

The INDEPENDENT

NEWSLETTER OF
THE INDEPENDENT INSTITUTE

VOLUME IX, NUMBER 1

600 Honor Sir John Templeton at Dinner

Nearly 600 people, including foreign statesmen, business leaders, scholars and religious dignitaries commemorated the life achievements of **Sir John Marks Templeton**, October 1, as the renowned financial pioneer and creator of the Templeton Prize was presented with the Independent Institute's **Alexis De Tocqueville Award**, during a gala dinner at San Francisco's Fairmont Hotel.

Templeton, who pioneered the concept of international investment through the more than 30 growth funds he has founded and managed,



John Templeton receives Alexis de Tocqueville Award from Independent Institute president David Theroux.

was honored for his tireless devotion to the principles of freedom, as well as his many important works, which include authoring a dozen books and founding Templeton College of Management at Oxford University. Templeton be-

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Book Questions Global Warming

Media stories on global warming have typically played down the doubts many scientists have about proposals to restrict the use of fossil fuels and the production of "greenhouse gases." The Kyoto Accord on greenhouse gases, we are often told, was supported by a "scientific consensus." In reality, more than 17,000 scien-

"HOT TALK, COLD SCIENCE dares to point out that 'the Emperor has no clothes.'"
—ARTHUR C. CLARKE, author, 2001: *A Space Odyssey*

Hot Talk Cold Science

*Global Warming's
Unfinished Debate*

S. Fred Singer

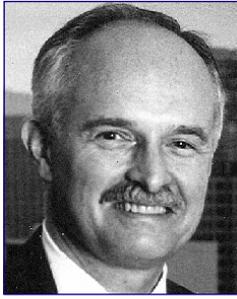
Foreword by Frederick Seitz

THE INDEPENDENT INSTITUTE

tists have signed the "Oregon Petition," stating that "there is no convincing evidence" of a catastrophic global warming from human activity.

In the widely acclaimed book, *HOT TALK, COLD SCIENCE: Global Warming's Unfinished Debate* (Independent Institute, 1997), **S. Fred Singer** discusses the scientific doubts. Computer-generated climate models that predict global warming are Singer's first targets. According to these models, recent global temperatures should have increased — but

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PRESIDENT'S LETTER:

Enlightening the Future of Ideas

The impeachment of an American President stands in stark contrast to our recent celebration of the life and work of Sir John Templeton, who has embodied the finest qualities of personal and intellectual integrity, entrepreneurial excellence, humanitarianism, and classical liberal ideas.

John Templeton has been a living beacon, having pioneered entire fields of human endeavor and enriching mankind around the world economically, socially and spiritually by producing real value through voluntary, competitive markets. In contrast, we have a President whose entire life has embodied the politician, a vocation aptly described by Ambrose Bierce as "the pursuit of private gain at public expense." Or as F. A. Hayek discussed in his influential book, *The Road to Serfdom*, F.A. Hayek, "The Worst Get on Top," as governmental power requires "leaders" with ever greater skills of deception and deceit to keep people from seeing through the smoke and mirrors of politics' negative-sum game.

While the intellectual poverty of politics has clouded public discourse for decades, the Independent Institute's program of scholarly excellence enlightens the power and future of ideas by seeking to clarify the *actual* nature of government policies affecting major social and economic problems. The results of this work form the basis for our acclaimed journal, *The Independent Review*; path-breaking books such as *Hot Talk, Cold Science* (please see p. 1) and *Out of Work* (p. 7); *Independent Policy Reports* (p. 5); the *Independent Policy Forum* (p. 3); and a vast array of other media (p. 4) and educational programs, including the **1999 Olive W. Garvey Fellowships** (p. 8) for college students worldwide.

Such work is crucial to displacing the intellectual stagnation and deceit of politics.

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P. J. O'Rourke Headlines Opens House

Dubbed the “funniest man in America” by the *Wall Street Journal* and “one of America’s most hilarious and provocative writers” by *Time*, journalist and author **P. J. O’Rourke** brought his acerbic wit and unique take on current issues to a standing-room only Open House that drew over 200. The event launched the **Independent Policy Forum** of lectures, seminars and debates (available on *Real Audio* on www.independent.org), that is held bi-weekly (5:30-7:30 p.m.) in the Institute’s new facility, housing a conference center, library, book fulfillment center, and executive offices.

