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# Cato Policy Report

JULY/AUGUST 2022. VOL. XLIV NO. 4

## The Biden Administration Fails Econ 101

BY RICHARD B. MCKENZIE

**P**resident Biden and his advisers seem confident that they can deny reality by ignoring long-standing economic principles and the basic market forces of supply and demand. The Biden team is in serious need of an Econ 101 refresher course. Key economic policies that the administration adopted during the president's first year and a half in office defy economic principles covered in introductory courses.

### ZERO-COST GOVERNMENT?

Consider one of the administration's earliest and most preposterous claims, that the federal government can increase its annual expenditures (and budget deficits) by trillions of dollars and that the cost will be nothing. As he tweeted on September 25, 2021, "My Build Back Better Agenda costs zero dollars." But even that's not the worst of it. He also claimed that the substantial added federal spending has dampened the rise in the inflation rate and that additional spending under his proposed agenda would have lowered inflation even more, if Congress had approved it, which it didn't.

President Biden and his advisers apparently

have never heard the economic axiom, "There's no such thing as a free lunch." Because Biden insists that his trillions in additional federal expenditures cost nothing, he can feign—as he and his advisers have done—that his economic agenda will not impose a "single penny of additional taxes" on Americans who earn less than \$400,000 annually. Moreover, Biden proclaims, "Everyone benefits."

Nonsense. If only President Biden and his advisers would reflect on their Econ 101 lessons. Federal taxes reduce what Americans at all

income levels can buy for themselves and their families with their paychecks, thus transferring resources for public purposes. Added federal expenditures—whether financed by added taxes or deficit spending—have the same consequence but sometimes in obscure and hidden ways. The added spending always soaks up real resources and, in doing so, reduces the availability of resources to produce an array of private goods—such as houses, gasoline, or party favors—that rich and poor

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**RICHARD MCKENZIE** is the Walter B. Gerken Professor of Enterprise and Society Emeritus in the Paul Merage School of Business at the University of California, Irvine. His latest book is *The Selfish Brain: A Layperson's Guide to a New Way of Economic Thinking*.

In June, government affairs director **JEFF VANDERSLICE**, senior fellow **WALTER OLSON**, research fellow **THOMAS A. BERRY**, and staff writer **ANDY CRAIG** addressed more than 50 staffers from both parties and both chambers on the need to reform the Electoral Count Act in the hearing room for the Committee on House Administration.



BY DAVID BOAZ

“  
Ultimately,  
it's ideas  
that matter.  
”

## EDITORIAL

# Playing the Long Game for Liberty

In his new book, *The Rise and Fall of the Neoliberal Order*, Gary Gerstle of the University of Cambridge writes, “No think tank would outdo the Cato Institute in terms of its hostility to the New Deal order and the fierceness of its belief in libertarian principles.” True!

Cato was founded in 1977 to apply libertarian principles and sound economic analysis to public policy issues. The board of directors later adopted a formal mission statement: “The mission of the Cato Institute is to increase the understanding of public policies based on the principles of limited government, free markets, individual liberty, and peace. The Institute will use the most effective means to originate, advocate, promote, and disseminate applicable policy proposals that create free, open, and civil societies in the United States and throughout the world.”

It wasn't an easy time to set out to advance libertarian ideas, but then maybe that's why the 1970s did see a renaissance of libertarian thinking. A few people had read Mises, Hayek, and Friedman in earlier decades, and more had read Ayn Rand. But there was indeed a dominant big-government, New Deal order in Washington, not to mention Communist control of a third of the world. And then that New Deal order delivered all at once a disastrous package of Vietnam, Watergate, and stagflation.

Libertarian-ish challenges to the established order began to pop up on all sides. African-Americans, women, and later gay people demanded equal rights. Millions marched against the Vietnam war, and young men burned their draft cards. Voters rebelled against inflation and rising taxes. *Reason* magazine, the Society for Individual Liberty, and the Libertarian Party sprang up during the 1970s.

Since then we have made much progress. The Soviet Union and its empire are no more. Incredible economic liberalization in China began around that time. Marginal tax rates in the developed world have fallen significantly. A wave of democracy swept the world, with greater respect for human rights of all people. Global trade became much freer, and trade flows rose 10-fold. Inflation was brought under control—at least temporarily. In just half that time, a billion people emerged from extreme poverty.

Despite those advances, our job is far from done. We're dealing now with new threats to free speech, free trade, fiscal sanity, and the rule of law. And we will approach them as we always have, with sound analysis and arguments rooted in libertarian principle.

- Our Center for Monetary and Financial Alternatives is pressing to narrow the size, scope, and power of the Federal Reserve and to level the playing field for competing currencies.
- The Herbert A. Stiefel Center for Trade Policy Studies is urging members of both parties to roll back the Trump tariffs and return to the path of lowering trade barriers and expanding trade.
- Our foreign policy scholars are warning against meddling in foreign conflicts and urging Congress to assert its right to decide when the United States goes to war.
- Our amicus briefs in the Supreme Court this session defended school choice, free speech, property rights, the right to keep and bear arms, and other individual rights.
- Our scholars have played a leading role in pressing Congress to amend the Electoral Count Act to avoid future crises in the certification of electoral votes.

Throughout our history we have challenged big institutions and policies—the Social Security program, monopoly government schooling, America's global interventionist foreign policy, central banking—and we have tried to make our case with well-researched, civil, and professionally presented arguments. In the long run, we think that's more effective than cable news screaming or hyperpartisan demagoguery.

Ultimately, it's ideas that matter, and we work hard to make sure policymakers and the public have good ideas at their disposal when an opportunity arises. We've seen how ideas that once seemed radical can become accepted and how entrenched bad institutions can suddenly fall faster than anyone expected. For all the problems we face, we always keep our eyes on that long game. Instead of short-term politics or focusing on which party will win the next election, Cato builds for the future, imagining what might be for the decades and generations to come.



# Cato Congressional Fellowships Build Relationships for Freedom

**Congressional staffers from both parties participate in seminar programs**

In line with Cato's mission to provide an influential voice for liberty in the nation's capital, dozens of congressional staffers are participating in two topical seminar series this year as part of Cato's congressional fellowship program.

Open to all Capitol Hill policy staff, both from individual members' offices and on committees, each fellowship consists of weekly networking receptions and intimate discussions featuring Cato's nationally recognized subject-matter experts. To encourage robust discourse and participation across the aisle, all discussions in the fellowship are collegial, non-partisan, and off the record.

The summer 2022 fellowship, consisting of eight weekly meetings in June and July, is focused on international relations. The topics covered include trends in global freedom as covered in the *Human Freedom Index*, the history of U.S. foreign policy, economic diplomacy and the benefits of free trade, reclaiming Congress's constitutional powers over war and arms sales, building a modern military with a sensible budget in light of geopolitical realities, global migration and the foreign policy implications of U.S. immigration policy, and the case for reviving the principle of restraint in foreign affairs.

Overall, the international relations fellowship promises to offer congressional staffers at all levels and in both parties the opportunity to understand "an American foreign policy of peace, commerce, and honest friendship, as described in President Thomas Jefferson's first inaugural address."

