



POLICY FORUM

David Boaz on who really runs the world

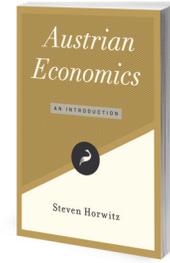
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COVID-19 EPIDEMIC

Cato defends rule of law and civil liberties

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A new guide from Libertarianism.org

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Cato Policy Report

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Escaping Paternalism

BY MARIO J. RIZZO AND GLEN WHITMAN

In summer 2019, news broke of an emerging health threat associated with vaping. In mid-August, the Centers for Disease Control and Prevention (CDC) reported its investigation into 94 cases of a mysterious lung condition affecting users of e-cigarettes. The number of cases of vaping-associated pulmonary illness (VAPI) mounted rapidly. By the end of the year, the number of cases had risen to more than 2,500, with 55 confirmed deaths.

As the VAPI crisis emerged in August and September, we were reviewing the final page proofs for our book, *Escaping Paternalism: Rationality, Behavioral Economics, and Public Policy*. The news put us in a quandary, as our book included a section in which we had used vaping as an illustrative example of paternalism in practice. Our analysis relied, in part, on then-current evidence that vaping was most likely safer than traditional smoking.

Knowing that the science might change, we had already included the following sen-

tence: “Genuine health harms from e-cigarettes may yet be found. But thus far, and to the best of our knowledge, no study has shown genuine and systematic health problems among direct users of e-cigarettes, to say nothing of second-hand users.” Nevertheless, we worried that the VAPI crisis could be used to discredit our overall argument. We therefore prevailed on the editors to insert a last-minute footnote acknowledging VAPI (and also noting its tentative link to vitamin E acetate,

an additive used primarily in black-market vape capsules). We hoped the footnote would serve to blunt any criticism.

But as time passed, we realized that the VAPI episode instead strengthened many key arguments in the book. If we were writing the book now, we wouldn’t omit the vaping section—we would expand it. But to see why, we need to explain the broader argument of our book.

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MARIO J. RIZZO is a professor of economics, director of the Foundations of the Market Economy Program, and co-director of the Classical Liberal Institute at New York University. **GLEN WHITMAN** is a professor of economics at California State University, Northridge. They are coauthors of *Escaping Paternalism: Rationality, Behavioral Economics, and Public Policy*, just published by Cambridge University Press.



Caleb O. Brown, director of multimedia for the Cato Institute, interviews **Sen. Steve Daines** (R-MT), left, and **Sen. Ron Wyden** (D-OR), center, for an episode of the *Cato Daily Podcast* about their bipartisan effort to protect civil liberties through surveillance reform.



BY PETER GOETTLER

PRESIDENT'S MESSAGE

A Call to Action

We're living through things none of us have experienced. A viral pandemic. A shut-down of substantial portions of our economy. Shelter at home. Wearing masks.

Our thoughts and best wishes go out to all of you. We think often about the well-being of you and your families, especially those who've battled COVID-19. And we offer heartfelt condolences to those who have lost friends or loved ones.

Virtually all of us have suffered meaningful economic setbacks, some devastating. Many in the Cato family are struggling mightily with business challenges on a scale none of us ever expected. We're with you.

I believe the virus is a serious challenge that may be with us for quite a while before life truly returns to normal. But in dealing with the challenge, we've witnessed a massive failure of government.

First, testing is crucial. It's the key element of understanding the extent to which a disease has spread, and to identify individuals requiring isolation. Bureaucratic bungling put us behind the curve from the start. The Food and Drug Administration (FDA) blocked tests in use in other countries and initially allowed only the CDC's flawed tests. American companies awaiting FDA approval shipped their COVID-19 tests overseas.

As the virus spread, civil society mobilized to protect workers and customers. The major sports leagues suspended their seasons. Employers throughout the country, Cato included, moved to a remote work posture. Individuals began making substantial changes to their daily routines. All without orders from any government.

State governments then moved to impose blanket shutdowns. Some of this was justified in order to avoid gatherings of crowds in tight spaces, but much was heavy handed and an affront to liberty.

Consider the move to shut down all "nonessential" businesses. I don't want bureaucrats and politicians—ably assisted, of course, by lobbyists and special interests—deciding what's essential and what's not. That's a recipe for cronyism.

The right framework is safe versus unsafe. To mitigate the economic calamity, businesses that can operate safely should be open. Many "nonessential" factories, landscapers, quarries, construction sites, and more can operate with minimal risk. A focus on safety, furthermore, can stimulate innovation to allow even more businesses to operate—and generate new approaches to protect workers in "essential" enterprises as well.

Liberty lovers are naturally dispirited. The exercise of government power—some necessary, much not—has been stunning. The economic costs have been compounded by blanket shutdowns. The attempt to replace our economy with a printing press takes existing mismanagement to a new, higher, and more dangerous level. Bullying state authorities have banned activities that have little risk of disease transmission. And, worst of all, most fellow citizens seem unconcerned about these things.

But this episode reinforces every single reason I've supported Cato for two decades. It affirms that liberty is the essential framework for our society and our future. So rather than licking our wounds after a setback, we're fired up like never before. For this crisis is a real-life case study—for all Americans to see—of much that we believe:

- When government tries to do everything, it fails at its important, legitimate responsibilities—such as public health.
- Bureaucracies are congenitally incompetent and regulations have unintended, sometimes catastrophic consequences.
- Federalism ensures the federal government needn't reach beyond its legitimate responsibilities, leaving more power to the states—where citizens have a better chance to blunt overreach.
- The decades-long expansion of spending, debt, and the Fed's balance sheet threatens our future and weakens our ability to face true crises.
- Free people can make the key decisions in their lives and needn't be treated like children. The private sector moved to implement dramatic change without government edicts.

So many of you are also taking motivation from what is playing out in our nation, and it encourages us. We've also been buoyed by some Cato Sponsors who have stepped up with extraordinary contributions in recent weeks, knowing the economic environment will be tough. We can't thank you enough. You have our firm commitment that, in an environment where liberty faces both threats and opportunities, we'll continue doing our utmost to confront the former and make the most of the latter.

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Liberty goes to the movies

New Libertarianism.org Podcast Explores Pop Culture

Popular movies and television shows might seem an odd place to go searching for libertarian insights, but themes of freedom and individualism are more widespread than you might think. That's the premise behind *Pop & Locke*, the new podcast from Libertarianism.org. Hosted by senior producer Landry Ayres and Natalie Dowzicky, manager of Libertarianism.org, *Pop & Locke* features Cato scholars and other notable libertarians for an in-depth exploration of pop culture hits from a libertarian perspective.

Each episode focuses on a single movie, TV show, or franchise, with Dowzicky and Ayres discussing such topics as the dystopian themes of *Black Mirror*,



the politics of HBO's *Watchmen* revival, or the dysfunctional government subtexts of *Parks and Recreation*. Guests have included Haley Victory Smith, editorial writer for *USA Today*, who helped the hosts explore the pros and cons of Disney princesses, and *Reason*'s Elizabeth Nolan Brown and Peter Suderman.

"Popular culture heavily influences our lives, and we

want to delve into why that is," explains Dowzicky. "By talking about popular culture and media, we are also able to have engaging and meaningful discussions with those with whom we may disagree."

Pop culture can be a fun distraction, but the policy implications can be serious when entertainment shapes people's opinions on important issues. Sometimes, as with *Parks and Recreation*'s Ron Swanson or the bizarre story of Joe Exotic's political campaigns in Netflix's smash hit *Tiger King*, libertarians make a central appearance and are identified as such. In other cases, deeper philosophical questions are explored—such as the nature of free will in HBO's *Westworld* or the struggle for women's emancipation in *Little Women*. Themes of individualism and triumph over authoritarianism are common, but do those necessarily translate into more concretely libertarian political insights? And what about portrayals of big, bad companies and capitalists as the villain?

Pop & Locke adds a new angle to Libertarianism.org's mission of exploring the history, theory, and impact of libertarian ideas and the libertarian movement. ■

NEW EPISODES OF POP & LOCKE CAN BE FOUND ON LIBERTARIANISM.ORG AS WELL AS THROUGH FREE SUBSCRIPTION ON ITUNES, GOOGLE, SPOTIFY, AND OTHER PODCAST DISTRIBUTORS.

