POLICY REPORT

Volume II Number 5 | A PUBLICATION OF THE CATO INSTITUTE | May 1980

New Government Plans for Jobless Youth

by Edwin G. West

Judging from presidential announcements earlier this year, unprecedented attacks will at last be made on the problem of teenage unemployment and poverty. One official has indicated that the administration is to ask Congress to authorize $1.2 billion for the new youth program for the fiscal year beginning October 1, 1980, with actual spending in that year estimated at $150 million. In the following fiscal year, the administration is seeking $2 billion in budget authority, with outlays estimated at $1.3 billion. By fiscal 1983 the government plans to spend $2 billion a year on the program, one-half to be spent by the Department of Labor (DOL) and the other by the recently created Department of Education (DOE).

The new proposal to help youth is an enormously costly compensation for the damage done by other government policies, such as the minimum wage. Economist Walter Williams has calculated that the latest increase in the minimum wage (from $2.90 to $3.10 per hour) will cause unemployment among low-skilled black teenagers to rise from 35 percent to at least 40 percent (*Time*, 21 January 1980). He argues that the way to help minorities on to "the crucial first rung" of the career ladder would be to ease or eliminate state licensing laws that now keep about 600 occupations in the United States tight and closed. In some states one needs a license to be a cosmetologist or a landscaper.

Minimum wages cause not just unemployment but also *disemployment*, a term that refers to the total loss of jobs caused by (a) workers going on the officially recognized unemployment list and (b) "discouraged" workers dropping out of the labor market altogether. This second component is attracting the most attention in recent research. In an article in *The Journal of Political Economy* in 1976, Jacob Mincer reports that no more than a third of the employment loss in the sector covered by minimum wages appeared as unemployment, "while the bulk withdraws from the labor force."

"The new proposal to help youth is an enormously costly compensation for the damage done by other government policies, such as the minimum wage."

One important limitation of the new youth policies therefore quickly becomes clear. Although the DOL's newly proposed program will concentrate on the *unemployed* 16 to 21 year olds, many in this age group who are not in the labor force will not be reached. Presumably the department will rely on its contact with *officially* unemployed individuals when they register and collect unemployment benefits; its ability to reach the others is severely restricted.

The new proposals are the result of a growing conviction that existing programs have inherent problems. When the earliest federally funded programs were initiated under the Area Redevelopment Act in the late 1950s, the focus was on "institutional" (i.e., formal classroom) rather than on-the-job training. In 1962, however, the Manpower Development and Training Act introduced the broader objectives of training to fill the skill shortages that developed in periods of prosperity and also on-the-job training. During the prosperous sixties, the programs focused more on the problems of hard-core disadvantaged groups, such as out-of-school and out-of-work youth. The Job Corps Program (now administered by the DOL), which first appeared in 1964 under the Economic Opportunity Act, was originally designed to serve the "most disadvantaged of the disadvantaged." One analyst has since described it as a residential program "aimed at removing youth from the damaging effects of deprived family and neighborhood environments while administering basic educational and vocational-technical training services."[1]

The Neighborhood Youth Corps and Operation Mainstream were two Job Creation Programs established during and since the late 1960s. Pressure for larger government employment programs resulted in the Emergency Employment Act of 1971, which budgeted $2 billion over two years. When this act expired in 1973, Congress passed

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IN THIS ISSUE

EDITORIAL

The *Journal* and the Draft

Former California governor Ronald Reagan once stated in a speech at UCLA that the federal government should not make seat belts compulsory because to do so would violate an individual's right to risk his own life. When a student in the audience asked him whether on that basis he thought marijuana should be legalized (Reagan had previously vetoed a bill legalizing the consumption of small amounts of marijuana), Reagan replied that it definitely should not be since marijuana use is harmful. His refusal to apply his principles consistently was obvious to the audience, who became less willing to consider his other views seriously.

This kind of incident was replayed many times around the country: Articulate defenders of free enterprise favored cutting taxes and eliminating government agencies while advocating restrictions on freedom in areas like recreational drugs, where they themselves had no stake in freedom. Their belief in the free market often looked like special interest pleading, which it often was, rather than an attitude based on principle. As a result, many young people who otherwise might have listened to arguments for the free market were turned off. Many of them have not opened their minds yet.

