Across California, homelessness has become an unavoidable “doorstep” problem. The prevalence of people sleeping on sidewalks and in tent cities serves as a constant reminder of the failures to effectively tackle the problem. Part of the solution is to allow entrepreneurs to reestablish the bottom rungs of the housing-market ladder.

California is mired in a housing crisis, with home prices and rents far exceeding national averages and a homeless population on any given day of 133,000 people, according to the U.S. Department of Housing and Urban Development, or about one-quarter of the nation’s homeless population.

Although some residents call for Gov. Gavin Newsom to declare a State of Emergency, such a move could result in worse problems if government barriers to private housing development were left intact or residential construction were further politicized.

Additional problems would erupt if housing activists succeed in their push for a “legal right to shelter.” Cities could be sued for failing to provide shelter, and our most vulnerable populations could become permanent wards of the state.

The homeless are indeed “victims of the system”—but not the free-market system. That’s because California has built a regulatory system that killed a free market in housing long ago. The bottom rungs of the housing-market ladder—where economically marginalized people could once afford a place to live—have been removed by bad public policy. Consider:

• San Francisco, where homelessness is ubiquitous, added roughly 38,000 new jobs from 2016 through 2018, but only 4,500 new housing units. In the past two years, its homeless population has increased an astonishing 30 percent.

• Los Angeles, which has the most homeless people in the state, allows only detached single-family homes on about 75 percent of its residential land. Since 1960, the city has downzoned its housing capacity by more than 50 percent, according to the New York Times. Multifamily structures are not welcome, especially apartments and SROs.

• The California Environmental Quality Act (CEQA) has been twisted to serve an endless stream of phony environmental lawsuits that impede residential construction. Most of these lawsuits target urban and suburban “infill” development, not construction on or near environmentally sensitive lands.

Lawrence J. McQuillan is Senior Fellow at the Independent Institute and Director of the Center on Entrepreneurial Innovation. This article draws on the author’s op-ed in the Orange County Register (10/15/19) and How to Restore the California Dream: Removing Obstacles to Fast and Affordable Housing Development, Dr. McQuillan’s latest report for the California Golden Fleece® Awards, available at www.independent.org/cagoldenfleece/.
Don’t You Care?

“T’is not fair to turn things over to government bureaucrats and expect them to get it right..."
Recent concerns about inequality have generated rash ideas for remaking American society. But the problem isn’t merely that “Free College,” “Medicare for All,” and “Tax the Rich” are poorly designed proposals—it’s that they’re based on flawed notions of fairness, equality, liberty, and dignity. This finding is the main theme of Independent Institute’s latest book, *In All Fairness: Equality, Liberty, and the Quest for Human Dignity*.

Edited by Robert M. Whaples, Michael C. Munger, and Christopher J. Coyne, and with a foreword by Richard A. Epstein, the book brings together 20 experts who critique the coercive egalitarian zeitgeist, exposing the falsehoods and conceptual quicksand on which they rest. Genuine fairness and dignity, the book’s contributors hold, requires honoring individual preferences and voluntary choices. To put this principle into action, government officials must stop granting favors to special interests and end policies that shackle individual initiative and freedom of opportunity.

Cutting through the fog and exposing numerous errors of fact, logic, and practice among today’s egalitarians, *In All Fairness* clarifies the path for a deeper understanding of equality, liberty, and the quest for human dignity. Among the book’s insights:

- Egalitarians claim to champion social harmony and the underprivileged, yet they propose zero-sum measures that politicize and polarize society instead of improving opportunities for mutual gain through voluntary cooperation.
- Egalitarians lament the role of “brute luck” in determining success, but their remedies would also require large doses of luck to escape the likely consequences of bad-faith political actors and incompetent bureaucracy.
- Today’s egalitarianism clashes with the concept of equality under the law and constitutional mechanisms to curb abuses of government power.

Contrary to what today’s egalitarians claim, economic opportunity is a product of free markets and the rule of law; marker-driven growth and innovation are causing poverty rates to fall around the world.

- The subprime mortgage meltdown that sparked the financial crisis of 2008–2009 was primarily caused by egalitarian impulses, namely government efforts to artificially boost home ownership rates by encouraging lenders to weaken their mortgage underwriting standards.
- Public-opinion surveys show that Americans favor flat and low taxes and dislike the idea of equalizing incomes or wealth via highly progressive and punitive taxes.
- Reforms could significantly improve the worst likely consequences of bad-faith political actors and incompetent bureaucracy.

