All the developed countries in the world today face a common problem: They have promised more than they can deliver. In the United States, the worst examples are Social Security and Medicare.

How can we solve these and other problems of ill-conceived social insurance? An essential strategy is to change government programs in ways that reduce the costs to taxpayers while making no one worse off.

Here are a few examples I discuss in my Independent Policy Report *Better Than Government: A New Way of Managing Life’s Risks*:

- **Old-age Benefits.** Why not allow anyone to opt out of Social Security and Medicare provided they have other means of meeting their individual and family needs? Alternatives could include a government-insured private pension or a promise of post-retirement health care from a city, a county, or some other employer. If these choices reduce the expected burden for other taxpayers, opting out would be a win/win proposition.

- **Unemployment Insurance.** Our current system is horribly inefficient. Why not allow employees and their employers to find better private alternatives? In Chile, for example, workers contribute a small percentage of their wages into an individual account. During a spell of unemployment, they can use the funds to cover living expenses, job-search expenses, and retraining.

- **Veterans’ Affairs.** Many veterans prefer to see private doctors rather than VA doctors. Unfortunately, VA pharmacies, whose drug prices are often lower, are allowed to fill only prescriptions written by VA doctors. Why not allow them to use prescriptions from private doctors? This would help the vets and reduce stress on the VA system.

Because government inefficiency is so prevalent, I believe there are thousands of opportunities to enact win/win reforms. But change won’t come easily. Washington is dominated by a zero-sum mentality that cannot fathom winners without losers.

The challenge before us, therefore, is to inspire people all along the political spectrum to consider the win/win approach and experiment with reforms that empower citizens to better chart their own course.

We have much to gain and nothing to lose. Those are odds everyone should like.

**Fixing Our Entitlements Mess: A Win/Win Strategy**

**By John C. Goodman**

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John C. Goodman is Senior Fellow at the Independent Institute, President of the Goodman Institute, and author of the forthcoming Independent Institute book, *Care for America: A Better Social Safety Net*. 
REAL PROGRESS

Will the seismic shake-up in Washington produce long-lasting change? Or will the “elite” political class derail the much-needed tax cuts, repeal/replacement of Obamacare, deregulation, school choice, and much more? History has shown that real progress endures only when new ideas capture the public’s imagination and drive a demand for systemic change, not just temporary policy work. Ballot-box victories are never sufficient.

To secure the advancement of individual liberty, entrepreneurship, and free markets, we must therefore aggressively promote a vital truth: Those freedoms are the engine of our shared values—especially opportunity, peace, and prosperity.

To that end, Independent Institute is gearing up on several fronts:

- **Healthcare Reform**: We will continue to educate policymakers and the public about replacing Obamacare. Our book *A Better Choice*, by Senior Fellow John C. Goodman, has shaped the bicameral Sessions-Cassidy Health Plan, and other efforts are in the works.
- **A Prosperous Future**: Our Center for Entrepreneurial Innovation spotlights free-market alternatives to government failure. Our book *Future* explores long-term tech/entrepreneurial opportunities in transportation, energy, cryptocurrencies, work life, the “uberization” of the economy, and more.
- **Educational Excellence**: Research Fellow Vicki Alger is working with state legislators and partner organizations to put true school choice and excellence back into education (p. 6).
- **Engaging Millennials for Liberty**: Independent is leveraging social media to dialogue with young people. Our video series, *Love Gov: From First Date to Mandate*, has gained over 7.3 million combined views (97 percent from Millennials) and 8 film awards.

Our campaign involves more than market-based policy innovations. Our symposium, “Pope Francis and Economics,” in the Winter 2017 issue of *The Independent Review* (p. 3) and our acclaimed book *Crossroads for Liberty*, by William J. Watkins, Jr., (p. 5) offer far-reaching insights into the enduring moral, economic, and legal principles of liberty.

We invite you to join with us to advance understanding of government folly—and build a better future—by becoming an Independent Institute Member. With your tax-deductible membership, you can receive a FREE copy of *Crossroads for Liberty, A Better Choice. Failure, The Independent Review*, and/or other publications, plus additional benefits (see enclosed envelope).