Cato News Notes

DEREGULATING ARIZONA



Michael Cannon, director of health policy studies, and Jeffrey A. Singer, MD, senior fellow, briefed Arizona governor Doug Ducey's team about suggested

policy responses to the pandemic. Several of these suggestions were then incorporated into an executive order, including allowing refills of prescriptions without in-person doctor visits and the complete deregulation of alcohol distillation for hand sanitizer use.

CATO EVENTS GO ONLINE

While in-person events have been shut down, many Cato policy forums and other events are being streamed live online at cato.org and through social media. Recent online events featured homeschooling experts answering questions about education during a lockdown and a panel of economists discussing the economic impact of lockdowns. Visit cato.org/events to find out more.

CITED AT SUPREME COURT

In *Kansas v. Glover*, Justice Elena Kagan, joined by Justice Ruth Bader Ginsburg, wrote a concurring opinion to the 8-1 ruling in which she cited an amicus brief filed by the Cato Institute together with several other organizations. Kagan summarized the brief's argument as "most license suspensions do not relate to driving at all; what they most relate to is being poor."



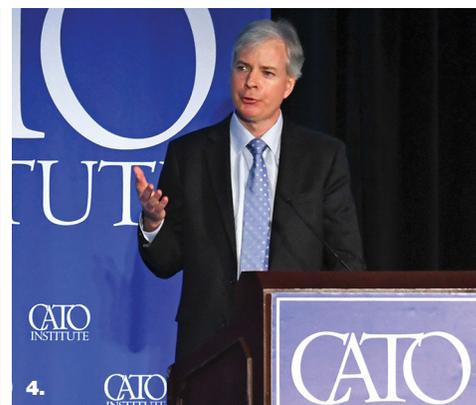
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In February, Cato hosted a Policy Perspectives forum in Naples, Florida. 1. President and CEO **Peter Goettler** welcomes more than 400 attendees. 2. **Daniel Hannan**, former member of the European Parliament and architect of Brexit. 3. **Phil Gramm**, former chairman of the Senate Banking Committee. 4. **Chris Edwards**, director of tax policy studies for the Cato Institute.



Christopher Fettweis (left), professor of political science at Tulane University and a Cato adjunct scholar, participates in a February policy forum with Cato senior fellow **John Mueller**, political scientist at Ohio State University, on the topic of the decline of war and violence.



In February, Cato hosted a policy forum on a bill to allow state-based immigration visas in addition to the current federal quotas. Left to right: **Rep. John Curtis** (R-UT), the sponsor of the bill; Cato president **Peter Goettler**; Cato director of immigration studies **Alex Nowrasteh**; and **Gov. Gary Herbert** (R-UT), who spoke in support of the proposal.



Emma Ashford (left), Cato research fellow in defense and foreign policy studies, moderates a panel on the crisis in Iran and how it affects American energy security with **Rosemary Kelanic** (right), assistant professor of political science at the University of Notre Dame.



Cato research fellow **Patrick Eddington** (left) interviews the authors **Kate Brannen**, editorial director of JustSecurity.org, and **Michael German**, fellow at the Brennan Center for Justice, at a book forum in March for *Disrupt, Discredit, and Divide: How the New FBI Damages Democracy*.

Continued from page 1

THE BIAS OF BIASES

Escaping Paternalism documents the rise of a new form of paternalism, built on evidence from behavioral economics indicating that people are affected by irrational biases. The “behavioral paternalists,” as we call them, argue that policies to correct those biases could therefore result in better personal decisionmaking. The purpose of our book is to rebut this argument.

If biases can indeed justify paternalism, then modern-day paternalists have an embarrassment of riches. Wikipedia lists about 175 different cognitive and behavioral biases. Many of these are just scientific names for phenomena known since ancient times: impatience (“hyperbolic discounting”), greater attention to potential losses than gains (“loss aversion”), being affected by strong emotions (“hot-cold empathy gap”), and so forth. Other alleged biases are entirely novel. For very few is there a clearly defined mental process that produces the bias; for most, it is just a label given to a phenomenon.

The growing list of supposed biases serves as a grab bag of possible deviations from “rationality,” and hence justifications for interventions. What is rarely explained, however, is that the “rationality” in question is a special and technical concept created by economists for model-building purposes. It is certainly not synonymous with reasonability or justifiability, and deviations from it are not necessarily self-defeating or counterproductive. More often, deviations simply indicate preferences that differ from what economists have historically assumed.

For example, it is said that in certain circumstances people are “loss averse”; that is, they value a potential loss of \$50 more than a potential gain of \$50. In terms of traditional economic rationality, they “should” weight both equally. But why? Where, in general, is the harm in this? It is true that loss-averse individuals may fail

“ How much corrective medicine for supposed biases is appropriate? ”

to maximize their lifetime wealth—but given loss-averse preferences, maximizing wealth is apparently not their goal. There is no error to correct here.

Similarly, in some cases people may exhibit inconsistent preferences over time. On New Year’s Day, they resolve to eat less chocolate, but by the end of January (or sooner), they revert to their previous level of consumption. But why? The paternalists, assuming longer-term preferences are the “true” ones, blame weakness of will. But this is not the only interpretation available. Perhaps it is easier to give something up in the abstract moment of planning than in the concrete moment of doing. Thinking about the benefits of reducing chocolate consumption when one is full of food and good cheer is not the same as reckoning the cost. So maybe it is short-term preferences that are more reflective of the truth. Or maybe individuals simply have conflicting preferences within themselves, which they have not yet resolved (and possibly never will). Why should the state resolve the dispute for them?

Yet there are no doubt cases where people really want to change their behavior but require help. Reasonable people have many resources at their disposal. There are calorie-limited packages of snack food, smaller cans of soda, and diet plans. Some people ban fattening foods from their cupboards. Others announce their plans to other people to generate support or subject themselves to shame if they depart from the plan. Not all deviations from a plan are failures, however. Rigid plans may not be the most effec-

tive. Rewarding oneself with periodic treats often makes the overall effort more sustainable—or not; it all depends on the specific individual and the context. Outside observers are apt to underestimate the degree to which individuals engage in self-regulation. If so, then they overestimate the degree to which these individuals need additional help.

Examples like these raise the question of how much corrective medicine for supposed biases is appropriate. Much of the research on this important quantitative issue is seriously flawed. In part this is because, as we stated earlier, would-be paternalist planners don’t know the extent of self-regulation. Perhaps more importantly, studies tend to look at one bias at a time, even though an individual can exhibit multiple biases, not all of which move the individual in the same direction or to the same degree.

Concerns like these should drastically complicate the process of designing corrective interventions, especially given the behavioral paternalists’ promise of a “careful, cautious, and disciplined approach” to policymaking. In practice, policymaking rarely approaches that optimistic ideal.

An example should make this clear. In the case of cigarettes, at one time it was considered sufficient simply to warn people about the dangers of smoking tobacco; all they lacked was information. But today, behavioral economists say that mere information is not enough because people suffer from optimism bias. Even if smokers and potential smokers are aware of the statistics showing the increased health risks from smoking, the same people may feel that somehow they are protected; it won’t happen to them. To counter optimism bias, behavioral paternalists suggest harnessing yet another bias: availability bias. This is the idea that an event will be considered more likely if it stands out in a person’s mind.

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The problem
with paternalism
is treating adults
like children.
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So the proposed solution—already implemented in many places—is to present smokers (and potential smokers) with graphic images of sick people and diseased organs. The images may also be accompanied by “risk narratives” describing real instances of bad outcomes. Note that these presentations are highly biased, inasmuch as they typically represent the worst possible outcomes—not the median or most common outcomes. This is deliberate. The purpose is to use exaggeration to trigger an offsetting bias that will make people think, “Yes, this can happen to me.” In effect, the policy raises the subjective probability of a bad outcome to the smoker.

