

The INDEPENDENT

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Forums: Civil Rights and Eminent Domain

The Independent Policy Forum recently held programs on the timely issues of civil rights and eminent domain.

- The American civil rights movement of the 1960s was crucial to delegitimize white supremacy worldwide, but it also instilled in white society a sense of guilt that led to the adoption of policies that have unintentionally hindered the progress of blacks and other minorities, Hoover Institution Research Fellow



Shelby Steele, author of White Guilt, addresses the Independent Policy Forum.

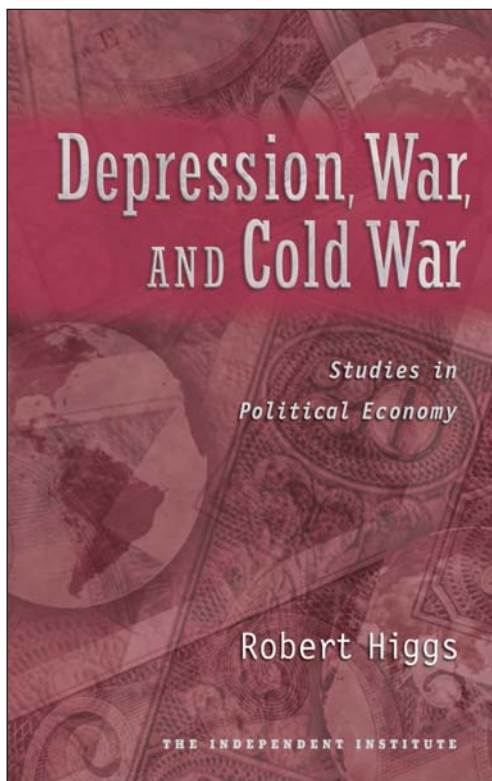
Shelby Steele argued at the May 9 Independent Policy Forum, “Is White Guilt Destroying the Promise of Civil Rights?”

The passage of the Civil Rights Act of 1964 and the Voting Rights Act of 1965—and the implicit admission by most of white society that

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Great Depression Caused by Government?

The Great Depression, World War II, and the Cold War dramatically changed the American political economy. In his new book, *Depression, War, and Cold War* (Oxford University Press, cloth, \$35.00), Robert Higgs, the Independent Institute’s Senior Fellow in Political Economy and editor of *The Independent Review*, provides a path-breaking reassessment of how those seminal events shaped 20th-century America.



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For example, Higgs explains how New Deal measures destroyed capital markets and prolonged and deepened the Great Depression; how a weapons procurement policy in 1940–41 negatively transformed the role of defense contractors; how and why the U.S. ci-

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President's Letter:

Ideas Have Consequences

This fall during our 20th Anniversary, we are very pleased to release the seminal new book, *Depression, War, and Cold War*, by our Senior Fellow **Robert Higgs**. The sequel to Dr. Higgs's pioneering 1987 book, *Crisis and Leviathan*, which triggered an entire new assessment of the nature and effects of government power, *Depression, War, and Cold War* now provides an authoritative analysis of harmful U.S. government policies since 1930, refuting the myths of conventional thinking and redefining and redirecting public debate.

Producing *Crisis and Leviathan* was no easy task, because virtually *nobody* then cared about the book's thesis. *No* foundation or major donors were interested in funding the book because it did not fit anyone's political agenda. At the height of the "Reagan Revolution," with a perceived, yet fictional, roll-back of government spending, I was told repeatedly that no one would care about the book. But once the book was published, a real revolution of ideas began.

The prescient insights of Dr. Higgs have become all too vivid in the aftermath of 9/11 with the largest expansion of federal power and spending since FDR, virtually none of which has anything to do with protecting Americans. So long as the citizenry remains in the dark regarding the true nature and effects of this process, special-interest power-grabbers have the cover needed to expand government for *their* benefit at the expense of the citizenry. While politics as usual has failed, the illuminating analysis of Dr. Higgs and other Institute fellows is providing the necessary insights today toward overturning this abuse of power.

