

# Independent institute

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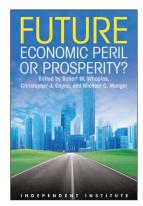
#### The Power of Independent Thinking

## The Future Is What We Make It

#### By Robert M. Whaples

Over the next 50 years, innovations in technology and business could tremendously improve living standards for people of all income levels. But widespread abundance won't materialize if government decision-makers or cultural trendsetters cripple the incentive or ability of producers to bring new discoveries to the marketplace.

The contingent nature of material progress is a key theme of *Future: Economic Peril or Prosperity?*, the new Independent Institute book edited by Christopher J. Coyne, Michael C. Munger, and me.



Featuring chapters by 18 economists (plus hilarious insights from P. J. O'Rourke), *Future* offers a generally optimistic, if cautious, estimate of life in the year 2066. Here are some of its projections:

- Robotics, 3-D printing, production on demand, and other innovations will slash prices and revolutionize what we make, how we buy, and where we work.
- The cost of solar power and battery storage will continue to plunge, making fossil fuels go the way of the dinosaurs—unless breakthroughs in fossil fuels outpace progress in alternative energy.
- Because driverless cars will move safely at high speeds, cities will be redesigned. This could mean suburban "sprawl"—an ugly name for a benign process—on steroids.

Despite their overall positive outlook, several of the book's contributors note threats to material progress:

- Unless the government overhauls entitlements, history suggests that U.S. debt levels will climb to unsustainably high levels.
- Predatory rent-seeking, cronyism, and stultifying regulations could intensify to a degree that slows productive innovation.
- As household incomes rise, people could become politically complacent and lose their freedoms. This is one reason why friends of liberty should redouble their efforts to ensure that young people learn how free men and women act.

I suspect that if economists were asked 50 years ago about the future, they would have voiced general optimism while expressing worries about threats from nuclear war, resource depletion, overpopulation, and starvation in less-developed countries. Fortunately, their nightmare scenarios didn't unfold. Instead, things turned out mostly better than many expected.

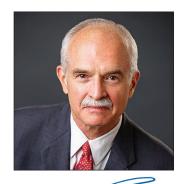
May we be so blessed.



Robert M. Whaples is Research Fellow with the Independent Institute, Professor of Economics at Wake Forest University, co-editor of *The Independent Review*, and co-editor of *Future: Economic Peril or Prosperity?* (Independent Institute, 2016).

#### PRESIDENT'S LETTER

# Awaking for Liberty



DAVID J. THEROUX Founder and President

The 2016 election season has revealed the public's deep distaste with Washington, bureaucrats, and politics as usual. Massive federal failures in the economy, healthcare, education, and far more are awakening more and more people to seek alternatives to Big Government and its apologists.

The trend is examined in the new book, What Washington Gets Wrong, by political scientists Jennifer Bachner and Benjamin Ginsberg of Johns Hopkins University. As the authors' research confirms, Americans fiercely distrust political elites, technocrats, and their claims; and faith in government is now at a 50-year low. For their

part, the governing classes have "utter contempt for the citizens they served," Bachner and Ginsberg write. They further note that, "[W]e found a wide gulf between the life experiences of ordinary Americans and the denizens of official Washington. . . . [O]fficials and policy community members simply cannot imagine that average citizens would have the information or intellectual capacity needed to see the world as it is seen from the exalted heights of official Washington."

How will the gulf between Washington and Main Street play out now and over the coming decades? Will political elites enact more, massive government intrusions that stifle progress or spark a major recession? How will our lives be transformed by innovations in technology, the marketplace, and the workplace? What can and should be done now to avoid economic peril and ensure prosperity? We explore these issues in our new Independent book, Future (see p. 1), an invaluable guide to government folly and preparing for the future, that features eighteen economists and the humorist P. J. O'Rourke.

Meanwhile, we continue shaping public understanding of solutions to today's problems. Our book A Better Choice forms the basis of the new, bicameral Sessions-Cassidy Health Plan (p. 6), federal legislation that would replace Obamacare with market-based solutions that empower patients, provide universal coverage, control costs, and protect people with pre-existing conditions.

