

Mike Klowden, the president of the Milken Institute, generously gave me much of the credit for shaping the *Review* (see page 2). I'll take it – no false modesty from this camper. But I do want to share the kudos with Joannah Ralston of Insight Design, who keeps wowing me with the cover art and manages to add a delicious spoonful of visual irony to every article.

Enough gush. Check out what we've got waiting for you.

Severin Borenstein, the director of the University of California Energy Institute, warns that the public's new awareness of America's vulnerability in energy is only a first step. "If that interest is to lead to something more constructive than grumbles about speculators and promises of temporary gas-tax holidays," he argues, "we need a better understanding of how the highly integrated worldwide oil market works and how the United States' choices affect it."

Julia Isaacs and **Belle Sawhill** of the Brookings Institution take a hard look at economic mobility in an era of rising economic inequality. "Americans seem to care more about fairness – equality of opportunity – than about equality of outcomes," they point out. "But America doesn't do particularly well on this score: class-ridden 'old Europe' does better on critical measures of economic mobility."

Nicholas Eberstadt of the American Enterprise Institute calls for the abandonment of the "official poverty rate" – a widely employed statistic that, he argues, is next to useless. "While the OPR numbers say that the proportion of the American population liv-



ing in poverty has changed little – indeed, has slightly increased – since the early 1970s," he writes, "data on household spending show substantial and continuing growth in consumption among those reporting very low incomes. Indeed, it is becoming increasingly clear that the OPR is of no help in figuring

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where we are today or even where we've come from."

Ray Kopp of Resources for the Future offers a no-tears guide to thinking about climate change legislation. "The die is cast," he writes. "Our planet is going to get warmer. But the decisions we make – or don't make – will determine how fast and how hot it will get. Both presidential candidates are committed to a serious effort to slow the rate of climate change. But the success of any program will require good policy choices in the teeth of public skepticism and well-organized interest-group opposition."



Roger D. Blair (University of Florida) and **James Mak** (University of Hawaii) take a swat at the hoary regulations protecting American ships – in particular, cruise ships – from foreign competition. According to the U.S. Maritime Administration, the laws' purpose is "to assure reliable domestic shipping service and the existence of a maritime capability that is completely subject to national control in times of war or national emergency."

Or maybe not. "While the cruise business is growing by leaps and bounds, only one U.S.-flagged ship is still in service," they write. "The story of how its owners and unions have been waging political war to keep it in service at the expense of tourists, port workers, taxpayers and the Hawaiian tourism industry is a cautionary tale for anyone naïve enough to take the Maritime Administration at its word."

Andy Zimbalist of Smith College examines the focus of many a battle between professional athletes and owners of their teams: the impact of capping the total salaries paid by each team in the name of leveling the playing field. "Both players and owners," he concludes, "share what amounts to a myth in the power of salary caps to determine the division of the pie between labor and management. The evidence suggests that owners can live without salary caps, while players can thrive with them."

Allen Sanderson (Chicago), **John Siegfried** (Vanderbilt) and **Peter McHenry** (Yale) cast a gimlet eye on the inclination of universities to ignore economics in justifying expansion plans. "Higher education needs all the support it can get in raising money, pressing for local zoning variances and pleading for new public infrastructure," they write, "not to mention help in fending off criticism for reducing taxable property, displacing street parking and disrupting residential neighborhoods with party-crazed students. But the fact that such research has the imprimatur of institutions of learning doesn't necessarily imply that it is accurate."

Last, but hardly least, check out the excerpt from a path-breaking book by **Cass Sunstein** and **Richard Thaler**, **Caitlin MacLean's** report on the Milken Institute brainstorming lab on economic incentives to curb archeological theft, and **Bill Frey's** charticle on housing trends. Happy perusing. — *Peter Passell*