



FACTS & OPINIONS

On Public Interest Issues

Quotes

Experience should teach us to be most on our guard to protect liberty when the government's purposes are beneficent.

—Supreme Court Justice
Louis Brandeis

Whenever the profit incentive is missing, the probability that people's wants can be safely ignored is the greatest.

—Walter Williams
Syndicated Columnist

The republic was not established by cowards, and cowards will not preserve it.

—Elmer Davis

It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest.

—Adam Smith

Save a Life, Buy an SUV

Peter VanDoren and Joseph G. Lehman

"SUVs are hazardous to your health," says Clarence Ditlow, Director of the Center for Auto Safety. Public Citizen President Joan Claybrook advises consumers not to buy SUVs. In an ABC News report, Peter Jennings says the "government is grappling with what to do about the threat that sport utility vehicles represent to lesser vehicles in accidents." And CBS's Dan Rather reports that SUVs are considered a "killer on the road."

Are SUVs really the highway menace portrayed by activists and the media? If they are, we're not only in greater danger on the roads, but Michigan's economy will suffer as consumer fears dry up the sales of popular vehicles. According to the latest research, though, safety is actually one reason to buy an SUV.

In the current issue of Regulation magazine, Douglas Coate and James VanderHoff of Rutgers University examine the relationship between traffic fatalities and

"light truck" use from 1994 through 1997. In their initial analysis they found a positive correlation between light truck registrations and motor vehicle fatalities: The greater the number of light trucks in a state per licensed driver, the greater the fatality rate per licensed driver.

National Highway Traffic Safety Administration data show that SUVs are involved in the bulk of rollover fatalities, which comprise nearly a quarter of annual U.S. traffic deaths. More than 60 percent of SUV fatalities are rollovers. Just 40 percent and 22 percent of pickup and car deaths, respectively, involve rollovers.

But when Coate and VanderHoff examined the vehicle registration and fatality data more carefully, they noticed that both light truck use and motor vehicle fatalities are more common in rural states. And sure enough, once they accounted for the

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Dr. Don Racheter

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What's New at Public Interest Institute?

David Hogberg

On Saturday, September 15, President Don Racheter, John Sandell, Steven Garrison, and David Hogberg of Public Interest Institute attended the annual banquet of the Iowa Christian Coalition. The banquet was held at Adventureland Park, near Des Moines.

PII set up a booth to pass out literature and promote the Institute's principles of free markets and limited government. It was well received by those in attendance. In particular, the free copies of the U.S. Constitution that PII gave away were a big hit.

Heavy on the hearts and minds of those at the banquet was the atrocity of September 11. Many prayers were offered among those in attendance, as well as many donations made to the Red Cross.

Deep concern for the victims and their families was expressed by many of the speakers, including Senator Charles Grassley and Steve Forbes, who spoke via satellite connection due to the inability to travel via airplane. The speakers also expressed America's resolve to bring to justice those responsible for the terrorist attacks.

David Hogberg is a Research Analyst at Public Interest Institute.

Focus on Iowa Wesleyan College

Shelley Doak

On Saturday, October 27, at 1:30 p.m. the dedication ceremony of the Howe Student Activity Center was held on the Iowa Wesleyan College (IWC) campus, Mt. Pleasant, Iowa. The new Howe Student Activity Center is a two-story building of approximately 35,000 square feet on the IWC campus.

At the October 2000 IWC Board of Trustees meeting it was announced that the new building would be named the Howe Student Activity Center in honor of the long-term dedication and commitment to IWC by Stanley and Helen Howe of Muscatine. Stanley Howe was elected to the Board of Trustees in 1975 and continues to serve as an active and valued member of the board. Helen Howe earned a bachelor of arts degree in business administration from IWC in 1981.

The board also approved the resolution naming the Gloria and Byron Johnson Walk of Fame, in honor of their dedication and commitment to IWC. Byron is a 1962 IWC graduate, and was elected to the Board in 1975, serving as Chairman of the Board for 18 years. Gloria Moffit Johnson graduated from IWC in 1964 with a bachelor of arts degree in elementary education.

Shelley Doak is Public Relations Director at Iowa Wesleyan College.

Save a Life, Buy an SUV

Peter VanDoren and
Joseph G. Lehman

[M]ore SUVs mean fewer traffic deaths.

Peter VanDoren is editor of Regulation magazine. Joseph G. Lehman is Executive Vice President at Mackinac Center for Public Policy. Reprinted with permission from the Mackinac Center. For more information, contact the Mackinac Center at 140 West Main St., P.O. Box 568, Midland, MI 48640, call (517) 631-0900, or visit its website at www.mackinac.org.

