The Independent Institute published two important books this season—one evaluating all U.S. presidents and one examining Vietnam’s market-based economic surge.

**Ranking U.S. Presidents**

Presidents are often judged by their personal charisma, intellect, oratory skills, or management style—but should we judge them primarily by these traits? Couldn’t a smart, well-spoken, charming taskmaster, who served during a national crisis, be considered a counterproductive president if his policies undermined freedom, hampered economic progress, and made the country less safe? And couldn’t a boring president with average intellect and unexceptional skills excel in the Oval Office if he possessed other qualities in...
In the aftermath of a hotly contested election for “change,” how can we evaluate what a new President Barack Obama might bring? To assess the real issues at stake, our very timely new book, *Recuraing Rushmore* (see p. 1) by Independent Institute Senior Fellow Ivan Eland, illuminates the pros and cons of past U.S. presidents by ranking them based on the principles of peace, prosperity, and liberty.

Sound, principled, practical ideas have the power to transform the world. But to do so, the tired old fallacies that produce “financial meltdowns,” misguided wars, fear-mongering, political pork, and demagoguery must be abandoned. For those seeking something better, the Independent Institute remains an essential and principled guide in stormy times.

Since 1986 we have seen many ups and downs in the enduring struggle to nurture a society of free, secure, prosperous, and responsible individuals. And despite the recent election, we’re seeing now a growing movement toward broader acceptance of the principles of liberty at home and abroad.

Yes, the country has crashed headfirst into a financial crisis and an ensuing panic-driven federal bailout campaign—but another irresponsible, political “fix” from the very culprits who created the crises. As Research Fellow Stan J. Liebowitz (see p. 6) and Senior Fellow Robert Higgins have clearly shown, federal intervention created this mess to begin with, only deepen the problem!

*Thomas Paine insightfully stated that, “when men yield up the privilege of thinking, the last shadow of liberty quits the horizon.” Hence, we welcome you to join with us and share the insights of liberty with your friends, family, colleagues, and neighbors. There is no more important time than now.*

As this calendar year comes to a close, mixing the uncertainties for the future with the joys of the holidays, please join with us as an Independent Associate Member in whatever level you can to help ensure a real future for freedom.

With your tax-deductible membership, you can receive a FREE copy of *Recurring Rushmore,* as well as copies of other new publications, including *The Independent Review* (see p. 3), plus other benefits (please see attached reply envelope).
The Independent Review continues its solid scholarship on a wide variety of important topics. Below are some highlights from the Fall 2008 issue.

**Government Subsidies Worsen Hurricane Damage**

Government policies that subsidize the cost of construction and repairs along the coast of the southeastern United States have inadvertently increased the economic destruction caused by hurricanes and severe storms, according to Jeffrey J. Pompe and James R. Rinehart (Francis Marion University).

In “Property Insurance for Costal Residents: Governments’ ‘Ill Wind,’” Pompe and Rinehart argue that the federal National Flood Insurance Program (NFIP), the state-run Windstorm Underwriters Associations, and various government policies designed to artificially lower the construction costs associated with hurricanes and floods have discouraged southeastern U.S. coastal residents and business owners from exercising greater care when deciding where to live and work.

Government policies should not play a counterproductive role by making it artificially less expensive for people to build and re-build along vulnerable coastal areas or flood planes. “Instead,” Pompe and Rinehart write, “they should play a secondary role in dealing with the problem, allowing the market to nudge individuals in the right direction (in response to higher insurance premiums and increased building costs).” See www.independent.org/publications/tir/article.asp?a=705.

**In Defense of Private Equity**

Private-equity partnerships, especially leveraged buyout (LBO) firms, have grown rapidly in recent years. Unfortunately, ignorance about what they do, the threat they pose to incompetent corporate and poor money managers, and biases against highly profitable financial enterprises may provoke a legal and regulatory backlash that would reduce the economic benefits they bring, argues David Haarmeyer in “Private Equity: Capitalism’s Misunderstood Entrepreneurs and Catalysts for Value Creation.”

