*. His resume also includes a Cato internship, four years as a naval officer, and a PhD in history from Temple University.

Justin Logan, who has written studies on such topics as nation-building and grand strategy over the past seven years, has been promoted to director of foreign policy studies.

THE FIRST THING WE DO, LET'S READ ABOUT THE LAWYERS

Cato senior fellow Walter Olson has received significant media attention for his latest book, *Schools for Misrule: Legal Academia and an Overlawyered America*. Law professor John O. McGinnis reviewed the book in the *Wall Street Journal*, calling it “Excellent... A fine dissection of these strangely powerful institutions.” Other favorable reviews have appeared in the *Weekly Standard*, *Yale Alumni Magazine*, and the *Washington Times*. Olson has made eight law school appearances, and has spoken at the Heritage Foundation, the Manhattan Institute, and the Heartland Institute, as well as the Cato Institute. His book was featured on C-SPAN2's popular “BookTV,” and the episode can currently be found on the “BookTV” website.