

# The INDEPENDENT

NEWSLETTER OF  
THE INDEPENDENT INSTITUTE



VOLUME XVI, NUMBER 1

## States of Fear: Science or Politics?

Scientific debates often deal with issues that are too complex and technical for many people to grasp. When these debates touch on public policy, the problem of educating the public is compounded because partisan special-interest groups often mischaracterize or disregard the best available evidence in order to further their agendas. Obviously, this can often result in the enactment of ineffective—or counterproductive—laws or government programs, a theme vividly illustrated by a recent Independent Policy Forum.

## New Books on Roads and the Che Myth

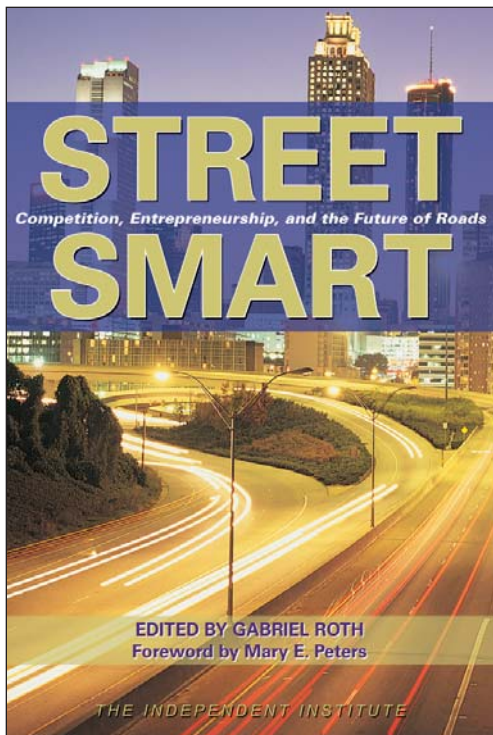
Effective road transportation is crucial to economic and social well-being. Yet in cities worldwide, existing road systems suffer from government policies responsible for traffic congestion, unsafe conditions, high costs, political corruption, waste and pork, environmental degradation, and poor maintenance. *Street Smart: Competition, Entrepreneurship, and the Future of Roads* (edited by Gabriel Roth, \$29.95, paperback) is the authoritative, new book that examines private, market-based alternatives for road services.



Bestselling author **Michael Crichton** addresses the Independent Policy Forum.

At the Independent Institute Policy Forum “States of Fear: Science or Politics?” (Nov. 15th) bestselling author and film/TV show creator **Michael Crichton** (*Andromeda Strain*,

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During the 1990s, bad government decision-making resulted in the growth of the U.S. Interstate Highway System by only one-seventh the rate of the growth of traffic. The problem is international in scope: In cities around the world, highly political and wasteful government

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## President's Letter:

# 20 Years Out of the Box

This year marks our 20<sup>th</sup> Anniversary. With no seed funding, the Independent Institute was founded to pursue research into the *actual* nature and consequences of government policies without regard to prevailing popular or political biases, trends or phobias. We wanted to create an organization that would explore important questions that might otherwise be ignored, including those normally considered “out of the box” or controversial but which were crucial to our understanding, and aim to get at *real* answers and *lasting* solutions. In other words, the Institute was founded to cut through the intellectual poverty, noise, and spin of special-interest public policy.

In order to realize this aim, we had to establish a new kind of research institute—one of a kind, frankly, in the public policy field, which is dominated by partisan advocacy groups of every stripe imaginable. Thus, the Institute was started without the financial backing of *any* special interest (industry, labor, government, or otherwise). We had no “angel” donors at all, but we have instead had a deceptively simple resolve to pursue our work based on one and only one criterion: *all* of our studies have had to be based on solid peer-reviewed scholarship and science able to withstand any scrutiny. In effect, we became the first “garage” think tank, with today more than 140 research fellows in the U.S. and around the world.

As we mark our 20<sup>th</sup> year, it is thus fitting, with the enormous explosion of federal profligacy and power since 9/11, that we have recently launched a Washington office to better challenge the pervasiveness of politics-as-usual (p. 8).