“Many in the financial press, politicians, and even some financially astute investors believe that private equity provides little if any net value to the economy,” writes Haarmeyer. “In reality, private equity and LBOs create economic value by curbing the resource waste and corporate malfeasance that can hold back or sink public companies.” See www.independent.org/publications/tir/article.asp?a=708.

**Was Keynes a Liberal?**

Influential British economist John Maynard Keynes always called himself a liberal, and he endorsed broad cultural values, such as tolerance and rationality, often referred to as “liberal,” but this hardly suffices to establish Keynes’s credentials as a genuine liberal, explains historian Ralph Raico (Buffalo State College) in “Was Keynes a Liberal?” Keynes parted company with liberalism on core issues such as its adherence to the rule of law, as well as its general prescription of laissez-faire. Moreover, he called for the state to impose on society his version of utopia. His sympathy for the economic policy “experiments” of the Nazis, Fascists, and Stalinist Communists is surprising in a supposed model liberal thinker, argues Raico.

“Viewing Keynes as perhaps ‘the model liberal of the twentieth century,’ or as any authentic liberal at all, can only render an indispensable historical concept incoherent,” Raico concludes. See www.independent.org/publications/tir/article.asp?a=704.
The INDEPENDENT

The Independent Institute in the News


• **Center on Global Prosperity:** Director Alvaro Vargas Llosa continued his internationally syndicated weekly column for the Washington Post Writers Group, reviewed Tom Gjelten’s new book on the Bacardi Family in the *Wall Street Journal*, and wrote a special commentary for *Barron’s* on third world entrepreneurship. His book, *Lessons From the Poor*, was reviewed by the *Futurist*, *Midwest Book Review*, and Cascade Policy Institute and cited by in the *Miami Herald*, *El Nuevo Herald*, and *Voz Libre*. Research Analyst Gabriel Gasave was quoted on U.S./Latin American relations in the *Jornal do Brasil*.

• **Center on Law and Justice:** Research Fellow Stephen P. Halbrook was quoted in two Associated Press articles on the Supreme Court’s decision in *Heller v. D.C.*, was interviewed on CNN, and cited in the *Washington Post*, *Christian Science Monitor*, *Washington Times*, and *Washington Examiner*. His new book received glowing reviews in *National Review*, *New American*, and *New Gun Week*. Research Fellow Don B. Kates, Jr. also opined on the decision in his *New York Post* op-ed as well as in a TV interview with San Francisco’s KRON-4. Research Fellow Roger Koppl wrote on the use of forensic evidence in court for the *Star-Ledger*. Vision Hispana published an article by President David J. Theroux on Oakland’s Guardian Angels.

• **Center on Peace and Liberty:** Director Ivan Eland wrote about a return to non-interventionism in U.S. foreign policy in the *National Interest* and was interviewed by Bloomberg, Al Jazeera, KGO, and Radio Free Europe. Senior Fellow Charles Peña covered habeas corpus in the *Naples Daily News* and Research Fellow J. Victor Marshall wrote about the Russia/Georgia conflict for the *Providence Journal* and *San Francisco Bay Guardian Online*. Choice Magazine and the *Federal Lawyer* reviewed Senior Fellow Robert Higgs’s *Opposing the Crusader State*, while Research Fellow Mike Moore’s book *Twilight War* was reviewed in the *Futurist*, *Issues in Science and Technology*, and the *High Frontier*. Research Analyst Anthony Gregory wrote on FISA for the *San Diego Union-Tribune* and on the California cell phone ban for the *North County Times*.

Independent Institute Senior Fellow Charles Peña on BBC.

Independent Institute Senior Fellow Alvaro Vargas Llosa on Univision.
abundance, such as a firm commitment to the principles behind the Constitution?

Whereas academics and pundits often lionize “war heroes” and presidents who have expanded the powers of that office, Independent Institute Senior Fellow Ivan Eland takes a distinctly new approach. In Recarving Rushmore: Ranking the Presidents on Peace, Prosperity, and Liberty, Eland profiles every president from George Washington to George W. Bush, analyzes each one’s policy decisions, and ranks them based on the core principles of peace, prosperity, and liberty.