Former editor-in-chief of *National Lampoon*, O’Rourke spoke on his newest best-selling book, *Eat the Rich: A Treatise on Economics*. “We are delighted to have one of American journalism’s leading lights to help us welcome you to our new facility and expanded program,” Institute President **David Theroux** said of O’Rourke, who serves on the Institute’s Board of Advisors. “P. J. O’Rourke continues in the tradition of H. L. Mencken as a probing reporter

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(top) **P. J. O’Rourke** addresses audience of 200 at Open House in conference center in new Independent Institute offices (bottom).

Book Questions Global Warming

(continued from page 1)

on average, they haven’t. Although data from land-based weather stations show a slight warming in the last 20 years, this appears to be due to population increases near the stations — not to global warming from greenhouse gases. More accurate temperature data from balloons and weather satellites, available since 1980, show *no* signs of a warming trend.

To Singer, the failure of computer models to explain recent temperatures means that climate science is still in its infancy. Researchers simply have not yet identified precisely how clouds, oceans, solar radiation, volcanic particles, and other factors affect climate change.

But if global warming were to occur, Singer argues, its effects may be largely beneficial. Some evidence suggests that crop yields would increase (from higher night temperatures and a longer growing season) and severe storms would become rarer (from reduced pole-to-equator temperature gradients). Even the purported melting of polar ice caps may be a phantom worry. To the extent that a warming increased ocean evaporation and precipitation over Antarctica and Greenland, polar ice caps would probably increase, thus averting a feared rise in sea levels.

In light of current scientific uncertainties, Singer advises a “no regrets” policy of continued research and economic growth, which would better enable us to combat any problems that we may someday discover. If greater carbon dioxide concentrations become a problem, a sounder corrective might be to increase carbon dioxide absorption by fertilizing ocean “deserts,” which might also produce more productive ocean fisheries.

*“I strongly recommend **HOT TALK, COLD SCIENCE** to any citizen.”*

—**WILLIAM HAPPER**, former Dir.,
Energy Research, U.S. Dept. of Energy

*“The highly sensible and well-accepted views of **HOT TALK, COLD SCIENCE** deserve the widest possible exposure.”*

—**RICHARD LINDZEN**, Professor,
Center for Meteorology, M.I.T.

The real threat, Singer concludes, seems not to be global warming, but the economic havoc that would result from the proposed rationing of energy consumption to “correct” what the available evidence indicates is a non-problem. (*Hot Talk, Cold Science*, 120 pages paperback, available postpaid for \$18.95.) ●

