The Cato Institute marked its 40th anniversary in May with a weekend-long celebration, featuring speeches from George F. Will, P. J. O’Rourke, Sen. Rand Paul, and many other leaders in the liberty movement. Coverage of the event, including photos and speeches, begins on PAGE 4.
Independent, Radical, Libertarian

Back in 1977, the Communists controlled a third of the world, textbooks said that the Soviet Union would soon have a larger GNP than the United States, and the federal government’s most recent accomplishments were Vietnam, Watergate, and stagflation.

It was in that environment that Ed Crane and Charles Koch decided to create a libertarian think tank.

This year we’re celebrating the Cato Institute’s 40th anniversary. As I’ve written in this space before, there have been policy ups and downs in those 40 years. Libertarians are a disgruntled bunch and usually focus on the downs—out-of-control spending, increasingly government-dominated health care, a soaring incarceration rate, and so on. We often forget about the ups—the end of the draft, lower marginal tax rates, deregulation in the Carter-Reagan years, more social tolerance, and equal rights.

Today I’ll just focus on Cato’s growth in those 40 years. We’ve grown from about 15 employees to 150, with commensurate budget growth. We’ve gone from rented office space in San Francisco to a 70,000-square-foot building that we designed and built in downtown Washington.

Ed Crane has said that his central insight for libertarian success was to put libertarians in suits and ties. And that was part of the original formula we followed.

Commitment to libertarian principles

From the beginning, our task was to apply the ideas of John Locke and Adam Smith, the American Founders, Ludwig von Mises and F. A. Hayek, Ayn Rand, and Murray Rothbard to contemporary policy issues. Our focus was always on public policy, but we also had an interest in the underlying ideas of liberty. Programs such as Cato University, research seminars for new employees and interns, books such as The Libertarian Mind and The Encyclopedia of Libertarianism, and, more recently, the website Libertarianism.org explore classical liberal and libertarian ideas.

Building on those principles, our analysts have written about a wide range of issues—economics, civil liberties, personal freedom, the rule of law, foreign and defense policy—in more than 300 books, 1,500 studies, and 2,000 articles in journals.

Usually people liked our principled approach, even if they disagreed with some of our scholars’ policy positions. But not always. Some of our friends didn’t like our scholars’ opposition to the first Gulf War. Executives at Microsoft appreciated our criticisms of the antitrust case against the company, but not our criticisms of software patents and “net neutrality,” although they were rooted in the same free-market principles. Some of our friends at other free-market think tanks advocated the individual mandate and helped Mitt Romney develop the precursor of Obamacare.

Independence

We also value our independence. That means we seek and accept no government funding, we are strictly nonpartisan and aligned with no special interest, and we don’t line up with either the red team on the right or the blue team on the left. Sometimes that left us almost alone—proposing private accounts for Social Security in 1980, for instance, or warning about the danger of a war in Iraq as early as 2001.

It’s that independence—or what George Will called our “contrarian spirit” on the occasion of our 25th anniversary—that has garnered respect across the ideological spectrum. Ezra Klein, founder of Vox.com, said in 2012, “When I read Cato’s take on a policy question, I can trust that it is informed by more than partisan convenience. The same can’t be said for other think tanks in town. . . . Cato’s credibility is derived from its independence.”

Radical ideas, mainstream presentation

From the beginning, we intended to present some pretty radical ideas—not radical by the standards of the Declaration of Independence and the Constitution, but by 1970s public policy standards—and we knew that it was important to present them in a mainstream way. So suits and ties, yes. But also well-researched studies—scholarly, accessible, and nonpolemical, with professional editing and design. And in our events and journals, we tried to generate a conversation among libertarian scholars and more-establishment thinkers and policymakers. Not to mention a signature building on Massachusetts Avenue.

We can point to a lot of specific accomplishments over our 40 years—the 300 books, our pathbreaking conferences in the Soviet Union and the People’s Republic of China, our annual conferences on monetary policy and Supreme Court jurisprudence, our three-hour educational freedom documentary appearing right now on public television stations—but I think our major achievement has been creating a presence for libertarian ideas in Washington and in the national policy debate.

And that’s the foundation we want to build on for the next 40 years.
When it comes to politics, are Americans simply talking past each other? Arnold Kling’s *The Three Languages of Politics: Talking across the Political Divide*, first released in 2013 and now published in a new and expanded edition from Libertarianism.org, explores how American political groups have become “like tribes speaking different languages.” Whether at the family dinner table or on cable TV, our political arguments are less about convincing our opponents than they are about signaling that we belong to the morally superior tribe.

Kling divides politically aware Americans into three basic tribes—progressives, conservatives, and libertarians. Each tribe, he argues, considers itself morally superior to the rest. The trouble is, when people think in these terms, they are unlikely to engage in sincere debates and try to work together. Kling’s book helps you recognize when people—including, quite possibly, you and your “tribe”—are making these types of divisive and unconstructive arguments. This type of language, rather than communicating ideas, trains us to believe that people who agree with us are good people, while those who disagree are unreasonable, or even immoral.

Kling explains how each of the three main tribal languages frames a wide variety of issues. The progressive frames things according to “the oppressor” and “the oppressed,” while the conservative frames things as “civilization” versus “barbarism.” Libertarians, meanwhile, frame things according to “liberty” versus “coercion.” He argues that we must train ourselves to see beyond our preferred moral frames and incorporate new perspectives and ways of thinking into our communication. This not only helps us be more charitable to opponents—it can actually strengthen our arguments, as well.

Kling emphasizes that he is not advocating some kind of wishy-washy centrist, or compromise on our principles—his argument is about changing the *communication* of ideas, not the ideas themselves. To that end, *The Three Languages of Politics* is a timely, concise guide to understanding why communication between different political groups fails, and how to improve it.