“Throughout this book, readers will find constant reminders that the executive branch has vastly increased its power—more than what the nation’s Founders, in drafting the Constitution, ever envisioned,” writes Eland.

Eland shows that, figuratively speaking, the “recarving” of Mount Rushmore is overdue. Of the four presidents represented on that mountain, Eland considers only Washington “good.” He rates Teddy Roosevelt as “poor,” and rates Lincoln and Jefferson as “bad.” Ironically, presidents who deserve our highest praise—John Tyler, Grover Cleveland, Martin Van Buren, and Rutherford B. Hayes—are among the least known today.

“In the past, most presidents have considered the executive power to be a public trust. However, today many presidents have felt they need to be ‘active’ in their jobs. They have sought to shape the direction of the country,” writes Eland.

“Most of the ‘excellent’ presidents are remembered as bland men with gray personalities, but they largely respected the Constitution’s intention of limiting government and restraining executive power, especially in regard to war,” Eland writes. To order this book, see the enclosed envelope or go to www.independent.org/store/book_detail.asp?bookID=77.

Vietnam’s Reforms

Vietnam, a country once known for food shortages, is on the rise. At the heart of this transformation are market-based reforms that Vietnam Communist Party officials insist merely “renovate” the economy while maintaining a commitment to socialism.
What Has Caused the Mortgage Meltdown?

Sloppy press coverage about the financial crisis has spawned a host of myths. Take, for example, one popular name for it—the subprime mortgage meltdown. This is a misnomer: houses financed by subprime and prime mortgages were foreclosed upon at equal rates and at the same time, according to Independent Institute Research Fellow Stan J. Liebowitz. The crucial distinction, he argues, is between adjustable-rate mortgages and fixed-rate mortgages.


Adjustable-rate mortgages (and mortgages requiring smaller down payments and no income verification—so-called “no doc” loans and “liar loans”) were the combustible raw ingredients that served as kindling for a financial meltdown ignited by the end of the surge in home prices. Lenders promoted these “innovative” loans ceaselessly—but not without a big push from the federal government.

At the behest of Congress, Fannie Mae and Freddie Mac concocted a profitable but risky scheme to promote increased homeownership. Predictably, the status of Fannie and Freddie as government-sponsored enterprises sent a false signal to borrowers, lenders, and investors that these loans were safe, and so the usual precautions were tossed out the window.

The full report is available at www.independent.org/publications/policy_reports.

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Templeton Fellowship Essay Contest Winners Announced

The Independent Institute is pleased to announce the winners of the 2008 Sir John M. Templeton Fellowships Essay Contest. This year’s essay topic was the relationship between property rights and human rights.

“We congratulate this year’s winners for tackling an extremely challenging topic,” said Academic Affairs Director Carl Close. “At the same time, we are encouraged that their efforts will lead to a growing recognition of the role of property rights in fostering a more just, peaceful, and prosperous society. In fact, all of this year’s contestants deserve our respect and gratitude for putting so much effort into writing essays on a crucial subject that has long been neglected.”

In addition to the cash prizes, winners will receive assistance in getting their articles published and two-year subscriptions to The Independent Review.

The 2008 contest drew applicants from Argentina, Armenia, Australia, Belgium, Brazil, Canada, China, Costa Rica, Germany, Ghana, Guatemala, Haiti, India, Iran, Israel, Kenya, Nigeria, the Philippines, Singapore, South Africa, Spain, Sweden, and the United States. An independent panel of scholars judged each submission.

The Independent Institute is now accepting applications for the 2009 contest. Contestants must submit essays on the following topic:

Benjamin Franklin wrote, “Only a virtuous people are capable of freedom. As nations become corrupt and vicious, they have more need of masters.” Which virtues contribute the most toward achieving freedom, and how can the institutions of civil society encourage the exercise of those virtues?

Winning essays and details of the 2009 Templeton Essay Contest are available at www.independent.org/students/essay.
A Gala for Liberty Honors Tutu, Garcia, and Bowes
(continued from page 7)

In his presentation of the first award of the evening, economist Michael Boskin (Stanford University) described Bowes as a soft-spoken but supremely effective financier who uses market-based approaches to enhance people’s welfare worldwide.

