



Memorandum

TO: BOARD OF DIRECTORS, SPONSORS, AND FRIENDS OF CATO
FROM: PETER GOETTLER 
DATE: MARCH 21, 2022
SUBJECT: QUARTERLY UPDATE

It's been a sad few months for team liberty. We've lost some of our heroes. Ethelmae Humphreys and Phil Harvey were each extraordinary businesspeople who dedicated so much of what they had—time, effort, and resources—to our shared mission to defend and advance human liberty. Ethelmae is the longest-serving director in Cato's history—35 years!—and delivered a huge impact across America through her leadership in the right-to-work movement. Phil was a social entrepreneur who founded nonprofits that have changed the lives of millions of people in over a hundred countries while waging battles against the government that make him one of America's greatest champions of free speech.

Linda Whetstone dedicated her very life and career to liberty in so many ways: founder and head of the UK's Network for a Free Society, board member of the Institute of Economic Affairs and the Atlas Network—where she was board chair—and incumbent president of the Mont Pelerin Society. The list goes on. I remember Linda best for her indefatigable energy and her dignified humility—this last trait being one, I might add, she shared with both Ethelmae and Phil. The first day I met Linda, she was in the audience pushing back on a Columbia professor who was denying the authoritarian drift of the Rwandan president. Oozing arrogance, he asked, “And who might you be, Madam?” Linda softly replied, “Oh, just an old hand in the liberty network,” refusing to cite her on-the-ground experience in scores of countries—which, if I remember correctly, had included a recent visit to Rwanda.

While we often cite Milton Friedman—with good reason—as liberty's great communicator, P. J. O'Rourke could have made a legitimate claim to the title. P. J. didn't sport a PhD in economics or a Nobel Prize but something as powerful—a wit that was second to none. Whenever I had the honor of introducing P. J., I'd tell the audience that we often hear of writing that's “laugh out loud” funny. But I, frankly, never had such an experience—until I picked up P. J.'s book *Parliament of Whores*, just one of the 20 books he wrote. When I joined P. J. for the first scotch and soda I'd had in years, he said, “It's a great delivery mechanism.” As was P. J.'s sense of humor—a delivery mechanism he used to dispense a lot of pro-liberty wisdom, particularly to so many who'd have otherwise never ingested it.

Please read the tributes to Ethelmae, Phil, Linda, and P. J. that you'll find on our website. And share them. The work and achievements of these extraordinary people deserve to be widely known. It's been a true privilege to have them as part of our lives and as friends, and our great fortune to have them as such important contributors to our cause.

Making the Most of Your Investment

Our vice president for development, Harrison Moar, is too kind. Occasionally he'll tell Cato Sponsors, "Peter's like a good asset manager—he eats his own cooking." It is true that Cato remains my family's number-one philanthropic priority. We believe liberty is paramount because it's the source and support of so many good things: peace; prosperity; societal harmony; and lives of meaning, achievement, and contentment in voluntary cooperation and association with others. Liberty is, in fact, the foundation of philanthropy itself: without it we'd lack the means and ability to support any worthy causes. And since it's critical we pass liberty's blessings on to future generations, we can't emphasize enough the moral elements of our mission. So Cynthia and I long ago made a strategic decision that liberty would be the focus of our charitable giving. And Cato quickly rose to the top of our list, since the Institute's support of liberty is steadfast and uncompromising.

Being a Cato Sponsor makes me feel an even stronger sense of responsibility to you, my fellow Sponsors. This means thoughtfully and carefully stewarding the organization for the future so that your long-standing and continuing investment is safeguarded. It also means striving to continually improve so that we keep producing maximum influence and impact from the resources you entrust to us. Here's how we're doing it.