**PURCHASE THE THREE LANGUAGES OF POLITICS AT CATO.ORG/STORE AND ONLINE RETAILERS.**
The Cato Institute celebrated its 40th anniversary on the first weekend of May with Sponsors, friends of the Institute, and intellectual leaders in the liberty movement from around the world. The entire event took place at Cato’s headquarters in Washington, D.C. On Saturday night, 700 people attended the Institute’s 40 Years of Advancing Liberty party, taking up five of the Institute’s eight floors.

Prospects for liberty seemed grim: communism controlled half the world, stagflation and the Vietnam War were underway, and there was little public knowledge of libertarian ideas. The panel discussion is available online as a Cato Daily Podcast.

Since those early days when Cato’s staff fit into a living room, Cato has grown into an influential think tank whose research and commentary engage millions of people. And despite continued challenges to liberty, the world has seen incredible progress as libertarian ideas have become more mainstream throughout the world.

The weekend opened Friday morning with a panel discussion on the history of the Cato Institute. Executive Vice President David Boaz reminisced about the early days of the Institute. (When Cato moved to Washington, D.C., he recalled, the staff operated out of a small one-bedroom apartment on Capitol Hill while waiting for their new building to be ready.) At the time,
Mick Mulvaney, author Charles Murray, and many others. Speakers discussed not only what Cato has managed to accomplish in its 40 years, but also how to confront new threats and challenges to the future of liberty. Highlights from some of those discussions are on the following pages.

Throughout the weekend, speakers emphasized the unique role that Cato has played in laying the intellectual groundwork for the advancement of libertarian ideas. At the beginning of his speech (which is featured in the Summer 2017 Cato’s Letter), George Will deemed Cato the “crown jewel” of the free-market intellectual movement that began organizing in the 1960s. As Cato’s chairman of the board of directors Bob Levy declared, “Without Cato, there would be no wholly consistent voice on behalf of individual liberty and limited government.”

“Connoisseurs of football want to go to Lambeau Field in Green Bay; connoisseurs of college basketball want to go to the Palestra in Philadelphia; connoisseurs of baseball want to go to the corner of Clark and Addison in Chicago to Wrigley Field; and connoisseurs of liberty want to go to the corner of Massachusetts and 10th in Washington, D.C. —George F. Will”
People have said to me, “P.J., isn’t this a terrible time to be libertarian?” And I understand what they mean, but none of these bad things that we have been experiencing make it a terrible time to be a libertarian. They make it a necessary time to be a libertarian. When your house is on fire, that’s not a terrible time to be a volunteer fire fighter. Our job as libertarians is to teach the world that individual liberty, individual dignity, and putting the man on that side of the room while the elites stand in the middle taxing sperm and eggs.

Goodness itself is an individual trait. Think about the death of Socrates. What do you suppose would have happened to that charming old bloke, that loveable eccentric full of questions, if Socrates had gone around Athens and asked each individual Athenian, “Should I be condemned to death?” Individuals would never have killed Socrates. They had to become a mob first. And what always comes to the fore in a mob? Mobs. The alternative right in KKK bed sheets or, less comically, Marine Le Pen, or the likes of Vladimir Putin or Xi Jinping—or the worst possible example: that murderous president of the Philippines, Rodrigo Duterte. (The citizens of the Philippines were so overwhelmed with their populist fear of violent crime that they ended up giving themselves a dose of quack political homeopathy and elected a violent criminal president.)

And here at home, we have that Cosa Nostra with its code of omertà, the Clinton Foundation. Or the “Feel the Bernies” expressing their First Amendment rights by smashing windows on K Street, and the Make America Great Again Crips and Bloods wearing their colors on their baseball caps.

The libertarian is the anti-mob. The anti-mob is you, each of you.

I want to give you just one example of what you, the individual, can achieve, individual responsibility are the best safeguards against the failures of bloated elite political overreach, and to teach the world that reason is the best tool for adjusting to change.

Good things are made by free individuals, in free association with other individuals. (Notice that’s how we make babies.) Individual freedom is about bringing things together; politics is about dividing things up. Political elites would have us making babies by putting the woman over on this side of the room and had to become a mob first. And what always comes to the fore in a mob? Mobs. The alternative right in KKK bed sheets or, less comically, Marine Le Pen, or the likes of Vladimir Putin or Xi Jinping—or the worst possible example: that murderous president of the Philippines, Rodrigo Duterte. (The citizens of the Philippines were so overwhelmed with their populist fear of violent crime that they ended up giving themselves a dose of quack political homeopathy and elected a violent criminal president.)

And indeed did achieve. It was something that political elites all around the world were unable to achieve for thousands of years. All the way through the known existence of man, they were unable to abolish slavery. And the abolition of slavery was a matter of individual private enterprise, private social enterprise.

The abolition movement was founded in Great Britain in the 18th century by the Quakers. Now, the Quakers were not political elites, and the Quakers had
very little political influence—partly that was because of their silly hats, but mostly because Quakers, as religious dissenters, were not eligible to stand for parliament. And once this abolition movement was founded, it drew its strongest support from individuals who were anything but elites. Abolition drew its strongest support from the Industrial Revolution’s new working class—women and factory workers. They had no political influence whatsoever. The right to vote in Britain was limited to people with money and knee breeches, and yet abolition prevailed. Not only were all the slaves in the British Empire freed in 1833, but also, at the behest of the abolition movement, the British Navy would go on to fight the slave trade everywhere else in the world.

All because of private social enterprise engaged in by individuals in Quaker meetings, in community organizations, through the work of clubs and lodges and fellowships—much like saying “my bowling league cured Zika.” Well, it could be done if we could get more research scientists to learn to bowl. Or let the Cato Institute be your bowling league, now more than ever.