The second congressional fellowship program in 2022 will operate on a similar schedule and process, running for eight weeks from late September to early November, "for congressional policy staff who are interested in the philosophical roots and practical applications of constitutional law from a libertarian perspective."

The topics addressed include first principles about the American theory of government and written constitutions, separation of powers, the role of the judiciary and recent developments at the Supreme Court, the Constitution's neglected vision for the criminal justice system, the First Amendment and free speech, the perils of unconstitutional mass surveillance, and how to understand a constitutional theory that places personal freedom first and foremost.

The value in these programs is not only in the important policy and philosophy lessons imparted. Emphasis is also placed on the "fellowship." Through these regular gatherings, congressional staffers can forge lifelong relationships, with both Cato and each other. In an increasingly polarized Washington, DC, few events provide this sort of opportunity for cross-partisan and cross-ideological connections. ■

## Cato News Notes

### DIGITAL ANNUAL REPORT

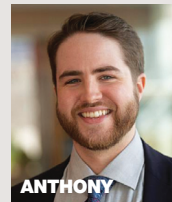
Cato has released its first-ever digital annual report,



which uses cutting-edge virtual presentation and interactive features to tell the inside

story of Cato's work in 2021 and presents examples of the impact made possible by the generous support of our Sponsors. A copy is available on our website.

### WELCOME ABOARD



Cato has welcomed several new policy scholars in recent

months. They include Jack Soloway and Nick Anthony as policy analysts in the Center for Monetary and Financial Alternatives, Daniel Raisbeck as a policy analyst on Latin America issues, and Clark Packard as a research fellow in economic studies. In addition, Vanessa Brown Calder is returning to Cato as director of opportunity and family studies after three years on Capitol Hill working for the Joint Economic Committee.





Cato senior fellow **JEFFREY SINGER** (1) moderates a policy forum in June on how drug paraphernalia laws increase the harms of addiction and drug use, with **COREY S. DAVIS** of the Harm Reduction Legal Project at the Network for Public Health Law (2), **ROBIN LUTZ** of the Alaskan AIDS Assistance Association (3), and **HAILEY B. COLES** of Sonoran Prevention Works in Phoenix, Arizona (4).



**AMESHIA CROSS**, activist and political commentator, participates in a book forum with **MARCUS WITCHER** of Huntingdon College and **RACHEL FERGUSON** of Concordia University Chicago, coauthors of *Black Liberation through the Marketplace: Hope, Heartbreak, and the Promise of America*.





**SEN. PATRICK TOOMEY** (R-PA) spoke at a policy forum to mark the release of “The (Updated) Case for Free Trade” (Cato Policy Analysis no. 925) by senior fellow **SCOTT LINCICOME** (left) and research associate Alfredo Carrillo Obregon.



Senior fellow **MUSTAFA AKYOL** answers questions from attendees during one of his lectures at the Acton Institute’s flagship event, Acton University, in Grand Rapids, Michigan, in June, on the place of liberalism and reason in Islam.



Continued from page 1

Americans alike would have bought. That's true whether they pay taxes collected by the IRS or are "taxed" surreptitiously by reductions in the available private goods they can buy.

This hidden tax imposed by the mounting federal expenditures during President Biden's first year in office revealed itself in empty store shelves, supply-chain disruptions (in addition to those caused by the COVID-19 pandemic), and an abrupt increase in the year-to-year inflation rate, jumping from 1.4 percent in January 2021, the month President Biden took office, to nearly 5 percent in late 2021, and to 9.1 percent in June 2022, the highest (year-over-year) inflation rate since 1981. Workers' money-wage increase in June 2022 over the previous 12 months was 5.1 percent, but they suffered, on balance, a 3.1 percent decrease in their real (that is, inflation-adjusted) average hourly wage rate (and a 3.9 percent decrease in their real weekly earnings) over the previous year, as reported by the Bureau of Labor Statistics in July.

Workers' real-wage losses during 2021 can be partially chalked up to pandemic restrictions. However, as noted, throughout 2020 and through early 2021, the inflation rate remained close to (and often under) 2 percent, which suggests that other economic forces—including Biden policy changes—were at work, accelerating the inflation rate.

The economics lesson forgotten or ignored by the Biden administration is clear: The "free lunch" diners—recipients of so-called stimulus checks, including households with six-figure incomes—unavoidably dined in 2021 at the expense of others. Even many stimulus check recipients found that they paid for a portion of their government largess by an erosion of their future real wages earned after they had spent their checks.

This one claim—that added government expenditures could come at no cost—would put the president's grade in grave jeopardy in most of the country's introductory economics courses.

# “ The Biden administration has been conveniently ‘blind’ to the unseen effects of its economic policies.” ”

## GOOD AND BAD ECONOMISTS

In the first half of the 19th century, French economic journalist Frédéric Bastiat admonished his readers that “there is only one difference between a bad economist and a good one: the bad economist confines himself to the visible effect; the good economist takes into account both the effect that can be seen and those effects that must be foreseen.” The president has at most been considering only the visible effects of his policy agenda while overlooking or denying those effects that are out of sight (and out of mind). But these unseen effects are inextricably linked to serious economic consequences that have undercut the real long-term incomes of Americans and people around the world.

Even more importantly, President Biden appears oblivious to the unseen but inevitable effects of his well-intended “green” policies, which is to say that he doesn't seem to realize that he cannot aggressively pursue a green-energy policy—a central goal of which is drastic reductions in fossil fuel emissions over the coming years and decades—without a spike in the prices of various sources of energy, and not only oil prices, which rose by nearly three-fifths during his first year in office. This is because he has or plans to adopt long-term policies that restrict fossil fuel production and distribution such as, for example, terminating the Keystone XL pipeline from Canada to the middle of the country and prohibiting drilling

on federal lands. The result of these long-term supply restrictions can be expected, as intended, to push up fossil fuel prices and at the same time shift demand to higher-cost and less reliable energy sources such as solar and wind.

Yes, President Biden, with the cooperation of Congress, might make such energy sources *appear* cheaper but only through hidden federal subsidies (several of which are attached to “green car” purchases), which have been included in his expanded federal budgets. The real *total* cost to the country for a given energy amount must include the added taxes imposed on people to provide the green subsidies. If the alternative energy sources President Biden favors were not more costly, absent subsidies, people would have already rushed to use them. After all, Americans want lower home heating bills. And they reacted negatively to the higher energy bills they faced during the 2021–2022 winter as a result of Biden's restrictive energy policies.

In large ways, the Biden administration has been conveniently blind to the unseen effects of its economic policies, including how higher energy prices have helped fund Vladimir Putin's invasion of Ukraine.

## UNDENIABLE MARKET FORCES: SUPPLY AND DEMAND

When oil and gasoline prices continued rising throughout 2021 and into 2022, as should have been expected, President Biden's first escape hatch was to declare the rising prices during the summer 2021 to be “transitory.” After eight consecutive months of claiming “transitory” price increases, President Biden adopted a time-worn strategy: blame others! In this case, he targeted Big Oil. Major oil companies were conspiring, he asserted without evidence, to use their market power to hike gasoline and heating oil prices and to pad their shareholders' pockets with higher profits.