Institute books such as *Depression, War, and Cold War* (see p. 1), our journal *The Independent Review* (see p. 5), events (pp. 1, 6), media projects (p. 4), and other programs are providing the crucial difference. Your tax-deductible support as an **Independent Associate Member** makes this far-reaching work possible, while providing you with our new studies plus other benefits (please see enclosed envelope). We welcome your involvement.

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Independent Policy Forums: Civil Rights and White Guilt • Eminent Domain

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racially discriminatory laws were immoral and unacceptable—was “America’s greatest moment” and “one of the greatest moral evolutions in all of human history,” said Steele, author of *White Guilt: How Blacks and Whites Together Destroyed the Promise of the Civil Rights Era*.

Unfortunately, the sea change in attitudes that made this advancement possible was accompanied by desires of the country’s institutions to avoid the new stigma of racism by promoting policies that assuaged collective “white guilt” more effectively than they helped black Americans advance economically or socially, according to Steele.

“The purpose of the Great Society was not actually to end poverty or achieve racial equality, it was to restore some legitimacy to the American government, to American Society,” Steele said. At their worst, “white guilt” policies have helped to eviscerate the black family, devastate America’s inner cities, and shackle rather than liberate the black underclass. In addition, many black Americans have failed to appreciate how the legacy of slavery, discriminatory Jim Crow regulations, and segregation have prevented black society from developing the cultural capital that other groups have used to lift themselves up when given freedom, Steele said.

The challenge for blacks today isn’t to try

to remove every last vestige of racism from white society, the bulk of which sees racism as disgraceful, said Steele. Rather, the challenge is to acquire the education, job skills, values, and attitudes most conducive to thriving under the conditions of a newly acquired freedom, according to Steele. “Instead of constantly saying there’s racism around every corner, and racism is a big barrier in my life, say instead there may be racism, but I am free. I have opportunities. I can do whatever I want in life. I can go as far as I want to go.”

A transcript is available at: www.independent.org/events/transcript.asp?eventID=116. •

• When last year the U.S. Supreme Court, in
(continued on page 7)



Timothy Sandefur, a property rights attorney for the Pacific Legal Foundation, addresses the Independent Policy Forum.

New Book: Depression, War, and Cold War

(continued from page 1)

vilian economy foundered during the command economy of World War II; and how economic recovery from the Great Depression occurred only after the war ended.

Higgs then discusses the political economy of the Cold War, including the role of various “crises” in sustaining the U.S.-Soviet arms race; how members of Congress have used the defense budget to get re-elected, at the expense of programs the armed services deemed more important; and how defense contractors have made out like bandits, their stocks significantly outperforming the Standard & Poor’s 500—while taxpayers shouldered their risk.

Here are just a few of the book’s findings:

- Contrary to popular legend, President Franklin Roosevelt’s policies didn’t end America’s Great Depression—they prolonged it: contemporaneous evidence from corporate bond markets and opinion polls indicates that by shaking investors’ confidence in the security of property rights, the New Deal discouraged the long-term private investment needed to revive

the economy.

- World War II did not create prosperity. Although defense-related industries did well

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Praise for

Depression, War, and Cold War

“An important book! Those interested in the interaction between the domestic economy, war and heavily armed peace, will find it essential.”

—**Paul Johnson**, Author, *Modern Times* and *A History of the American People*.

“This book marks Higgs as one of the most important and original political analysts of our time. An intellectual tour de force!”

—**Jonathan Bean**, Professor of History, Southern Illinois University

“Higgs’s superb book is a real eye-opener.”

