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War of the Worlds?

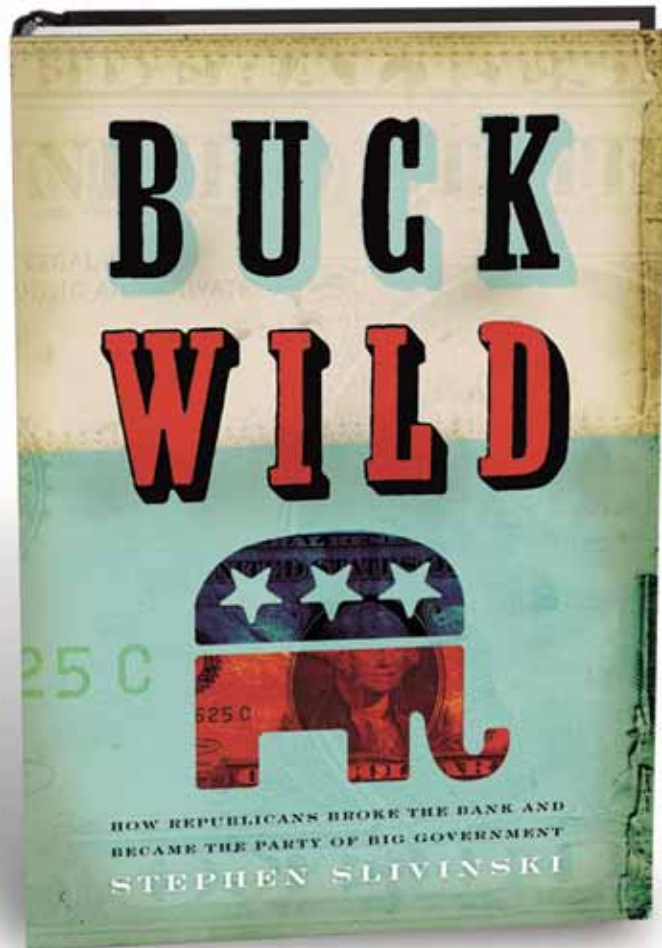
BY CHRISTOPHER PREBLE

Newspapers and opinion journals are littered these days with apocalyptic predictions of an impending—or even ongoing—world war. Former secretary of state Henry Kissinger called on Europe to unite with the United States to “deal with the common danger of a wider war [in Iraq] merging into a war of civilizations.” Former speaker of the house Newt Gingrich warns that World War III has already begun. Norman Podhoretz, publisher of *Commentary* magazine, has penned three different essays on how to fight and win World War IV (the Cold War, in his view, having been World War III).

The jumping-off point for such discussions is the undisputed world wars, World Wars I and II, which killed perhaps as many as 100 million people. The Cold War claimed far fewer lives but lasted nearly five times longer than the first two world wars combined.

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CHRISTOPHER PREBLE is the director of foreign policy studies at the Cato Institute.



“For chapter and verse on the administration’s betrayal of fiscal conservatism, look no further.” That’s how *The Economist* described *Buck Wild* by Stephen Slivinski in its October 21 issue. Slivinski offers all the data and a very readable narrative of “how Republicans broke the bank and became the party of big government.” **MORE ON PAGE 16**



BY EDWARD H. CRANE

President's Message

America Deserves Better Politicians

"Why does America's prosperity and self-confidence seem to bear so little relationship to the competence of its government? The obvious answer is that America, founded on a libertarian theory of minimal government, has always had low expectations of politicians."

—Times (London), February 2, 2006

“One of the overlooked benefits of term limits is that they will attract citizen-legislators—people who would rather live in the private sector.”

T rue enough, and thanks to our British cousins for recognizing it. On the other hand, low expectations are one thing, but this? How low can you go? Lord Acton famously warned that power tends to corrupt. Indeed, when the Democrats were in power in Congress for some 40 years, they grew pretty corrupt (remember the House banking scandal?). It took the more efficient Republicans only a dozen years in power to catch up. The reality is, of course, that the endemic corruption in Congress and more generally inside the Beltway over the past two years is bipartisan:

- Duke Cunningham (R-CA) is in the slammer for taking \$2.5 million in bribes.
- Frank Ballance (D-NC) is in the slammer for money laundering and mail fraud.
- Bob Ney (R-OH) pleaded guilty to conspiracy in connection with the Jack Abramoff scandal and will be sentenced in January.
- William Jefferson (D-LA) was found by the FBI to have \$900,000 in cash in his freezer.
- Curt Weldon (R-PA) is under FBI investigation for helping a Russian company with business dealings with his daughter.
- Bob Menendez (D-NJ) is under investigation for self-dealing with a nonprofit that rented a house he owned.
- Jerry Lewis (R-CA) is under investigation for profiting from earmarks he sponsored.
- Tom DeLay (R-TX) has been indicted for money laundering.
- Alan Mollohan (D-WV) had to step down as ranking member of the House Ethics Committee after revelations of earmarks designed to enhance the value of his property and failure to disclose assets.
- Rick Renzi (R-AZ), Harry Reid (D-NV), and Dennis Hastert (R-IL) are under criticism for using their congressional positions to benefit land deals in which they were involved.

With the exception of Reps. Ballance and Renzi, every one of those solons had been in office at least a dozen years. Yet another reason to bring back term limits. You'll recall that in 1995 the Supreme Court, in a 5-4 vote, chose to ignore the Tenth Amendment (nothing in the Constitution precludes states from limiting the terms of their congressional delegations) by striking down term limit laws that had been passed in some 23 states.

The two most likely Supremes to step down over the next two years are Justices Stevens and Ginsburg, both of whom voted against term limits. When that happens, U.S. Term Limits (on whose board I serve along with Cato Board member Howard Rich) will look into the possibility of getting a somewhat different kind of term limit initiative passed with the hope of bringing term limits back before the Supreme Court. The previous ruling, *U.S. Term Limits v. Thornton*, was a close decision, and since 80 percent of Americans support the idea, it would not be out of the question that the Court would revisit the issue.

It has always been my theory that the reason we get so many bad apples in Congress is that the vast majority want to be career politicians, which brings to town an inordinate number of power seekers. One of the overlooked benefits of term limits is that they will attract citizen-legislators—people who would rather live in the private sector. That is what we should strive for, particularly in the House of Representatives. I'd prefer a lottery to the system we have now. It's a system that has created a Congress that a mere 16 percent of Americans approve of, according to the latest NBC-*Wall Street Journal* poll.

One more point and I'll stop beating up on the congresscritters. Ultimately more important than the corruption of ethics and larceny is the corruption of principle. Congress today ignores the Constitution, which should be the basis for our rule of law. As Chris DeMuth, head of the American Enterprise Institute, eloquently put it: "Modern political practices have left the Constitution in the dust in ways that no one is debating, and few have even noticed. Slowly and insensibly, James Madison's parchment barriers have been worn down." Term limits may be our last, best chance to restore those barriers.

Since this will be the last *Cato Policy Report* you will receive before the end of the year, I want to remind you that the people holding this newsletter in their hands provide about 80 percent of Cato's annual budget. I hope you'll choose to be as generous as you can afford. There are few groups as committed to defending America's heritage of liberty as Cato. Recently, a group of wealthy "progressives" announced they had raised more than \$50 million to support leftist think tanks. We are in a battle of ideas that will take serious resources to win. Don't ask why, but Congress in its wisdom will allow people over 70½ years of age to give up to \$100,000 from their IRAs this year and in 2007 to a 501(c)3 organization tax-free (think Cato!).

Former Putin economic adviser Andrei Illarionov joins Cato

Cato Institute Launches Center for Global Liberty and Prosperity

The Cato Institute launched its Center for Global Liberty and Prosperity in October. The mission of the center is to promote policies that protect human rights, extend the range of personal choice, and support the central role of economic freedom in ending world poverty.

Building on Cato's extensive work on international development issues, the center will expand the Institute's role in promoting a better understanding around the world of the benefits of market-liberal policy solutions to the problems faced by developing nations.

As part of this expanded mission, Andrei Illarionov, former chief economic adviser to Russian president Vladimir Putin, has joined the center as a senior fellow. Illarionov was a Kremlin adviser from 2000 to December 2005, when he resigned in protest of government policies. He served as a member of Russia's first economic reform team in the early 1990s and is an expert on the economics of postcommunist transition. Illarionov is one of Russia's most forceful and articulate advocates of an open society and democratic capitalism.



Andrei Illarionov



Swaminathan Aiyar

"We are delighted that such a champion of liberty as Andrei Illarionov has joined our new Center for Global Liberty and Prosperity," says Ed Crane, president of the Cato Institute. "For years Andrei has spoken truth to power inside the Kremlin. He is one of the most courageous men I have had the privilege of knowing."

The director of the center is Ian Vásquez, formerly director of Cato's Project on Global Economic Liberty, which the center replaces. Also joining the team is Indian economist Swaminathan Aiyar, who will serve as a research fellow. Aiyar, a regular columnist of the *Times of India* and one of India's leading market-liberal advocates, will focus his work at the Cato Institute on eco-

nomics change in India and Asia.

The Advisory Board for the Center for Global Liberty and Prosperity is made up of a small group of distinguished individuals: Gurcharan Das, former CEO of Procter & Gamble, India; José Piñera, former minister of labor and social security, Chile; Deepak Lal, professor of international development studies, UCLA; Fred Hu, chief economist, Goldman Sachs, Asia; Pedro-Pablo Kuczynski, former prime minister of Peru; Arnold Harberger, professor of economics, UCLA; and Anne Applebaum, columnist, the *Washington Post*.

In recent years, Cato has held major conferences in China, Russia, and Mexico; published important studies on foreign aid, Africa, malaria, and private education for the poor; and published books on globalization, the water crisis in poor countries, and economic reform; and copublished the *Economic Freedom of the World* report produced annually in conjunction with the Fraser Institute in Canada.

The center will expand Cato's work on Central and Eastern Europe, Asia, Africa, and Latin America. Future work of the center will include

a book that examines improvements in human well-being in most of the world and studies that look at reform priorities for Africa, the state of liberalism in Russia and Central Europe, corruption, and successful economic policies in Latin America and India.

Under the direction of senior fellow Tom G. Palmer, Cato will continue its work in Eurasia through its Russian-language website (<http://www.cato.ru>), and held on October 25–27 in Tbilisi, Georgia, a major conference on "Freedom, Commerce, and Peace" in the region. The Institute also maintains an active Arabic-language program (<http://www.misbahalhurriyya.org>) and recently held a conference in Cairo.