It is natural, if not fair, for people to reject positions because of their proponents' failings. Members of the student left, who had a keen instinct for reaching the uncommitted, pointed to the inconsistencies in the attitudes of some free-market advocates and encouraged young students to reject the free market. Their strategy was successful, by and large. Many people see an incongruity when consistent advocates of freedom support tax cuts but at the same time oppose drug laws and military conscription.

The *Wall Street Journal*, like many free-market advocates, is making the same mistake, but this time on something far more important than drug laws: the issue of military conscription. The *Journal* has generally been a strong and intelligent defender of the free market in the automobile, steel, oil, agriculture, and countless other industries. Its criticisms of automobile and oil industry regulation in the past ten years have almost always hit the mark. Especially noteworthy was its impassioned editorial on the passage of the "windfall profits" tax on oil, which appeared in a black box meant to connote an obituary and was titled, appropriately enough, "Death of Reason" (27 March 1980).

But the *Journal's* editorial position on the draft ("The Draft Crunch," 16 March 1979), undercuts its stand on oil. The editorial argues that we must seriously reconsider mandatory selective service because a volunteer military has produced high personnel costs and an insufficient quantity and quality of recruits. Aside from the dubious empirical merits of its argument (see Christopher Jehn, "The Draft Debate," *PR*, November 1979), it does not even mention the fact that the draft is an extreme violation of the freedom to choose one's occupation. How can the *Journal* get upset about restrictions on oil producers' right to keep their earnings and look benignly on a law that would cost many men their freedom for two years and that might even cost them their lives?

The editors cannot argue that we need a draft to have a large military. Even leaving aside the question of whether a large military is justified, they themselves have pointed out editorially that the armed forces can get additional experienced men by paying them more ("The Retention Problem," 19 March 1980), a tactic that would surely work with new recruits as well. They are left with the argument that a draft would shift the military burden to young males, most of whom do not read the *Wall Street Journal*. It is no wonder that the government can destroy the oil industry before our eyes when one of the chief defenders of a free market in oil favors a slave market in labor.

The *Journal* can throw in the towel and stick to special interest advocacy, settling for occasional minor victories, or it can try to broaden its influence by showing it really means what it says when it calls for a free market. Samuel Brittan, a leading British partisan of the free market, wrote in the *Financial Times* (24 April 1979) that he had started respecting free market economists only after he learned that Milton Friedman had made the draft the one issue on which he had personally lobbied Senators and Congressmen. The *Journal* has a tremendous opportunity. The hearts and minds of a generation are at stake. ■

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the Comprehensive Employment and Training Act.

The sequence of events, therefore, is as follows: minimum wages are periodically increased, causing disemployment. The government "rescues" the jobless by creating jobs mainly in the government sector. In short, minimum wages lead to maximum government.

DOL officials no longer deny the statistical testimony of disemployment because they cannot deny the obvious. Instead, they contend that disemployment leads to a greater good. Secretary of Labor Ray Marshall argued in 1978 that it makes sense to raise the minimum so that, say, 30,000 people lose their jobs because then the government can induce these young people into the formal education of government training programs.[2]

Empirical evidence does indicate that minimum wages increase school enrollment, but supporters of the official position have not shown that formal schooling is preferable to informal, on-the-job experience.[3] In fact, the DOL has discovered that government incentives to employers to hire young people do not work well because "so many young people can't read or write and thus aren't able to do many jobs."[4] One official observed that the literacy gap identified was "absolutely shattering." Of recently surveyed black 17 year olds, for example, 42 percent were functionally illiterate.[5]

Before putting more money into an inefficient system it would be more appropriate to diagnose and remedy the present defects. Yet the new and enlarged DOE has simply been given additional funds to provide what are euphemistically called "basic skills" in education or, in other words, lessons in literacy. If a person is not literate after ten years of government schooling, the prescription for more of the same seems odd.

"If a person is not literate after ten years of government schooling, the proposal for more of the same seems odd."

