Security and the Politics of Fear

Conscious of their historic opportunity to create a government based on classical liberal principles, America’s Founders favored a largely noninterventionist foreign policy designed to diminish and contain conflict, protect non-combatants during wars, and extend free trade and reciprocity between nations, economist and historian Jeffrey Rogers Hummel (San Jose State U.) told the audience at the November 6th Independent Policy Forum, “New Directions for Peace and Security,” held at the Institute’s conference center in Oakland.

Whereas George Washington had made the political case for trade with all and entanglements (continued on page 5)

New Book Warns of Arms Race in Space

President Eisenhower’s vision of “space for peaceful purposes” has been under attack for decades by self-proclaimed “space warriors” who believe that American security requires that the U.S. seek to dominate space militarily. At their behest, the current and past three administrations have opposed the U.S. becoming a party to a new treaty for the Prevention of an Arms Race in Outer Space.

In the new Independent Institute book Twilight War: The Folly of U.S. Space Dominance, Mike Moore, former editor of The Bulletin of the Atomic Scientists, argues that the U.S. merely provokes conflict by working toward U.S. militarization of space, rather than a demilitarized space open to commercial use by all countries. Rejecting treaty negotiations while militarizing space, Moore concludes, would render America unable to lead (continued on page 7)
President’s Letter: Just Say No to Politics-as-Usual

With the election year in full swing, do you ever feel as I do—sick and tired of the noise, spin, and hypocrisy? I’m guessing that you do! I can’t keep from wondering: haven’t we heard all of this before, and where are the real solutions going to come from?

The answer is certainly not from the politics-as-usual circles in Washington. For 2009, the White House has proposed the first $1 trillion federal budget, with huge deficits, including $400 billion this year—more than twice the deficit of 2007. And, these estimates are probably way too low, with the weakening economy and the fact that only about one-third of the total costs for the wars in Iraq and Afghanistan are included.

In 2002, President Bush presented over the first budget to reach $2 trillion, and the 2009 budget reflects an astounding increase of 50 percent in only seven years, while it took nearly 200 years to reach the first $1 trillion level in 1897 under President Reagan. I must admit that there have been some shining moments this election cycle, but overall most candidates still do not understand that government will not and cannot heal what ails us. Innovative ideas free from government mandates will be the key to lasting solutions for the problems our country and the global community face. Moreover, the people help solve these issues will be not made up of politicians and bureaucrats but intellectual entrepreneurs who can give us a fresh take on what really is and isn’t true or possible.

Such intellectual entrepreneurs are exactly the type of people involved with the Independent Institute—and their work is featured in the Institute’s books such as *Twilight War* (p. 1), our quarterly journal *The Independent Review* (p. 5), events (p. 4), and media programs (p. 4).

Hence, we hope that you will join with us as an Independent Associate Member and help expand the impact of this bold and far-reaching program to triumph over politics-as-usual. And with your tax-deductible membership, you can receive copies of our new publications plus other benefits (please see enclosed reply envelope).
The Myth of Resource Exhaustibility

Fossil fuel deposits are limited in quantity, but is this necessarily a cause for alarm? Proponents of the “peak oil” hypothesis, and advocates of government subsidies for alternative fuels, typically answer in the affirmative. In reality, such alarmism ignores the vital difference between physical exhaustion and economic exhaustion.

Economic exhaustion arises long before physical exhaustion occurs. When it happens, it is usually because laws and regulations have prevented resource owners and entrepreneurs from maintaining the economic value and commercial viability of their deposits, according to John Brätland, a senior economist at the U.S. Department of the Interior, in “Resource Exhaustibility: A Myth Refuted by Entrepreneurial Capital Maintenance.”

“The resource-replacement process is fundamentally entrepreneurial and depends on access to land and on managerial flexibility in maintaining capital and entrepreneurial income,” writes Brätland.