There are ways that you all influence policy in this country that you don’t even realize.

—Mick Mulvaney

Cato’s Impact, 40 Years In

What role does Cato play in the public policy landscape? At the 40th Anniversary Celebration, Director of the Office of Management and Budget Mick Mulvaney and Cato’s chairman of the board of directors Bob Levy offered some thoughts on Cato’s importance and impact.

Mick Mulvaney: I want to tell you one of my favorite Cato stories—it’s a story that shows just how influential Cato can be, in ways that you don’t even know.

I met John Allison when I was 25 years old. I was a young lawyer on my very first deposition. I went to the middle of nowhere in eastern North Carolina, and there I met John Allison. In the middle of the deposition we took a break for lunch and he came back early and we were just chatting, waiting for the court reporter to come back. And he asked me, “So son, where are you from?” I told him, “I’m from Charlotte.” He asked where I went to school, and I told him I went to Chapel Hill for law school. Then he asked, “What’s your favorite book?” And I said, “Well, when I was in eighth grade my dad gave me a copy of Atlas Shrugged, and I thought it was really cool.” That’s the right thing to say to John Allison, apparently, and I sort of followed his career from afar after that.

When I got to Congress, he had just become president of Cato, and I invited him to dinner at the Capitol Hill Club with a couple of friends of mine, including Rep. David Schweikert (R-AZ), who was on the Financial Services Committee with me. We were talking about Dodd-Frank, and I asked him if he
thought we would ever get rid of it. And he said, “No, not really.” I said, “Well, that’s kind of depressing. What should we do then?” And he said, “Well, we should beat it with competition. We should set up a Dodd-Frank world, and then an alternative avenue. If you wanted to operate with a fairly low level of capital, and thus a relatively high level of risk, you would operate in the Dodd-Frank world, but if you wanted a more conservatively run financial institution with a higher level of capital and thus more safety and security, we would create a different lane for you with a different level of government oversight and regulatory burden.” The theory was that if Dodd-Frank was in fact designed to make banks safer, there was another way to do that, and that was simply to have banks carry more capital.

That was a dinner conversation! I think the House Financial Services Committee voted on that last week. And you all don’t get credit for it, but the CHOICE Act that Jeb Hensarling has been pushing for the last two years actually grew out of a conversation that Cato had. There are ways that you all influence policy in this country that you don’t even realize.

**BOB LEVY:** In the Global Go To Think Tank Index from the University of Pennsylvania, 2016 edition, Cato is 11th among 6,846 think tanks worldwide; 8th in the United States; 4th in domestic policy; 5th in education policy; 6th in health policy; 8th in social policy; 10th in advocacy; 10th in use of media; 6th in innovative ideas; and 10th for impact. Bear in mind—those numbers are out of 6,846. Or, you could look at the comprehensive ranking of think tanks by the Center for Global Development—it’s based on objective performance measures, including use of social media, web traffic, press references, scholarly citations—and Cato was first overall in rating per dollar spent. And equally impressive, we were second overall even without adjustment for the size of our budget—even when compared to much larger think tanks such as RAND and the Urban Institute.

Now, you might say that Cato’s think tank ratings sound good, but we know that 82.6 percent of statistics like that are made up on the spot. What about Cato’s actual impact on public policy? Well, we don’t gauge our impact by who gets elected or the number of laws passed—indeed, generally we’re pushing Congress _not_ to pass a law. Instead we emphasize books and studies and op-eds and radio and TV appearances, our award-winning websites, lectures, debates, legal briefs, testimony before Congress and state legislatures. And based on those criteria we’ve had a major impact on public policy in quite a few areas, both broad and specific. Our most important and broadest impact has been to create a presence for libertarian ideas in Washington, D.C. Without Cato, there would be no wholly consistent voice on behalf of individual liberty and limited government. And thanks to our work, journalists and policymakers understand that the ideas of the American Revolution are alive today. ■

*Visit Cato’s website to read some of the enduring essays that Cato has published over the years, from authors such as Milton Friedman, Antonin Scalia, and Mario Vargas Llosa.*

www.cato.org/Cato40
ON THE IMPORTANCE OF CATO
One of our problems as Republicans in Washington is that Republicans have an insufficient confidence in free minds and free markets. When we’re offering them Obamacare, but half as much, you’re never going to win that debate. If the Democrats are Santa Claus, and we’re 0.5 Santa Claus, do you think we’re going to win that? We have to do something that is more difficult—and that’s why you need Cato and think tanks to come up with the arguments, because inherently our argument is more difficult. We have to be able to argue about opportunity, freedom, and the prosperity that that brings.

ON PRIVACY AND FOREIGN POLICY
On privacy and foreign policy, I think Cato has a perspective that most other think tanks in town don’t have. I think it’s important that we have voices that will discuss a constitutional foreign policy, and that there needs to be debate before we go to war. In fact, I think the most important debate we ever have is whether we send our kids to war—and we’re not having it at all. What is the legal and constitutional justification for our presence over there now? I think it’s zero. If you think we should be there, we should vote. We shouldn’t just let a president—one person—have so much power.

ON COMPROMISE
One of the things that we hear in politics is that once upon a time, things were so much better. The halcyon days when politicians would hold hands, sing “Kumbaya,” and everything was perfect, there was no disharmony at all—if only we had those times again! And I always wonder if these people have read any of our history. Because when you go back and read of the fights between Jefferson and Adams, they had a 30-, 40-year feud, with heated disputes. You look at Henry Clay from my state—he became Speaker of the House in his first election, 34 years old, and he gets there and there’s mayhem, people have derringers that slide down from their shirt sleeves, people have canes and they know how to wield them.