Economists Martin Feldstein and David Ellwood recently cast doubt on the seriousness of teenage unemployment. On the basis of 1976 data compiled in *Current Population Surveys*, they concluded that less than 5 percent of teenage boys were out of school, unemployed, and looking for full-time work and that many out-of-school teenagers were neither working nor looking for work, and most of these reported no desire to work.[6]

But because teenagers are in school and not listed as unemployed, it does not follow that there is no problem. Minimum wage laws tend to increase school enrollment while they reduce the number of jobs. Also, some of the schooling in the new training establishments includes generous training allowances, so a teenager has some incentive to enroll even if he expects no effect on his future earnings.

Feldstein and Ellwood also play down the significance of the people driven out of the work force because, according to their survey, only 3.5 percent of the out-of-the-labor-force group *said* they wanted a job but believed they could not get one.

The conflict between Feldstein/Ellwood and Mincer stems from different methodologies used. Mincer employed *econometric* research, which looks at a given state of the world after the minimum wage is increased. This method simply records what people do rather than what they say. The evidence is that they drop out of the labor force in significant numbers. In contrast, Feldstein and Ellwood used personal interviews to conclude that such workers are *not* really discouraged. And the evidence is simply that they say so.

The Departments of Education and Labor presumably act on the assumption that most of these people do not really mean what they have told Feldstein and Ellwood. This assumption, the departments believe, will be demonstrated once the out-of-the-labor-force group has been coaxed into the new educational programs. For the DOL, we are told, is about to try to convince them to return to school or enroll in "alternate education" programs while they work part-time jobs aimed at giving them training and instilling good work habits.

The *econometric* evidence says that

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POLICY REPORT

Published by the Cato Institute, *Policy Report* is a monthly review that provides in-depth evaluations of public policies and discusses appropriate solutions to current economic problems.

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Subscriptions and correspondence should be addressed to: *Policy Report*, Cato Institute, 747 Front Street, San Francisco, California 94111. The annual subscription rate is $15.00 (12 issues). Single issues are available for $2.00 per copy.

ISSN: 0190-325X

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new groups of workers will be discouraged from the labor market by minimum wage revisions in the next few years. But then they will also be encouraged by officials to say that they really do want jobs and to come back to school in order to qualify for them.

All this discouragement and encouragement will cost money, some of it paid with taxes on the beneficiaries. Devotees of George Orwell who detect centralized manipulation of individuals in all this will be intrigued by the year in which the new government youth plans are to come to fruition: 1984. ■

[1] Dave M. O'Neill, *The Federal Government and Manpower*, A.E.I. Evaluative Studies, August 1973, p. 7.

[2] Edwin G. West, "The Unsinkable Minimum Wage," *Policy Review*, vol. II, Winter 1980.

[3] Peter J. Matila, "Youth Labor Markets, Enrollments and Minimum Wages," *I.R.R.A. Proceedings*, August 1978.

[4] "President Seeks to Provide Jobless Youth with Work Experience and Basic Skills," *Wall Street Journal*, 11 January, 1980.

[5] Ibid.

[6] Martin Feldstein and David Ellwood, "Teenage Unemployment: What is the Problem?" *Discussion Paper No. 730*, December 1979, Harvard Institute of Economic Research, Harvard University.

Less Regulation with More Regulators?

by D. J. Chase

Economists in the United States have generally backed deregulation as the best way to increase competition. The idea is to strip the older federal regulatory agencies—the Civil Aeronautics Board, Federal Communications Commission, Interstate Commerce Commission—of their power to set fares and limit entry. But deregulation has gone only so far, even in deregulated industries, and it leaves untouched the powerful newer regulators—the Environmental Protection Agency, Occupational Safety and Health Administration—that cross industry lines.

Another movement is taking place among regulators, and, although it is not talked about as much as deregulation, it may hold some promise of increased competition: Regulators with overlapping jurisdiction are fighting over their jurisdiction and keeping it by striking deals with those they regulate. For example, states vie for new businesses by competitively modifying regulations. An even better example, however, of clashes between regulators is the one currently going on between two federal regulators who charge each other with poaching and who are now competing with each other, in effect, to provide less regulation.

