

# HIGHLIGHTS

Atlas Economic  
Research Foundation



Winter 1999

## Free-Markets: the Great Antidote for Corruption

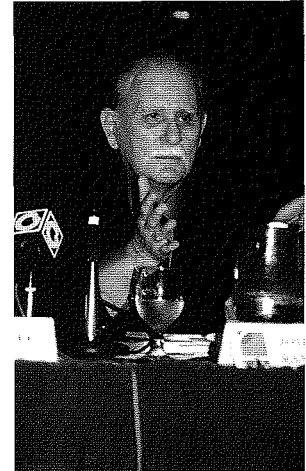
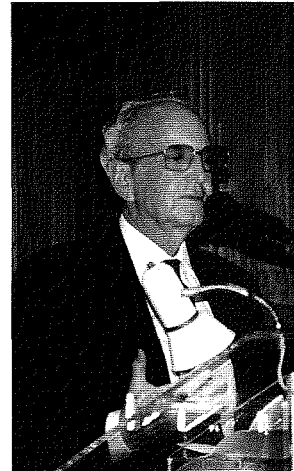
Always faithful to the vision of our late founder, Sir Antony Fisher, Atlas has been helping institutes around the globe conduct programs that stress the importance of the rule of law.

Consequently, when CEDICE (Caracas, Venezuela) asked Atlas to join in the celebration of its 15th anniversary, we recommended focusing the program on corruption, given its corrosive impact upon the rule of law in that country.

Ricardo Zuloaga, an entrepreneur who has taken a leading role in enhancing freedom in Latin America, introduced Mario Vargas Llosa, the well-known Peruvian author who served as the keynote speaker during the opening dinner. The event attracted Venezuelan policy makers, the US ambassador, the chief rabbi, and presidents of major corporations.

Vargas Llosa spoke about the importance of a rule of law in terms of "moral correctness." He argued that such legal frameworks need quiet and patient statesmen, such as former president Cristiani of El Salvador, who presided over a torn and polarized country. From his perspective, El Salvador today has the chance of becoming another economic "miracle." Vargas Llosa also mentioned Bolivia, Ireland, and Spain, to show that countries with sharp divisions, like today's Venezuela, can rise to new heights. He cautioned against charismatic leaders who have often dominated Latin American politics.

During the conference, local television featured a host of familiar faces to Atlas. The BBC aired part of an interview with Mario Vargas Llosa. All the major media outlets covered part of the event. Several of the speakers were repeatedly interviewed by local television channels, multiplying the



Acclaimed author Mario Vargas Llosa (left), entrepreneur Ricardo Zuloaga (center) and José Vicente Rangel, Foreign Relations Minister, in Caracas.

impact of the workshop's message: free-markets are the great antidote for corruption.

The next morning, foreign relations minister José Vicente Rangel delivered the opening speech. His remarks were surprising for those who knew him as a three-time candidate for socialist parties. He spoke about the power of corruption, both in Venezuela and in foreign countries. In his view, the bureaucratic web encourages corruption and corruption leads to the overwhelming rejection of the old political parties. Rangel is well respected as a thoughtful intellectual and insightful adversary, but he has accepted high level dialogues with CEDICE for over a decade. In 1987 he attended the first international CEDICE forum on "Democracy and Liberty", where he shared the program with free-market luminaries such as Manuel Ayau (Francisco Marroquín University, Guatemala), Arturo Uslar Pietri, and the late author, Carlos Rangel.

José María Ibarbia (**Fundación República**, Argentina), who as National

Congressman, was the first promoter of dollarization and competing currencies in Argentina, opened the session on the pervasive negative effect caused by monetary inflation. In the laws he introduced in congress, Ibarbia

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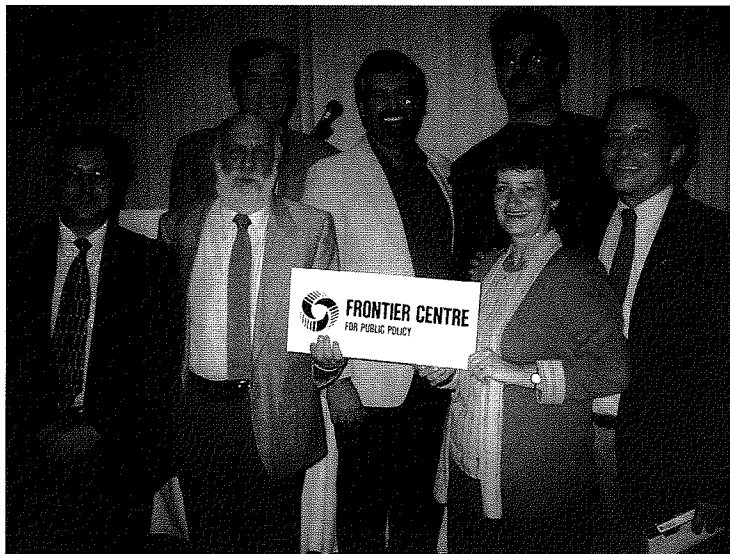
## INSTITUTE NEWS

In October, Philadelphia Mayor Ed Rendell, led a discussion on privatization and better government for the **Allegheny Institute** (Pittsburgh, PA). Since 1992, Rendell has privatized 49 services and created \$275 million in savings. Rendell focused specifically on the privatization of the Philadelphia Nursing Home, which has experienced a 54% reduction in spending, largely due to "superior management and collection of third-party payments."