The question is when to compromise and when not to. Henry Clay compromised over some things where I hope I would not have compromised. He compromised over slavery, and people said, “Oh, but he kept the Union together!” Well, he did, but maybe there was an inevitability to it being torn asunder by continuing the propagation of slavery and the fugitive slave law, and all of those things that he voted for in order to, supposedly, keep the Union together.

And we still have these debates: What do we compromise over? We have to fix entitlements. If you tell me the age needs to be 72 and I say it should be 70, will I split the difference? Sure. But it has to be going in the right direction to split the difference. We’re having this big debate on Obamacare now. Should we split the difference? If people ask me, “What are you for?” I’m for 100 percent repeal. But if the Congress says they’re for 80 percent

“On privacy and foreign policy, I think Cato has a perspective that most other think tanks in town don’t have.”

—Rand Paul

Continued on page 11
Libertarians’ Legal Influence

In the past 40 years, has the legal landscape changed for the better? Cato’s ROGER PILON, Case Western Reserve’s JONATHAN H. ADLER, and the Goldwater Institute’s TIMOTHY SANDEFUR shared some thoughts on the rise of libertarian perspectives in law.

ROGER PILON: In 1983, when I was in the Reagan administration, I called up Jim Dorn and suggested that Cato put together a conference on economic liberties and the judiciary. He set up a lunch for the two of us and Ed Crane, and on the back of a paper napkin I sketched the program for that conference. A year later, Cato ran it. It opened with a scintillating debate between then-Judge Antonin Scalia and Chicago Law Professor Richard Epstein over the proper role of there, culminating in the creation of Cato’s Center for Constitutional Studies in early 1989. Since then, we have worked to gradually change the debate. Indeed, in the past two decades it’s the liberal camp that’s calling conservative justices “judicial activists.” Yet what we’ve been urging is not the old liberal judicial activism, but judicial engagement—enforcing the Constitution’s doctrine of enumerated powers on one hand, and securing rights, both enumerated and unenumerated, on the other. In other words, let’s start to restore the Madisonian Constitution. And I’m very happy to say that when you look at the debate today, judges are much more conversant with this approach to the Constitution than they were 30 and 40 years ago. It takes time.

JONATHAN H. ADLER: The problem of ideological uniformity still manifests itself in legal scholarship. Not only did most legal academics not agree with the challenges to the Affordable Care Act, didn’t understand the challenges to the Affordable Care Act, didn’t understand why a mandate to purchase insurance was qualitatively different than the other sorts of things the Supreme Court had allowed under the Commerce Clause. That continues to be a problem, although I think it’s a problem that is declining. The good news is that libertarian ideas have an increasing influence in a large number of areas of law. The volume of scholarship that takes either explicitly or implicitly a libertarian point of view, or merely accepts libertarian premises, whether to support them or to challenge them, has increased over time both in volume and in influence. This began in many respects with the law and economics movement, when many scholars across the political spectrum recognized that economic analysis of law is very powerful. In certain areas, antitrust being the best example, this led to changes in our understanding of economic organization and not only influenced scholarship but also ended up influencing courts as well. We’re beginning to see something similar in what’s referred to as institutional economics, and a greater understanding of the way property-based institutions and private ordering allow people alone and in groups to solve problems that we...
might otherwise turn to government to address. Certainly originalist scholarship is hugely important these days and has expanded dramatically. It used to be that originalism was nothing more than a basis to criticize the Warren Court. It is now a really robust area of research, and is being engaged with across the political spectrum. There is now even a group of progressive scholars who characterize themselves as “originalists,” who recognize that in a constitutional debate, whether one likes the idea of the original public meaning or not, it is something that one has to engage with. We can debate whether the original public meaning of the Constitution is perfectly libertarian, but it’s certainly more libertarian than what we have now, and so an active debate on originalism is very positive.

TIMOTHY SANDEFUR: In his 2008 book *The Rise of the Conservative Legal Movement*, Steven Teles divides the history of litigation in defense of constitutional freedoms into basically two stages. The first stage began in 1973 with the creation of the Pacific Legal Foundation, which was the first of the libertarian/conservative public interest legal foundations to be created. The story goes that then-governor Ronald Reagan was frustrated by the ACLU and other groups opposing his welfare reforms, and he expressed his frustration to some of his staff members who were lawyers, and they said, “Well, why don’t we start our own version that would be litigating in defense of economic freedom and property rights?” So they founded the Pacific Legal Foundation. And similar groups followed after that. The second stage, according to Teles, begins in the early ’90s with the foundation of the Institute for Justice. And what made their approach unique was a focus on humanizing these issues, on storytelling, on demonstrating how abstract constitutional matters affect ordinary people in their daily lives. And that really was revolutionary in this field.

I think, in fact, the first generation of organizations has learned a lot from that second generation. On the other hand, it’s been said that law is the trailing edge of culture, and I think that’s very true. Lawyers can come in and litigate a case, and they can win it, but it takes a lot of work in the trenches—journalists and social scientists and theorists and scholars—they have to lay the groundwork for successful litigation to really make a big difference. I think what we’ve accomplished in the second generation, which we owe largely to people like Chip Mellor, John Kramer, and Clint Bolick, is teaching people these stories, but what we owe to Cato is building that theoretical base. We’ve raised a new generation of young lawyers who are rethinking the post–New Deal orthodoxy, and we’re starting to see them advance to the next stage in the legal profession, so in that sense, I’m very optimistic in the long run. In fact, we in Arizona just saw Clint Bolick get appointed to the Arizona Supreme Court (thus vacating the office that I now occupy)—so I think we’re going to see a lot more progress in the future.

We’ve raised a new generation of young lawyers who are rethinking the post–New Deal orthodoxy.