We invite you to get to know us better. We hope you’ll enjoy going beyond Left and Right into the realm of innovative, bold ideas. **Independent Associate Members** can receive copies of our new books, such as *Street Smart* (p. 1) and *The Che Guevara Myth* (p. 6), our quarterly journal *The Independent Review* (p. 5), and much more (please see attached envelope). We hope you’ll agree that such ideas are the key to a brighter future.

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## Independent Policy Forum: States of Fear: Science or Politics?

(continued from page 1)

*Jurassic Park*, *ER*) and a panel of distinguished scientists showed how scientific debates have often been politicized by those appealing to the fears of an uninformed public.

Crichton began by discussing the episode that first inspired him to study the relationship between fear and faulty science in public policy discussion: the 1986 Chernobyl nuclear disaster. Many sources had estimated the death toll in the tens of thousands, but to date fewer than 60 deaths worldwide can be attributed to Chernobyl.

Similarly, since the 1960s some predictions reported in the press have characterized the health of the environment in terms of imminent doom and gloom—e.g., bestselling books claimed that overpopulation would kill 60 million Americans by starvation by the 1980s, that Y2K would end civilization as we know it, that magnetic fields caused cancer and then later were health miracles, and that half of all species would become extinct by 2000. Meanwhile,

counter-claims made by responsible scientists went underreported.

These examples, Crichton said, should prompt us to recognize that nature is far more complex—and harder to predict—than previously believed.

Next, leading cancer researcher **Bruce Ames** (U.C. Berkeley) explained that “scare” stories reported by the media had given the public a distorted view of the causes of cancer. Most cancers are caused by bad diets (~35% of cancer cases) and smoking (~30%), with chronic infection and hormonal disorders each accounting for about 20 percent of cancer cases. Unfortunately, public policy overemphasizes cancers caused by occupational hazards (~2%) and pollution (<1%), Ames said.

Astrophysicist **Sallie Baliunas** (Harvard-Smithsonian Center for Astrophysics) described what happened when scientific debate was stifled 500 years ago, when Europe was in

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(Left to right) Scientists **Bruce Ames**, **Sallie Baliunas**, **William Gray**, and **George Taylor**.

## New Books: Street Smart • The Che Guevara Myth

(continued from page 1)

decision-making has led to excessive traffic congestion that has created long commutes, diminished safety, and reduced leisure time.

*Street Smart* examines the privatization of roads as a solution to these and other problems. The authors see at least four possible roles for private companies, beyond the well-known one of working under contract to design, build, or maintain governmentally provided roads. These include testing and licensing vehicles and drivers, management of government-owned facilities, franchising, and outright private ownership and operation.

Two chapters describe the history of private roads in the United Kingdom and the United States. Contemporary examples are provided of road pricing, privatizing, and contracting out in environs as diverse as Singapore, Southern California, and London. Finally, several chapters examine strategies for implementing privatization.

The principles governing scarce resources in

(continued on page 6)

### Praise for *Street Smart*

*“Street Smart is informative, up-to-date, and a pleasure to read. If we are lucky, the book’s ideas and insights will also find their way into popular and political discourse in order to create real reform.”*

—**Peter Gordon**, Professor of Policy, Planning and Development, University of Southern California

*“Street Smart should help to develop thinking on the future of the road network and should be welcomed by road users in all countries.”*

—**Edmund King**, Executive Director, Royal Automobile Club Foundation, England

*“Every public official—whatever their views—needs to read Street Smart to understand the depth of what is becoming a revolution.”*

—**Roger Toleman**, Deputy Secretary of Strategic Directions, New Zealand Ministry of Transport

## *The Independent Institute in the News*

- **Television:** Our fellows made several recent TV appearances, including an interview on MSNBC's "Tucker Carlson," with **Benjamin Powell**, and interviews with **Alvaro Vargas Llosa** on PBS's "The NewsHour with Jim Lehrer," Mexico-based TZ Azteca, and "Oppenheimer Presenta," hosted by *Miami Herald* veteran Andres Oppenheimer. Independent Institute President **David Theroux** appeared on KTVU (Fox Affiliate) to discuss Governor Schwarzenegger's special election; Senior Fellow **Ivan Eland** discussed the Iraqi elections on Al-Jazeera; and Research Analyst **Gabriel Gasave** was interviewed on "Sin Fronteras" in Argentina.

