The Trump administration has voiced strong support for school choice with federal dollars. Direct government funding, however, raises many concerns. As the old maxim says, “He who pays the piper calls the tune.” The risk becomes clear when we look at federal aid to the nation’s colleges, which is up tenfold from the early 1970s.

The strings attached to federal funding of higher education have grown in scope and intrusiveness for years. There’s no reason to believe a federally funded K–12 school choice program would avoid a similar fate. Government controls can, of course, be enacted at the state level, but at least any damage from a failed state policy is confined to that state.

Fortunately, several states are showing greater interest in school choice. Last spring, for example, Arizona enacted the country’s most expansive choice measure ever: an education savings account (ESA) program in which almost any student may eventually be able to enroll. Parents who don’t want their child to attend a public school need only to inform the state of their desire to participate. The state will then send at least 90 percent of the school’s per-student base funding into the child’s account.

Parents may use the ESA to pay for tuition, textbooks, online courses, tutoring, special-education therapies, and other educational tools and services. Regular expense reporting and auditing will help ensure that parents use the money as intended.

ESAs hold tremendous potential. By empowering parents to seek a variety of education service providers, they foster a more dynamic education marketplace. By unshackling those providers from the constraints of a rigid public-school system, they encourage innovation aimed at serving the needs of the individual child.

In doing so, they allow unprecedented customization of education—a far cry from the one-size-fits-all vision of the Department of Education. No longer could a bureaucrat override the judgement of a loving parent better aware of their child’s particular needs and fully invested in promoting their child’s best interests.

If there is a sensible role for the federal government in the school choice movement, it may be simply to use the bully pulpit to promote state-level programs. Federal funding would probably lead to the same regulations on once-independent schools that have stifled public institutions. This is a lesson we can’t afford to ignore.

Vicki E. Alger is Research Fellow at the Independent Institute and author of Failure: The Federal Misedukation of America’s Children. Her latest work for Independent is the Policy Report Personalized Learning for California.
On September 22nd, we celebrated the Independent Institute’s 30th Anniversary Gala for the Future of Liberty (see p. 7).

For more than three decades, we have been privileged to work with thousands of scholars, teachers and students, business and civic leaders, policymakers, church officials, journalists, and other opinion leaders, as well as hundreds of millions of people nationally and worldwide.

With their help—and the support of donors who have generously invested in freedom, peace and security, and human well-being by partnering with us—Independent has redefined peace and security, and human flourishing.

At the Gala, we were delighted to present the Alexis de Tocqueville Award to three champions of freedom, innovation, and enterprise:

- Human-rights activist and North Korean refugee Yeonmi Park.
- High-tech venture capitalist and entrepreneur Timothy C. Draper.
- Nobel Prize laureate economist Vernon L. Smith.

Legendary political humorist and bestselling author P. J. O’Rourke, a founding member of Independent’s Board of Advisors, served as Master of Ceremonies. Along with an inspiring invocation by Dr. Alan Jones OBE (Dean Emeritus, Grace Cathedral, San Francisco), the program also featured an insightful panel discussion with the honorees, followed by a timely call to action by Independent board of directors member John Hagel.

For making all this possible, we are especially grateful to our Gala co-chairs: Robert W. Alspaugh (former CEO, KPMG International), William H. Draper III (Founder and General Director, Draper Richards), John Hagel III (Co-Chairman, Center for the Edge, Deloitte & Touche USA), Kenneth G. Hecht, Jr. (Of Counsel, Knox Ricksen), Philip Hudner (Retired Attorney), Franklin P. Johnson, Jr. (General Partner, Asset Management Ventures), Jennifer M. Johnson (President and COO, Franklin Resources), Kevin C. Leader (Treasurer, Bechtel Corporation), David J. Teece (Co-Founder and Chair, Silicon Valley Institute for Business Innovation)

If you’re not already an Independent Member, we invite you to join with us to advance innovative, market-based alternatives to government folly—and to build a better future. With your tax-deductible membership, you can select a FREE copy of Failure (p. 1), Pope Francis and the Caring Society (p. 3), China’s Great Migration (p. 6), The Independent Review (p. 5), or other publications, and enjoy additional benefits (see envelope).

We look forward to working with you to advance the boundless possibilities that only a free society provides.
Pope Francis has called for a worldwide conversation about poverty, charity, the economy, and the environment. His invitation is the inspiration for the new Independent Institute book *Pope Francis and the Caring Society*, edited by Robert M. Whaples.

