



The INDEPENDENT

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Record Crowds Attend Policy Forums

Is global warming a genuine threat to human life and well-being? The proposed Kyoto Protocol calls for extensive government controls to reduce fossil fuel use, but have the dire predictions been established scientifically? At the Independent Policy Forum, “Global Warming: Scientific Fact or Fiction?” (Feb. 15), astrophysicist **Dr. S. Fred Singer** argued that there is *no* scientific consensus to support global-warming pessimism.

Climate models have predicted large temperature increases due to CO₂ emissions from



Renowned astrophysicist S. Fred Singer addresses the Independent Policy Forum.

the burning of fossil fuels. However, although temperatures rose about 1°F in the 20th century, most of this increase occurred before 1940. During the past two decades, although fossil fuel

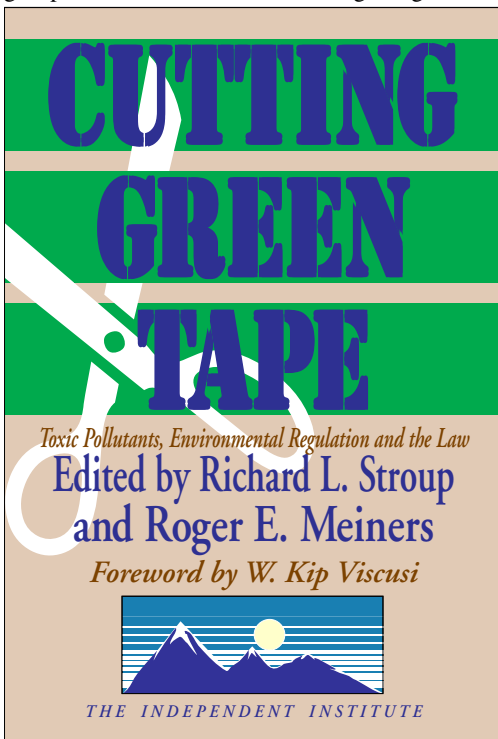
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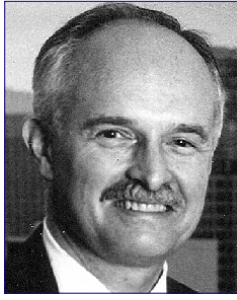
Government vs. the Environment?

When a federal judge recently imposed harsh sanctions (assessing \$68,726 in expenses and legal fees) against the Environmental Protection Agency for harassing a Northbridge, Mass. business owner, the case pointed out the problems citizens face when they are charged as “criminal polluters” by overzealous regulators and interest groups who lack evidence of wrongdoing.



Meanwhile, as the procurer of Agent Orange as a jungle defoliant, asbestos in the construction of naval vessels, and depleted uranium in artillery shells, the latter of which is now being blamed for high levels of radiation in veterans of the Persian Gulf War and those present at live ammunition exercises, the federal government continues to serve as the “largest single source of demand” for toxic substances. But government, and government contractors, remain largely immune from liability.

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President's Letter:

New Policies or the Politics of Old?

Will a new President and a new Congress mark a real improvement in the direction and extent of government policy in the United States? If so, it will only be to the degree that an intellectual revolution in academia, business, the media, and elsewhere recognizes the persistence of government failures—and the superiority of individual choice and market-based alternative approaches for human progress.

Although the dysfunctional nature of government-managed economies is all too apparent globally, in the U.S., policy-makers have clung to the old politics, all too reluctant to dismantle the pervasive bureaucratization of American life. Indeed, government has continued to lurch forward in most every direction, regardless of which party was in power. However, in an increasingly competitive world, Americans today can hardly continue hiding behind an invasive and suffocating leviathan state that penalizes hard work and entrepreneurship, redistributing wealth from the many to the politically influential few.

Can governments really best address such issues as health care, the environment, education, crime, privacy, employment, and other major issues, as so many people have been led to believe? Or, is economic and social progress better handled through the cooperative endeavors of people in a dynamic market system? The Independent Institute's program has uniquely pioneered understanding of such questions on issue after issue.