The Independent Institute in the News

- Media coverage of the **Independent Institute's** gala dinner honoring **Sir John Marks Templeton** was carried by *Bloomberg News*, *San Francisco Chronicle*, *Jackson (TN) Sun*, *Cleveland Plain Dealer*, *Outstanding Investor Digest*, *Albuquerque Tribune*, *Today's Speeches*, *Wired*, and *Nob Hill Gazette*, and in newsletters of the *Chief Executives Organization* and *Association for Investment Management and Research*.
- Research Fellow **Alan Reynolds**, contributing author in the Institute's book, **MONEY AND THE NATION STATE**, discussed the International Monetary Fund and global capitalism in the cover article in the November issue of *National Review* and currency devaluations in the *Asian Wall Street Journal* (8/27).
- Senior Fellows **Robert Higgs** and **Richard Vedder** were interviewed in *Investor's Business Daily* on the governmental causes of the Great Depression (10/23) and Vedder was quoted on business layoffs (12/11). Higgs was quoted in an editorial on NATO in the *Orange County Register* (12/22) and his op-ed on nuclear weapons (5/24) appeared in the *Weehawken (NJ) Reporter*.
- *The Oakland Tribune* profiled **The Independent Institute** and President **David Theroux** (11/4) in an article about California think tanks. Theroux also had a piece discussing *The Independent Review* in *Sm@rt Reseller* (10/5) and *Of Periodical Interest* (Spring). The Institute was further featured in an article by Elizabeth Wasserman, "Thanks to Think Tanks," in *The Industry Standard* (9/7).
- Walter Williams and Patrick Buchanan both praised **Thomas DiLorenzo's** *Independent Review* article about Abraham Lincoln and the Civil War ("The Great Centralizer") (Fall '98) in nationally syndicated columns.
- **HOT TALK, COLD SCIENCE** was featured in the *New York Times* (12/1), *Toronto Globe and Mail* (11/22), *Orange County Register* (12/2), *Colorado Springs Gazette* (12/4), *Delaware State News* (11/9) and *Orlando Sentinel* (10/20), and in nationally syndicated columns by Linda Chavez, William Rusher, Mike Rosen, Alston Chase, Cal Thomas and Charley Reese. It was also mentioned in *Columbus Dispatch* (11/30) and reviewed in *Choice*, *Science Books and Films* and the *Bulletin of the American Meteorological Society*. Numerous op-eds by the author, Research Fellow **Fred Singer**, have appeared in the *Washington Times* and *Wall Street Journal*, and he was interviewed in the *Tallahassee Democrat* and *Pittsburgh Post-Gazette*.
- Research Fellows **Stanley Liebowitz** and **Stephen Margolis's** research on the anti-trust case against Microsoft was published in two op-ed columns in the *Wall Street Journal*. Liebowitz also spoke at high-tech conferences hosted by the Federalist Society, Center for Market Process, *Upside* and Cato Institute/*Forbes ASAP*. Research fellows **William Shughart** and **Richard McKenzie's** article in *The Independent Review* on the Microsoft case (Fall) was quoted in *The New York Times* (9/3), *The Independent* magazine (9/98), and *The Business Journal* (9/7). Shughart was also quoted in the *Baltimore Sun* (11/19) and *Orlando Sentinel* (12/13) regarding the article, and he critiqued last summer's budget deal in the *Chicago Tribune* (10/3).
- **OUT OF WORK** co-author **Richard Vedder** explained government gridlock as the cause of today's healthy economy in the *Wall Street Journal* and *Investor's Business Daily*, and the benefits of private higher education in the *Wall Street Journal* (8/31).
- An excerpt of **Paul Craig Roberts's** book with **Karen LaFollette Araujo**, **THE CAPITALIST REVOLUTION IN LATIN AMERICAN**, ran in *World Trade* (11/97). Roberts's *Business Week* op-eds examined the perils of trade sanctions (11/24), energy taxes (10/27), the EPA (9/27), and the budget deal (9/1). And in his column for *Investor's Business Daily*, he discussed the elections (11/2), and bull markets (6/22).
- The Institute book, **THE ACADEMY IN CRISIS**, was discussed in an article on higher education in *The Economist* (10/4).
- **ANTIDISCRIMINATION IN HEALTH CARE**, by **Richard Epstein** was abstracted in *Healthcare Trends Report* (8/27).
- **TO SERVE AND PROTECT**, the new Institute book by Research Fellow **Bruce Benson** was discussed in a recent article in *Investor's Business Daily* (11/20). Research Fellows **Daniel Klein's** article, "Quality-and-Safety Assurance," in *The Independent Review* (Spring '98) was quoted in *Consumer's Research* (July), **Kurt Schuler's** article, "No More Central Banks," was published in the *Journal of Commerce* (5/18), and **Stephen Halbrook** was quoted on gun control in *USA Today* (12/23). ●

Policy Reports: Making Criminals Pay

Two new *Independent Policy Reports* examine violent crime in America:

- Perhaps the most compelling complaints about the U.S. criminal justice system are those made by crime victims and their families — whose pain and suffering may last years after the courtroom ordeal has ended. Victims' hardships are often made worse by an unresponsive judicial system that ignores the financial harm of a crime or by the "pragmatism" of prosecutors' plea bargaining.

In *VICTIM'S RIGHTS, RESTITUTION AND RETRIBUTION*, **Williamson Evers** (Hoover Institution) shows that hardships victims suffer *after* a crime often stem from the same cause: namely, a judicial system which acts as if the criminal has transgressed against the government rather than the victim. Evers would correct this by putting crime victims' interests first in criminal prosecution and sentencing.

Plea bargains are now offered in 90% of all federal and state cases. Unfortunately, plea bargains add insult to injury by trivializing the crime. To restore a lost sense of power to crime victims, Evers recommends giving them full, *non-rescindable* veto power over prosecutors' plea bargains and requiring prosecutors to offer multiple plea bargains at the victim's discretion.

