Cato's Letter

A Quarterly Message on Liberty

Summer 2006
Volume 4
Number 3

Cato: Upholding the Idea of Liberty

GEORGE F. WILL

I went to the Cubs game this afternoon. I'm beginning to suspect this may not be our year. It's odd. It's the 97th year of our rebuilding effort, after 1908.

It's a delight to be here, even though I was greeted with a joke. Some guy walked up and gave me a riddle. He said, "Why don't the Cubs have a Web site?" And the answer is, "They can't put three W's together."

It is an extraordinary privilege for me to be able to be associated with the name Milton Friedman in this tangential way tonight. I am the son of a professor of philosophy at the University of Illinois. I was briefly an academic before I turned to journalism. And it is interesting, surely, and a tribute to the man whom we've just celebrated in that video that economics is the only academic field in the last 30 or 40 years that has actually moved to the right. And one of the reasons the country has moved to the right is the Cato Institute, which we're celebrating here.

George F. Will is a Pulitzer Prize–winning columnist and author. He gave this keynote speech at the dinner for the 2006 Milton Friedman Prize for Advancing Liberty, which was awarded to former Estonian prime minister Mart Laar in Chicago in May.

CATO INSTITUTE

I got to Washington in 1970, 10 years before the Cato Institute arrived there. So I've seen Washington before and after Cato, and I can tell you the difference that it has made. The Cato Institute is the foremost upholder of the idea of liberty in the nation that is the foremost upholder of the idea of liberty. It is an institution that holds no truck with the currently fashionable phrase "big government conservatism." It knows an oxymoron when it hears it. It has no interest in the idea of "national greatness conservatism," as expressed in adventures overseas. The Cato Institute says we are a great nation, without proving it overseas.

The Cato Institute understands the nature of the modern liberal: in the words of M. Stanton Evans, a modern liberal is someone who doesn't care what you do as long as it's compulsory. And the Cato Institute understands O'Sullivan's Law—named after John O'Sullivan, former editor of *National Review*—which is that any institution that is not libertarian and classically liberal will, over time, become collectivist and statist, unless it is anchored in the kind of ideology that the Cato Institute vivifies in Washington.

The backsliding that we are witnessing today on the part of the party we formerly associated with the defense of liberty is astonishing and disheartening. In the next hour, as happens every hour of every day of every week of every year, in the next hour, the center of the American population is going to move three feet farther south and west. It didn't cross the Mississippi River until after the 1980 census. Today it is southwest of St. Louis, heading for Clark County, Nevada, which is Las Vegas, and Maricopa County, which is Phoenix, in Arizona, where everyone in America will live in a very few years.

Now, you would think, with the center of the American population moving toward the more conservative, more traditionally libertarian and entrepreneurial parts of the country, that the conservative ascendancy would be secure. Look around, and you see it isn't. Because also in the next hour, as happens every hour of every day of every week of the year, the federal government will spend $125 million on entitlement programs, $3 billion a day. What's wrong with this picture?

What's wrong with this picture is that the liberal and conservative arguments have become radically blurred. Modern conservatism was defined in reaction against the New Deal and renewed in reaction against the Great Society. Conservatives spoke the language of Jefferson. They believed that limited government, government not in the grip of hubris and what Hayek called the fatal conceit of the ability to anticipate and control the future, governs best.

But by the year 2000, we had forgotten that argument. The two candidates that year agreed that the task of the next president would be to strengthen and expand the

> The Cato Institute is the foremost upholder of the idea of liberty in the nation that is the foremost upholder of the idea of liberty.

emblematic achievements of the New Deal, Social Security, and of the Great Society, Medicare. Something has gone radically wrong, and I think I know what it is.

We, as a country, are now in the grip of five kinds of politics that I want very briefly to discuss, if only to alarm you and depress you. I call them the politics of assuming a ladder; the politics of rent seeking, otherwise known as the war against Wal-Mart; the politics of learned dependency; the politics of speech rationing; and the politics of orchid building. Let me explain these in very short compass.

First, the politics of assuming a ladder. An old economics joke tells of an economist and a friend who are walking down a road and fall into a pit. The regular guy says, "We can't get out." And the economist replies, "Not to worry, we'll just assume a ladder." We have just had the last presidential election before the first of 77 million baby boomers begin to retire. They will put strains on a welfare state that, as currently configured, cannot endure. And so the entitlement advocates are assuming a ladder, assuming that something will happen to fix the problem.

