



Update from the Independent Institute

12 December 2008

Dear Friend of ***The Lighthouse***:

In the battle of ideas, does good overcome bad? We certainly think so, but first the good ideas have to be heard. That's why we're asking your help in making us resonate louder and farther with your year-end support.

Here are just a few of the bad ideas we're all up against and the good ideas we offer in exchange:

Myth #1: We Need a New New Deal:

President-elect Barack Obama is looking to FDR as a model in battling the recession. Yet, as Independent Institute Senior Fellow and historian Robert Higgs has shown, FDR's policies never ended the Depression—which in fact lasted until 1945—and thus the New Deal should only be seen as a foolish model for extending economic malaise for more than a decade. Higgs's analysis of the bailouts and other economic troubles has been cited by everyone from the *Christian Science Monitor* to John Stossel to the *New York Times* to Rush Limbaugh.

Myth #2: The Mortgage Meltdown was Caused by Free Markets:

As our new Independent Policy Report, *Anatomy of a Train Wreck*, shows, virtually every branch of the government undertook an attack on mortgage underwriting standards starting in the early 1990s. While this weakening of underwriting standards succeeded in meeting the stated goal of increasing home ownership, it also led to a huge and unsustainable housing price bubble. Run as the cover story of the October 20th *National Review*, and with major national media attention paid to the study and its author, Independent Institute Research Fellow and economist Stan J. Liebowitz, *Anatomy of a Train Wreck* was downloaded by more than 10,000 in the first week alone!

Myth #3: Because Free Markets and Limited Government Have Failed, It's Time for Bold Big Government Action:

As touched on above, the current state of the economy has nothing to do with free markets and everything to do with bad government policy.

With nearly \$8 trillion in funds and guarantees already committed by the feds—more than half of the entire annual U.S. GDP; the Treasury having already spent, at its sole discretion, more than half of the \$700 billion earmarked in October for a financial sector bailout; a bailout for automakers now approved; and President-elect Obama promising massive new public works—Big Government would appear to be firmly entrenched.

Yet even Big Government is only an idea, and like all ideas it can be brought down by better ones that unmask the truth, but only if we make them heard! And the good news is that with Institute Fellows offering commentary in outlets from USA Today to Forbes to The Financial Post, we are being heard!

We hope you agree that *The Lighthouse* is one of the ways in which we're effectively disseminating those better ideas—together with our new blog, *The Beacon* (already attracting 170,000 hits per month), award-winning books, and conferences and media programs delivering an across-the-board assault on bad ideas. With your support, we can get these solutions out in front. So won't you please join with us today and help in the battle for a free and prosperous future by making a tax-deductible contribution of \$50, \$100, \$250, \$500, \$1,000, or whatever you find possible.

With best wishes for a happy holiday season,

David

David J. Theroux
Founder and President
The Independent Institute
100 Swan Way
Oakland, CA 94621
(510) 632-1366 Phone
(510) 568-6040 Fax
DJTheroux@independent.org

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