NEWS NOTES



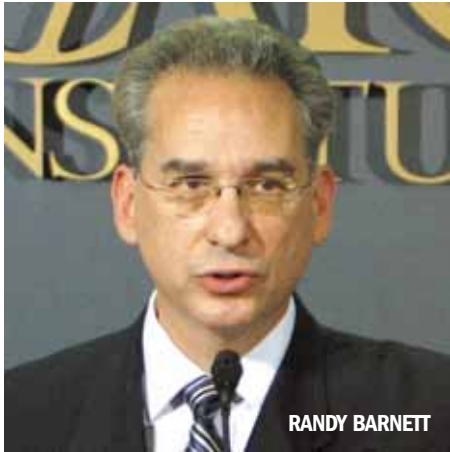
Cato policy analyst RADLEY BALKO may have helped free a man from death row. Balko found the case of Cory Maye while researching the Cato paper "Overkill: The Rise of Paramilitary

Police Raids in America." Maye was sentenced to death for killing a police officer in Jefferson Davis County, Mississippi, when a raiding police team broke into his home late at night in 2001. He had no criminal record, and only a misdemeanor amount of marijuana in his home. He maintains he thought the police were intruders, and the facts of the case seem to support his side of the story. After Balko began writing about the paper on his personal blog, *TheAgitator.com*, the D.C. law firm Covington and Burling picked up the case, hiring its own investigators, medical examiners, and experts. In September, a circuit court judge in Mississippi ordered Maye off death row, pending a new hearing on his death sentence. The judge will rule on other motions in the coming weeks. He could do nothing, resentence Maye, order a new trial, or order Maye be freed from prison. Balko's crucial work on the case has been widely recognized in the online media, from *Instapundit* and *Reason.com* to CBS News's *Public Eye* site.

GLEN WHITMAN'S study "Against the New Paternalism: Internalities and the Economics of Self-Control" (Policy Analysis no. 563) is cited in the "Recommendations for Further Reading" column in the Summer 2006 issue of the *Journal of Economic Perspectives*. The column is widely read by economists; Nobel laureate Paul Samuelson told its original editor, "When the JEP arrives, I turn first to your further-reading column." The column has recommended other Cato publications, including three articles in the Summer 2003 issue of *Regulation* on smoking and internalities, the Cato Unbound discussion kicked off by Nobel laureate James Buchanan, and "Ripe for Reform: Six Good Reasons to Reduce U.S. Farm Subsidies and Trade Barriers" (Trade Policy Analysis no. 30).

Scholars debate executive power, defend First Amendment Court Review Released at Constitution Day Conference

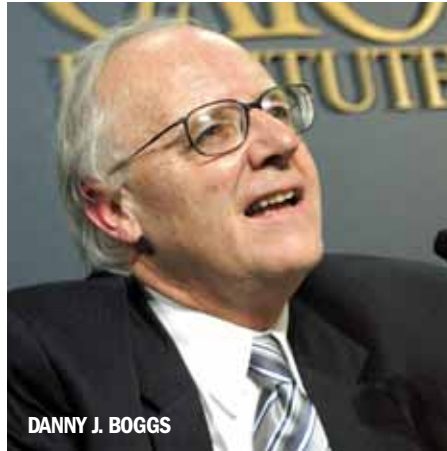
With the end of the Rehnquist Court and the addition of new justices John Roberts and Samuel Alito, the October 2005 Supreme Court term was one of the most anticipated. Many people hoped that the new justices would push the Supreme Court in a direction more amenable to federalism and the original meaning of the Constitution, but the results seem to be mixed. At the Cato Institute's Fifth Annual Constitution Day Conference held on September 14, some of the nation's top legal scholars discussed how, although in many instances recent Supreme Court rulings have yielded positive results for liberty, often the reasoning behind those cases does not indicate an affinity for the Constitution as originally conceived. The event was held in conjunction with the release of the 2005–2006 *Cato Supreme Court Review*.



RANDY BARNETT

The Roberts Court took up questions of limited government, perhaps most fundamentally in the case of *Hamdan v. Rumsfeld*, which addressed the executive's powers to try detainees in military commissions. At the conference, Martin Flaherty of Fordham University debated John Yoo of the University of California at Berkeley School of Law on the proper boundaries of executive wartime power. In the pages of the *Supreme Court Review*, Flaherty praises *Hamdan* as a victory for the separation of powers and the rule of law. Yoo, with a

sharply different view, writes that *Hamdan* ignores the legal tradition of judicial deference to executive decisions in times of war.



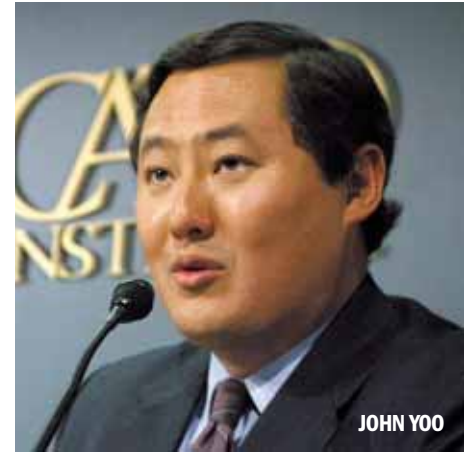
DANNY J. BOGGS

In 2005 *Gonzales v. Raich* became notorious for the dramatically expansive reading of the Commerce Clause by the majority opinion. Two cases in the past term—*Gonzales v. Oregon* and *Rapanos v. United States*—suggested a new direction by limiting federal power in the areas of assisted suicide and wetlands regulation, respectively. But Ilya Somin of the George Mason University School of Law cautions federalists to not be overly optimistic, writing that in those cases “the Court’s reasoning served to reaffirm more than constrain the virtually limitless nature of congressional power.”

Allison Hayward of George Mason University Law School echoes Somin in her take on two cases that overturned campaign finance regulations, *Wisconsin Right to Life v. FEC* and *Randall v. Sorrell*. Despite recognizing that campaign finance regulations can threaten free speech, Hayward explains, both cases accept the framework set by *Buckley v. Valeo*, the 1976 case that upheld the constitutionality of federal limits on campaign contributions. Also on the subject of free speech, Dale Carpenter of

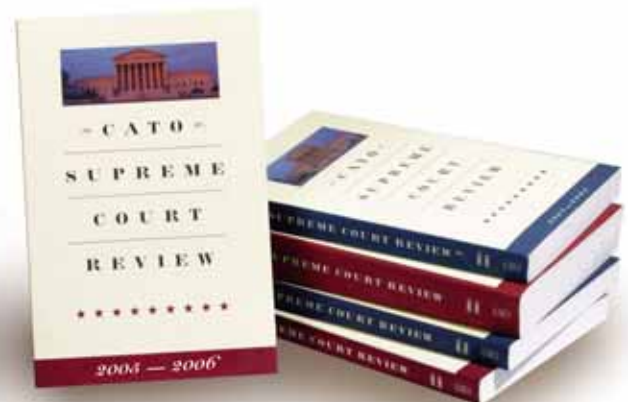
the University of Minnesota Law School explains why the Court’s unanimous decision in *Rumsfeld v. FAIR* is “unanimously wrong.” The decision found that Congress can constitutionally withhold funding from universities that refuse to cooperate with military recruiters, an act that Carpenter argues violates the First Amendment.

Danny J. Boggs, chief judge of the U.S. Court of Appeals for the Sixth Circuit, delivered the annual Kenneth B. Simon lecture, titled “Challenges to the Rule of Law: Or, *Quod Licet Jovi, Non Licet Bovi?*” The Latin phrase translates as “what is permitted to Jupiter is not permitted to a cow.” Boggs explained that this phrase illustrates a critical element of the rule of law: that the law must not arbitrarily treat some as Jupiter—that is, as kings endowed with special privileges—and others as cows with lesser legal rights.



JOHN YOO

The *Cato Supreme Court Review* can be purchased for \$15.00 in paperback at catostore.org.



Board Members and Donors Gather for Cato Club 200 Retreat



Scenes from the Cato Club 200 retreat at the Greenbrier resort in West Virginia, September 28–October 1: Marlene Mieske and Rebecca Dunn, speaker Zainab al-Suwaij with Ed Crane, Bill Dunn and Lana Hardy with Pat Michaels, Charles and Catherine Murray.



José Piñera with Paula Smith and Donald Smith.



Fred Young

Donald G. Smith and Fred M. Young Jr. are the two newest members of the Cato Institute's Board of Directors. Smith runs an investment firm in New York. He holds a law degree from UCLA and an MBA from Harvard and sits on the boards of the Foundation for Economic Education and the Central Park Conservancy. He and his wife Paula have

been supporters of the Cato Institute for more than a decade and have attended many Benefactor Summits and Cato Club 200 retreats. The Donald & Paula Smith Family Foundation cosponsors Cato's twice-yearly seminars in New York and runs a series of debate programs. Young, who holds two engineering degrees and an MBA from Cornell, was president of Young Radiator

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*Former Owner,
Young Radiator Company*

Company, which he sold in 1998. He and his wife Sandra, a novelist, have attended many Cato events, and their son Ryan works in Cato's Government Affairs department. They have provided crucial support for such projects as the Center for Representative Government and the Project on Middle East Liberty. Fred Young is also a member of the Reason Foundation's board.