In the absence of government regulations that impede their ability to operate, or that diminish the expected profitability of their property, resource owners typically have several strategies available for maintaining the economic value of their assets. The strict enforcement of private-property rights enables resource entrepreneurs to maintain the economic value of their extractive resources and continue to supply customers.


From Welfare State to Police State

After more than a decade of welfare reform, out-of-wedlock births remain at record highs. The problem is driven not only by culture, but also by federal programs that subsidize single-parent homes through quasi-welfare entitlements for the middle class, which welfare reform did not address, argues political scientist Stephen Baskerville (Patrick Henry College) in “From Welfare State to Police State.”

During the 1980s and 1990s, enforcement of child support payments for children in poverty was dramatically expanded to cover all child support cases, including those not receiving welfare. Non-welfare cases—for which the system was never intended—now account for 83% of cases and 92% of the money collected.

States began to favor enforcement for middle-class payers (mostly fathers) because, as Willie Sutton once said about why he robbed banks, “that’s where the money is.” States can obtain a windfall of federal incentive payments by going after middle-class payers (who as a group do not warrant the “deadbeat dad” label many in the media have given them).

In contrast, their lower-income counterparts do not pay enough child support to help states qualify for federal funds. In fact, most unpaid child support is uncollectible because it is owed by fathers who are as poor as or poorer than the mothers and children.


The Evolution of Eminent Domain

The rhetoric used to justify government seizure of land assumes that eminent domain evolved to solve the problem of property owners unwilling to sell their property for public use.

In reality, it developed in response to “government failure,” not “market failure,” according to

(continued on page 7)
The Independent Institute in the News

• **Center on Entrepreneurial Innovation:** Research Fellow Benjamin Powell was quoted in *Energy Tribune*. His op-ed on affordable housing ran in the *Oakland Tribune* and *Contra Costa Times*, and several radio shows interviewed him regarding his book *Making Poor Nations Rich*. The policy report *Below-Market Housing Mandates as Takings* (by Research Fellows Tom Means, Edward Lopez, and Edward Stringham) was cited by *National Business Review* (New Zealand), and KALW interviewed Stringham about the study. *National Review Online* ran Research Director Alexander Tabarrok’s article on the Nobel Prize, and he was cited on security in the *New York Times*. Transportation solutions articles by Research Fellows Gabriel Roth and John Semmens ran in the *St. Paul Pioneer Press, San Francisco Chronicle*, and *Minneapolis Star Tribune*. Research Fellows E.C. Pasour, Jr. and Randal Rucker wrote on farm policy for *AgWeek* and *Advocate*.

• **Center on Global Prosperity:** Director Alvaro Vargas Llosa’s weekly syndicated column now appears in *The New Republic*. The *Wall Street Journal* ran his op-ed on Argentina’s elections, and Barron’s recommended his book *Liberty for Latin America* to gift shoppers. Adjunct Fellow Carlos Sabino’s op-eds on Paraguay and Venezuela ran in the *Christian Science Monitor* and *Washington Times*. Research Fellow William Ratliff’s op-ed on Venezuela ran in the *Los Angeles Times* and *Houston Chronicle*. His articles on Che Guevara and Cuba ran in the *Washington Times* (DC) and *Providence Journal*.

• **Center on Health & the Environment:** Research Fellow S. Fred Singer had articles on global warming in the *Free Lance-Star* (VA), *Las Vegas Review-Journal, Golf Times* (Qatar), and *St. Paul Pioneer Press*. His broadcast interviews included KALW 91.7 & KQED-TV in San Francisco, BBC, the syndicated Lars Larson Show, and KIRO 710 (WA). The *Charleston Daily Mail* cited his book *Hot Talk, Cold Science*. *American Outlook* (CA) ran Research Analyst Anthony Gregory’s op-ed on carbon emissions.

• **Center on Law & Justice:** Research Fellow Stephen Halbrook wrote on D.C.’s gun ban for the *Savannah Morning News* and *Connecticut Post*. In the *Orange County Register*, Research Fellow Jonathan Bean wrote on civil rights. Medill News Service interviewed Research Fellow William Watkins on the Eighth Amendment.

