Fall 2026

FreeSociety



Once Silenced by the SEC, Now Free to Speak

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The High Costs of Taxing Wealth

A Series of Constitutional Thunderclaps

Freedom of speech is the great bulwark of liberty; they prosper and die together.

— **Cato's Letter no. 15**
Thomas Gordon, 1721

CATO INSTITUTE

Creating free, open, and civil societies founded on libertarian principles.

Fall 2026



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Letter from the President, Peter Goettler

"What you're trying to do—to limit government, to make it smaller—isn't it impossible? It seems like everyone wants bigger government."

These weren't the words of an ideological opponent, but an ally. The words of a generous and longstanding Cato Partner, in fact. He was being provocative. He was challenging us. He was pushing to understand how the Cato community maintains the energy and motivation to persist in our mission to defend and expand liberty.

This isn't exactly something I hadn't thought about before, so my response was quick: "What's the alternative . . . give up? We're fighting for the free future our children and grandchildren deserve. And if we fail, at least my kids will know we went down swinging."

We'd be naive not to recognize the enormity of our task. Consider the advent of entitlement and public assistance programs. It's the Achilles' heel of democracy when people realize the national treasury can be plundered to take money from one person and give it to another.

When that happens, an equilibrium is erased and the brakes come off. Politicians relentlessly tell Americans what tough lives they have, and how the political class will fix it by giving them this or that. The citizenry becomes habituated to turning to the state for subsidies. The costs are largely hidden by spreading them across millions of taxpayers, obscured by the myth that fiscal sustainability will be at hand if only the rich pay their "fair share," or pushed onto voiceless future generations. This is Frédéric Bastiat's "*grande fiction*": The state is the myth that everyone can live at someone else's expense.

High spending, mountains of debt, and unsustainable deficits are only the financial impact. Becoming conditioned to look to government for assistance is the acid that dissolves the ties of family and community, mutual aid and charitable societies, social capital, and civil society generally. And it's quite likely that the spiritual effects on individuals—undermining thrift, self-reliance, individual responsibility, and liberty—are even greater.

These consequences alone could sink our country and the economic well-being of our progeny. But it's only the tip of the iceberg. Those running for and holding office claim many other ways to help and protect us that don't involve money, but rather the exercise of government coercion and the surrender of more freedom.

Yes, what we're trying to do together is hard. And especially at times like this—with one party turning away from free markets and capitalism, and the other moving ever farther away from them—it might seem impossible.

But it's not impossible.

Is what we have to do more difficult than what the Founders set out to achieve—and accomplished beyond their wildest dreams—250 years ago? I submit that it's not. And we know that what they did, however improbable, was not impossible. Because they did accomplish it.

I am optimistic about the triumph of liberty in the very long term. We need only look around us to see clearly that petitioning government for favors does not make people happy or fulfilled, or their lives meaningful. Ultimately, people will want to be free. The temptations of the *grande fiction* are powerful in the short run, but over time will only deliver emptiness.

Liberty works. It delivers prosperity, meaningful and contented lives, and social harmony. And in the long run, it will win.

I recall that at the Cato Club Retreat I attended in 2012, Charles Murray also gave us reason to be optimistic in the long run. He said that if we keep per capita income growing—a prospect that's not inevitable, but achievable—the compounding of that income over several generations will leave everyone wealthy enough to decide that they simply don't want bureaucrats pushing them around and trying to run their lives.

But the ultimate triumph of liberty over generations doesn't mean that freedom can't go into serious retreat in the short run. Reaching a golden age for liberty in, say, 150 years doesn't mean the next 40 or 50 years couldn't be a dark age for liberty.

Our efforts are critical. Because I won't know anyone alive in 150 years. But the lives of the people I know today—and the people I love today—will depend on the course of liberty over the next decades. Which is why we'll do everything we can to ward off liberty's dark age and to accelerate its golden age. And, like the Founders, we can make it possible.