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characteristics of rural states, not only did the positive relationship between light truck use and fatalities disappear, it became negative.

In other words, more SUVs mean fewer traffic deaths.

All told, the United States has experienced a nearly 50 percent drop in traffic fatalities per vehicle mile traveled during the past two decades. SUV critics are quick to dismiss the notion that larger vehicles deserve any credit for the decline. They point to stiffer penalties for drunk driving, increased seat belt use, the reintroduction of the 55 mph speed limit in some states, and safety-enhancing technological changes. But even after controlling for all those factors, Coate and VanderHoff find that SUVs have helped reduce fatalities.

Federal government safety data from other studies indicate a lower fatality rate for SUVs — 1.6 per 100 million miles traveled — than for cars. Delving even deeper, Coate and VanderHoff find that the 5-percent increase in light truck purchases from 1994-97 has reduced single vehicle fatalities per driver by 7.5 percent and multiple vehicle fatalities per driver by 2 percent. That translates into about 2,000 lives saved in the United States.

But the findings are too much for some public-safety guardians. Claybrook, for example, dismissed the Rutgers study as “poppycock” and “statistical gymnastics.” She has not challenged the study’s methodology or offered any other substantive

critique. She simply can’t accept the notion that as more people drive big, sturdy vehicles, fewer people die in traffic accidents.

The findings are obviously good news in terms of safety, but they are also good news in terms of the health of Michigan’s economy. Hundreds of thousands of Michigan workers are involved in producing autos for the world market, and SUVs have become the industry’s proverbial goose that laid the golden egg. SUVs accounted for 38.6 percent of truck sales in 1999, a year when more than 31 million new SUVs were sold. SUVs comprise 43 percent of vehicles on the road today. In some years, Ford Explorers account for 20 percent of the company’s profit. Explorer sales were even strong at the height of last year’s problems with Firestone tires. Sales dipped less than one percent in August of 2000 while news shows were airing scary footage of Explorer accidents and linking the tires to 88 deaths and 250 injuries.

Fortunately, Americans are paying more attention to their own positive experiences than to those who criticize SUVs for a living. They continue to buy SUVs and other light trucks in record numbers. They know instinctively what academic research is just now beginning to prove: SUVs make America’s roads safer.

Have you renewed your membership with Public Interest Institute?

Conserve Gas: Scrap the Ethanol Program

Joseph G. Lehman

The Bush Administration recently reported to Congress that the federal ethanol incentive program has done precisely the opposite of what was intended.

Joseph G. Lehman is Executive Vice President of the Mackinac Center for Public Policy.

The Bush Administration recently reported to Congress that the federal ethanol incentive program has done precisely the opposite of what was intended. Instead of reducing gasoline consumption, foreign oil dependency, and air pollution, the program caused Americans to use 473 million more gallons of gasoline in 2000 than in 1999. In fact, if this program remains in place, it actually will increase gasoline use by 9 billion gallons from 2005 to 2008.

What happened? The problem is the way the program is structured: The federal government lets Detroit build a greater number of large, less-efficient cars if automakers also manufacture a specified number of vehicles that can use both regular gasoline and the slightly cleaner burning ethanol, a type of alcohol that can be made from corn.

The theory is that if enough ethanol-burning cars are driving around, the supposed benefits — cleaner air and greater use of a renewable, domestic energy source — will outweigh the pollution and oil dependency wrought by the greater number of gas guzzlers.

Of course, this does not happen in practice. First, ethanol is no air-pollution panacea. Its boosters in the agriculture industry (who benefit from \$3 billion in ethanol-related revenues annually and stand to rake in billions more if ethanol catches on as an alternative fuel) certainly tout ethanol's supposed environmental benefits. But while ethanol does emit less carbon monoxide when burned, it

appears to have no impact on the release of toxic ozone, a worse pollutant, and may even produce more of it.

Although ethanol may offer some alternative to foreign oil, it is also costly to produce. Experts including Jerry Taylor of the Cato Institute estimate that ethanol would cost at least a dollar more per gallon than regular gas without its menagerie of special state and federal tax breaks, subsidies, and incentive programs. As Paul Gigot of the Wall Street Journal reminds us, ethanol is produced by mixing corn with our tax dollars.

Another problem is that in order for people to use ethanol, they must have an automobile that can burn it. And if they have one, they need to know about it. And if they have one and know about it, they have to have a gas station that sells it.