In his acceptance speech, Bowes described the satisfaction he enjoys by supporting budding entrepreneurs, such as one who awarded 300 mini-grants to “starving” artists this year and another whose scholarship program led 3,000 college graduates to teach for two years in tough schools. Finding entrepreneurs, said Bowes, is “more fun than golf, and it’s more fun than toys.”

Next, Senior Fellow Alvaro Vargas Llosa highlighted the career accomplishments of actor and filmmaker Andy Garcia, emphasizing his two films set during the Cuban revolution.

In his heartfelt acceptance speech, Garcia described what making The Lost City (2005) and For Love or Country (2000), about repression in post-revolutionary Cuba, meant to him as a Cuban refugee who fled the island two and a half years after the revolution. Unfortunately, filmmakers who have tried to depict the hardships and horrors in Cuba under Castro’s rule have had little support from established movie studios and distributors, he explained.

In the evening’s final award presentation, economist George B. N. Ayittey (George Washington University) described the role of Desmond Tutu in organizing the movement that led to the release of Nelson Mandela and the end of apartheid in South Africa.

“In the pantheon of African heroes, Tutu stands tall—and unique,” said Ayittey, who heads the Free Africa Foundation. “His contribution transcends South Africa. He was the only [internationally prominent African] who recognized that oppression was oppression regardless of your race.”

Tutu, whose acceptance speech was laced with humor, explained that he became a leader in apartheid-era South Africa almost by accident.

“Tutu and reconciliation” hearings were not invented in his country, Tutu said that South Africa’s post-apartheid Truth and Reconciliation Committee, which he headed from 1996 to 1998, had two unique features: it held all proceedings in public and it had the power to grant amnesty to rights violators.

Tutu concluded with stories meant to show how both victims and perpetrators of injustice benefited, as well as society at large, from revelations uncovered at Committee hearings.

A transcript and audio file of this event is available at www.independent.org/store/events.
Yes We Can, but Only With Your Help!

After Barack Obama clinched the election on November 4th, he greeted throngs of fans and supporters in Chicago and ended his acceptance speech with the rally cry of “Yes We Can!” And while thousands in the crowd cheered him on, friends and supporters of the Independent Institute know that we’re in for a tough four years. Admittedly, Obama and friends know they have a tough four years ahead of them too, but for entirely different reasons. As we’ve already seen through the course of the hotly contested campaign season, Obama promises hope and change on the backs of the taxpayers and via increased government intervention, whereas our friends and supporters know better. We’ve seen the work of government and we want better.

So where do we go from here? Everywhere—but we need your help to do so! Now more than ever, we must remain vigilant in our commitment to protect and preserve freedom. And, with your help, the Independent Institute is convinced that “Yes, We Can!” The Independent Institute was established more than 20 years ago for moments such as this, where rather than succumb to the wave of political fervor or fads we might serve the people as an entirely independent, non-partisan, research-based think tank able to offer sound and effective policy directions that could reshape the debate over the principles of liberty. But our work is only made possible with your support, and knowing what lies ahead, we hope you will again join with us and offer your support in whatever way that you are able, to insure a future of freedom for generations to come.

For further information on giving to the Independent Institute, contact JuliAnna Jelinek, Development Director, at 510-632-1366 x153, email at JJelinek@independent.org, or visit www.independent.org/membership.

Summer Seminars Address the Challenge of Liberty

The Independent Institute not only produces high-level research for scholars and policy-makers, but also provides educational opportunities. The Challenge of Liberty Summer Seminars for high school and college students have long been a centerpiece of its educational mission. Led by Brian Gothberg, the five-day 2009 seminars will introduce students to the moral and economic principles of liberty and the workings of competitive markets, entrepreneurship, and property rights, along with special lectures on economic development, monopolies, inflation and depression, government failure, and foreign policy.

According to a recent seminar attendee, “The presentation of the information was engaging, fun and unusual (Brian’s movie clips), and varied (getting to hear from the perspectives of several different speakers about many subjects).” For information about the 2009 Challenge of Liberty Summer Seminars, see www.independent.org/students/seminars.