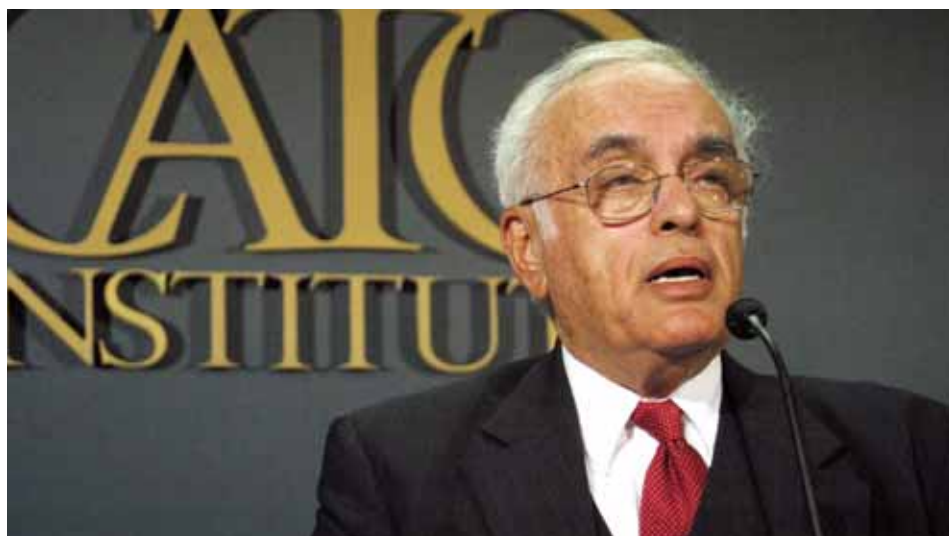
9/11 panel examines the state of the war on terrorism

Slivinski, Sager, and Sullivan on the Plight of the GOP

AUGUST 1: In a speech to a standing-room-only audience at the Cato Institute, Secretary of Commerce Carlos Gutierrez tackled one of the most important domestic issues confronting the United States—

Promoting Liberty Abroad” with Christopher Preble, and “Liberty in D.C.: Remaining True to Your Beliefs While Working on the Hill” with Brian Wild, former aide to Rep. Pat Toomey (R-PA) and

Rector of the Heritage Foundation agreed that welfare reform, and not merely a robust economy, has led to a decline in welfare rolls and a boost to personal responsibility. Rector said that the goal for future reform should be to link welfare to incentives that will discourage self-destructive behavior on the part of recipients. Murray argued that government should merely provide a guaranteed minimum income and otherwise get out of the way and allow voluntary organizations to help the members of the underclass craft meaningful lives.



At a Book Forum for *Buck Wild*, Robert Novak traces the history of big-government Republicans.

immigration reform—and one of the most important foreign policy issues—U.S. relations with Cuba. At a Cato Policy Forum, “Comprehensive Immigration Reform for a Growing Economy,” Gutierrez pointed out that there are proportionately fewer foreign-born persons living in the United States today than in 1890, despite the fact that immigration is a net gain for the U.S. economy. And in the first official U.S. government response to Fidel Castro’s transfer of power, Gutierrez promised that the U.S. government would assist Cuba to move toward political and economic liberty once a free transitional government is in place there.

AUGUST 8–31: This summer Cato took its philosophy of small government and individual liberty to the cradle of unfettered government with **Cato University at Capitol Hill**. Congressional staffers participated in a series of lectures and discussion groups conducted by Cato scholars and other libertarian thinkers. Seminars included “Simple Rules for a Great Society” with David Boaz, “A Positive Vision for

vice president of the Nickles Group.

AUGUST 15: At a Cato Book Forum, *Buck Wild: How Republicans Broke the Bank and Became the Party of Big Government*, author Stephen Slivinski described how the Republicans have betrayed the fans of limited government with whom they claim to be allied. Syndicated columnist Robert Novak said that the GOP’s support for big government has historical precedent with Republicans such as Teddy Roosevelt, Dwight Eisenhower, and Richard Nixon. He also pointed out that, as bad as the Republicans are for limited government, the Democrats would probably be even worse if they came to power.

AUGUST 22: The norm is for government to perpetually increase, so it was an event worth remembering when Congress actually cut back an entitlement in 1996 with welfare reform. At a Cato Policy Forum, “Welfare Reform Turns 10: A Look Back, A Look Ahead,” which was broadcast four times on C-SPAN, Charles Murray of the American Enterprise Institute and Robert

AUGUST 29: In the past 30 years, the share of Americans’ incomes spent on health care has doubled. At a Cato Book Forum, *Crisis of Abundance: Rethinking How We Pay for Health Care*, author Arnold Kling, an economist and Cato adjunct scholar, argued that Americans spend so much on health care because they don’t have to worry about the costs. Eighty percent of personal health care spending, Kling explained, comes from third parties. He said that the United States should change policies so more middle- and high-income consumers pay their medical expenses out of pocket. Jason Furman of New York University and *Washington Post* columnist Sebastian Mallaby commented.



Dan Griswold explains the economics of international trade at Cato University at Capitol Hill in August.

AUGUST 31: In early 2007 Congress will rewrite the farm bill that last year doled out \$20 billion in farm subsidies. At a Cato Policy Forum, “Prospects for Reform of U.S. Agricultural Policy—With or without Doha,” Secretary of Agriculture Mike Johanns laid out some of the administration’s goals for the bill. He hoped that the



Cato vice president James A. Dorn met with Shinzo Abe, then chief of Prime Minister Koizumi's cabinet and now prime minister himself, during a visit to Tokyo in October 2005 to speak at a conference on "Japan-U.S.-China Relations" organized by the Keizai Koho Center.

United States can craft a more “pro-trade” agricultural policy by making large cuts in the subsidies that most distort foreign trade. Cal Dooley, president of the Food Products Association, argued that farm subsidies do not really help farmers, because they create dependence and make farmers less efficient, and suggested that the United States unilaterally relinquish its subsidies. Robert L. Thompson of the University of Illinois said that the justifications for farm support are obsolete.

SEPTEMBER 6: Could libertarians be the next voter swing group? At a Cato Book Forum, *The Elephant in the Room: Evangelicals, Libertarians and the Battle to Control the Republican Party*, former Cato intern and *New York Post* columnist Ryan Sager explained how the GOP is ignoring the small-government voter at its own peril. The conservative movement behind the Republican Party’s electoral successes since the Goldwater era, he said, was formed by an alliance between social conservatives, represented by the evangelical South, and libertarians, represented by the “don’t tread on me” West. Michael Barone of *U.S. News & World Report* commented.

SEPTEMBER 7: Since the French and Dutch peoples rejected the European Union constitution, the question seems to be not “does the European Union need reform?” but “how much reform does it need?” At a Cato

Book Forum, *Design for a New Europe*, John Gillingham of the University of Missouri at St. Louis argued that the top-down, centralized approach to EU management has failed. John Bruton, the EU ambassador to the United States and prime minister of Ireland from 1994 to 1997, defended the EU as the world’s only multinational democracy; he said that its power to make policy should be expanded.

SEPTEMBER 11: After the 9/11 terrorist attacks, many Americans asked, “Why do they hate us?” At “**The War on Terrorism Five Years after 9/11**,” a Cato Policy Forum, Robert Pape of the University of Chicago presented his answer, drawn from research he conducted on every act of suicide terrorism since 1980. Pape argued that, contrary to assumptions behind current U.S. foreign policy strategy, Islamism is not the primary motivation for suicide terrorism. Rather, he said, the timing of attacks and the words of the terrorist themselves show that suicide terrorism is a strategic tool used against foreign occupation. Under Pape’s strategy of “offshore balancing,” the United States would minimize its deployment of troops abroad because they tend to produce terrorism instead of protecting us from it. A panel of foreign policy experts then commented on the state of the U.S. campaign against al-Qaeda, including former Bush national security aide Flynt Leverett; Dana Priest, reporter for the *Washington Post*; Andrew

Kohut of the Pew Research Center; and Rand Beers of the National Security Network.

SEPTEMBER 12: If our government tells police to fight a “war” on drugs, we should not be surprised when our police officers start behaving like a military, says Radley Balko, policy analyst at Cato. At a Cato Policy Forum, “**Overkill: The Rise of Paramilitary Police Raids in America**,” Balko described an “epidemic of isolated incidents” in which SWAT teams break into homes in the middle of the night on drug raids, often resulting in unnecessary harm to nonviolent drug offenders, innocent victims of mistaken identity, and police officers themselves. Norm Stamper, former Seattle chief of police, said that, in his experience, use of SWAT for drug enforcement purposes is indeed harmful to both the public at large and police officers themselves.

SEPTEMBER 14: Cato hosted its **5th Annual Constitution Day Conference**, titled “The Supreme Court: Past and Prologue—A Look at the October 2005 and October 2006 Terms.” Martin Flaherty of Fordham University and John Yoo of the University of California at Berkeley squared off in a spirited debate over the limits of executive power in the war on terror. Erik Jaffe previewed many of the cases that will be considered in the next Supreme Court term. Randy



Roger Pilon, Timothy Sandefur, and John Echeverria at a September 19 Book Forum for Sandefur's book on property rights after Kelo.

Barnett, professor at the Georgetown University Law Center and a Cato senior fellow, discussed two upcoming cases concerning the federal government’s power to regulate partial-birth abortion. He said that those cases will almost certainly continue the Court’s recent tendency to grant the government expansive powers under the Commerce Clause.



Distinguished senior fellow José Piñera and his translator attend a rally of 100,000 Montenegrins for independence from Serbia in the great square of Podgorica. Piñera met with the prime minister and told him how free-market reforms could make Montenegro “the Chile of the Adriatic.”

SEPTEMBER 19: Are the rights enjoyed by persons granted to them by government, or do persons have preexisting rights that governments are meant to protect? At a Cato Book Forum, *Cornerstone of Liberty: Property Rights in 21st-Century America*, Timothy Sandefur, attorney at the Pacific Legal Foundation, said that this question is at the heart of the debate over private property rights inflamed by the 2005 Supreme Court decision in *Kelo v. New London*. Sandefur explained that, as a result of Progressive legal philosophy, the judiciary has looked the other way in cases of eminent domain abuse and regulatory takings that violate the original understanding of economic liberties in the Constitution. John Echeverria of the Georgetown University Law Center argued that compensation for regulatory takings would amount to an unfair windfall for property owners at the expense of taxpayers.

SEPTEMBER 20: At a Cato Book Forum, *In Defense of Negativity: Attack Ads in Presidential Campaigns*, John G. Geer, professor of political science at Vanderbilt University, argued that negative ads are unfairly maligned. Before someone can cast an informed vote, Geer explained, he or she must be aware of the problems with the candidates and their policies, and negative ads provide that criticism. Negative ads are less superficial, more specific, more issue oriented, and better documented than positive ads. Jeremy Mayer of George Mason University commented.

SEPTEMBER 21: David Hyman, professor of law and medicine at the University of Illinois, believes that when it comes to the deep-seated problems with Medicare, he would rather laugh than cry. With that perspective in mind, at a Cato Book Forum, *Medicare Meets Mephistopheles*, Hyman phrased his criticisms in terms of the seven deadly sins, each of which, he argued, reveals a different flaw in the program. Robin Wilson of Washington and Lee University elaborated on the rampant fraud within Medicare. Ted Marmor of Yale University argued that the relative stability of health care entitlement programs in Europe shows that Medicare can survive without significant problems as long as the

right reforms are made.