President Biden's cartel theory of rising oil and gas prices also never squared with the fact that the oil companies hadn't conspired to curb the global market supply prior to the advent



of the Biden energy policies. Perhaps the COVID-19 pandemic facilitated, in some unspecified minor ways, the ability of the oil companies to collude on price. If so, why didn't they collude during the last year of the Trump administration when the pandemic erupted with force and oil companies suffered tens of billions of dollars in losses? The more likely, and reasonable, dominant explanation for the rapid rise in energy prices is that the pandemic brought additional cuts in energy supplies that were then deepened by added supply restrictions created by the Biden administration's energy policies.

But then, President Biden seems to believe that the only value of higher prices on suddenly more limited products such as oil is to pad the profits of oil companies. When he imposed sanctions on Russia for its Ukraine invasion, he warned oil companies not to exploit consumers by raising oil prices to boost their profits, as if he did not understand that controlled prices would result in shortages. Recall the long lines and wait times at gas pumps in the early 1970s, when President Richard Nixon froze pump prices after the Organization of the Petroleum Exporting Countries, or OPEC, oil embargo. As taught in all Econ 101 courses, higher market prices in times of supply shortages serve the valuable function of encouraging consumers to conserve and thus allocate scarce resources toward their more valuable uses, without government direction, and without empty store shelves and long waits at pumps. President Biden had obviously forgotten this sad price-control history when in early July he pleaded with U.S. refineries to lower their gasoline prices as a matter of "patriotic duty."

The Biden administration is quick to condemn private companies for allegedly conspiring against the general public through cartelized prices. At the same time, Biden's treasury secretary Janet Yellen has led the development of an international cartel of nations to set minimum tax rates—all intended—and insists that it's to "stop the [countries' competitive] race to the bottom" on corporate tax rates.

## “ Janet Yellen has led the development of an international cartel to set minimum tax rates. ”

Apparently, she and her boss ignored another economics lesson (which Secretary Yellen must have taught as a professor), that cross-country government conspiracies to prevent competition on their tax rates can increase the tax burden on taxpayers, just as private conspiracies on prices can increase the expenditure burden on consumers.

And President Biden had good reason to reduce tax-rate competition among nations: he intended to propose in 2022 increases in the U.S. tax rates that, if enacted, would raise an additional \$2.5 trillion in additional taxes and that would give the United States the honor of having "the highest top tax rates... in the developed world," according to a Tax Foundation study. The U.S. combined (federal plus state) corporate tax rate would rise from 25.8 percent to 32.3 percent, topping the combined rate in every other Organisation for Economic Cooperation and Development country. Who is exploiting whom, oil companies or the administration?

### **TARIFFS AS A SOURCE OF ECONOMIC DAMAGE**

In 2021, President Biden doubled the tariff on imported Canadian lumber to 18 percent, fully expecting that the higher tariff would raise the price of imported lumber, which would also raise the price of U.S. lumber and thus the wages of blue-collar, mostly union workers in the U.S. lumber industry. Another key lesson from Econ 101: the inevitable consequence of

the added tariff is to undercut total production and total real income of all Americans.

Total real income in the country must go down with a reduction of available resources (lumber) that can be obtained only at greater cost, because of trade restrictions. Trade, within cities or across national borders, is always two-way. Canadians sell Americans their lumber because they want U.S. dollars to buy American goods, services, real estate, and stocks and bonds. Canadians would not continue to sell Americans lumber for long if they got nothing in return. So, if U.S. tariffs on Canadian lumber curb the dollars that Canadians receive, they will end up buying less of what Americans have to sell, which means a reduction in Canadian lumber sold in the United States will lead to a reduction in Canadian imports of American goods, say, automobiles and streamed movies. The lumber tariff can also lead to a reduction in Canadian investments in the United States that, with time, can undercut American production and real income.

Any job gains from added tariffs in the U.S. lumber industry would likely be more than offset by a reduction in jobs in U.S. lumber-using industries and export industries, as well as a reduction in U.S. industries that, absent the tariffs, would have received an infusion of Canadian investment. The tariffs on Canadian lumber can be expected, of course, to also lead to higher housing prices and decreases in jobs in the U.S. construction industry.

The net effect of trade restrictions imposed by either the United States or Canada will be to increase production costs in the two economies, reduce mutually beneficial trades, and lower the aggregate real incomes in both countries.

### **PRESIDENT BIDEN AS A FEDERAL SANTA CLAUS**

The president must presume that his most fundamental duty is to provide his political base with added welfare subsidies at no (tax) cost to recipients but substantial costs to the "rich," or those who make more than \$400,000



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# “ President Biden deserves a failing grade. ”

a year (Biden’s self-identified threshold for “rich”). President Biden doesn’t seem to have learned in his Econ 101 course that when taxes are applied to targeted groups, say, the rich, they can shift a portion (if not all) of their added tax burdens to others, including middle- and lower-income production workers. The rich can do that through product price increases and wage reductions—and through inflation. Yet Biden appears convinced that he can run up deficits into the trillions without harmful effects on Americans earning less than \$400,000.

President Biden, who seems to have become enamored with the new and unshackled “modern monetary theory” advocated by the Democratic left, also seems to have concluded that if the Federal Reserve monetizes the added federal debt through purchases of federal bonds, no harm will be done to real people. After all, money (which can be nothing more material than paper or even electronic digits in bank accounts) is cheap to produce.

President Biden and Fed Chairman Jerome Powell don’t seem to realize that the \$5 trillion increase in the Fed’s purchases of U.S. debt during 2021 resulted in a double-digit increase in the country’s money stock during 2021 and would likely cause a spike in the inflation rate, another missed Econ 101 lesson. Economists have long known, and taught, that an increase in the money stock means that more dollars are chasing available goods, which can translate into higher prices over time, the definition of inflation. With the inflation rate escalating and the growth in the money stock exceeding double digits for the previous year, President Biden must surely now remember that money-supply growth and inflation have trended together for a long time, at least since World War II.

How has the Biden administration, with help from the Democrat-controlled Congress, engineered the surge in the inflation rate? Hoover Institution monetary economist John Cochrane has a succinct explanation that harkens back to the monetary theory of Nobel laureate Milton Friedman. Beginning in March

2020, Cochrane observes, “The Treasury issued \$3 trillion of new debt, which the Fed quickly bought in return for \$3 trillion of new reserves.” The Fed then quickly followed with another \$2 trillion in U.S. debt purchases, which the Treasury immediately converted to more stimulus checks and “payroll protection” loans. The federal debt rose almost 30 percent in a year, as did the money stock. Cochrane points out that in other eras in which the Fed monetizes federal debt, the newly created money would be held, at least for some time, as reserves in the Fed, but this time the debt was almost immediately passed out to people (hobbled by pandemic restrictions) who were eager to make rental payments, feed their families, and (in some cases) fuel their drug habits. In short, the newly created dollars rapidly went into circulation. Cochrane asks, “Is it at all a surprise that a year later inflation breaks out?”

## CONCLUSION

President Biden deserves a failing grade on his economic policies, which have been pursued as if he has been oblivious to major economic principles and forces at work in the country and world. The Biden administration has been quick to shift blame for its policy failures.