- **Radio:** Senior Fellow **Ivan Eland** discussed Iraq exit strategies and the global war on terror on Wisconsin Public Radio with Ben Merens, KXXT's Charles Goyette Show, WKIZ, WPRO, KTLK, KOPT, and KDKA. Research Director **Alex Tabarrok** appeared on NPR's "All Things Considered" and the "Donovan Report"



*Senior Fellow Alvaro Vargas Llosa on PBS-TV's "NewsHour with Jim Lehrer."*

on KDXU. Research Analyst **Gabriel Gasave** appeared on CNN Radio Argentina. Senior Fellow **Alvaro Vargas Llosa** discussed foreign policy and challenges to economic development in Latin America on NPR's "Marketplace," CHQR's "The World Tonight," WNYC's Brian Lehrer, and Radio Campesina. KGO's Pete Wilson discussed our Independent Policy Forum on the biotech revolution with speaker Henry Miller.

- **Opinion:** The opinion pieces of our fellows were featured in several national and international newspapers and magazines. *Investor's Business Daily*, *New York Times*, *Dallas Morning News*, *International Herald Tribune*, *San Francisco Chronicle*, *Diario Las Americas*, *Washington Times*,

*Providence Journal*, and *Edmonton Journal* ran pieces by **Alvaro Vargas Llosa** on Che Guevara, populism in Latin America, and the rising economic influence of China. **Ivan Eland's** articles on homeland security and the war in Iraq appeared in *San Diego Union-Tribune*, *Providence Journal*, and *Press-Enterprise* of Riverside, CA. Additionally, articles ran by **Gabriel Roth** in *San Jose Mercury News* and *East Bay Business Times*, **Alex Tabarrok** in *Regulation* and *Forbes*, **Robert Higgs** in *The Freeman* and *East Bay Business Times*, **William Watkins** in *Chronicles* and *Star*, **Anthony Gregory** in *Northwest Meridian* and *Outword*, **Benjamin Powell** in *San Jose's Residential* and *Silicon Valley/San Jose Business Journal*, and **Wendy McElroy** in *Columbus Business First* and on FoxNews.com.

- **Book Reviews:** New books published by the Independent Institute were reviewed by the *Orange County Register*, *Claremont Review of Books*, *University Business*, *Public Administration*, *Weekly Standard*, *Madison Journal*, *Higher Education Abstract*, and *Charleston Gazette*, and the *Washington Post* picked **Alvaro Vargas Llosa's** *Liberty for Latin America* as one of the best books of 2005.

- **Additional Media Highlights:** Additionally, our fellows and research appeared in *Reason*, *USA Today*, *Record-Journal*, Scripps Howard News Service, *Guardian*, *New York Times*, Reuters, *Pittsburgh Post-Gazette*, Andean Group Report, Pacific News Service, *Agence France Press*, *Washington Times*, United Press International, Associated Press, *El Nuevo Dia*, *Toronto Star*, and *El Nuevo Herald Miami*.

- **Speaking Engagements:** Senior Fellow **Ivan Eland** spoke at Johns Hopkins University's Transatlantic Conference in Austin (12/8) and addressed the Liberty Caucus of Republican Congressmen on withdrawing from Iraq (11/3). Senior Fellow **Alvaro Vargas Llosa** spoke at the Hudson Institute about populism (11/16) and addressed the Conference of the Americas in Miami on property rights (9/29). Research Fellow **Ben Powell** gave a talk on sweatshops to the Houston World Affairs Council (10/5) and spoke on urban planning at Reason Foundation's Vibrant Cities Conference in Las Vegas (11/5).•

## The Independent Review

# Defining Disease • The Failure of State Lotteries

*The Independent Review* continues to publish a wide range of cutting-edge articles on public policy.

### Defining Disease

- What should and should not count as a disease? This question is a troublesome one for all of medicine, especially for psychiatry, according to distinguished psychiatry professor **Thomas Szasz** (“Defining Disease: The Gold Standard of Disease versus the Fiat Standard of Diagnosis”).

The problem, Szasz argues, is that our current definition of disease is too elastic. For example, many healthcare professionals and government officials increasingly view overeating, excessive gambling, childhood restlessness, romantic love, rage, and other behaviors or emotions as diseases—on the same order as cancer or cystic fibrosis—even though they are not caused by a physical disorder.

