

The Fraser Institute

# CANADIAN STUDENT



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## Ironies in Antitrust

By Mischa Kowall, MEd Economics, University of Calgary

Do not pass go; do not collect two hundred dollars!

This is the basic message in the ruling handed down by Judge Thomas Penfield Jackson in the Microsoft antitrust case. Microsoft has been labelled a monopoly, which may create a picture in our minds of an extremely large corporation pushing smaller companies out of its market using force. After all, truly

monopolized markets are unhealthy for consumers and innovation due to a lack of incentives. Actual monopolies may have little reason to innovate or keep prices at levels that would prevail in a competitive market. But does this accurately describe the business practices of Microsoft?

Antitrust law in the United States was developed in order to protect consumers and foster competition.

This body of law, beginning with the Sherman Act of 1890, has seen the government prosecute, convict, and punish companies for acting in an “anti-competitive” manner. The government has now set its sights on Microsoft. But has Microsoft acted

### Welcome!

Welcome to the summer edition of *Canadian Student Review*! Many students have more free time in the summer than they do during the school year, and to that end we have included a suggested reading list. On it you'll find market classics by Smith, Hayek, and von Mises, along with newer texts that apply market principles to everyday life. No doubt you'll find something new to explore over the summer.

In addition, this issue contains thought-provoking articles on the Microsoft antitrust case, trade and wealth, and child labour laws. Turn to the back page and you'll find the 2000 Student Essay Contest winners. Look for their winning essays in upcoming issues of *CSR*.

Thanks to the Lotte & John Hecht Memorial Foundation for providing sponsorship for this newsletter.

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in an anti-competitive manner? Does Microsoft use force to leverage other companies out of the markets Microsoft participates in? We can answer this question by examining three areas: pricing, innovation, and the use of force.

There have been claims that Microsoft used monopoly power to push Netscape out of the browser business. One of the tactics most often cited is that Microsoft started giving its browser away free of charge while Netscape was selling its browser. This situation has been often mistaken for predatory pricing, which is the act of lowering prices to drive competition out of the market before raising prices to a profit-maximizing “monopoly” level. But to the best of my knowledge Microsoft has not raised the price of its browser, Internet Explorer; in fact, it is still offered free of charge. Incidentally, the Netscape browser is now being given away as well. But according to the critics of Microsoft’s business practices, consumers must be worse off. In reality, it is easy to see that due to Microsoft’s business practices in the browser market, consumers are *better* off, because Internet browsers are available free of charge.

A little number that many people tend to overlook when claiming that Microsoft has no incentive to innovate is the US\$100 million spent by the company each year on research and development. We know that Microsoft has a lot of money, but the extent of its innovation can be seen in different ways as well. When Microsoft first introduced Internet Explorer to compete with Netscape, both industry experts as well as consumers strongly preferred the Netscape browser. Some of the comments Internet Explorer version 1.0 received from the media were: “somewhat chunky” and “the clear victor is Netscape Navigator.” As the

competition between the two companies grew, Microsoft out-innovated Netscape to finally produce a browser more critically acclaimed and well received by the public. By the time Internet Explorer 4.0 arrived, the media’s negative responses had turned to praise, claiming that Internet Explorer “beats Netscape hands down.” The gradual acceptance and eventual preference of Internet Explorer over Netscape was due to quality competition, not price competition, since both products are free. And quality competition is driven by the desire to make your product better, in other words, by innovation.

We have seen instances where Microsoft helps consumers by lowering prices and increasing innovation. The final aspect of this case to examine is the issue of using force to keep other competitors out of the market. Let’s take a look at the operating system, where Microsoft has been greatly criticized for erecting barriers to entry that stifle competition. The criticism is unfounded because we can plainly see that it is imperative for Microsoft to innovate and satisfy consumers in order to keep its operating system dominant. Still, a common fear is that Microsoft’s supposed monopoly power will harm consumers.

Currently, the operating system market is competitive; there are companies poised to take market share away from Windows if consumers are not satisfied. While Microsoft does have an extremely large market share, this does not mean that it has the ability to use monopoly power in this market. If consumers are not satisfied they have the option of using Macintosh or Linux, the new “open source” operating system. With the huge growth in Linux users and pro-

ducers, Microsoft’s inability to “force” competitors, or potential competitors, out of the operating systems market is quite apparent. Why doesn’t Microsoft crush the competition the way we “know” it can?

