

1993 NEWPORT JAZZ FESTIVAL



"I DON'T CARE IF HE IS THE PRESIDENT OF THE UNITED STATES... HE STILL PLAYS SAXOPHONE LIKE RICIE CUNNINGHAM FROM 'HAPPY DAYS'."

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EDITORIAL

Checks and balances

Banking reform makes sense

The Truth in Savings Act, which took effect Monday, promises to be a boon to those who don't know the difference between compounded and non-compounded interest or what "investable balance" means.

The world of finance is already arcane enough for most people without the confusing array of terms and conventions that only bankers and finance majors seem to be familiar with.

Government mandates regarding specific business practices are not always something to be desired. But when an industry such as banking uses misleading and confusing advertising and terminology to make an extra few bucks off of those of its customers with the smallest accounts, it's time for the law to step in.

Holdings of small accounts do not have the leverage with banks to negotiate the more favorable terms that those with larger accounts often enjoy. That's capitalism.

But when those same small-account customers are deliberately misled, that's unfair.

Now, the Truth in Savings Act re-

quires that banks provide clear and complete information on the terms of checking and savings accounts.

"Free" checking must now be truly free, without hidden charges or minimum balances.

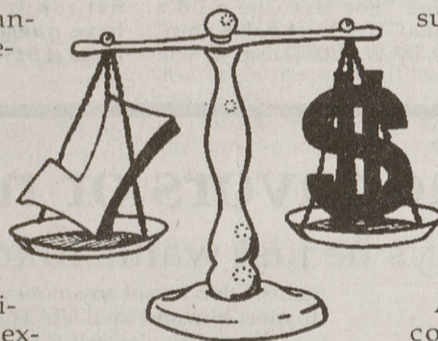
The act also introduces the annual percentage yield, or APY, as a standard measure of interest rates.

No longer will potential customers have to compare accounts based on different methods of computing interest, such as interest compounded daily or interest based on the lowest daily balance each month.

Banks will have to express the amount of interest in terms of APY so that all accounts can be compared by the same yardstick.

The new law stands to benefit college students, who typically maintain accounts with low balances and shop for new accounts when they arrive at school. This holds especially true in Texas, which has some of the least favorable terms for checking and savings account holders anywhere.

It's just a shame that the banking industry had to be forced out of deceptive tactics by the government.



Legalization, not criminalization

Crime rate shows drug prohibition doesn't help poor

Drug legalization recently came up in a conversation and, as usual, I found myself the lone advocate of legalization. One argument struck me as novel: I was told that with legalization "we would have poor people jumping off of roofs everywhere." Of course, this statement was intentionally hyperbolic, but I suspect that we are to understand that the poor would be substantially harmed by legalization.

The remark, chock full of implicit assumptions, disintegrates upon inspection. The statement implies that current drug laws protect the poor. They do not.

Crack is readily available in inner-city neighborhoods, costing between five and ten dollars a vial. In general, the inflation-adjusted costs of prohibited drugs have remained roughly constant while the purity, and hence the potency, of these drugs has dramatically increased.

In fact, it is the illegality of prohibited drugs that increases potency, thus endangering more people. During America's first ignoble experiment in drug prohibition, aptly called "Prohibition," average alcohol potency increased ten times the pre-Prohibition level. Why? Because of economic incentives. It is more profitable to run more potent drugs to be cut at the end of the distribution chain. More potent drugs cost less to hide, transport and distribute. And if you are caught with a pound of, say, marijuana, the legal sanction is the same whatever its potency.

And so it should hardly be surprising that the average level of THC, the active ingredient in marijuana, has increased eight times between 1974-84. The average purity of a gram of cocaine has increased five times, from 12 percent to 60 percent between 1980-88. Crack is simply a more potent, smokable form of cocaine. Likewise, heroin's average purity increased a remarkable 56 percent over the three year period of 1983-86. Now a more potent form of heroin known as "black tar" is becoming common. "Black tar" is to heroin what crack is to cocaine, and both illustrate the inexorable evolution of evermore potent forms of drugs driven by drug prohibition.

As the potency of prohibited drugs increases, so does the probability of over-dosage. A minor error in "cutting" potent drugs by distributors and users could result in numerous deaths, or turn what would have been an innocuous



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Columnist

high into completely uncontrolled behavior, neither of which are especially beneficial to the welfare of the poor. Under drug prohibition, the market price of illegal drugs is much higher than it might otherwise be. This is not because of monopolization of the drug trade, though that has certainly been attempted by drug cartels. The high price of illegal drugs represents a risk premium. The premium offsets the risks of detection and the probable costs of legal sanctions. This risk is borne by drug dealers in differing degrees at all levels of drug production and distribution.