It is a tremendous problem that the country will not face. In 1940, there were 42 workers for every retiree. Today there are 3.1 workers for every retiree. There will be, in 2030, 2.1 workers for every retiree, assuming that we have 900,000 immigrants that year and every year into the future. This is why the politics of assuming a ladder of evasion and intellectual cowardice cannot go on and why the Cato Institute, here first and earliest and most forthrightly on this problem, must be listened to. Cato has been saying this for years, and there's nothing more dangerous in Washington than to be prematurely right.

Funding the welfare state that Americans seem to want requires a dynamic economy. And rent seeking—the bending of public power to confer an advantage on a private party—inhibits the economy. We see the spirit of modern rent seeking in the jihad today against Wal-Mart. Wal-Mart is the most prodigious job creator in world history. Wal-Mart has 1.3 million employees, more than the American military. Wal-Mart, when it enters a rural community, lowers the general price level 8 percent; in an urban setting, 5 percent. Wal-Mart, according to a McKinsey & Company study, was responsible for one-quarter of the entire nation's productivity growth. Wal-Mart, if it were a nation and its revenues were its GDP, would be the 27th largest nation in the world, slightly larger than Saudi Arabia and a lot nicer.

But Wal-Mart makes life difficult for its vendors, who have to become more efficient. It makes life difficult for the traditional retailers down on Main Street. We could protect those Main Street retailers, just as we could have protected the American automobile industry from the best thing that ever happened to it and to American consumers: the Japanese automobile industry. We could have protected Delta and Northwest and

American and United from JetBlue and Southwest. But we cannot do that sort of thing and have a dynamic economy, providing upward mobility for the American people and supporting the kind of government that, alas, a good many people want to have. We cannot have the politics of rent seeking and continue to be a prosperous and free country.

Nor can we have the politics of learned dependency. Fewer and fewer people paying for a government that more and more people are getting things from. That is what economists call a situation of moral hazard, a situation in which the incentives are for perverse behavior. That is a situation in which there is no incentive for limited government.

One percent of the income tax payers pay 35 percent of the income tax; the top 5 percent pay 55 percent; the bottom 50 percent of income earners in the country pay less than 4 percent of the income tax; 40 percent of the adult population in the country are not participating in the income tax at all. And still people make political careers and presidential campaigns based on the politics of envy; the idea that the rich are oppressing everyone else and not doing their fair share. Fortunately, the American people are not an envious people. We are an aspirational people, which is why we are the only developed industrial nation that has never had a serious socialist redistributionist party.

There is no greater threat to liberty in this country than the fourth kind of politics, the politics of speech rationing. It is commonly called campaign finance reform, but it's nothing of the sort. It is simply the assertion of the government of a new, audacious right: the right to determine the timing, content, and amount of political advocacy about the government. It is the most astonishing slow-motion—although it is gaining speed—repeal of the First Amendment anyone could imagine.

John McCain, the leading candidate for president from the party that is supposed to be the paladin of limited and modest government, said recently that we have to choose between what he calls clean government and what he calls quote "First Amendment rights," putting them in quotes to indicate his skepticism about their very existence or seriousness. If Milton Friedman and the Cato Institute have taught us anything, it is realism, which brings me to the fifth kind of politics, what I call the politics of orchid building. In government, that means modesty in your expectations of what government can do. The law of unintended consquences dictates that the actual consequences of large government actions are apt to be larger than and contrary to the intended consequences.

We see this today in Iraq. I'm not here to rehearse the arguments about how we got in and all the rest. I am fascinated, however, by the assumption we made that after the obviously easy part, which was decapitating the

> "The backsliding that we are witnessing today on the part of the party we formerly associated with the defense of liberty is astonishing and disheartening."

Hussein regime, the rest would be easy—the assumption that liberty is easy.

Only ideas have large and lasting consequences. You can explain this disaster, you can explain the mentality that told the civilians who were going over immediately after Baghdad fell to work in the Coalition Provisional Authority to bring two suits, because they would be home in a few months, liberty established, and the American troops following them shortly thereafter. You can explain this with regard to an idea.

It's an American idea, sweet tempered, kind, optimistic, generous, well-intentioned, utterly American and quite preposterous.

Tony Blair—a good American—gave a speech about values to a joint session of Congress three months after Baghdad fell. He said that our values are not Western values, they are values shared by ordinary people everywhere. False. The world is full of ordinary people who do not define freedom as we do, who do not value it as we do, who prefer piety, ethnic purity, religious solidarity, military glory, or the security of despotism. There are all kinds of competing values in the world, and liberty has to be fought for and argued for and defined. It is a learned and acquired taste. And the Cato Institute exists to help people learn it and help people to acquire that taste. But it is not easy.