Herein lies the irony. The American Department of Justice is pressing charges against Microsoft, which it labels a monopoly. Microsoft does not have the ability to force firms out of any market, even in the operating system market in which it is most dominant. The American government, on the other hand, is the perfect definition of a monopoly; it forces all competitors out of its market and erects clear barriers to entry where it sees fit. The force that a government uses to stifle competition is law, such as the Sherman Act. But no private firm has the ability to force other firms out of a market, because no private firm has the ability to control the law.

The American government’s claims that it is fostering competition and helping consumers by suing Microsoft should cause us to rethink modern competition law and what its objectives really are. Is it really right for one of the

*Mischa Kowall was a 1999  
Fraser Institute Summer Intern.*

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## Why does Capitalism Work?

By Andrew Zur, LL.B. Law, University of Toronto

Why does capitalism work? Anyone familiar with twentieth century history can see that it does. The thorough discrediting of Marxism and the demonstrated success of Reagan's and Thatcher's policies have compelled even European Social Democrats to make halting moves toward tax cuts and privatization.

There is still, however, the nagging feeling that there is something disreputable about capitalism. "Third Way" politicians, like Jean Chretien and Tony Blair, grudgingly accept the free market, but at heart they believe it only exists to provide the cash for the more compassionate, principled, business of government. They leave important sectors of the economy, like health and education, to suffer under the deadening hand of government, and turn to government regulation to solve society's problems. Thus, those who favour the free market still need to be able to explain why individuals are better suited to make most decisions for themselves.

Let's consider the differences between the way individuals and governments spend money. In a free market, individuals spend their own money according to their own desires. Decisions are voluntary and individual. People get what they want at a price they are willing to pay; if a store can't provide something of value at an appropriate price, no one will buy its merchandise. People will either buy things elsewhere, spend the money on something else, or save their money.

When the government spends money, the person who does the buying and the person who does the consuming are different. The person

who does the buying needs to figure out what the consumer wants, but this is a very expensive process, and the buyer never really gets it right. So the government spends more money and makes poorer decisions than the individual would in similar circumstances.

That's assuming that the government tries to make decisions according to what people want. In a diverse society, society is made up of a number of competing groups. If the government can please enough of these groups to get elected, the desires of the rest count for little. Strongly-committed, well-connected special interest groups can have a lot of influence, while the "silent majority" is ignored. Politicians often benefit their friends and themselves with our money. Of course we can try to hold our politicians accountable through the media and the ballot box. Go ahead. Try.

Let's summarize. Government decision-making is remote. (Would you trust a stranger to do your grocery shopping?) It is expensive. (Bureaucrats cost money). The resulting decisions are often for reasons other than your best interests, and you'll only find out about them when it's too late. And government is, for the most part, unaccountable. You can't walk away from a bad government like you can walk out of a bad store. Is it any wonder that "the government is best which governs the least?"

Apart from these practical reasons, there are more important moral reasons for small government. Part of being an adult is making your own decisions. When government starts making decisions for you, you lose a sense of responsibility for your own existence. You start thinking that

other people are there to serve you. In other words, you become a child.

Big government also rewards the wrong kinds of behaviour. In a capitalist system, interactions are voluntary. You have to entice people to work with and for you. Part of this involves providing good value for money, but that's not enough. You need to be polite, considerate, and conscientious. You need to build a reputation for honesty and trustworthiness. Why do you think Wal-Mart hires people to greet customers at the door?

Interactions imposed by government are involuntary, or coercive. If a nurse or teacher is surly or inconsiderate, there is little you can do about it. Indeed, government even encourages bad behaviour. If you had a tendency to throw temper tantrums, walk out of rooms in a huff, and scream at people, life would be rather lonely. But if you're part of a government union or special interest group, that kind of behaviour could get you a raise. It works even better if you whine a lot and portray yourself as a helpless victim.

*Andrew Zur is a Fraser Institute Summer 2000 Intern.*

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# Youth Leadership School

By Stephen Graf, LL.B. Law, University of British Columbia

Students who read *Canadian Student Review* likely appreciate the role of competitive markets, lower taxes, less regulation, and respect for civil liberties in providing for the well-being of Canadians. In addition, some students may have an interest in obtaining a position of influence in public policy. This May, I attended a workshop designed to train students for success in public life. Nicknamed the “boot camp of politics,” the Youth Leadership School (YLS) shows students how to launch a political career. It’s intended for young people who are serious about being effective leaders.