Peter Goettler
President and CEO

Cato in the News

Recent Op-Eds

FOREIGN AFFAIRS

Leave Europe to the Europeans

—by Justin Logan and Jennifer Kavanagh

NEW YORK POST

The DSA's Socialist Plans Carry a $212T Price Tag—and Every One of Us Will Pay

—by Adam N. Michel

THE HILL

Don't Blame Free Markets for Populist Failures

—by Norbert J. Michel

THE DISPATCH

America Needs No Sharia Law but American Muslims Deserve Liberty

—by Mustafa Akyol

USA TODAY

Democratic Socialists and MAGA Share a Dangerous Flaw

—by Ilya Somin

TV Highlights



Scott Lincicome examines the Treasury Department under Scott Bessent on MS NOW's *Money, Power, Politics* with Stephanie Ruhle.



Jon Hoffman analyzes the Houthi attack on the King Khalid International Airport in Riyadh, Saudi Arabia, on FNC's *Fox News Live*.



Katherine Thompson discusses the US removing B-1 bombers from the UK on NewsNation's *Morning in America*.



Juan Londoño discusses Meta's Muse AI agent on Bloomberg TV's *Bloomberg Surveillance*.



Jai Kedia unpacks the unexpected slowdown in job growth in September on *ABC News Live*.



Romina Boccia is featured in the event "Should We Phase Out Social Security?" on NPR's *Open to Debate*.

News Notes

Write the Case for Liberty. Win $50,000.
Cato is turning 50, and it's celebrating with a challenge: Make the best case for a freer world in 1,500 words or fewer. The new Vision for Liberty Award wants fresh arguments, not familiar ones. A philosophical defense, a policy proposal, or an article that defies categorization will all compete on equal terms. First place earns the Thomas Jefferson Award ($50,000), second takes the David Boaz Award ($25,000), and third the Trenchard and Gordon Award ($12,500). Submissions open on March 1, 2027, for US residents 18 or older, and close July 4. Learn more at cato.org/vision-for-liberty-award.

Scott Lincicome: Free Trade's Busy Messenger
With more than 650 media citations this year and counting, a new regular column at the *Washington Post*, recurring columns at *The Dispatch* and Bloomberg, a standing seat on MS NOW, plus stops on CNN, CNBC, and Fox News this quarter alone, Scott Lincicome, Cato's vice president of general economics and the Herbert A. Stiefel Center for Trade Policy Studies, is making the case for free markets to audiences far beyond the policy world.

Is the FBI Still Investigating Cato?
Nobody will say. A federal judge issued a mixed opinion in September on Cato's long-running Freedom of Information Act lawsuit requesting records related to the Bureau's investigation of the Institute. Cato won on some points, with the court calling the Bureau's secrecy claims "flimsy." But the FBI gets to keep 59 pages of investigative records under wraps, with no word on whether the case is closed or still open. Worse, the court agreed that the very names of the Bureau's investigative databases count as protected "law enforcement techniques." Cato's Patrick G. Eddington argues that a database's name is a noun, not a method, and that history shows where this kind of secrecy leads. You can't keep a system accountable if you're forbidden to know it even exists.



Once Silenced by the SEC, Now Free to Speak

By Clark Neily

For more than 50 years, the SEC made silence a nonnegotiable condition of settlement, muzzling the very people best positioned to criticize the agency. Now that the SEC has rescinded its gag order policy, many of those people are eager to tell their stories.

PHOTOGRAPHY BY RICHIE DOWNS

Henry Harrison turned on his phone to a torrent of anxious messages and missed calls as he landed back home in Texas after a family vacation in early July 2009. While Harrison's wife went looking for coffee in the airport, he listened to a frantic voicemail from his chief compliance officer at Provident Royalties, the oil and gas venture he cofounded a few years earlier. People with badges had just stormed into the Provident office.

"I remember her saying, 'They've taken over the company. They're saying they're going to take everything you have. They're saying it's a Ponzi scheme,'" Harrison told *Free Society*. His wife soon returned empty-handed with the news that her credit card had been declined. "It was like going into the twilight zone."

Harrison had known Provident faced challenges even before he listened to that voicemail. The company had filed for Chapter 11 bankruptcy a month earlier, after natural gas prices collapsed during the ongoing financial crisis. But it still had 290,000 acres of mineral rights and oil and gas leases across Oklahoma and other states, and a turnaround specialist they brought in was confident that Provident could bounce back as the economy recovered.