SEPTEMBER 21: Rep. Jeff Flake (R-AZ) drew on his experience growing up in agriculture at a Cato Capitol Hill Briefing, “Changing Course: Why Congress Should Consider a New Direction for U.S. Agriculture Policy.” He criticized farm subsidies as disproportionately favoring the few at the expense of the many and acting as hurdles to future free-trade agreements. Sallie James, trade policy analyst at Cato, said that being against farm subsidies does not mean that one is anti-farmer; rather, ending farm subsidies would be beneficial to most farmers, as well as consumers.

SEPTEMBER 21: What explains the wealth of nations, and what hinders it? Two reports have each gathered a massive amount of evidence to point to answers to those questions. At a Cato Book Forum, “How Nations Prosper: Economic Freedom and Doing Business in 2007,” James Gwartney of Florida State University presented the findings of the report of which he was a coauthor, the *Economic Freedom of the World: 2006 Annual Report*. The data he and the other authors of the report have gathered, he explained, underscore the dramatic increases in economic freedom around the world since 1980 thanks to lower marginal tax rates, greater monetary stability, and more openness to trade. Simeon Djankov, lead author of the report *Doing Business 2007: How to Reform*,



At a September 11 Policy Forum, director of foreign policy studies Christopher Preble introduces Dana Priest of the Washington Post, pollster Andrew Kohut, former national security aides Flynt Leverett and Rand Beers, and University of Chicago scholar Robert Pape.

published by the World Bank, discussed the state of regulations around the world that interfere with the practice of business.

SEPTEMBER 22: While more than a few incumbents appear to be unsafe in the 2006 midterm, the overwhelming trend in recent years has been toward very uncompetitive congressional races. At a Capitol Hill Briefing and in a new book, *The Marketplace for Democracy: Electoral Competition and American Politics*, coeditor Michael McDonald of George Mason University and the Brookings Institution surveyed the various factors that affect competitiveness in elections, including redistricting, term limits, and campaign finance. John Samples, director of the Center for Representative Government at Cato and coeditor of the book, argued that one of the largest culprits in the lack of electoral competition is campaign finance reform. Limits on campaign contributions are more burdensome for challengers.

SEPTEMBER 25: Parents want excellent teachers for their kids, but many teachers in U.S. elementary and secondary schools are far from excellent. At a Cato Policy Forum, “Giving Kids the Chaff: How to Find and Keep the Teachers We Need,” Marie Gryphon, a Cato adjunct scholar, argued that the political forces that run schools protect bad teachers and drive out many good teachers. Arthur Wise, president of the National Council for Accreditation of Teacher Education, proposed that public schools could fix some of their problems if school districts adopted modern business management techniques. Gryphon said, however, that any kind of internal reform is difficult because of the entrenched bureaucracies that run schools. The answer, she believes, is to replace those political forces with the voices of parents through school choice.

SEPTEMBER 25: One of the most stunning aspects of the post-Cold War era has been the extent to which many of the former Soviet bloc countries have embraced liberal market reforms and achieved impressive economic growth. But reform has been slow or completely stalled in many of those countries, leaving many of their citizens behind.



Commerce Secretary Carlos Gutierrez meets the press after his August 1 speech on immigration policy and the sudden illness of Fidel Castro.

At a Cato Book Forum, *Divergent Paths in Post-Communist Transformation: Capitalism for All or Capitalism for the Few?* Olaf Havrylyshyn of the University of Toronto attempted to explain this disparity. He described how delayed reforms can empower oligarchic forces in ex-Soviet states, trapping them in vicious cycles that further enrich those with political connections and prevent the development of a free market. Janusz Reiter, the Polish ambassador to the United States, said that some of the blame for lack of market reform can be placed on the “gradualist” approach, which often acted as a pretext for avoiding reform.

SEPTEMBER 27: The U.S. Department of Education recently released the final report of its Commission on the Future of Higher Education. “Ivory Tower Overhaul: How to Fix Higher Ed,” a Cato Policy Forum, presented a diverse array of perspectives on how to address issues in higher education such as rising tuition. Charles Miller, chairman of the commission, said that the most pressing concern should be the development of tools to measure exactly to what extent colleges are succeeding in educating students. Anya Kamenetz, a journalist who has talked to college students across the country for her book *Generation Debt*, said that financial aid should shift to a grant-based system rather than the current predominant-

ly loan-based one, because many potential students are prevented from going to college by the prospect of massive debt. Finally, Neal McCluskey, education policy analyst at Cato, argued that price inflation driven by federal aid is fueling rising tuition costs.

CATO CALENDAR

FEDERAL RESERVE POLICY IN THE FACE OF CRISES

24th ANNUAL MONETARY CONFERENCE

Washington • Cato Institute • November 16, 2006

Speakers include Randall Kroszner, Robert J. Barro, Anna Schwartz, Kristin Forbes, and Lawrence H. White.

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September 27–30, 2007

“We must not underestimate bin Laden, but we also shouldn’t exaggerate his capabilities or his appeal.”

Continued from page 1

How likely is it that the war on terrorism will be looked upon through the long lens of history as comparable to the world wars of the 20th century? Not very. The casualties caused by international terrorist incidents since September 11, 2001, and the prospects for future casualties, pale in comparison with the death and destruction visited upon the planet between August 1914 and November 1918 and again between September 1939 and August 1945. The violence and bloodshed that can be unleashed by modern industrial states is an order of magnitude greater than that caused by non-state actors.

If there is a historical analogue for the radical Islamist terrorist threat of the early 21st century, it is the anarchist movement of the late 19th century. Like the modern-day terrorists, the anarchists spread chaos and disorder by blowing up bombs in crowded places and by inciting riots. Anarchists succeeded in assassinating a number of world leaders, including Czar Alexander II of Russia, Empress Elisabeth of Austria-Hungary, and even U.S. President William McKinley, but they did not achieve any sort of victory.

When an assassin affiliated with a Pan-Slavic terrorist organization killed the heir to the throne of the Austro-Hungarian Empire, Archduke Franz Ferdinand, in Sarajevo in June 1914, that single event precipitated the global conflict that resulted in more than 30 million casualties. That provides a useful lesson for the present day, but not the one that Podhoretz and Gingrich want you to learn: namely, that the overreaction to threats can have far-reaching, and often horrific, effects.

After interviewing dozens of counterterrorism experts over a period of several months, the *Atlantic Monthly*'s James Fallows came to a similar conclusion. Al-Qaeda's "hopes for fundamentally harming the United States," he writes in the September issue, "now rest less on what it can do itself than on what it can trick, tempt, or goad us into doing."

Modern technology can make radical Islamists such as Osama bin Laden and Ayman al-Zawahiri more dangerous than

the anarchists. Even though there are perhaps no more than a few thousand al-Qaeda operatives, there is a small chance that they may someday get their hands on a mass-casualty weapon. Gingrich argues, "In the age of nuclear and biological weapons, even a few hateful people can do more damage than Adolf Hitler in the Second World War."

But Gingrich doesn't speak to the likelihood that al-Qaeda or some other terrorist organization might get its hands on a nuclear weapon (much less multiple weapons) and figure out how to detonate the device in a heavily populated area, and his apocalyptic warning that "the loss of two or three American cities to nuclear weapons is a real threat" strains credulity to the breaking point. The scope of destruction from an act of nuclear terrorism would be greater than anything ever before witnessed on U.S. soil, and we must take steps to ensure that nuclear material does not wind up in the hands of terrorists. Such efforts require diplomacy and cooperation with other countries and might include additional measures to clamp down on nuclear proliferation and to enhance security of existing arsenals, but rarely military action. Al-Qaeda might aspire to possess nuclear material, or even a nuclear device, but such designs can best be disrupted by targeted action based on timely intelligence.

Lenin, Hitler, . . . bin Laden?

Is the world war thesis useful if we envision Osama bin Laden as the second coming of Lenin or Hitler? How likely is it that bin Laden could seize control of a modern nation-state, complete with an industrial base and a functioning military, and then use that state as a base for waging mass murder?

According to President Bush, that is a very real prospect. In his speech to the

nation on September 11, 2006, the president outlined the terrorists' goals, articulated as a series of stages by al-Qaeda's number-two, Ayman al-Zawahiri: "The first stage: expel the Americans from Iraq. The second stage: Establish an Islamic authority or emirate, then develop it and support it until it achieves the level of Caliphate."

We know that al-Qaeda would like to do that, but could they? Countless kooks and fanatics have aspired to global domination, but the vast majority of those individuals merit barely a footnote in history books.

The president emphasizes the exceptions, especially Lenin and Hitler. "History teaches that underestimating the words of evil and ambitious men is a terrible mistake."

We must not underestimate bin Laden, but we also shouldn't exaggerate his capabilities or his appeal. For example, despite Bush's warning that al-Qaeda might take over Iraq, that outcome is highly improbable. The vast majority of Iraqis do not support al-Qaeda's methods or objectives. A poll taken in September by the Program on International Policy Attitudes found that 94 percent of Iraqis had an unfavorable view of al-Qaeda, with 82 percent expressing a very negative view. Al-Qaeda's standing in Iraq will not improve after the U.S. military leaves. As an Iraqi insurgent leader, Abu Qaqa al-Tamimi, told *Time* magazine, "One day, when the Americans have gone, we will need to fight another war, against these jihadis."

And what of bin Laden's appeal elsewhere? A poll taken in late 2005 in six predominantly Muslim Arab countries (Jordan, Lebanon, Morocco, Saudi Arabia, Egypt, and the United Arab Emirates) by Shibley Telhami, an expert in Arab public opinion, found that only 7 percent of respondents supported al-Qaeda's methods and only 6 percent supported al-Qaeda's goal of creating a Muslim state in their home country. And bin Laden's support within the wider Muslim world has actually slipped further in recent years. "They keep killing Muslim civilians," terrorism expert Peter Bergen told Fallows. "That is their Achilles' heel. Every time the bombs go off

“The intellectual ferment within Islam presents both a challenge and an opportunity for the West.”

and kill civilians, it works in our favor.” When suicide bombers attacked three hotels in Amman, Jordan, in November 2005, killing 60 people, opinion throughout Jordan turned decisively against al-Qaeda.

What of Muslim extremists more generally? It might be true that bin Laden and al-Qaeda have no reasonable chance of gaining control over a nation-state and of then using that territory as a staging ground for future attacks on the West. And it is true that their methods engender hatred and resentment, often among their putative target audience. But might another charismatic leader, one not prone to strategic miscalculation, succeed where bin Laden is failing? That also seems unlikely. While many Muslims believe that Islam should have a prominent role in political life, solid majorities in predominantly Muslim countries—including Morocco, Turkey, Indonesia, and Pakistan—worry about Islamic extremism. A recent National Intelligence Estimate titled “The Trends in Global Terrorism” explained, “The jihadists’ greatest vulnerability is that their ultimate political solution—an ultraconservative interpretation of shari’a-based governance spanning the Muslim world—is unpopular with the vast majority of Muslims.”