This overly broad disease model imperils scientific integrity by encouraging medical scientists to seek economic and ideological support from government and private industry to study issues for which their training may be insufficient, such as when an individual’s problems are rooted in behavioral or ethical lapses. It also tempts medical scientists to accept faulty premises (e.g., “misbehavior is a disease”) in order to secure research grants.

Medical scientists are not the only ones whose work is compromised by an overly broad definition of disease. Physicians, patients, politicians, and the public also increasingly view nondiseases as diseases, which hampers their ability to think clearly about illnesses and treatment.

There are broader negative consequences as well. The elastic view of disease, Szasz argues, undermines personal responsibility and individual liberty because it “medicalizes” (i.e., rationalizes) problems caused by an individual’s own thoughts and actions, and it encourages the search for pharmacological “solutions” to everyday problems—an approach that is administered increasingly coercively by government. Medical science needs a clear, objective demarcation between disease and nondisease not only to improve our health and well-being, but also to better protect our freedom.

See *The Independent Review* (Winter 2006) at [www.independent.org/publications/tir/article.asp?issueID=44&articleID=557](http://www.independent.org/publications/tir/article.asp?issueID=44&articleID=557).

### The Failure of State Lotteries

- State lotteries, common until the late 19th century, were discontinued after widespread

corruption of lottery officials was exposed. In the 1960s, state lotteries made a comeback, with proponents claiming they would resolve budget shortfalls, improve public education, and reduce illegal gambling.

But state lotteries have failed to fulfill each of these objectives, according to accounting professor **Donald W. Gribbin** and historian **Jonathan J. Bean**, both of Southern Illinois University (“Adoption of State Lotteries in the United States, with a Closer Look at Illinois”).

In 1973, Illinois became the tenth state to create a lottery in the 20th century. Initially, the lottery was promoted as a way to shore up the state’s General Revenue Fund and to curb illegal gambling. In 1985, legislators passed a new law requiring lottery receipts to be used only for education. But none of these objectives have been met.



*The Independent Review*, Winter 2006

First, net lottery receipts have ranged from 0.36% to 4.20%—hardly a significant portion of the state’s General Revenue Fund.

Second, the state lottery did not put an end to illegal gambling in the Windy City. Indeed, a 1988 study estimated that the state lottery lost about \$200 million a year in potential revenues to illegal lotteries, and a 1989 study estimated that organized crime netted up to \$100,000 for each electronic gambling machine in 40 Chicago bars and restaurants.

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## New Books: Street Smart • The Che Guevara Myth

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free societies are well known. We apply them to such necessities as energy, food, and water—so why not to “road space”? The main obstacle to private, or semi-private, ownership of roads is likely to remain the reluctance of politically entrenched groups to give up a lucrative source of power and influence. Those who want decisions about road services to be controlled by the interplay of consumers and suppliers in free markets, rather than by politicians, will have to explain the need for change. *Street Smart* makes a powerful case for the need for fundamental reform and sheds light on the complex issues involved.

To purchase *Street Smart*, see [www.independent.org/store](http://www.independent.org/store).

• Nearly four decades after the death of Ernesto “Che” Guevara (1928–67), the Latin American revolutionary’s legend has grown worldwide. In his new book, *The Che Guevara Myth and the Future of Liberty* (\$11.95, paperback), Inde-

T-shirts oppose capital punishment, but Che Guevara served as an eager executioner for Fidel Castro, as Guevara himself admitted in some of his diary entries. Che Guevara’s killing spree reached its apex after the corrupt Batista regime collapsed and Castro put Guevara in charge of the San Carlos de La Cabaña prison. Whether Guevara executed 400 political prisoners or “only” 200, it’s hard to see how self-styled “progressives” can continue to justify their worship of this murderer.

### Praise for *The Che Guevara Myth*

“A timely and masterful book. Alvaro Vargas Llosa exposes the real Che with the facts of who he really was.”

—V. Manuel Rocha, former

U.S. Ambassador to Bolivia and Argentina

“I welcome Vargas Llosa’s demolition of the sub-adolescent Guevara myth. This is a book for such readers as want the truth.”