Another risk derives from the peculiar organization of the drug trade. Because the drug trade is illegal, those engaged in the trade cannot rely upon contracts with recourse to the courts for enforcement to organize their market structure. They rely instead upon violent enforcement: immediate retaliation for breaking promises, shoot outs over territory, killing informants and cheats. The same was true for Prohibition, which ran concurrently with one of the two great crime waves of our century. The second great crime wave continues apace.

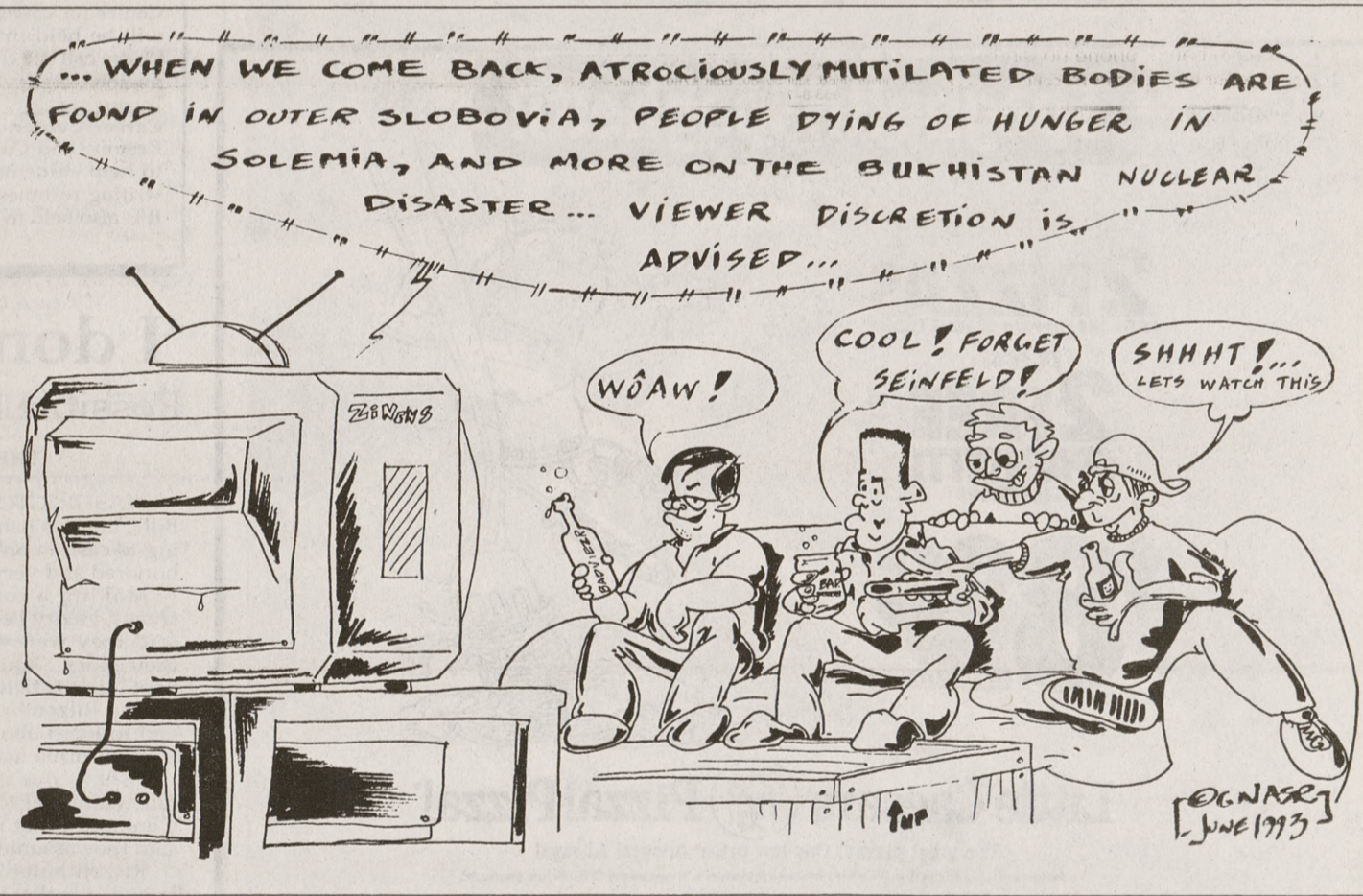
And as it is predominantly the poor that are engaged in this trade, particularly at the street level, they are bearing these risks and costs, as are poor neighborhoods.

The toll taken upon the poor by the current drug hysteria defies calculation. The poor are already easily capable of obtaining a dose of crack and going leaping off of buildings. But they don't. The attitude that the poor will go leaping off buildings if drugs are legal is deeply paternalistic: poor people are just too stupid, they need to be controlled.