Recent **Independent Policy Forums** (see page 1), our new books, *Cutting Green Tape* (page 1) and *Can Teachers Own Their Own Schools?* (page 5), our quarterly journal, *The Independent Review* (page 5), our media program (page 4), and much more demonstrate the power of The Independent Institute to refine and redirect public policy debate.

Only in this way will we see meaningful new policies and not just the politics of old.

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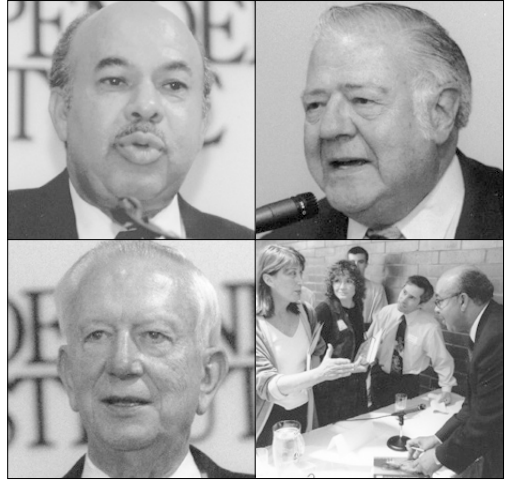
Independent Policy Forums: Global Warming • Race Preferences • Pearl Harbor • Drug War

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use has been much greater, weather balloons and satellites have not detected a warming trend, according to Singer.

Since the publication of Singer's book, ***HOT TALK, COLD SCIENCE: Global Warming's Unfinished Debate*** (The Independent Institute, Revised Edition 1999), rising sea levels have often been cited as evidence that human activity is warming the planet. But rising sea levels prove nothing, said Singer; the seas have been rising, and the polar caps melting, since the end of the last Ice Age. Further, the effect of global warming on sea levels could go either way. Global warming could in theory *reduce* sea levels by increasing sea water evaporation and precipitation over the polar caps.

Advocates of the Kyoto Protocol also fail to address studies suggesting that global warming may result in an increase in agriculture and timber yields—and economic growth generally would be significant, said Singer. But if the Protocol is implemented, economic growth would slow but greenhouse gas emissions still would not be stabilized, and a treaty ten times more



(counter-clockwise from top right) **William Bagley, Ward Connerly, and Robert Stinnett** address Policy Forums; **Connerly** autographs copies of his book.

stringent than Kyoto's would be urged—much to the detriment of economic progress.

Politics and ideology, not science, have driven global warming hysteria, Singer explained. The U.N.-panel report that begat the

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Government vs. the Environment: Cutting Green Tape

(continued from page 1)

Examining the problems of environmental hazards and quality, and the impact of government regulations and litigation, ***CUTTING GREEN TAPE: Toxic Pollutants, Environmental Regulation and the Law***, is the comprehensive new book from The Independent Institute.

Edited by **Richard L. Stroup** (Professor of Economics, Montana State U.) and **Roger E. Meiners** (Professor of Law, University of Texas, Arlington), ***CUTTING GREEN TAPE*** finds that the EPA's Superfund program:

- Directs massive sums of money to remedy supposed environmental hazards that fail to meet the most basic standards of scientific evidence.
- Focuses inordinate attention on tiny risks while diverting resources from true hazards.
- Initiates hazardous waste cleanup efforts that might prevent one case of cancer—but at a cost of \$10 billion dollars.
- Could save many more lives if it focused public monies on lower-profile endeavors, like improving highway safety.