—Robert Conquest, Senior Research

Fellow, Hoover Institution; author,  
*Harvest of Sorrow* and *The Great Terror*

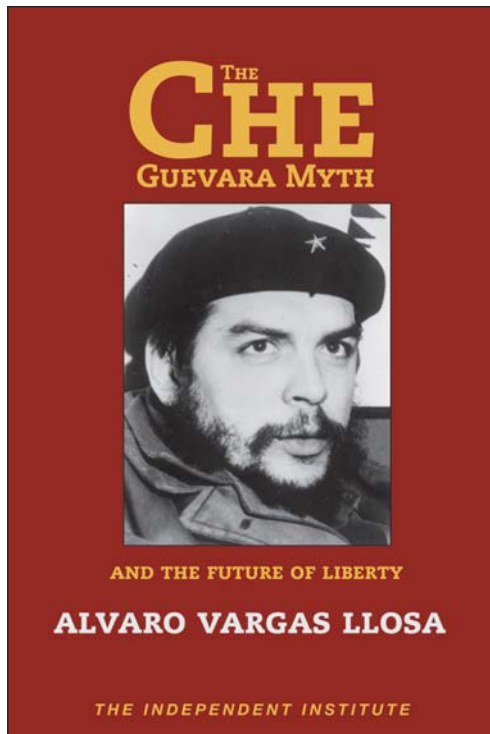
“The real ideas and activities of the ‘hero’ of *The Che Guevara Myth* are an example of the dangerous confluence of the totalitarianism of the passed century. This makes Alvaro Vargas Llosa’s insightful work on the myths of Che Guevara and socialism all the more necessary and timely.”

—Elena Bonner, Chairwoman,  
Andrei Sakharov Foundation

Those in search of a genuinely heroic Latin American reformer, Vargas Llosa notes, will find one in Juan Bautista Alberdi of 19th century Argentina, who helped depose a tyrant and introduced his country to the ideas of constitutionalism, open trade, greater immigration, and secure property rights—ideas that brought 70 years of prosperity to Argentina.

*The Che Guevara Myth and the Future of Liberty* further elaborates on attempts by both the left and right to suppress liberty, and examines the Latin American spirit from early indigenous trade to today’s enterprising communities that are overcoming government impediments. In the process, the book points to the real revolution among the poor—the liberation of individual from the constraints of state power in all spheres.

To purchase *The Che Guevara Myth and the Future of Liberty* see [www.independent.org/store](http://www.independent.org/store).•

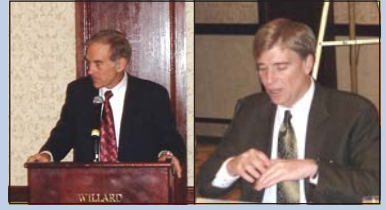


pendent Institute Senior Fellow **Alvaro Vargas Llosa** (Director, Center on Global Prosperity) separates myth from reality and shows that Guevara’s ideals merely rehashed centralized power—long the major source of suffering and misery for the poor. With eyewitness accounts, Vargas Llosa sets the record straight regarding Che’s murderous legacy of making the law subservient to the most powerful, brutally crushing any and all dissent, and concentrating wealth in the hands of an elite.

Many people now sporting radical-chic Che

## Washington Conference on the “War on Terror”

On November 17–18, 2005, the **Friedrich Naumann Foundation** and the **Independent Institute** held an international conference in Washington, D.C. entitled “The War on Terror: Implications for Domestic Security and Civil Liberties.” Congressman **Ron Paul**, the conference keynote speaker, outlined the erosion of civil liberties since the amorphous and seemingly perpetual “war on terror” began. He noted that “the original notion that the government should protect liberties has been turned on its head—with the authorities now restricting them.”



(Left to right) Congressman **Ron Paul** and Senior Fellow **Ivan Eland** address “War on Terror” conference.