For more information, see www.independent.org/books
Independent Institute in the News

Center on Law and Justice

“Maybe it’s time to pursue real solutions to criminal violence and forget about a war on peaceable, law-abiding gun owners.”

—Stephen P. Halbrook in *The American Spectator*, 9/4/19

Center on Healthcare Choices

“I’m often asked if the free market can work in health care. My quick answer is: that’s the only thing that does work. Show me a health care sector where there is no Medicare, no Blue Cross and no employer and I bet that’s a market that works very well.”

—John C. Goodman in *Forbes*, 10/17/19

Center on Entrepreneurial Innovation

“How can we expect the homeless to rebuild their lives when government programs warehouse them like surplus merchandise, and when we kick the bottom rungs out of the housing market ladder so that even if they start getting themselves together, they can’t find a room or apartment they can afford to rent?”

—Lawrence J. McQuillan and Graham H. Walker in *The Orange County Register*, 10/15/19

Center on Culture and Civil Society

“Currently, it’s not a complete stretch to think that many Republicans might abandon their president to vote for a third-party candidate... It is unlikely. But if 2016 proved anything, it’s that we must not dismiss improbable-sounding electoral outcomes out of hand.”

—Randall G. Holcombe in *The Hill*, 9/25/19

Center on Global Prosperity

“As I write, the chaos continues, as one might expect given the harm Morales has done to his country’s constitution and institutions, the violence his thugs have instigated and the fury his critics feel after he attempted to steal the presidential election. But let us be clear: There has been no coup in Bolivia except the one Morales tried to engineer.”

—Alvaro Vargas Llosa in *The Washington Post*, 11/15/19

Center on Peace and Liberty

“We got to this sorry place in which the Framers’ system of checks and balances has broken down by wars of the 20th century. Wars tend to centralize power in the branch that executes them. Starting with the world wars and more importantly continuing through the long Cold War and the war on terror, the executive has amassed such powers that even the norms underlying the nation’s laws have eroded.”

—Ivan Eland in *Chicago Tribune*, 10/3/19

Center on Educational Excellence

“The education bureaucrats in California have a public-relations problem. State education officials sold the Common Core K-12 academic standards to skeptical parents with the officials’ promise that kids would be “college- and career-ready... In fact, they are not college-ready in math. Isn’t it cheating taxpayers to promise one thing and provide much less?”

—Williamson M. Evers and Ze’ev Wurman in *Los Angeles Daily News*, 9/20/19

VISIT OUR NEWSROOM AT INDEPENDENT.ORG/NEWSROOM TO READ THESE ARTICLES AND MORE.
Indian Elites Looking West?

The Independent Review offers a rich assortment of engaging, cutting-edge scholarship on liberty, prosperity, and the rule of law. Here we sum up several of the many contributions to the Fall 2019 issue.

India has made noticeable strides in economic development, but why hasn’t it achieved widespread prosperity? One reason is that its leadership legislates and regulates more than its resources and population can handle, according to Shruti Rajagopalan (Purchase College) and Alexander T. Tabarrok (George Mason Univ.). The mismatch between the government’s ambition and its ability stems from misguided pressure by India’s elites, who seek domestic imitations of policies and practices common in developed countries. (“Premature Imitation and India’s Flailing State” can be found in PDF form via www.independentreview.org.)

Why have populist regimes taken hold in Argentina, Bolivia, Ecuador, Nicaragua, and Venezuela? The cause is two-fold, according to Nicolás Cachanosky and Alexandre Padilla (both of Metropolitan State Univ. of Denver). In “Latin American Populism in the Twenty-First Century,” they attribute the rise to a favorable domestic environment (e.g., courts susceptible to political interference) and external factors (especially an international commodities boom that gave governments more revenues with which to buy popular support). The authors also show that countries with populist policies saw declining institutional health, such as less economic freedom and less press freedom.

Why are Native American reservations often impoverished even when they’re rich in natural resources? Three obstacles impede entrepreneurship and economic development, according to Jordan K. Lofthouse (George Mason Univ.). They are the federal land trust, a dual federal-tribal bureaucracy, and legal and political uncertainty (“Institutions and Economic Development on Native American Lands”).