• **Center on Peace & Liberty:** Director Ivan Eland wrote on Iraq partitioning for the *Des Moines Register*, and on topics from nukes to democracy in *Palestine Chronicle*, Al-Jazeera.com, and AntiWar.com. His many interviews on foreign policy topics were broadcast by CNN, Al-Jazeera, and Radio Free Europe. Research Fellow James Payne’s op-eds on nation building and democracy ran in the *Hawaii Reporter* and *Contra Costa Times* (CA). Research Fellow Robert Stinnett spoke about Pearl Harbor on Bloomberg Radio and WABC. The *Washington Examiner* cited Adjunct Fellow Charlotte Twilight on taxing powers. Research Fellow Winslow Wheeler spoke on KTXS (TX) about the U.S.S. *San Antonio*. Senior Fellow Charles Peña wrote on bomb detectors for the *Los Angeles Daily News* and he was interviewed on private security in *Men’s Journal*, and on Iraq, Iran, and Pakistan at the BBC, CTV (Canada), and MSNBC.
with none, 19th-century English writer Richard Cobden outlined an economic case, explained economist Edward Stringham (San Jose State U.), the evening’s second speaker and a contributor to the recent Independent Institute book, Opposing the Crusader State: Alternatives to Global Interventionism, The British empire’s enormous military expenditures, Cobden argued, benefited only special interests and were unnecessary to secure trade routes, contrary to what Parliament’s mercantilists had claimed.

In the current era, “democratic nation building” is invoked more often than mercantilism as a rationale for foreign interventionism. Success at planting democracy has been elusive, however, because its roots are poorly understood, according to political scientist James Payne, the evening’s third speaker, who contributed three chapters to Opposing the Crusader State. Open elections, minority representation, the rule of law and the like, he argued, are signs of underlying political health created when a society’s leaders forsake violence. Therefore, those institutions cannot be successfully imposed on a culture in which political violence is common.

Finally, Independent Institute Academic Affairs Director Carl Close, co-editor with Robert Higgs of Opposing the Crusader State, examined common causes of foreign-policy failures and their relationship to poor leadership, conflicting goals, and a political process poorly suited to eliciting consistently good responses from policymakers and voters. Systemic failures in U.S. foreign policy, he said, warrant systemic reforms. He then discussed the relevance of the foreign-policy vision of Senator Robert A. Taft, and how protecting private-property rights and fostering free trade can contribute to world peace.

A transcript and audio file of this event is available at www.independent.org/store/events.
What are natural rights? What is the rule of law? What is a free market? What caused the Great Depression? What causes inflation and unemployment? How can we improve our schools, health care, environment, housing, and transit?

To help high school and college-age students better understand the social and economic issues faced throughout life, the Independent Institute sponsors the Challenge of Liberty Summer Seminars. In a five-day series of lectures, readings, films, multimedia presentations, and small group discussions, these dynamic seminars help students learn what economics is, how it affects their lives, and how understanding its laws can help them achieve the things they care about.

Regardless of a young person’s next destination—be it joining the workforce or continuing their education—this seminar will teach the ideas and critical thinking skills that will enrich life and enhance future success.

Students will learn about the following topics and more:

- **Economics and Liberty**
  What is a market economy? How free should an economy be? What are natural rights and where do they come from? What are the revolutionary ideas that gave birth to freedom and economic progress?

- **Market Chaos or Hidden Order?**
  How can people’s economic plans be harmonized? What is the “anarchy” of the marketplace? What role should government play in the economy? Why did socialism fail? Is economic competition helpful or harmful to consumers?

- **Market Failure or Government Failure?**
  Do markets fail to provide enough “public goods”? Are pollution and traffic congestion caused by market failure or by government failure? What role do property rights and market incentives play?

- **Inflation, Recession, and Government**
  Why is inflation destructive? What causes the business cycle of “boom and bust”? How does the global economy affect U.S. prosperity?