The next day, the Securities and Exchange Commission (SEC) described Provident as a "$485 million [securities] offering fraud and Ponzi scheme" in a press release announcing an emergency asset freeze. A week later, in written testimony to Congress addressing the SEC's failure to detect Bernie Madoff's recently collapsed fraud, SEC Chairwoman Mary L. Schapiro repeated that characterization of Provident as a "$485 million nationwide Ponzi scheme."

The accusation left Harrison reeling. Provident did raise $485 million from more than 7,700 investors, but the company used those funds to purchase its extensive oil and gas holdings. They had a deal with Sinclair Oil and Gas that guaranteed $150 million in bank financing. Just a year earlier, Provident was fielding eye-popping offers from other well-known names in the industry. A team of executives with decades of experience in the oil and gas industry oversaw operations, while a carousel of attorneys, due diligence firms, consultants, and other professionals had been retained to ensure that Provident complied with the SEC and other regulatory bodies.

Harrison and his cofounder, Brendan Coughlin, spent the next three years at their attorney's office trying to fight the case, eventually agreeing to a settlement that did not require them to admit to any wrongdoing.

"When we settled the SEC case, we thought that's it—it's over," Coughlin said.

But one particular provision of the settlement agreement would take on enormous significance after the dust settled: a lifetime prohibition on publicly denying the SEC's allegations. Under the SEC's gag order policy, otherwise known as the "no-deny rule," a defendant must agree "not to take any action or to make or cause to be made any public statement denying, directly or indirectly, any allegation in the complaint or creating the impression that the complaint is without factual basis." Translation: You are signing away your First Amendment right to tell your side of the story for the rest of your life.

The gag order, which the SEC for decades included as a nonnegotiable part of every settlement, initially seemed to Coughlin to be a "relatively minor point." But its reach would soon become apparent.



Henry Harrison, cofounder of the oil and gas venture Provident Royalties, settled with the SEC after the agency accused him of running a $485 million Ponzi scheme. He didn't admit any wrongdoing in the settlement, but the SEC's nonnegotiable gag order policy prevented him from sharing his side of the story for years.

"Just like Henry, I was asked by people to speak about our case and I'm always hesitant, because the way the document was written, if in fact we broke that gag order, if we talked about it publicly, they could open back up the case and come after us," Coughlin said. "We'd been through enough. I didn't want to deal with those people ever again."

In May 2026, the SEC finally rescinded its gag order policy after years of litigation by people who had settled with the agency but felt their First Amendment rights were violated. As a result, Harrison and Coughlin can now share their ordeal without the SEC threatening to renew its enforcement action.

So can Thomas Powell, the lead plaintiff in the gag order challenge whose appeal to the Supreme Court, led by the New Civil Liberties Alliance and backed by 16 amicus briefs from across the ideological spectrum, may well have prompted the SEC to abandon its no-deny policy.

"Imagine that you settle something, and then the other side gets to not only say anything they want to about it, but it's only their voice that's ever heard, ever," Powell, who was targeted by the SEC in a separate case that he believed lacked merit, told *Free Society*. "That's our US government, and that's why it wasn't okay, and that's why I took this on."

Provident's Beginnings

Harrison and Coughlin entered the oil and gas industry in the mid-2000s, just as fracking and other new drilling techniques were unlocking resources that had previously not made economic sense to pursue.

"We saw that this was going to be a wave that grew and took off," Harrison said.

They were right. America's shale gas industry grew by 45 percent per year between 2005 and 2010 as fracking revolutionized extraction methods. Harrison and Coughlin initially worked together on a few one-off deals and considered entering

“Harrison and Coughlin entered the oil and gas industry in the mid-2000s, just as fracking and other new drilling techniques were unlocking resources that had previously not made economic sense to pursue.”

other parts of the industry, such as oil-field services and water hauling.

“One of the things we learned fairly quickly—at least in Fort Worth, and it’s probably this way industry-wide—was that the oil and gas business is very much a good-old-boy network, and it’s tough to break into without relationships,” Coughlin said. “One of the other things that we noticed was that everybody needed capital.”