Yet, only 101 service stations in the entire United States actually sell "E-85," the blend of 85 percent ethanol and 15 percent gasoline used by "flexible fuel vehicles" (FFVs). And practically none of the owners of the 1.2 million Chrysler minivans, Chevrolet S-10 pickups, and Ford Taurus sedans and Windstar minivans that burn E-85 knows it. There are over 75,000 FFVs registered in Michigan, yet the pro-ethanol-subsidy Michigan Ethanol Working Group recently felt it necessary to send postcards informing owners that their vehicles will

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Joseph G. Lehman

It's time for federal and state officials to either end the regulatory buffoonery, or at least admit that ethanol policy has less to do with environmental protection and energy security and more to do with political opportunism.

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burn E-85 — which only eight Michigan service stations sell.

While FFVs haven't been burning ethanol, the extra gas guzzlers U.S. automakers built have been burning more gasoline. But the ethanol lobby considers this just a regulatory glitch. The Bush Administration and Senate leaders are considering legislation mandating that all gasoline sold in the United States contain 10 percent ethanol, a blend all automobiles can use. And here at home, state Rep. Larry Julian, who represents farm-intensive Shiawassee and Clinton counties, has introduced a similar bill. He and other ethanol advocates support building an ethanol plant in Michigan's thumb at Caro.

But a fuel consisting of just 10 percent ethanol won't have an appreciable environmental benefit. And such fuel will certainly be more costly to consumers, producers, taxpayers, or all three. After all, if ethanol were less expensive, would we need a state law mandating it? The issue is not so much the use of ethanol, nor the manufacture of ethanol-using automobiles, nor the building of ethanol plants, nor the desire of farmers or refiners to make money from ethanol.

The issue is the proper and prudent use of government power: Government simply has no business issuing ethanol mandates, especially when such mandates have effects

directly opposite their stated goals.

Allowing free people to make choices in a free market is the best means by which the relative merits of competing fuels can be impartially judged, rather than artificially dictated by fiat. It's time for federal and state officials to either end the regulatory buffoonery, or at least admit that ethanol policy has less to do with environmental protection and energy security and more to do with political opportunism.

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The Decline of General Education at Iowa's Public Universities

*A new POLICY STUDY
by David Hogberg of
Public Interest Institute.*

"Today, the general education programs at these universities are a hodgepodge of unrelated courses."

To read The Decline of General Education at Iowa's Public Universities, visit Public Interest Institute's web site at www.limitedgovernment.org or contact the Institute to request a copy.

The Real Cost of Regulation — Part II

John Stossel

My point is that government and lawyers don't make us safer. Freedom makes us safer.

Editor's Note: This is the continuation of John Stossel's speech "The Real Cost of Regulation." The first part of this speech appeared in the August 2001 edition of Facts & Opinions.

If we embrace the idea of free markets, we have to accept the fact that trial lawyers have a place. In theory they should deter bad behavior. But because of how our laws have evolved, this process has gone horribly wrong. It takes years for victims to get their money, and most of the money goes to lawyers. Additionally, the wrong people get sued. A Harvard study of medical malpractice suits found that most of those getting money don't deserve it, and that most people injured by negligence don't sue. Even the cases the trial lawyers are most proud of don't really make us safer. They brag about their lawsuit over football helmets, which were thin enough that some kids were getting head injuries. But now the helmets are so thick that kids are butting each other and getting other kinds of injuries. Worst of all, they cost over \$100 each. School districts on the margin can't afford them. And as a result some are dropping their football programs. Are the kids from these schools safer playing on the streets? No.

An even clearer example concerns vaccines. Trial lawyers sued over the Diphtheria-Pertussis-Tetanus Vaccine, claiming that it wasn't as safe as it might have been. Assuming these lawyers were right, and that they've made the DPT vaccine a little safer, are we safer? When they sued, there were twenty companies in America researching and making vaccines. Now there are four. Many got out of the business because they said, "We don't make that much on vac-

cines. Who needs this huge liability?" Is America better off with four vaccine makers instead of twenty? No way.

These lawsuits also disrupt the flow of information that helps free people protect themselves. For example, we ought to read labels. But who reads labels anymore? I sure don't. There are 21 warning labels on stepladders — "Don't dance on stepladders wearing wet shoes," etc. — because of the threat of liability. Drug labels are even crazier. If anyone were actually to read the two pages of fine print that come with birth control pills, they wouldn't need to take the drug.