Providing Principled Philosophical Stewardship

Cato's reputation for principle, independence, nonpartisanship, and adherence to our libertarian philosophy and values is our most precious asset. One of our new Sponsors visited us at the Institute and said, "I get it now. In the policy world, Cato is the rock in the stream. You're not going to change positions when buffeted by the political currents." It's not easy staying principled in a polarized environment with political passions raging, but as a Sponsor, your steadfast support makes this possible. We believe that remaining principled and independent is our most important responsibility to you. First, because it makes Cato credible and distinct. Second, because those investing generously in Cato today need to know that the Institute won't change course or shift with the political winds in the years and decades ahead.

After giving a presentation to a group in Washington, a woman approached me and told me how much she respected Cato. She'd worked as a Capitol Hill staffer for 16 years, including in a senior position for a former speaker of the House. I'll obscure the names to protect the innocent, but she said: "I tell people, if I want to know what the left thinks I read [organization X], and when I want to know what the right thinks I read [organization Y]. But when I want to know the truth, I read Cato."

Ensuring Responsible Financial Stewardship

Since eternal vigilance is the price of liberty, Cato needs to be here to fight for it in the decades ahead. And you need to know you're investing in an organization that will be strong for the long haul. Prudent financial stewardship means managing costs and growth with care.

A Sponsor of three decades says libertarianism needs to be as strongly represented in the marketplace of ideas and the policy world as conservatives and progressives, so he's proud that his support has helped fuel Cato's growth and placed us in the big leagues. And I hope you are just as proud as he is that Cato has the financial resources to increase its impact. We have ambitious plans to expand further through high-return investments in key areas that leverage our existing work, which will raise Cato's voice still louder and bring our liberty message to new and ever larger audiences. But this growth will never come at the expense of financial stability and viability. And even as we have grown, the Institute's expenses have come in below budget every year in the last seven.

Establishing Tomorrow's Leaders

Of the nonprofits on whose boards I've served, few, if any, engaged in careful, years-long succession planning. And lack of such planning—years in advance—raises the risk of an already fraught situation: the timely or untimely departure of an organization's leaders. In the past two years we've raised up an exciting new generation of leadership at Cato, allowing our team to grow in responsibility and experience. I'm hoping to remain at Cato for years to come and not be hit by a bus anytime soon. But if I am hit by a bus, Cato will be ready.

Building Outstanding Human Capital

We've continued to recruit and hire exceptional people, our most important asset. And in a city where so many jobs are considered lifetime sinecures, Cato staff embrace accountability for their individual performance year in and year out. It's a high-performing team.

Boosting Effective Engagement

Cato staff are actively engaged throughout Washington and the country with policymakers, regulators, state officials, media, academics, and a host of other organizations. And this external engagement is increasing in volume and effectiveness. On Capitol Hill, Cato is unique in its ability to work equally with Republicans and Democrats on the full range of issues, and we plan to keep adding to our external affairs team both in Washington and in the states. This fall, we kicked off our new Congressional Fellowship Program, which several times a year convenes a bipartisan group of congressional staffers for weekly evening seminars over a two-month program. Our first edition focused on legal and constitutional issues: Democratic staffers left with a greater appreciation for the Constitution, while Republican staffers gained insight into problems plaguing the criminal justice system. The summer program will focus on international affairs and foreign policy.

Advancing Technology and Creative

The values of individual liberty, limited government, free markets, and peace are dynamic—and so is the Cato Institute. Through responsible and efficient stewardship of our Sponsors' investment in our work, we are poised to continue as a leading innovator in the think tank space, delivering the enduring values of liberty to new and larger audiences each day. Our technology investments and the continued addition of creative talent are allowing Cato to propagate its ideas and policy solutions to more people around the world through an expanding and diverse portfolio of engaging content.

We've just released our digital “scrollytelling” template for tablet and mobile, which brings our research and data to life and allows us to share our hopeful message of liberty in more compelling ways than ever before. As we create more content for the format, you'll see multimedia presentations that are best-in-class for the policy world and rival those of the largest national newspapers. We're also embracing the virtual and hybrid formats of events in the post-pandemic era by integrating a video studio within our F. A. Hayek Auditorium that will optimize our events for online audiences while providing greater scope for video and multimedia production.