So far, so good, you may think. However, as economist W. Kip Viscusi and others have shown, smokers tend to believe that smoking is more dangerous than it really is. So now we have at least three relevant biases—optimism, availability, and overestimation—which somehow must be balanced so as to approximate the (potential) smokers’ “true” preferences, all things considered. Does anyone believe that regulators have in fact engaged in a calculation along these lines? Or have they simply mandated policies intended to reduce smoking, irrespective of people’s genuine preferences?

Another smoking-related example: The FDA has admitted that certain tobacco products that are not smoked—like snus—are safer than smoked tobacco. However, the FDA won’t allow the sellers to advertise this because some people might think “safer” means completely safe. So here we have the government purposely depriving people of relevant and true information because of how they might respond. Again, we ask: Did these regulators really “do the math” to determine that this policy would advance people’s genuine preferences, or did they simply wish to reduce tobacco use, full stop?

Old-fashioned paternalists would not

care about this. Their objective is to reduce the incidence of “bad” behaviors. But modern paternalists say they’re just trying to help you do what you really want to do or to implement your “true preferences.” Furthermore, they admit that vices have their virtues; people do get pleasure from things that have costs. So what modern, scientific paternalists want is a correct cost-benefit analysis in terms of people’s real preferences, somehow stripped of all bias. This means they should care about how policies are crafted in the real world.

PATERNALISM IS FOR CHILDREN

And so we return to the vaping/VAPI panic, which turns out to be emblematic of paternalistic policymaking in general.

By December 2019, the CDC had concluded that VAPI was indeed a new phenomenon, not an older syndrome that had previously gone unnoticed, and that it was strongly associated with vitamin E acetate. A judicious regulatory approach might have controlled the use of vitamin E acetate (a substance rarely if ever used in legal vape products anyway). But what did the actual public policy look like?

A panic-driven rush to action, of course. As we write in the book, “When disaster strikes, politicians react. From high-profile terrorist attacks to the latest mass shooting, the immediate response is nearly always a demand for action, often with little regard for efficacy or unintended consequences.” If we want to speak the language of biases, we could call this an “action bias.” The VAPI crisis bolstered support for a new federal law

raising the minimum age for all tobacco products, vapes included, from 18 to 21. Some states and localities banned flavored vapes in the immediate wake of the crisis, and the FDA has now announced its intention to ban flavored vapes nationwide (with an exception for the less popular “tank” delivery systems). All of this, despite no evidence whatsoever of a link between flavors and VAPI.

Much of the vaping discussion has focused on young people because sweet flavors are presumed to appeal to them. If there is any group of people for whom paternalism is appropriate, surely it is children, as the word itself suggests. The problem with paternalism is not treating children like children, but treating adults like children. But notice that the actual policies are not directed solely at children. Prior to VAPI, vaping was already illegal nationwide for people under 18. The new laws target flavored vape capsules irrespective of consumers’ ages. Notably, the vast majority of adult users—approximately 90 percent—prefer nontobacco flavors, usually sweet ones. And, of course, the higher minimum age affects a significant group of non-minors: 18–20-year-olds. If advocates were truly concerned about protecting minors while respecting the choices of adults, surely more-targeted policies were available.

We have to speculate that, in truth, many advocates of vaping regulation harbor paternalistic motives across the board, not merely for children. Indeed, this was a primary point of our book’s section on vaping: that anti-vaping campaigns have exposed the underlying paternalistic motives behind smoking regulation in general. The public justification for smoking regulation often relies on seemingly nonpaternalistic goals, such as the protection of bystanders from secondhand smoke. But for vaping, the evidence of harm to third parties is close to nonexistent, in part because evidence of harm even to direct users is (at the moment) scant, and in part

because vapes emit very little sidestream vapor that could affect nonusers. Absent the bystanders justification, we argued, paternalism is all that's left. However, the current VAPI-driven focus on flavors suggests that paternalists have found a different fig leaf to cover their across-the-board paternalism: the hackneyed plea to "think of the children." This is a common feature of paternalistic regulation in general: that it interacts with other arguments in a way that makes true motives difficult to discern.

A second way the response to VAPI mirrors paternalistic intervention in general is the seeming indifference of advocates to evidence. Even if you agree that it's the state's job to protect individuals from themselves, evidence of actual harm would seem to be necessary. But for paternalists, the mere potential for harm is enough. The campaign against vaping began long before any genuine evidence of harm had emerged, with arguments resting on the unknown effects of chemicals in vape fluid—or sometimes on the known effects of these chemicals when consumed at levels unseen in actual use. Then, when VAPI emerged, anti-vaping advocates used the new syndrome to justify interventions entirely disconnected from the most likely suspect: vitamin E acetate used primarily in black-market capsules. When and if evidence emerges of other genuine harms from vaping—which is certainly possible—we should expect more of the same: hasty policy interventions, uncoupled from evidence, motivated by a preexisting anti-vape agenda.

A third way the response to VAPI follows the pattern of other paternalistic interventions is in neglecting how the affected people may react, often in ways that thwart policymakers' intentions. Higher taxes on vape products will tend to push smokers toward the most obvious substitute: traditional cigarettes. A recent National Bureau of Economic Research study indicates that vape taxes tend to reduce quitting rates for cigarette smokers. Given the widespread preference for flavored vapes,

“ Would-be paternalist planners simply lack the knowledge needed. ”

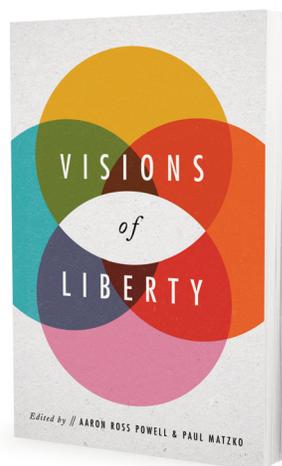
including among former smokers, flavor bans could easily have a similar effect. Bans and high taxes will both tend to encourage the growth of black markets—precisely the context where the additive responsible for VAPI was most prevalent.

But policymakers—driven by the desire to do something and facing pressure from activists—paid little attention to such concerns. Again, this is a common feature of modern paternalism grounded in behavioral economics. Models of “optimal sin taxes” rarely consider the possibility of consumers switching to other harmful products that serve similar needs. Proposals for default (or mandatory) enrollment in savings plans rarely account for people who offset their now-higher savings by incurring greater consumer debt or making early withdrawals. Proposals intended to

focus people's self-control on some goal, such as weight control or smoking cessation, fail to consider that doing so may divert self-control resources (like attention and focus) away from other goals, such as studying or working productively. In general, behavioral paternalists employ relatively simple models that include only one or (if we're lucky) two alleged biases at a time, with little attention to how biases interact.

Taken as a whole, the VAPI episode should lead to greater skepticism about both vaping regulation and paternalism in general. Even in the abstract, the behavioral case for paternalism is weak, resting on conceptual confusions and unfilled empirical gaps. Would-be paternalist planners simply lack the knowledge needed for the “careful, cautious, and disciplined approach” they promise. It should come as no surprise, then, that actual policy falls short. As we write in our book, “In the rough-and-ready world of practical politics, policy is shaped in a maelstrom of idealism, activism, ignorance, time constraints, power struggles, and special-interest pressures. It would be genuinely shocking for real-world policies to resemble those imagined by hopeful academics.” ■

A Libertarian Vision for 2020 and Beyond



Visions of Liberty is more than an introduction to the broad scope of political liberty. Each of the contributors dares to imagine a future free from the meddlesome and coercive hand of the state, a world where people can use their unleashed ingenuity and compassion to do amazing things for education, health care, finance, and more. *Visions of Liberty* is a dream of a world that might be—one that is truly worth striving for.



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Why I'm Optimistic about Freedom and Progress

David Boaz is the executive vice president of the Cato Institute and has written and edited numerous books on libertarianism, including *The Libertarian Mind: A Manifesto for Freedom*. In February, he spoke at a Cato seminar in Ft. Lauderdale, Florida, about recent trends and the role of libertarians in the world.

I'm going to start with a question that you probably don't hear very often. Do libertarians run the world?