The YLS was hosted by the Leadership Institute, a non-profit, non-partisan educational foundation based in Arlington, Virginia. Since 1979, the Leadership Institute has enrolled more than 25,000 students

in its unique schools and prepared them to achieve public policy and personal success.

Student programs offered by organizations like The Fraser Institute can help students develop valuable skills, and a deeper understanding of economics and public policy. In politics, however, success also depends on having the kind of *technological*, or organizational and communications training that the Youth Leadership School provides. The YLS teaches young people how to build an effective student organization and use the media to get their message out. Many students have used these skills to jump-start their political careers. Many more have used them to succeed as businesspeople, lawyers, teachers and grassroots activists.

Youth Leadership Schools are normally held in cities across the United States. This May, a campus club at the University College of the Cariboo hosted a YLS in Kamloops, BC. The Leadership Institute’s faculty worked hard to adapt American

political technology to Canada’s system of government, and they succeeded.

The Youth Leadership School is not for the faint of heart. At the end of the weekend, you won’t be tanned and rested—the YLS is one of the most intensive training programs around—but you will be ready to achieve political success. You will also have developed an extensive network of friends to help you. If you think that you would benefit from the Youth Leadership School, check out [www.lead-inst.org](http://www.lead-inst.org) for more information on it and other Leadership Institute programs.



Stephen Graf is a Fraser Institute Summer 2000 Intern. He attended the Youth Leadership School in Kamloops, BC, on May 13–14, 2000.

### Why does capitalism work?

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So in reality, government, not capitalism, is the necessary evil. There is a role for government, but only when the advantages outweigh all the disadvantages I’ve pointed out. Policing, courts, and the military—in other words, public order—are appropriate areas for government involvement. But for everything else, government involvement should be strictly limited and directed toward supporting individual choices, not supplanting them. But what about those who truly need government help? Give them a dollar, and let them spend it on what they need and want, not what we think they *should* want.



### Ironies in Antitrust

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biggest monopolies in the world to be recklessly criticizing and prosecuting, and claiming that competitive firms are monopolies? The intent of antitrust law is to foster competition, but the law does not seem to work that way in reality. Instead, it gives the government more power, making that monopoly even stronger. If the government’s main concern is competition and its benefits to consumers, why doesn’t it act in a manner consistent with its seeming ideals of fostering competition? There is a real monopoly involved in the Microsoft case; the irony is that it’s not the one on trial.

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## How Trade Helps Even Poor Countries

By Jon Dykstra, BA Physical Education, University of Alberta

Sometimes the point of a story can fly right by some readers. In “How Trade Creates Wealth” (March 2000) it seems a few people expected more from my story and, as a result, missed its very simple point. One student criticized the methodology of my 367-word account, while Sylvia O’Callaghan [letter below] thought the story failed to accurately reflect reality. But while neither seemed to like the story, neither denied its main point—trade creates wealth.

In fact, it seems they were just expecting a different story. Since I am always eager to please, here is my best effort at the story they wanted me to tell. It is called “How Trade Helps Even Poor Countries.”

It was a regular lunch hour in Mrs. Embargo’s grade 6 classroom and the kids were trading their snacks behind the teacher’s back. One of the kids, Ulysses Sam Austin (USA for short) always had at least a hundred cookies. He had so many he didn’t value them, as he once did when his mum only packed five or ten in his lunch. Canada’s mum always stuck an entire banana bread loaf in his lunch. The other kids weren’t quite so well off, and had a variety of

snacks ranging from a handful of chips to a couple of carrot sticks.

The kid with carrot sticks desperately wanted some banana bread, since his mum didn’t know how to make it. It took a bit of bartering but eventually he managed to trade one of his carrot sticks for a small slice. It wasn’t a lot, but it was more than he could have gotten any other way.

USA was getting quite sick of cookies and was eager to trade them for different snacks. He traded several of them to the kid with carrot sticks for his last carrot. It wasn’t that he was softhearted—some even accused him of being the class bully—but he had a surplus of cookies.