And while unending wars and universal government surveillance have not produced a safer or freer America or world, our foreign-policy symposium in the Fall 2016 issue of The Independent **Review** (p. 3) and our new book American Surveillance (p. 5) offer deep insights for strengthening national security and protecting our constitutional liberties.

We invite you to join our efforts to help awaken the public to the realities of government follyand build a better future-by becoming an Independent Institute Member. With your tax-deductible membership, you will receive a FREE copy of Future, A Better Choice, American Surveillance, The Independent Review, or other publications, plus additional benefits (see envelope).

We look forward to working with you to advance the boundless possibilities that only a free society provides.

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#### THE INDEPENDENT REVIEW

# Rethinking U.S. Policy in World Affairs



THE INDEPENDENT REVIEW FALL 2016

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Fifteen years after September 11, 2001, the worst acts of terrorism on the U.S. homeland are now properly viewed as historical events. The ashes and rubble of the World Trade Center have long since been swept away, the Pentagon has been restored (and its budget doubled), and U.S. airline passengers are flying in record numbers (despite their annoyances with the Transportation Security Administration).

And yet, the U.S. military's general response to 9/11 remains highly visible, especially in the Greater Middle East, the focal point of what some call the Global War on Terror 2.0 and others call the Forever War.

What's the proper role of the U.S. government in matters of security and defense? To shed light on this topic, the Fall 2016 issue of The Independent Review features a symposium examining the efficacy and rationale of foreign intervention.

Christopher J. Coyne kicks off the discussion with an introductory essay describing various tensions and unsettled issues of foreign policy associated with libertarian and classical liberal views.

Next up, Christopher Preble explains why libertarians traditionally have championed foreign policies aimed at avoiding war and its precursors. The reason, he argues, is that libertarians oppose government actions that encroach upon individual liberty (whether such actions are committed at home or abroad), and that wars pose a special threat to liberty.

Having examined key principles, the symposium moves into the realm of application. Fernando R. Tesón examines moral arguments for Western nations to engage militarily with ISIS. The just-war doctrine, he argues, justifies armed intervention for the defense of persons when doing so meets the requirements of right authority and proportionality.

David R. Henderson makes an economist's case for noninterventionism. Basic economic reasoning employed to argue against government intervention in the marketplace can also be applied to international affairs, he explains. When coupled with some knowledge of history, the economic way of thinking makes a powerful case for a noninterventionist foreign policy, he concludes.

Echoing a sentiment once common in America, Thomas Jefferson called for a U.S. policy of "peaceful trade with all, entangling alliances with none." If the United States were to pursue such a strategy today, what would be its basic military needs? The answer would depend on the desired level of "independent internationalism." In his pathbreaking article Ivan Eland estimates the U.S. military force structure consistent with three alternative scenarios.

(continued on page 7)

Steve H. Hanke

James J. Heckman Wendy Kaminer

Wendy Fditor, The Atlantic

Lawrence Kudlow

John R. MacArthur

Deirdre N. McCloskey J. Huston McCulloch

Ohio State University
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Capier Fellow, Hoover Institution

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and Graduate Center, University of New Yor Richard L. Stroup

Robert D. Tollison

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William Tucker

or, The Excluded Americans: elessness and Housing Policies Richard E. Wagner

Paul H. Weaver

Author, News and the Culture of

Suicidal Corporation

Walter E. Williams
Distinguished Professor of Economics,

Charles Wolfe, Jr.
Senior Economist and Fellow, Interna-tional Economics, RAND Corporation

# **Independent Institute in the News**

#### **Center on Educational Excellence**

"The GI Bill shows that education and religion can coexist in America without creating a constitutional crisis. Nobody forces a veteran to attend a secular school, just as nobody forces a veteran to attend a religious school. It's a matter of individual choice. Let's give the same choice to America's schoolchildren."

# —Vicki E. Alger in *The Washington Examiner*, 6/30/16

"In the United States, we don't silence our critics and those with whom we disagree. We fight them with facts and ideas. The heavy hands of government stay out of the fray."

—Donald Downs in *The Sacramento Bee*, 8/25/16

#### Center on Law and Justice

"Brexit is yet another reminder that secession is not a dirty word. A people have the fundamental right to remove themselves from the jurisdiction of a political authority and to establish their own government. It is a principle we would do well to remember as our national government becomes more incompetent, intrusive and domineering."