Believe it or not, people have been saying that lately. In its obituary for our late board member David Koch, the venerable *New Republic* magazine blamed him for the "libertarian radicalization" that he had brought upon America. And another left-wing magazine, *Salon*, blamed him for the "libertarian dystopia" we all live in. Meanwhile, there's a new group of big-government conservatives who held a whole conference and have now created a new organization devoted to saving America from the fiery pits of libertarianism.

And when we see these lamentations about libertarians running the world, most of my colleagues roll their eyes and ask, "What are they smoking?"

Because what we see is trillion-dollar deficits, two trillion dollars in regulatory costs, endless wars, and criminal injustice. How can anyone think libertarians are running the world?

But I've decided on a different response. And that is: you bet libertarians run the world—I mean, we don't run the world because no one can do that. But we did invent the basic operating system that the modern world runs on. And that's a darn good thing.

More than libertarians often acknowledge, we live in a world of freedom and progress. We have extended the promises of the Declaration of Independence—life,

liberty, and the pursuit of happiness—to people to whom they had long been denied around the world. More people in more countries than ever before in history enjoy religious freedom, personal freedom, democratic governance, the freedom to own and trade property, the chance to start a business, equal rights, civility, respect, and a longer life expectancy.

War, disease, violence, slavery, and inhumanity have been dramatically reduced.

And it is libertarian ideas and liberty-minded people that have made that happen.

With few exceptions, for millennia the world was marked by despotism, slavery, hierarchy, rigid class privilege, and literally no increase in the standard of living.

And then libertarian ideas came into the world. Of course, they weren't called that at the time. They went by different names in different countries but came to be known as liberalism. But by whatever name, they were the ideas of human rights, markets, property rights, religious toleration, the value of commerce, the dignity of the individual—life, liberty, and the pursuit of happiness—peace, and human flourishing.

That change in ideas brought about what the great economic historian Deirdre McCloskey calls the "Great Fact" of human history.

And she capitalized "Great Fact," or sometimes "Great Enrichment," because she says that this is the greatest fact in human history since we stopped being nomads and settled down and started farm-

ing about 7,000 years ago. And the great fact of human history then is the enormous and unprecedented growth in living standards that started in northwestern Europe around the year 1800. If you look at the chart of gross domestic product (GDP) per capita, or any other measure of economic growth, it looks like a hockey stick: flat for almost all of human history, and then it rockets upwards in just the last couple of centuries. It's flat for thousands of years, and then around 1800 it shows this incredible growth in the Netherlands and England and also on the eastern seaboard of North America. Unfortunately, that flat line continued well past 1800 in much of the world. For example, in China it didn't turn upward until around 1980, but it's gone up a lot since then.

That growth in living standards had never been seen before in history, and certainly not sustained growth. There were moments in classical Greece, Rome, and a few other places where you saw some growth. But sustained, year-after-year, decade-after-decade improvement in quality of life was unprecedented.

The ideas that gave birth to that transformation spread to more aspects of life and more parts of the world. They gave Europe a century of peace and progress, often defined as the era from the defeat of Napoleon in 1815 to the outbreak of World War I in 1914. The Great Fact spread from northwestern Europe and America to the rest of Europe, to Latin America, and to parts of Asia.

Of course, those libertarian ideas were never perfectly realized. They began to fade in the late 19th century, and that turn away from liberal ideas led to many of the horrors of the first half of the 20th century: World

War I, the Great Depression, and World War II. Many countries endured the horrors of national socialism and communism.

Mercantilism, cronyism, bigotry and discrimination, political murders, and authoritarianism have plagued parts of the world. And even in our own country, in my own lifetime, we lived with 90 percent income tax rates, wage and price controls, restricted entry to numerous industries, indecency laws, Jim Crow, and military conscription. Once in a while, a Cato intern who's about 19 years old will say to me, "We're losing all our freedoms." And many of you can anticipate my response: "When I was 19, I was worried about being drafted and sent to Vietnam. You're not." That's a huge increase in freedom, an example of how things really are better today in some ways. Not all the trend lines are negative. Progress has been happening.

We're still working on some of the progress that began after World War II. A renewed commitment to free trade, the international rule of law, and constitutional liberal democracy brought about another long period of great-power peace. The spread of property rights and market institutions to China, India, Latin America, and lately Africa has helped to bring more than 1.25 billion people out of poverty in the past 25 years. That's the radical progress that we're seeing in the world today. That's what we mean by globalization. That's what has brought a billion people out of extreme poverty. Deirdre McCloskey estimates that per capita GDP has increased by 30 times over two centuries. Now, it's a hard thing to imagine a 3,000 percent increase in the standard of living. How do you measure that? You can't measure it by bigger televisions. They didn't have television. You can't measure it even by things we now consider basic necessities.

Think about our greatest Americans, Benjamin Franklin and John Adams, going on a diplomatic mission to Canada

during the war. How did they get to Canada? They either rode horses or rode in a bumpy carriage. And where did they stay along the way? They stopped wherever there was some rustic inn. These days we think a rustic inn sounds nice. If you could see an actual rustic inn, you wouldn't want to stay there. They often slept in the same bed, probably a bed that had one or two



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other men in it as well. It's not that they weren't well off; that was the level of wealth in the world at the time.

Even as relatively recently as the 1920s, President Calvin Coolidge's teenage son was playing tennis on the White House tennis court and got a blister on his foot. The blister got infected, and the health care available to the president of the United States and his family was not sufficient to keep the president's son from dying from an infection. That was a great

tragedy for Coolidge. He wrote about it in his autobiography. He said that if he had not been president, his son wouldn't have been playing tennis that day on that court and wouldn't have died. That's certainly true, but the other way to look at it for our purposes is that that's how much poorer even the most well off were a hundred years ago.

That's what we mean when we say that our standard of living is 30 times what it was for our ancestors in 1800. And currently, yes, there are plenty of problems in the world. Poverty still exists. There was a financial crash in 2008, and there may be another one beginning right now. Environmental issues and hate and public health crises—those things are real. But our *Economic Freedom of the World* report shows economic freedom increasing globally since 1980, which is as far back as we have data to measure it. And partly as a result of that, we've had great increases in world trade, women's rights, gay rights, and lots of other freedoms.

And it was libertarian ideas and libertarian policies that brought that about. So I'm happy to say: yes, libertarians have been running the world, and we're happy to take credit for that progress.

But nothing is guaranteed. As T. S. Eliot said, "There is no such thing as a Lost Cause because there is no such thing as a Gained Cause." Nothing is ever sure. Ideas we thought were dead are back. Socialism, protectionism, ethnic nationalism, anti-semitism, even—for God's sake—industrial policy, the idea that bureaucrats in Washington would have a better sense of where money should be invested in which industries and which companies than thousands and millions of individual investors, each one trying to find the winning strategy for himself, his business, his family. Some conservatives are now embracing this kind of industrial policy.

And that's why our job is not done. We're seeing a rise of illiberalism on both

the left and the right, with threats to liberty, democracy, trade, growth, and peace.

And so it remains to us to defend the constitutional order of our republic, to remind people over and over of the wonders that America has produced, how rare freedom and abundance have been in the world.

That also means defending the rules that are essential to the continuance of this progress. I remember an article Milton Friedman wrote in 1984 when *National Review* asked him to respond to a conservative case for tariffs. And as you read this article, you can just feel the subtext of Friedman's exasperation, that tone that says, "I can't believe we have to go over this again." We have known theoretically and scientifically since 1776 that tariffs hurt people and they hurt the economy, and that free trade is what makes societies wealthy. We now have empirical evidence to back up Adam Smith's insight. We can look at countries that were closed to trade and at countries that had open trade, and we can see which ones did well. After all, the most closed economy in the world is North Korea. There have been others that tried that strategy. The countries that have open trade are the ones people want to live in. They're the ones that people prosper in.

But here we are. All the bad new ideas are actually bad old ideas. Libertarians and classical liberals have been fighting them off for more than 200 years, and we will keep doing so.

