



# Independent

NEWSLETTER OF THE INDEPENDENT INSTITUTE

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*The Power of Independent Thinking*

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## Give Seniors the Fairness They Deserve

By John C. Goodman



America's senior citizens suffer discrimination from several unwise government policies.

Social Security recipients lose benefits if they earn even a modest amount of wage income. Their savings is often double taxed. Medicare won't let seniors consult with doctors via email or iPhone. Nor can they have a Health Savings Account to pay bills not covered by health insurance. And millions lose out on Social Security and Medicare benefits they've worked and paid for because they can't navigate the complexities.

Here's how America can treat seniors better:

**Bring Social Security into the 21st Century.** Roughly 90 percent of seniors begin collecting Social Security benefits before they reach the full retirement age. Yet if they get a job and earn one dollar more than \$17,640, they will lose 50 cents in Social Security benefits due to the earnings penalty.

When Social Security's earnings penalty is combined with the Social Security benefits tax and other taxes, middle-income senior workers can lose as much as 95 cents of every dollar of wages—the highest tax rate in the nation.

These nonsensical taxes are unfair—and unnecessary. We could abolish the earnings penalty tomorrow without any net loss of revenue for the government.

**Stop the double taxation of senior savings.** By pushing up tax rates on pension income, IRA withdrawals, and capital gains and dividend income, the Social Security benefits tax also creates unfair double taxation on savings.

One way that seniors might avoid this problem is to stop making IRA withdrawals—leaving the funds until they are really needed, or maybe passing the assets on to their children. But beginning at age 70½, federal law requires mandatory withdrawals from IRAs and other tax-favored accounts, which are then subject to punitive taxation.

In a country with too little saving, too much borrowing, and too much debt, anti-savings policies make no economic sense.

**Bring Medicare into the 21st Century.** Seniors are held hostage by antiquated laws that prevent them from talking to their doctors by phone or email, the way many non-seniors do.

One way to modernize the system is to end the restrictions that prevent Medicare Advantage plans and Accountable Care Organizations from taking full advantage of telemedicine. Also, Medicare should allow for

*(continued on page 7)*

John C. Goodman is a senior fellow at the Independent Institute, President of the Goodman Institute, and author of the forthcoming Independent Institute book, *Care for America: A Better Social Safety Net*. An earlier version of this column ran in *Forbes*, 4/15/19.

## Executive Director's Letter

## “Leave us alone so we can be together.”



*Graham H. Walker*  
GRAHAM H. WALKER  
Executive Director

At the Independent Institute, we believe that individual liberty—in the context of constitutionally limited government and free markets—produces great results.

Our defense of individual liberty does not arise out of a philosophy that says to the world, “Leave me alone.” Rather, we defend liberty from a philosophy that says specifically to the government, “Leave us alone so we can be together.”

Where individuals are free and government is limited, people have the incentive to engage in commercial transactions for mutual benefit. They also have the leeway to establish educational, artistic, familial, and religious relationships that are not transactional—relationships that often involve self-sacrifice for others, especially children. All of

this arises without being dictated by bureaucrats. A free society is like choosing your own schoolyard friends rather than having the teacher assign them to you.

Historically, this reflects a “classical liberal” outlook. Part of the genius of this outlook is to distinguish society from the state: It is not the role of the state (i.e., government power) to control society or to determine its features. The state can stifle society but cannot create it, because society is the flowering of human freedom.

It would be a mistake to try, somehow in the name of freedom, to liberate individuals from the influence of society—family, community, faith, art, etc. That would scarcely be human! Human dignity shows itself best when we bind ourselves freely to one another in affection or at least respect and mutual tolerance. In this way we fulfill the ethical framework of natural law, and we forge natural, living links to those who went before us and to generations yet to come.

The point of liberty is not to protect the individual against the influence of society but rather against the coercion of the state. The stronger civil society is, the less need there is for coercive state power. Conversely, when the voluntary bonds of mutual association weaken, and individuals are “on

their own,” then the situation is ripe for the abusive extension of state power. Nature abhors a vacuum.

Totalitarianism, whether in its socialist or fascist forms, exploits such vacuums. The cardinal sin of totalitarianism is to insist that society conform to the state and to require that culture—indeed, human nature itself—reflect government policy. But human nature is not a creation of the state, and should not be under the thumb of the state or public policy.