President Biden has blamed the sharp rise in gasoline prices on greedy oil companies who have pursued profits at the expense of the driving public. Jeff Bezos, founder of Amazon, was on target when he publicly chastised the president for blaming oil companies for profiteering, chiding the president for “a deep misunderstanding of basic market dynamics.” He has been unwilling to recognize that the inflationary spiral that began in force in late 2021 had a tie to his (and President Trump’s) dramatic expansion

of deficit spending, along with an accompanying expansion in the money stock. But admittedly, he has been trapped by his prior failed economic argument: if he had conceded that monetary expansion was at the core of inflation, and his deficit spending was at the core of the monetary expansion, he would have undermined his insistence that the trillions in added federal expenditures during his first year in office were “cost free.”

When Putin began to threaten an imminent invasion of Ukraine in early 2022, President Biden made a dire search for sanctions to impose on Russia to deter an invasion, yet he refused to adopt policies that would reverse his early restrictive U.S. energy policies. Such a reversal could have increased the global supply of energy, which could have helped liberate European countries from their dependence on Russian energy supplies and freed them to agree to more punishing financial sanctions on Russia.

Perhaps President Biden held to his supply restriction in the United States (but not the world) because of his allegiance to the political left’s green agenda. Perhaps his reluctance to reverse his energy policies was tied to a simple political dictum: policy reversals are a political death knell, because reversals can expose policy mistakes. He never indicated that a policy reversal on U.S. energy production could undercut the Russian advance on Ukraine, because it could result in greater energy supply, lower energy prices, and lower state revenues that Putin could tap to impose his will on Ukraine and, possibly, other former Soviet Union countries.

No matter his reasons, President Biden’s record on economic policies suggests that he either learned very little in his Econ 101 course or has forgotten most of what he learned. His insistence that his trillions of added deficit spending, which the Fed largely monetized, has had nothing to do with the rising inflation rate would, by itself, put in grave jeopardy his grade in my introductory course and in those courses taught by most economics professors who are not beholden to partisan ideologies and politics. ■

# Educational Pluralism and Social Conflict

Public schooling, by forcing people with diverse values and needs to fund a single system of government schools, inevitably produces conflict. Such conflict has reached a fever pitch over the past several years, with Americans battling over critical race theory, LGBTQ issues, COVID-19 masking, and more. In March, two leading experts on social conflicts in education joined Neal McCluskey, director of Cato's Center for Educational Freedom, to discuss the evidence and lessons to be learned from other countries. **Charles Glenn** is professor emeritus of educational leadership and policy studies at Boston University and the author of numerous books on education policy, including *Educational Freedom in Eastern Europe* (Cato Institute, 1995). **Ashley Rogers Berner** is director of the Institute for Education Policy at Johns Hopkins University, where she specializes in comparative studies of educational systems around the world.

**Charles Glenn:** I'd like to talk today, very concretely, about several different ways in which social conflict over control of the public schools has played out. The first example comes from my career as a state official, more than 40 years ago now. The second is from my research in history and educational policy. And the third comes from my advising role in Ukraine in 2014 and 2015.

In the 1970s and '80s in Massachusetts, educational equity was one of my responsibilities. This meant ensuring that schools were racially integrated, that kids were not divided by race. And we thought initially, in our arrogance, that we as the government could simply decide where kids ought to go to school and thereby achieve positive social effects. This was the policy that became known as busing.

Well, everyone knows the kind of heated resistance that that produced, particularly in Boston. It was a crisis with mass protests and people throwing rocks at school buses. Two

of my own children were attending Boston schools in those days, and they had rocks thrown at their buses as well.

Over time, we came to see that there was nothing to be gained by simply ignoring the fact that parents had deep concerns about where their children went to school. And that instead we could put that concern to use to achieve racial integration, while at the same time we made parents feel more deeply committed to the schools their children attended.

What we did was conduct surveys to find out what kinds of things different parents wanted their child's school to be emphasizing, and then we worked with the schools to encourage them to decide which of those emphases they would adopt. For example, teaching in two languages was one possible focus. Five of my own children attended a bilingual school, and one of my granddaughters is attending one of those in Boston right now. Some parents want that. Other parents would like a strong emphasis on art. Other

parents want a strong emphasis on science and mathematics, and so forth.

By letting schools have different themes and letting those themes be the basis for teachers choosing which schools they wanted to work in, we were able to satisfy parents and put schools on a road toward being more coherent and more conscious about what they were trying to achieve. So in more than a dozen other cities, and eventually in Boston, we put in place such school choice programs based on decisions made by parents, in ways that satisfied the parents but also achieved racial integration among schools.

After I left government, as I thought more about those issues, I became convinced that there was no point in restricting this sort of policy to ordinary public schools. So I became a supporter of charter schools, then of vouchers, educational savings accounts, home-schooling, and anything that makes a really broad range of educational choices possible.

My second example is historical. The radical phase of the French Revolution wanted to reshape humanity and the French people. They sought to persuade children and their parents to abandon all the loyalties they had to their local languages, their local customs, the Catholic Church, or any other religious belief and instead have a loyalty exclusively to the state. And the Dutch began seeking to do that as well in the early 19th century, under the influence of France.

The result was that Catholic parents often resisted the kind of bland moralistic Protestantism that the Dutch schools were promoting, and many Protestants resisted those schools because they did not present the whole gospel as they saw it, the whole truth that they wanted their children exposed to. And so resistance grew.



You had many schools started by parents illegally, meeting in barns and other places, with the police cracking down on them. You had thousands of parents, particularly more hardline Protestant parents, leaving the country entirely, emigrating to North America, ending up in Michigan and Iowa and other parts of the Midwest. That's why we got, for example, Calvin College and Dana College and other institutions started by those immigrants.

Things continued to escalate. Most significantly, the Catholic, southern part of the country simply split off in 1830 because there was such a deep opposition to the way in which parents were not allowed to have their children taught in Catholic schools. And that southern part of the country became Belgium. Belgium is the only country in the world, as far as I know, whose very existence is based on a desire for parental choice in schooling.

Finally, my third example is more contemporary. You all know, I am sure, about what has happened in Ukraine in recent years. Eastern Ukraine has been largely Russian-speaking, and the western part is predominantly Ukrainian-speaking. That divide has been at the core of Ukraine's political instability for the past decade.

In 2013 and 2014, then president Viktor Yanukovich was under pressure from Moscow. He canceled a decision by the Ukrainian parliament to create a pact with the European Union, in line with western Ukraine's sympathies being more toward Brussels than Moscow. As a result, mass protests rocked the country. Eventually, Yanukovich fled to Russia and a new democratic, Western-oriented government eventually took office. That became the basis for Russia to seize Crimea and to support the rebellions in the Donbas—and of course, more recently, the excuse for Russia to actually invade.

In 2014, a Belgian colleague and I were asked to come advise the new democratic government of Ukraine about reforming their education system. We made several visits and

even had meetings with them in Western Europe as we worked on helping them redraft their education laws.

One of the things the new government had done early on was to say that all schools had to use Ukrainian as their language of instruction. We were very concerned about that. We said it would be much wiser to let that be a local decision so that parents could



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Belgium is the  
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”

play a role in deciding what language their children would be taught in. And then in schools that have Ukrainian as their first language, Russian should be taught as a second language. In schools with Russian as their first language, Ukrainian should be their second language.