The Securities and Exchange Commission (SEC), for 45 years the principal regulator of U.S. securities markets, is under siege from "competing" regulatory agencies that are freer about letting exchanges try out new products. "For the first time since 1934, the professionals in the markets have a chance to do some regulatory forum shopping," says securities industry attorney Alton Harris. He adds, "By variously restructuring certain of their activities, they can choose which regulatory agency will regulate those activities." Harris predicts that soon it will not be a "foregone conclusion" that the SEC will be the "pervasive authority" in the securities industry that it is today.

D. J. Chase is a Chicago writer whose work has appeared frequently in national business publications.

How this change came about is a study in how rivalry among regulators can lead to less regulation and more competition. The SEC's biggest challenge is coming from the Commodity Futures Trading Commission (CFTC), which oversees the commodity and futures markets. The source of contention is that a futures contract—a promise to deliver or accept a commodity at a date, location, and price that two parties have agreed to—is very close to an option—the right to purchase or sell a stock or commodity at a future date for a predetermined price. The SEC generally regulates options, unless they are commodity options, and then don't ask.

This overlapping among regulators was never a problem until a commodity exchange began trying to market a security-derived future. In June 1978 the Kansas City Board of Trade asked the CFTC to approve its newest product, a futures contract based on a stock market index. All hell broke loose.

The stock market index contract works this way: An exchange offers a futures contract equal in value to an index of, say, 500 stocks, whose prices generally move in the same direction as the market as a whole. The contract expires in, say, three, six, or nine months. If the market—and the index—rises in value, the contract buyer accepts the cash value of the contract; his profit is the difference between the price he paid for the contract and its higher value. If the index falls, the buyer can let the contract expire, losing only a small "good faith" margin deposit. In other words, for, say, between $1,000 and $4,000 per contract, a money manager or speculator controls a contract worth perhaps $50,000 (if the index average is $100 a share multiplied by 500 shares). He can lower the risk that his stocks will lose value because of unexpected downward movements in the economy. "[The index contract] is a very useful investment tool," says James Lorie, University of Chicago professor of finance.

Since the Kansas City exchange first submitted the plan to the CFTC, the securities industry has been in an uproar. The SEC, which had previously rejected a request by the Philadelphia

Stock Exchange to trade options on a stock market index, told the CFTC that the Kansas City plan would violate state gambling laws, serve no useful investment function, and encourage rampant speculation. In a sharply-worded filing, the commission said the futures contract would be "purely speculative," serve no purpose for hedging, and "leave unresolved some serious questions about the impact of such futures trading on the underlying equity market." What's more, the Philadelphia exchange would be "competitively disadvantaged" if the Kansas City idea were approved. In its litany the SEC also cited regulatory problems—the futures contract would cause "commodity mutual funds (which the SEC oversees) to spring up" and create confusion among investment advisors who might recommend the new contract. The SEC regulates investment advisors.

That the SEC has to fight to retain its regulatory authority is an affront in the first place. A month earlier, during Congressional hearings reauthorizing the CFTC, the SEC failed to convince Congress that financial instruments were its sole province.

Now the SEC faces a host of problems. Since the original Kansas City proposal, the Chicago Board of Trade (CBT) and Chicago Mercantile Exchange—the two largest commodities exchanges in the world—have put together proposals for stock market index contracts. The CBT has submitted to the CFTC 11 contracts based on 10 groupings of chemical, automotive, and similar industrial groups and an eleventh based on a new CBT average covering all 10 groups. The 11 new products would permit an investor to take one position in, say, the chemical stocks and another position in the market as a whole. CBT economists have also considered another idea that has the SEC even more frightened: futures contracts on individual stocks. They would be the most serious and direct challenge yet to the SEC's mandate.