Evers also recommends a novel reform to improve legal representation of crime victims: allowing them to opt for private prosecution in public courts — as was the norm in England until the mid-19th century. Private prosecutors paid on a contingency-fee basis would have greater incentive than public prosecutors to be effective advocates for crime victims.

Restitution takes up most of Evers's analysis. Evers would require convicted criminals to pay their victims for damages *and* for criminal wrongdoing. Although some states have restitution statutes, in practice they often fail the victims because they do not specify under what conditions restitution must be paid. Thus Evers would require states — by statutes or constitutional amendments — to codify penalties. And new programs could be created to ensure payment. For example, prisons could be redesigned to enable convicts to accumulate funds to pay back their victims. In addition to helping restore justice, restitution would provide judicial guidance, reduce court gridlock, reduce costs and reduce crime — as reportedly is the case in Japan, where criminal restitution is taken seriously.

(*Victim's Rights, Restitution and Retribution*, 75 pages, is available for \$10.95 postpaid.)

- Why has the late 20th century witnessed an explosion in crime? Ultimately, crime is caused by the choices of criminals. But to explain why more people have chosen to commit crimes, **Allan Carlson** (Howard Center) and **Christopher Check** (Rockford Institute) look at the history of culture in *CULTURE AND CRIME*.

The key to unlocking the mystery may lie in the differences between urban and rural crime rates. Sweden and Switzerland are a case in point. Sweden is highly urbanized, industrialized, homogeneous, and provides citizens with a vast array of government services — free counseling, job training, public assistance and a large national police force. Switzerland, however, has a greater population density, ethnic



Independent Policy Report authors Williamson Evers, Allan Carlson and Christopher Check.

diversity, and — by European standards — a modest welfare state. Old age pensions are deliberately kept small; and many Swiss homes are equipped with automatic firearms. Judged by conventional sociological standards, Switzerland would appear to be at greater risk for crime. However, Switzerland has the lower crime rates, among the lowest in the developed world. Sweden, by contrast, has very high crime rates.

Such comparisons, the authors argue, suggest six policies to reduce crime: (1) industrial and residential decentralization to promote the "village" ideal; (2) political decentralization to promote civic involvement; (3) community covenants to promote mutual obligations and public safety; (4) age integration to discourage anti-social youth sub-cultures; (5) economic liberalization to rebuild families weakened by taxes and government services; (6) toleration of religious practices to restore values that inhibit crime. "The human historical and cultural record strongly suggests that the implementation of these principles, in accord with local customs and circumstances, will strengthen individual responsibility and social order and measurably reduce the level of crime," the authors conclude. (*Culture and Crime*, 58 pages, \$9.95 postpaid.) •

Sir John M. Templeton Honored at Independent Institute Dinner

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came the fourth recipient of the Tocqueville Award, named for the French political philosopher and author of the brilliant 1835 book, *Democracy in America*.

The event (available on *Real Audio* at www.independent.org) featured presentations by **Václav Klaus** (former Czech Prime Minister), **Robert Galvin** (Chairman, Executive Committee, Motorola), **Michael Boskin** (former Chair, Council of Economic Advisors), author **George Gilder**, **John Schroeder** (director, Morgan Stanley–Dean Witter Funds), and Nobel Prize-winning physicist **Charles Townes**, plus a program by **Louis Rukeyser**

The Dalai Lama, honorary dinner co-chairman, added that Templeton’s values speak to an inherent need for greater personal responsibility: “John Templeton’s life demonstrates that, however others may behave, the benefits that spiritual values bring and the contributions they make to mankind depend on us as individuals and whether we really put them into practice.”

Other honorary co-chairmen included the **Duke of Abercorn**, **Patriarch Bartholomew**, former presidents **Jimmy Carter** and **Gerald R. Ford, Jr.**, **Lord Coggan** and **Lord Howe**, **Václav Klaus**, **Duke of Richmond and Gordon**, Nobel Laureates **Aleksandr Solzhenitsyn**



(clockwise from upper left) former Czech Prime Minister **Václav Klaus**, **Robert Galvin** (Motorola), **George Gilder**, Nobel Laureate **Charles Townes**, **Michael Boskin** (Stanford U.), and **John Schroeder** address dinner honoring John Templeton; (lower left) **Sir John Templeton** autographing *The Independent Review*.