What does one of the most popular popes in modern history tell us about poverty, the environment, and family issues? How well do his views accord with contemporary scholarship and the head of the world's most enduring and influential institutions.

“Now with *Pope Francis and the Caring Society* we have the essential and enlightening book to equip us all to understand the crucial issues of economics, the environment, and charity in order to serve and uplift the lives of others,” writes the late Catholic scholar Michael Novak in his foreword to the book.

Here are just a few of the highlights:

- Allaying Pope Francis’s worries, world poverty is not rising but falling. From 1988 to 2008, real incomes rose 15 percent for the incredibly poor at the fifth percentile of the world’s income distribution.
- Contrary to Pope Francis’s suggestion that capitalism is “the economy of exclusion,” private charitable giving is strongest when economic freedom and private-property rights are strongest.
- Pope Francis blames what he calls “the environmental crisis” on the market economy, but most environmental problems result from the failure of governments to enforce a key pillar of the market economy: private-property rights.
- The family, even more than the marketplace and the environment, is the foundation of human well-being. Family security and basic well-being, in turn, rest on a foundation of private property.

“Incisive and timely.”

—Michael C. Barber, S.J., Bishop, Roman Catholic Diocese of Oakland, California

- For centuries, economists have explained how markets can channel the pursuit of self-interest into creating virtuous communities serving the common good. Pope Francis’s lack of appreciation for this benevolent outcome appears to be a clear blind spot.
- Friends of human well-being, market-based enterprise, and civil society have been given a grand opportunity to correct widespread misconceptions, thanks to Pope Francis’s call for an open dialogue about these issues.

Spanning the fields of economics, history, theology, and ethics, *Pope Francis and the Caring Society* shows that compassion without comprehension is folly, that objective analysis is a prerequisite of moral insight, and that a market economy is an essential ingredient for human flourishing.

Rather than merely preaching in the public square, this well-researched yet highly accessible book builds a badly needed bridge over the gulf between contemporary scholarship and the head of the world’s most enduring and influential institutions.

Contributors: Philip Booth, Allan C. Carlson, Samuel H. Gregg, Gabriel X. Martinez, Lawrence J. McQuillan, Robert P. Murphy, Michael Novak, Hayeon Carol Park, A. M. C. Waterman, Robert M. Whaples, and Andrew M. Yuengert.

To order *Pope Francis and the Caring Society*, see www.independent.org/store/book.asp?id=125.
Independent Institute in the News

Center on Entrepreneurial Innovation

“Here’s the real inconvenient truth. If Al Gore wants the people he denounces as ‘climate deniers’ to take him seriously, his next documentary should target the intellectual dishonesty of many of his pals in the environmental movement. Don’t hold your breath.”

—Lawrence J. McQuillan in Investor’s Business Daily, 8/21/17

Center on Health and the Environment

“What [NY Senator Chuck] Schumer missed the boat on was when he said, ‘These people will lose their insurance.’ No, they will choose not to insure until they get sick, and that’s not a good result for the system. The market needs to work like a real market, and we need to empower and liberate individuals.”

—John C. Goodman on Fox News Channel, 7/27/17

Center on Educational Excellence

“The administration could also propose expanding choice to military families and children attending Bureau of Indian Education schools—the latter deemed the worst-performing schools in the United States. Those offer major opportunities to create choices where few or none exist. Along with use of the bully pulpit to promote state-level choice, they would go far to advance the cause of educational freedom and opportunity.”

—Vicki E. Alger in The Washington Post, 8/21/17

Center on Global Prosperity

“Thirty percent of local Chinese government fiscal assets come from land seizures which are often violent and also, most of the time, illegal. China needs to do a full restructuring of their tax code to solve that problem. The solution I think is the most urgent is to remove state-owned enterprise in the role of the economy, and they don’t seem to have that interest.”

—Bradley M. Gardner on The John Batchelor Show, 7/12/17

“We have never seen what just happened in Venezuela before—an opposition mounting a successful nationwide referendum in defense of its current constitution, against the hostility of a government that no longer thinks its own Chavez-created constitution is enough to guarantee its perpetuity. Is this the beginning of the end for Chavismo and [Nicholás] Maduro?”