This was the opening that Coughlin and Harrison had been looking for. In early 2005, they met Paul Melbye and Joseph Blimline, who were eyeing land in the Woodford Shale in Oklahoma that had promising natural gas reserves. The idea for Provident was born.

Starting in 2006, Harrison and Coughlin led fundraising through their broker-dealer, Provident Asset Management (PAM), while Melbye led Provident Royalties (PR), which used investor funds to acquire oil and gas interests. Blimline, meanwhile, was employed as a land and trend consultant, spending much of his time in the field and playing a significant role in identifying the best places for Provident to buy acreage.

They raised money through a series of affiliated companies, each conducting its own private offering marketed by PAM—a structure they adopted to comply with SEC rules for private placements. Most investors bought preferred shares that provided monthly dividend payments. About a third of the property the company acquired, 89,500 acres, was held through Provident’s deal with Sinclair. In the summer of 2008, the engineering firm Albrecht and Associates estimated the future net revenue of those interests to be $789 million.

In July 2008, Newfield Exploration proposed buying 11,354 net acres from Provident and Sinclair for $201 million at a value of $17,703 per acre. It was a tempting deal given Provident and Sinclair’s cost basis of approximately $2,400 per acre, but it was also the most valuable portion of their joint assets.

“We conferred with our executive team that was running Provident, and they all thought it was a lowball offer,” Coughlin said. “We thought we could do better, and at this point, the financial crisis was happening, but it really wasn’t affecting the oil and gas markets to the same degree.”

It was a decision that Harrison and Coughlin would soon regret. As summer turned to fall, the Great Recession battered the oil and gas industry. The value of Provident’s assets fell sharply as the Henry Hub natural gas spot price plunged from $12.69 in June 2008 to $3.50 in April 2009. The number of rigs drilling for natural gas in the US fell from a peak of 1,606 in September 2008 to just 665 in the summer of 2009.



A floor crew works on a natural gas drilling platform in the Barnett Shale in North Texas, where the fracking and shale revolution began about 20 years ago. (Photo by Robert Nickelsberg/Getty Images)

“The big bonanza is over,” a construction manager working in the Barnett Shale field underlying Dallas-Fort Worth told the *New York Times* in the spring of 2009. “Everyone is really shocked how fast everything has turned.”

Provident suspended dividend payments in January 2009 and hired Bridge Associates two months later to spearhead its turnaround plan. On June 22, Provident Royalties filed for Chapter 11 bankruptcy, with Bridge’s chief operating officer David Phelps appointed as chief restructuring officer.

Harrison and Coughlin hoped that restructuring Provident’s debt to Sinclair would give the company some breathing room. But a week after the bankruptcy filing, the SEC obtained an ex parte temporary restraining order and emergency asset freeze. A court-appointed receiver took control of the company on July 6, seized all company records, fired nearly every employee within weeks, and then moved to quickly liquidate all of Provident’s assets at the bottom of a historic bear market. The first auction of about 61,000 acres of mineral interests went for $17.3 million in October 2009, while the second major auction of about 80,000 acres of leases went for $46.6 million in February 2010.

“He sold assets that we knew were worth probably hundreds of millions in a normal market for pennies on the dollar,” Coughlin said.

Watching all those assets disappear in a fire sale was “incredibly maddening and frustrating,” Harrison reflected. “If you really care about the value of the assets and the people and the investors, why would you do that?”

As they reached a settlement with the SEC, another, graver problem loomed, this time criminal. In July 2012, Harrison and Coughlin were each charged with one count of conspiracy to commit mail fraud and 10 counts of mail fraud. The charges were announced as part of the DOJ’s Financial Fraud Enforcement Task Force, which then-President Obama established in November 2009 amid public outrage over the financial crisis.



In written testimony submitted to Congress in July 2009, SEC Chairwoman Mary Schapiro referred to Provident Royalties as a "$485 million nationwide Ponzi scheme." (Photo by Win McNamee/ Getty Images)

Harrison and Coughlin knew that a criminal prosecution was possible. Blimline, the former Provident employee who spearheaded the identification of valuable assets in the field, had already agreed to a plea deal in 2010 involving Provident, as well as another alleged fraud in Michigan that preceded Provident. As part of the "cooperation" requirement from that plea deal, he told investigators that he had conspired with Harrison, Coughlin, and other Provident executives to run a Ponzi scheme from the beginning—a claim unequivocally denied by Harrison and Coughlin. Melbye, the third cofounder of Provident, was also cooperating with the government and had reached a plea deal right before Harrison and Coughlin were charged.