Unfortunately, we were too late. Even though it wasn't implemented in a uniform way, the very fact that that decision had been

made by the government on a one-size-fits-all nationwide basis served as one of the major reasons for some of the eastern areas of the country to rise in rebellion, and it provided one of the most prominent excuses for Russia to begin meddling in Ukraine's internal politics. I think there will be no lasting peace in Ukraine until it's recognized that both language groups can live peacefully together. Education and the need for a more tolerant educational pluralism are at the center of that, just like educational pluralism is so important to social and political peace around the world, in every country.

**Ashley Rogers Berner:** I'd like to offer some additional thoughts about educational pluralism, what it means and why it's important, and then a little bit about the research. Education policy is a complicated business. I have never been in the position of being a policymaker, but I've studied it, and I work for, and help run, an education policy institute. I just want to say up front that I don't think any democratic school system perfectly solves the goals of education, which are social mobility, academic achievement, and citizenship formation in a democracy. Nobody gets it totally and completely right, but I think it's important to look at other models around the world and to look at our own history to find what lessons can be learned.

In the United States, for over a hundred years, we've had this extreme binary of public schools and private schools. Now there are also charter schools, which are public schools but privately managed by nonprofits, but those are still fairly new. Outside of recent developments like that, Americans are historically and culturally very used to having this binary where “public schools” means one thing, the district school, and private schools are everything else. We know that this division is inequitable because well-off families can move to a “better” school district or enroll their kids in private school, but low-income families don't have that ability.

When we look around the world at how democracies frame their educational systems, it's entirely different. That's the description that Charlie and I have worked on, which we call educational pluralism. Educational pluralism is simply a different way to structure democratic education policy. There are two key pieces of it that I want to lay out: the first is about structure, and the second is about content. They're both very important for social cohesion and parental rights.

When it comes to structure, educational pluralism assumes that schooling cannot be neutral with respect to values. There's no way to select a textbook or hire people or attract families or even create a disciplinary code without drawing on some kind of normative values. It's impossible to design education to be neutral.

Having accepted that, the next step is simply to fund a variety of institutions. The Netherlands, one of our favorite examples, has 36 different kinds of schools on equal footing. They have Montessori, Jewish Orthodox, Jewish Reform, Catholic, Islamic, secular, and many other different kinds of schools. Only 30 percent of the kids go to what we would consider district schools, traditional public schools. This is the norm around the world. Indonesia, Israel, Sweden, Belgium, France, and Australia all have different models; the funding structure is different, but the premise is the same. They fund a variety of schools. That policy of pluralism in who can own and operate schools is by deliberate design.

The content question is equally important. Here, the premise is different. Unlike other choices we might make in our lives, education is not only about the individual. It isn't simply an individual good. Why not? Because it matters to me that your child knows, in our country, the three branches of government; it matters to you that my children know how to read and function in adult society. We're all in this together; there's a common good principle here. That is why the most successful pluralistic countries have curricular frameworks and guidelines that all kids must study.

I just served on a board panel for Alberta, Canada, for example. They fund homeschooling; they fund indigenous schools; they have charter schools; they have Catholic schools. And yet, the common body of knowledge is meant to be common across all of them, and they all use a common assessment. Assessments are really important—assessments that are knowledge-based and not just the kinds of



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assessments we have in this country that are very skills-oriented. It is about essentially a liberal approach—liberal arts education. This works very, very well actually for equity. The Organisation for Economic Cooperation and Development's research shows how important a knowledge-building curriculum is.

In these other countries, there's the structure that is diverse, and while the content is not totally lockstep, it's much more similar

and uniform in terms of its basic requirements. The ministry of education or equivalent provides curricular frameworks. You do get some very strange situations from this. One of my favorite examples is that the Netherlands and the UK both fund creationist schools, schools that teach fundamentalist Christian doctrine on that question. Now, that would set people's hair on fire in the United States, that the government funds creationist schools. However, kids in those schools also must demonstrate mastery of evolutionary theory and biology. That's considered part of what you need to know to navigate adult life. You don't have to believe it's true, but you have to demonstrate a competent basic understanding of it. The school's values and how they interpret content is distinctive, but the content is relatively stable.

There are lots of nuances and variations here, but my interpretation of the data is that this is the best of both worlds. Why? Because you can have a strong school culture, the ethos of the school, which we know makes a material difference in student outcomes for the better. There's a strong, stable school culture that can be very diverse across different schools, and we see this across all countries. But there's also an academically robust curriculum, and no students are being left without the necessary basics of becoming an educated adult citizen.

Now, I don't want to pretend that this is easy in the United States. Both of these things, the pluralistic structure and robust curriculum requirements, are alien to our cultural norms and expectations, the history of how we think about schooling.

Our institute at Johns Hopkins works on both of these tracks. We work a lot on the content of education, on helping all schools design better curriculum, regardless of if they're religious or secular. That includes helping district schools, charter schools, and private schools to develop more robust instructional frameworks. We sometimes run up against a lot of opposition. There's a strong commitment by some

*Continued on page 19*





# Equal Justice under Law: Cato in the Courts

**Amicus briefs bring the principles of liberty to the judiciary**

**C**ato has long been a prolific filer of amicus curiae, or friend of the court, briefs, tackling a vast range of issues from civil liberties to economic freedom. That work continues today as part of Cato's Robert A. Levy Center for Constitutional Studies.

The *Empirical SCOTUS* blog conducted a study of amicus briefs in major policy-shifting cases at the Supreme Court from 2000 to 2016, to see which groups most often filed briefs in support of the prevailing party. Cato was at the top of the list, tied with only the American Civil Liberties Union. As the authors of the study put it, “the Cato Institute and ACLU were far away the winningest of these groups.” In the years since, that track record has continued unabated.

So far in 2022, Cato has filed amicus briefs in several high-profile cases to defend the principles of limited government and individual freedom. Recent wins at the Supreme Court include *Carson v. Makin*, in which the Court ruled that Maine's school choice program cannot discriminate against religious schools, and *New York State Rifle & Pistol Association Inc. v. Bruen*, striking down New York's notoriously restrictive and corrupt “may issue” scheme for concealed carry permits as a violation of the Second Amendment.

One of the most notable has been *NetChoice v. Paxton*, concerning an intrusive and politically motivated law that Texas adopted to heavily regulate the content moderation decisions of social media platforms. Allegedly grounded in a desire to fight liberal bias from these tech giants, H.B. 20 is both wildly impractical and strikes at core First Amendment freedoms. Under this statute, alleged “viewpoint discrimination” would be illegal, and platforms could face ruinous liability for violating that vague, unconstitutional standard.

When the Fifth Circuit Court of Appeals unexpectedly allowed the Texas law to go into effect while the litigation is pending, these businesses were placed in an impossible situation, facing a potential flood of frivolous lawsuits challenging their every decision about what should or should not be permitted on their privately owned websites. The plaintiffs appealed to the Supreme Court to reverse the Fifth Circuit's panel decision and permit the district court's stay to stand, to ensure the law does not go into effect while the challenge to it is ongoing.