Should elected officials vote according to what they believe is best, or should they repress their personal beliefs in deference to the perceived wishes of their constituents? The correct answer, according to Rick Becker (North Dakota House of Representatives), is that they should always act on principle rather than expediency. To break the cycle of “politics as usual,” more officials must openly communicate moral imperatives with the electorate (“Placing Constituent Wants ahead of Principle—Virtue or Vice?”).
What’s Ahead in 2020

As always, the Independent Institute is hard at work preparing books, events, and media campaigns that boldy advance free societies grounded in a commitment to human worth and dignity. Here's a quick peak at some of the projects we're pursuing.

Educational Renaissance

Headed by its new director, Senior Fellow Williamson M. Evers, Ph.D., our Center on Educational Excellence is helping lay the groundwork for a renaissance in education, so that students from all walks of life have a better chance to become creative, independent, efficacious adults who can chart their own course for a life of achievement, fulfillment, and meaning.

A case can be made that a solid education must start at the very beginning—which for the West means ancient Greece and Rome. So, what exactly do today's K-12 students know about classical Graeco-Roman civilization? Dr. Evers is researching the answer in collaboration with Victor Davis Hanson (Hoover Institution) and research fellow (U.C. Berkeley classics Ph.D.) Morgan Hunter. The end product will be pitched to policymakers and journalists.

Promoting learning about the West's political heritage is no small challenge, especially in the age of Common Core, Snapchat, and PlayStation 4. Fortunately, Dr. Evers is creating a simple but powerful workaround—an annotated list of high-quality novels and stories, suitable for home or classroom use, that illustrate conservative and classical liberal themes.

As if all that weren't enough, Dr. Evers is also guiding book projects on education reform and conducting historical research on African-American education, with special focus on the 19th and early 20th centuries.

Ending Homelessness

Following up our California Golden Fleece® Awards report, How to Restore the California Dream: Removing Obstacles to Fast and Affordable Housing Development, the Independent Institute has joined Urban Vision Alliance as its Policy Partner to create a plan to transform and end unsheltered homelessness in the San Francisco Bay Area.

Independent’s role is to produce a new Independent Policy Report—one that the entire diverse coalition will proudly endorse—making the case for governments to quickly lift the impediments that hinder civil society organizations from better helping homeless people get off the streets and rebuild their lives.

As ambitious as this sounds, San Antonio, Texas, shows that major progress is not a pipedream: The Lone Star State's second largest city has slashed unsheltered homelessness by 80 percent. While the Bay Area may have special challenges (including housing prices that have gone through the roof), its bountiful creativity and resources could provide extra leverage for cutting through the thick of bureaucratic red tape and hyper-partisanship that have helped make homelessness a major problem.

Empowering the Next Generation

Since the September 2018 debut of our Catalyst website (and our award-winning Love Gov video series, whose first season premiered on YouTube in July 2015), we have increasingly targeted Millennials with forward-looking, optimistic, solutions-oriented commentary on issues they care about the most.

Led by Editor-in-Chief Ben Wilterdink, our Catalyst Policy Fellows program now includes ten young scholars and entrepreneurs writing on topics spanning culture, economy, education, environment, healthcare, and privacy—all from a pro-liberty perspective. In November, Catalyst Policy Fellow Conor Norris’s op-ed on affordable healthcare set a record for us: It ran in 81 news outlets, including the Chicago Tribune, Orlando Sentinel, Arizona Daily Star, and Houston Chronicle.

This year we will be expanding our roster of great contributors and increasing Catalyst’s weekly output of commentary, videos, polls, quizzes, memes, and the like. Visit Catalyst.Independent.org to join the email list and stay apprised of exciting new content and programs.
Events

The latter half of 2019 saw much activity in the Independent Institute’s Conference Center in Oakland, Calif. Videos of these programs are available at https://www.independent.org/multimedia/.

Global Warming: Fact or Fiction

Is global warming real? Have any such predictions been established scientifically? Would massive “carbon” taxes and other controls put America and the world—especially the poor—at great risk?

On July 24, geoscientist Willie Soon (Harvard-Smithsonian Center for Astrophysics) and Stanford University astrophysicist Elliott Bloom separated fact from fiction in the global warming debate for a capacity crowd. The author of numerous scientific publications, Dr. Soon explained why the forecasts from CO2 climate models have been so wrong—and why he believes that solar influences on clouds, oceans, and wind primarily drive climate change, not carbon-dioxide emissions.