#### Cascade Policy

**Institute** (Portland, OR) sponsored a luncheon program, "School Choice: Is Oregon Falling behind?" featuring Jeanne Allen of the **Center for Education Reform** (Washington, DC). Allen reported on the state of choice, charter schools and other education reforms around the nation to an audience of over 80 people. She agreed that other states are more on the cutting edge of choice than Oregon. To help combat the situation, while in Portland, Allen also spoke at a daylong workshop on charter school development and delivered several radio and newspaper interviews.

In October, Doug Munro, president of the **Calvert Institute for Policy Research** (Baltimore, MD) debated C.J. Ross, a representative of the American Federation of State, County and Municipal Employees (AFSME). During the radio interview, Munro advocated competitive tendering for municipal service provision as a means of drastically reducing Baltimore's tax burden by reducing service costs. Ross, on the other hand, contended that service provision should not be subject to competition, that current union provision should be retained regardless of evidence from around the world that competition enhances efficiency, and that costs to



Frontier Centre staff and board members: (front row, left to right) Rick Riffel, Harvey Smith, Betty Granger, and Dennis Owens; (back row) Charlie Mayer, Stephan Fantauzzo (guest) and Frontier president, Peter Holle.

taxpayers should be set by political processes and not market processes.

**The Canadian Property Rights Research Institute** (Calgary, Canada) hosted a dinner discussion, "The Canadian Wheat Board: Is Market Control a Proper Function of Government or a Confiscation of Property?" Al Lyons (University of Manitoba) and Jim Pallister (Canadian Farm Enterprise Network) raised key questions about federal control of wheat markets and its impact on producers' ability to freely market their personal property and earn a profitable living.

**Centre for the New Europe** (Brussels, Belgium) hosted several conferences in the fall including "Tax Harmonization" and "Rights, Risk, and Regulation." Four panels at the latter program addressed the regulation of markets, the need for risk, the right to risk, and morality and responsibility. The center's next conference, which will examine the European Union and its Constitution, is scheduled for spring 2000.

**Defenders of Property Rights'** (Washington, DC) third annual conference focused on intellectual property rights. The program, which was chaired by the Honorable Edwin Meese, examined how new technologies and new forms of property are contributing

to an economic boom in the US and how they create new opportunities for the government to infringe on property rights.

After a two-year battle with Revenue Canada, the **Frontier Centre** (Winnipeg, Manitoba) finally received its charitable status. Frontier president, Peter Holle, brought music to our ears when he recently wrote to Atlas, "Just to let you know — when we were on the verge of shutting the whole thing down in the face of Revenue Canada's 'review giving think tank's

charitable status' your grant made a huge difference." Frontier now has a full-time administrator, a governing board, an academic advisory board, and is in the process of adding a third board of advisors for large donors. Holle and his staff have been busy at radio interviews, opinion-editorial writing (sending out policy commentaries each week to over 4000 fax numbers in the Winnipeg area), and other public outreach programs.

**The National Wilderness Institute** (Washington, DC) continues to make the news in its examination of government mismanagement of the nation's natural resources. As a result of its efforts, the *Investor's Business Daily* and *The Washington Times* covered stories about Secretary of Natural Resources, Bruce Babbitt, and potential conflicts of interest. In other matters, material uncovered by NWI led

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Most of the organizations mentioned in these pages are listed in the virtual phonebooks on the Atlas web page:

[www.atlas-fdn.org/fonebook](http://www.atlas-fdn.org/fonebook)

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## NEW PUBLICATIONS

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The **Association for Liberal Thinking** (Ankara, Turkey) published *Islam, Civil Society, and Market Economy*. It includes an article by Atlas colleague, Mustafa Erdogan, entitled "Islam in Turkish Politics: Turkey's Quest for Democracy without Islam."

Local newspapers covered the controversial findings of **Buckeye Institute's** (Columbus, OH) new report on rail transit. To highlight the inefficiencies of rail systems, Buckeye's director of research, James Damask, commented that "It would be cheaper for taxpayers to lease each projected passenger a 2000 Ford Explorer than it would be to build Columbus's proposed eight commuter rail lines." The media contrasted the Buckeye report with the conflicting findings of the Greater Columbus Area Chamber of Commerce, which favorably viewed the proposed rail system.

In *Cutting Costs: A Compendium of Competitive Know-How and Privatization Source Materials*, **The Calvert Institute for Policy Research** (Baltimore, MD) draws from the work of several national privatization experts, including Fisher Award-winner William Eggers. Selected chapters from the book, *Cutting Local Government Costs through Competition and Privatization* (1997), were revised, edited, and updated to focus on Maryland, by Calvert president, Doug Munro.