—Timothy Sandefur

We will have in place, if the Republicans get their way, the same basic principle the Democrats had, which is that the government will pay money to insurance companies. And the problem I have with that is that insurance companies don’t really need taxpayer money. They make $15 billion a year, and they made $6 billion a year before Obamacare. Who here wouldn’t love to have a business where the government forces people to buy your product, and then if 10 percent of them can’t afford it, then the government will buy it for them—but you still get to keep all the profits?
The Cato Institute’s 40th Anniversary Celebration, May 5–7, included two and a half days of speeches and panel discussions from leading thinkers on the past and future of liberty. Seven hundred people attended Saturday night’s 40 Years of Advancing Liberty party. The party sprawled over five of the Institute’s eight floors, each decorated in a different theme—beginning with the San Francisco cioppino on the lowest level and ending with the rooftop bar in the Ken & Frayda Levy Liberty Garden. See more pictures on page 18.
On Cato’s Website

Read more about the Cato Institute’s 40 years of advancing liberty, including

- A timeline of Cato events from 1977 to now
- A special online forum of essays on the future of liberty from Deirdre McCloskey, Leszek Balcerowicz, Tyler Cowen, and more
- Videos of Cato scholars on television
- A special 40th anniversary video

www.cato.org/Cato40
What is causing the rise of populism?

DALIBOR ROHAC: If you look at the vote share going to parties in Europe that can be broadly classified as right-wing populist and authoritarian, you see a trend that has been steadily increasing since the early 1980s. Those parties have been around, in some cases, since the 1950s or 1970s. They have gradually become better at doing politics, and what we are seeing today is a simple continuation of that trend. Now, the question of why people vote for these parties is a subject of a really interesting academic debate. You have two big streams of literature that try to uncover that. The first looks at individual-level drivers of populist votes: Why do people as individuals cast votes for these parties? There isn't a simple sociological characteristic of voters who vote for these parties. It's not necessarily a question of income or poverty or education—it's more a matter of perceptions, identities, culture, a sense of grievance that might not be based in reality. Income, for example, is not a strong predictor of voting for populists, but perception of economic deprivation is.

First, a study by Broomhead et al. (2012) looked at the experience of the Great Depression. In countries that experienced the most severe economic downturn in the early 1930s, those countries also then experienced the largest rise in populist votes. That effect was particularly strong if those countries were on the losing side of the First World War, or had very little experience of liberal democracy beforehand. So when you had fertile ground for these kinds of movements, together with an economic shock, then you had a big effect. And then there is Funke et al. (2015) who look at all the financial crises from 1870 to 2014. They found that, whenever you have not just an economic downturn but a financial crisis,
the vote share going to far-right populists goes up by up to 30 percent within five years of that initial economic shock, and then it gradually goes back to normal—if there is another election, that is.

TOM PALMER: It’s a difficult question to know what’s causing it when you have so many countries with so many different experiences. One thing that’s remarkable the perception of an external threat. In today’s case we have Islamism. Even if there’s statistically a tiny chance of any one of us being harmed by it, we have a 24-hour news cycle, with constant pictures of terrorist attacks, and that generates a feeling of being under siege. And those two features in combination seem to trigger very strong authoritarian responses—we need a leader, a strong hand who will protect us from these changes.

One other thing that I think has not gotten enough attention, but is very important, is the fragmentation of media. We’ve lost trust in the media, sometimes for good reasons—there is such a thing as media bias—but at the same time, the fragmentation makes it difficult to see what the brand name is. If something is in the Wall Street Journal, I’m much more likely to quote it than if it’s in the Denver Guardian—which is a fake news site that looks like a real news site. And there are now thousands of those. I’ve even been fooled by them. This has led to a general lack of confidence in stories about our societies, about what’s really true in the world, and that fragmentation is a serious problem. We need to help reestablish the idea of credibility in media.

The one thing that really matters is corruption. That is very strongly correlated with the vote share going to authoritarian populists on the right-wing side. And I think that goes back to this question of trust—the moment when people become nihilistic and totally disenchanted with the political establishment, they stop seeing a difference between, let’s say, mainstream center-right and center-left candidates and someone like Le Pen.

Are ideas we thought were dead, like socialism, now coming back?

JACOB LEVY: People crave the ability in politics to feel that decisions are being made, and that things are being brought under deliberate control. This is one of the great intellectual barriers to liberalism, always. Liberalism demands that we have people who hold office who acknowledge that they don’t control the world. There’s a very deep appetite for
control that I think is just hard for us to overcome. Hayek in *The Fatal Conceit* talked about how psychologically difficult it is for us to rewire our brains in the face of what we need for the “great society,” extended order, impersonal rules—for all of that apparatus that our modern liberal order demands. Our brains remain what they were. I think we have to treat those sentiments as part of the raw material of politics. We have to understand that it’s always going to be with us, even when for a decade, one of the traditional words, like “socialism,” goes out of fashion.

**EMILY EKINS:** Can I push back a little bit? I think we might be misunderstanding what people mean by “socialism.” It’s very concerning when Bernie Sanders holds up Venezuela as a model, but most of his supporters, if you polled them, they would not say “We should be more like Venezuela.” They would say, “We should be more like Sweden.” They don’t know what socialism means—because Sweden is not socialist. Sweden does have large social welfare states, and that brings with it a common set of problems that any centralized system always brings with it—rationing, long lines, lower-quality care—and that’s exactly what they have in their health care system. But in other areas, when it comes to regulation and trade, they actually have freer economies than the United States. And that’s a recent development. Their economic growth was slowing in the ’90s, and they realized that they had to liberalize something. They couldn’t take away the social welfare state, so they liberalized in other areas, they privatized. So one could argue very compellingly that Sweden is wealthy not because of its welfare state but in spite of it.