The irony is that the SEC itself probably set the stage for these challenges to its authority by declaring in 1977 an unprecedented moratorium on any expansion of the explosive business in secondary put-and-call options. This move—halting the growth of a product that in five years equaled 79 percent of the trading volume on the New York Stock Exchange (NYSE)—was prompted by fears that the SEC was losing control of this new market and that abuses were popping up. Options trading was growing so fast that the NYSE, which initially made the mistake of snubbing the Chicago market, rushed to set up a competing options exchange. To the SEC this move raised questions about side-by-side trading of options and stocks and further justified the moratorium.

> **"CBT economists have also considered another idea that has the SEC even more frightened: futures contracts on individual stocks."**

By stemming the options expansion, the SEC laid the groundwork for its CFTC problems. Instead of options exchanges coming out with new products—such as options on commodities and on money market instruments—these actual proposals before the SEC were "voluntarily" withdrawn by exchanges in return for promises of a phased end to the options moratorium. Thus the SEC may have spawned not only challenges to its authority, but also financial futures markets.

The SEC is "damming up the availability of the options product," says Alton Harris, and even the commission, belatedly, agrees. In an article in the 2 July 1979 issue of *Securities Week*, an industry newsletter (OPTIONS FREEZE WAS A CATALYST IN BIRTH OF NEW FUTURES, SAYS SEC'S KLEIN), the commission's market regulation director Andrew Klein concedes for the first time that the SEC was "disturbed that what we do could cause or add fuel to certain economic developments....We're sensitive to this side of it, and we don't like it. It's just another terribly unfortunate effect of the [options] moratorium."

The commission's effort to end the moratorium is taking longer than anyone expected. Once it is ended, Harris believes that "there is a good chance that the options market in debt instruments might very well become the primary market for those kinds of contracts, and the futures market would be less important." The SEC may never be able to undo the damage, however. The genie of "regulation shopping" is out of the bottle in the securities industry and may never be put back. Here are three examples of what has happened.

■ The New York Stock Exchange's new creation, the New York Futures Exchange (NYFE), has applied to the CFTC for permission to trade futures contracts based on the Government National Mortgage Association ("Ginnie Maes") securities. These would be regulated by the CFTC. Says Harris, "I understand that originally the NYFE planned to trade options on these securities, but switched the form of contract from options to futures to escape SEC jurisdiction and to place itself under the CFTC's jurisdiction."

■ The Mortgage-Backed Dealers Association is proposing a new self-regulator for that security—in large part to escape SEC jurisdiction.

■ At least two options exchanges are considering setting up sister exchanges to trade financial futures and to escape the SEC's clutches. The Philadelphia Stock Exchange, which trades stock options and which was turned down by the SEC in its request to trade a stock market index *option*, is looking into the idea. According to Chicago Board Op-

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✓Washington Update

✓Labor unions are going to pull out all the stops in their efforts to defeat H.R. 6637, the Compulsory Campaign Contributions Act. The bill would require that all funds used for political purposes be derived exclusively from voluntary contributions. Although the law would apply to both business and labor, most unions see it as aimed directly at them. Current law prohibits the use of compulsory union dues for direct campaign contributions, but the unions are allowed to use dues money for "political education" and voter registration projects.

✓Protectionism may be making a comeback in Congress. Charles Vanik (D-OH), the chairman of the House Ways and Means Subcommittee on Trade, warned Japanese automobile makers that Congress will impose stiff import quotas unless they reduce their exports to the United States. Vanik wants the Japanese to return to 1977 export levels, which would mean a 25 percent reduction in the two million Japanese cars imported currently. To avoid such a cutback, Vanik suggested the Japanese build several assembly plants in this country. Japanese firms have resisted such a move in the past, citing the high labor costs and abundance of government regulation in this country.

✓Government aid to education is apparently coming with more and more strings attached. The Alfred P. Sloan Foundation has released a report charging that "decisions on who shall teach, what they shall teach, and whom they shall teach are passing from colleges and universities to government agencies and the courts." The two-year study recommended reforming enforcement authority of equal opportunity laws and suggested possible savings of $860 million in federal aid programs for college students.