In spring training, a baseball manager will tell you his team is just two players away from the World Series. Unfortunately, they are Ruth and Gehrig. Well, Iraq is just four people from paradise. They need a George Washington, a charismatic, iconic, talismanic figure, a symbol of national unity, above politics. They need an Alexander Hamilton, who could create a modern economy out of human dust. They need a James Madison, a genius of constitutional architecture, for getting factions to live together. And they need a John Marshall, a great jurist, to breathe life into a parchment.

The idea that Iraq was going to be easy fails to recognize the genius of the American founding, the durability of these ideas and why they've been advocated and protected by people like Milton Friedman. And when you hear the phrase "nation building," remember, it is as preposterous as the phrase "orchid building." Nations are not built from Tinker Toys and erector sets. They are complicated, organic growths, just as orchids are. And they are not built, either.

Here is the good news, and it is profoundly good. First of all, as Mart Laar, our honoree tonight, can tell you, all of us in this room live in a world fundamentally unlike the world in which our parents lived. We live in a world where the American model is the only serious model for running a modern society. Fascism is gone. Communism is gone. Socialism is gone. Al-Qaeda has no rival model of modernity. Al-Qaeda is a howl of rage against modernity.

We had an uncommonly clear social experiment after the Second World War. We divided the city of

> **Liberty has to be fought for and argued for and defined. It is a learned and acquired taste. And the Cato Institute exists to help people learn it and help people to acquire that taste.**

Berlin, the country of Germany, the continent of Europe, indeed, the whole world, and had a test. On the one side, the collectivist model, a society run by command, by elites with a monopoly on information. On the other side, what deserves to be called the American model. It has the maximum dispersal of decisionmaking based on the maximum dispersal of information, with markets allocating wealth and opportunity. The results are in. They're decisive. We're here. They're gone. The Soviet Union tried to plant Marxism in Europe with bayonets for 70 years. Today there are more Marxists on the Harvard faculty than there are in Eastern Europe.

To listen to politics, you have to listen for what is not said. And the news there, too, is profoundly good. No one running for president in 2008 is going to say: "I have a bright idea, let's repeal the great achievement of the 1980s. Let's go back to the 70 percent marginal tax rates that existed before Ronald Reagan." And no one running for president in 2008 is going to say: "I have another bright idea; let's repeal the great achievement of the 1990s. Let us repeal the Welfare Reform Act of 1996 that ended the lifetime entitlement to welfare and reduced the welfare rolls by an average of 60 percent in each state." Social learning is slow, but it does occur, and it is driven by institutions like Cato.

Furthermore, the American people remain astonishingly sound in their fundamental values. They are not egalitarians beyond their strong belief in equality of opportunity, not result. They agree with the poet Robert Frost, who said, "I'm against homogenized society because I want the cream to rise." And they agree with Ronald Reagan, who said: "I and conservatives do not want to go back to the past. We want to go back to the past way of facing the future." They agree with Abraham Lincoln, who believed that "this too shall pass" was a timeless proposition.

Well, so far, so good. We have endured. And we have endured because institutions like Cato and people like Milton Friedman, astonishing force multipliers, take in the basic ideas of the American founding, the basic principles of limited government, and demonstrate their continuing relevance and applicability to the modern world. Institutions like Cato guarantee that the American project will continue.

Now, I've spoken long enough. I'm standing between you and dinner and strong drink. You're probably feeling as Jeff Torborg did when he was managing the White Sox. He went out to the mound one day to take Jim Kern, the pitcher, out. And Kern said, "Skipper, I'm not tired." And Torborg said, "We know you're not tired, Jimmy, but our outfielders are."

The moral of the story is that liberty is an acquired taste. We have acquired it. We can lose it. But we won't lose it as long as we continue to honor people the way we are honoring one tonight and the way the Cato Institute honors our Founders by keeping their ideas vivid.

Cato Scholar Profile: TIMOTHY LYNCH

Timothy Lynch is director of Cato's Project on Criminal Justice, which under his leadership has become a leading voice in support of the Bill of Rights and civil liberties. He joined Cato in 1991. Here Lynch answers questions about issues related to criminal justice and civil liberties and efforts being undertaken by Cato in relation to those issues.

What do you see as the most important constitutional issue today?