**CHARLES MURRAY:** People don’t know what socialism is, or what free speech is. The degree of ignorance, just plain ignorance about American institutions, and the Constitution, and our history, in today’s college students, is phenomenal. And part of the reason is, a great many of the stereotypes about crazy left professors teaching really silly courses are correct. College graduates are very unlikely to have ever had a rigorous course, either in high school or in college, on American history. And especially American constitutional history. So when we talk about free speech, they have no sense whatsoever of what “free speech” means, in the same way there’s no sense what “socialism” means. Here’s my main takeaway from all of this: I think the Founders were deeply right about the fragility of democracy. Deeply, deeply right. Democracy commits suicide, given the slightest opportunity. And I think the failure to teach Western civilization is undermining the props that keep advanced democracies going.

**People crave the ability in politics to feel that decisions are being made.**

—Jacob Levy

**NICHOLAS EBERSTADT:** There is a widely accepted storyline out there in policy-land which suggests that the relentless decline in work for prime-age (25-54) men from the 1960s to the present is basically a matter of structural economic change—globalization, trade, outsourcing, decline of manufacturing, technological innovation and the rest. It is certainly true those factors have played a role, but I don’t think that’s the whole story, and it may not even be the most important part of the story. I’ll give you a couple of reasons.

Number one: over the past 50 years our U.S. workforce participation for prime-age men has gone down farther and faster than any other rich society, including sclerotic France, or “lost generation of growth” Japan, or (for God’s sake) Greece—need I say more? I don’t think our comparatively poor performance can be explained by the hypothesis that the United States is more globalized than, say, Switzerland, or Sweden, or the Netherlands.

Second, the decline in workforce participation for prime-age men in America proceeds along almost a straight line from 1965 to the present. Take a look at
that trend line and you won’t be able to spot the Great Recession—or the other six recessions since 1965; you can’t see when China entered the World Trade Organization or when NAFTA went into effect; you can’t point to any of the disruptive waves of technological innovation that have transformed our economy. If “demand shocks” really were the main reason for the decline of male work, this nearly straight line down would be kind of curious, right?

There are two big unobserved variables in this sad saga that deserve much more attention than they have to date received. The first is the role of our disability insurance programs. I wouldn’t suggest for a second that disability insurance creates the flight from work, but it incontestably helps finance and sustain a no-work lifestyle for a growing share of our population. At this point America has an idle army of seven million prime-age men neither working nor looking for work, and something like three-fifths of them are obtaining benefits from at least one of our government’s many disability programs.

The other largely overlooked matter—scandalously overlooked—is the absolutely extraordinary number of people in our country who have felonies in their background, but are not behind bars. Government in its wisdom does not collect data on this so we don’t know how many there are, but the nearest round figure today might be 20 million men and women—overwhelmingly men. Back-of-the-envelope arithmetic indicates this would include one in eight adult men in our civilian population.

Until we get a more accurate picture of the dynamics of disability dependence, and of the employment profile for our invisible 20 million ex-felons, we won’t be anywhere near as informed about what technological change will mean for our workforce as we should be—or could be.

**Will robots be the end of work?**

**DAVID HENDERSON:** Will robots destroy jobs? That old answer that economists like: it depends. Arkwright’s cotton-spinning machinery was introduced in 1760, when England had 7,900 spinners and weavers. In 1796, long after that innovation had dramatically changed the industry, they had 320,000 spinners and weavers. That’s almost a 4,000 percent increase. Why the huge increase? Economists call it elasticity of demand. That technology crushed the cost of producing clothing—and before this, people didn’t have much clothing. So a whole bunch of people were priced into the market, and

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People worry that robots are human-like. Well, I’ve got another example of a big change in the labor force—let’s look at what happened when women entered the labor force after World War II. In 1950, there were 43.8 million men in the labor force and 18.4 million women. In 2015, there were almost double the number of men in the labor force, and four times the number of women. Maybe on some margins men lost jobs, but not many.

I think there are two reasons the pessimistic predictions are too dim. One is what my coblogger at EconLog, Bryan Caplan, calls the pessimism bias. People

“I think the Founders were **deeply right** about the fragility of democracy.”

—Charles Murray
At Saturday evening’s 40 Years of Advancing Liberty party, guests entered the Institute on a red carpet, and then mingled throughout five floors of the Institute. Each floor featured different cuisines and activities, including a live band, dance floor, and photo booth. The Cato40 weekend also featured an array of panels and speakers, including George F. Will and P. J. O’Rourke.
In May, FCC Chairman Ajit Pai joined Cato’s Caleb Brown on the Cato Daily Podcast to discuss the FCC’s vote to roll back net neutrality and Title II internet regulation. Pai argued that the internet’s free and open history for the past several decades proves that such regulation is unnecessary.

At a Capitol Hill Briefing, Sen. Ron Johnson (R-WI) discussed his recently introduced bill to allow state-based visas. Rather than having the federal government impose a one-size-fits-all program, this bill would allow states to tailor their immigration programs to their unique needs, in accordance with America’s tradition of federalization.

Is the 2015 Iran deal worth saving? At a Cato Policy Forum, Ambassador Wendy Sherman, who led the U.S. negotiating team for the Obama administration, defended the merits of the deal and argued that no one should expect one deal alone to solve all of America’s problems with Iran.

Cato vice president for defense and foreign policy studies Christopher Preble (left) presents a 30-year service award to senior fellow and former vice president Ted Galen Carpenter (right). Carpenter has written or edited more than 20 books on international affairs.
At a Capitol Hill Briefing, Chris Edwards (at lectern) urged Congress to pursue tax reform, noting that, while corporate and individual tax rates around the world have fallen in recent decades, America has not seen major tax reform since the 1980s.

At a Cato Book Forum, leading free speech attorney Floyd Abrams discussed his new book, *The Soul of the First Amendment*, in which he contrasts the First Amendment to weaker free speech protections elsewhere in the world.