—William J. Watkins, Jr. in World Net Daily, 7/3/16

#### **Center on Entrepreneurial Innovation**

"Wells Fargo CEO John Stumpf said he is ready to 'share Wells Fargo's story' at the Senate hearing. Perhaps it's time for him to share a prison cell, too. Americans deserve to see thorough investigations, indictments, convictions and real jail time for business criminals, not merely fines and political posturing."

—Lawrence J. McQuillan in *The San Francisco Chronicle*, 9/20/16



BENJAMIN POWELL ON FOX BUSINESS NEWS, 6/23/16

#### Center on Health and the Environment

"After at least fifty years of management by these politically driven strategies the evidence suggests that Yellowstone Park has been damaged by this political management, leaving maintenance undone and the northern range in near desperate condition. Endangering future generations of children's hope of creating the same summer memories I did."

-Ryan M. Yonk in The Daily Caller, 8/25/16

#### **Center on Peace and Liberty**

"It is, of course, unfortunate that Trump regularly obscures the legitimate issues he raises by using personal attacks that invoke unfavorable stereotypes. But that should not overshadow the fact that sometimes, including in his wariness of foreign intervention, he has a point."

—Ivan Eland on CNN.com, 8/2/16



IVAN ELAND ON C-SPAN'S WASHINGTON
JOURNAL, 7/30/16

"Politics cannot begin to touch a surveillance power so entrenched and a privacy right so elusive. Privacy advocates must look to policy prescriptions, foreign policy history, and broader cultural values."

—Anthony Gregory in The Washington Examiner, 8/5/16

#### **Center on Global Prosperity**

"What is needed is nothing short of fundamental reform of the overextended European welfare state. Then and only then will the vast majority of Europeans feel empowered, rather than threatened, by globalization, immigration and free trade. If that doesn't happen, the British vote may be a harbinger of things to come."

—Alvaro Vargas Llosa in The Washington
Times, 7/19/16

NEW BOOK

# American Surveillance Explains U.S. Domestic Spying

"Those who want to protect and defend liberty, peace, and justice, and who want to take the debate to the highest level, will find this book indispensable."

—**Daniel Ellsberg**, whistleblower who released *The Pentagon Papers* 

Many Americans were shocked to learn of the breadth and depth of U.S. domestic surveillance revealed in 2013, following Edward Snowden's leaks of top-secret documents from the National Security Agency. Readers seeking a deep understanding of the government's assault on privacy will find it in *American Surveillance: Intelligence, Privacy, and the Fourth Amendment*, by Research Fellow **Anthony Gregory** (published by the University of Wisconsin Press for the Independent Institute).

U.S. government surveillance is as old as the republic, Gregory explains. During the War of Independence, the American revolutionaries recruited spies, launched covert operations, opened private mail, and ran counterintelligence operations against the British secret service. Domestic surveillance continued after the war, with the focus ranging from securing the western frontier to enforcing slavery.

New surveillance methods, such as the tapping of telegraph lines, were used during the Civil War. Domestic spying reached new levels during World War I, when suspected opponents of Woodrow Wilson's policies were monitored using methods first used to track Filipino insurgents after the United States took possession of the Philippine Islands following the Spanish-American War.

World War II and the Cold War introduced new—and often novel—twists on domestic surveillance. Gregory examines well-known intelligence triumphs and tragedies from the 1940s through the 1980s, adding value by explaining subtle aspects rarely discussed beyond scholarly circles, such as the legal separation of foreign and domestic intelligence gathering. By the time he delves into the post-9/11 era (featuring the USA PATRIOT Act, electronic metadata, FISA courts, and the like), readers are primed to think twice about what they see (or *think* they see) in the U.S. intelligence com-

munity's wilderness of mirrors.

The American surveillance state is the cul-

mination largely of responses to events of national importance, especially wars. But how, *legally speaking*, did it arise? The answer involves the messy history of the Fourth Amendment.