The next day, Mrs. Embargo decided to crack down: “You children are going to have to eat what your parents packed in your lunch!” That made all the children very sad: USA because he was now stuck with only cookies; Canada because he had nothing orange to eat; and especially poor carrot boy, because Mrs. Embargo’s protectionist stance prevented him from trading for the banana bread he loved so dearly.

One of the main objections to my first story was that the one-dollar goods were distributed equally. In this story, the goods are not. A second objection centred on a belief that some countries have nothing to offer in trade. This objection is unfounded. Whether they have natural resources or cheap labour, every country has something to offer. Some have more and some less, but each has something.

In this story, trade helped everyone, including the poor. Without trade, the poor carrot stick boy would never have acquired a slice of banana bread, as he was incapable of manufacturing it at home. And without his carrots, the richer countries would have had to devote some of their energy to growing carrots and wouldn’t have been able to manufacture as many cookies or loaves of banana bread.

Trade is complex, and we could discuss indefinitely topics such as international trade organizations, monetary unions, or trade embargoes, just to name a few. The moral of *this* story is, even the poorest nation, with seemingly little to offer, gains from trade.



### Letter

Dear Editor:

It was with great interest that I read the article on the cover of The Fraser Institute *Canadian Student Review* newsletter entitled “How Trade Creates Wealth.” I assume that it was intended to provide an understanding of economic trade issues at their most fundamental level. And, in fact, it did. Jon Dykstra’s experiment makes obvious what is habitually missed in economic discussions and far too often gets buried under a blizzard of facts and figures that

tend to confuse the underlying problems. Insofar as his experiment fails to reflect reality, by assuming an unrealistic distribution of “goods” available for trade, he makes obvious by their conspicuous absence the most disturbing problems of commerce in the real world.

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# Try the Trade Game with your Friends and Classmates

Here's what you'll need:

- An assortment of items from the dollar store. You will need one per player. Each item should cost exactly the same amount. Try to include a variety of items, some more desirable than others. Suggested items include rubber gloves, kitchen gadgets, note pads, pencil sharpeners, candles, etc.
- 10 players or more (the game is more fun with more people)
- pens and paper

How to play the trade game:

As the host, hand each player a dollar store item. Ask each player to have a look at their item and rate on a piece of paper how happy they are with their item. Use a scale of 0-5, where five is "most happy" and zero is "not at all happy." Then collect the

pieces of paper and tabulate the scores of all players. This number represents how happy the players are as a group with their items.

Now allow a round of trade. Ask each player to turn to the person on their left and right to engage in trade. The person may have to market their item creatively, especially if they have ended up with something less desirable. Allow approximately five minutes for trading.

Then ask each player to rate their item once again. They may have a new item, or they may be stuck with their initial one, in which case their rating may not improve. The host then collects the pieces of paper and tabulates the group rating. This number should be higher than in the first tabulation, indicating that the players as a group are slightly happier with their items.

Now allow a second round of trade. Players are free to trade items

with whomever they wish. Allow approximately five minutes for trading. Once trading has ceased, again ask players to rate their items and tabulate the group total. This number should be even higher than previous two ratings, indicating that opening up the trade barrier has made players even happier.

For larger groups, include more rounds of trading by dividing the players into small groups or "nations," and gradually opening up the international barriers.

The point of this simple exercise is to demonstrate that trade creates value. The more trade that is allowed, the better off players are. Furthermore, this fun and friendly exercise also shows how trade promotes co-operation and communication.

*Give us your feedback at [student\\_program@fraserinstitute.ca](mailto:student_program@fraserinstitute.ca).*



## Free Market Thinking Pays Off!

*Congratulations to these students who have recently won cash prizes:*

① **David Gratzner** was the recipient of the \$25,000 Donner Prize, awarded for the best book on Canadian public policy. The University of Manitoba medical student won the prize for his book *Code Blue: Reviving Canada's Health Care System*, published by ECW Press. In 1999, David was also awarded the US\$2,500 first prize in the Felix Morley Journalism Competition, sponsored by the Institute for Human Studies. ([www.theihs.org](http://www.theihs.org))

② **Chris Schlegel**, an Economics student at Simon Fraser University, won the John B. Wood International Memorial Essay Competition, a prize of US\$1,500. This competition, hosted by the Institute for Economic Affairs, awarded prizes to the best essays on one of four education topics. (For more information, visit the IEA website at [www.iea.org.uk](http://www.iea.org.uk).)