—Alvaro Vargas Llosa in The Washington Examiner, 7/29/17

Center on Peace and Liberty

“The United States needs to get out of Afghanistan for good and end its other air wars in Muslim countries… These brushfire wars left over from the War on Terror, which actually increased terrorism, distract and take resources from U.S. efforts to counter a much more important potential foreign-policy problem: a rising China.”

—Ivan Eland in Newsweek, 8/10/17

Center on Law and Justice

“The emoluments litigation is likely to backfire, especially for many of the 196 members of Congress involved. How can anyone take congressional whining about possible corruption seriously when Congress as a body has sold its collective soul to special interests and is pushing our national debt to the $20 trillion mark?”

—William J. Watkins, Jr. in National Review, 6/27/17
This year marks the 100th anniversary of the Russian Revolution. The fall issue of The Independent Review explores the turmoil of 1917 and its consequences, from the mass murder it inspired to the economic and social devastation of Soviet communism to the weaponization of sports in the battle for world influence.

How did Lenin’s small Bolshevik Party gain control of Russia? How did communism affect Russia’s economic development and people? What lessons can we learn? Robert M. Whaples (Wake Forest University) introduces the symposium and concludes that the entire episode illustrates a painful truth: horrendous things occur when amoral leaders seize power and treat people as pawns to sacrifice for their masters’ ideologies.

Next, Paul R. Gregory (University of Houston and the Hoover Institution) looks at how the Bolsheviks were able to seize power. Contrary to the Marxist-Leninist dogma of historical determinism, their victory resulted from a series of coincidences and accidents that could have played out very differently. The Bolsheviks had to overcome many rivals during the revolution and civil war, including Russian anarchists. Were the anarchists doomed to be crushed or co-opted by the Bolsheviks for reasons inherent in anarchist theory, such as an ambivalence about power? Peter C. Mentzel (Liberty Fund) argues that this was not the case. Ukrainian anarchist Nestor Makhno, he explains, led a highly effective military and political organization.

The Soviet Union, according to Yuri N. Mal’tsev (Carthage College), was the first state to make mass murder—especially targeting people of faith—an ideological imperative. By the beginning of the Second World War, almost all clergy and millions of believers of all religions and denominations had been shot or sent to labor camps.

Along with its political tyranny, Soviet history is a record of economic deprivation. Unfortunately, western analysts failed to see this for decades, owing to the ideological and methodological blinders they wore, explains Peter J. Boettke (George Mason University).

The Russian economy before and after the Soviet era was average by world standards, exceptional only in its size. This vast size, however, enabled per capita output to rise back up to the world average after the Soviet collapse, explains Mark Harrison (University of Warwick).

When the Russian Revolution broke out, the nation’s economy was still overwhelmingly agrarian and practically untouched by the industrial revolution. According to the developmental theory of totalitarianism, Russia’s peasant classes were more afraid of the Soviet Union’s urbanization and industrialization than any terror carried out by Lenin and Stalin, explains Jerry F. Hough (Duke University).

The symposium closes with an eye-opening article about the Soviet Union’s use of sports as a tool for international propaganda. Soviet sports policy can be seen as a paradox, according to Dennis C. Coates (University of Maryland). On the one hand, it partially betrayed the Bolshevik principle of sport for all; on the other hand, it helped expand opportunities for athletes around the world—especially for female athletes.

The Fall 2017 issue of The Independent Review also includes articles about paper money and the collapse of China’s Song Dynasty (Peter St. Onge), the diseconomies of do-it-yourself (Ryan H. Murphy), campus sexual abuse (William R. Beaver), passage of the Affordable Care Act (Charlotte A. Twight), realism about political philosophy (Nicholas Rescher), freedom of movement (Robert Higgs), and reviews of 10 new books, including 5 web-exclusive reviews. See www.independentreview.org
The California Department of Water Resources (DWR) has won the Independent Institute’s fourth California Golden Fleece® Award for its reckless mismanagement of the Oroville Dam, causing a near catastrophe.

In February 2017, nearly 200,000 Northern California residents were displaced from their homes after the Oroville Dam’s two spillways were judged inadequate to safely relieve the rising water levels in the Lake Oroville reservoir. As the waters rose, so did the possibility of total dam collapse, which would have resulted in deaths, injuries, and devastating property damage for downstream communities.

After the spillway failures, details emerged showing that DWR, which has owned and operated Oroville Dam for nearly 50 years, failed to act on specific warnings about spillway integrity, provided insufficient inspection and repair processes, and made poor design and construction choices.