During the preliminary hearing for Harrison and Coughlin in July 2012, Blimline's name was mentioned 58 times, prompting the exasperated judge to repeatedly ask how Harrison and Coughlin fit into the government's case.

"I agree that it may be thin, but it's probably enough to get by the probable cause issues in the case," the judge concluded at the end of the hearing. "Now, whether or not a full trial as to this case would shed a different light on it, it very well might. But what I have in front of me right now, I think that there is probable cause."

Harrison and Coughlin were determined to go before a jury and clear their names. In November 2012, Coughlin's attorney predicted to *Bloomberg News* that "the jury will take less than an hour to return a verdict of not guilty. . . . I've been practicing law for 25 years and I've never made a prediction like that before. That's how confident I am."

But Harrison and Coughlin were each facing up to 220 years in prison if convicted at trial, and as the government's plea offers steadily improved—from 10 years, to five, to three, and finally less than two—they began to reconsider.

"There's no certainty in court, and even though we believed we would win, who plays Russian roulette when there's an offer you can live with? And isn't accepting that offer the right thing to do, when you have a family that wants you home and things you want to do with your life that are far more valuable than sitting in prison at the country's expense?" Harrison said. "It felt like making a deal with the devil. It felt disgusting and dishonorable, like we were letting everyone down. But taking such a huge risk also felt like letting everyone down. . . . In the end, you just accept that the government has more power."

In February 2013, Harrison and Coughlin made a deal with prosecutors to plead guilty to conspiring to defraud investors of $2.3 million over a one-month period in January 2009. They were each sentenced to 21 months in prison. Once they factored in time off for good behavior and the last six months in a halfway house, they were expecting to spend about a year behind bars.

"The deal also didn't require us to pay any additional money, so we wouldn't be forced to sell our homes and everything else we had left," Coughlin said. "So we thought: Stop the stress, stop bankrupting ourselves, and get on with our lives. Going to prison actually felt less stressful than going to trial, because there was an end in sight. We hated pleading guilty to something we didn't do. But that's really it."

Blimline, meanwhile, was originally sentenced to 20 years in prison. Two months after the government secured a plea deal for Harrison and Coughlin, prosecutors submitted a sentencing reduction request for Blimline, cutting his sentence down to 12 years. Melbye, who faced up to five years in prison under the terms of his plea deal, was sentenced to 18 months after cooperating with the government.

The civil settlement with the SEC did not protect Harrison from criminal prosecution, and Harrison would leave prison still bound by the SEC's prohibition on disputing its allegations.

Challenging the Gag Order

I first met Harrison in 2017 when a law professor introduced me to him and his memoir. I found it well written, riveting, and important, and believed Cato should publish it as a book.

There was just one problem: Allowing Cato to publish Harrison's memoir would breach the lifetime gag order in his civil settlement with the SEC. Thus, Cato had a publishing contract it couldn't fulfill, an author who couldn't speak, and a compelling story of exploitation and abuse that the public deserved to hear but that the government had effectively censored.

So we went to court. In January 2019, represented by the Institute for Justice, we filed a First Amendment challenge to the SEC's gag order policy in the US District Court for the District of Columbia. The complaint argued that the government could not use its leverage in civil litigation to force people to surrender their right to dispute its allegations publicly. A strong case, we believed, and one that the SEC would do everything in its power to derail in order to avoid a ruling on the merits.

What followed was a master class in procedural gamesmanship, bad-faith litigation tactics, and sharp practice. The district court dismissed our case, holding that because Cato was not itself a party to the gag order, it was not technically injured by the policy and could simply publish the memoir—albeit in direct violation of its contract with Harrison and with full knowledge that he would thereby breach the settlement agreement and expose himself to the full retributive wrath of the SEC.