President Bush and his lawyers maintain that the entire world is a "battlefield." They use that term because everyone knows the battlefield is no place for lawyers, judges, or members of Congress. All power on the battlefield is held by the military. That explains why the president can claim that he can arrest any person in the world and then hold that person incommunicado in a military brig. Jose Padilla, an American citizen, was arrested at Chicago's O'Hare Airport and held for years in a military brig in South Carolina. No criminal charges were filed and he was denied access to a lawyer. The American legal system is based on precedent. If the president can establish a precedent that he can deprive just one person of his liberty whenever he wants, then there will be no numerical limit to this power.

What civil liberties and rights are at particular risk right now?

It is a depressing picture. Free speech is certainly in trouble. With McCain-Feingold, it is now a crime to run a TV or radio advertisement that mentions the name of a politician in the days before an election. John McCain touts that criminal law as one of his great "achievements." Constitutional limits on police searches are falling by the wayside. Instead of applying for warrants, federal agents can bypass the courts by using super-subpoena "national security letters," created by Congress, that allow agents to demand private property from businesspeople. And to fight the war on drugs, local police are increasingly using paramilitary tactics to raid homes.

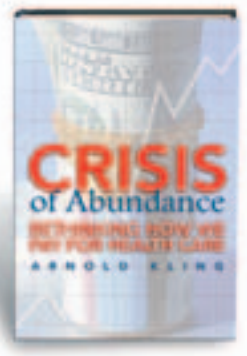
What efforts has Cato undertaken to address these issues?

In March, we published an excellent book about some of the awful legal trends in white-collar crime, *Trapped: When Acting Ethically Is Against the Law* by John Hasnas, who teaches law and ethics at Georgetown University. Hasnas shows how federal criminal law increasingly puts businesspeople in catch-22 situations in which they must act either unethically or unlawfully. In May, we published *Power Surge: The Constitutional Record of George W. Bush.* President Bush talks a great deal about liberty and the rule of law, but his policies have run roughshod over basic constitutional freedoms. We have also prepared legal briefs on some of the most important controversies pending before the Supreme Court, including no-knock raids and the use of military tribunals.

What do you see as the most important challenge to be faced in the near future?

The most important challenge is the "there ought to be a law" mentality that is so pervasive nowadays. The Patriot Act was rushed into law before most members of Congress even had an opportunity to read it—and what is worse, many of the members probably didn't care. It is only a matter of time until we suffer another terrorist attack, whether it is on the scale of 9/11 or perhaps a train or bus bombing. After that happens, there will be another stampede to enact "Patriot II" or the "Anti-terrorism Act of 2007," once again shifting the "balance between liberty and security." Until we can reverse those trends and make the repeal of a law as politically inviting as the passage of a law, government will keep growing.

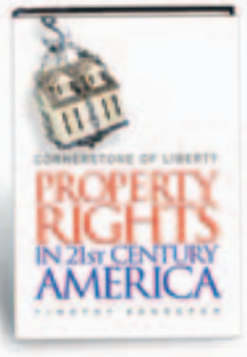
New from the CATO INSTITUTE



CRISIS OF ABUNDANCE: RETHINKING HOW WE PAY FOR HEALTH CARE By Arnold Kling

America's health care troubles largely stem from a great success: modern medicine can do much more today than in the past. So what's the trouble? How to pay for it. In easily comprehensible prose, MIT-trained economist Arnold Kling explains better ways of financing health care for the poor, workers, the disabled, and the elderly. Kling predicts that relying less on government and more on private savings would improve health outcomes. A must-read for health care reformers.

$16.95, hardback, 1-930865-89-9



CORNERSTONE OF LIBERTY: PROPERTY RIGHTS IN 21ST-CENTURY AMERICA By Timothy Sandefur

The Supreme Court's ruling in the *Kelo* case created a firestorm of interest in protecting property rights. Through a combination of real-life stories and solid legal analysis, this book shows why property rights are the "cornerstone of liberty," shows how they are protected in the U.S. Constitution, and critically examines how courts and legislatures have diminished property rights. Sandefur then lays out an agenda for protecting property rights in the aftermath of the Court's infamous decision. **$11.95, paperback, 1-930865-96-1, $19.95, hardback, 1-930865-97-X**

Available at bookstores nationwide, online at www.cato.org, or by calling toll-free (800) 767-1241.
Cato Institute, 1000 Massachusetts Avenue, N.W., Washington, DC 20001 • www.cato.org

Nonprofit
Organization
U.S. Postage
PAID
Cato Institute

CATO INSTITUTE
1000 Massachusetts Ave., N.W.
Washington, D.C. 20001
www.cato.org