In support of this request, Cato filed an amicus brief authored by Clark Neily, Trevor Burrus, Thomas A. Berry, and Nicole Saad Bembridge. “This Court has long acknowledged that the First Amendment





protects private platforms' right to decide what content they host," they explained. "Under HB20's viewpoint neutrality mandate, platforms will face liability for removing even horrific and harassing content—like animal torture, pro-terrorism material, and racial epithets—because doing so would qualify as illegal viewpoint discrimination."

The Court agreed, and in a 6–3 ruling ordered that the Texas law would remain unenforceable until a decision is reached. Cato has also filed an amicus brief on the merits of the case in the Fifth Circuit, explaining in more detail why H.B. 20 is patently unconstitutional.

In another recent case, *United States v. Olsen*, Cato filed a brief to defend the Sixth Amendment right to a speedy trial. Jeffrey Olsen was indicted on drug charges in 2017 and was finally ready to go to trial in 2020. However, at the time, the use of jury trials was suspended in the Central District of California due to the pandemic. The government sought yet another continuance, but Olsen invoked his rights under the Speedy Trial Act. The district court agreed and dismissed the indictment, but the Ninth Circuit overturned that decision. In Cato's amicus brief, Jay Schweikert and Laura Bondank urge the Supreme Court to overturn that decision and vindicate one of the Constitution's most fundamental guarantees for criminal defendants.

Not all Cato amicus briefs are filed with the Supreme Court. Important questions are often decided on the circuit courts of appeals, where precedents are shaped and crucial issues are teed up for possible later review by the justices. Sometimes that means

reminding states and courts of the need to follow Supreme Court precedents on questions that have already been decided.

In *Ostrewich v. Scott*, plaintiffs are challenging a nebulous Texas law prohibiting clothing and displays within 100 feet of a polling place that are "political" or are "relating to" an issue, candidate, or political party on the ballot. If that sounds familiar, it's because the

Supreme Court struck down a practically identical law in Minnesota in 2018's *Minnesota Voters Alliance v. Mansky*. In the oral arguments in that case, in which Cato also filed an amicus brief, Justice Alito memorably excoriated the state's lawyer with a litany of examples ranging from the text of the Second Amendment to a hypothetical "I Miss Bill [Clinton]" T-shirt, demonstrating the inherent subjectiveness of defining what is or isn't "political." In *Ostrewich*, Thomas A. Berry and Gregory Mill urge the Fifth Circuit to follow that precedent and hold that the Texas law suffers the same First Amendment defect.

Cato is unique among major filers of amicus briefs in the breadth of topics addressed, including economic regulations, criminal justice, free speech, separation of powers, and many more. Both on the Supreme Court and lower courts, Cato is known for bringing a principled, independent, and nonpartisan perspective and for often highlighting legal principles and precedents that might otherwise go neglected. While litigants on both sides of a case seek victory for their claims, Cato makes sure that the Constitution and the principles of liberty are also taken into consideration. ■

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Senior fellow **PATRICK EDDINGTON** (1) participates in a book forum with **JEFF KOSSEFF** (2), professor of cybersecurity law at the U.S. Naval Academy and author of *The United States of Anonymous: How the First Amendment Shaped Online Speech*, with commentary from **EMMA LLANSÓ** (3), director of the Free Expression Project at the Center for Democracy and Technology, and **LAURA JEHL** (4), cybersecurity and privacy litigator at Willkie Farr & Gallagher.



**JORDAN COHEN** (center), Cato policy analyst, moderates a discussion with **NICOLE KOENIG** of the American Institute for Contemporary German Studies and **BARRY R. POSEN** of the Massachusetts Institute of Technology on the impact of the war in Ukraine on the future of European security.





In July, Cato hosted the Students for Liberty North American chapter for the organization's Top Leadership Retreat with student organizers and leaders from across the United States and Canada. Speakers included Cato distinguished senior fellow **DAVID BOAZ**, who discussed the threats to liberty on both the left and the right.

## Cato Calendar

### THE STATE OF MONETARY POLICY AFTER 40 YEARS

#### 40th Annual Monetary Conference

Washington • Cato Institute • September 8, 2022

Speakers include Jerome H. Powell, Lawrence H. Summers, Thomas Sargent, and Eswar Prasad.

### 21ST ANNUAL CONSTITUTION DAY

Washington • Cato Institute • September 16, 2022

### CATO CLUB RETREAT

Bluffton, SC • Montage Palmetto Bluff

September 29–October 2, 2022

### CATO INSTITUTE POLICY PERSPECTIVES 2022

New York • 583 Park Avenue • October 21, 2022

### CATO INSTITUTE POLICY PERSPECTIVES 2022

Chicago • Ritz-Carlton • December 1, 2022

Updated information on Cato Institute events, including cancellations, can be found at [Cato.org/events](https://Cato.org/events).

**IRVING R. LEVINE**

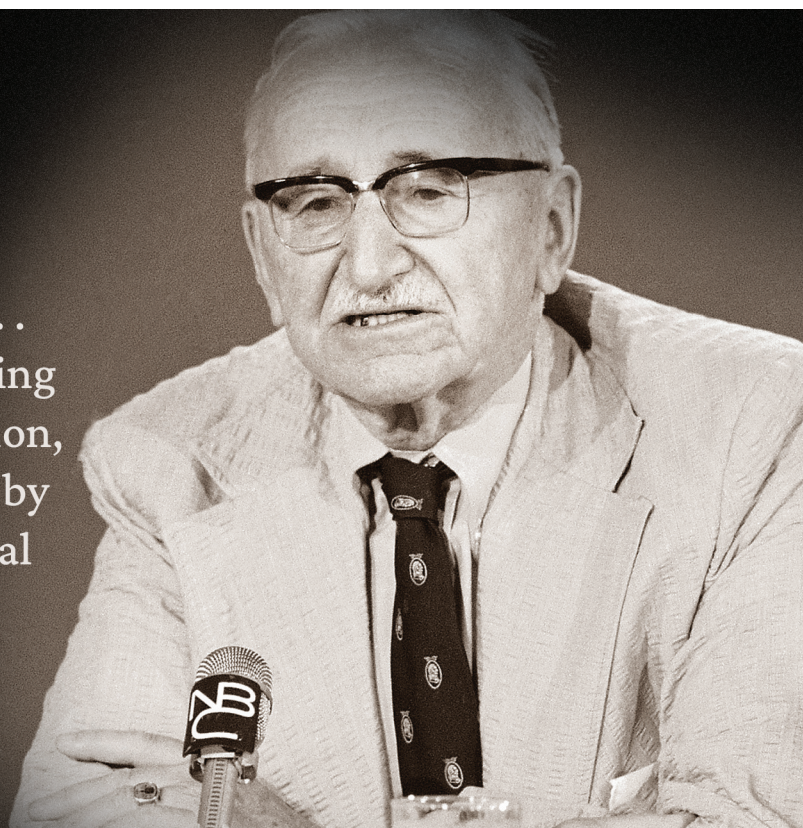
How do you cure inflation?

**F. A. HAYEK**

You **stop printing money**....

