

assured, even recovered. As usually asked, the question is vacuous. Leadership is taken as a synonym for 'in the lead' or 'first'. On this philosophically bankrupt basis, last year's shuttle accident is bound to seem not merely a tragedy but a threat to leadership. The truth is that a better synonym for leadership in technological connections is expertness, the capacity to carry out difficult tasks with ease and confidence. Now that being ubiquitously first (on the Moon, in a space station or even on Mars) is financially and technically impossible, not to say philosophically pointless, should not NASA aim at the more durable leadership that could come from doing excellently what it does well already? It would be a less spectacular programme, but the United States might welcome a respite from sensation. □

Ivan Boesky's friends

The insider-trading scandal seems unstoppable, but there are some things that could be done.

THE great worldwide financial scandal goes from bad to worse, but governments and financial communities appear mesmerized by what has overtaken them, and to be incapable of response. Last week, Mr Dennis Levine, the insider-trader who first blew the whistle on Mr Ivan Boesky, was sentenced by a New York court to four parallel terms of two years' imprisonment. A week earlier, an even bigger fish, Mr Martin A. Siegal, had pleaded guilty to two felony charges and had declared that he is cooperating with the authorities (which no doubt signifies that there are more surprises to come). By all accounts, the indictment of Siegal explains that a courier working for Boesky had at one stage handed him by prearrangement in a hotel lobby a suitcase containing \$150,000 in notes; the money was used in succeeding years to pay minor household bills. A few days earlier, a senior member of the stockbroking firm of Goldman, Sachs and Co. was arrested together with two others from Siegal's old firm, Kidder Peabody (but Goldman, Sachs says it will pay the cost of defending its Mr Robert M. Freeman).

These events would be fascinating if they were not also tragic and frightening. Commenting on the Siegal case last week, the *Wall Street Journal* says that it shows that insider-trading has become "systemic" in New York. That is frightening because it gives the lie to the belief, much cultivated by the self-interested financial communities, that the markets are efficient and are thus reliable ways of deciding the fate of enterprises of all kinds, from established industries to struggling new ventures. To the extent that the galloping scandal (and its Guinness offshoot in London) shows that it is possible to manipulate the price of publicly traded stock, even at some cost, it is no longer possible to believe that what happens on the markets equates with common sense. Worse still, the manipulators have been driven by the attraction of personal gain, in Boesky's case on a scale that enabled him to pay a fine of \$100 million and still have some left over; in doing so, they have been stealing from other people, often those ordinary mortals who put their savings in pension funds and other financial securities.

What can be done? It remains to be seen what are the effects of the gaol sentences now being handed out, but of necessity they will not be permanent. In the US Congress, Senator William Proxmire has followed the British Labour Party in suggesting tighter regulation of the takeover process (which attends to the substrate of corruption, not its cause). In both places (and elsewhere) it would make better sense if it were a legal requirement that the true owners of all traded stocks should be instantaneously and publicly known. Then at least there would be a chance that the professionals would catch each other out. And why should not the people who work in the financial markets be forbidden from owning stock on their own account? If it should be said that people would not do this job if deprived of the opportunity for making a little extra on the side, that would be a proof that insider-trading is indeed systemic. □

US university risks

British universities have lost their political friends. Will US universities follow suit?

COULD the university system in the United States be running headlong into the problems that have overtaken British universities in the past decade? On the face of things, that is impossible. Unlike British universities, whose costs are mostly met directly from the public purse, universities in the United States are either private institutions whose autonomy is beyond dispute or are supported by state governments jealous of their institutions' achievements and conscious of their economic importance. That is the theory. But US universities, and especially the private institutions, may now be courting just the danger that, ten years ago, marked the onset of the British government's beastliness to its universities. The US universities, or some of them, run the risk of losing their political support, ironically even when the economic value of the skills that universities can engender is more keenly appreciated than ever.

The underlying issue, first in Britain and now in the United States, is public accountability. In Britain in 1967, Mrs Shirley Williams, then Secretary of State for Education and Science in a Labour government, asked the universities two pointed questions: how would they respond to the demographic prospect of falling enrolments, and what suggestions did they have for helping a financially beleaguered government contain the cost of student maintenance? The replies — that shrinking age-groups do not imply shrinking universities, and that there is a case (in British circumstances) for paying maintenance costs to all, are reasonable points of view — but took no account of the administrative reasons why even a sympathetic minister should have been compelled to raise these awkward questions.

Nobody would suggest that present circumstances in the United States are the same. Mr William J. Bennett, the Secretary of Education, makes very few noises of the kind that academics like to hear (see p.751). Moreover, federal aid to higher education is a small percentage of the total cost of higher education, and shrinking. Yet Bennett, like Williams, is asking questions that universities would be well advised to answer patiently. Is it, for example, true that tuition fees have increased on the average by 58 per cent in the past five years, twice as quickly as inflation, and if so why? If, as some institutions will be tempted to say, the explanation is that higher tuition fees are needed to meet the disproportionately increased need for student aid, there will be many who ask what business it is of universities to operate a redistributive taxation system. And is it true that average university salaries have kept pace with inflation in the past decade, when one of the most striking social changes in the United States has been a relative decline of individual, as distinct from family, incomes (as women go out to work)? Universities will say that to pursue excellence they must compete for what talent there is, but there are many who will protest that the bidding process differs from that among baseball teams in that the costs fall on students who have no choice but to pay up.

What US universities may not have understood clearly is that Mr Bennett's questions, even if misconceived, may anger those who hear them answered superficially, disdainfully or casuistically. What the British experience has shown is that it is easier to provoke a hostile animus than to mollify it, especially among politicians. The moral is that Bennett should be given a reasoned and comprehensive answer to the questions he keeps flinging at the system, but also a more constructive account of what needs to be done to keep the system healthy. The weakest point in his argument is the assumption that even students from the poorest families will become so aware of the benefits of higher education that they will shoulder the burdens of commercially priced loans to win the rewards. It is unlikely that the United States is any better able than Britain to risk the loss of talent provoked in that way. □