—**Richard E. Sylla**, Professor of the History of Financial Institutions and Markets, New York University

The Independent Institute in the News

• **Opinion:** In May, the Washington Post Writers Group began syndicating Senior Fellow **Alvaro Vargas Llosa**'s weekly columns internationally in both Spanish and English. Domestic newspapers such as *Riverside Press-Enterprise*, *Dallas Morning News*, *La Opinion*, *Tiempos del Mundo*, *El Diario la Prensa*, *Mundo Hispanico*, *Diario Las Americas*, *Rocky Mountain News*, *Arizona Daily Star*, *San Diego Union-Tribune*, *Sun-Sentinel*, and *Des Moines Register* have picked up the column, as well as international outlets including *Toronto Star*, *Diario del Exterior*, ABC, *Vistazo*, *El Diario de Hoy*, *Listin Diario*, ABC, and *La Primera*. **Vargas Llosa** also wrote a cover article in *The New Republic* on Simón Bolívar. Other op-eds commissioned by the **Center on Global Prosperity** included **Carlos Sabino**'s pieces on the politics of Venezuelan oil, published in the *Providence Journal*. **Benjamin Powell**'s op-eds on issues like the economics of immigration and eminent domain were published in *Atlanta Journal-*



Independent Institute Senior Fellow Ivan Eland is interviewed on CBS TV in San Francisco.

Constitution, *Investor's Business Daily*, *Daily News of Los Angeles*, *Cincinnati Enquirer*, *Eagle Tribune* (MA), *Salem News* (MA), *East Bay Business Times* (CA), *Mountain Mail* (CO), *Providence Journal*, *Columbus Business Journal*, *San Francisco Business Times*, *Silicon Valley/San Jose Business Journal*, and *Sacramento Business Journal*. The **Center on Entrepreneurial Innovation** also commissioned a piece on the anniversary of the *Kelo* decision by Adjunct Fellow **Edward Lopez**, which was carried in the *North County Times* and several business papers. Additionally,

Senior Fellow **Ivan Eland** wrote op-eds on foreign policy and national security published in the *San Diego Union-Tribune*, *Gardner News*, *MotherJones.com*, and *Providence Journal*. The **Center on Peace and Liberty** also released a piece by **Robert Higgs** on Haditha, published in the *Calgary Herald*, and commissioned **Edward Peck** to write on the Israel lobby published in the *Pittsburgh Post-Gazette*.

• **Books:** *Restoring Free Speech and Liberty on Campus* was reviewed in *Futurist*, *Re-Thinking Green* was reviewed in *Journal of College Science Teaching*, and *Resurgence of the Warfare State* was reviewed in *Future Survey*.

• **Broadcast:** Senior Fellow **Ivan Eland** was interviewed on WUSB, Wisconsin Public Radio, KGNW, KCTC, Al-Jazeera, and Voice of America. Senior Fellow **Alvaro Vargas Llosa** was interviewed on CNN En Espanol, CNN International, GLOBO, Radio 10 in Argentina, BBC, and Peru 21. **Shelby Steele** promoted his talk at the Institute with interviews on KQED "Forum" and KGO's "Pete Wilson Show" in San Francisco. Senior Fellow **Benjamin Powell** discussed immigration policy on WBAL, Westwood One, KNX, KDX, was quoted on CNN "Live From," and appeared on NBC11 in San Jose, CA.

• **Additional Highlights:** The Institute's **Open Letter on Immigration** was initially published in the *Philadelphia Inquirer* and continued to spark controversy in the editorial pages of the *Wall Street Journal*, *New York Times*, *Pittsburgh Tribune-Review*, *National Post*, *New York Daily News*, and elsewhere. Additionally, **Ivan Eland**'s work on defense spending, security, and the war on terror was quoted in the *Wall Street Journal*, *Associated Press*, *Desert Sun*, *Charleston Gazette*, *Pampa News*, *Pittsburgh Post-Gazette*, and "Marketwatch." **S. Fred Singer**'s *Hot Talk, Cold Science* and other research were discussed in syndicated columns by Joel Achenbach and William Rusher and *San Francisco Chronicle* columnist Debra Saunders interviewed **Benjamin Powell** for a piece on eminent domain and Wal-Mart. •

The Independent Review

Privatizing Marriage • Sociology and Freedom

The Independent Review continues to publish insightful scholarship on a wide range of timely topics.