Superfund is not the only government program that exploits an apparent crisis to generate benefits for political and bureaucratic interests. While such programs may sound worthwhile when they are created, contributors to ***CUTTING***

Comments on Cutting Green Tape:

***"Cutting Green Tape* is an excellent book on the cost and ineffectiveness of toxic liability law and the need for reform based on responsible economic risk management."**

—**VERNON L. SMITH**, Professor of Economics, University of Arizona

***"What an excellent job! Cutting Green Tape* is required reading for students, professors and policy-makers in environmental studies. It is the new standard."**

—**MICHAEL KRAUSS**, Professor of Law, George Mason University

***"Cutting Green Tape* has mastered environmental policy, vigorously attacks the excesses of government policies, and offers proposals to make environmental policy more effective and less intrusive."**

—**RICHARD A. EPSTEIN**, Professor of Law, University of Chicago

"Anyone with an interest in the environment or in efficiency should read and refer to this important, comprehensive book."

—**PAUL H. RUBIN**, Professor of Economics, Emory University

GREEN TAPE show that these programs, if taken seriously, would bankrupt the nation with little or no environmental value produced.

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The Independent Institute in the News

- Few mainstream media outlets failed to run a story or editorialize on Oracle Corporation's admission that it hired private investigators and a public relations firm to wage a clandestine smear campaign against The Independent Institute and its criticism of antitrust policy, but not many. Institute president **David Theroux** was also interviewed by Bay Area television news reporters from KGO, KPIX, KRON, and CNN (6/28), and also appeared on CNN's "Moneyline" (6/30). Serious observers condemned Oracle and praised the Institute.
- According to the *Industry Standard* (6/26), the Institute's book, *Winners, Losers & Microsoft*, has been a best-seller at Amazon.com. The book also received more favorable reviews in *Computer User* (July) and *Regulation* (July), and co-author Stephen Margolis commented on the federal antitrust prosecution of Microsoft for *Business Life Magazine* (August).
- *Writing Off Ideas*, the Institute's new book on taxation, foundations, and philanthropy, gained increased relevance after Congress failed to override a presidential veto of a repeal of the federal estate tax. The *Lima (OH) News* (6/19) favorably cited the book by research fellow **Randall Holcombe** in an editorial supporting estate tax repeal.
- "Exporting Tort Awards," an article co-authored by research director **Alexander Tabarrok** and his colleague Eric Helland, appeared in *Regulation* (July), and was cited in an article by *San Francisco Chronicle* legal affairs correspondent Reynolds Holding (9/10). Tabarrok also addressed a conference on immigration at Santa Clara U.
- "Health care reform requires deregulation, privatization and competitive markets," concluded the National Center for Policy Analysis in its *Daily Policy Digest* (6/1), which summarized the Institute's new book, *American Health Care*. The book was also favorably reviewed as "appropriately long on scholarship and blessedly short on partisanship" in the *Kansas City Star* (8/1).
- Senior fellow **Richard Vedder** was quoted in columns in *Creative Loafing* (7/1) and the *Durant Daily Democrat* (6/26). Vedder also spoke to state legislators on several panels on budgetary and education policy at the American Legislative Exchange Council's annual conference in San Diego. Vedder and his book, *Out of Work*, co-authored by research fellow **Lowell Galaway** were quoted in an article on the new economy in *Inter@ctive Week* (9/4).
- Advisory Board member **Walter Williams** used his syndicated column (8/9) to discuss the government's undermining of tort law as analyzed in the Institute's book, *Fire and Smoke*, by research fellow **Michael Krauss**. Krauss appeared on CNN (9/9) to explain the legal implications of the Bridgestone/Firestone tire recall and was interviewed by *CNNfn* for a related story on its website (8/30). *That Every Man Be Armed* author **Stephen Halbrook** was quoted in a story about the problems with proposed "smart gun" technology in the *Ashbury Park Sunday Press* (6/4). An op-ed by Independent Policy Forum panelist **Peter Dale Scott** (see p. 7) entitled "What Will Congress Do about New CIA-Drug Revelations?," in the *San Francisco Chronicle* (6/19) summarized the troubling findings of congressional inquiries into the CIA's protection of drug traffickers during the 1980s. A column in the *Idaho Press Tribune* (6/7) quoted the article by senior fellow **Robert Higgs**, "Lock 'Em Up!," from the Fall 1999 issue of *The Independent Review*. Higgs's article, "The Era of Big Government Is Not Over," appeared in *The Good Society* (Vol. 9, No. 2).
- After the *New York Times* story about an alleged ice-free Arctic raised alarms about global warming, research fellow **S. Fred Singer** (author of *Hot Talk, Cold Science*) refuted the claims in the *Wall Street Journal* (8/28). Singer also testified on climate change before the U.S. Senate Committee on Commerce, Science, and Transportation (7/18).
- The Institute exhibited at several venues over the summer months, sharing its work with policy-makers and others. Public affairs director **Robert Latham** represented the Institute at the American Legislative Exchange Council's annual conference in San Diego, the Libertarian Party's national convention in Anaheim, the Reform Party's national convention in Long Beach, and the Shadow Convention for the Democratic Party in Los Angeles. The Institute's work was also on display for attendees at the Shadow Convention for the Republican Party in Philadelphia and the annual meeting of the American Political Science Association in Washington. ●