Justice on Trial

Supreme Court Justice Anthony Kennedy’s retirement from the bench touched off a media maelstrom, triggering a confirmation process that his successor, former federal appellate court judge Brett Kavanaugh, would denounce later as a “national disgrace” and a “circus.”

On August 22, investigative journalist Mollie Ziegler Hemingway (Senior Editor, The Federalist) presented her analysis of the controversies, drawing on her bestselling book (with Carrie Lynn Severino), Justice on Trial: The Kavanaugh Confirmation and the Future of the Supreme Court.

Based on interviews of more than 100 people—including President Trump, several Supreme Court justices, high-ranking White House and Department of Justice officials, and dozens of senators—Hemingway’s presentation raised issues seldom reported in the mainstream media.

No Safe Spaces

Attacks on free speech and the free exchange of ideas are sweeping America’s college campuses and spilling over into the society at large. The acclaimed new documentary film No Safe Spaces follows comedian Adam Carolla and talk show host Dennis Prager as they travel the country, touring college campuses, talking with experts on the right and left, and working to understand what is happening in America today and what free speech should look like.

On November 11, Independent Institute hosted the California premiere of the film at its Oakland Conference Center, followed by a panel discussion featuring No Safe Spaces co-producer Owen Brennan, civil liberties attorney Gregory Michael, U.C. Berkeley student activist Matt Ronnau, former “super lawyer” and current GreenFire Energy CEO Joseph Scherer, and Independent Institute Executive Director Graham H. Walker.

TO EASE HOMELESSNESS, LIFT GOVERNMENT BARRIERS TO HOUSING DEVELOPMENT

(continued from page 1)

What homeless people need, therefore, is a housing market that operates by normal rules to encourage development up and down the affordability continuum—not just at the top price points where builders and buyers can afford to overcome regulatory hurdles and NIMBY (“Not in My Backyard”) activism.

Instead of giving people a “right to shelter” by government, why not give Californians a “right to build housing” on land they own? Housing entrepreneurs would provide affordable housing quickly where consumers want it if they were allowed to enter markets and compete.

Less dramatic reforms would make a difference, too.
• Allowing builders to directly compensate homeowner association members for new construction would help counteract NIMBY obstructionism.
• Eliminating rent controls and so-called “affordable housing” mandates would lift these price controls that discourage new development.
• Banning CEQA reviews for infill housing developments would also spur construction.

Homelessness has many causes, but the high cost of housing in California is a key factor. We can hardly expect our most destitute Californians to rebuild their lives if government policies and “I got mine” NIMBYism lock the door on them for truly affordable housing.
A Chicago native, John P. Kayser has had a distinguished career in investment banking and money management. With a political science degree from Princeton (1971) and an MBA from Stanford (1974), he has served on the Board of Directors of the Chicago Stock Exchange and on several non-profit boards. He has generously agreed to share thoughts about his support for the Independent Institute.

What values do you hold most dear?
The values of classical economic liberalism. They are responsible for the dramatic improvements in the Western world over the last few centuries.

What is your first memory of the Independent Institute?
The Independent’s quarterly journal, The Independent Review. The first thing I remember specifically is picking it up and thinking, ‘Wow, that’s pretty big.’ It was intellectually pretty rigorous and challenging. For a lot of organizations, I get smaller periodicals and updates, but this was a substantial publication. None of the articles was for a lightweight.

Why do you give to Independent?
I believe in its overall mission. I think the academics are the ones to generate the ideas and sometimes create the public policies. I hope to help them spread their ideas to the Millennials. And that is why I’m interested in the Independent Institute’s Love Gov video program, because you have to be able to take the academic ideas and the public-policy ideas and disseminate and sell those ideas to others.

What else you would like to share?
I’ve interacted with [Senior Fellow and Center on Entrepreneurial Innovation Director] Lawrence McQuillan, and there are some projects that he is pursuing that I have funded and find interesting. Particularly, he is looking at how technology can be utilized and help in a free-market civil society.

I try to fund organizations that I think are smart and aggressive. It’s like the marketplace of ideas. To me, it’s a marketplace of different groups who are not necessarily trying to accomplish exactly the same thing but who have objectives that I feel are worthwhile. I donate because they’ll try some things that may work, and I hope a lot of them are successful.

Independent Institute relies on generous donors committed to our mission. To learn about our Investing in Liberty membership benefits, visit www.independent.org/donate or phone our Development Team at 510-623-1366.