A Chicago bucket shop, where the masses could wager against prices telegraphed from commodities trading floors, when it was raided by police in 1906.

they couldn't survive without it—but that they trafficked in pure abstractions rather than actual goods. Agrarian populists in particular raged against the hocus-pocus of financial wizards who had the power to influence what prices midwestern farmers could get for their crops. But federal legislation that would have destroyed the pits was narrowly defeated in 1892. That left the matter in the hands of the courts.

Justice Oliver Wendell Holmes Jr. wrote the decisive opinion for the U.S. Supreme Court in 1905. Just a year before, his friend, the philosopher William James, had published a key essay in the evolution of pragmatist philosophical thought in which he argued that thoughts could be as "real" as things if they had consequences in the world. Earlier in his thinking, James had leaned on financial metaphors, noting that bank notes themselves have value chiefly because we believe they do. Without citing James, Holmes followed a similar line of thought in upholding organized futures markets: However incorporeal the contracts, the futures trade had positive practical consequences; "speculation of this kind by competent men is the self-adjustment of society to the probable." The casually operated bucket shops, however, were another matter, and the Court shut them down.

The American experience was atypical. As trade in commodities expanded during the late 19th century, futures markets sprang up in other countries, Levy notes, but most did not survive. Today, they are once again common in the developed world, and many newly capitalist countries make it a high priority to create them. But without adequate regulatory mechanisms and customs—or philosophers to justify their existence—most have expired.

ECONOMICS, LABOR & BUSINESS

Dying for Taxes

THE SOURCE: "Toying With Death and Taxes: Some Lessons From Down Under" by Joshua Gans and Andrew Leigh, in ***The Economists' Voice***, June 2006.

A curious thing happened in 1979 as Australia prepared to repeal its estate tax. During the final week the tax was in effect, the death rate declined. When the tax was eliminated, the rate rose.

The U.S. congressional calendar

this year has been consumed by efforts to repeal the American estate tax, or as its opponents say, the death tax. The tax is no small matter, having accounted for $25 billion in revenue in 2005. Could the Grim Reaper possibly be kept on hold to save on taxes? And could an estate tax repeal create an unpleasant surprise for the U.S. Treasury by slashing projected revenues during the final days of taxation?

As its ongoing American counterpart has already done, the Australian campaign to repeal the tax took years, according to Joshua Gans and Andrew Leigh, of the University of Melbourne and the Australian National University, respectively. About nine percent of Australian estates were large enough to owe the tax. On June 30, 1979, estates of $1 million (Australian) or more paid 27.9 percent in taxes, with lesser rates for some legacies greater than $100,000. On July 1, the tax was zero. Death certificates showed that about five percent fewer people died during the tax's last week than during that period in previous years, and that the death rate rose a similar amount the next week. The researchers assumed that everybody whose death was "postponed" from June to July would have been required to pay the tax.

"Over half of those who would have paid the estate tax in its last week of operation managed to avoid doing so," Gans and Leigh write.

Popular medical writing is full of anecdotes of patients who temporarily cheated death—staying alive for a festival, a wedding, or a birthday. Despite these examples, however, a huge scientific study of cancer victims from 1989 to 2000 found no evidence of any ability to time one's death to stay alive for important holidays such as Thanksgiving or Christmas. Tax-averse Australians are apparently an exception to this finding. Even the super-rich, the authors write, cannot postpone death forever, but some may be able to stay alive long enough to avoid the estate tax.

EXCERPT

Best of Times

The economic situation during the past 20 years has been unprecedented in the history of the world. You will find no other 20-year period in which prices have been as stable—relatively speaking—in which there has been as little variability in price levels, in which inflation has been so well-controlled, and in which output has gone up as regularly. You hear all this talk about economic difficulties, when the fact is we are at the absolute peak of prosperity in the history of the world. Never before have so many people had as much as they do today.

—**MILTON FRIEDMAN**, Nobel Prize–winning economist, in ***Imprimis*** (July 2006)

SOCIETY

Cooking Up America

THE SOURCE: "Cuisine and National Identity in the Early Republic" by James E. McWilliams, in ***Historically Speaking***, May–June, 2006.

THE FIRST CONSUMER REVOLUTION in America probably occurred around 1730, when the settlers began to make real money and the British began to ship affordable luxuries to the colonies. High on the colonists' shopping lists were stoves, cooking tools, tables, chairs, and English cookbooks. State-of-the-art imported kitchen products helped American cooks balance the culinary refinement they sought with the rustic provisions available in the New World.

Regional differences already had appeared. New England tilted toward Old Country tastes, using its farms to grow vegetables and fruit, to keep livestock for beef and dairy, and to cultivate as much English wheat, rye, and oats as the size of their family-based work force would allow.