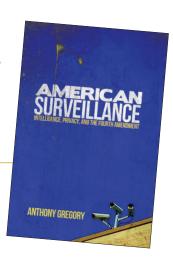
Although the amendment sets forth specific requirements for permissible searches and seizures by the government (a reflection of the colonists' disdain for general warrants or "writs of assistance" issued under British rule), it is plagued by imprecise wording whose full meaning and implications are wide open to interpretation. Partly in response, the U.S. Supreme Court typically resorts to ad hoc reasoning to decide Fourth Amendment cases.

The Court has often upheld surveillance policies when the government has claimed that certain "special needs" (whose numbers grow) are at stake. Collectively, its rulings have advanced the surveillance state two steps forward, one step back.

For these and other reasons, Fourth Amendment privacy guarantees are, in Gregory's words, "a mirage." But even if the judiciary agreed that domestic surveillance is always and everywhere unconstitutional, Americans' privacy "rights" would still be increasingly vulnerable to non-state actors, Gregory explains.

In an age when technology enables businesses and ordinary people to obtain someone's personal information with growing ease, privacy protection will require more than restrictions on government surveillance. According to Gregory, it will require nothing less than an unwavering commitment to the sanctity of privacy prevailing in the culture at large.

See www.independent.org/store/book.asp?id=122



# Bicameral Health Reform Bill Draws on Independent Institute Books

In May, one of the most promising healthcare bills ever drafted was introduced into Congress—legislation based on the books *Priceless* and *A Better Choice*, both by Independent Senior Fellow **John C. Goodman**.

As Goodman explains in an Independent Institute Briefing, the *Sessions-Cassidy Health* 

*Plan* (or "The World's Greatest Healthcare Plan," as House Rules Committee Chairman Pete Sessions and Sen. Bill Cassidy, M.D., call it) was designed to remedy the flaws of the Affordable Care Act, foster a marketplace that empowers patients, provide real protection for people with pre-existing conditions, and streamline and minimize the role of government.

"All the anti-job provisions of Obamacare will be eliminated, including the employer mandates," Goodman writes. The individual mandate would





also be scrapped. "People may choose insurance based upon individual and family needs, not the government's needs."

One of the bill's key features is a universal tax credit for the purchase of health insurance—\$8,000 for a family of four. Unclaimed tax credits would go to safety-net

institutions for the healthcare of the uninsured.

Because the bill's tax credits would not vary by income, the main cause of glitches of the Obamacare exchanges—the technical difficulty of verifying income eligibility—would simply evaporate.

"We could turn the administration of the exchanges over to a private firm like EHealth, which could easily enroll people with off-the-shelf technology," Goodman writes.

See http://www.independent.org/issues/article. asp?id=8853.

# Golden Fleece Award™ Blasts Transportation Bureaucrats



California's Department of Transportation (Caltrans) won the **Summer 2016 California Golden Fleece Award**, SM an "honor" that the Independent Institute bestows quarterly to state or local agencies that swindle taxpayers and violate the public trust.

According to a state investigation, the agency's maintenance division was found to have lied for 7 years to state legislators, falsely claiming it had implemented recommendations of a 2009 efficiency study. Moreover, unexplained discrepancies between Caltrans workers' timesheets, work schedules, and available-leave balances have contributed to large increases in maintenance costs.

By some estimates, Caltrans is overstaffed by 3,300 to 3,500 workers out of a total workforce of 19,000. Yet despite its huge size, the agency has left tens of thousands of service requests unresolved for more than 90 days (including 30,000 from just three of the state's 12 transportation districts).

To rescue California's antiquated transportation infrastructure from Caltrans's mismanagement,

Independent Institute Senior Fellow Lawrence J. McQuillan recommends greater reliance on the private sector:

- Use competitive bidding among private contractors for all highway and bridge repair and construction;
- Auction off the highways to private companies, as has worked in Chile and elsewhere, and use the proceeds to pay down state debt;
- Replace fuel taxes with mileage-based user fees, partly due to the rising popularity of electric vehicles and hybrids.

"Private ownership, competitive bids on repair contracts, and road-usage fees would revolutionize the state's transportation network and fix its crumbling highways and bridges," says McQuillan.

To nominate a candidate for the California Golden Fleece Awards or to learn more, please visit www.independent.org/aboutus/ cagoldenfleece/.

