

Fund (UNICEF), which has called buying slaves “absolutely intolerable.” Minitier, a Washington-based writer, argues that the practice, though well intended, is counter-productive: “Slave redeemers enrich every element of the trade: raiders, owners, and traders. . . . In effect the redeemers are keeping prices high and creating a powerful incentive for raids.”

Antislavery activist Michael Horowitz, director of the Hudson Institute’s Project for International Religious Liberty, told Minitier that slave redemption “may not be the answer to the problem, but it is the answer to

many mothers’ prayers.” Minitier, however, believes that “public policy requires a focus on the larger interest. With good reason, the U.S. government does not negotiate with terrorists or pay ransom to kidnappers. . . . Fighting slavery is not a task for sentimentalists.” One effective measure that could be taken, in his view, if outside governments had the will and Sudanese rebels the tools, would be to cut the rail link between Khartoum and the regime’s southern stronghold of Wau. Without the train, Minitier says, slave raiders could not move large numbers of slaves north.

Welfare-to-Work in Canada

“When Financial Incentives Encourage Work: The Canadian Self-Sufficiency Project” by Charles Michalopoulos, Philip K. Robins, David E. Card, and Gordon Berlin, in *Focus* (Fall 1999), 1180
Observatory Dr., 3412 Social Science Bldg., Univ. of Wisconsin at Madison, Madison, Wis. 53706.

Eight years ago, amid criticism that its generous welfare and unemployment insurance programs were encouraging people to avoid work, Canada launched an experiment called the Self-Sufficiency Project in two provinces to see if temporary earnings supplements would entice welfare recipients into finding jobs.

The early evidence from studies by the Social Research and Demonstration Corporation (SRDC) is very encouraging, according to Michalopoulos and Berlin, of the SRDC’s U.S. partner, Manpower Demonstration Research Corporation, and economists Robins, of the University of Miami, and Card, of the University of California, Berkeley.

Between 1992 and 1995, almost 2,900 single parents (mothers, for the most part, with little education) who had been Income Assistance (IA) recipients for at least a year were offered supplements if they left welfare and worked full-time. The supplement equaled half the difference between the person’s wages and \$31,080 (U.S.) in British Columbia or \$25,200 in New Brunswick—levels set to make full-time work pay better than welfare. The supplements would stop after three years.

Nearly two-thirds of the single mothers refused the offer. “I don’t have education or skills where I’m able to get a nice job,” one

said. Nevertheless, the authors report, full-time employment increased significantly—to an average of 29 percent in the fifth quarter after the trial began, compared with only 14 percent in a control group of comparable welfare recipients.

To test whether earnings supplements would have the unintended consequence of extending recipients’ stay on the welfare rolls, more than 1,600 British Columbia single parents new to welfare during 1994–95 were told they would be eligible for the supplements after one year on IA. These mothers were likely to be less disadvantaged than the long-term recipients, and it turned out that very few of them prolonged their stay to get the supplements. After a year, 60 percent were still on welfare—only four points higher than the percentage for a control group of comparable welfare recipients with no prospect of eligibility. Two and a half years later, moreover, it appeared that the supplements were working as intended: More than 40 percent of the eligible group were employed full-time, compared with less than 29 percent of the control group. “Most remarkably,” say the authors, “at the end of the period, the cost of supplement payments was more than offset by reduced IA payments and increased tax revenues.”

It’s too early to pass final judgment on the Self-Sufficiency Project; that will depend on

what happens after the supplements run out. But the authors are hopeful. So far, the gains in “fulltime employment and earnings and [the]

reductions in poverty . . . are among the largest ever seen in a social experiment designed to encourage welfare recipients to work.”

Beijing Cool

Among Chinese opinion-leaders today, there’s a surprising new vogue, reports Liu Junning of the Chinese Academy of Sciences, in *Cato Policy Report* (Nov.–Dec. 1999).

Liberalism is enjoying a rebirth in China’s intellectual circles. . . . Even the prime minister of China has [Friedrich] Hayek’s works on his bookshelf. . . .

The old ideology has failed, and the attendant “right to rule” has lost almost all of its “true believers.” Some observers may wonder how liberalism will be able to sprout and grow in Red China. The answer lies in the market economy or, as Adam Smith called it, “the system of natural liberty.”

Market mechanisms in China promote not only greater economic freedom but other freedoms as well, such as freedom of speech. Ever since the Chinese government stopped giving subsidies to most newspapers, magazines, and TV stations after the introduction of market-oriented reforms, the media have been publishing things to keep the interest of their readers. Since more and more people in China are interested in liberal ideas, the editors have been very enthusiastic in meeting the demand, despite harassment and threats of censorship. Some of them started to stop censoring themselves—not just for economic survival but also because many of them are becoming genuinely attracted to liberalism. Now it is the editors who are pushing the intellectuals. In China the only effective way to stop the trend of liberalization is for the government to resume media subsidies, which it now lacks the means to do.

The political culture of China is shifting in a liberal direction. Gone are the days when you could be proud to be a leftist. Now intellectuals prefer to be identified with liberalism. In today’s China almost all of the opinion leaders and celebrities in leading fields are liberals.

Latin Democracy’s Struggle

“Is Latin America Doomed to Failure?” by Peter Hakim, in *Foreign Policy* (Winter 1999–2000), Carnegie Endowment for International Peace, 1779 Massachusetts Ave., N.W., Washington, D.C. 20036.

The January coup in Ecuador was only the latest indication that Latin America is not living up to the high hopes entertained by democrats and free-market enthusiasts a decade ago. “Across the continent, democracy and markets remain on trial,” writes Hakim, president of the Inter-American Dialogue, a Washington-based organization.

There had been good reason for the high hopes, he notes. Between 1978 and 1990, some 15 Latin American countries turned away from dictatorship and began holding elections. And in the late 1980s and early 1990s, nearly all governments in the region came to adopt free-market economic policies.

The average rate of inflation soon plummeted, from more than 450 percent to hardly more than 10 percent today. “Almost overnight, Latin America joined the world economy.”

But meaningful economic growth, Hakim notes, has proved elusive, with the annual rate averaging less than three percent during the 1990s. That was better than the 1.9 percent average of the 1980s, but a far cry from the six percent of the 1960s and ’70s. Of 20 Latin American countries, only three—Argentina, Chile, and Peru—averaged five percent or higher annual growth during the 1990s, though three others—the Dominican Republic, El Salvador, and Panama—came close.