✓Legislation establishing a commission "with the declared objective of improving the quality of government in the United States and of restoring public confidence in government at all levels," has been introduced in the House and has already picked up over 100 cosponsors. The proposed 18-member commission is patterned after the Hoover Commission on Organization of the Executive Branch of the Government, which in 1949 issued nearly 300 recommendations to centralize government and to try to simplify its structure. According to the proposed commission's sponsor, Rep. Richard Bolling (D-MO), 72 percent of the Hoover Commission's proposals were adopted in whole or in part.

✓The first public casualty of President Carter's current spate of budget cuts was a bill boosting the pay of military doctors. In his second veto message to the 96th Congress, Carter contended that the program would have cost $170 million over the next five years. Under the vetoed legislation a military doctor or other health professional could have earned a maximum of $63,000 a year, plus up to $8,000 more for practicing certain needed specialties. Supporters of the measure argue that Carter's veto will encourage a return of the draft because current army medical earnings are not competitive with civilian medical incomes, and a severe medical personnel shortage is now inevitable in the armed forces. A possible method of alleviating the shortage would be a limited draft of health professionals, which could easily lead to an expanded conscription program.

✓Despite talk of balanced budgets and fiscal responsibility being in vogue on Capitol Hill, the Senate Judiciary Committee rejected, nine to eight, a proposed constitutional amendment to require a balanced federal budget short of a national emergency. Almost every senator who voted against the amendment agreed with the need to balance the budget, but thought a constitutional amendment was inflexible and awkward and probably could not be ratified for several years. The full Senate also defeated a resolution by Sen. William Roth (R-DE) to limit federal spending in fiscal 1981 to 21 percent of the GNP.

✓A bill substantially expanding the powers of the government under the Bank Secrecy Act of 1970 has passed the House Banking Committee by voice vote. The bill, H.R. 5961, would make it a crime to transport over $5,000 in "monetary instruments" into or out of the country unless the Treasury Department is notified. The Secretary of the Treasury would have the power to define "monetary instruments" as well as what constituted an "attempt" to leave the country. The bill would also give customs officers authority to conduct warrantless searches of persons and things leaving or entering the country. A reward of up to $250,000 would be established for informants in the program. The legislation is ostensibly designed to halt drug trafficking; opponents, led by Congressman Ron Paul (R-TX), argue that it would erect "a monetary Berlin Wall" controlling international trade and foreign investment. A vote by the full House is expected this spring.

✓The political health of the tax revolt will be tested June 3 as Californians vote on Howard Jarvis's proposal to cut state income taxes in half and permanently index state income tax brackets. Jarvis's Proposition 9 would cut from $3 to $4 billion out of the state's $24 billion budget in its first year. Jarvis argues that his Proposition 13 tax-cutting measure of two years ago spurred economic growth that has meant a state unemployment rate lower than the national average and claims that the state's $2.6 billion surplus will cushion Proposition 9's impact. Opponents contend that the surplus will be available for only the first year, after which massive government layoffs and cutbacks in services would occur. Also, an income-tax repeal measure will be on the ballot in Alaska this November, and a similar proposal is circulating in Montana. ■

Less Regulation (Cont. from p. 5)

tions Exchange's (CBOE) former chairman Edward Neild, almost all exchanges in the United States either already have a subsidiary regulated by the CFTC or have one ready to be put into operation.

The CBOE itself, which pioneered stock options, has looked at setting up its own futures exchange and is also negotiating with the Chicago Board of Trade commodities exchange for "reciprocal access" rights that would permit CBOE members to trade the Board of Trade's stock index futures and any other products, and vice versa. Neild says, "If an exchange is going to be put at a competitive disadvantage because one federal agency will approve a given product while another one won't, then very clearly the CFTC is going to gain a lot of ground as a regulator…"

Is this the beginning of a competitive market in regulators? No, it is an old idea. Overlapping governments—federal, state, and local—all compete.

No one can say for sure that competing regulators will become competing deregulators, but it is possible. As regulation increases, it overlaps. Internationally, overlapping airline regulation

"For the first time since 1934, the professionals in the markets have a chance to do some regulatory forum shopping."

has already brought deregulation of air fares, led by the United States. Domestically, local, state, and federal governments overlap, so much so that businessmen routinely take advantage. For example, the commonplace tactic of businessmen demanding weak federal regulation—in say, product labeling and energy efficiency standards—while calling for strong federal "preemption" language ensures that the "weak" federal rules will supersede anything stronger that cities and states come up with.