(*Wall Street Week With Louis Rukeyser*).

“We recognize and appreciate John’s contributions to advancing business excellence, free-market entrepreneurship, education, moral principles and economic and social welfare,” said Institute founder and president **David Theroux**. “But above all, it is his unwavering dedication to individual liberty as the foundation of free and humane societies that makes him most deserving of this honor.”

Templeton spoke optimistically about the global future of free markets, scientific discovery and moral enlightenment. Calling the late 20th Century “the most glorious period of all world history,” Templeton attributed the tremendous discoveries during this time to an expansion of free markets and global competition.

Templeton has spent the past quarter-century seeking to reward pioneers in religious and scientific thought through the Templeton Foundation, which awards the Templeton Prize, as well as numerous scholarships and fellowships.

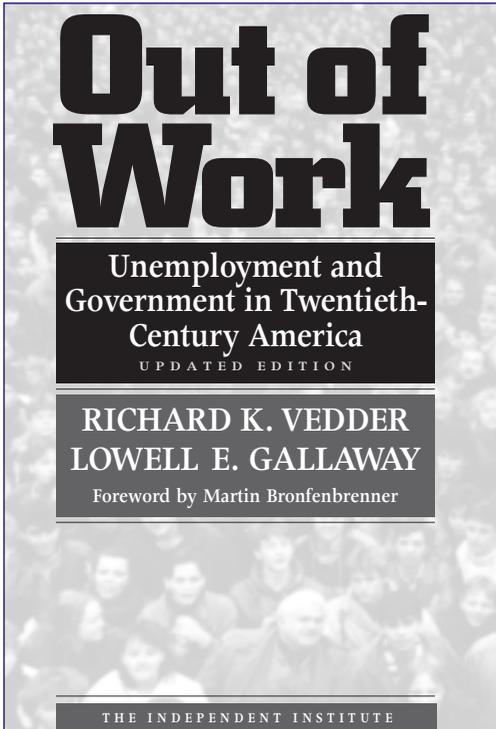
and **Desmond M. Tutu**, **Margaret Thatcher**, and **Elie Wiesel**. Dinner co-chairmen included **Howard L. Clark, Jr.**, **Charles W. Durham**, **Stanley Hiller, Jr.**, **Charles B. Johnson**, **Henry L. Kotkins**, **C. Richard Kramlich**, **Peter Lynch**, **Anthony J. F. O’Reilly**, **Philip J. Quigley**, **Louis Rukeyser**, **S. Bradford Rymer, Jr.**, and **William E. Simon**. (Transcript \$2.00, audio \$12.95, video \$52.95, available postpaid.) ●

*“I admire David and Mary Theroux for what they are doing. I certainly intend to continue to make contributions every year to the remarkably efficient **Independent Institute**. I believe there are very few ways you can help humanity so greatly as to spread the benefits of the concept of free competition, and one of the great organizations worldwide that is now spreading that concept is **The Independent Institute**. It’s an honor and a joy for me to participate in their work.”*

—**SIR JOHN M. TEMPLETON**

New Edition of Award-Winning *Out of Work*

Until the Great Depression, most economists believed that mass unemployment could be cured by letting wage rates fall to full-employment levels. But the Depression ushered in a new economics — Keynesianism — urging governments to create jobs by running massive budget deficits and manipulating tax revenues and the money supply. Pundits applauded this economic “fine tuning” for “saving capitalism” from alleged self-destruction.



The economy returned to normalcy after World War II, but the business cycle gradually worsened. Recessions got longer and more severe, and the core unemployment rate crept upward. By the mid-1970s, economists were seeking alternative theories to explain the new phenomenon of “stagflation,” whose existence didn’t square with traditional Keynesianism.

In their award-winning book, *OUT OF WORK: Unemployment and Government in Twentieth Century America* (2nd Edition, New York University Press) **Richard Vedder** and **Lowell Gallaway** (Ohio University) employ decades of data to test Keynesian theory. They conclude that government policies to boost and keep wages above market rates have been the primary cause of unemployment.