In a sense, stopping the printing presses is a figurative expression, because it is being done now by **creating credit** by the Federal Reserve System.

—MEET THE PRESS,  
JUNE 22, 1975



AP/Charles Harry



# Tackling America's Fundamental Health Care Problem

**New policy analysis addresses the tax distortion at the heart of the system**

**N**early everyone agrees that the market for health care and health insurance is deeply dysfunctional in the United States. Rising prices spiral out of control, consumers have limited options, and health insurance is a bureaucratic nightmare. It didn't have to be this way, as Michael Cannon, Cato's director of health policy studies, explains in Cato Policy Analysis no. 928, "End the Tax Exclusion for Employer-Sponsored Health Insurance."

The underlying policy problem is that employer-sponsored health insurance gets a hefty tax benefit. But as with any such policy, the inverse is that employees face a massive tax penalty if they *don't* let their employers pay for and control their health insurance. That money still comes out of every employee's earnings and is included by employers in their total compensation costs. It's your money, but you aren't allowed to spend it as you like. According to Cannon's calculations, this part of the tax code effectively threatens U.S. workers with \$352 billion in additional taxes if they do not let their employers control around \$1 trillion of their earnings.

Employer-sponsored health insurance has long been known to have serious downsides. For one thing, it hobbles the individual market for health insurance, leaving those who need it without good options. It also has severe impacts on labor mobility and the job market, since workers risk losing their insurance coverage every time they change jobs. One study found that the exclusion reduces voluntary job turnover

by 20 percent per year, Cannon notes.

This policy also distorts the incentives of the health care market. Instead of being answerable directly to consumers, health care providers must answer to insurers who in turn answer to employers. This indirect accountability has the effect of wrecking the usual give and take between consumers and providers that works so well in every other market.

In this study, Cannon catalogs a range of other negative effects. The employer-based system proved to be particularly inapt in a crisis like the pandemic, when millions of Americans lost their jobs and thus their coverage at the exact time when so many needed it.

Ending the tax exclusion for employer-provided health insurance, which is the same thing as a massive tax penalty for those who do not use such arrangements, would amount to returning control of over \$1 trillion to workers rather than their employers. Cannon notes that this would amount, in effect, to a \$1 trillion tax cut by ending the use of government coercion to divert money out of the pockets of the people who have earned it.

While the best reform would be to simply end the tax exclusion altogether by eliminating the underlying taxes on payroll and income, Cannon proposes several possible more modest alternatives. These include a broad tax reform to end distortionary exemptions across the board, following the principle that the tax code should be as simple as possible with the goal





of raising necessary revenue, rather than a tool for social engineering and economic central planning. Short of that, Congress could at least repeal this particular exclusion.

The most politically feasible reform idea might be to expand the use of health savings accounts (HSAs), which currently provide a limited kind of tax exemption to individual health care spending outside employer-sponsored plans. For such a plan, Cannon proposes that Congress raise the limits on HSA contributions and allow health insurance to be a permitted use of HSA funds, alongside other policy changes that would in effect end the exclusive tax benefits of employer-sponsored insurance plans.

Americans do not expect employers to directly provide their employees with housing, groceries, a car, or other necessities. It's not difficult to imagine how that would be a nightmare, radically reducing personal freedom and creating hopelessly broken markets for those goods and services. Instead, employers simply pay employees, leaving them free to spend that cash however they choose. There's no reason it shouldn't be the same for health insurance, freeing employees to control their own earnings and spend them as they like in a free, competitive marketplace for health insurance services. ■

*"End the Tax Exclusion for Employer-Sponsored Health Insurance,"*  
*Cato Policy Analysis no. 928,*  
*can be found at [cato.org](https://www.cato.org).*

“  
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# Wealth of Nations

**T**he long-standing bipartisan consensus for free trade has unraveled in recent years, as both parties turn toward the failed policies of protectionism. But that's as much of a mistake now as it ever was, as Scott Lincicome and Alfredo Carrillo Obregon explain in **"The (Updated) Case for Free Trade,"** Cato Policy Analysis no. 925), reviewing and rebutting the popular but misguided arguments against letting goods freely cross borders.

## TIME WARP, AGAIN

The effect of the minimum wage has been an important topic of debate for decades, with economists and policymakers arguing about the size and direction of the policy's effects. One underappreciated way the law can hurt workers is not only through unemployment but through subtler effects, such as how many hours employees are provided. In **"Evidence of the Unintended Labor Scheduling Implications of the Minimum Wage,"** Cato Research Brief in Economic Policy no. 296, Qiuping Yu, Shawn Mankad, and Masha Shunko demonstrate that minimum wage increases can have a dramatic negative effect on the number of hours worked per employee.

## CLIMATE RULES

Climate policies are highly fragmented across various jurisdictions. Using California's cap and trade policy as a case study, Söhnke M. Bartram, Kewei Hou, and Sehoon Kim tease out the effects on individual firm behavior and whether the law is working as intended in **"Real Effects of Climate Policy: Financial Constraints and Spillovers,"** Cato Research Brief in Economic Policy no. 291. They find that the costs of the policy exceed the negligible reductions in emissions it produces.

## MEET THE NEW BOSS . . .

Despite campaigning on a return to multilateralism, President Biden has instead largely embraced the failed Trump policies of unilateralism and protectionism in trade. Despite the calmer rhetoric, the substance of anti-trade policies remains largely unchanged, and few tariffs have been rolled back. But it's not too late to turn that around, notes James Bacchus in **"Biden and Trade at Year One: The Reign of Polite Protectionism,"** Cato Policy Analysis no. 926.

## MELTING MYTHS



The melting of Himalayan glaciers has long prompted environmentalists and others to sound the alarm. But both the actual rate of melting and the consequences on the source of major rivers such as the Ganges have been overstated, and the actual rate of melting is much more gradual, according to Swaminathan S. Anklesaria Aiyar and Vijay K. Raina in **"False Alarm over the Retreat of the Himalayan Glaciers,"** Cato Policy Analysis no. 927.

## TRIAL AND ERROR

What drives policy experimentation and innovation? Shaoda Wang and David Y. Yang examine the history of policy changes in China since the 1980s to try to determine what motivates political actors and policymakers within the one-party state in **"Policy Experimentation in China: The Political Economy of Policy Learning,"** Cato Research Brief in Economic Policy no. 294.

## GO FISH

In Chile, the endangered fish species hake is not allowed to be caught or sold during the

month of September, when hake reproduce. Counterintuitively, frequent enforcement audits might actually hinder the effectiveness of this policy by providing greater opportunities to learn and adapt, perfecting evasion techniques. Instead, fewer and random audits actually provide a stronger incentive for compliance. That's the conclusion of **"Slippery Fish: Enforcing Regulation under Subversive Adaptation,"** Cato Research Brief in Economic Policy no. 292, by Andres Gonzalez-Lira and Ahmed Mushfiq Mobarak.