Privatizing and Protecting Marriage

- The institution of marriage could better meet needs if couples had more options than taking or leaving the terms of marriage offered in the one-size-fits-all version provided currently by government, according to Doshisha University Law professor **Colin Jones** (“A Marriage Proposal: Privatize It”).

“Couples entering into marriage should be able to use a partnership agreement that is tailored to their own circumstances and aspirations, one that reflects the values and expectations that they themselves attach to marriage,” Jones writes. (An op-ed based on his article ran in the *San Francisco Chronicle*, January 22.)

Ending the government’s monopoly on marriage, Jones argues, would foster innovation in the design of marriage contracts, resulting in better legal and relationship counseling, better protection for children and spouses, and better marriages. Couples could select from a variety of marriage-document kits. They would also be free to form or join marital corporations—organizations, including churches, whose members share the same values about marriage—which might arise to cater to the needs of different kinds of couples.

This privatization of marriage, Jones further suggests, might also help defuse the controversy over same-sex marriage because opponents and proponents of same-sex marriage would join separate marital corporations and thus would see their version of marriage protected.

See “A Marriage Proposal: Privatize It” at: www.independent.org/publications/tir/article.asp?issueID=46&articleID=588.

Sociology and Freedom

- Sociologists study a diverse range of social issues and groups—but how diverse a group are sociologists themselves? At least when it comes to political diversity, the answer is: “not very.” A new study of American sociologists found far more support for economic regulations, the regulation of personal choices, and a broad role for government than opposition to them (“Sociology and Classical Liberalism”).

The study’s authors, **Daniel Klein** and **Charlotta Stern**, sent letters to 1,000 members of the American Sociological Association (ASA) asking their preferences about 18

public-policy topics. The 347 responses they received suggest that the sociology profession in the United States tilts heavily to the left and has few, if any, members who are classical liberals (*i.e.*, those whose primary political value is individual liberty).

“Overall, sociologists overwhelmingly support (most of them strongly) economic interventions, gun control, redistribution, government schooling, and discrimination controls. That is, they are predominantly left-wing,” write Klein and Stern. “It appears that the number of classical liberals who belong to the ASA is approximately zero.”

Although most of the poll’s findings are not surprising, the absence of classical liberals among sociologists polled is harder to explain, Klein and Stern argue. Classical liberals such as Adam Smith, Alexis de Tocqueville, Herbert Spencer, William Graham Sumner, and



F. A. Hayek discussed topics potentially of interest to contemporary sociologists. In addition, other topics of interest to classical liberals also seem ripe for sociological study, such as the differences between cooperation and coercion; the interrelations between commerce and community; the role of privilege, prestige, status, and power in “rent seeking”; and the social mechanisms that foster and reinforce statism. “Sociology and Classical Liberalism,” by Daniel B. Klein and Charlotta Stern, is available at: www.independent.org/publications/tir/article.asp?issueID=46&articleID=584. •

Independent Policy Report

Making Housing Affordable

Housing shortages caused by restrictive land-use planning have added hundreds of thousands of dollars to the cost of buying homes in California, says a new report from the Independent Institute, *The Planning Penalty: How Smart Growth Makes Housing Unaffordable*. Research Fellow **Randal O'Toole**, the study's author, estimates that land-use restrictions added from \$69,000 to the cost of median homes in Bakersfield, Calif., to \$850,000 to the cost of median homes in San Francisco and surrounding counties.

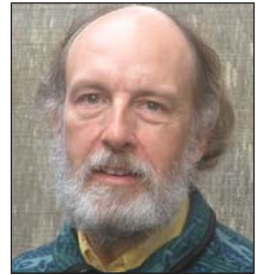
"How smart is 'smart growth' if it makes every home in a city cost \$70,000 to \$850,000 more so the city can save \$11,000 on a few new homes?" asks O'Toole.

The report finds that planning-induced housing shortages statewide added \$136 billion to homebuyer costs in 2005. This does not count the cost to renters or purchasers of retail, commercial, or industrial property. The planning penalties in California are almost as great as those in all other states combined.

