TO THE EDITOR:

As an eager young freshman a quarter century ago, I made the mistake of arguing for rent control against two economics majors. The gist of my argument was that the great demand for housing in Berkeley allowed landlords to charge unfair prices. This was met not with counter-arguments so much as with gales of derisive laughter. The gist of their hilarity was that the only coherent fair price is what buyers and sellers negotiate, and that even a naïve half-wit like me should see that any other way of setting prices is just capricious moralizing backed up by coercive government power. My earnest insistence that the city government really could calculate a fair return to landlords just increased their laughter and my frustration, as well as the amusement at neighboring cafeteria tables. It was my first encounter with the religion of economics, and though it did not keep me from later majoring in it myself, the memory has kept me ever wary of true believers.

I was quite surprised, then, to hear my freshman arguments echoed by Irwin Stelzer of the conservative Hudson Institute. Stelzer argues (Trends, First Quarter 2001) that the oil-producing nations are charging unfairly high prices. He complains that producers are "keeping the price of crude oil many times above the cost of finding, developing and producing new supplies." But how are we to secure this true and proper price, so far below what buyers and sellers have freely negotiated? By government intervention, of course! Despite twice invoking Reagan's policy "Don't just do something, stand there," and urging politicians "to add a liberal dose of laissez-faire to the policy mix," his argument brings him around to conclude, reluctantly, that we must have the government force oil producers into line with (coercive) trade policies and (dubious) legal action.

Stelzer's subversion of the central free market metaphor is perhaps the article's high point: "a more muscular version of the invisible hand would go a long way toward protecting consumers and the world economy." As if the muscular hand of government were a mere refinement of the invisible hand of the market! He nervously tries to avoid the inevitable consequences of this reasoning: "keep in mind, though, that if we get the price of oil right – including all costs associated with its use – there is little rationale for further government action."

Anyone following the argument will likely respond, "Huh? How d'you figure?" since traditional liberal rationales for government action – protecting the environment, promoting justice, helping the poor – are far better than Stelzer's rationale here. Like them or not, liberal principles do have a certain integrity. And like them or not, conservative principles do, too. The ultimate result of Stelzer scorning liberal principles while betraying conservative ones is a completely unprincipled policy supported by nothing but collective self-interest.

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