And as both the right and the left here and abroad seem to be moving in the wrong directions, maybe we can play a role in strengthening a libertarian center. People rarely think of libertarians as moderates or centrists. But we've written a few times about a libertarian center in American politics. You might say it includes people who would call themselves fiscally conservative and socially tolerant, or peo-

ple who would say that taxes are too high and who don't care who you marry or what you smoke. I think that this really is the center of American politics, and I think such beliefs are even a plurality in American politics. Yet in both political parties, these sensible views seem to lose out to the extremes of people on one side or another who want to regulate who you can marry and what you can smoke, who want to raise your taxes, and who want to regulate your business.

“
Classical
liberals defend a
society of liberty
under law.
”

And as the two parties become more polarized, usually in the wrong ways—Democrats becoming more tax-and-transfer and even more socialist, and Republican politicians, I fear, becoming more nationalist and more protectionist—libertarians may well find themselves in the real center of people who believe in an open society and an open economy.

Around the world, with left-wing autocrats and ethnic-nationalist autocrats vying for power, classical liberals defend the broad center of peaceful and productive people in a society of liberty under law.

Libertarians are needed now more than ever. We've been fighting ignorance, superstition, privilege, and power for centuries. And what we sometimes forget is that when you look at the big picture, we've been winning that fight. We have reduced ignorance, superstition, privilege, and power.

I was asked once by some skeptics what

has been the most important libertarian accomplishment ever.

I thought for a moment and said, "the abolition of slavery." They said, "OK, name another." I thought the abolition of slavery was pretty good! I thought if you had the abolition of slavery on your resume, you were prepared to meet your maker! But they said, "name another." So I thought about it a little more carefully, and I said, "bringing power under the rule of law." That's what all these things are really about. In every society there are people who want power, who strive for it, who want to use that power to run other people's lives. We can't ever completely eliminate power, but isn't limiting it what the Constitution was about? It was about constraining men who desire power. They had seen monarchies; they had seen autocrats in their history books about Greece and Rome.

The Framers knew what they didn't want, and they also worried about mob rule. So they weren't for pure democracy. They were for constraining the power of the mob, of the people; constraining the power of the president; constraining the power of the new Congress that they were creating; and constraining the power of the federal government. They wanted to give the federal government very limited powers to protect freedom. And if you take out your Cato Pocket Constitution and look at Article I, Section 8, you'll see that they list the powers they were giving the federal government. They're pretty limited. Bringing power under the rule of law is what libertarian friends of ours are fighting for in China, Saudi Arabia, Turkey, Hungary, and Mexico—and here in the United States.

We've been winning that battle, but there's more to be done. The battle is never over. And that's why we're still doing what we're doing at Cato, and we appreciate the fact that you are supporting what we're doing. ■

New book and video series

A Guide to Austrian Economics

The ideas of the Austrian school of economics have long informed the principles of the broader libertarian movement. Since its origin in the work of economist Carl Menger in the 1870s, Austrian economics has revolutionized the study of economics and perhaps achieved its greatest recognition when F. A. Hayek received the Nobel Prize. At the same time, the relationship between the Austrian and other schools of economic thought has sometimes been strained.

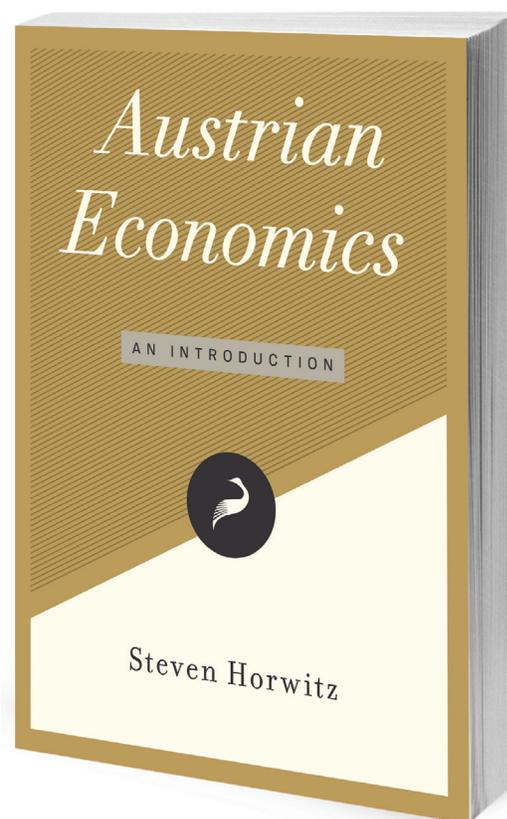
For noneconomists, these concepts and the history behind them can often be difficult to tackle. That's the purpose of a new book in *Libertarianism.org's* series of guides, *Austrian Economics: An Introduction* by Steven Horwitz, distinguished professor of free enterprise at Ball State University. In plain language intended for interested laymen, Horwitz outlines the history of Austrian ideas from Menger and the "marginal revolution" of the 1870s to the recent revival of Austrian business cycle theory in response to the 2008 financial crisis.

As recounted by Horwitz, the Austrian school began with a simple but radical insight: "The ultimate source of value is the human mind." The initial generation of Austrians overturned the flawed labor theory of value, which had dominated economic thinking for figures ranging from Adam Smith to Karl Marx. This subjective theory of value and the associated emphasis on marginal utility offered a solution to problems that had bedeviled economic thought, such as the water-diamond paradox. With the marginal revolution, economists finally had the answer to why seemingly useless diamonds are valued so much more highly than life-sustaining water. For economics, Horwitz explains how this was akin to the heliocentric

Copernican model overturning the ancient geocentric Ptolemaic model of the solar system.

Supplanted by Keynesian ideas during the 1930s, a confluence of events brought the Austrian school back to prominence in the 1970s. Two events in 1974, specifically, helped bring the Austrians back into the conversation as Keynesian models failed to explain the combination of high unemployment and high inflation. As Horwitz explains, "First was the awarding of the Nobel Prize in Economics to Friedrich August Hayek for his work on monetary theory and macroeconomics, as well as for his contributions to understanding the informational properties of the price system. All of this work was in the Austrian tradition. Also that year, the Harvard philosopher Robert Nozick published his National Book Award-winning *Anarchy, State, and Utopia*, a defense of libertarian political philosophy informed by ideas from the Austrian School. Hayek's Nobel and Nozick's book put discussions of Austrian economics back on the agenda of scholars in a variety of disciplines, in addition to informing public debate."

Austrian economics has continued to spark new innovations, including the heavily Austrian-influenced development of the public choice school and its analysis of markets and incentives in policymaking, for which economist James Buchanan received a Nobel Prize in 1986. The 2008 financial crisis and its aftermath also brought renewed attention to the Austrian business cycle theory, which explains the role of central bank interest rates in fueling booms and busts.



To accompany the book, Horwitz has also produced a series of short video lectures for *Libertarianism.org* covering key themes and concepts in *Austrian Economics: An Introduction*, such as how Austrians derive downward-sloping demand curves and the Austrian business cycle theory.

Horwitz's accessible explanations trace the intellectual history of the rich tradition of Austrian economics in roughly chronological order, covering a century and a half as Austrian ideas have responded to major global developments and crises. *Austrian Economics: An Introduction* is the perfect place to start for anyone seeking to understand these ideas and their ongoing influence. ■

AUSTRIAN ECONOMICS: AN INTRODUCTION IS AVAILABLE AT LIBERTARIANISM.ORG AND AT BOOKSELLERS AND ONLINE RETAILERS NATIONWIDE.

Protecting the rule of law when it's needed most

The Constitution in the Time of COVID-19

The novel coronavirus pandemic has presented radical and difficult questions for civil libertarians. While extraordinary times may require extraordinary measures, Cato scholars have continued to urge policymakers to justify those impositions, while pushing for specifics on when and under what circumstances the measures will be lifted.

In a March 27 *Cato at Liberty* post, Matthew Feeney, director of Cato's Project on Emerging Technologies, asks, "How Should Civil Libertarians Respond to Pandemics?" He offers an important reminder that "tragedies, panics, and crises have a tendency to result in bad policy" and that "even when emergency measures are effective they can sometimes stick around longer than necessary."