The report also criticizes government-funded open-space programs that reduce the supply of land available for housing. "The 2000 census found that 94 percent of California's residents live on just 5 percent of the land," says

O'Toole. "Governments are abusing their power and misplacing their priorities when they create housing shortages by focusing on saving open space that is already abundant."

O'Toole recommends that cities leave open space protection to private conservation organizations and that they reduce planning rules so that homebuilders can meet the demand for new housing. He also recommends that city governments set user fees and taxes to make



Randal O'Toole

sure new development covers its costs, and let people make their own choices about where they want to live.

See "The Planning Penalty: How Smart Growth Makes Housing Unaffordable," by Randal O'Toole at www.independent.org/publications/policy_reports/detail.asp?type=full&id=20.

Independent Policy Forum, Washington, D.C.

What Should the U.S. Do about China?

On May 17, the Independent Institute held a forum at its conference center in Washington, D.C., on China's emergence as a world power, and how U.S. policies should change to reflect this reality.

Independent Institute Research Director **Alexander Tabarrok** launched the event with remarks on the move toward capitalism in China, describing it as an amazing phenomenon, albeit very much a work in progress.

The evening continued with **Ivan Eland** (Senior Fellow and Director of the Independent Institute's Center on Peace and Liberty), **James Lilley** (former ambassador to China and South Korea), and Rear Admiral **Eric McVadon** (Institute for Foreign Policy Analysis).



(L to R) Ivan Eland, James Lilley, and Eric McVadon address the Independent Policy Forum.

The panel addressed numerous crucial issues surrounding U.S. diplomacy with China. If the Chinese add political liberalization to their economic reforms, will China necessarily be friendly to the United States? Conversely, if China remains an autocracy, will it necessarily be a threat to the U.S.? As the United States did with Iran, what if the U.S. government builds up India only to see it become the greater adversary? Should the U.S. conduct a policy of containment before knowing China's future foreign policy course? How large a sphere of influence is a rising China going to be allowed to have? How far does the U.S. security perimeter need to extend in Asia, especially east Asia?

Based on his new Policy Report, *Is Future Conflict with China Avoidable?*, Dr. Eland stressed the importance of trade and honest, peaceful friendship with all nations, arguing that China does not present the threat that many Americans fear it does. Instead, its emergence as an economic power has been a blessing for hundreds of millions of people. The United

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Independent Policy Forums: Civil Rights and White Guilt • Eminent Domain

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Kelo vs. City of New London, broadened the power of local governments to take private property for the purpose of economic development or other “public” benefits, it undercut a key feature of the American legal system: the protection of private-property rights. In response, many states have considered legislation intended to assuage public concerns about the government assault on the rights of property owners.

What precedents led to the *Kelo* decision, and what are the prospects for making property rights more secure? *Orange County Register* editorial writer **Steven Greenhut** and property-rights attorney **Timothy Sandefur** (Pacific Legal Foundation) discussed these issues at the January 31 forum “Eminent Domain: Abuse of Government Power?”

In recent years, redevelopment officials have acted as though other people’s property was at their disposal, said Greenhut, author of *Abuse of Power: How the Government Misuses Eminent Domain*. In Southern California, several municipalities have aggressively condemned property for the purpose of redevelopment. At a conference of city planning officials, one advocate of eminent domain gave four (conflicting) rationales that could be offered to the public to defend the taking of private property.

Only properties in neighborhoods deemed “blighted” are vulnerable to eminent domain, but there is a huge loophole to this restriction, Greenhut said. For redevelopment purposes, a formerly run-down property that has been refurbished is legally still considered blighted.

Timothy Sandefur, who submitted a friend-of-the-court brief on behalf of property owners in the *Kelo* case, discussed eminent domain in relation to the concept of sovereignty.

