

# In Review

## Roberts' Free-Market Romance

Reviewed by Thomas A. Firey

### THE INVISIBLE HEART: An Economic Romance

By Russell Roberts

288 pp., Cambridge, Mass.: MIT Press, 2001

In the years following his 1931 move to the London School of Economics, Friedrich Hayek developed a friendship with his philosophical rival and LSE colleague, John Maynard Keynes. Friendship between one of the century's great classical liberals and the century's leading interventionist may seem ironic, but both men appreciated each other's powerful intellect and deep concern for humanity. That appreciation enabled a friendship that their philosophical disagreement probably enriched.

Today's followers of Hayek are less likely to find such friendly, appreciative intellectual rivals in the university, or in society. Conventional wisdom appears to hold that only the heartless and corrupt could approve of the Invisible Hand. And people who are judged to be heartless and corrupt are seldom treated in a positive way.

To combat that perspective and hearten free-market supporters, Washington University in St. Louis economist Russell Roberts offers *The Invisible Heart*. The novella tells of high school economics teacher Sam Gordon and his efforts to communicate the value and beauty of classical liberal ideas to his students and a well-intentioned pro-interventionist English teacher, Laura Silver, who has captured his fancy.

Sam uses illustrations and other devices to explain concepts like scarci-

ty, externalities, and the positive effects of the Invisible Hand. One illustration, described in the book's opening pages, was especially provocative this year. Sam tells his students that the world has a current supply of oil of 531 billion barrels, but we consume oil at a rate of 16.5 billion barrels a year. He then asks, when will the world run out of oil? The answer: Never. To explain why, he tells his students about the Nut Room:

*Suppose for your birthday I gave you a room full of pistachio nuts in the shell... You're happy because you love pistachio nuts. Outside the Nut Room, they're expensive. Inside, they're free. There's only one rule in the Nut Room. As you eat the nuts, you've got to leave the shells in the room. You can't take them out with you. At first, that's no problem. For the first few days and maybe weeks and months, the pistachios are plentiful. But as the years go by, it takes longer and longer to find a pistachio. The shells start getting in the way. You come in with your friends and you spend hours wading through the shells of pistachios you've already eaten in order to find one containing a nut.*

*After awhile, you're better off paying for nuts in the store rather than spending hours trying to extract a nut from the depths of the pile. The cost of the nuts in the Nut Room has gotten too high. It's the same with oil. Years before the last drop of oil is found and extracted, we'll walk away from oil as an energy source. It will be too hard to find new reserves. Or too expensive to extract the reserves we know about. Long*

*before we run out of oil, we'll switch to cheaper alternatives (pp. 6-7).*

However, as Sam makes headway with Laura and his students, the book tells a parallel story of pharmaceutical company CEO Charles Krauss. Krauss is the stereotypical Evil Capitalist who we see played in the movies by Michael Douglas; he falsifies drug test results, bribes government officials, and possibly even kills in the name of corporate profits. Krauss provides the initial conflict in the book: How can Sam endorse an economic world in which the Invisible Hand applauds such practices? But a clever plot twist moves the book beyond that question to a subtler, more pro-

found issue: Should we believe that businessmen like Krauss dominate and flourish in the free market?

Admittedly, the book's dialogue and romantic tale might prompt a few wisecracks about an economist-turned-author. But the apologia that Roberts offers for classical liberal ideas is rich and satisfying, and is accessible to anyone open-minded enough to read the book. Consider Sam's description to Laura of the free market's unparalleled success in destroying poverty:

*"Think about my grandfather. He had to quit school when he was 12 to help keep his family going. That was the end of his formal education. His life was never easy. When the Depression came, the business he had started went broke. He had to swallow his pride. He and his wife and kids moved in with a cousin for two years. Then he became a peddler, selling bedspreads and lamps and linoleum out of the back of his car to the poor people of Memphis, Tennessee. He did that for the rest of his life. The days were long, the*



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money was mediocre, and the work didn't exactly challenge his mental abilities. How many ways are there to describe the virtues of a bedspread? At night he read Shakespeare and quarreled with a world that made him get in that car every day and fight the heat in the summer, the cold in the winter, the customers who didn't pay and worst of all the resentment that he was meant for better things and would never have them."

"That's an American tragedy."

"I don't think my grandfather thinks so.... Because my grandfather scraped and saved, his son — my father — was able to go to college and escape the grind. His grandson, yours truly, has it even better. And do you know why? Because the system refused to put my grandfather and others

like him in an economic cocoon. It took a toll, but it also paid dividends. My grandfather's sacrifices and those of his generation created what we have today. You can't have one without the other. While my grandfather was alive, he looked like a victim of the system. But the passage of time gives his life a different meaning."