**The Centre for Independent Studies'** (St. Leonards, Australia) program, *Religion and the Free Society* published several recent monographs. In *Rights and Liberty*, CIS Resident Scholar Samuel Gregg examines religion and its effects upon liberty in the West and considers religion's potential impact upon the growth of freedom throughout Asia. *Catholicism and the Architecture of Freedom* examines what it means to be free in the modern world and outlines how religion might contribute to this continuing debate. In *Christianity and Entrepreneurship*, two theologians examine private enterprise from their respective traditions and call upon Christians to view entrepreneurship more positively. CIS also published

*Principles for a Free Society* by Richard Epstein, which considers the need for a principled reconciliation between the prerogatives of individual liberty and social order.

The **Galen Institute** (Washington, DC) continues to point out the dangers of regulation and to offer ideas that will engage a competitive free market in the health sector. It is currently focusing its efforts on the pitfalls of "patients' rights" legislation. Galen's Grace-Marie Arnett edited a new book *Empowering Health Care Consumers through Tax Reform*, which explores the intersection of health and tax policy to offer a vision of a revived free-market health care system.

The **Institute Économique de Montréal** (Montréal) released its first publication, *Fiscalité des Québécois et croissance* which sets out a taxation philosophy founded on free-market principles. Authors Jean-Luc Migue and Michel Boucher offer elements to reverse Canada's trend toward ever-increasing government, higher taxes and slower growth, for example, through a flat tax to promote fiscal justice and efficiency. They also recommend constitutional or semi-constitutional rules that would require legislators to obtain the support of super-majorities before raising taxes or to receive the consent of the voters in a referendum.

The Health and Welfare Unit of **The Institute for Economic Affairs** (London) published *Adoption: The Continuing Debate* by Patricia Morgan. Morgan's earlier book on the topic ignited a fierce debate on the desirability of adoption and the reasons for its decline. The response from politicians, childcare professions, and the media was so great that Morgan wrote this sequel in which she recommends that adoption be given priority as a response to the needs of children who cannot live with their birth parents, even if it means diminishing the control of local authorities.

The IEA unit also published *Political Correctness and Social Work*, a collection of essays revolving around the question, "Is political correctness a

left-wing plot to stifle debate on certain issues, or a right-wing plot to ridicule social services and facilitate the dismantling of the welfare state?"

The fall issues of *Heath Freedom Watch*, published by **The Institute for Health Freedom** (Washington, DC) alert readers to a range of issues affected by federal bureaucrats: vaccine safety, medical privacy, government health data collection, and the private contracting of medical services (how radical!). The November issue focused on the Clinton administration's health care plan's intent to assign each American a "unique health identifier" electronic patient ID number.

**The Lithuanian Free Market Institute** (Vilnius, Lithuania) dedicated its most recent newsletter to the life and works of F.A. Hayek. The collection of Hayek articles represent different papers delivered by LFMI staff at its seminar which commemorated the centenary of Hayek's birth. In addition to many warnings that we are, once again, on the road to serfdom, the issue expounds the sins of the real estate tax and examines how the state shapes the business environment.

On the heels of its popular publication, *Utah Schools at a Glance: A Consumer's Guide*, **The Sutherland Institute** (Murray, UT) published *Utah Schools: An In-Depth Look, An Analysis of Spending & Achievement in Utah Schools*. The study analyzes spending, achievement, and enrollment trends for public, private, and home schools. Based on data obtained from the Governor's Office of Planning and Budget and the State Office of Education, the study shows that the percentage of school-age children enrolled in the public schools has been declining.

Under contract with the Virginia Chamber of Commerce, the **Thomas Jefferson Institute** (Springfield, VA) completed its study that developed a model for prioritizing transportation projects in Virginia. This model reduces the politics involved in funding roads and other transportation improvements

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## International Assemblies and Free Market NGO's

By J.Bishop Grewell\*

Amidst a crowd of protestors in the writhing streets of Seattle, a voice challenged the tide of protectionist sentiment. Barun Mitra, a managing trustee of the New Delhi-based Liberty Institute, said later, "The cost of staying silent was too great for people, particularly the poor, in the developing countries. In an open market, with free trade, the poor have nothing to lose but their poverty." The sheer masses in Seattle opposed to Mr. Mitra's view of the world might be intimidating for many, but when asked about the first day of meetings at the World Trade Organization, the native of India smiled. "I was sad that the protests blocked movement, but I love to argue with the protesters. I'm more of a street fighter. I want to reach out to these people even if they don't listen." And reach out, he did.

Barun Mitra added his voice to those of others at the world trade meetings representing the free market belief in open markets and trade without barriers. A charter member of International Consumers for Civil Society (ICCS), Mr. Mitra joined his fellow ICCS delegates in the fight to make sure that those advocating restriction on trade through environmental and labor standards were not the only ones to be heard.

Formed in mid-1999 with twenty charter members, the ICCS ([www.icfcs.org](http://www.icfcs.org)) includes non-profit groups from around the world. The mission of the fledgling organization is "(1) to promote on an international basis a market-oriented view on consumer policy issues through representing non-profit organizations that support the premise that consumer choice and competition best advance consumers' interests; and (2) to act as an international clearinghouse for the exchange of information and ideas about market solutions to consumer concerns." The Seattle round of the WTO's trade negotiations provided ICCS with its first opportunity to have an impact on international debate.

As an observer and participant in the actions undertaken by the ICCS at the world trade meetings (and generously supported by the Atlas Foundation), I made an effort to try and pin down the importance of free market groups attending such international events.