The poor are also free to watch their children shot up in the cross fire of drug gangs. They are free to populate our prison system, which has the highest level of incarceration in the world and has somehow managed to incarcerate more blacks per hundred thousand people than South Africa has. Thanks almost entirely to the drug war, more black males are now in prison than in college.

The multi-billion dollar law enforcement blitz (\$12 billion, fiscal year 1992) against illegal drugs has been a colossal failure. It has sucked away funds that could have been used to combat real crime. Who suffers the most? We all do to some degree, some more than others. The rich can buy alarm systems, private police and wall themselves in. The poor pay with less police protection, rampant street violence, prison terms and drug od's. If anyone is getting hurt by the current regime, it is the poor. Legalize drugs.

Dickerson is a sophomore economics major



People are killing each other over there? It's just the news

If any of you all out there in Reader-land are anything like I am, you've probably been to an academic gathering, a dinner or perhaps even a party where someone brought up an international crisis of which you were so ill-informed you actually feared speaking and allowing your ignorance to be known.

I realize, of course, this is unlikely to occur during lunch at Sbsia or tea-time at the Chicken, but regardless of the setting, the "dumb look" in response to conversation is never "in."

The way most of America deals with this problem is to hook up a mental I.V. to CNN after coming home from work, but students, weary from learning new stuff all day, seem less likely to fully absorb the news.

No big deal. It's just the news. Dan Rather and Ted Koppel are all too of-

ten time-killers for that late afternoon beer and growling stomach. Roommates discuss dinner plans during the broadcast and it's not even annoying because it's just the news. People make phone calls — so what? It's not "Seinfeld" or anything. It's just the news.

Even if you manage to pay attention to what's going on, you're only getting a four-minute sound bite on a 1500-year war — hardly enough information to make one adequately knowledgeable. Does it really matter? After all, it's just the news.

Because of this problem, I decided to access the wealth of expertise on campus and get the lowdown on a specific international atrocity, the recent events in the former Yugoslavia.

Through an interview with Dr. Stjepan Mestrovic, a sociologist raised in Croatia, and information supplied by Dr. Steve Pejovich, a political economist from Serbia, I was able to understand the Croatian/Bosnian plight and the Serbian drive for dominance and learn enough about the war in Bosnia to develop confidence in conversation.

There are four main regions involved: Serbia (Orthodox Christian), Croatia (Catholic), Bosnia (Muslim and

Serbian) and Kosovo (primarily Muslim with a few Serbians). Serbia, which retained all of Yugoslavia's weaponry, decided to expand its boundaries to include Croatia and Bosnia, already 30 and 70 percent Serbian respectively. Many Muslims were raped and slaughtered along the way.

These same Bosnian Muslims are fleeing their homeland into neighboring Croatia to avoid almost certain execution. Since Croats are Catholic, however, they really aren't too thrilled with the enormous influx of Muslims. This is causing considerable social problems. Moreover, both groups have the still bigger problem of Serbia, which in addition to age-old border disputes, continues to hate Croatia for collaborating with the Nazis in WWII.

Under the Nazis, the Croats were responsible for the deaths of almost a million Serbians. However, under the leadership of Milan Nedic, the Serbian Nazi Regime committed similar mass homicides.

So now we know why the Serbians are so intent and ruthless. And why aren't we — the West, the UN — doing anything about it? First, the Serbians have hated Muslims with a vengeance

since the Battle of Kosovo. Kosovo is a very small state, and was part of Serbia until Turkey, which is Muslim, took it over in 1389.

The Serbians have held this grudge against Muslims for over 600 years, and Kosovo continues to be in danger as the anniversary of the battle, June 28, approaches. The anger against Croatia stems from "Nazi cooperation." Also, Serbia claims that fear of encroachment by Muslims and Croats drives its killing machine.

Because the actions of the Serbians clearly violate UN regulations, the UN sent troops from France and Britain to Bosnia, where they were most unwelcome. In addition to providing a few useless troops, the West has imposed economic sanctions and an arms embargo. This does nothing but prevent the Bosnians from defending themselves.

Dr. Mestrovic stated to me frankly the difficulty in isolating a "good guy" or a "bad guy" in this situation, or even determining a right or wrong, but I found sympathy for the defenseless victims quite easily. We mustn't forget, however, that today's oppressors may be tomorrow's victims in the same war.

Does this make them right, or is it "just the breaks"? Unfortunately, while the West shrugs its shoulders over this philosophical question regarding Bosnians, Serbians and Croats, thousands upon thousands of people are being tortured, raped and executed. But it's just the news.

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