We look forward to working with you to advance the boundless possibilities that only a free society provides.
As leader of the Roman Catholic Church, Pope Francis (born Jorge Mario Bergoglio) is one of the most influential people alive. Well-known for emphasizing service to the poor, the pontiff has called for an open dialogue about economic progress and the destiny of what he calls “our common ground.”

Our Winter 2017 issue of The Independent Review joins the conversation with a symposium focusing on his speeches and encyclicals. As our seven contributors show, Pope Francis’s views are deeply at odds with natural-law economic principles.

Robert M. Whaples kicks off the discussion by examining those differences, especially as they relate to the poor and the rich. He notes that while several involve matters of economic fact and causation—and therefore in principle can be resolved by appeals for everyone to consider the same evidence—the clash over conflicting values is a chasm far more difficult to bridge.

Earlier popes expressed unease about the market economy, but Pope Francis has rung the alarm bells. His hostility to markets, according to Andrew M. Yuengert, poses two dangers: that it discourages constructive dialogue with business leaders and market advocates, and that it helps enact policies that drive vulnerable countries into an economic ditch.

To shed light on the origins of Pope Francis’s anti-market attitudes, Samuel Gregg examines the economic failures that have plagued Argentina, the pontiff’s country of birth. Ironically, these attitudes represent a variant of one early cause of those failures: the coercive collectivism and legacy of Juan Perón.

Perhaps the most talked about papal statement since 1968 is Pope Francis’s 2015 encyclical on social obligation and the environmental crisis, Laudato si’ (“Be Praised” or “Praise Be”; its subtitle can be translated as “On the Care of Our Common Home”). A. M. C. Waterman argues that while its criticisms of the “defied market” often hit their mark, it ignores the good that markets do by channeling incentives to serve the common good—and to conserve natural resources.

The encyclical’s neglect of property rights is especially odd because they hold a hallowed position in Catholic social teaching. This shortcoming is all the more regretful, according to Philip Booth, because a growing body of literature shows that various property-rights arrangements can empower communities to manage common pool resources in ways consistent with church doctrine.

(continued on page 7)
Independent Institute in the News

Center on Entrepreneurial Innovation
“Trump’s trade argument is not just wrong, it’s spectacularly wrong. NAFTA has created 34 million jobs in the United States, and an additional 6 million jobs are tied directly to Mexican industry alone. Trade overall is a remarkably positive gain for all parties involved.”
—Abigail R. Hall Blanco on Fox Business Network’s Stossel, 11/18/16

“The U.S. should follow the lead of other countries and auction off or lease infrastructure assets to private companies with an economic incentive to properly maintain them and avoid boondoggles. Then, perhaps, we’ll get what we need and get what we pay for.”
—Lawrence J. McNell in Investor’s Business Daily, 11/7/16

Center on Law and Justice
“Unless we are willing to rethink the entire edifice of our government, we must curtail the power of the center and let the people govern themselves in the peripheries, i.e., the states. To do so, let’s turn to the Anti-Federalist writers of the 1780s for a roadmap back to freedom.”
—William J. Watkins, Jr. in The Dallas Morning News, 11/9/16

“The [European Union] has no Second Amendment. The United States does, however, and its citizens understand the plain words, ‘shall not be infringed.’ The purpose of the Constitution is not only to limit government power, but also to allow ordinary persons to have a plain statement of their rights so they can protect them.”
—Stephen P. Halbrook in The Daily Caller, 9/21/16

Center on Peace and Liberty
“The ISIS threat to the United States is actually manageable, not least because the group has had little success in recruiting Americans to get military training in Iraq and Syria and then return to the United States to launch directed attacks on US soil. Instead, they have had to rely on inspiring largely incompetent amateurs already here.”
—Ivan Eland on CNN.com, 10/12/16

Center on Global Prosperity
“While U.S. politicians are debating whether TPP is the best way to contain Beijing or a Trojan horse of Chinese economic imperialism (even though China isn’t even part of the treaty), the Chinese have created their own TPP and they’re busy expanding it.”
—Alvaro Vargas Llosa in The Wall Street Journal, 11/13/16