### Networking in order to share and receive information

The ICCS acknowledges the importance of information sharing in its mission. By providing information to journalists, policy makers, and even the general public, free market non-governmental organizations or NGO's assure their perspective will have a seat at the table. It is only through engaging in active debate that the values of the free market will receive just due.

The day before the world trade meetings began, ICCS put on a conference tackling subjects like open agricultural trade and biotechnology. Journalists, scientists, and policy analysts attended the event, but efforts to spread the word didn't stop there. Roger Bate, another charter member of the ICCS, spoke with WTO delegates from France, Oman, and Uruguay about issues like opening up beef markets and privatizing water. With his NGO pass, he met these influential players both in the streets and in the conference halls. And, of course, there was Barun Mitra, arguing face-to-face with costumed activists amongst the lingering odor of tear gas and the occasional boom of concussion grenades.

Taking to the streets provided Mitra and Bate with access to journalists eager to interview someone with a dissenting view from that typically provided by the protesters. As Mr. Mitra put it, "If I put in a discordant voice, the media thinks it will sell." A conservative talk radio show, a Berkeley radio station, and *The Oregonian* were among those interested in what he had to say.

The ICCS conference also presented an opportunity to garner

information for proponents of the free market. Speakers like C.S. Prakash, Professor and Director of the Center for Plant Biotechnology Research at the Tuskegee Institute, helped provide myself and other policy wonks in the crowd with scientific support for our arguments. Professor Prakash described the benefits that biotechnology can bring: from trees that are genetically modified at the University of Georgia to clean mercury from contaminated soil and release it safely into the air to modifications that could help the ten percent of people in rice-eating countries who are allergic to rice finally consume the dietary staple without allergic reaction.

### Keeping the debate honest

At international events like the WTO meetings, a number of conferences and panels are held by national bureaucracies, international bureaucracies, and other NGOs. These set the table for much of the debate since delegates and journalists attend and often the speakers or panelists themselves are in a position to affect policy.

I attended a panel with members from the US Department of Agriculture, Commerce, and other national agencies. All of the questions were asked by NGO's unfriendly to the free market viewpoint. This clearly shaped the debate. The free market side must be in attendance to counter false claims and to present liberty's side of the story.

A different session held by the World Health Organization in conjunction with several members from the WTO illustrated a strategy for entering into the discussion with some success. When a bureaucrat for the World Health Organization presented his data in a questionable manner, Roger Bate asked a question which pointed out his error. The gentleman effectively avoided an answer to Mr. Bate's question. I was then able to subtly point

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**WTO**

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this out by asking the question again in a slightly different form. ICCS members also used this tag-team strategy at a discussion regarding environmental standards later in the week. The free market side must act to directly affect the debate rather than comment on it from afar.

**News pegs and credibility**

Attendance provides credibility. Simply by being in attendance at an international event like the WTO meetings, free market NGO's open up avenues outside the event for presenting their information. Magazines and newspapers are more likely to print an opinion piece or an article by someone who is at ground zero. Julian Morris of the Institute of Economic Affairs in London placed an opinion piece in the *Wall Street Journal Europe*. The hands-on perspective he was able to offer by actually attending the world trade meetings, no doubt aided in his ability to get printed.

In addition, free marketers who attend such international meetings will benefit when they engage in future debates. Attendance proffers the luxury

by allowing one to begin to counter claims by the non-free market side with, "I attended the WTO meetings in Seattle in 1999 and..."

**Overcoming the learning curve**

Throughout the week, ICCS members evaluated their successes and failures alike to determine how to be more effective the next time. For instance, one participant suggested opening the doors of the ICCS conference to the general public rather than gathering an audience simply through invitation. This might garner greater attention for the event. The experiences of the Seattle meetings will lead to improved organization and outreach at future international meetings for the ICCS and hence more bang for their free market buck.

In the introduction to his book *Global Greens*, James Sheehan asserts, "A new and unprecedented force has been created in world politics – the non-governmental organization. NGO's have joined nation-states, central banks and international agencies as institutions authorized to define the world's problems and propose policy fixes. From

the calling of United Nations conferences to the negotiation of international treaties, NGO's today exert a profound influence on international affairs."

With the formation of the ICCS, the free market side has come to realize the truth of Mr. Sheehan's claim and decided that two can indeed play at that game. It is important that the WTO meetings become the beginning of free market NGO's involvement in the international debate and not the end. When all is said and done: if the free market side doesn't show up to protect the interests of freedom, consumers, and the impoverished against the rhetoric of anti-free market interests that task will be left to government agencies. I personally cannot think of a scarier prospect. ❖

\*Guest writer J. Bishop Grewell is a research associate with PERC (the Political Economy Research Center) in Bozeman, Montana. Atlas sponsored his trip to the ICCS and WTO meetings.

**Institute News**

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to a second congressional hearing at which the House Resources Committee voted to subpoena Interior Department officials. NWI raised several issues, including false claims about endangered species to justify acquiring more government land.

In November, the **National Wilderness Institute** (Washington, DC) president, Rob Gordon, spoke at the National Mining Association's Annual meeting. He described the myriad of laws and regulations that are available to lock up public and private lands. His talk generated a lively question and discussion session afterwards.