Feeney notes that proposals for intrusive, technology-based surveillance measures to track infected persons are unlikely to be effective, despite moves to impose new expansions of cellphone tracking and warrantless surveillance. And importantly, public officials should try to define the conditions under which lockdown orders and restrictions on freedom of movement will be lifted, even if a set end date cannot yet be ascertained.

In a March 21 commentary, "COVID-19: Let's Never Again Take Our Consumption Freedoms for Granted," Ryan Bourne, R. Evan Scharf Chair for the Public Understanding of Economics at Cato, points out



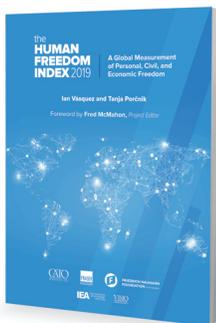
how the current crisis underscores how precious our everyday economic liberty is.

Observing the punishing shutdown of his own neighborhood's restaurant district, Bourne was reminded how our essential economic freedom "also includes the freedom to choose what and where to eat, drink, watch, or play, at your own convenience. In countries such as the modern U.S., we take those freedoms for granted. But we shouldn't. They are a remarkable inheritance that we should cherish." While such measures may be necessary for the immediate emergency, the costs of the loss of those freedoms are real, and they must be restored as soon as possible.

While the crisis has proved trying for some constitutional rights, one silver lining may be the vindication of federalism and

state-by-state governance. With state governors in the spotlight on the front lines, and a dysfunctional federal response, the ability of states to respond to their unique circumstances has proved invaluable. That was the theme touched on by senior fellow Walter Olson in a March 20 op-ed in the *Wall Street Journal*, "Federalism and the Coronavirus Lockdown."

This decentralization ensures that governors are in the driver's seat for lockdowns and closure orders in their states. For this reason, the duration and other details of these measures have not been set—and cannot be rescinded—by the federal government. This has also enabled needed changes to be made more nimbly when rushed initial orders proved flawed or unsuitable in unforeseen ways. ■



New from the Cato Institute

The fifth annual *Human Freedom Index* is the most comprehensive measure of freedom ever created for a large number of countries around the globe. The 2019 *Index* presents the state of human freedom in the world based on a broad measurement of personal, civil, and economic freedom that includes freedom of movement, women's freedoms, crime and violence, and legal discrimination against same-sex relationships.



READ AND DOWNLOAD THE *HUMAN FREEDOM INDEX* AT WWW.CATO.ORG/HFI



Sterling Professor of Social and Natural Science at Yale University **Nicholas Christakis** delivers the Joseph K. McLaughlin Lecture in February to discuss his new book *Blueprint: The Evolutionary Origins of a Good Society*.



Cato held a conference in March on Section 230 of the Communications Decency Act, a key provision enabling the modern internet by shielding liability for user-generated content. 1. TechFreedom’s **Ashkhen Kazaryan** makes a point on a panel with **Craig Parshall** (center) of the American Center for Law and Justice and **Adam Candeub** (left) of Michigan State University. 2. **Emma Llanso** of the Center for Democracy & Technology with **Alex Feerst** (left) of Neuralink and **Jacob Mchangama** (right) of Justitia. 3. Cato’s **Julian Sanchez** (left) and **Eric Goldman** (right) of Santa Clara University. 4. Left to right: **Jessica Ashooh** of Reddit, **Evelyn Aswad** of the University of Oklahoma College of Law, and Cato’s **John Samples** and **Flemming Rose**.



Lindsey O'Rourke, assistant professor at Boston College, speaks at a policy forum in February on the failure of forcible regime-change operations.



Jack Goldsmith, professor at Harvard Law School and former assistant attorney general, discusses his new book *In Hoffa's Shadow: A Stepfather, a Disappearance in Detroit, and My Search for the Truth* about his experience as the stepson of a man suspected in the murder of the famous Teamsters leader.

Cato Calendar

SPHERE SUMMIT: TEACHING CIVIC CULTURE TOGETHER
Online • July 13–15, 2020

19TH ANNUAL CONSTITUTION DAY
Washington • Cato Institute
September 17, 2020
Speakers include Judge Don Willett.

CATO CLUB 200 RETREAT
Bluffton, SC
Montage Palmetto Bluff
October 1–4, 2020

CATO INSTITUTE POLICY PERSPECTIVES 2020
New York • The Pierre
October 16, 2020

DIGITAL CURRENCY: RISK OR PROMISE?
38th Annual Monetary Conference
Washington • Cato Institute
November 19, 2020
Speakers include Jeb Hensarling, Caitlin Long, Lawrence H. White, Eswar Prasad, Jill Carlson, and Jesús Fernández-Villaverde.

CATO INSTITUTE POLICY PERSPECTIVES 2020
Chicago • Ritz-Carlton
November 20, 2020

MILTON FRIEDMAN PRIZE PRESENTATION DINNER
New York • Cipriani
May 26, 2021

32ND ANNUAL BENEFACTOR SUMMIT
New York • May 27, 2021

CATO CLUB 200 RETREAT
Washington • Cato Institute
September 30–October 3, 2021

33RD ANNUAL BENEFACTOR SUMMIT
Carlsbad, CA
Park Hyatt Aviara Resort
February 24–27, 2022

Updated information on Cato Institute events, including cancellations, can be found at Cato.org/events.

FEBRUARY 3: *Blueprint: The Evolutionary Origins of a Good Society*

FEBRUARY 6: Is War Over?

FEBRUARY 7: State-Based Visas: Should States Lead on Immigration?

FEBRUARY 7: *Disrupt, Discredit, and Divide: How the New FBI Damages Democracy*

FEBRUARY 19: Cato Institute Policy Perspectives 2020: Naples, Florida

FEBRUARY 26: The Failure of Forcible Regime-Change Operations

FEBRUARY 27: Cato Institute Policy Forum and Luncheon—Vero Beach

FEBRUARY 28: Cato Institute Policy Forum and Luncheon—Fort Lauderdale

MARCH 2: *In Hoffa's Shadow: A Stepfather, a Disappearance in Detroit, and My Search for the Truth*

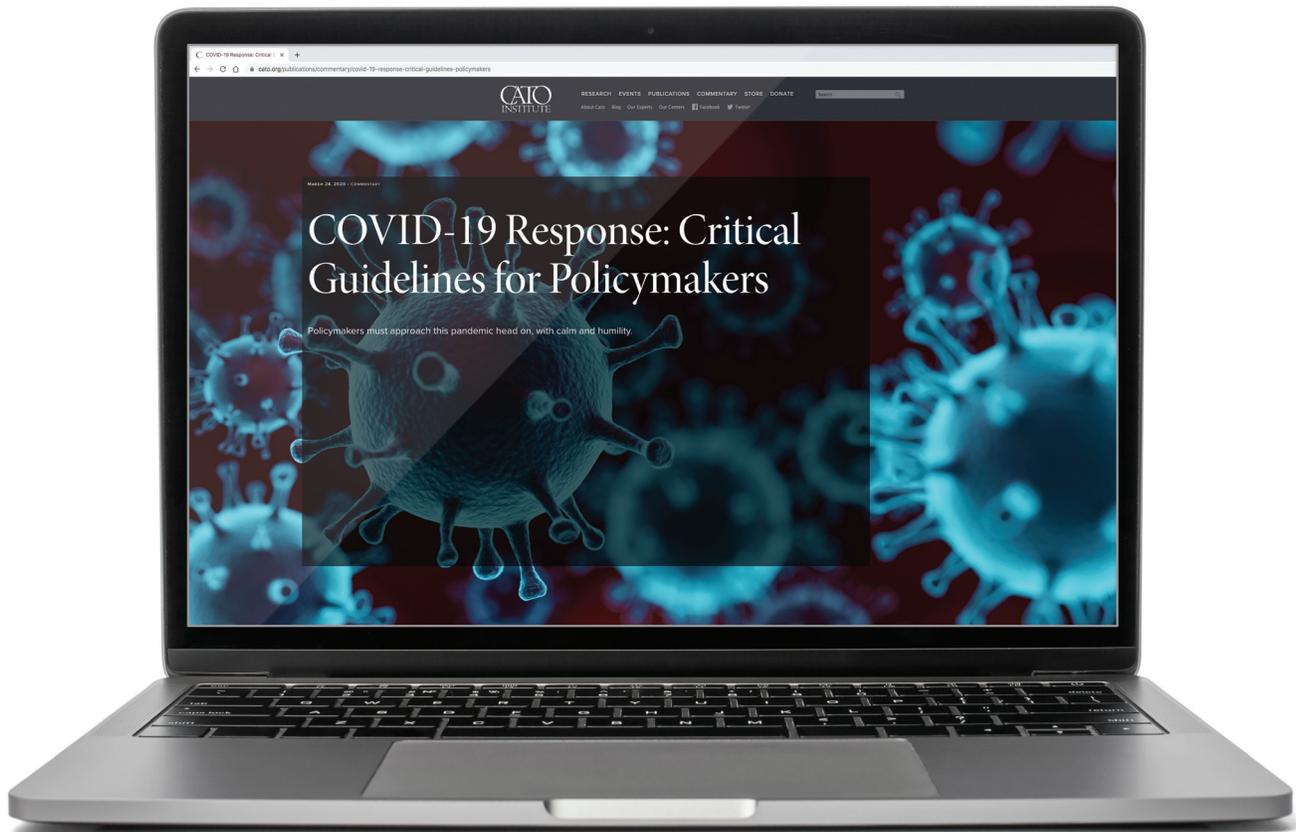
MARCH 4: The Iran Crisis and American Energy Security