Therefore lovers of liberty want more than just limits on government power; we also want to foster a society with a humane culture. We celebrate the many ways that people provide for the common good without resorting to government—successful profit-making businesses, of course, and also a multitude of other ventures like cooperatives, philanthropies, private medical insurance pools, and NGOs of all kind.

Our now-classic book, *The Voluntary City: Choice, Community, and Civil Society*, set forth non-governmental cooperative solutions even in areas where most people think only of government—such as in urban planning, courts, policing, and education. At the risk of oversimplification, the message can be distilled to one sentence: “Thank you, teacher, but I’ll choose my own friends—lots of them!”

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NEW BOOK

**Liberty in Peril:**  
*Democracy and Power in American History*



The United States of America was, in Lincoln’s famous words, “conceived in liberty.” Within two centuries, however, a different lodestar had become fixed in the cultural firmament: the political principle of “democracy” (majority rule). This move from liberty to democracy was a seismic shift in the political landscape.

*Liberty in Peril: Democracy and Power in American History*, by Independent Institute Research Fellow **Randall G. Holcombe** with a foreword by **Barry R. Weingast**, tells the story of this monumental transformation—and its negative effects on the constitutional imperative to protect individual rights from government abuses, no matter how “citizen-driven” and “democratic” those abuses may be. In doing so, Holcombe provides readers with a powerful lens through which to see hidden ramifications of the latest news headlines, opinion polls, court decisions, and political trends, as well as insights for a better understanding of American history. Here are a few highlights:

- *Pundits ignore the shift from a liberty ethos to a democracy ethos, but the oversight perpetuates distorted views of history and current events.* The distortions are profound because the clash between liberty (understood by the Founders as freedom encumbered only by individual-rights protections) and democracy (majority rule on a growing array of issues) is fundamental and pervasive: it’s a philosophical conflict played out daily in the nation’s courts, in media headlines, and in the minds of a populace bewildered and disheartened by the decline of the American dream.
- *The Progressive Era was a turning point in the way Americans viewed the role of government.* Progressives championed an expansive role for the federal government, one that sought to actively

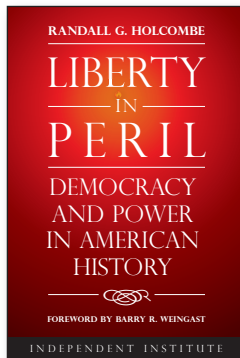
promote people’s economic well-being while also protecting their rights. At first, they aimed mainly at limiting

the economic power of the new industrialists, but soon they sought to create and expand government programs like Social Security for older Americans, and welfare programs that targeted the economically disadvantaged, even as such programs crowded out more effective private, mutual aid and other institutions.

- *President Lyndon Johnson’s Great Society was the triumph of democracy.* Until the 1960s, the federal government expanded in scope and power mainly in response to what people perceived were major problems. In contrast, the Great Society reforms were enacted at a time when things were getting better. They established anti-poverty programs as poverty rates were falling and health care programs as health indicators and life expectancy were improving. The Great Society programs were created because they were popular, and firmly established democracy as the primary principle underlying government, displacing liberty.
- *When public policy is designed to further the interests of citizens as determined by democratic decision-making, liberty is threatened because policies favored by a majority have often compromised individual rights.* Even more threatening, well-organized minorities can often use the democratic decision-making process to further their interests at the expense of the majority.

*Liberty in Peril* provides badly needed firepower to halt popular threats to individual rights and to help fulfill the U.S. Constitution’s ambition to “secure the blessings of liberty.” Few books even attempt to do as much as *Liberty in Peril* achieves.

For more information, see [www.independent.org/books](http://www.independent.org/books)



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## Independent Institute in the News

### Center on Law and Justice

“We might also consider whether we have squandered the essence of our Revolution by creating an omnipotent national government that rivals the British Parliament—the entity Madison blamed for causing the colonies to take up arms.”

—**William J. Watkins Jr.** in *The Hill*, 7/9/19

### Center on Peace and Liberty

“Most of the power in the Constitution is actually with the Congress, so any executive aggrandizement over the years and centuries can be taken back by the Congress tomorrow if they want to. But they don’t do that because they’re politically scared, or just by custom they’ve become timid.”

—**Ivan Eland** on C-SPAN’s *Washington Journal*, 5/28/19



SR. FELLOW IVAN ELAND ON C-SPAN’S  
*WASHINGTON JOURNAL* 5/28/19

### Center on Entrepreneurial Innovation

“California needs permanent decentralization and independent action. Without it, excess fuels will spark new megafires that destroy more homes and kill more Californians. Much of this destruction will have been preventable.”