**CATO POLICY REPORT** is a bimonthly review published by the Cato Institute and sent to all contributors. It is indexed in PAIS Bulletin. Single issues are \$2.00 a copy. ISSN: 0743-605X. ©2022 by the Cato Institute. Correspondence should be addressed to *Cato Policy Report*, 1000 Massachusetts Ave. NW, Washington, DC 20001. [www.cato.org](http://www.cato.org) • 202-842-0200

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## TIP YOUR WAITER



Tip credits allow employers to pay less than the minimum wage so long as the difference is more than made up for in tips received by workers. Eliminating this policy is a goal of many who are also seeking to raise the minimum wage, but the negative employment effects of such a



policy are real, as shown in **“The Employment and Redistributive Effects of Reducing or Eliminating Minimum Wage Tip Credits,”** Cato Research Brief in Economic Policy no. 293, by David Neumark and Maysen Yen.

## CRYPTO CONGRESS

As cryptocurrencies such as bitcoin have

become more popular, members of Congress have become increasingly concerned about whether they might threaten the dollar’s status as the world’s reserve currency. To the contrary, the coexistence of cryptocurrencies is beneficial to the dollar. Nicholas Anthony explains why in **“Congress Should Welcome Cryptocurrency Competition,”** Cato Briefing Paper no. 138.

## DISINCENTIVIZED CAPITALISM

The regulatory burdens on publicly traded companies is immense and has been growing. An important explanation for the significant decline in the number of publicly listed companies in the United States is the increased burden of disclosure and governance regulations, as explained by Michael Ewens, Kairong Xiao, and Ting Xu in **“The Regulatory Costs of Being Public,”** Cato Research Brief in Economic Policy no. 295. ■

*Continued from page 11*

folks in our country that only the district schools can deliver public education, that only the local district school is legitimate. We have to push against that and say, “Well, no, in most democracies, that’s not the case, and it used to not be the case in this country.”

On the other hand, we have many school choice advocates who want to leave the quality measures completely to the schools and the parents. From my perspective, that’s highly risky. There’s not a lot of evidence that it leads to high quality and equity. Both of these moves, toward structural pluralism and content standards, are difficult to promote in the United States, but they really have worked well for families all around the world. It’s very much the norm. It’s quite fun to be in conversations in the United States in which one can say, “Well, I think we need more of what the Netherlands has.”

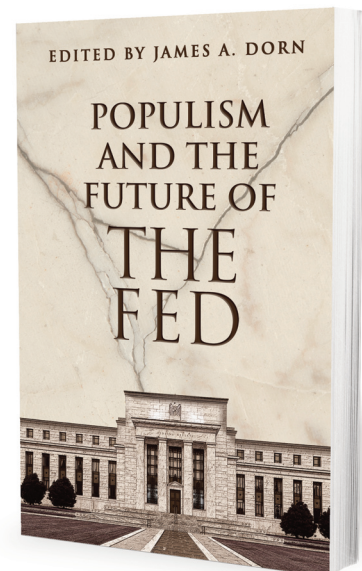
It’s not the case that this model of educational

pluralism diminishes all conflicts over education. There are certainly still conflicts going on currently around the world, in many different countries. But in essence, I’ve become persuaded that any kind of uniform, centralized monopoly structure is going to lead to this battle for control. That means other people’s values don’t matter. The minority culture, whether that minority is Catholic or secular, atheist, Jehovah’s Witness, or whatever else the case may be, doesn’t have a place at the table. That inevitably leads to social conflicts. But also, a completely agnostic view about curriculum does not work well for the kind of equity and civic formation that we’d like to see. So when we talk about educational pluralism, it’s that combination of a diversity of structural arrangements for schools and who is running the schools but also having a baseline of some curricular requirements to be eligible to participate in public funding. ■

**“This book brings together some of the greatest thought leaders and monetary policy scholars to examine how the Fed is being politicized and what that means for our economy.”**

— JEB HENSARLING

FORMER CHAIRMAN,  
HOUSE FINANCIAL SERVICES COMMITTEE



What are the limits to what the Fed can do and what it should do in a free society? Where do we draw the line between fiscal and monetary policy? What are the risks populism poses for the conduct of monetary policy, Fed independence, and central bank credibility? The distinguished contributors to *Populism and the Future of the Fed* address these issues, and more, in a clear and compelling manner.

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# “To Be Governed...”

## IMAGINE THAT

“We pass bills all the time. Do we go back and check every single one to make sure it stays within the confines of the constitution? We’d never get anything done if we did that,” [Pennsylvania State Rep. Dan] Moul says.

—NPR, May 17, 2022

## KIND OF A LOW BAR

Before the race was officially called by the Associated Press, [Rep. Madison] Cawthorn contacted state Sen. Chuck Edwards to concede, surprising several House GOP aides who assumed the fiery freshman would take his cue from former president Donald Trump and declare the election was stolen from him. . . .

Sen. Thom Tillis (R-N.C.), who endorsed Edwards after growing tired of Cawthorn’s antics, said the freshman’s gracious acceptance of his loss was “a great first step” to regain trust in GOP circles.

—*Washington Post*, May 18, 2022

## PEOPLE WHO DON’T USE METRO WILL PAY FOR IT

Dulles Toll Road users could see tolls rise to \$6 starting in January under a proposal being considered by the Metropolitan Washington Airports Authority’s board of directors. . . .

The additional revenue would be used to pay for construction of the \$5.8 billion Silver

Line rail project. . . . Toll road users are paying nearly half the cost of the rail extension.

—*Washington Post*, May 18, 2022

## THE BILL FAILED 51–49

“I believe in democracy, and I don’t believe the minority should have the ability to block things that the majority wants to do. That’s not in the Constitution.”

—Sen. Elizabeth Warren to CNN, May 11, 2022

## WAIT, INFRASTRUCTURE IS POLITICAL?

James Biden was enthusiastically outlining ways for the two of them to leverage political connections in pursuit of infrastructure projects. They knew officials in California, James reminded Hunter, including Gov. Jerry Brown, so they could go after rail projects in the state. There were massive projects shaping up in Minnesota, he added, where they could tap the Democratic delegation for help. In New York, Gov. Andrew M. Cuomo would meet with them whenever they were ready.

—*Washington Post*, May 31, 2022

## SO IT’S NOT A TRADE DEAL

This morning, President Biden, on his first trip to Asia since taking office, has announced an agreement that he hopes represents the future of trade policy. . . .

The crucial distinction between Biden’s framework and past trade deals is that this deal does not involve what economists call “market access”—the opening of one country’s markets to other countries’ goods, through reduced tariffs and regulations.

—*New York Times*, May 23, 2022

## DID THE FED WRITE THIS?

As the cost of gas, food and hundreds of other things rises, our definition of cheap or expensive has changed. Here’s how to adjust your thinking about prices to adapt to higher inflation.

—Tweet by the *Wall Street Journal*, April 12, 2022

## IT’S A GOOD THING FOR NEWSOM THAT CALIFORNIA HAS GREAT WEATHER

When Gov. Gavin Newsom and state lawmakers settle on details of a new California budget in June to provide another year of government services for almost 40 million people, they will do so largely by tapping the fortunes of one of the most exclusive groups of taxpayers in the nation.

The group includes almost 100,000 taxpayers with incomes above \$1 million—residents who represent only about one-half of 1% of all tax returns filed in the state but collectively pay about 40% of all California personal income taxes.

—*Los Angeles Times*, April 15, 2022