A Clash of Civilizations?

Tragically, however, some Muslims are embracing radical political Islamism, and a few are resorting to violence to beat back what they see as Western encroachments on their politics and culture. The recent National Intelligence Estimate on global terrorism trends reported that “activists identifying themselves as jihadists, although a small percentage of Muslims, are increasing in both number and geographic dispersion.” If the West and Islam become further estranged, it could lead to a clash of civilizations on the order of the world wars.

Such a prospect is hardly inevitable, though. It is exceptionally difficult within Islam to fashion a single unifying theology capable of rallying a following that transcends ethnic divides and nationalistic pride. But some Western commentators reject that point. They warn that Muslims are already

united, that Islam has traditionally been spread by force, and that this tradition is alive and well in the 21st century. For example, when President Bush explains that Islam is a religion of peace, and that a tiny minority have hijacked the religion to advance their evil aims, Robert Spencer, founder of the website Jihad Watch, dismisses such views as naive. Spencer believes that the judgment of Western political leaders with respect to Islam has been clouded by a “fog of political correctness.”

According to Spencer, the author of several books, including *The Politically Incorrect Guide to Islam (and the Crusades)*, “Islam is the only religion in the world . . . that mandates violence against unbelievers.” That mandate, Spencer explained in a television interview, derives from a literalist interpretation of the Koran that constitutes “marching orders for all believers.”

Spencer is in effect endorsing the interpretation of the political Islamists, who condemn tolerant and peaceful Muslims as untrue to Islam. But that is precisely the disputed issue—whether Islam is compatible with liberalism, capable of coexisting with other religions, and accommodating of dissent. There are many voices and traditions that argue that it is. Islamic civilization has known both tolerance and oppression, as have other civilizations, and the great struggle within Islam today is over which path to take.

The intellectual ferment within Islam presents both a challenge and an opportunity for the West. On the one hand, non-Muslims have only a very limited capacity to shape the debate in a positive direction. As the 9/11 Commission report concluded: “We must encourage reform, freedom, democracy, and opportunity, even though our own promotion of these messages is limited in its effectiveness simply because we are its carriers. . . . The United States can pro-

mote moderation, but cannot ensure its ascendancy. Only Muslims can do this.”

On the other hand, and paradoxically, while we cannot “ensure the ascendancy” of moderate Muslims, we do have a great capacity for influencing the debate within Islam in a negative direction, empowering extremists and marginalizing moderates. As Professor Akbar Ahmed, chair of Islamic studies at American University, warns, the debate within Islam “is shifting away from . . . inclusivity to a more exclusivist tendency,” and he worries about the potential for “producing a monolith of Islam,” where today one does not exist. “Your challenge in the United States is to understand what’s happening in the Muslim world,” he explained to C-SPAN’s Brian Lamb, “because if you don’t, and if you treat all Muslims as potential terrorists according to [the thesis] that there are no moderates, then . . . you will push a lot of moderates . . . into the extremist camp.” Even the sole superpower of the world, he warns, “cannot take on 1.4 billion people.” Endorsing the interpretation of the political Islamists and demanding that a billion people choose either our liberal politics or the faith of their fathers is as strategically suicidal as it is philosophically and theologically unfounded.

On Not Making the Problem Worse

The West’s troubles with the Islamic world are indeed great, and growing, but they do not—at least not yet—constitute a clash of civilizations. However, some of the policies adopted by the Bush administration since the 9/11 attacks have created ill-will within the Muslim community, and we would be wise not to repeat those mistakes. The leading source of resentment is the U.S. war in Iraq, which has led to growing suspicion of U.S. motives in the war on terrorism.

The war metaphor itself conceals and confuses the nature of U.S. efforts to hunt down violent extremists. With the exception of the U.S. military operations to depose the Taliban and disrupt al-Qaeda camps in Afghanistan, the most successful counterterrorism operations do not involve

“Comparisons between the war on terrorism and the world wars are exaggerations.”

the U.S. military. The disastrous invasion and occupation of Iraq—cited in the recent National Intelligence Estimate as the “cause célèbre” for jihadists, “breeding a deep resentment of U.S. involvement in the Muslim world and cultivating supporters for the global jihad movement”—stands in stark contrast to the successful nonmilitary operations that enabled the United States to capture such al-Qaeda figures as Ramzi Binalshibh and Khalid Sheikh Mohammed, the key plotters of the 9/11 attacks.

There are other things that the West can do that could decrease the likelihood of a war of the worlds. Peaceful, noncoercive, person-to-person engagement can be an enormously effective vehicle for promoting understanding. By contrast, policies that inhibit or preclude dialogue between Muslims and non-Muslims can have the opposite effect, allowing caricatures of America and Americans to gain traction. This process empowers extremists and marginalizes moderates.

The Pew Research Center’s Andrew Kohut and his coauthor Bruce Stokes have tracked global attitudes toward the United States for many years. In their book, *America against the World*, they explain that, whereas foreigners once drew sharp distinctions between American policies, which were often held in low regard, and the American people and the American way of life, which they embraced, hostility toward U.S. policies is now influencing broader attitudes toward American culture and values.

Those trends can be reversed. Many Americans have reached out to their Muslim neighbors in the five years since September 11, 2001. President Bush set the tone in the days immediately after the terrorist attacks. In his speech before Congress on September 20, 2001, he assured Muslims around the world that Americans respected their faith. “It’s practiced freely by many millions of Americans, and by millions more in countries that America counts as friends. Its teachings are good and peaceful, and those who commit evil in the name of Allah blaspheme the name of Allah.”

It was hardly a foregone conclusion that America’s leaders would exhibit such resolve in preventing the war on terrorism from being cast as a war against Islam. Indeed, some have suggested a campaign of isolation against Muslim Americans along the lines of what was done to Japanese Americans during World War II.

Fortunately, Americans have not resorted to internment camps, nor have they engaged in more subtle forms of persecution and ostracism. We have not, as many European countries have done, systematically isolated and marginalized Muslim populations in ghettos and enclaves. Notably, the riots in Europe and elsewhere—including those associated with the publication of the cartoon depictions of the Prophet Muhammad—did not occur in the United States. Just as a number of people within the American-Muslim community have stepped forward to fight Islamic extremism, many American Muslims have denounced the violent intimidation campaign directed against the European papers that published the cartoons.

That suggests that the United States has much to teach, and the Europeans much to learn, about how to reduce or perhaps even eliminate the tension between Muslims and non-Muslims. Ultimately, however, although the West can take steps to ensure that Muslim communities are not oppressed or victimized, a reformation of Islam that will make space for nonbelievers must come from within.

Keeping It All in Perspective

As we strive to avoid a full-scale clash of civilizations, it is wise to keep exaggerated claims in perspective. Comparisons between the war on terrorism and the world wars are among those exaggerations. Claims that our national survival hangs in the balance, or that the terrorists

pose an existential threat comparable to that of the Nazis or the Soviets, build pressure for policies that do not increase our security but do erode the very liberties that define us as a nation.

We now know that similar policies that diminished freedom in the name of security—from the jailing of anti-war critics such as Eugene Debs in World War I, to the internment of Japanese Americans in World War II, to the harassment of American Communists during the Cold War—were unnecessary or counterproductive. And it makes no sense to adopt similar policies today, when the threat is far less severe. Terrorism poses a frightening threat, but the casualties that might be inflicted in even the worst-case scenario do not approximate those incurred during the two world wars, or that would have ensued had the Cold War turned hot.

We have witnessed over the past half century the dramatic spread of liberalism and free markets around the world. We want to see this process continue because the peaceful, noncoercive, person-to-person contact that flourishes in free and open systems is inimical to extremism and violence. To be sure, there have been setbacks. Some closed systems have proved exceptionally resistant to the spread of freedom. At times, the rapid collapse of autocratic regimes has been followed by periods of chaos and violence. We have even seen free and fair elections that have empowered the least liberal elements in societies struggling to emerge from decades of autocracy and tyranny. And those setbacks have prompted some people to redouble their efforts to promote liberty.

It would be unfortunate if our zeal for promoting liberalism around the world were seen as merely attempts to extend Western political and military dominance. It would be ironic if our efforts to isolate and destroy violent extremists had the effect of making the problem of extremism even worse. Most of all, it would be tragic if we adopted policies that violate our bedrock national values or precipitate a conflict between the West and all of Islam that actually would be on par with the most horrible wars of the 20th century.

Faith, Freedom, and Conservatism in Today's GOP

Many traditional supporters of Republicans, including many libertarians, have become quite critical of what they see as the party's betrayal of conservative ideals in practice. At an October 3 Book Forum, Andrew Sullivan, author of *The Conservative Soul: How We Lost It, How to Get It Back*, and *New York Times* columnist David Brooks debated the nature of this intellectual crisis.

ANDREW SULLIVAN: What are the fundamental questions that have made conservatism, in America at least, such a fundamentally divisive and internally quarrelsome movement?

Part of that is obviously a function of extraordinary success. Part of it is also a function of intellectual health: that there is still so much positive debate on the Right about what it means to be conservative and what conservatism might mean in the future. And part of it is just enormous dismay among many of us at the incoherence of the current administration and the Congress and the betrayal of fundamental conservative principles. Indeed, I would argue an actual attack on conservatism as a governing political philosophy.

I want to talk about the relationship between freedom and doubt. This may not seem to many people an immediately obvious connection. Most people understand freedom as the freedom to do things, to engage in the world, to make decisions.

Not everybody understands that freedom is rooted, and Western freedom is particularly rooted, in the very fundamental understanding of the fallibility of the human mind and, indeed, the moral fallibility of the human soul and the need to put fundamental and unalterable restraints on human beings, in order to avoid some of the great mistakes and some of the great tyrannies that certainty in human history has provided.

Sometimes when I talk to conservatives about this, I start with a simple point about conservatives' attachment to free markets. Why have conservatives been in favor of free markets historically? And I would posit the following:

The critical argument behind free markets is that markets devolve decisionmaking to the people closest to the activities involved, and those people have the most knowledge and understanding of what they are doing. The closer you are to what you are dealing with, the more likely you are to know what you are doing. And the further away you are from those particular interactions on the ground, the more likely you are to get it wrong.