—**Lawrence J. McQuillan** in *The Orange County Register*, 7/9/19

“Americans need a reliable supply of affordable electricity. But if too much weight is placed on wind and solar systems and not enough on conventional power plants, the result will be far too little electricity, with potentially grievous economic consequences.”

—**William F. Shughart II** in *The Hill*, 6/25/19



SR. FELLOW RICHARD VEDDER ON  
FOX BUSINESS NETWORK 5/1/19

### Center on Global Prosperity

“Sooner or later Beijing will take up the extradition proposal again through its Hong Kong stooges. It will also continue, as it has for the past decade especially, to encroach on the region’s liberties, eroding the special status Beijing granted Hong Kong in negotiations with the British prior to the colony’s 1997 handover to China.”

—**Alvaro Vargas Llosa** in *FoxNews.com*, 6/19/19

### Center on Healthcare Choices

“The Trump administration is clearly pushing the envelope—in many cases acting to fill a void left by Congress. These changes will result in a very different health care system. It will be one that is shaped more by individual choice and market forces than by rules and regulations.”

—**John C. Goodman** in *Forbes*, 7/12/19

### Center on Educational Excellence

“[Today] students spend more time on recreation and partying than on academics, and most professors are not often found during daytime hours in the office, classroom, laboratory or the library. Where are they? What are they doing? Why can’t students and faculty show the same work ethic that made our market-disciplined nation the wealthiest place in history?”

—**Richard K. Vedder** in *The Wall Street Journal*, 4/11/19



THE INDEPENDENT REVIEW

# Is Social Justice *Just*?

Headline news about economic inequality, groups disparities, and discrimination usually sets off impassioned calls to bring about “social justice.” But what exactly is social justice, and how does it differ from the plain-vanilla kind?

*The Independent Review’s* Summer 2019 symposium—perhaps its most probing ever—offers fresh insights.

*TIR* editor and economic historian **Robert M. Whaples** (Wake Forest Univ.), in his introductory essay, describes the term “social justice” as a philosophical Rorschach test: some people view it as the moral fairness of the rules and norms that govern society, whereas others see it as an incoherent rationalization for coercion and wrongdoing.

Many would equate social justice as a cause of the left, but such political labeling oversimplifies the issue, suggests **James R. Otteson Jr.** (Wake Forest Univ.) in his prize-winning contribution. Advocates of individual liberty might win followers among the social justice crowd, he argues, if they begin championing the benefits of classical liberalism’s opt-out provision: our right to refuse any request or demand made by people whose behavior clashes with our own values.

In contrast, **Daniel Guerrière** (California State Univ. at Long Beach) sees little value in outreach to social justice advocates, arguing that their efforts undermine one of Western civilization’s greatest achievements: the discovery, protection, and promotion of the uniqueness of the individual.

To be sure, classical liberals have landed heavy blows on standard conceptions of social justice. These criticisms, however, should not dissuade them from advocating the elimination of certain group differences, such



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as disparities arising from government barriers to entry or from interest-group rent-seeking, argue **Vincent J. Geloso** (Bates College) and **Phillip W. Magness** (American Institute of Economic Research).

**Jacob T. Levy** (McGill Univ.) argues that academic interest in the social justice framework of welfare-state philosopher John Rawls diverts attention from solving the world’s true injustices. **Daniel J. D’Amico** (Brown University) notes that F. A. Hayek’s analysis of “the knowledge problem” shows that social justice theories built on Rawls’s framework are flawed and unstable.

**Kevin D. Vallier** (Bowling Green State Univ.) argues that Hayek actually held a concept of social justice even though the Nobel laureate wrote a book subtitled *The Mirage of Social Justice*. **Adam G. Martin** (Texas Tech Univ.) critiques interpretations of Hayek’s concept of spontaneous order (i.e., social order that arises without central planning) made by “pro-Hayek” advocates of social justice.

The term “social justice” was coined by Italian priests in the nineteenth century. **James R. Stoner Jr.** (Louisiana State Univ.)

argues that today’s social justice advocacy should follow their lead by drawing on Aristotelian and Thomistic theories of human nature and community. **John A. Moore** (Walsh College) argues that the spiritual and civic needs of less-fortunate people are best advanced through grassroots campaigns, not top-down government programs, for reasons best articulated by Catholic conservative writer Michael Novak.