③ Eighteen-year old BC student **Evan MacDonald** won the Ayn Rand Institute essay competition for grades 11 and 12 with an essay on Rand's novel *The Fountainhead*. His essay was chosen from among 3,500 entries. Evan recently graduated from Grade 12 from the Distance Education School of the Kootenays, and plans to use the US\$10,000 prize to pay for university. (For more information, see [www.aynrand.org/contests](http://www.aynrand.org/contests).)

④ **Jason Brooks** won the \$1,500 second prize in the 1999 Olive W. Garvey Fellowship Contest. Jason completed the journalism program at Carleton University, and is now studying law at the University of Toronto. The 1999 topic was "Free trade is the wellspring of peace." (For more information, visit the Independent Institute website at [www.independent.org](http://www.independent.org).)

*Well done, students!*



## Things Folks Know That Just Ain't So...

### What folks know...

Globalization is causing increased use of child labour. Boycotts and trade restrictions against those countries that allow child labour are the best way to combat this problem.

### Why it ain't so...

Ending child labour is a worthy goal. However, restricting the global marketplace, denying individuals the freedom to trade and work, is unlikely to accomplish this objective.

These restrictions will not help because the rhetoric of the anti-globalization critics is simply wrong. For example, Linda Golodner, President of the National Consumers League, argues that "The problem of child labour has grown along with the expansion of the global marketplace." Other members of the anti-trade tribe, including the web site of Corporation Watch, echo this sentiment. Unfortunately for these detractors, this may be yet another case where reality contradicts impassioned rhetoric.

Data from the International Labor Office, a group active in the anti-child labour camp, shows that since 1950, the prevalence of child labour has dramatically declined in all areas of the world. Further, globalization has not slowed or changed the direction of this trend one bit. In fact, in Asia (an area potentially more fully globalized than other developing areas) the decline in child labour has

accelerated for a number of years, beginning in the 1980s.

This trend is heartening, but the prevalence of child labour can not be eliminated quickly enough. Unfortunately, this has led some to call for trade restrictions or to propose boycotts in order to 'help.' In some cases, the results of these restrictions have been devastating for the children they were meant to assist. A UNICEF study found that in Nepal, 5,000 to 7,000 young girls moved from the carpet industry into prostitution as a result of one such ban.

This is especially disturbing because in the poorest countries, the child's contribution to the survival of the family is critical. Domestic legislation against child labour, or bans or boycotts of products produced in a country like Ethiopia (with a per capita income of \$110 per annum and where 42 percent of the 10- to 14-year-olds in the country work) probably have much more undesirable effects than the work itself.

But what are we in the West to do? Historical experience is instructive. While it is true that restrictions on child labour were enacted many years ago in most western countries, it would be wrong to assume that it was primarily this legislation that reduced the prevalence of child labour. Economic historian Price Fishback's examination of child labour laws in the United States reveals that child labour had already dropped to low levels before child labour laws were introduced. Researcher Carolyn Moehling's further analysis of

minimum-age restrictions found that child labour legislation typically followed reductions in the labour force participation of children rather than preceding them.

Economist Kaushik Basu suggests that increased prosperity can play an important role in eliminating child labour. His analysis suggests that it is not parental maliciousness that sends children into the labour force, but rather conditions of poverty. This suggests that bans or boycotts that seek to punish nations financially, and which exacerbate poverty, are steps in the wrong direction.

Careful research suggests that increased trade—i.e., *more* globalization—and institutional structures that protect private property and maintain the rule of law increase prosperity. The developed world can help by further reducing trade barriers. Through increased prosperity, the developing world can follow our success in reducing the prevalence of child labour.

According to Kailash Satyarthi, International Coordinator of the Global March Against Child Labor, "the 20th Century has seen enough of the globalization of the economy ... In the coming century, we need to work for the globalization of human compassion and solidarity." But Satyarthi's reasoning is faulty. In fact, because human compassion encompasses the elimination of child labour, the march *toward* globalization has not gone far enough.