*Independent Policy Report:***Should Schools Be Privatized?**

Despite more than 15 years of effort, it is widely acknowledged that internal reform of public (i.e., government) schools has produced little if any success. This has led to interest in alternative forms of educational delivery to devolve decision-making through charter schools, public and private voucher plans, contracting out educational services, and home schooling. However, government-school interest groups, including teacher unions, state departments of education, colleges of education, and school board and administrator organizations have fought all but the most benign reforms.

Less attention has been given to another option that has been growing in importance: private, for-profit schools. Private firms are typically more productive and responsive to consumer demands than their public sector counterparts.

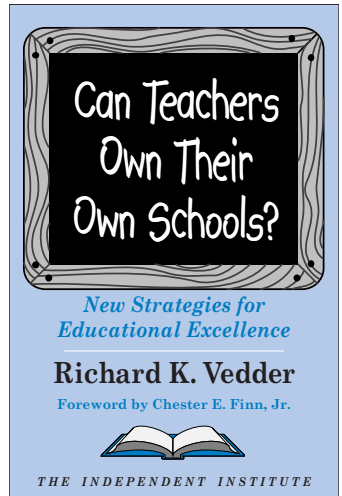
In *CAN TEACHERS OWN THEIR OWN SCHOOLS?*, Richard Vedder (professor of economics, Ohio U.) examines the economics, history, and politics of education and argues that public schools should be privatized. Privatized schools would benefit from competition, market discipline, and the incentives essential to produce cost-effective, educational quality, and attract the additional funding and expertise needed to revolutionize school systems.

Drawing inspiration from Margaret Thatcher's privatization of government housing in England, privatization reforms in Latin America,

and the Employee Stock Ownership Plan (E.S.O.P.) movement in the U.S., Vedder presents a plan in which teachers, administrators and others involved in education would become the owners of schools, acquiring an attractive financial stake in the process. Such privatization could empower those directly involved and affected by school performance and end interest-group barriers, paving the way for new, cost-effective means of improving educational outcomes. As a result, schools in which teachers, administrators, and parents have a significant financial stake would foster vibrant learning communities with increased parental involvement and the innovation and efficiency essential for educational excellence.

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(CAN TEACHERS OWN THEIR OWN SCHOOLS?, 57 pp., \$12.95 postpaid; online see http://www.independent.org/tii/catalog_pr/policy_schools.html.) •

*The Independent Review:***Classical Liberalism • Assessing the FDA**

Slavery fell and free trade spread in the 19th century because the era's leading thinkers, many informed by the young science of political economy, convinced the public of the moral imperative of liberty. Their crusade captured the public's imagination and launched movements that changed history. Soon after achieving victory, however, classical liberals changed tack. They left moral crusading to the budding socialist movement but adopted its emphasis on "social utility" rather than individual happiness. Dropping grand crusades, they pursued minor reforms.