**Anthony Gill** (Univ. of Washington) argues that one of the best ways to advance social welfare is to ensure that individuals have opportunities to engage in exchange with each other.

**R. Scott Smith** (Biola Univ.) offers an original philosophical critique. To wit: the social justice *movement* claims to advocate certain universal values, whereas social justice *theories* presuppose nominalism, the doctrine that no two things in reality have abstract, universal attributes in common.

No critique of social justice can be complete, conclude **Stefanie Haeffele** and **Virgil Henry Storr** (both of George Mason Univ.), unless it deals with this claim: injustices can result when societal rules and norms predictably favor some groups or players and work to the disadvantage of others.

See [www.independentreview.org](http://www.independentreview.org)

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## CALIFORNIA GOLDEN FLEECE® AWARDS

## California's Housing Affordability Crisis

California is the national poster child for expensive housing. The average home price in the state is about 250 percent above the national average, while average monthly housing rents are about 50 percent above national levels.

Normally, businesses and entrepreneurs respond to rising prices by increasing supply and thereby dampening price increases. But this does not happen in California because regulatory obstacles impede housing construction. For this reason the Independent Institute gave its ninth **California Golden Fleece® Award** to the state and local politicians, government planners and regulators, and anti-development activists who obstruct new housing.

Independent Institute Senior Fellow **Lawrence J. McQuillan** diagnoses the housing crisis and prescribes corrective measures in *Reclaiming the California Dream: Removing the Obstacles to Fast and Affordable Housing Construction*.

“The only solution to the housing problem is to build our way out of the problem,” McQuillan writes. “An increased housing stock will ease the upward price trend, improve access, ease homelessness, and speed-up wildfire recovery for tens of thousands of Californians who desperately need relief.”

Here are some of his recommendations:

- *Deregulate zoning and land-use restrictions, especially those that impede multi-family apartment buildings.* For the average California city, adding a new land-use regulation reduces the housing stock by about 40 units per year.
- *Streamline building-permit approvals to speed up construction and reduce costs.* In many parts of the country, a developer can build multiple projects in the time it takes to permit and build one project in California.
- *Abolish the California Environmental Quality Act.* CEQA is used to thwart or delay residential housing. In Southern California, 80 percent of CEQA lawsuits hindered development in “infill” areas surrounded by existing development, whereas only 3 were filed by established environmental organizations.
- *Eliminate unnecessary state building codes and transfer authority to local governments.* The solar panel mandate, which goes into effect January 1, 2020, is the latest example of costly state regulation. Some estimate that it will raise new home prices by \$10,000 to \$30,000.
- *Eliminate expensive development impact fees.* Local fees average more than \$22,000 per single-family home, about three-and-a-half times the national



average of \$6,000, with the differential being much greater in some California communities. Cities should eliminate impact fees and use private provision of services.

- *Eliminate rent controls and “affordable housing” mandates,* which discourage housing by making it less profitable. Such measures act like a tax on developers, property owners, and market-rate homebuyers, thereby decreasing housing availability.
- *Eliminate pro-union regulations that drive up the cost of labor.* Project labor agreements and “prevailing wage” legislation attenuates freedom of contract between employers and employees, and increase construction costs in California.
- *Encourage entrepreneurial innovation.* Entrepreneurs would provide fast and affordable housing if only they were allowed to enter markets, compete, and build units at the price points demanded by consumers. Examples of quick, inexpensive, and increasingly high-quality housing include modular or “prefabricated” homes, so-called “tiny homes,” and futuristic 3D-printed homes, which in some cases can be built in 24 hours for as little as \$5,000.
- *Empower neighborhood associations to contract with developers.* Under the current approach in California, established residents incur zero cost for voting against, or otherwise opposing, a housing project. To end the bias against development, private “neighborhood associations” could be established to negotiate with developers, requiring direct compensation of members for any negative spillover effects.
- *Make building housing a constitutional right.* The quickest exit from the regulatory thicket might be to amend the California Constitution to establish an individual right to build residential housing. If housing opponents wished to alter or end a development project, they could do so only through the voluntary agreement of builders.

The California Golden Fleece® Award report is available at [www.independent.org/cagoldenfleece/](http://www.independent.org/cagoldenfleece/).