The **Urban Futures Project** of the **Reason Public Policy Institute** (Los

Angeles, CA) in conjunction with the Institute for Public Policy at Pepperdine University, sponsored the conference, "The Future of the Center: Using the Market to Save the Cities." The November program, held in Los Angeles, featured four panels that examined key trends and issues that will influence the future role of the city.

In September, the Board of Business Advisors of **The Sutherland Institute** (Murray, UT) released a resolution calling for the adoption of a universal tuition tax credit in Utah. The board issued a press release that described why they believed the credit offers the greatest opportunity to raise the level of education in the state.

Sutherland thanked the **Mackinac Center for Public Policy** (Midland, MI) for its groundbreaking work on the universal tuition tax credit, which helped pave the way for the efforts in Utah.

The **Thomas Jefferson Institute** (Springfield, VA) has held several "Off-the-Record Breakfast Briefings" in Richmond, the state capitol. The effort brings together top policy leaders with key "movers and shakers" to discuss critical issues in an informal environment. The briefings, which are limited to 20 people, have been so successful that TJI will soon begin offering them in other areas of the state. ❖

## State Think Tanks Leaders Gather in Dallas at Annual State Policy Network Meeting

The seventh annual meeting of the **State Policy Network** attracted over 50 participants to Dallas, Texas, in early October. Drawn by a common commitment to free-market ideas in state-level public policy, the participants gathered to hear institute leaders speak on a range of salient issues.

In many ways, the State Policy Network (SPN) program mirrors the traditional Atlas International Workshops, differing primarily in SPN's domestic focus. The two institutes conduct conferences that offer public policy synopses as well as "nuts and bolts" management development sessions.

Michael Greve (**Center for Individual Rights**, Washington, DC) opened the program by discussing how the 50 individual states are well positioned to run anti-statist experiments. On the state level institutes should keep an eye out for "tactical relationships and coalitions," such as forming alliances with home schoolers who are "inherently federalists." On the federal level, institutes should support national federal initiatives such as the Prison Litigation Reform Act, which lets states and counties run their own programs.

Greve's tactical suggestions were directly addressed in subsequent sessions, which focused on education reform, state think tanks as partners, and opportunities for regulatory reform on the state level. Think tank representatives discussed programs and topics they are currently pursuing. Jeff Judson (**Texas Public Policy Institute**, San Antonio, TX), for example, sketched out the five major areas identified by TPPI, which broadly encompass the initiatives put forth by others: children and family, education, enterprise and commerce, civil and criminal justice, and civic institutions.

Joe Overton (**Mackinac Center for Public Policy**, Midland, MI) shared



SPN participants Mike Thompson (Thomas Jefferson Institute, Fairfax Station, VA) at left, and John Taylor (Virginia Institute for Public Policy, Sterling, VA).



(Left to right): Carl Helstrom (JM Foundation, New York, NY), Gisele Huff (Jaquelin Hume Foundation, San Francisco, CA), and William Alpert (Donnor Foundation, New York, NY).



his well-known management expertise in the session, "Strategic Planning: Preparing for Success." His comments gave newcomers a hint of the many areas that institute "mentors" can share with fledgling leaders.

Institute leaders also gained insights from the philanthropic community at the session, "Funding Public Policy Research: Donor Perspectives." Carl Helstrom, program officer of The JM Foundation, Gisele Huff, executive director of the Jacquelin Hume Foundation, and William Alpert of the Donnor Foundation, discussed the grantmaking priorities and procedures of their foundations and their perspectives on state think tanks and public policy research.

The State Policy Network and Atlas have worked together for many years to enhance public understanding of the free society. The mission of SPN is to serve and support free-market state-based think tanks as they continue to educate policy makers and citizens of

their respective states on the value of economic freedom and individual liberty. The synergy between the two institutes has often led to outcomes that maximize opportunities for think-tank entrepreneurs to carry out their important work.

For example, Ron Williamson, who runs the newly-established **Great Plains Policy Institute** (Sioux Falls, SD) and has participated in Atlas workshops, attended this SPN program. In both circles, he gained access to the free-market network of entrepreneurs and opinion leaders. Atlas staff has also worked intimately with SPN: Atlas's Alejandro Chafuen is currently on the SPN board of directors and Jo Kwong, who formerly served on the board of directors, currently serves on the SPN Advisory Board. Carl Helstrom (**The JM Foundation**) also served on the board of directors during the time he was employed at Atlas. Helstrom is now the chairman of the SPN board. ❖

## Corruption

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incorporated the teachings of Hans Sennholz, a professor of Grove City College (who was the mentor of many Argentinean young academics and policy leaders including Atlas president Alex Chafuen and Atlas trustees George Pearson and Walter Grinder). Roberto Blum (CILACE, Mexico) presented a history of Mexican monetary and financial regulations and how these interventions enabled the nation's ruling power to control the major sources of economic power. Blum was followed by John Mbaku, an economics professor at Weber State University in Ogden, Utah. Originally from Cameroon, John has edited and written books that analyze corruption in Africa from a public choice perspective. Hugo Faria, a professor at the prestigious IESA (Caracas) who received his doctorate from the University of South Carolina, spoke about the importance of a rule of law based on private property.