Center on Educational Excellence
“Student achievement is essentially flat; there’s really no discernible improvement from before the Department of Education until today. But spending has gone up immeasurably with no palpable improvement.”
—Vicki E. Alger on National Review’s Bookmonger podcast, 8/31/16

Center on Health and the Environment
“The groundwork has been laid to repeal ObamaCare and replace it with patient-centered health reform. Though it won’t happen overnight, Congress and the White House must see that it happens. [Trump’s HHS nominee] Tom Price, an orthopedic surgeon and former Medical Director of the Orthopedic Clinic at Grady Memorial Hospital in Atlanta, will be critical to that effort.”
—John R. Graham in The Hill, 12/7/16
If the 2016 elections proved anything, it’s that the public’s distaste for politics-as-usual is far greater than the pundit class ever imagined. Americans complain about an abusive federal bureaucracy, the U.S. government is nearly $20 trillion in debt, and people across the political spectrum believe the system is “rigged.”

Many believe these problems result from a political culture that has lost touch with the U.S. Constitution—a beacon of limited government, checks and balances, and the rule of law. These same people might be shocked to learn that some of the greatest patriots of the Founding Era—Patrick Henry, George Mason, Richard Henry Lee, and others—feared that the Constitution was so deeply flawed that it all but guaranteed short-sighted policymaking, dysfunctional government, and a growing social divide between elected officials and the people they’re supposed to represent.

The forgotten insights of the Constitution’s early critics, and the current relevance of their proposals, come alive in the new Independent Institute book, *Crossroads for Liberty: Recovering the Anti-Federalist Values of America’s First Constitution*, by William J. Watkins, Jr. The “crossroads” in the book’s title are the Philadelphia Convention of 1787 and the state ratifying conventions, events that were pivotal to U.S. history and filled with intellectual drama.

In the 1770s and 1780s, the Anti-Federalists (so called because they opposed the Federalist Party and its vision of a “strong” national government) feared that the Constitution would weaken political representation and liberties for ordinary citizens. Some urged the adoption of the Bill of Rights, although other Anti-Federalists worried that the amendments opened the door to a power-hungry and pernicious central government. Their original hope was to amend the Articles of Confederation, not end it.

The nation’s first constitution, the Articles of Confederation (1781–1787), has generally been held in low esteem by modern historians, but it better expresses the Spirit of 1776 than does the U.S. Constitution, according to Watkins. The driving force behind the American Revolution was the right of self-government: the right of the people of each state to control their own affairs, rather than rule by a distant Parliament unfamiliar with local circumstances. The Articles preserved the sovereignty of the states and enabled Americans to claim victory over the superpower that was Great Britain.

Although imperfect, the Articles and the Anti-Federalist critics of the Constitution offered numerous measures to prevent the rise of a gargantuan national debt, the undue influence of special interests, and a Congress far removed from the concerns of ordinary people. Amendments dealing with such issues were proposed in the state ratification conventions but were never even considered by the first Congress.

*Crossroads for Liberty* now offers a fresh perspective on a misunderstood turning point in American history. More than this, it celebrates the achievements of the Articles of Confederation (including its role in winning the American Revolution) and reveals the worldly wisdom of the Anti-Federalists.

Readers will come away with a greater understanding of current political and constitutional issues. “Their principles can guide us back to stability and limited government,” Watkins writes. “Let us open our ears and hear what they have to say.”
How to Innovate in K–12 Education

The great state of Texas can take pride in its strong economy and business climate—it’s usually ranked among the top ten in the nation. The Lone Star State also may get on track to become a leader in K–12 educational innovation: A recent survey found that 71 percent of Texans polled would like their state to offer Educational Savings Accounts.

The idea of ESAs may be popular in part because of their success in Arizona. Surveys there found that 100 percent of ESA-participating parents reported being “satisfied” or “very satisfied” with their state’s program, Independent Research Fellow Vicki E. Alger (author of Failure) explains in a new Independent Briefing, Education Savings Accounts for Texas: How Educational Choice through ESAs Creates Greater Innovation and Quality.