This was a costly strategic mistake, according to Independent Institute advisory board member **James M. Buchanan**, winner of the 1986 Nobel Prize in economics, in his article, "The Soul of Classical Liberalism" (*The Independent Review*, Summer 2000).

As socialism filled the moral vacuum, classical liberals, on the defense, lost public mo-

mentum. By the mid 20th century, economics had become technically sophisticated but free-market economists had lost their audience. The public wasn't buying—not so long as statism's claim to the moral high ground went unchallenged. Free-market policies won occasional victories in the 1980s and 90s, but reports of the death of Big Government were greatly exaggerated. The Nanny State had won by default.

For classical liberalism to recapture the public's imagination, its proponents must again articulate a compelling moral vision, Buchanan argues. They must explain that a free society better fosters happiness and well-being. Economists can play an important role by teaching the public what is and isn't possible. And since lives are at stake, they must do so with moral urgency.

"Creating a new vision, a new soul for [classical] liberalism, is our most important task

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Independent Policy Forums: Global Warming • Race Preferences • Pearl Harbor • Drug War

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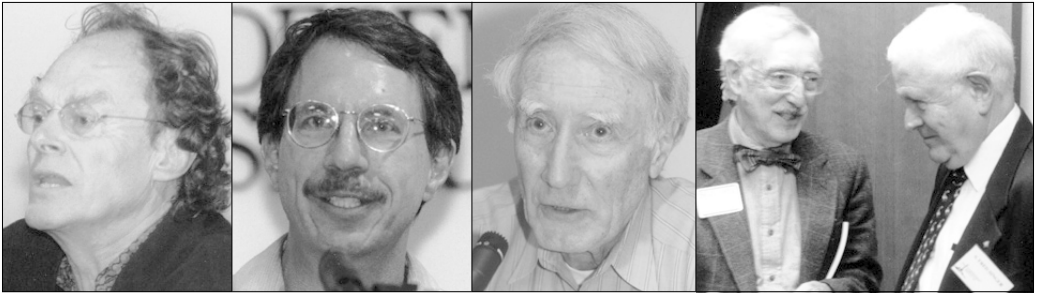
Kyoto Protocol originally cautioned that many uncertainties plague climate modeling. But after scientists reviewed that draft, those words were deleted, giving a false impression of a scientific consensus supporting the claim of significant global warming from human activity. (For a transcript of this forum, see <http://www.independent.org/tii/forums/000215ipfTrans.html>.)

● **Race Preferences: Pro and Con** (April 25): A recent public-opinion poll found that most Americans (58%) oppose identifying their racial background on government forms—even if getting rid of race ID questions might hinder anti-discrimination efforts. What’s more, this opposition in-

Connerly recounted his 1995 battle for colorblind college admissions, which former Calif. Assemblyman Bagley, also a regent, fiercely opposed. (The Board of Regents’ 14-10 vote to ban race preferences in U.C. admissions is widely considered the seminal event that launched anti-preference ballot measures in several states.)

“Once I learned that preferences were in fact being practiced—not affirmative action as most of us know it and will embrace it—it would have been the height of irresponsibility for me to ignore that,” Connerly said.

(For a transcript of this forum, see <http://www.independent.org/tii/forums/000425ipfTrans.html>.)



(left to right) Journalists **Alexander Cockburn** and **Jonathan Marshall**, and man-of-letters **Peter Dale Scott** speak; and biochemist **Bruce Ames** (left) with research fellow **Fred Singer** (right) at Policy Forums.

cluded a majority of African-Americans (58.9%), Hispanics (58.6%), Asians (68.6%) and multiracial voters (70.0%) polled.

When anti-discrimination programs are opposed by the groups they are intended to benefit, common sense tells us that something is wrong. However, many would argue that opposition to racial self-identification stems from a general suspicion of government and cannot be interpreted as opposition to affirmative action. Further, the retreat of racial preferences in state and municipal hiring and contracting, they claim, has gone too far.