Ian Vásquez (Cato Institute, Washington, DC) and trustee of The CEDICE Foundation, showed how the World Bank, the IMF, and other international institutions continue to fuel the corrupt activities of foreign dictators and bureaucratic elites. Enrique Ghersi (CITEL, Lima, Peru) analyzed corruption as an effect of the high cost of legality. He argued that it is not morality, but economic incentives that count. Other speakers included Jorge Luciani Gutierrez (Universidad Católica Andrés Bello, Venezuela), who developed a web-based training program for companies to prevent being unwittingly involved in money laundering, and Americo Martín, who spent some time as a guerrilla in the early 1960s and now authors books in defense of the free society. Ramón Pineda, professor at the Universidad Católica Andrés Bello, Venezuela, served as moderator of the session.

Another Venezuelan, Orlando Guedez, moderated the next session with Oscar Vera Ferrer, a widely respected Mexican economist who described the creative ways corruption is reemerging in the economy. Vera Ferrer was one of

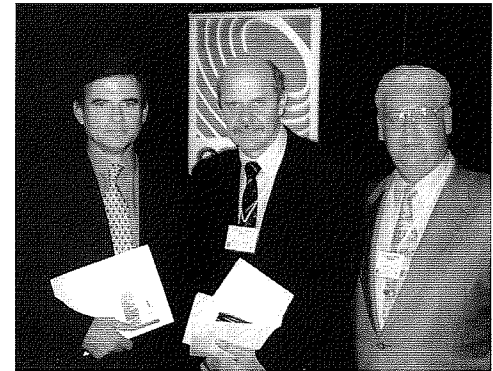
the first critics of CONASUPO, the Mexican food marketing agency which enriched so many corrupt politicians during the Salinas and other Mexican administrations. The presentations by Dora de Ampuero (Instituto Ecuatoriano de Economía Política, Ecuador) and Venezuelan economist Carlos Alberto Granier contributed to further discussions on the corruptive effect of economic interventionism. Carlos Raúl Hernández, a noted Venezuelan political analyst, argued that the reforms being discussed in Venezuela could make corruption worse rather than better.

Adriana Lander (Alianza Social para la Justicia, Venezuela) chaired a session with Judge Ricardo Rojas, former attorney secretary of the Argentine Supreme Court (and an Atlas-Heritage legal fellow in 1996). Rojas spoke on the importance of an independent judiciary to combat corruption. Plinio Apuleyo Mendoza, a journalist with *Instituto de ciencia política* (Bogotá, Colombia), presented a skeptical view of the constitutional reform about to be approved in Venezuela. Other panelists were Eduardo Roche Lander, who heads the National Comptroller's Office, and Alberto Vannucci, author of the book *Il Mercato della Corruzione* (The Market for Corruption).



(left to right): José María Ibarbia, (Fundación Republica), Roberto Blum (CILACE) and John Mukum Mbaku (Weber State University).

Below: Atlas president Alejandro Chafuen with board members René Scull (left) and Tim Browne (right).



Rocio Guijarro, executive director of CEDICE and former fellow of Atlas, who has helped develop CEDICE into the premier free-market foundation in the northern South America.



Nicomedes Zuloaga, a distinguished Venezuelan Constitutional expert, spoke at a luncheon event chaired by Atlas's trustee Tim Browne. He too stressed the importance of private property as the basis of a rule of law under limited government. Shortly afterwards, a subsequent session on the role of ethics in combating corruption included speaker Henrique Capriles Radonski, the Leader of Congress. The international audience was as much impressed by his youth (he is twenty-six years old) as by his impeccable speech, which offered a Constitutional analysis

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**Corruption**

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in the Classical Liberal tradition. Writing in *The Washington Times*, Atlas fellow Deroy Murdock quoted Radonski arguing that the Constitution approved in December “will leave Venezuela backward and poor.” Murdock, who was also a speaker at the workshop, described how specially crafted regulations, subsidies, and import restrictions are fueling corruption in the United States.

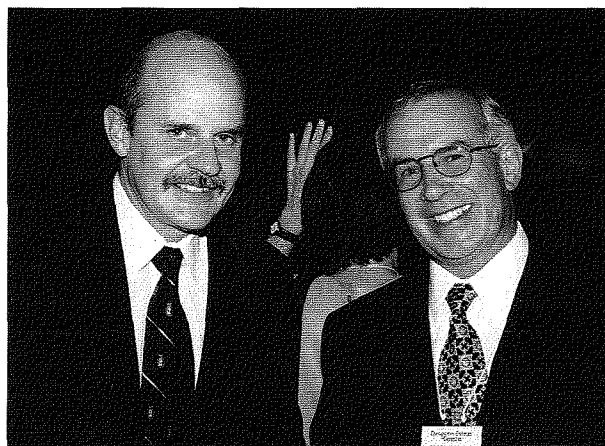
Father Armando Janssens described how 60% of Venezuelans, including the wealthiest, believe that wealth is the product of corruption or government favoritism. Emeterio Gómez, a profesor at IESA in Caracas, and Alejandro Chafuen acknowledged the negative effects of economic interventionism, but added that imposing interventionist policies as well as combating them, is a moral choice. Chafuen called for putting aside self-interest and Gómez asked for the inclusion of religion in our daily lives. Russell “Rusty” Crandall, a former Atlas fellow now at Johns Hopkins University, served as moderator for this part of the program.