And so conservatism in the 20th century had a very powerful critique, from Hayek to Oakeshott, of the insanity of governments and of central authorities dictating to large, complex, organic, dynamic groups of people what was the right way to order their economies or societies.

Why? Because one individual, one expert, is often wrong. Not only that; when people become certain that they are right, they can create great damage to the fabric of society. This was the essence of Burke's critique of the French Revolution: You are messing with things you do not understand. French society is too complex for one human mind, however brilliant, to master.

Michael Oakeshott had a great metaphor for this particular issue. He called

it governing by the book. When Oakeshott spoke of "the book," he was speaking primarily of the 1940s, '50s, and '60s, of the great era of liberal triumphalism: We have figured it all out. We know how to make society wealthy. We will abolish poverty. We will be rid of war. We have figured it all out at Harvard, and we are just going to implement it all upon the world.

Oakeshott said no at a time when it was very unpopular and difficult to say no. But he said no for a very simple and powerful purpose. He said: If you are governing a society by a book, and you are actually having to govern as you are reading and understanding and writing that book, every now and again you are going to have to look up from the book just to make sure that people are behaving according to plan. And very soon after you have written that book and you have your idea of what the world should be like, you will look up and realize there are people misbehaving. They are not following the rules in the book. If you are going to govern them, you are going to have to keep looking up from the book just to keep them all in line. And eventually you are going to be looking up from the book so often that there will come a moment when you will have to close the book.

For the book, think of *The Communist Manifesto*. Think of *The Affluent Society*. Think of any treatise that declares it contains the truth about humankind and wishes to impose that truth. But now take it to a whole new level and think the Quran, the Bible, the Torah. Not just any old book, but "The Book," containing the truth with a capital T.

And conservatives, for reasons of political opportunism, found themselves closely and continuously and ever more tightly connected with people who believed the world should be governed from "The Book." And conservatives did not see that they were getting trapped in the same trap they were forced into in the 1940s, '50s, and '60s from the Left, except now it is coming from what we might call the Far Right.

The critical conservative insight for Oakeshott, for Burke, for Hayek, for the great titans of conservative thought, is that we must know what we do not know. That when we go from theory to practice, we engage practice with a humility and an empiricism, and a reality-based judgment that is always flexible, always intuitive, always looking for what is new, for how society is changing, for how human beings are actually organizing their own lives and forging their own destinies in ways that no central planner will ever understand.

And doubt, of course, is the key to this. A conservative stands in the way of the great theoretician and says: Are you sure? He stands in the way of the great ideologue and he says: Do you know this for certain? I like my way of life. I like my freedom. Why do you want to take it away from me?

The Constitution of the United States of America was absolutely clear, and staggering in its time, that there would be no church and no religion and no “Book,” to define the meaning of this new country. There would merely be a constitution. And the Constitution would be primarily directed toward stopping people doing things.

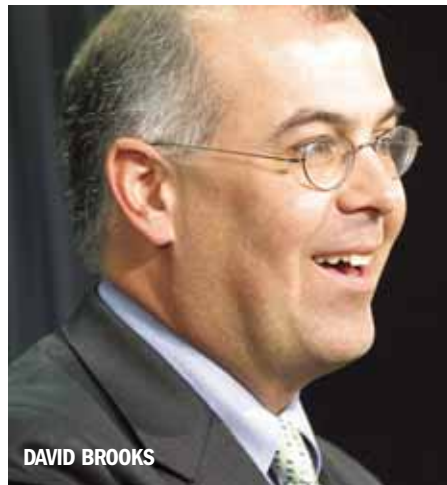
It set up a rule of law whereby people could not affect each other’s property. And because government is always a necessary evil, it set up a system of checks and balances, of separation of powers, to make sure that if anybody anywhere got the idea that he knew the truth and wanted to enforce it to remove people’s liberties, to make them behave according to plan, there would be plenty of opportunities to stop that person and his ideas in their tracks.

Many people regard this as a terribly inefficient way of doing things. In the early 20th century, lots of liberals were rather frustrated with this procedure. Our current president is terribly frustrated with the possibility that any other branch of government would interfere with his right to do whatever he wants.

But the point is precisely that the Founders knew and understood the dangers of the activist man, the energetic ruler. They also particularly understood the terrible dangers of the activist man who is infused with the zeal of religious truth and knows that it is his divine duty to impose it upon as many people as possible with as much power as possible.

And when the Founders set up executive and legislative and judicial branches to check each other, they devolved power to the states in a great federalist experiment to ensure that if there were new ideas or innovations, they would not be imposed by one person on the whole place at once. There would be places to experiment. There would be diversity so that errors could be corrected.

It is impossible, I realized, to write about politics today without writing about religion, because religion has become our politics. People are actually being elected on the grounds of their religious convictions. The mobilizing political base of one of the parties, which actually controls all three branches of government, by which I mean



the two houses and the presidency, and is fast gaining control of the judiciary, is fundamentally a religiously motivated group of people.

What I want to argue is that religion is not always like that. It is, in fact, the greatest lie of our time that the only genuine religious faith is fundamentalist.

Another kind of faith—that is not born again but begins and ends in ways that are hard to explain, that is a process and an experience that interacts with everyday life as well as with the divine, and that prays because it doubts—is another tradition. It was the great tradition of the mainline Protestant churches in this country for a very long time.

We see our religious development into an increasingly fundamentalist world most extremely and terrifyingly in what has happened in Islam, where the most fundamentalist forces within it have taken over and the

more moderate forces are in complete retreat. And you see it also in Christianity to a lesser extent, not in the kind of violence associated with Islamism, but certainly intellectually and doctrinally. Christianity, the attempt to turn Christianity into an absolute certain truth that must be imposed politically at all times, is the deepest danger to liberal democratic life.

DAVID BROOKS: I share a lot of Andrew’s essential diagnoses of where we are in this country. I share his sense that the key value that the conservatives have abandoned is the truth of epistemological modesty, the awareness of what we do not know.

Nonetheless, here is where the disagreements begin. The first is his diagnosis of the problem. As I look at evangelical Christians, the incredible diversity of 30 million or 40 million Americans, I do not see Christianity. I do not see a lack of doubt. I certainly do not meet anybody, or many people, who thinks that doubt equals sin.

I, for example, just saw the exhaustive research that Baylor University researchers did on the nature of evangelical Christians. They found that only 1 percent of them call themselves fundamentalists. Two percent call themselves evangelicals. And the best thing the Baylor researchers did was to describe how the evangelicals view God. They have incredibly diverse views of God. Those people are not detached from mainstream America; they are fully absorbed into mainstream America. The evangelical Christians are not out there in some parallel universe along with the Muslim fundamentalists.

If you want me to describe what has led to the present absence of doubt, the aggressive “I know best” mentality in this country, it has nothing to do with religion. It has to do with partisanship. It is tribalism, people who think their team is always right and the other team is always wrong. It is those people who lack doubt and those people who lead to these hyperaggressive errors. Some of those people are Christian activists in Washington, but some partisans are not Christian activists in Washington.

When I look around the world, to me, often it is the Christian politicians who are the most useful, because they understand something. They understand that human beings are not profit-maximizing creatures

who respond to incentives. They understand the dark aspects of human nature, because the concept of original sin is core to their being—another key conservative concept. So when they look at the Middle East, the idea that somebody would commit suicide to kill people is not a surprising thing, because the Bible has prepared them for depravity.

Turning to Andrew's second prognosis, his prescription, the conservatism of doubt. I am with Andrew in admiring Michael Oakeshott.

Yet, Michael Oakeshott, while he should always be the voice in the back of your head urging caution, should never be at the front of your mind, telling you where to go. That is because we live in a democracy, and to get elected in a democracy, you have to have certain plans and visions. And if you are practicing the politics of doubt, you are not going to get elected, and you are not going to be able to wield authority when you get elected, because doubt does not win elections and doubt does not mobilize legislatures. And so the reality is that we live in an imperfect world where we have to assert ourselves. We have to possess doubts, but we also have to project with a trumpet.

The second problem I have with Oakeshott is that there are some aspects of his thought that are aloof from America and American culture. The United States is a creedal country. We believe in a creed, which is expressed in our Declaration of Independence. It is an assertion of a universal truth. There is no doubt in that creed. Oakeshott would have been distrustful of that creed. He believed in a politics in which you sail along, you are buffeted by storms, and all you are trying to do is keep the ship of state balanced.

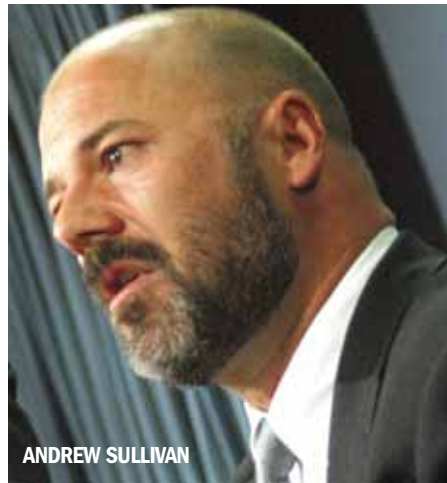
Well, America's purpose in the world is not just to keep stability balanced. America has a creed, a creed that states that people are endowed with inalienable rights. And if America abandoned that creed, it would no longer be the country we know.

SULLIVAN: Let me address two of the points that you make and say why I think I do not entirely agree with you.

The first is about the diversity of evangelicalism. I think you are absolutely right that actual believing evangelical Protestants are not in fact a monolithic bloc.

In their faith lives, there is an enormous span from what one might call extreme inerrantists to evangelicals who are even on the Left. But when evangelicalism and religion are deliberately marshaled by political parties and targeted as a means of political support, then inevitably the political use of evangelicalism will home in on its certainties and its inviolable truths.

Now, we have clear examples of that. We also see it in the belief that gay people are anathema and our relationships so bad that, not only must we ban our ability to marry each other, but we must actually amend the federal Constitution to make sure that no one ever, anywhere, in any state, can ever do that. That kind of certainty was the first position these people took on a very com-



plicated issue of social change.

Similarly, on issues like contraception or even on abortion, insisting on a federal constitutional amendment criminalizing all of it in all its forms, and insisting that a second-old zygote is as fully a human being as anybody in this room as a matter of truth, and having the president assert that as something nonnegotiable, is not pluralist, diverse, or tolerant. It is a political manifestation of evangelicalism and the cynicism with which it has been exploited.

Last, yes, America is a creedal nation. But the creed is that there is no single creed to govern all Americans. The creed is a minimalist creed of liberty and legal equality. It is a nonfoundationalist foundation. And I think the nonfoundationalist foundation in the Constitution was deliberate because the Founders had seen societies based on securer foundations, and they decided no, we will try something less.