Can the “American Dream” be colorblind, or are racial preferences necessary to right the wrongs of past discrimination? Will they end America’s racial divide or merely intensify it? Is affirmative action a force for fairness and justice or merely a “feel good” policy that cloaks the real barriers to social and economic advancement for the most disadvantaged? **Ward Connerly** and **William Bagley** debated these and other questions.

Connerly (author, *Creating Equal: My Fight Against Race Preferences*) led the campaign for California’s Prop. 209, which ended race preferences in state hiring and contracting. A regent of the University of California,

● **Pearl Harbor: Official Lies in an American War Tragedy?** (May 24): The great question of Pearl Harbor—what did U.S. government officials know and when did they know it?—has been argued for years. After decades of Freedom of Information Act requests, journalist **Robert Stinnett** (author, *Day of Deceit: The Truth about FDR and Pearl Harbor*) was finally able to examine the long-hidden evidence, shattering every shibboleth of Pearl Harbor. Stinnett presented his landmark research to a standing-room-only audience which has since been repeatedly broadcast on C-SPAN2. Among his findings:

- Not only was Japan’s attack on Pearl Harbor expected, it was deliberately provoked through an eight-point plan devised by the U.S. Navy for Franklin D. Roosevelt. The purpose? To break America’s isolationist opposition to fighting in Europe and the Pacific.
- American officials knew that a spy on Oahu was sending Japanese officials a map of bombing targets.
- The Japanese fleet broke radio silence as it approached Hawaii. The U.S. intercepted Japan’s military codes before the attack. U.S. Navy Admiral Kimmel was prevented from

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conducting a routine exercise at the 11th hour that would have discovered the oncoming Japanese fleet.

“Basically our policy was that we wanted Japan to commit the first overt act of war,” Stinnett said. “That was the order given to Admiral Kimmel, General Short, General MacArthur, and Admiral Hart on November 27th. General Marshall wired back, ‘we’re already prepared for a successful defense.’ He and the other commanders were told, ‘Don’t go on the offense, remain in a defensive posture.’”

(For a transcript of this forum, see <http://www.independent.org/tii/forums/000524ipfTrans.html>.)

● **The War on Drugs: Who Is Winning? Who Is Losing?** (June 21): For decades, the U.S. government has waged a relentless “war” on the use of marijuana, opiates, and other substances. Yet today, illicit drugs are more plentiful than ever. And although the drug war was sold to promote law and order, it has been accompanied by greater crime, corruption, and the subversion of the rule of law. Is the drug war out of control? Why has it failed?

*(continued on page 8)***Government vs. the Environment: Cutting Green Tape***(continued from page 3)*

The story of Love Canal is part of America’s environmental lore. But as the editors of **CUTTING GREEN TAPE** reveal, government agencies shared in the culpability of the Love Canal situation by refusing to comply with environmentally-sound practices regarding the land they confiscated. And the EPA trumpeted the fears from Love Canal during the 1980 elections to garner support for its own bureaucratic expansion.

As **CUTTING GREEN TAPE** notes, the likely health benefits from EPA regulations, setting exposure limits some 374,000 times less than a dose shown to cause harm in animals, range from insignificant to nonexistent.

Other experts use sound science to demonstrate that clean air, water, and land are best produced and protected by competitive markets with well-specified, tradable, and accountable property rights. The legal history and operation of the common law rules of trespass, nuisance, and strict liability for abnormally dangerous products as they have operated in the United States, are discussed in the context of

Investigative journalist **Alexander Cockburn** (columnist, *The Nation*; co-author, *Whitewash*) began by recounting the history of the U.S. war on drugs. Although almost all American politicians support the drug war, researchers across the political spectrum have uncovered episodes of government involvement in the drug trade, especially intelligence agencies seeking funds for clandestine operations, Cockburn said.

“From the very inception of the CIA, and in the years before the CIA was created in the Second World War period, there was an intimate association between U.S. intelligence agencies and criminal organizations in smuggling drugs into this country.”