Reaching New Audiences, Especially the Young

Through innovative programs such as the Sphere project and creative platforms such as Libertarianism.org and HumanProgress.org, Cato's work is reaching new and larger audiences—particularly students and the unconverted—every day.

Expanding Strategic Impact

Recognizing the urgent need to advance our mission in the current environment, Cato's Sponsors overwhelmingly affirmed our strategic direction by providing us with an unprecedented level of support over the past two years. At the same time, our expenses have fallen in 2020 and 2021 due to the curtailment of travel and events caused by the pandemic.

As a result, your support has provided a strong base from which to launch Cato's next round of growth in the Institute's capabilities and reach. Areas targeted for high-return investment include external affairs, content creation, student outreach, and the growth of our economics team. Big challenges demand a strong response; through your generous support, Cato's ideas, influence, and impact will be expanding at a critical time.

Briefly . . .

Vanessa Calder has just rejoined Cato as our director of opportunity and family policy studies. Vanessa left Cato in 2019 to join the U.S. Congress Joint Economic Committee as a senior policy adviser, rising to executive director and staff director. Vanessa will cover a wide portfolio at Cato, including falling fertility and family affordability, policies to increase economic opportunity through housing and labor market deregulation, and other topics. Welcome back! . . . Following former president Trump's refusal to accept defeat in the 2020 election and the subsequent events at the U.S. Capitol on January 6, 2021, reform of the Electoral Count Act (ECA)—the law that governs the process by which Electoral College votes are cast, certified, sent to Congress, and counted before a joint session as required by the Constitution—has been a top reform priority. Serious efforts are underway to pass a bipartisan reform bill, and Cato scholars and staff—including senior fellow **Walter Olson**, research fellow **Thomas Berry**, writer **Andy Craig**, and director of government and external affairs **Jeff Vanderslice**—are deeply involved in the ECA reform process with Capitol Hill offices of members from both parties and in both chambers. . . . The eminent economic historian and classical liberal **Deirdre McCloskey** is in residence at Cato for the month of March as the Institute's first Adam Smith Fellow. Deirdre, who also serves as a professor emerita of economics, English, history, and communication at the University of Illinois at Chicago, will contribute to our work exploring the central role that freedom plays in human progress. . . . We recently welcomed celebrated journalist **Cathy Young** to Cato as a cultural studies fellow. Cathy's research and writing will focus primarily on culture and free speech issues while she continues writing her weekly column for *Newsday* and serving as associate editor at *Arc Digital*. . . . Through media appearances, published research, and frequent blog posts, Cato's director of general economics and the Herbert A. Stiefel Center for Trade Policy Studies **Scott Lincicome** urges liberalization of trade and immigration restrictions to boost American innovation and industrial output. It seemed the Biden administration finally heard his message when it announced this January the easing of immigration restrictions to attract STEM (science, technology, engineering, and mathematics) talent to the United States. *Washington Post* columnist Catherine Rampell recently suggested on Twitter that President Biden is following Scott Lincicome's advice: "@scottlincicome On the bright side...Biden seems to have taken some of your advice on high-skilled immigration from [your] blog post, judging from an announcement today." . . . A documentary produced by Cato's Lena Popilieva for the Project on Poverty and Inequality in California won a host of awards, including the Independent Shorts' bronze award in the Best Director category. The documentary was also selected for the Oregon Documentary Film Festival and the Malibu Film Festival. . . . And the Cato baby boom continues, with our manager of print production **Andy Davis** and his wife, Liz, welcoming their second child, a baby boy named Owen Everett, on February 16; and **Caleb Brown**, director of multimedia, and his wife, Angela, welcomed their third child, baby boy Carver Owsley, on March 6!