**APRIL 19:** Outside Voices: How Scholars Can Influence Trump’s Foreign Policy

**APRIL 26:** End the ED: Time to Dissolve the U.S. Department of Education?

**APRIL 28:** Locked In: The True Causes of Mass Incarceration and How to Achieve Real Reform

**MAY 1:** The Soul of the First Amendment

**MAY 3:** State-Based Visas: A Federalism Approach to the Immigration Impasse

**MAY 5–7:** Cato Institute 40th Anniversary Celebration

**MAY 15:** Major Tax Reform in 2017?

**MAY 15:** Teaching Kids Controversy: Education, Pluralism, and Hot Topics

**MAY 16:** Evaluating the Iran Deal

**MAY 22:** Obstacles to Organ Donations: The Dire State of Kidney Transplantation

Audio and video for all Cato events dating back to 1999, and many events before that, can be found on the Cato Institute website at www.cato.org/events. You can also find write-ups of Cato events in Peter Goettler’s bi-monthly memo for Cato sponsors.
How the Drug War Aids the Taliban

In “Four Decades and Counting: The Continued Failure of the War on Drugs” (Policy Analysis no. 811), Christopher J. Coyne of George Mason University and Abigail R. Hall of the University of Tampa make the case that drug prohibition is not only ineffective, but also counterproductive to America’s goals both domestically and abroad. At home, they find that it has led to an increase in drug overdoses, corruption, and violence. And overseas, they find that it actively undermines the U.S. military’s goals by cartelizing the drug trade and strengthening the Taliban. “The opium trade in Afghanistan is a major source of revenue for the Taliban, and has generated between $200 million and $400 million annually since the Taliban’s resurgance in 2005,” they write. It has also criminalized thousands of Afghan citizens, turning them against America and leading them to ally themselves with the Taliban.

THE “DEEP ROOTS” OF POVERTY?

Academics increasingly theorize that differences in economic conditions across countries can in fact be traced to ancient historic and genetic factors that persist in the modern world—the so-called Deep Roots literature. In “The Deep Roots of Economic Development in the U.S. States” (Working Paper no. 44), Ryan Murphy of Southern Methodist University and Alex Nowrasteh of the Cato Institute examine this theory by investigating the ancestry of U.S. states. America’s widely varying ethnic and racial composition, combined with the wide variation in economic institutions and policies across states, makes it uniquely suited to testing such a theory. Murphy and Nowrasteh can find only marginal support for the Deep Roots theory at the state level, and they find no relationship between Deep Roots variables and the quality of a state’s economic institutions—thus tempering the findings of previous studies.

DID THE GOVERNMENT CURE TB?

In 1900, tuberculosis was the second-leading cause of death in America, claiming the lives of 194 out of 100,000 people. An effective treatment was not discovered until after World War II, and yet by 1930, the death rate had dropped to 71 per 100,000. How was this accomplished? Scholars debate several different explanations, including better living conditions, naturally occurring herd immunity, reduced virulence, and improved nutrition. Others
argue that it was a successful public health campaign, which required that patients with TB be isolated, that public health officials be alerted of their existence, and in many cases, that their premises be disinfected. But in “Was the First Public Health Campaign Successful? The Tuberculosis Movement and Its Effect on Mortality” (Research Briefs in Economic Policy no. 76), D. Mark Anderson of Montana State University, Kërwin Kofi Charles of the University of Chicago, Claudio Las Heras Olives of the Banco de Chile, and Daniel I. Rees of the University of Colorado Denver find that most of these aggressive anti-TB measures had no effect on mortality rates.

THE PROOF IS IN THE MARKET
Electricity markets have become increasingly deregulated over the past few decades, after years of regulations that were supposed to reduce market inefficiencies. What can the subsequent changes in the electricity market tell us about the benefits of freer markets? In “Imperfect Markets versus Imperfect Regulation in U.S. Electricity Generation” (Research Briefs in Economic Policy no. 75), Steve Cicala of the University of Chicago compares electricity markets before and after regulations were removed, and finds that the freer system reduces production costs by billions of dollars per year, with benefits far outweighing any concerns about imperfections in the market system.

IMMIGRATION, 100 YEARS LATER
Although many people debate how immigrants affect America’s economy in the short term, few have studied an equally important issue: how they affect America in the long term. In “Migrants and the Making of America: The Short- and Long-Run Effects of Immigration During the Age of Mass Migration” (Research Briefs in Economic Policy no. 77), Nathan Nunn of Harvard, Nancy Qian of Yale, and Sandra Sequeira of the London School of Economics examine America’s largest-ever wave of immigration, between 1850 and 1920, and ask, in addition to short-term effects, what effect can now be seen from this massive influx of immigrants, 100 years later. The authors find that in the long run, these immigrants had significant economic benefits, in addition to essentially no short-run costs.

STATE-SPONSORED VISAS
The federal government currently holds a monopoly over deciding both the number and the type of workers who enter the United States, despite the fact that all 50 states have vastly different immigration needs. In “State-Sponsored Visas: New Bill Lets States Invite Foreign Workers, Entrepreneurs, and Investors” (Immigration Research and Policy Brief no. 2), Cato’s David Bier makes the case for state-based visas, which would allow states to sponsor migrant workers using their own criteria in cooperation with federal government oversight. This practice would allow states to adapt their programs as their needs change, in accordance with America’s tradition of federalization and local decisionmaking.