—Dexter Samida,  
Research Economist,  
The Fraser Institute

# The Grasshopper, the Ant, and the Beaver: a Parable

By John S.P. Robson

Once upon a time there was a big meadow filled with many little creatures. Among these were a grasshopper and an ant. The ant was always working, piling up food in his little hole in the ground and strengthening his hole for the winter. But the grasshopper rejected the white male European mores of the ant, and sat in the sun all day enjoying himself and strumming his legs. Periodically the ant would lay down one of his burdens, wipe his sweaty brow, and say to the grasshopper: "You know, you really ought to give some thought to tomorrow. You should save for the future, you should work." The grasshopper would laugh, and call the ant insensitive.

This went on through the fall, though the days became shorter and the sun shone less. When the ant would stop and rest and warn the grasshopper about the implications of this trend, the grasshopper would lecture the ant on the Meadow Clause and tell him that this meadow was not like the awful one further south where no one cared about anyone else. "The creatures in our meadow are caring, charitable beings, and they look after one another." And he would stretch his limbs in the waning sunlight, and describe his plans for government tanning salons for the long winter months.

And then winter came. One morning the ant got up and pushed aside the leaf he had cut into a door, and found the meadow buried in a fine

thick blanket of snow. He admired the beauty of the scene for a while, and then he went back inside for some breakfast.

While he was eating, a knock came at his door, and he answered it to find the grasshopper there, looking harried. "Brother ant," he said, "it has snowed during the night, and I can't find anything to eat."

"Yes, I know," said the ant. "I seem to recall having warned you about this. I have spent all summer filling my larder against this very development."

"You must share with me," said the grasshopper. "You must be charitable."

"But you would have food now if you had worked as I did during the summer months, instead of sunning yourself, strumming your legs, and lecturing me about compassion."

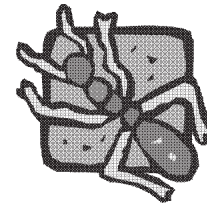
"You are a racist, sexist homophobe," declared the grasshopper, and he mugged the ant and stole his food.

When the ant came to, he hobbled out in quest of the great wise beaver who ruled over the meadow and dispensed justice to its inhabitants according to the Meadow Charter. "Oh great one," said the ant, "I have worked all summer to fill my larder for the winter, and now the grasshopper has assaulted me and stolen my food. I ask you for justice."

"Well," said the beaver, "I hear and understand your point of view. It is certainly valid. But in this meadow all are entitled to food, clothing, shelter, medical care, and a decent standard of living. Therefore you cannot grudge the grasshopper the food.

Surely you wouldn't want to live in the awful meadow south of us."

"But great leader, he attacked me.



Look at my leg—I think it's broken."

"Well, that is certainly serious, and fortunately for you we have

universal medical care, although I don't think we can schedule you for treatment until, say, March. In the meantime, it has come to my attention that the grasshopper has no place to live either. Every lifestyle is equally valid, of course, but homelessness is a scandal, so until we get the social housing built he will be living with you. Don't worry, though, he'll be using the bedroom, which you probably would find inconvenient with that broken leg. You can sleep in the kitchen." So the ant called up his relatives in the southern meadow, and they came and helped him move what was left of his provender and household down to their neck of the woods.

And what became of the grasshopper? Well, eventually the hole he was living in became dilapidated, and he would sit on his porch and lecture passers-by about the neglectful, anti-social attitude of his absentee landlord. Now I understand that the hole has collapsed altogether, so I'm not sure what he is going to do.

Excuse me, I have to go now. Someone's knocking at my door.

*This story originally appeared in the December 1992 issue of Canadian Student Review.*



## Summer Reading

Summer's here! For many students, that means more time for personal reading. Here's a list of market favourites, suggested by Fraser Institute staff:

Several staff suggested these classics, available in a variety of editions from different publishers:

- *Free to Choose*, by Milton and Rose D. Friedman
- *Capitalism and Freedom*, by Milton Friedman
- *The Road to Serfdom*, by Friedrich Hayek
- *Liberalism: The Classical Tradition*, by Ludwig von Mises

**Annabel Addington**, Director of Education Programs, suggests *I Pencil*, by Leonard Read. Although not technically a book, this essay is available free on-line at <http://www.fee.org/about/ipencil.html>

**Jill Blake**, Donner Project Co-ordinator, suggests *What Everyone Should Know About Economics and Prosperity*, by James D. Gwartney and Richard L. Stroup (Vancouver, BC: The Fraser Institute in co-operation with the James Madison Institute, 1993) \$19.95, 125 pp.