#### EVENTS

### Free Markets and the American Dream

On July 12, Independent Institute Senior Fellow Lawrence J. McQuillan and Senior Vice President Mary L. G. Theroux discussed governmental restrictions on economic freedom—and the liberating potential of the sharing economy—at an event entitled "The Free Market Road Show," held in San Francisco at the Infinity Club Lounge.

McQuillan focused on two barriers to living the American Dream. Homeownership is beyond reach for many, he explained, due to inclusionary zoning, government controls on water, and land-use laws that keep certain areas off-limits to development.

Occupational licensing laws are another major obstacle. The percentage of jobs that require licensure has risen sixfold since the 1950s. This, he said, has especially harmed low-income groups and driven many people out of the labor force.



LAWRENCE J. MCQUILLAN AND MARY L. G. THEROUX AT THE FREE MARKET ROAD SHOW.

Fortunately, there are bright spots.

Mary Theroux explained that the sharing economy offers the potential to make a living while avoiding barriers common in other sectors.

"We're excited for the future," she said, "but for it to be one of prosperity and not technocracy, we must continue to make the moral case as well as the economic."

#### STUDENT PROGRAMS

# **Lessons on Liberty Educate and Inspire**

Thirty-eight talented college students convened in June and July at Santa Clara University in Silicon Valley and the historic Penrose House in Colorado Springs, Colorado, for our 2016 **Challenge of Liberty Summer Seminars**.

As always, our attendees showed great enthusiasm for a variety of lecture topics: freedom and moral character, entrepreneurship, environmental problems, economic growth, policing, national security, and more.

"This seminar helped awaken my concern for freedom but also offered hopes in the possibility of free cities and voluntary societies," said one participant.

Another confessed he was a returning student. "I've attended three Challenge of Liberty Seminars and I've learned something new each time," he said.

Stay tuned for our 2017 student events!







# THE INDEPENDENT REVIEW (continued from page 3)

Our symposium concludes with an essay addressing a vital question of political psychology: What kind of mindset does the proactive, interventionist foreign policy of the U.S. government require? According to **Christopher J. Coyne** and

**Abigail R. Hall Blanco**, eight characteristics are fundamental, and each one conflicts with classical liberal values. In other words, empire-building is a state of mind erected on an illiberal foundation. See independent org/publications/tir/.



# Supporter Spotlight: Timothy C. Draper



TIMOTHY DRAPER

The Independent Institute's success depends on the support of our incredible donors, whose commitment, generosity, and energy play a critical role in advancing our mission.

We recently sat down with one of our supporters, Timothy Draper, to

discuss his motivation for helping us.

Tim understands the transformative power of innovative ideas, well executed. As one of Silicon Valley's most respected and successful venture capitalists, and as a principled champion of free enterprise and competitive governance, Tim has a unique perspective on the dynamics between government and innovation.

"We have a real problem," Tim says. He has seen the frustrations of scores of entrepreneurs who feel that while the private sector generates value for society, the government actively stifles innovations. For America to thrive, he says, we need "a major change in how the government operates."

Tim is passionate about moving public policy toward what he calls "a lighter touch that builds a

greater economy, more jobs, more income, better education." This, he says, is why he is proud to support the Independent Institute.

Tim gets especially excited when talking about our ability to spread data-driven ideas to new audiences. He's a big fan of *Love Gov: From First Date to Mandate*, our award-winning video series.

In fact, he is "thrilled and blown away" with its success, calling *Love Gov* "the first real public outreach attempted by any think tank that has been successful." He believes the series helps Millennials in particular to recognize government bureaucracy as a threat—and to work hard to overcome it.

Of course, the success of programs like *Love Gov* comes from supporters like Tim. Thanks to them, *Love Gov* has reached *7.3 million* total views. This past fiscal year, our YouTube viewership rose 242 percent. In fact, our YouTube channel, which also features a huge variety of educational content, topped 11,200 subscribers this year, a 60 percent increase over last year.

We invite you to join with people like Tim Draper who share our vision of fostering a freer and more prosperous society. To become a member of Independent Institute, please return the enclosed envelope or donate online at independent.org/donate.

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