We appealed and the DC Circuit upheld the dismissal, but on a different, and as we repeatedly pointed out, factually erroneous premise. The court ruled that even if we won on the merits, our injury wouldn't be redressed, because the no-deny provisions were (supposedly) contained in consent decrees issued by various district courts around the country. Those courts could independently enforce the no-deny provisions through contempt proceedings, even if the SEC itself were barred from enforcing them. Therefore, the court concluded, we lacked standing because our injury wasn't redressable.

But there was a glaring problem with this reasoning: Our complaint (which the district court and the DC Circuit were both obliged to read in the light most favorable to Cato) specifically noted that while it was the official policy of the SEC to incorporate its settlement agreements into enforceable consent decrees, it sometimes failed to do so—including in Harrison's case. The DC Circuit panel nevertheless embraced the false factual premise presented by the SEC's lawyers, attributed it to a complaint that demonstrably said nothing of the kind, and used that fiction to dismiss the case. Our petition for rehearing called this out directly, explaining that the court had "read allegations into the Amended Complaint that are not there, that no party has ever contended were there, and that are false to boot." But the petition was denied without comment.

Fortunately, Cato wasn't the only organization challenging the gag rule. In a separate case, *Powell v. SEC*, the New Civil Liberties Alliance (NCLA) mounted a direct regulatory challenge by petitioning the SEC to amend the no-deny rule. The agency refused, arguing that the policy was necessary to preserve public "confidence" in their enforcement actions—a rationale so circular it practically illustrated the constitutional problem.

The Ninth Circuit called that rationale "improper" but still upheld the gag rule on narrower grounds. The NCLA then filed a cert petition in the Supreme Court in March of this year. Two months later, the SEC rescinded its no-deny policy and argued that the challenge was now moot. The Supreme Court denied review the following month.

The lead plaintiff in the NCLA's case, Thomas Powell, initially believed that he was cooperating with an SEC investigation focused elsewhere, but soon realized the SEC was actually targeting him.

After fighting the SEC's allegations for five years—in a process that involved 300,000 documents, multiple depositions, and more than $4.2 million in legal expenses—Powell agreed to a settlement that required no admission of wrongdoing and a fine of just $75,000. "I'm spending that in a month [on legal fees]," Powell said.

The gag order struck Powell as unconstitutional from the beginning and he initially refused to sign it, but the SEC made clear that it was a nonnegotiable condition of settlement. After the agency put out a press release on the day the settlement was finalized, a local newspaper in Dallas called Powell's office for a comment and his attorney gave the reporter a quote that included the company's belief that it had committed no wrongdoing.

"Immediately, we get a call from an SEC agent saying, 'You can't do that,'" Powell said. Following that call, the *Dallas Morning News* updated its online story to remove that part of the quote, with an editor's note explaining that the original statement "went against Resolute Capital's agreement with the SEC." That was when the full practical implications of the gag order became clear.

"We had settled without admitting the allegations, yet the SEC could publicly characterize the settlement while restricting our ability to respond," Powell said.

Free to Speak

For more than 50 years, the SEC's no-deny policy rested on a simple premise: The government's account of what a settling defendant did should be the only account the public ever hears. The rule applied to everyone who settled, whatever the strength of the case, whatever the defendant's actual conduct, and whatever the agency's own conduct had been along the way. Harrison and Coughlin's ordeal vividly illustrates why the SEC was so eager to muzzle the targets of its sometimes baseless enforcement actions.

"For more than 50 years, the SEC's no-deny policy rested on a simple premise: The government's account of what a defendant did should be the only account the public ever hears."

And that's what made the policy so corrosive. About 98 percent of SEC civil enforcement actions end in settlement, and many defendants arrive at that point under pressure the public rarely sees: years of investigation, staggering legal bills, asset freezes, and the knowledge that losing at trial could be even more ruinous. Powell spent more than $4 million fighting the SEC and settled for a $75,000 fine. People who have lived through that process know better than anyone how the government uses—and sometimes abuses—its enforcement powers, and they are the people the rule was written to silence. The Constitution guarantees a public trial to ensure that when the government accuses someone of wrongdoing, it must put its cards on the table for all to see. But when nearly every case ends in a private settlement, the cards are never fully disclosed or tested—and a perpetual gag order extends that secrecy indefinitely.