**Jason Clemens**, Director of Fiscal Studies, suggests *The Rise of the Western World: A New Economic History*, by Douglass C. North and R.P. Thomas (Cambridge University Press, 1976); and *Lever of Riches: Technological Creativity and Economic Progress*, by Joel Mokyr (Oxford University Press, 1992).

**Stephen Easton**, Senior Fellow and Professor of Economics, Simon Fraser University, suggests *The Moon is a Harsh Mistress*, by Robert Heinlein (Forge, 1996).

**John Graham**, Researcher, suggests *Animal Farm*, by George Orwell (Irwin Publishing, 1987).

**Carl Irvine**, Summer Intern, suggests *An Inquiry into the Nature and Causes of the Wealth of Nations*, by Adam Smith, various publishers, and *Nineteen Eighty-Four*, by George Orwell (Irwin Publishing).

**Dexter Samida**, Research Economist, suggests *Simple Rules for a Complex World*, by Richard Epstein (Harvard University Press, 1995) 361 pp.; and *The Machinery of Freedom: A Guide to Radical Capitalism*, by David Friedman (Open Court Publishing Company, 1989) 267 pp.

**Michael Walker**, Executive Director, suggests *Beyond Politics: Markets, Welfare, and the Failure of Bureaucracy*, by William C. Mitchell and Randy T. Simmons (The Independent Institute, 1994).

**Andrew Zur**, Summer Intern, suggests anything by P.J. O'Rourke, especially *Eat the Rich* (Atlantic Monthly Press, 1999) \$17.95, 240 pp. and *All the Trouble in the World: The Lighter Side of Overpopulation, Famine, Ecological Disaster, Ethnic Hatred, Plague, and Poverty* (Atlantic Monthly Press, 1995) \$US12.00, 340 pp. See also [www.pjourke.com](http://www.pjourke.com).

## Ode to a Student Writer, or, The Plea

Across the nation  
The students were merry  
Performing acts  
That were voluntary.

No more parents,  
coercion, or force;  
they could make their own  
choices,  
as adults of course!

But then came big government  
with regulations and rules.  
Said, "you can't make decisions,  
you're a bunch of fools!"

"Instead it is wiser  
for us to decide,  
Take your money and spend it,  
your rights override."

They could take it no more—  
a select group of scholars—  
of government wasting  
their cents and their dollars.

So they sat down and wrote  
for the *Student Review* newsletter,  
In hopes that their words  
Would make Canada better.

So what are you waiting for?  
The editor wonders,  
Send in your articles;  
fix policy blunders!

—Anon.

**Fraser Institute New Releases**

**June 2000**

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Letter continued from page 5

Interestingly, and perhaps in an unintended way, his experiment underscores the most crucial problems of trade. Mr. Dysktra appears to have completely missed the point that not all participants have something of equivalent value to trade. However, his rather creative experiment would have provided us with some valuable insights had his students been given toys of unequal value. Even more insight may have been gleaned had some of the students *not* been given a toy at all. The statistical results obtained by his analysis of the students’ “happiness” quotient may have rendered very different results had some of the students not been given any toys, thereby disqualifying them from participating in the trade negotiations. Moreover, I suggest that it would indeed have been elucidating to have

observed the ensuing dynamics of the students had his experience been more reflective of the realities of world trade.

Mr. Dysktra is to commended for his ingenuity, which enables us to see more clearly the difficulties inherent in the nature of global trade. Albeit inadvertently, he provides us with a powerful tool to strip away much of the confusion about trade and reveals the inequities that have become all but invisible in economic discussions. Please forward my gratitude to Mr. Dysktra for helping us to reveal the most fundamental problems of trade.

—Sylvia O’Callaghan-Brown  
*MA Philosophy, University of Guelph*



## The World's Smallest Political Quiz

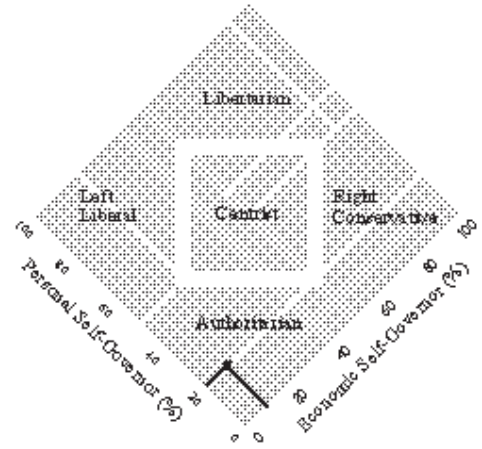
Take the WORLD'S SMALLEST POLITICAL QUIZ. Then use the Self-Government Compass to find your political identity. Circle Y when you agree with a statement, M for Maybe, Sometimes, or Need-More-Information, or N for No.