The session that discussed the empirical evidence on corruption included Gustavo Coronel, local director of Transparency International; Eugenio Guzmán (**Libertad y Desarrollo**, Santiago, Chile) and Abdiweli Ali, a native of Somalia who is currently teaching at George Mason University in Fairfax, VA. New Zealand received the highest marks in the new index of economic justice (economic

freedom minus corruption) mentioned at the workshop. The index, prepared by Eugenio Guzmán and Alejandro Chafuen, appears in a chapter in the *2000 Index of Economic Freedom* co-published by the **Heritage Foundation** (Washington, DC) and the *Wall Street Journal*.

Hon. Maurice McTigue, (**Mercatus Center**, Arlington, VA) former New Zealand minister and one of the main architects of New Zealand economic reforms, spoke about the importance of transparency and accountability. McTigue was introduced by René Scull (trustee of Atlas). Ralph Massey (**The Institute for Economic Freedom**, Bahamas) reported “When Maurice McTigue delivered the last word of his amazing “How We Did It” story, every person in the audience stood to applaud.”

At the end of the program, CEDICE released a book on its founding and fifteen year history, crediting the Atlas Economic Research Foundation as its most important foreign contributors. Moreover, CEDICE’s former president Jesús Eduardo Rodríguez, who met with Antony Fisher several times prior to the founding of the institute, credits Fisher for being the great inspiration for CEDICE.



Atlas president Alejandro Chafuen (left) with former New Zealand minister Maurice McTigue.

Atlas and CEDICE share several other vital links as well: René Scull serves on Atlas’s board of trustees and is vice president of CEDICE’s board; Rocio Guijarro, CEDICE’s executive director, has made outstanding contributions, both as an Atlas fellow and now, as a colleague. Cristina Zuloaga, a former staff member of CEDICE, was also an Atlas fellow. Alejandro Chafuen is a trustee of The CEDICE Foundation in the US, which enables Americans to support CEDICE’s work in Venezuela. If you would like to help support CEDICE’s continued efforts, please contact Atlas or Paulette C. Griggs at griggs@prodigy.net. ❖

**New Publications**

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by replacing it with a planning model that prioritizes major state-funded projects. TJI also sent five issue papers to all candidates who ran for state office this fall. All incumbent state senators and state delegates, as well as every challenger candidate received the papers that covered topics in information technology, education, and

environmental protection.

**Virginia Institute for Public Policy** (Sterling, VA) examined the universal tuition tax credit in *Achieving Excellence in Education without a Tax Increase*. The study argues that the tax credit, which allows parents to receive a dollar-for-dollar reduction in their state income tax liability for every dollar spent

on tuition, offers a means to improve choice and education without negatively impacting overall state education. ❖

## Fundación Libertad Builds New "Tower of Liberty"

Some 500 guests attended the dedication of Fundación Libertad's new headquarters in Rosario, Argentina on October 27. The crowd of scholars, journalists, politicians and business people from as far away as Capetown, South Africa, gathered in what may be the most impressive new offices in the libertarian think-tank world.

The structure previously was the private residence of Juan Carlos Bachiochi Rojas, President of the Orion Group, an agribusiness enterprise. Bachiochi leased his one-time home to Fundación Libertad on favorable terms. "The idea was to offer a contribution that would transform the community and allow Fundación Libertad to become an entity for regional education, not just for the city of Rosario," Bachiochi remarked.

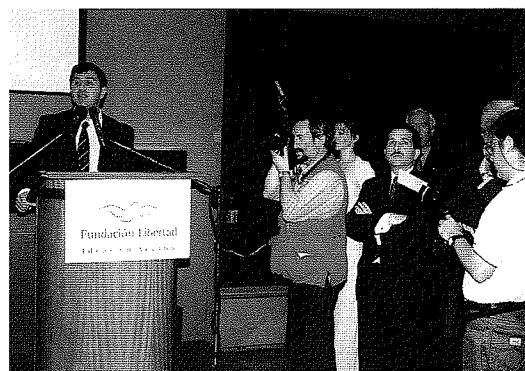
Fundación Libertad's public-policy research agenda continues and will accelerate with the March 2000 launch of the Centro de Estudios y Capacitación Empresaria (Ce y Ce), or Center for Business Studies and Training, a business school under the direction of noted economist Juan Carlos Cachanosky.

The unveiling of Fundación Libertad's and Ce y Ce's new home was broadcast live on local television.

Guests included Carlos Alberto Reutemann, Santa Fe province's newly-elected Peronist governor and former Formula One race-car driver; María Rosa Stanevich, Santa Fe's then-Minister of Education; Enrique Morad, Director of the Bank of Boston's Argentine office; and Esther Goris, an actress who, ironically, portrayed the legendary socialist Eva Perón on the Argentine Silver Screen.

"It was kind of an astounding experience," Johns Hopkins University economics professor Steve Hanke said after his visit. "There's nothing that quite compares with it." Hanke points out that he was impressed with Fundación Libertad because of its talented personnel, long before it inhabited its sparkling new home.