The no-deny rule is gone for now, and that is welcome. The SEC rescinded that policy in May and said it would not hold earlier settlements against people who now want to speak. But the courts never settled the First Amendment question, which means the constitutionality of the government demanding perpetual gag orders as a condition of settlement remains an open question. Powell's lawyers warned the justices that a rule rescinded overnight can be reinstated overnight, and nothing in the law prevents the SEC from doing just that. An agency inclined to use its enforcement power against disfavored targets would have every reason to silence those targets by resurrecting the no-deny rule.

That is why this story matters beyond the securities industry. Harrison, Coughlin, and Powell are finally able to speak publicly about their respective ordeals, and the public can now weigh their accounts against the government's. Sunlight, as the saying goes, is the best disinfectant, and for decades the SEC made sure its own conduct stayed in the dark. The rule is rescinded, but the constitutional principle—that the government may not demand silence as the price for escaping the meat grinder of a baseless enforcement action—has yet to be established. ✦

ABOUT THE AUTHOR

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THE LIBERTY GENERATION?

By Rikki Schlott

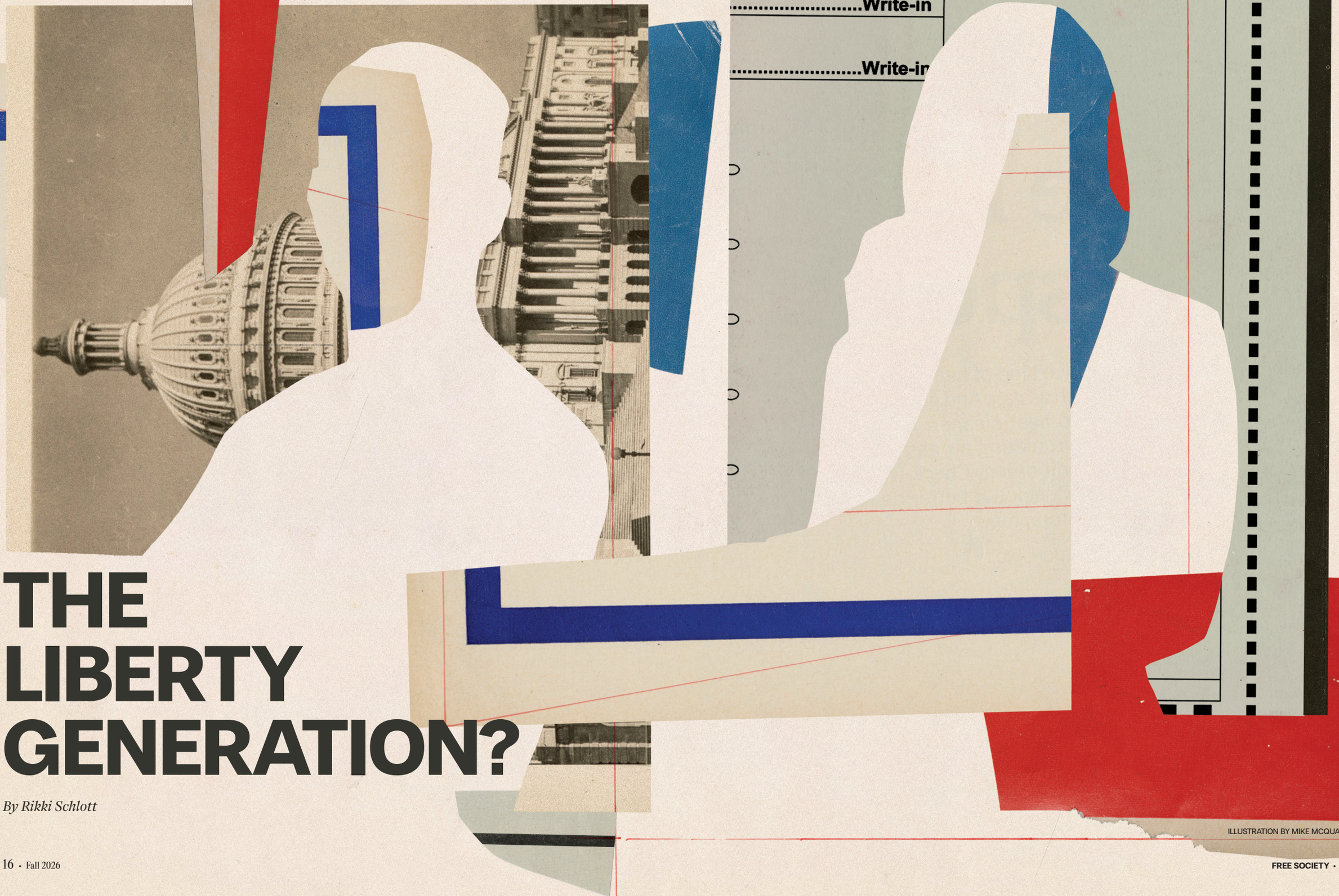


ILLUSTRATION BY MIKE MCQUADE

Distrustful of government and disillusioned with both parties, many young Americans are searching for a political home. Those finding their way to libertarianism offer clues to reaching others in their generation.

Sergio Ortega was 18 when the pandemic sent his hometown of Rome, Georgia, into lockdown—and his parents' self-serve buffet out of business. "That was a major financial hit to my family, and that was my first teaching moment where I was like, 'Huh, government interventions have aftereffects that people don't really consider,'" he recalled. His family eventually opened a convenience store, where Sergio watched in horror as police officers harassed homeless people for the crime of being unhoused. He hadn't been raised with much exposure to politics, but lockdowns and policing suddenly made politics impossible to ignore. He just wasn't sure how to square his "right-coded" concern about lockdowns with his "left-coded" concern about police conduct. A Google search—"what is a libertarian?"—gave him the vocabulary to make sense of his emerging worldview.

Sergio's story is hardly unique. Coming into your political own as a young person today is a disorienting process, polluted by the noise of internet influencers and steered by the invisible pull of algorithms. It's sent many young people into the arms of the far left or far right, who stand ready with simplistic explanations for our political and economic problems. But there are exceptions to the rule: young people who, despite all the extremism and hot takes, find libertarianism.