While ESA programs vary by state (only a few have enacted them, so far), all share an essential ingredient: They enable parents to supplement their child’s education with additional funding. ESAs are typically funded with an amount equal to some percentage of the cost of a student enrolled in a public school, and parents can spend the funds on a variety of approved education-related services, such as private school tuition, online classes, and tutoring. Funds not spent in one year can be rolled over for future use, including for college tuition.

ESAs can make a huge difference in parental satisfaction, but to maximize their impact on educational innovation, ESA programs should be open to all, rather than limited to a small segment of public school children. Making ESAs available to every family would greatly stimulate the supply of educational services and products. Educational innovation would follow.

Education Savings Accounts for Texas, by Vicki E. Alger, at www.independent.org/issues/article.asp?id=8904

Independent Institute Books: Informative and Influential

Books are a medium unsurpassed for making a thorough argument, enabling one mind to engage deeply with another. Books also have a lasting shelf-life, both literal and figurative. These are reasons why we’re so delighted that our five new releases of 2016 have received many glowing accolades.

Here’s a small sampling of praise from luminaries in their respective fields:

• Nature Unbound: Bureaucracy vs. the Environment by Randy T Simmons, Ryan M. Yonk, and Kenneth J. Sim. “Thought-provoking.”—Gail A. Norton

• Failure: The Federal Misedukation of America’s Children by Vicki E. Alger. “Excellent.”—Sandra L. Stotsky

• American Surveillance: Intelligence, Privacy, and the First Amendment by Anthony Gregory. “Indispensable.”—Daniel Ellsberg


• Crossroads for Liberty: Recovering the Anti-Federalist Values of America’s First Constitution by William J. Watkins, Jr. “Eye-opening.”—Andrew P. Napolitano

2017 promises to be another exciting year for Independent’s book program. Upcoming releases include:

• China’s Great Migration, by Bradley M. Gardner. “An insight on every page.”—Timothy J. Kane

• Pope Francis and the Caring Society, edited by Robert M. Whaples, an expansion of our symposium in The Independent Review.

Our recent accolades and forthcoming releases remind us of how fortunate we are to have such exceptionally talented authors, contributors, and editors.

Read our books and see if you don’t agree!

Check out our online bookstore at www.independent.org/store
Lawrence J. McQuillan and Hayeon Carol Park close the symposium by examining Pope Francis’s assessments of capitalism and charitable giving. Contrary to those pronouncements, the two scholars stress that capitalism and its core institutions—private-property rights and economic freedom—are enablers of philanthropy, not its enemies. In contrast, the government-coerced redistribution favored by Pope Francis slows down economic growth and undermines effective, private, charitable giving.

This symposium will be expanded with additional chapters for the 2017 Independent book Pope Francis and the Caring Society.

THE INDEPENDENT REVIEW
(continued from page 3)

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Building Bridges to Unite a Divided Nation

America’s 2016 election season revealed a nation divided into opposing factions based on our differences, rather than united around shared values and hope for a better world.

We at Independent Institute, however, believe the timeless values of liberty and free societies can bring together people from all walks of life.

This optimism is our operating principle, one that reflects the entrepreneurial spirit of our home in the San Francisco Bay Area, and we implement it by building bridges.

By providing innovative solutions grounded in tested principles, Independent reaches across the partisan divide to show diverse audiences how freedom promotes human flourishing, especially for the poor and marginalized.

Whether we’re reaching out to Millennials eager for alternatives to the status quo, introducing students to free-market economics, or sharing our bold analyses and recommendations with policymakers and leading opinion makers, Independent relies on time-tested, universal principles. And by using them to build bridges that reach people with different political views, we are enlarging and strengthening the movement for liberty.

We don’t do this work alone, of course. We count on the generous donors who fund our research and help us distribute it to new, strategic audiences.

We depend on your partnership. Please join us by making a gift for our Building Bridges campaign. By supporting Independent Institute, you are helping to carry the torch of liberty toward a world of greater prosperity, freedom, and human flourishing. You can make a difference!

Please make a gift using the enclosed envelope, or online at independent.org/donate.

“In their superb advancing of free societies, the Independent Institute is producing the highest quality, reach, and influence essential to effect change.”
—Senator Rand Paul

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