America’s founders, Sandefur said, struggled



Steven Greenhut, *Orange County Register* editorial writer, addresses the Independent Policy Forum.

to implement the strict property-rights views of 17th-century philosopher John Locke but were undermined by influential 18th-century legal thinker William Blackstone, whose writings horrified Thomas Jefferson. The two opposing views of property rights and sovereignty came increasingly into conflict in eminent domain court cases in the 1850s.

Sandefur concluded by discussing details of several post-*Kelo* bills to restrict government takings. Unfortunately, on closer inspection many of those bills offer weak protections for property owners. The problem of perverse incentives for lawmakers and a weak philosophical understanding of the importance of property rights are the root problems.

“We have a government whose primary mission...is to steal things from people who earn them and give them to people who don’t,” he said.

Sandefur himself has consulted in the drafting of a proposed constitutional amendment to limit eminent domain in California, so perhaps there is reason for optimism.

A transcript is available at: www.independent.org/events/transcript.asp?eventID=114.

New Book: Depression, War, and Cold War

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during the war years, few consumer durables (e.g., cars and houses) and non-defense capital goods were produced. The virtual elimination of unemployment then was due to the draft, which forced 22% of the prewar labor force into the military at below-market wages.

• From 1949 to 1989, the top defense firms outperformed the stock market by a huge mar-

gin. An investor who held a portfolio of top defense stocks during those four decades would have earned 2.4 times more than investing an equal amount in a diversified portfolio.

Like his classic *Crisis and Leviathan*, Higgs’s new work merits much acclaim.

To purchase *Depression, War, and Cold War*, see www.independent.org/store. •

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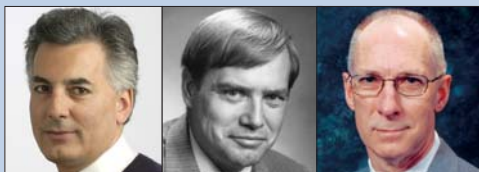
Institute Fellows Honored with Awards

Three Independent Institute fellows were recently honored with special awards.

- The Institute received the 2006 Sir Antony Fisher International Memorial Award for its book by Center on Global Prosperity Director **Alvaro Vargas Llosa**, *Liberty for Latin America: How to Undo Five Hundred Years of State Oppression*. The award, sponsored by the Atlas Economic Research Foundation, is given to institutes that have effectively promoted economic liberty with new books.

“The battle of ideas, as you well know, is never won,” Vargas Llosa told the attendees of the awards ceremony, held in Colorado Springs, Colo. “There have been periods in history when it looked as if freedom was irreversible. We talk of globalization today as if we had invented a new creature, but for millions of people globalization was already the assumed environment in the 19th century. And then the 20th century saw the emergence of collectivism in its atrocious and genocidal form. So we cannot guarantee that the trend toward individual liberty and the free flow of ideas, goods, services, and perhaps, one day, even people, will not be reversed. And that only means there is a lot of work ahead.”

Vargas Llosa also noted five challeng-



(L to R) Award recipients *Alvaro Vargas Llosa*, *Bruce Benson*, and *Robert Higgs*

es facing classical liberals in the coming years—raising the less developed world out of poverty, educating people on the hazards of the drug war, fighting terrorism, protecting private property from environmental fundamentalism, and exposing the true nature of so-called “market socialism.”

See “The State of Freedom: 2006,” by Alvaro Vargas Llosa (4/21/06) at www.independent.org/issues/article.asp?id=1709

- The Association of Private Enterprise Education presented Senior Fellow **Bruce L. Benson** with its Adam Smith Award to recognize an individual who has made a sustained and lasting contribution to the perpetuation of the ideals of a free market economy.
- Senior Fellow in Political Economy **Robert Higgs** was awarded the Wieser Prize for Excellence in Economic Education by the Liberal Institute of Prague, Czech Republic.●

Independent Policy Forum: China

(continued from page 6)

States should not so quickly view China as an adversary, but rather as a healthy trading partner. Furthermore, the U.S. government’s enormous military programs need not be extended or increased to deter a commercially flourishing China.

A transcript is available at: www.independent.org/events/transcript.asp?eventID=117.●

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