"They have some dynamic personalities running the foundation," Hanke added. "They've hit on an interesting formula with their public outreach through TV and radio. I'm delighted they have a nice facility, because it will be a comfortable place to work. But I've seen them when they were just starting in a dusty, disheveled



Fundación Libertad general director Gerardo Bongiovanni at the dedication of the institute's new headquarters.

Doray Murdoch

office. They did a great job then, and they'll obviously do an even better job with more creature comforts around them. More power to them."

As Steve Hanke suggests, this "Tower of Liberty" is more than just a new location for a successful think tank. It is a living monument to the vision of Gerardo Bongiovanni, Fundación Libertad's general director. As an intellectual entrepreneur, he has inspired an energetic young staff, attracted the support of the local business community and generated column acres of favorable press coverage. Together, these "Rosarinos" have built an institution that rises — literally — head and shoulders above the rest. ❖

## Atlas Welcomes Visiting Fellow From Philippines

In November, Atlas hosted its first fellow from the Philippines, John Lawrence Avila, a senior political economist from the **Center for Research and Communication Foundation** in Manila.

For ten years, Avila has worked with CRC, a private non-profit public policy think tank, to actively advocate economic reform in the Philippines. He has been involved in efforts to push for trade and investment liberalization, promote intellectual property rights, and encourage greater government decentralization and deregulation.

During his six-week stay at Atlas, Avila developed projects aimed at

promoting economic literacy in the Philippines and in the Indochina region. In the former, the project is to train public school teachers in different parts of the country with the basic economic concepts and their practical application on contemporary development issues. For Indochina, Avila is developing a proposal to conduct training courses for local university instructors and private institutes on the operation of the free-market system to aid these transitional economies.

Avila is also developing a proposal for a pilot course under the Templeton Foundation's International Freedom Project, a project currently

administered by Atlas. The pilot course will be conducted next year under the auspices of the University of Asia and the Pacific in Manila where Avila is a University Lecturer. "The Freedom Project should help students understand how the principles and philosophies of a liberal democratic system can effectively operate to meet the particular needs of a developing country like the Philippines," said Avila.

In addition to the Atlas fellowship, Atlas also sponsored Avila to attend the CEDICE workshop in Venezuela (See page 1) and the World Trade Organization/ICCS meeting in Seattle (See story on pages 4 and 5). ❖

## The Free Society Loses a Tireless Promoter

"For many years the concerns and vicissitudes of the life of a businessman left me little time to try to understand the economic and political situation of Brazil. Like any moderately informed citizen, I realized that something was wrong, a lot of nonsense was being said and done, but it was the vague, marginal perception of a newspaper reader with not very profound questioning. It seemed as if it was not my problem. Like something that troubles but does not directly affect us. In 1979 the book *The Road to Serfdom* came to my attention..."

Donald Stewart, Jr. 1983-1993 *Instituto Liberal: The First Ten Years*

Donald Stewart, Jr., like so many others, was forever changed by the writings of F.A. Hayek. After he read *The Road to Serfdom*, Stewart turned up in São Paulo to hear Hayek deliver two lectures. There, he learned Hayek had also written *Law, Legislation and Liberty*. After a tiring search for those volumes, Stewart realized "Something had to be done."

In January 1983, something was done: the Instituto Liberal was established to disseminate liberal ideas. With the guidance and inspiration of Atlas founder, Antony Fisher, Stewart became an institute builder and took Brazilian free-market efforts to new heights.

As its first project, Instituto Liberal translated and published the two books by Hayek that had so captured Stewart. As he wrote, "Right from the beginning Brazilian businessmen such as Jorge Gerdau Johannpeter, Jorge Simeira Jacob, Roberto Bornhausen, João Pedro Gouvêa, Veieira Filho, Sérgio Andrade de Carvalho, and Winston Ling joined the effort. The list has not stopped growing ever since." In 1991 Atlas supported the first empirical study produced by the institute which became a seminal work on social security.

Ever since those initial efforts, Donald Stewart, Jr. was a leader and a visionary. He saw the effects of a world in which liberal ideas were rarely discussed. And he set out to change all that. He organized Instituto Liberal as a nonprofit institution, supported by donations from corporations and individuals. Quite clearly, he spelled out its principal objective: to persuade Brazilian society of the advantages of a liberal order. His efforts led to the task of organizing ILs in other states of Brazil.



Donald Stewart, Jr. (1931-1999).

Today, there are Institutos Liberales in seven Brazilian states. Each signed on to a Declaration of Principles that clearly stated the founding philosophy to be respected at all times, regardless of the activities of each institute in its efforts to disseminate liberalism.

One of Stewart's most outstanding contributions was his translation of Ludwig von Mises *Human Action*. Stewart dedicated three years of his life to translate the voluminous book. During this period he was able to convince other important entrepreneurs to join the institute and help disseminate its libertarian theology. His efforts gave him a sound knowledge of Mises's thoughts and reinforced his convictions about liberalism. Donald consequently became a very successful speaker on Hayekian thought, author of classical

liberal books, and a trustee of the Mont Pelerin Society.

At the beginning of the Atlas workshop in Caracas, Alejandro Chafuen paid homage to Donald Stewart remarking: "I know of no country where freedom lovers owe so much to a single human being. Donald Stewart was a giant and we will always remember him." ❖

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