### Are you a self-governor on PERSONAL issues?

- |   |         |
|---|---------|
| Government should not control radio, TV or the press (including books)          | 20 10 0 |
| Drug laws do more harm than good and should be repealed                         | Y M N   |
| There should be no laws or regulations concerning sex between consenting adults | Y M N   |
| Private clubs and organizations should be free to admit or refuse any member    | Y M N   |
| Government should not interfere in arrangements between doctors and patients    | Y M N   |

### Are you a self-governor on ECONOMIC issues?

- |  |       |         |
|--|-------|---------|
| Businesses and farms should operate without government subsidies | Y M N | 20 10 0 |
| People are better off with free trade than with tariffs          | Y M N | Y M N   |
| Minimum wage laws cause unemployment and should be repealed      | Y M N | Y M N   |
| Government should not dictate hiring or employment practices     | Y M N | Y M N   |
| Union membership should be voluntary, not compulsory             | Y M N | Y M N   |



To use the Self-Government Compass, mark your personal score on the left, and your economic score on the right. (See example of 20 percent personal and 10 percent economic.) Then follow the grid lines until they meet at your political identity!

The compass measures self-government.

Liberals value freedom of expression. Conservatives value free enterprise. Libertarians value both. Authoritarians are against both.

Examples: Margaret Thatcher (right); F.D. Roosevelt (left); Henry David Thoreau and Thomas Jefferson (top); Hitler and Stalin (bottom).

*This is a Canadianized version of the World's Smallest Political Quiz, originally adapted for the November/December 1993 issue of the Canadian Student Review by John Robson. The U.S. version is published by Advocates for Self-Government, Inc., a 510(c)(3) non-profit organization in Atlanta, Georgia. For more information, please call (404) 417-1304.*

## Student Leaders Colloquium

Twenty-one students were chosen in a highly competitive process to participate in The Fraser Institute's Ninth Annual Student Leaders Colloquium, held in Vancouver on May 12th and 13th.

Held in The Fraser Institute's training centre, the informal group setting allowed the students the opportunity to examine and discuss economic principles and how they relate to public policy. The students explored topics such as trade and globalization, education policy, environmental policy, health policy, economic freedom, and the role of government.

The students were from schools across Canada and represented a range of educational backgrounds.



Front left: Annabel Addington, Aba Stevens, Laura Jones, Miriam Bixby, Christopher Glover, Brad Neufeld, Tammy Nemeth, Roy Hrab.  
 Middle left: Matthew McBain, Graham Singh, Amanda Pippin, Christopher Matlashewski, Brian April, Erik Johnson, Sophie Leroux, Janine Keller, Brent Robinson.  
 Back left: Chrystie Stewart, Mischa Kowall, Carl Irvine, Byron Scott, Andrew Zur, Dragan Stojanovic, Graham Hearn.

## Essay Contest Winners Announced

Congratulations to the following prize winners in The Fraser Institute's 2000 Student Essay Contest. The topic was **How Can Privacy be Protected in the New Digital Age?** Sponsorship for this contest was provided by the W. Garfield Weston Foundation.

- 1st Place (\$1,000): **Mr. Dorian Hajno**, Burnaby, BC  
**Simon Fraser University**, BA Economics and Political Science  
Title: *How Can Privacy be Protected in the New Digital Age?*
- 
- 2nd Place (\$500): **Michael Mallinger**, Woodbridge, Virginia, USA  
**George Mason University**, BA Economics  
Title: *Regulating Information Privacy: A Poison Pill for the Information Economy*
- 
- 3rd Place (\$250): **Mr. Adrian Viens**, Toronto, Ontario  
**University of Toronto**, BA Philosophy  
Title: *A Moral and Economic Argument for Privacy in the New Digital Age*



*Second place: Mr. Michael Mallinger*

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