My point is that government and lawyers don't make us safer. Freedom makes us safer. It allows us to protect ourselves. Some say, "That's fine for us. We're educated. But the poor and the ignorant need government regulations to protect them." Not so. I sure don't know what makes one car run better or safer than another. Few of us are automotive engineers. But it's hard to get totally ripped off buying a car in America. The worst car you can find here is safer than the best cars produced in planned economies. In a free society, not everyone has to be an expert in order for markets to protect us. In the case of cars, we just need a few car buffs who read car magazines. Information gets around through word-of-mouth. Good companies thrive and bad ones atrophy. Freedom protects the ignorant, too.

Admittedly there are exceptions to this argument. I think we

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How big should government be? Shouldn't we at least have an intelligent debate about how much government should do?

John Stossel is an investigative reporter for the ABC newsmagazine 20/20. Reprinted with permission from IMPRIMIS, the monthly speech digest of Hillsdale College.

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need some environmental regulation, because now and then we lack a market incentive to behave well in that area. But how much regulation is enough? President Clinton set a record as he left office, adding 500,000 new pages to the Federal Register — a whole new spiderweb of little rules for us to obey. How big should government be? Shouldn't we at least have an intelligent debate about how much government should do? The problem is that to have such a debate, we need an informed public. And here I'm embarrassed, because people in my business are not helping that cause.

A turning point came in my career when a producer came into my office because he had been given a story by a trial lawyer — the lazy reporters' best friend — about Bic lighters spontaneously catching fire in people's pockets. These lighters, he told me, had killed four Americans in four years. By this time I'd done some homework, so I said, "Fine. I'll do the exploding lighter story after I do stories about plastic bags, which kill 40 Americans every four years, and five-gallon buckets, which kill 200 Americans (mostly children) every four years." This is a big country, with 280 million people. Bad things happen to some of them. But if we frighten all the rest about ant-sized dangers, they won't be prepared when an elephant comes along. The producer stalked off angrily and got Bob Brown to do the story. But several years later, when ABC gave me three hour-long specials

a year in order to keep me, I insisted that the first one be called. "Are We Scaring Ourselves to Death?" In it, I ranked some of these risks and made fun of the press for its silliness in reporting them.

Risk specialists compare risks not according to how many people they kill, but according to how many days they reduce the average life. The press goes nuts over airplane crashes, but airplane crashes have caused fewer than 200 deaths per year over the past 20 years. That's less one day of the average life. House fires account for about 4,500 American deaths per year — 18 days off the average life. And murder, which leads the news in most towns, takes about 100 days off the average life. But to bring these risks into proper perspective, we need to compare them to far greater risks like driving, which knocks 182 days off the average life. I am often asked to do scare stories about flying — "The Ten Most Dangerous Airports" or "The Three Most Dangerous Airlines" — and I refuse because it's morally irresponsible. When we scare people about flying, more people drive to Grandma's house, and more are killed as a result. This is statistical murder, perpetuated by regulators and the media.

Even more dramatic is the fact that Americans below the poverty line live seven to ten fewer years than the rest of us. Some of this difference is self-induced: poor people smoke and drink more. But most of it results from the fact that they can't afford some of the

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The Real Cost of Regulation — Part II

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good things that keep the rest of us alive. This means that when bureaucrats get obsessed about flying or toxic-waste sites, and create new regulations and drive up the cost of living in order to reduce these risks, they shorten people's lives by making them poorer. Bangladesh has floods that kill 100,000 people. America has comparable floods and no one dies. The difference is wealth. Here we have TVs and radios to hear about floods, and cars to drive off in. Wealthier is healthier, and regulations make the country poorer. Maybe the motto of OSHA should be: "To

save four, kill ten."

Largely due to the prevalence of misleading scare stories in the press, we see in society an increasing fear of innovation. Natural gas in the home kills 200 Americans a year, but we accept it because it's old. It happened before we got crazy. Swimming pools kill over 1,000 Americans every year, and I think it's safe to say that the government wouldn't allow them today if they didn't already exist. What about vehicles that weigh a ton and are driven within inches of pedestrians by 16-year-olds, all while spewing noxious exhaust? Cars, I fear, would never make it off the drawing board in 2001.

What's happened to America? Why do we allow government to make decisions for us as if we were children? In a free society we should be allowed to take

risks, and to learn from them.

The press carps and whines about our exposure to dangerous new things — invisible chemicals, food additives, radiation, etc. But what's the result? We're living longer than ever. A century ago, most people my age were already dead. If we were better informed, we'd realize that what's behind this longevity is the spirit of enterprise, and that what gives us this spirit — what makes America thrive — isn't regulation. It's freedom.

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