MARCH 10: Return of the Gatekeepers: Section 230 and the Future of Online Speech

MARCH 18: *War on Us: How the War on Drugs and Myths about Addiction Have Created a War on All of Us*

MARCH 26: Beating the COVID-19 Education Disruption: Answering Your Questions

AUDIO AND VIDEO FOR MOST CATO EVENTS CAN BE FOUND ON THE CATO INSTITUTE WEBSITE AT WWW.CATO.ORG/EVENTS.



Excerpts from recent commentary on the crisis

Cato Scholars on the COVID-19 Pandemic

FEDERALISM AND THE CORONAVIRUS LOCKDOWN

In America's constitutional design, while federal law is supreme, the national government is confined to enumerated powers. It has no general authority to dictate to state governments. Many of the powers that government holds, in particular the "police power" invoked to counter epidemics, are exercised by state governments and the cities to which states delegate power.

Senior Fellow WALTER OLSON
Wall Street Journal, March 30, 2020

DECARCERATION IN THE FACE OF A PANDEMIC

America's jails and prisons are now among the deadliest environments on the planet. Most of them are desperately over-

crowded, understaffed, unhygienic, and utterly unable to provide even minimally adequate medical care to those who contract COVID-19, which is now spreading like wildfire through those facilities, endangering not only the lives of prisoners, but also of guards, staff, and the communities to which they all return at the end of their shifts. . . .

As a result, all but the most obtuse proponents of mass incarceration now recognize that it has become morally indefensible to continue holding at least some fraction of the roughly 2.3 million people currently behind bars in an environment where we can neither adequately protect them from nor treat them for COVID-19.

Vice President for Criminal Justice CLARK NEILY
Cato at Liberty, April 30, 2020

LIBERTARIANISM AND THE CORONAVIRUS PANDEMIC

Government has a role to play in responding to the pandemic in much the same way it is the government's job to prosecute murderers or defend the country from invasion.

At the same time, libertarian principles and insights can provide some guideposts for how to respond in this unprecedented global emergency.

Staff Writer ANDY CRAIG
Cato at Liberty, March 25, 2020

CORONAVIRUS PROTESTS AGAINST 'STAY AT HOME' ORDERS RAISE AWARENESS OF PEOPLE'S SUFFERING

Restarting the economy is not just about going to the movies again, it's about the people. When assessing these questions,

we must think about those hit hardest by the shutdown. The protesters help bring a human face to these issues. Just make sure that face is 6 feet away.

Research Fellow TREVOR BURRUS
USA Today, April 23, 2020

IN SWEDEN, WILL VOLUNTARY SELF-ISOLATION WORK BETTER THAN STATE-ENFORCED LOCK-DOWNS IN THE LONG RUN?

Why has Sweden done so much better than many predicted? Because others failed to see that society could respond vol-



untarily to the pandemic. For example, the influential Imperial College model estimates a higher reproduction rate of the disease in Sweden than in other countries, “not because the mortality trends are significantly different from any other country, but as an artefact of our model. . .because no full lockdown has been ordered.”

In other words, the model could only handle two scenarios: an enforced national lockdown or zero change in behavior. It had no way of computing Swedes who decided to socially distance voluntarily. But we did.

Senior Fellow JOHAN NORBERG
Reason.com, April 17, 2020

THE GOVERNMENT’S COVID-19 FAILURES ARE AN ARGUMENT AGAINST MEDICARE FOR ALL

Some have said the failure of America’s medical system to handle the surge in demand caused by COVID-19 is proof that the country needs Medicare for All. They couldn’t be more wrong.

Many countries with nationalized, single-payer schemes, including England, France, Italy, and Spain, have seen their health care systems stretched past the breaking point by the pandemic. More importantly, the responsibility for America’s lack

of preparedness lies squarely with our dysfunctional government. The real lesson to be learned from our botched response to COVID-19 is that giving the government control of the entire health care system would be an enormous mistake.

Adjunct Scholars CHARLES SILVER
and **DAVID A. HYMAN**
National Review Online, April 14, 2020

THERE ARE MORE LIBERTARIANS IN A PANDEMIC

To cite one salient example: had Americans been free to choose who certifies the diagnostic tests we use, then U.S. labs, health systems, consumers, and arbitrageurs could have spent the first two months of this pandemic purchasing any of the many reliable SARS-CoV-2 tests that have been available in other countries since January. Testing would have been widespread. Epidemiologists would have a better handle on the virus’s prevalence and progression. Containment measures could have been narrower in scope. Health professionals would be better able to target care to those who need it.

Instead, the Food and Drug Administration created a shortage of tests by blocking Americans from purchasing those or any other tests for two months. Losing that freedom made us more vulnerable by allowing this disease to spread unchecked across the country.

President & CEO PETER GOETTLER
The Hill, April 10, 2020

COVID-19 SHOULD MAKE US GRATEFUL FOR TECHNOLOGY

There has never been a better time for humans to face and defeat a global pandemic. The world is richer than ever before, and money is what enables us to sustain a massive pharmaceutical industry and pay for highly sophisticated medical research and development.

Senior Fellow MARIAN L. TUPY
National Review, May 18, 2020

TO HELP SOLVE THE SURGICAL MASK SHORTAGE, GET THE FDA OUT OF THE WAY

Given that demand for surgical-grade masks has spiked, why hasn’t supply followed suit? While this may sound at first like a failure of the market, the blame for this crisis lies with a set of onerous regulations enacted by the Food and Drug Administration. The FDA just took steps to fix this problem, but it took far too long.

Libertarianism.org Technology and Innovation Editor PAUL MATZKO
New York Daily News, April 1, 2020

WHY WE SAY ‘NO THANKS’ TO A CARES ACT LOAN

We wouldn’t criticize others for taking aid. In our communities and across the nation, millions have lost jobs and paychecks, while vital needs persist. Small-business owners struggle to preserve their life’s work and to sustain their employees. And we can’t say these loans wouldn’t help us right now. We’re wholly funded by private donations, the overwhelming majority of which come from individuals who will suffer material losses from the pandemic. Financial pressures and difficult choices lie ahead.



Why, then, are we not applying for a Cares Act loan? Because doing so would undermine the principles that underlie the Cato Institute’s mission and animate its policy work. Central to this mission is our view that the scope and power of government should be limited. Our ability to make that case with credibility and integrity would be irreparably compromised if we accepted a loan right now. We’ve never taken money from any government.