## REACHING MILLENNIALS

## Jordan B. Peterson on Individual Sovereignty



On May 2, renown psychologist and public intellectual **Jordan B. Peterson** addressed a sold-out audience hosted by the Independent Institute at the historic Marines' Memorial Theater in San Francisco.

Titled "The Meaning and Reality of Individual Sovereignty" and drawing on his international bestseller, *12 Rules for Life: An Antidote to Chaos*, Dr. Peterson addressed questions often brushed aside in the public square: Why did the West place such great emphasis on individual sovereignty? How did this ethos contribute to freedom and human well-being? Why is individual sovereignty now under attack by critics on the left and the right who offer the alternative of collective identity?

Those questions are not merely academic,



Dr. Peterson showed, they're vital: they cut to the foundation of political freedom and the founding of the United States of America. Paraphrasing the Declaration of Independence: "We hold these truths to be self-evident: that people are endowed by their Creator with certain inalienable rights, that they're equal, and that government is to govern by the consent of individuals." Those propositions, however, are no longer accepted by a large number of people in the modern intellectual world, especially among post-modernists, Marxists, and collectivists on the left and right.



As if explaining those issues wasn't sufficiently ambitious, Dr. Peterson also explained how civilization-level questions about individual sovereignty relate to everyday personal challenges such as facing life's biggest obstacles, improving oneself and society, exploring the meaning of life, and securing the institutions of free societies.

After his presentation, Dr. Peterson was joined in a conversation with Independent Institute Executive **Director Graham H. Walker** and Senior Vice President **Mary L. G. Theroux**.

To watch the video of this event, visit [www.independent.org/multimedia/](http://www.independent.org/multimedia/)

## GIVE SENIORS THE FAIRNESS THEY DESERVE

(continued from page 1)

concierge doctors, which at \$100 a month have become very affordable.

**Give seniors access to Health Savings Accounts.** Seniors are the only people in our society who are not allowed to contribute to tax-free accounts for paying medical expenses not covered by health insurance. We must end this unfair discrimination. We should also consider having Medicare deposit money into the HSAs of seniors willing to manage their own primary care dollars. This move could encourage thrift and enable seniors to access the best health care the market has to offer.

**End robbery by red tape.** Social Security beneficiaries are losing \$10.6 billion a year due to bad choices about when to start claiming benefits. They make bad choices because they don't under-

stand Social Security's complicated rules.

Medicare rules are also a landmine full of costly penalties for the unwary. Seniors with COBRA coverage (extension of health benefits after job termination), post-retirement health care, and even Obamacare plans (through an exchange) often must pay penalties because they don't enroll in Medicare Part B at the proper time due to the confusing rules.

Social Security and Medicare should be designed to help beneficiaries maximize benefits they have paid for and are entitled to—not trick people into making bad choices. The above recommendations would give America's seniors more options and more of the dignity they so richly deserve.



## Sharing the Pathways to Free Societies



The Independent Institute's mission is as ambitious as it is unique: to boldly advance peaceful, prosperous, free societies grounded in human worth and dignity. How do we pursue our destination? We take multiple paths that attract diverse fellow travelers:

- As a public-policy think tank, we craft ideas that spark discussion in the policy community.
- As an educational organization, we engage the public through a variety of media.
- As a membership group, we help our supporters achieve greater impact in their own circles of influence.

The third route is critical. Fortunately, Independent makes it easy for members to share our Fellows' insights with friends, family members, professional associates, and community groups. Search our website's "Issues" directory for informative writings on topics that interest you most.

Also, we periodically distribute to our members *Independent Thought: A Digest of Media*, an attractive semi-annual booklet that collects the best of our recent op-eds. Contact our Development team if you'd like extra copies for your friends—or your doctor's waiting room.

In addition, members at the Patron level (\$1,000/yr) and above can participate in our *Quarterly Briefing* conference calls. If you're not already on our list but are curious, please contact us to learn about upcoming calls in which our Fellows answer your questions on emerging issues.

This autumn's call features **Robert M. Whaples**, co-editor of our new book critiquing coercive egalitarianism, *In All Fairness: Equality, Liberty, and the Quest for Human Dignity*, that came out in October.

For in-person discussion, Independent offers speakers for civic groups, professional associations, and home salons.

Independent and its members are on an exceptional journey. Become a more impactful ambassador of peace, prosperity, and liberty by sharing our Fellows' insights with your social networks.

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