*The Invisible Heart* will not be the next best-selling romance novel-turned-Hollywood blockbuster. But, as a story, it is intriguing and pleasant. As a description of the energy and beauty of the free market, it will challenge real-world Laura Silvers. And as a promoter of the Invisible Hand, it will delight the hearts of all classical liberals. **R**

## Saving Democracy from the Internet

Reviewed by Adam D. Thierer

### REPUBLIC.COM

By Cass R. Sunstein

224 pp., Princeton, N.J.: Princeton University Press, 2001

**D**o you learn more about the world when you surf the Internet, or less?

It seems obvious that most Americans would answer "more" to that question. We believe the Internet has opened our eyes and ears to countless new ideas and enabled us to interact with the rest of the world in previously unanticipated ways. Almost everyone has praised the empowering nature of the Internet.

But Cass Sunstein, the prolific University of Chicago legal philosopher, sees things much differently. In his new book *Republic.com*, Sunstein argues that the Internet is breeding a dangerous new creature: Anti-Democratic Man.

His thesis rests on the assumption that the Internet's oft-praised attribute of personal customization is its most

dangerous characteristic. Increased communications customization and personalization encourage greater societal fragmentation and factionalism, Sunstein claims, which in turn could breed political extremism. "Group polarization is unquestionably occurring on the Internet," he argues, and it is weakening what he refers to as the "social glue" that binds society together and provides citizens with a common "group identity." If that continues unabated, the potential result could be nothing short of the death of deliberative democracy and the breakdown of the American system of government.

Sunstein argues that, for a well-functioning democracy to thrive, citizens should be subjected to a myriad of unexpected encounters with different opinions. At the same time, he says, they should share a broad range of common experiences. He waxes nostalgic about the days when Americans would read the same city newspapers, receive their news from common broadcast media, and gather in town parks to discuss and debate the issues of the day. Somehow,

democracy was more alive back in that mythical time, according to the author.

The Internet, by comparison, is destroying opportunities for a mingling of the masses and the sharing of social experiences, claims Sunstein. The hyper-customization that specialized Web sites and online filtering technologies offer enables people to create the equivalent of a personalized news retrieval service that he contemptuously refers to as "The Daily Me." That ability irks Sunstein because people can filter information and tailor their viewing or listening choices to their own desires and needs.

Sunstein's book, thus, is an indictment of individual choice. His not-so-hidden message is that individual or consumer sovereignty is dangerous and that

societal or political sovereignty is unambiguously good. In Sunstein's own words, "A system of limitless individual choices, with respect to communications, is not necessarily in the interest of citizenship and self-government. Democratic efforts to reduce the resulting problems ought not be rejected in freedom's name."

In other words, such individual choice is not good for people; they must be aggressively encouraged — if not outright forced — to read and hear what selected others have to say.

To combat the dangers of choice, Sunstein proposes a bold new regulatory regime that is grounded in public forum doctrine. According to the doctrine, just as citizens have the right to speak in public places such as parks, streets, or in front of town hall, so they should also have the right to speak in such contemporary "meeting places" as airports and on Internet sites with which they disagree. He outlines a list of draconian controls for the Internet that borrows heavily from the old legal regime that has governed radio and television broadcasting for the past 70 years. For example, he advocates mandatory disclosure requirements for Web content providers, a taxpayer-subsidized "PBS for the Internet," and the implementation of a "Fairness Doctrine" that would entail



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the extension of “must carry” rules to the World Wide Web. Under his system, partisan Web sites could be required to include the equivalent of “electronic sidewalks” on their sites that offer links to groups and sites with opposing views.

Sunstein singles out the National Rifle Association, *National Review* magazine, and The Heritage Foundation’s TownHall.com as three organizations

whose Web sites are particularly well suited for such mandates. But surprisingly, he does not name a single left-leaning organization that would need such modification.

Interestingly, a check of Sunstein’s own Web page ([www.law.uchicago.edu/faculty/sunstein](http://www.law.uchicago.edu/faculty/sunstein)) reveals an absence of an “electronic sidewalk.” He includes links to the pages of two fellow Univer-

sity of Chicago professors “with diverse viewpoints,” but the rest of his links are to his own opinions and publications. Apparently, Sunstein does not practice too heavily what he preaches.

That is as it should be; Sunstein has the right to install whatever links he wants on his Web site. But he should not tell the rest of the world what links to place on theirs. **R**

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