To learn more, see www.independent.org/students/seminars/.
by example, and could undermine, rather than enhance, American security.

“Unilateral military actions in space will not guarantee American security; they will guarantee conflict, and possibly, a new cold war,” Moore writes. Instead of trying to stop an arms race in space by starting one, the U.S. must radically rethink its strategy.

Space dominance is not yet national policy, Moore explains, but advocates such as the U.S. Space Command, Air Force Space Command, and the congressionally mandated Space Commission (chaired by Donald Rumsfeld in the months before he became Secretary of Defense) are pushing the United States in that direction. Already the U.S. has an anti-satellite system in the guise of its national missile defense system. Although it is unlikely to work well against incoming missiles, it would work well if used offensively against other nations’ satellites.

Moore traces the origins of the space-dominance paradigm to a 1946 study by Project RAND, then affiliated with the U.S. Air Force, and to the uniquely American concept of “precision warfare” which was developed after World War I. In the 1950s, President Eisenhower feared that extending the East-West arms race into space would only worsen U.S.-Soviet tensions. The value of space, he believed, lay mostly in spy satellites.

Twilight War concludes with appendices on the early views of air dominance and space weapons, how satellites stay in orbits, and the best web sites for those who wish to become experts.

“CHAPTER XXVII: A new era in American politics?” Moore asks. “Twilight War questions their views, not their motives.”

The Independent Review: Eminent Domain
(continued from page 3)

Florida State U. economist Bruce Benson (“The Evolution of Eminent Domain”).

Eminent domain reflects the feudal underpinnings of English property law. In 1066, William the Conqueror seized virtually all the lands of England, and landholders became mere “stewards” for the king, rather than landholders free to determine how the land should be used. The crown increasingly faced rebellions by powerful landholders, culminating in the truce that produced Magna Carta, which spelled out the laws that governed a king’s interaction with the landholders and others.

“Chapter 28 of Magna Carta recognizes the king’s power of expropriation, but it requires that immediate cash payments be made for the provisions taken,” writes Benson.

Parliament gradually took over the king’s power to seize land, but takings to build roads and bridges increasingly required the payment of compensation. Compensation became a customary, but not a constitutional, requirement.

Madison wrote the Fifth Amendment to make individual property rights in the United States more secure, but it wasn’t as strong as Jefferson had wanted.

To subscribe to The Independent Review, see www.independent.org/publications/tir/article.asp?issueID=52&articleID=669.

New Book: Twilight War
(continued from page 1)

Praise for Twilight War
“A well-balanced and clearly written analysis that examines the critical issue of space policy in the context of international security and American values.”
— Lt. General Robert G. Gard, Jr. (USA, Ret.), Senior Military Fellow, Center for Arms Control and Non-Proliferation

“…riveting and disturbing…”
— Sir Arthur C. Clarke, author, 2001: A Space Odyssey

“Twilight War is a tour de force.”
— Theresa Hitchens
Director, Center for Defense Information; author, Future Security in Space: Charting a Cooperative Course

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Here is this year’s topic:

“For decades social critics in the United States and throughout the Western world have complained that ‘property’ rights too often take precedence over ‘human’ rights, with the result that people are treated unequally and have unequal opportunities. Inequality exists in any society. But the purported conflict between property rights and human rights is a mirage—property rights are human rights.”

—Armen A. Alchian, Professor Emeritus of Economics, UCLA

Are property rights human rights? How are they related? What are their similarities and differences? If property rights are human rights, why have they enjoyed fewer legal protections and intellectual champions than other human rights?

**Deadline:** May 1, 2008. For complete eligibility requirements, bibliography, and examples of winning essays, see http://www.independent.org/students/essay/.

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**GALA FOR LIBERTY**

The Independent Institute is planning what is sure to be the dinner event of the season. Get ready to raise your glass as we plan to toast to the pursuit of peace, liberty and prosperity around the world.

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