

We may not be young any longer – this is the seventh issue of *The Milken Institute Review*. But, thanks to our fabulous design team, the magazine is looking better and better. And once again, we hope to provoke you with views on economic policy that are anything but old.

Marcus Noland, a senior fellow at the Institute for International Economics in Washington, writes about globalism's critics. The demonstrations keyed to the spring meetings of the World Bank and the International Monetary Fund there got all the attention. But Noland thinks that something called the International Financial Institutions Advisory Commission, headed by Prof. Allan Meltzer of Carnegie Mellon University, posed a bigger threat to the establishment. "While the street protesters' concerns appeared at times to be only tenuously related to the activities of the two Bretton Woods institutions," writes Noland, "Meltzer and the majority of his fellow commissioners were proposing the most radical restructuring of the international financial institutions in half a century."

Steve Morrison of Northeastern University and **Clifford Winston** of the Brookings Institution offer their two cents' worth on the economics and politics of the airline industry. As you probably know from experience, all is not well: planes are crowded, schedules are wishful thinking, and rates are all over the place. But you probably don't know why. "The industry's primary inefficiencies," write Morrison and Winston, "stem not from its own activities, but from government manage-

ment of airport and airspace capacity, which limits competition and compromises service."

Bill Gale of Brookings and **Joel Slemrod** of the University of Michigan Business School tackle an issue that is simmering in the background of the presidential campaign: the estate tax. Republicans want to phase it out over a decade. Democrats, meanwhile, smell populist blood: the tax generates little revenue but is arguably the most progressive in the federal code. Gale and Slemrod take the high road. "Although many of the arguments put forth against the current estate- and gift-tax system are specious," they write, "there is also a significant undercurrent of truth. Likewise, supporters of such taxes need to distinguish between the benefits of such taxes in principle and the design problems that arise in practice."

Like Cuba, Vietnam has suffered mightily in the wake of the collapse of the Soviet Union and the end of the cold war. And like Cuba, its socialist elite is not going quietly. But unlike Cuba, Vietnam seems to be poised at the cusp of a great decision. **David Dapice**, a professor at Tufts University and an associate at the Harvard Institute for International Development, writes that "Vietnam has managed to transform itself from a centrally planned economy facing hunger and hyper-

inflation in the middle 1980s.” But, he hastens to add, “it is treading a singular path that few outsiders believe will lead to economic success or social harmony. Much now depends on its will to regain reform momentum.”

To hear the AFL-CIO tell it, the purpose of trade restrictions is to save Americans from the wages that Chinese and Mexican workers must subsist on. **Greg Rushford**, the publisher of Washington-based *The Rushford Report*, a newsletter on international trade, has been around the block too often to believe that. Often as not, labor loses as much as it wins from keeping out imports. Rushford blames politicians who know better for not telling it like it is. “Bill Clinton has made the calculated political judgement that the American people are not smart enough to understand why open markets are in their interest,” he writes. “Although Clinton will leave a free-trade legacy – the North American Free Trade Agreement and China’s accession to the World Trade Organization – his administration’s unwillingness to explain trade to the public in honest terms has tarnished that legacy.”

Speaking of trade, the debate over Nafta on this side of the border focused on jobs – jobs for United States citizens. But such jobs were really a sideshow. At stake was the part the United States would play in transforming the Mexican economy. **Marsha Vande Berg**, editor of *The World Report*, a newsletter on global economics, takes a fresh look at the consequences of Nafta, and her findings should be heartening to those who understand that Mexico is part of the United States’ future. “The treaty,” she writes, “marked the first time that a developing country established equal footing in a trade relationship with two very powerful, wealthy and developed nations – the United States and Canada. And in the process, Mexico got the opportunity to shed its status as victim.”

SIBYLLE SCHWARZ

Now for something completely different: This issue’s book excerpt is from *The Fourth Great Awakening* (University of Chicago Press) by the Nobelist economic historian, **Robert Fogel**.

Fogel is best known for his brutal assaults on the academic history establishment. But this work combines scholarship in economics, history, politics, technology, religion and medicine, a tour de force linking economic change to the evolution of religion. “The new equity issues in the United States no longer arise from the shock of rapid urbanization, the destruction of small businesses by competition from industrial giants, the disappearance of the frontier as a safety valve for urban unemployment and poverty, or the malnutrition and premature death of the great majority of urban workers,” he writes. “Quite the contrary, the new issues are to a large extent the product of the solutions to these problems.”

Rounding out the issue are some regular features: A roundup on the latest economic policy research, a book review by **Paul Portney**, the president of Resources for the Future, the latest from **Glenn Yago** on the economics of peace in the Middle East and, of course, *Ekinomix*, by our cartoonist, **Mark Alan Stamaty**.

— Peter Passell