It was just such revelations that caused Robert Brea, an emeritus professor of engineering at University of California, Berkeley, to describe DWR’s approach to dam maintenance as “patch and pray.” Worse, the agency also concealed safety problems from the public.

DWR has shown itself to be inadequate for the task of running California’s government-owned dams, a task that requires public candor as well as professional competence. Ownership and management of the Oroville Dam and 586 other state-owned dams should be transferred to responsible private water companies or private irrigation districts. This transfer should be part of a broader plan to modernize California’s entire outdated legacy water system.

For the full California Golden Fleece® Award report, written by Independent Institute Senior Fellow Lawrence J. McQuillan, director of the Center on Entrepreneurial Innovation, visit www.independent.org/cagoldenfleece/.

Immigrants are often blamed for a country’s economic woes, especially joblessness. The best refutation of this scapegoating may come from one of the world’s fastest growing economies ever: China.

The largest migration in human history has contributed to the world’s most dramatic economic transformation, as 292 million Chinese left the agricultural countryside for urban jobs and became the powerhouse of a vibrant export sector that has changed global commerce.

Independent Institute Research Fellow Bradley M. Gardner examines the transformation created by this movement in the new Independent book *China’s Great Migration: How the Poor Built a Prosperous Nation*. Formerly a journalist stationed in China, Gardner spoke about his findings at the World Affairs Council of Northern California on July 13, in conversation with N. Bruce Pickering of the Asia Society. (For audio and video of this and related events, see www.independent.org/multimedia/?person=3854.)

Now working as a Foreign Service Officer in America’s official diplomatic corps, Gardner noted that his findings were his own and do not necessarily reflect the views of the U.S. Government.

ate optimist, Vernon Smith said he believes people will meet whatever challenges lie ahead by rising to the occasion. One reason for his confidence is that in the course of his 90 years he has witnessed society overcoming all manner of serious difficulties through markets.

Yeonmi Park, who was only 13 when she fled North Korea in 2007, was hopeful that her compatriots would become free. “Lies don’t have power,” she told the audience. “People will see the truth.”

Draper said one of the most important innovations awaiting humanity is the complete transformation of government itself. Blockchain technology, the decentralized ledger system that underlies Bitcoin, offers one hope for disrupting government bureaucracy and solving societal problems more effectively.

Deloitte innovation strategist John Hagel III wrapped up the evening with encouraging ideas for social change. “Threat-based” narratives make our politics more dysfunctional, he explained. Change-agents could be more successful by offering “opportunity-based” narratives that allow them to build teams of impact with people across the political spectrum.

“The health of a democratic society may be measured by the quality of functions performed by private citizens,” Alexis de Tocqueville once wrote. Given the world-class contributions of our Gala speakers—and the many Independent supporters who’ve made our own work possible—the future of liberty looks healthy indeed.
Innovating for Impact—with Your Support

The Independent Institute is launching a bold initiative that will show how technological innovation can inspire new possibilities and solutions at both the individual and societal level.

We will be celebrating the ways in which technology has improved people’s lives, and highlight new ways that innovation can unleash human potential, disrupt ineffective bureaucracies, bring communities together, and solve long-standing social, economic, and political problems.

We see how technology is outpacing government, innovating ahead of the bureaucrat’s ability to regulate—making many of our deepest political divides obsolete. But the future offers so much more possibility.

From online education to healthcare apps to new ways of earning a living, innovation holds the power to dramatically help the disadvantaged, overcome poverty, and empower low-income people around the world. Independent will tell these people’s stories, and encourage public policies that foster entrepreneurship and forge a world with unlimited opportunity for everyone, regardless of one’s geographic origins or economic resources.

Independent offers an optimistic antidote to the all-too-common narrative of pessimism and cynicism, giving people hope for a future of human worth and dignity, opportunity and abundance, harmony and fulfillment.

Today we are working to show how technology can encourage voluntary solutions to problems such as wage stagnation, traffic congestion, pollution, and rising housing costs. With your support, our Innovating for Impact initiative can accomplish even more.

Please join with us as we leverage new technologies that can inspire young entrepreneurs to accelerate our progress in advancing peaceful, prosperous, and free societies grounded in a commitment to human worth and dignity.

For more information on how you can help, please contact Development Director Stephanie Watson at swatson@independent.org or (510) 632-0824.