OBAMA’S MYTHICAL “RESTRAINT”
In “Obama’s Foreign Policy Legacy and the Myth of Retrenchment” (Working Paper no. 43), Cato’s John Glaser and Trevor Thrall tackle what they deem “one of the most widely believed myths in Washington foreign policy circles”: that President Obama, reluctant to intervene in world affairs, rejected the long-standing grand strategy of American primacy and instead withdrew or “retrenched.” While Obama’s rhetoric often distanced him from previous presidents, his actions placed him firmly in the camp of primacy, not of restraint or retrenchment. In fact, they write, “a close analysis suggests that Obama’s greatest foreign policy failures resulted from an embrace of the grand strategy of primacy, rather than from restraint.” It is key, they argue, not to misattribute these failures to restraint.

PROSTITUTION AND CRIME
Debates over whether prostitution should be legalized often tie in closely to questions about violence and crime, the drug trade, and the safety of women. Prostitutes are frequently the targets of sexual violence and abuse. Does legalizing prostitution have any effect on violent crime? In “Street Prostitution Zones and Crime” (Research Briefs in Economic Policy no. 74), Stephen Kastorryan of the University of Mannheim, Paul Bisschop of SEO Economic Research, and Bas van der Klaauw of the University of Amsterdam examine the case of “tippelzones,” which are designated legal street prostitution zones in the Netherlands. For tippelzones with a licensing system, they found long-term decreases in sexual assault and a 25 percent decrease in drug-related crime.

THE 800-POUND GORILLAS
Ever since the 2007–09 financial crisis, politicians and regulators have proclaimed dire warnings about systemic risk and have sought regulations and new agencies to tame it. But what actually drives systemic risk, and what threats should be our primary concerns? In “Taming the Two 800-Pound Gorillas in the Room” (Research Briefs in Economic Policy no. 73), Charles W. Calomiris of Columbia University comes to a simple but controversial answer—that the two major systemic threats to financial stability are government policies that subsidize mortgage risk, and government policies that insure bank debts, including “too big to fail” protections. Calomiris deems these threats the “two gorillas” in the room during discussions of systemic risk.
WHO’S THE BOSS HERE?
It is the obligation of the taxpayer to see that the proper tax bill is received and paid on time.
— CITY OF FREDERICKSBURG, VA, TAX BILL, APRIL 2017

STOP TALKING, TAKE AN ECON CLASS
“The Germans are bad, very bad,” Trump told EU Commissioner Jean-Claude Juncker and European Council president Donald Tusk, according to German news magazine Der Spiegel . . . .
“Look at the millions of cars they’re selling in the U.S. Terrible. We will stop this,” Trump reportedly said of the Germans.
— USA TODAY, MAY 25, 2017

THEY CAN’T EVEN PLAN FOR THEIR OWN SURVIVAL
Probably the most fraught 24 hours in the history of COG [continuity of government] worrying occurred on Sept. 11, 2001, when al Qaeda terrorists attacked the World Trade Center and the Pentagon. COG projects and training had been ceaselessly initiated and honed for a half-century; but, as [author Garrett] Graff writes with impressive understatement, “the U.S. government [wasn’t] prepared very well at all.” . . .
While Vice President Dick Cheney had been swiftly hustled to the White House bunker, “those officials outside the bunker, even high-ranking ones, had little sense of where to go, whom to call, or how to connect back to the government,” Mr. Graff writes. But there were enough people in the bunker to deplete the oxygen supply and raise the carbon-dioxide level, and so “nonessential staff” were ordered to leave. . . .
“Air Force One’s limitations”—it wasn’t one of the Doomsday planes—“came into stark relief.” For one thing, the plane’s communications systems were woefully inadequate for what was required on 9/11. “On the worst day in modern U.S. history,” Mr. Graff writes . . . “the president of the United States was, unbelievably, often less informed than a normal civilian sitting at home watching cable news.”
— WALL STREET JOURNAL, MAY 5, 2017

SOMEONE HAS MISLED POPE FRANCIS ABOUT LIBERTY, LIBERTARIANISM, CIVIL SOCIETY, AND HOW TO ALLEVIATE POVERTY
Finally, I cannot but speak of the serious risks associated with the invasion, at high levels of culture and education in both universities and in schools, of positions of libertarian individualism. . . .
The radicalization of individualism in libertarian and therefore anti-social terms leads to the conclusion that everyone has the “right” to expand as far as his power allows, even at the expense of the exclusion and marginalization of the most vulnerable majority.
— POPE FRANCIS, MESSAGE TO THE PLENARY SESSION OF THE PONTIFICAL ACADEMY OF SOCIAL SCIENCES, APRIL 28, 2017

LEGISLATORS WILL GO ANYWHERE, ANYTIME, TO HELP THE PEOPLE
Nine of the 13 D.C. Council members, along with Mayor Muriel E. Bowser and city staff, were returning Tuesday from three days of socializing and meeting in Las Vegas with real estate developers and major retailers.
A record number of city lawmakers flew to Vegas, most, if not all, at taxpayer expense, for the annual conference hosted by the International Council of Shopping Centers, which bills itself as the world’s largest gathering of retail companies.
Bowser (D) and the council members threw a party—funded in part with tax dollars—at the plush Foxtail Nightclub on Sunday night. . . .
By several estimates, the District’s contingent of taxpayer-funded lawmakers and staffers was the largest of any city . . . .
Few of the nation’s top 20 cities sent representatives, according to lists of attendees on the ICSC website.
— WASHINGTON POST, MAY 23, 2017

PRESUMABLY A COMPASSIONATE REPUBLICAN IS ONE WHO GIVES HER OWN MONEY TO CHARITY?
Regalado . . . calls herself a “compassionate Republican.”
— ROLL CALL, MAY 24, 2017

THINGS ONLY AN INTELLECTUAL COULD SAY
[Hugh] Thomas was best known for a series of books about the Spanish-speaking world, including a monumental, 1,700-page history of Cuba, published in 1971 . . . .
His history of Cuba was sometimes criticized for being too harsh on the communist economic policies of Fidel Castro.
— WASHINGTON POST, MAY 13, 2017