Noted man-of-letters and former Canadian diplomat **Peter Dale Scott** (Prof. of English, U. of Calif., Berkeley; co-author, *Cocaine Politics*) presented the U.S. complicity in the Latin American drug trade, noting that mainstream media coverage has ignored most of these well-established findings. “Everything that I’ve reported to you today has been admitted not only by the Department of Justice in their Inspector

protecting the environment.

Legal scholar **Peter Huber** and others discuss strategies to identify the “junk science” offered up by self-interested experts and pressure groups in courtrooms and legislative hearings.

“Sensible judicial and regulatory policies will do more to promote human health than will seemingly uncompromising, but misdirected risk reduction efforts,” writes **W. Kip Viscusi** (Harvard U.) in his foreword. **CUTTING GREEN TAPE** “will help establish the framework for more sensible management of the risks associated with toxic liability.”

Other contributors include **Daniel Benjamin** and **Bruce Yandle** (Clemson U.), **Bruce Benson** (Florida State U.), **David Bernstein** and **Daniel D. Polsby** (George Mason U.), **Donald N. Dewees** (U. Toronto), **Kenneth Foster** (U. Penn.), **David Haddock** (Northwestern U.), and the late **Aaron Wildavsky** (U. California, Berkeley).

(CUTTING GREEN TAPE, 294 pp., available \$26.95 postpaid; see http://www.independent.org/tii/catalog/cat_GreenTape.html.) ●

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The Independent Review: Classical Liberalism • Assessing the FDA

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now,” Buchanan concludes. (For a copy of this article, see http://www.independent.org/tii/content/pubs/review/tir51_buchanan.html)

● The U.S. Food and Drug Administration exerts tremendous influence over health-care products at nearly every stage, from R&D to marketing. Tragically, consumers are often harmed by the FDA’s delay of the introduction of new drugs and medical devices. And when the FDA approves a new product, few journalists think to ask: If this product saves lives, how many were lost because of FDA delays?

Fortunately, the FDA’s regulatory grip is not a complete stranglehold. Once the FDA approves a drug for some use, it has almost no control over how that drug is prescribed. Most American hospital patients are given drugs not approved by the FDA for the prescribed use. This raises another question: If off-label prescribing is so widespread and successful, is the FDA approval process really necessary?

Alexander Tabarrok, research director of The Independent Institute, explores these and related issues in “Assessing the FDA via the Anomaly of Off-Label Drug Prescribing” (*The Independent Review*, Summer 2000). The un-

regulated off-label market, Tabarrok explains, gives us a better idea of how the pharmaceutical market would function without the FDA’s approval authority. “The evidence suggests that off-label prescribing speeds medical innovations to patients, increases the number of drugs available to doctors, and lowers the costs of medical innovations,” Tabarrok writes.

“The current system of non-FDA review of off-label prescriptions is thus working well and should be extended. The anomaly of heavy regulation of new drugs and light regulation of new uses of old drugs cannot be rationally defended.” (See http://www.independent.org/tii/content/pubs/review/tir51_tabarrok.html) ●



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Independent Policy Forums

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General’s Report, but even by the CIA itself.”

Former *San Francisco Chronicle* economics editor **Jonathan Marshall** (co-author, *Cocaine Politics*) stressed that while drug use can create serious problems for those who consume them, drug prohibition has created problems even for non-drug-using, law-abiding citizens.

“The nature of this so-called drug war is to abet violence in our society, corruption, the promotion of organized crime and vast underground markets, the diversion of ever-increasing resources in the criminal justice system and military agencies to this fight . . . on to the enormous medical harm caused by the diversion of these markets into underground channels, where unscrupulous dealers cut drugs with unknown agents, addicts’ use of dirty needles, promoting the AIDS epidemic, and a number of other enormous health problems,” noted Marshall.

“So, who’s winning and who’s losing? The state is winning; the other people are losing. The rationale ultimately for drug wars is the interest of the state,” Cockburn concluded.

(For a transcript of this forum, see <http://www.independent.org/tii/forums/000621ipfTrans.html>.) ●

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