“[Our] model,” Vedder and Gallaway write,

“explains an impressive 90% of the variation in unemployment” over the last 90 years, and accurately predicts every major U. S. recession and depression, as well as long-term, secular trends in the “natural” rate of unemployment.

Minimum wage laws and mandated collective bargaining are perhaps most obvious candidates for job-destroying policies. But *OUT OF WORK* also shows how unemployment insurance, public assistance, monetary and fiscal policy, and assorted “labor policy shocks” that raise business costs also cause joblessness.

The corollary to Vedder and Gallaway’s thesis that government-induced “labor policy shocks” create unemployment is their provocative thesis that government gridlock can strengthen the economy. When Congress and the Presidency have come from different parties, they have often been too busy bickering to enact much harmful economic legislation. The result: significantly lower inflation and unemployment — and a more robust stock market.

First published to wide acclaim in 1993,

“OUT OF WORK is a fascinating book incorporating impressive, thorough analyses of interest to economists, policymakers, and others regarding employment and the economy.”

—**W. ALLEN WALLIS**

Former Under Secretary of State, Economics

“OUT OF WORK is a great book!”

—**MILTON FRIEDMAN**

Nobel Laureate in Economic Science

“OUT OF WORK brings clear-sighted insights, with profound theoretical background and empirical evidence, and is most valuable.”

—**VÁCLAV KLAUS**

Former Prime Minister, Czech Republic

“This masterful book demonstrates that the market’s invisible hand works better in preventing unemployment than government’s visible foot.”

—**RICHARD ARMEY**, House Majority Leader

winning a Sir Antony Fisher Memorial Award, *OUT OF WORK* has now been updated to include details on Vedder and Gallaway’s econometric model, as well as a detailed discussion of unemployment in the 1990s. “The experience of the 1990s strengthens the thesis of this book, namely that employers respond to the cost of labor in making their employment decisions, and that governmental policies have often inadvertently raised both these costs and unemployment,” Vedder and Gallaway conclude. (*Out of Work*, 388 pages, paperback \$21.95 postpaid) ●

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1999 Olive W. Garvey Fellowships Essay Contest

In keeping with its commitment to young scholars, the Independent Institute is now accepting entries for the 1999 Olive W. Garvey Fellowships. Since 1972, this internationally acclaimed program has awarded fellowships to outstanding college students around the world through a competitive essay contest on the meaning and significance of individual liberty. The 1999 Garvey Fellowships will be awarded for the three best essays on the following topic:

“Free trade is the wellspring of peace.”

Essays of not more than 3,000 words may be submitted by college students 35 years of age or younger. The essays will be judged by a panel of distinguished scholars. The deadline for submission is May 1, 1999.

First Prize: \$2,500
Second Prize: \$1,500
Third Prize: \$1,000

For complete entry information, please contact:

Garvey Fellowships Director, The Independent Institute

100 Swan Way, Dept. GW, Oakland, CA 94621-1428

Phone: 510-632-1366 • Fax: 510-568-6040

Email: Garvey@independent.org • Website: www.independent.org

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P.J. O'Rourke Headlines Open House

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who is uniquely able to use humor to underscore what are actually very serious concerns about culture, public policy, and political economy.” (Transcripts of O'Rourke's talk at \$2.00, audio \$15.95, are available postpaid.) ●

INDEPENDENT POLICY FORUM

Feb. 11: *The Future and Its Enemies*

Virginia I. Postrel, Editor, *Reason*

Feb. 24: *The New Betrayal of Black Freedom in America*

Shelby Steele, Research Fellow,

Hoover Institution, Stanford University

Mar. 9: *Natural Rights and the Rule of Law*

Randy E. Barnett, Austin B. Fletcher

Professor of Law, Boston University

Mar. 18: *The Economics of Life*

Gary Becker, Nobel Laureate, Economics

Guity Nashat, Professor of History,

University of Illinois, Chicago Circle

Mar. 31: *Why Freedom?*

Tibor Machan, Professor of

Philosophy, Chapman University

Jan Narveson, Professor of

Philosophy, University of Waterloo

Apr. 6: *Fixing America's Cities*

Stephen Goldsmith, Mayor, Indianapolis