Participants included **Angela Freimuth**, a Free Democratic Party State Legislator from the State of North Rhine-Westphalia in Germany, **Chris Hellman** from the Center on Defense Information, **Veronique de Rugy** of the American Enterprise Institute, **Chuck Pena**, **Caroline Fredrickson** of the American Civil Liberties Union, **Robert Klemmensen** of the University of Southern Denmark, and **Ivan Eland** of the Independent Institute. Discussions covered defense spending including homeland security, restrictions on civil liberties during wartime, and the factors that increase terrorism.●

### *Independent Policy Forum: States of Fear: Science or Politics?*

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the middle of the Little Ice Age. Many people attributed the intense cold and hailstorms as evidence of witchcraft—and the resulting witch-hunt culminated in the execution of thousands.

Atmospheric scientist **William M. Gray** (Colorado State University) critiqued climate models that predict significant global warming from increases in carbon dioxide. The atmosphere is likely to warm by about 0.3 degrees centigrade from a doubling of CO<sub>2</sub> in the atmosphere—not by the 2 to 5 degrees that many models predict, Gray argued. That’s because those models assume, unrealistically, that upper-level atmospheric water vapor will increase permanently, instead of falling back

down to Earth, he said. The evaporation of water vapor acts as a negative feedback mechanism that decreases the warming effects of greenhouse gases, Gray argued.

Pathbreaking scientists are sometimes ridiculed by the scientific establishment before their discoveries gain acceptance. The final panelist, Oregon State Climatologist **George H. Taylor**, illustrated this point by discussing the work of three scientists. Geologist Alfred Wegner, he explained, was ridiculed for proposing that the continents had once been a single land mass—a theory proven correct by exploration of the Earth’s crust and by the science of plate tectonics. Similarly, J. Harlan Bretz was

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### *The Independent Review: Defining Disease • The Failure of State Lotteries*

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Third, even though Illinois lottery receipts must go to the state’s Common School Fund, nothing guarantees that “earmarked” receipts actually increase education funding dollar for dollar. “Analysis of financial data indicates that earmarking did not increase education funding, but simply diverted funds to other uses,” Gribbin and Bean write.

Although the Illinois state lottery has not achieved its public goals, it did help some lawmakers meet one unannounced goal: the

diversion of lottery revenue helped save Chicago’s faltering Regional Transit Authority—an objective not embraced by much of the rest of the state. Thus, as Gribbin and Bean note, the *Chicago Tribune* was prophetic in warning that the creation of a state lottery would enable legislators to avoid taking responsibility for state and local fiscal woes.

See *The Independent Review* (Winter 2006) at [www.independent.org/publications/tir/article.asp?issueID=44&articleID=559](http://www.independent.org/publications/tir/article.asp?issueID=44&articleID=559).●

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## The Independent Institute Opens New Washington, D.C. Office

The Independent Institute is pleased to announce the opening of our new Washington, D.C. office in a charming turn-of-the-century mansion at Dupont Circle. The office includes key staff members of our **Center on Global Prosperity** and **Center on Peace and Liberty**.

The **Center on Global Prosperity**, directed by Senior Fellow **Alvaro Vargas Llosa**, is undertaking a series of research projects and case studies in Latin America, Africa, and Eastern Europe on innovative solutions to ending poverty. “Being in Washington, D.C., has the advantage of raising the national and international profile of the Center on Global Prosperity,” said Vargas Llosa. “Since much of the debate about the best way to overcome underdevelopment revolves around the role played by multilateral bodies and NGOs with a strong presence in the capital of the U.S., being in D.C. will allow us to impact that debate very directly and to reach that same audience with very different proposals.”

The **Center on Peace and Liberty**, directed by Senior Fellow **Ivan Eland**, is focusing on research into the adverse effects, both at home and abroad, of the excessively militarized and interventionist U.S. foreign policy. “Because the locus of decision-making for defense and foreign policy is in Washington, the center has relocated from California to the nation’s capital to be more effective in its research,” said Eland.●



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### *Independent Policy Forum*

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ridiculed—and later vindicated—after proposing that a cataclysmic flood had shaped the Channeled Scablands of eastern Washington. And Sir Gilbert Walker was initially ridiculed for proposing what is now known as the El Niño Southern Oscillation phenomenon.

This event was co-sponsored by the World Affairs Council of Northern California.

For a DVD of “States of Fear: Science or Politics?” see [www.independent.org/events/transcript.aps?eventID=●](http://www.independent.org/events/transcript.aps?eventID=●)

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