President PETER GOETTLER and
Chairman of the Board ROBERT A. LEVY
Wall Street Journal, April 15, 2020

Free Trade in Asia

India has backed out of joining the Regional Comprehensive Economic Partnership, a free trade area that was to include 16 Asian-Pacific countries: Australia, Brunei, Cambodia, China, India, Indonesia, Japan, Laos, Malaysia, Myanmar, New Zealand, the Philippines, Singapore, South Korea, Thailand, and Vietnam. That's a mistake, according to Swaminathan S. Anklesaria Aiyar in "India Should Join Asia's New Free Trade Area" (Economic Development Bulletin no. 32), who notes the substantial benefits to be had from liberalizing India's historically protectionist trade policies.



AIYAR

POLICY-DRIVEN VOLATILITY

To what degree do public policy developments drive volatility in stock markets? To answer that, a new data set was constructed by Scott R. Baker, Nicholas Bloom, Steven J. Davis, and Kyle Kost in "Policy News and Stock Market Volatility" (Research Briefs in Economic Policy no. 200). They find strong indications that equity market volatility (EMV) spikes in relation to news stories indicating uncertainty about major policy developments, and they believe that their new EMV index and database will be adaptable to a wide range of future research on this topic.

MARKET-BASED IMMIGRATION

How much would the market for immigration visas be worth, if they were available for purchase? That's the question Alex Nowrasteh and Andrew C. Forrester address in "Financing Immigration: The Financial-Market Value of a Market-

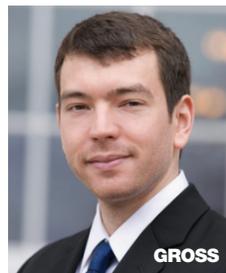
Based Immigration System" (Immigration Research and Policy Brief no. 16). The authors build on their proposal for Congress to set a price that is sufficient to cover anticipated fiscal impacts and then to sell as many visas as the market would bear.

INEFFECTIVE SANCTIONS

American sanctions target around two dozen countries, with some states experiencing what amounts to near total economic embargoes. Have these policies been effective at achieving their foreign policy aims? No, says Richard Hanania in his review of the literature in "Ineffective, Immoral, Politically Convenient: America's Overreliance on Economic Sanctions and What to Do about It" (Policy Analysis no. 884).

COLLUSION AND COMPATIBILITY

In 1886, railroads across the American South simultaneously stopped running their trains, and over the following 36 hours, workers manually narrowed 13,000 miles of railroad track to the 4'9" gauge



GROSS

used in the rest of the country. But this feat of engineering wouldn't have been possible without collusion of the sort outlawed by the Sherman Antitrust Act in 1890, according to Daniel P. Gross in "Collusive Investments in Technological Compatibility: Lessons from U.S. Railroads in the Late 19th Century" (Research Briefs in Economic Policy no. 201).

MARYLAND SCHOOL CHOICE

In 2016, Maryland adopted the Broadening Options and Opportunities for Students

Today (BOOST) voucher program for a very small number of K-12 students to attend private schools. In "Maryland's BOOST Is Promising, but More Work Is Needed" (Policy Analysis no. 885), Russell Rhine finds this to be an encouraging first step but says that further expansion is necessary.

WEALTH TAXES AND RENT SEEKING



COCHRANE

Wealth inequality has become a heated political issue, but there is a lack of sound data and analysis. John H. Cochrane seeks to remedy that in

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“Wealth and Taxes” (Tax and Budget Bulletin no. 86), in which he concurs with criticisms of rent seeking from the left but finds that wealth taxes are more likely to hurt rather than help the goal of defeating rent seeking.

VOTER ID

Do strict voter identification laws affect election turnout—and thus potentially election outcomes? From 2000 to 2018,

many states adopted or strengthened these laws requiring voters to present photo IDs. In “Strict Voter Identification Laws, Turnout, and Election Outcomes” (Research Briefs in Economic Policy no. 202), Mark Hoekstra and Vijetha Koppa find the turnout effects to be small and difficult to conclusively measure.

SOCIAL INSURANCE

The use of private plans to provide health

insurance benefits is widespread in several European countries, while in the United States, Medicare supplement plans are also popular. In “Private versus Public Provision of Social Insurance: Evidence from Medicaid” (Research Briefs in Economic Policy no. 203), Timothy J. Layton, Nicole Maestas, Daniel Prinz, and Boris Vabson find reasons to favor such private provisions even of state-mandated benefits. ■



WELCOME TO SPHERE

The Cato Institute and the Brookings Institution are proud to announce the launch of Sphere, an online series to discuss contentious public policy issues in a civil and engaging manner. This new series features debates on drug prohibition, U.S. foreign policy, and the Supreme Court among scholars with different viewpoints on these issues. The objective of Sphere is to create the gold standard for civil discussions on leading public policy issues—to lower the temperature, without abandoning our deeply held ideas and principles.

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“To Be Governed...”

TRUMP VOWED AMERICA “WILL NEVER BE A SOCIALIST COUNTRY”

Attorney General William P. Barr on Thursday suggested the United States consider taking an ownership stake in Finland’s Nokia and Sweden’s Ericsson to counter China’s bid to dominate the burgeoning 5G wireless market.

—*Washington Post*, February 6, 2020

Treasury Secretary Steven Mnuchin indicated that the U.S. government would take stakes in airlines in exchange for billions of dollars in direct grants to the companies.

—*Wall Street Journal*, March 26, 2020

PIGS TO THE TROUGH

From Boeing Co. to Verizon Communications, scores of U.S. companies and industries are furiously lobbying Congress to add measures to the Trump administration’s massive stimulus package to deal with the economic fallout of the coronavirus pandemic, some of which address issues that long predate the outbreak.

—*Wall Street Journal*, March 21, 2020

THE 47 PERCENT WHO LIKE PINEAPPLE ARE NOW OUT OF LUCK

Montreal chef Angelo Mercuri, co-founder of Bâcaro, wanted to settle once and for all one of the more contentious and divisive of food debates regarding whether or not pineapple belongs on pizza. So he concocted the Hawaii 50—consisting of

pineapple, bacon, ricotta, jalapeno peppers and tomato sauce—which was made available at the 10 Bâcaro restos throughout February.

He then asked diners for their views on whether pineapple should stay on the menu. If they voted against, Mercuri vowed pineapple would be verboten and never spoke of again.

—*Montreal Gazette*, March 10, 2020

MAKE NEW YORK COLORFUL AGAIN

Small businesses in all five boroughs are ripping down their awnings because they contend they can’t afford new signs that would keep them within the letter of the labyrinthine law or the thousands in fines if they don’t comply.

In place of the awnings, owners are posting piddly little banners—maybe 2-by-5-feet across a 20-foot storefront—slapped against the bare concrete the awnings once covered.

The ugliness is on full display along Jamaica Avenue, stretching from Jackie Robinson Parkway in Brooklyn’s East New York to Woodhaven, Queens.

“It looks like a Third World country here,” said Margie Schmidt, whose grandfather opened Schmidt’s Candy nearly a century ago in Woodhaven.

—*New York Post*, February 8, 2020

THE PRESIDENT IS NOT YOUR BOSS

Rep. Charles J. “Chuck” Fleischmann (R-Tenn.), a member of the Appropriations

Committee, said the deficit cannot be addressed until Congress and the administration take on entitlement programs such as Medicare and Social Security. But he noted that Trump has promised to protect those programs, “and I will certainly respect that.”

—*Washington Post*, February 8, 2020

REPUBLICANS PLAY TWISTER WITH THEIR PRINCIPLES

While Democrats have become more dogmatic in the Trump era, Republicans have demonstrated a new flexibility. To get the deregulation and judges they value, many have jettisoned orthodoxies on free trade, immigration, small government and entitlement reform.

—*Bobby Jindal in the Wall Street Journal*, February 10, 2020

ACTUALLY EXISTING POLITICS

[Nancy Pelosi] learned to count votes early. The front room of [her father] the mayor’s home in [Baltimore’s] Little Italy operated as a sort of ad hoc social services agency, where supplicants were constantly calling and showing up at the door. Nancy helped her mother curate what was known as the “favor file,” a record of everyone who had asked for and received a job, or a bed in City Hospital, or a spot in public housing, or a welfare check. The expectation was that repayment of these debts would arrive, precinct by precinct, at election time.

—*Washington Post*, March 25, 2020