BROOKS: The core problem with conservatism these days has nothing to do with religion or fundamentalism. It has to do with a complete absence of a governing philosophy. Conservatives had a governing philosophy in the 1980s, and it achieved many great things. It was replaced by a governing philosophy that really powered the Gingrich revolution, which was the idea that we should reduce the size of government by 25 percent. And that was the one idea, reducing the size of government, that united all types of conservatives.

That governing philosophy was tried out in the winter of 1995, with the government shutdown. And the problems with that governing philosophy are (a) it was unpopular and politically ruinous, and (b) it just did not fit the country, which wants government to solve its problems.

And so within three years of the collapse of the government shutdown, you had the Republican Party, pre-Bush, appropriating more money to the Department of Education than Bill Clinton even thought to ask for, because they had no governing philosophy.

Bush came in with an attempt at a renewed governing philosophy, after the collapse of the anti-government philosophy of the Gingrich years. That attempt at a philosophy had the name compassionate conservatism, and it was the idea of using government for limited but energetic means to help people who were poor, addicted to drugs, et cetera, et cetera, in terms of education.

The problem is that that governing philosophy was never fleshed out. What you had was spending without any sense of priorities, without any sense of philosophy. You just had a splurge. You had Tom DeLay, acting as party hacks always act, using money to buy votes. That was the betrayal. It was not that conservatives had a bad governing philosophy. They had no governing philosophy. So they became raw partisans.

SULLIVAN: I want to challenge directly that somehow Newt Gingrich's idiotic form of politics discredits the entire notion of limited government forever. It is an absolute nonsense argument. What Gingrich represented at that point was the inability to articulate the message. And you take from that that the entire philosophy is done for

Continued on page 17

Big-Spending Republicans

In *Buck Wild: How Republicans Broke the Bank and Became the Party of Big Government*, Stephen Slivinski tells the story of the GOP's descent from the party of Reagan to a mirror image of everything it once fought against.

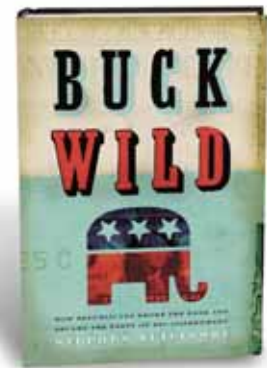
Ronald Reagan's philosophy that government is a problem and not a solution was an idea that had real consequences. During his presidency, Reagan was able to decrease the federal budget's share of GDP, slow the growth of unnecessary agencies, and reduce domestic discretionary spending. When the 1994 congressional elections swept Republicans into control of the House, the "Contract with America," which was signed by many Republicans, attempted to continue Reagan's legacy. But Slivinski recounts in detail how, despite the efforts of a few committed fiscal conservatives, the Republicans eventually abandoned their goals of eliminating entire agencies and slashing spending and instead embraced largesse. By 2000 the Republican-controlled Congress was made up of the biggest spenders since the Democratic Congress of 1977–78.

Slivinski finds the current Bush administration and its philosophy of big-govern-

ment conservatism to be the culmination of those trends. George W. Bush could have used his tremendous political capital after the 9/11 attacks to make real strides in the direction of limited government. Instead, Bush oversaw transportation bills loaded with record numbers of pork-barrel projects and a prescription drug bill that was the biggest expansion of the welfare state since Lyndon Johnson's Great Society. Slivinski tells the stories of those and other ways that the Republicans in office today betrayed taxpayers.

Slivinski's book also explores ways that true fiscal conservatives can save the GOP before it's too late. *Buck Wild* shatters the myth that Republicans need to compromise their integrity in order to get votes. Slivinski explains that the Republicans who truly committed to the principles of the "Contract with America" were generally successful. He cites polls that consistently show the American public's distaste for big government. Limiting government isn't just the right thing to do for the sake of the nation—it's smart politics as well.

Slivinski explains that when Republicans control both houses of Congress and the



White House, the power of big government is available to them, and they abuse it. But when they are the beleaguered minority or a congressional majority against a Democratic president, the Republicans vote against their enemies' big-spending and agency-expanding proposals. *Buck Wild* is a warning to voters to keep in mind Lord Acton's famous dictum that "power corrupts and absolute power corrupts absolutely." Slivinski concludes that those who want to resurrect the principles of the party of Reagan should deny greater power to the Republicans and instead support divided government.

***Buck Wild: How Republicans Broke the Bank and Became the Party of Big Government* (\$25.99 cloth) is available from most major booksellers or from www.catostore.org.**

Did C.S. Lewis Design Medicare?

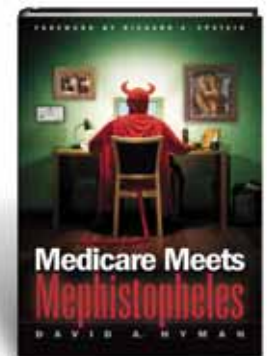
"The safest road to Hell is the gradual one." In C. S. Lewis's classic novel *The Screwtape Letters*, the senior devil Screwtape gives those words of wisdom to his underling demon Wormwood as he seeks to lead a young man's soul to damnation. But if Wormwood was in charge of health policy, how would he lead the American doctor, patient, and taxpayer to damnation? In the new Cato book *Medicare Meets Mephistopheles*, David Hyman, professor of law and medicine at the University of Illinois and an adjunct scholar at the Cato Institute, argues that the United States is on the road to health care Hell in the form of one of the largest and most expensive government programs.

Medicare Meets Mephistopheles makes its sobering policy analysis more readable through a heavy dose of clever satire. Hyman presents his criticisms as a letter from an underling demon to Satan himself,

discussing the extent to which Medicare promotes the seven deadly sins. But Hyman's critique isn't a moralistic one. He explains how each of those sins translates into real-world consequences that hurt ordinary Americans.

Hyman cites avarice as the worst sin promoted by Medicare. Handing so much control of health care spending over to political forces, he explains, has predictably led to greedy lobbyists having undue influence over the quality of health outcomes and the country's fiscal future. Special interest providers convince Congress to pay for health services under the program at a far higher rate than would prevail in a free market. Furthermore, Hyman shows that we actually get low-quality returns for this hefty investment.

Hyman offers a few suggestions for "exorcizing" Medicare, such as changing its benefit structure to one based on cash



vouchers. But his primary goal with the book is to change the way our political culture views Medicare. Pundits and policy analysts, committing the sin of vanity, excuse Medicare's dysfunctions and portray the program as a moral obligation that should be above criticism. But *Medicare Meets Mephistopheles* reveals that this "sacred bond between generations" is more profane than people realize.

***Medicare Meets Mephistopheles* is available in hardcover for \$14.95 and in paperback for \$9.95 at www.catostore.org.**

New analysis shows that freedom, not aid, lifts countries out of poverty

Fraser and Cato Release Economic Freedom Report

Over the past year, white bands with the inscription “ONE” have appeared on the wrists of numerous Hollywood celebrities. The “ONE” refers to 1 percent of the U.S. federal budget—the amount of the U.S. federal budget that the Make Poverty History activist campaign urges be devoted to foreign aid to lift developing countries out of poverty. But the Fraser Institute’s *Economic Freedom of the World: 2006 Annual Report*, released in conjunction with the Cato Institute, makes the case that the economic freedom of a market economy, not more aid, is the best solution to poverty.

In an essay in this year’s report, “Freedom versus Collectivism in Foreign Aid,” William Easterly of New York University looks at the collectivist logic behind the modern foreign aid movement. Its chief intellectual figures, such as Jeffrey Sachs, believe that UN-appointed experts can plan the creation of wealth in the Third World better than the free market can. This assumption about the efficiencies of collectivist planning, Easterly argues, drives the proposal that the West increase foreign aid in order to give the Third World a “push” out of a “poverty trap.” But he finds that foreign aid has empirically failed to have positive effects on growth in recipient countries. Easterly instead suggests that “home-grown gradual movements toward economic freedom” can use the power of

decentralized knowledge found in the market to alleviate poverty.

But what is economic freedom, and how can one determine its concrete benefits? The 10th edition of the *Economic Freedom of the World* also contains the updated version of the yearly “Economic Freedom Index,” which analyzes the political economies of 130 nations. With the assistance of think tanks from all over the world, James D. Gwartney of Florida State University and Robert A. Lawson of Capital University rate those nations on the basis of five indicators of economic freedom: size of government; legal structure and security of property rights; access to sound money; freedom to trade internationally; and regulation of credit, labor, and business.

The index shows that those countries with a high degree of economic freedom outperform countries lacking in economic freedom according to many indicators of

human development, such as per capita GDP, unemployment, life expectancy, and percentage of children in the labor force. For example, in the countries that rank in the top quartile for economic freedom, the average income of the poorest 10 percent of the population is \$6,519, compared to \$826 for the countries in the bottom quartile. Those statistics challenge the common belief that greater free-market policies breed greater inequality.

Hong Kong is again the highest-ranked country in this year’s index; with Singapore in the second spot; and the United States, Switzerland, and New Zealand tied at third. The countries that have seen the biggest increases in their levels of economic freedom since 1980 are Ghana, Israel, Uganda, Jamaica, and Hungary.

***Economic Freedom of the World: 2006 Annual Report* is available in paperback for \$22.95 at www.cato-store.org. The complete text can also be downloaded there.**



Continued from page 15

and we want big-government conservatism? No. You take from that that Gingrich was a terrible politician. But if you persuade, as Reagan and Thatcher did and true conservatives did, ordinary people about the restraints of government, you will win a majority.

It was a deliberate decision to change government philosophy to big-government conservatism based on evangelicalism. That gave conservatives the politics of meaning.

They filled it with religion deliberately, with premeditation, complete cynicism, and, in some parts, complete faith. And in

Bush they found the perfect example of someone who both represented that faith and had never had to balance a checkbook in his entire life and, to use Margaret Thatcher’s definition of a socialist, whose only real skill was spending other people’s money.

BROOKS: As you know better than I, there were 4,000 earmarks in the budget in 1994 when the Republicans took over. And what are there now, 27,000 earmarks? Was it faith that created those earmarks? It had nothing to do with faith.

SULLIVAN: It was faith that kept conservatives

in power, that allowed them to abuse it. Do you think Karl Rove, trying to win Ohio last time, was using government money? No, he was using gay baiting. He was using the Religious Right.