In the securities industry there are signs that competing regulators—the SEC and CFTC—may eventually move toward each other. The CFTC shows signs that it will take a longer look at new product applications and combine approvals with tougher surveillance requirements, mimicking the SEC's style. On the other hand, the SEC might not be so quick in the future to freeze activity in one area—options—and then have to deal with the aftershock. But even if a happy medium is struck, the winner is less regulation.

Contrary to the conventional wisdom, sometimes the more regulators the merrier, the better to allow producers and consumers to shop around for the lowest price. ■

"To be governed . . ."

We're doing business like Detroit never did it before

A federal board monitoring the ailing Chrysler Corp. warned yesterday that the automaker had significantly underestimated losses for 1980 and its potential need for government assistance.

The bleak conclusions about Chrysler's financial prospects were contained in a 20-page report sent to Congress by the Chrysler Corp. Loan Guarantee Board....

The loan board's first report to Congress cites the need for "substantial adjustments" to the five-year operating and financing plans submitted by Chrysler on February 27th. Congressional and company sources report that Chrysler's financial condition has deteriorated further since March 31, the period covered in the government report.

—*San Francisco Chronicle,* Apr. 11, 1980

Fast learner

At the request of Joel McCleary, who ran Jimmy Carter's unsuccessful primary campaign in New York, Carter Press Secretary Joseph L. Powell set up a Feb. 19 White House luncheon for Rupert Murdoch, publisher of The New York Post.

Mr. Murdoch, the Australian who also owns New York magazine and The Village Voice, made another Washington appointment for that day at the office of John Moore, president of the Export-Import Bank, an institution set up by the U.S. Government to finance overseas purchases of American-made goods. The purpose was to arrange a $657-million loan, at an advantageous 8 percent interest rate, for the purchase of Boeing aircraft for the Australian airline he controls.

Officials of the Ex-Im Bank (that's the right name, if we're being informal) recall Mr. Murdoch leaving their meeting with the impressive comment that he had a date for lunch with President Carter. Both Mr. Murdoch and White House spokesmen heatedly deny there was any talk of the loan at lunch.

That was Feb. 19. On Feb. 22, The New York Post editorially endorsed candidate Jimmy Carter as "a fast learner" with "a renewed appreciation for the fundamental American values..."

—William Safire,
New York Times, Apr. 9, 1980

Sumer is icumen in, Big Brother sing cuccu!

The average American will have to work three days longer this year—until May 11—to pay off combined federal, state and local taxes, the Tax Foundation, Inc., said Sunday.

—*Los Angeles Times,* Mar. 24, 1980

No comment

...I began buying U.S. Savings Bonds on a regular basis in 1971. Since then I have not cashed in any bonds so purchased, and currently I hold bonds whose cash value is approximately $50,000. I am currently investing $225 per week in Savings Bonds and have no current plans to divest bonds held until their approximate maturity date.

Why my program? Because I consider Savings Bonds to be an investment in America—a country I'm tremendously proud of and one which has given me opportunities that I'm extremely grateful for.

—Roy A. Anderson
Chairman of the Board
Lockheed Corp.
Barron's, Mar. 3, 1980

Anyone caught with a two-gallon can of shelled nuts cooked in root beer will be shown no mercy

One trucking company has permission to carry empty ginger ale bottles between a few points in Virginia and Pennsylvania, but it can't carry empty cola or root beer bottles. Another trucker is allowed to haul five-gallon cans, but not two-gallon cans.

And then there is the rule that allows one trucking company to carry raw nuts —shelled or unshelled, but requires separate permission if they're cooked.

—*Los Angeles Times,* Mar. 9, 1980

Line for consumer testing forms on the right

Vibrators advertised as therapeutic devices for the treatment of sexual disorders now must be registered and approved by the Food and Drug Administration, the agency has ruled.

—*Oakland Tribune,* Mar. 24, 1980

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