Previous conservatives talked about principles of limited government. And many evangelicals, historically, in this country agreed—they did not want government running their lives. They were suspicious of government power and its corruption, and they were part of that coalition. It was the leadership that betrayed it and turned that part of religion into a governing philosophy and into a rationale for their power. And then they abused it.

Avoiding Both War and a Nuclear Iran

The diplomatic crisis over Iran's nuclear program has challenged even the war on Iraq as the major foreign policy issue in headlines around the world. Ted Galen Carpenter, vice president for defense and foreign policy studies at Cato, discusses how the United States should best approach this situation in "Iran's Nuclear Program: America's Policy Options" (Policy Analysis no. 578). Carpenter writes that, although none of the available options is perfect, some are much more flawed than others. Placing economic sanctions on Iran or encouraging internal democratic revolt by aiding dissident groups would be unlikely to stop nuclear development and could backfire, he explains. Carpenter then argues that strikes on Iranian nuclear facilities are clearly the worst option; they would at best only delay nuclear development, at the cost of marginalizing opponents of the current regime, and might well prompt Iran to interference with U.S. efforts in Iraq. The best strategy, Carpenter proposes, is to offer Iran a grand bargain of normalized diplomatic and economic relations in exchange for Tehran's full cooperation with international nuclear inspections.

A Private Spectrum?

One of the most persistent government monopolies in the United States is over the electromagnetic spectrum on which all our televisions, radio waves, cell phones, and wireless internet connections depend. The Federal Communications Commission controls ownership of the spectrum and allocates licenses to certain people to use parts of the spectrum. Many economists see this system as grossly inefficient. In "Toward Property Rights in Spectrum: The Difficult Policy Choices Ahead" (Policy Analysis no. 575), Dale Hatfield and Phil Weiser of the University of Colorado discuss ways to create a better and more market-oriented spectrum policy. They explain that privatizing spectrum will not be easy, because problems such as geographic spillover pose a variety of complicated legal issues. A property rights system of land ownership works, for example, because one can easily set up fences to exclude trespassers, but, Hatfield and Weiser ask, how does one stop a "trespassing" radio signal? Their paper engages those and other difficulties in hopes of moving us toward a regime of property rights.

Chicken Littles—Relax!

In newspapers and movie theaters and on

television and radio, it seems impossible to avoid apocalyptic cries about global warming. Is our future really that dire, or are the media leaving something out in order to create a new scare? Patrick J. Michaels, senior fellow in environmental studies at Cato and professor of natural resources at Virginia Polytechnic and State University, argues in "Is the Sky Really Falling?"



Patrick Michaels

A Review of Recent Global Warming Scare Stories" (Policy Analysis no. 576) that the media are not reporting the whole story about global warming, to the detriment of scientific fact. He looks at some of the most recent prominent stories: reports of Greenland and Antarctica disintegrating, the alleged link between hurricanes and global warming, and fears of massive species extinction. He finds all to be overblown and based on half-truths that distort the public's view of global warming.

Culture Shock

It took only a few weeks to topple Saddam Hussein's regime, but neutralizing the insurgency in Iraq has eluded the world's most advanced military. Jeffrey Record

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of the Air War College writes in “**The American Way of War: Cultural Barriers to a Successful Counterinsurgency**” (Policy Analysis no. 577) that it’s not a mere coincidence that nearly all of the United States’ embarrassing military setbacks have been in limited wars against insurgencies. Those conflicts typically do not involve vital national security interests, and so the American public becomes politically demoralized at any significant loss of American lives. Counterinsurgencies also frustrate many members of the armed forces, Record argues, because their training is geared for large-scale conventional operations against like adversaries. The erosion of political and military support makes counterinsurgencies very difficult to fight, he says. Record concludes that, since American political and military culture is not suited for counterinsurgencies, such interventions should be undertaken only in specific instances in which vital security interests are at stake.

Separating the Wheat from the Chaff

It is common to hear people bemoan the fact that professional athletes in the United

States make so much money, while teachers make comparatively little. They often imply that our teachers would be as competent as our athletes if they were paid a lot more. But in “**Giving Kids the Chaff: How to Find and Keep the Teachers We Need**” (Policy Analysis no. 579), Marie Gryphon, a Cato adjunct scholar and director of educational programs at the Institute for Humane Studies, argues that the conventional wisdom is deeply wrong. Increasing salaries for teachers would attract as many bad teachers as good ones, she explains—and that is a problem because politics has so distorted the hiring criteria in school districts that it is difficult to attract and hire high-quality teachers. The solution, Gryphon proposes, is to introduce competition through school choice. She argues that if they have to compete for students, schools will have an incentive to hire excellent teachers.

Double Trouble

In the dystopian future of *Nineteen-Eighty-Four* by George Orwell, the authoritarian government designs its own language—“newspeak”—to mold the minds of citi-

zens. In “**Doublespeak and the War on Terrorism**” (Cato Briefing Paper no. 98), Timothy Lynch, director of the Cato Institute’s Project on Criminal Justice, investigates the trend toward Orwellian use of language that masks the true nature or intent of U.S. policies in war on terror. Lynch presents several examples of this new vocabulary: The executive can use “national security letters” to obtain evidence without a warrant, but the issue of whether or not these seizures are actually in the nation’s national security interest is assumed away by that term itself. Law enforcement has used “anti-terrorism” resources against nonterrorist criminals such as gang members, drug dealers, and political activists. Lynch argues that while we can debate the prudence of current strategies in the war on terror, we should all be able to agree that use of doublespeak hurts discourse by making people less aware of what their government is really doing.



Timothy Lynch

It’s the season of giving — and the IRS is making it easier.

It’s that time of year again—when we think about giving, and about our end-of-the-year tax and financial situation. We hope you’ll take a moment to think about the Cato Institute’s mission to advance liberty and limited government in the United States and around the world.

Thanks to the Pension Protection Act of 2006, the IRS is making it much easier this holiday season to make contributions to 501(c)3 organizations such as the Cato Institute.

The new rules allow donors ages 70½ and older to withdraw up to \$100,000 tax-free from Individual Retirement Accounts provided the money is donated directly to 501(c)3 nonprofit organizations. The provision does not apply to gifts made to donor-advised funds and supporting organizations.

If you have been thinking of making a significant gift to Cato, there could not be a better time to enhance your holiday giving. Consult your financial planning professional as soon as possible to see if these provisions apply to you and would provide you tax advantages this year.

And whether or not these provisions apply to you, please make as generous a gift as possible using the Business Reply Envelope enclosed with *Cato Policy Report*. Or, using your own envelope, mail your check to the Cato Institute, 1000 Massachusetts Avenue, N.W., Washington, D.C. 20001. Contributions may be made online anytime using our secure website form at www.cato.org – click on the Contribute tab.

Your holiday gift strengthens Cato’s efforts to uphold and advance the cause of liberty during the coming year.



“There is no institution that, person for person, dollar for dollar, idea for idea, has been even close to the Cato Institute in advancing fundamental principles.”

— Frederick W. Smith, CEO, FedEx Corp., Member, Cato Board of Directors



“To Be Governed...”

BORROW AND SPEND, SPEND AND ELECT

[Rep. Tom Reynolds (R-NY)], with about \$3 million in campaign contributions, has run ads on local television for more than a month, earlier than in past campaigns. The first emphasized his support for low taxes and few business regulations, ending, “Tom Reynolds—Fighting to save New York jobs.” Another had two retired military officers hailing his role in saving the Niagara Falls Air Reserve Station from shutdown. The third featured a mother holding her toddler while recalling the congressman’s help in forcing Blue Cross/Blue Shield to cover surgeries for the child’s cleft palate. “Tom Reynolds has a big heart,” she says into the camera.

—*Wall Street Journal*, Sept. 8, 2006

MIGHT AS WELL EAT, DRINK, AND BE MERRY

Within the next decade or two, [James] Lovelock forecasts, Gaia will hike her thermostat by at least 10 degrees. Earth, he predicts, will be hotter than at any time since the Eocene Age 55 million years ago, when crocodiles swam in the Arctic Ocean. “There’s no realization of how quickly and irreversibly the planet is changing,” Lovelock says. “Maybe 200 million people will migrate close to the Arctic and survive this. Even if we took extraordinary steps, it would take the world 1,000 years to recover.”

—*Washington Post*, Sept. 2, 2006

WHAT WASHINGTON THINKS OF YOU

You say the average federal civil worker makes more than the average private sector worker. That’s true, but this isn’t even an apples and oranges comparison—it’s more apples and filet mignon. The federal government doesn’t sell fast food or operate large-scale retail stores using minimum-wage employees. So yes, medical researchers at the National Institutes of Health [*sic*] and the Centers for Disease control [*sic*] are paid more than entry-level workers at McDonald’s. Yes, intelligence analysts in the Department of Defense and State Department diplomats working under harsh conditions around the world are paid more than Wal-Mart greeters. And, yes, the thousands of dedicated doctors and nurses caring for our wounded and disabled veterans in the Department of Veterans Affairs are paid more than a new barrista [*sic*] at Starbucks.

—*Letter from Max Stier, President, Partnership for Public Service, Washington, in the Wall Street Journal*, Sept. 1, 2006

WOW! THAT’S 25 HOMES A DAY

Q: How much time do former President Carter and wife Rosalynn devote to their Habitat for Humanity projects?

A: Since 1984, they have spent one week each year on Habitat projects, helping to construct 2,733 new homes.

—*“Personality Parade” in Parade*, Sept. 3, 2006

COME TO WASHINGTON AND DO WELL

The three most prosperous large counties in the United States are in the Washington suburbs, according to census figures released yesterday, which show that the region has the second-highest income and the least poverty of any major metropolitan area in the country. Rapidly growing Loudoun County has emerged as the wealthiest jurisdiction in the nation, with its households last year having a median income of more than \$98,000. It is followed by Fairfax and Howard counties, with Montgomery County not far behind.

—*Washington Post*, Aug. 3, 2006

THANK YOU FOR NEVER HAVING SMOKED

Smoking scenes in vintage cartoon episodes of *Tom and Jerry*, *The Flintstones* and *Scooby-Doo* are being reworked after a viewer complained they were not suitable for children. Cartoon editors are painstakingly working through more than 1,500 episodes of the cartoons painting out images of characters smoking frame by frame.

—*ITV.com*, Aug. 22, 2006

SAVED BY INCOMPETENCE

Bolivia’s government said it was temporarily suspending its nationalisation of the oil and gas industry because the state oil company lacks the funds and technical capacity to take over production from foreign firms.

—*The Economist*, Aug. 17, 2006

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