Their stories are instructive for the liberty movement because they so often point to the same conclusion: that the grievances of this generation do, in fact, have libertarian solutions. Young people today have lived through the government overreach of a global pandemic; watched their parents choose between "lesser of two evils" candidates for as long as they can remember; and seen the left lose their minds in a scourge of so-called wokeness and the right descend into their own reactionary version of illiberal groupthink. This is a generation totally disgusted with the political options before them, who are begging for an alternative worldview that would promote their flourishing. We just need to supply them with the libertarian answer.

I heard versions of Sergio's story again and again: A distinct failure of government had alienated these young libertarians from conventional politics. Many cited the pandemic, including Harrington Shaw, a 24-year-old student at George Mason University's Antonin Scalia Law School. "After seeing the government handle and mishandle it, and then make claims that I didn't think were justified by data . . . it made me really upset," he said. "Even some of my friends who were more trusting of the government . . . started to see the government as more of a threat to their daily life." By this point in his teens, Harrington



Sergio Ortega at his family's convenience store in Rome, Georgia. After lockdowns shuttered his parents' buffet, his concerns about government power deepened as he witnessed police harassing homeless people near the store, setting him on a path toward libertarianism. (Kelly Moore Photography)

was supplementing the Fox News playing in his conservative household with online outlets like the *Daily Wire*. But pandemic policy shook his certainty: "I guess I sort of started to see hypocrisy in the [first] Trump era—when government spending kept going up, when we were not making decisions in accordance with constitutional values or individual liberty, like the lockdowns, just lots of spending, government intervention, fiscal stimulus. I was just kind of like, 'What's going on?'"

The young libertarians I spoke with universally held out hope that their generation can be reached by the message of liberty, but nearly every single one recalled having to explain basic tenets of the worldview to skeptical peers who might not have realized that libertarians also oppose forever wars, are skeptical of tariffs, and aren't secretly Republicans. "You're just not ever taught, like, there's more than just the two options," said Rebekah Bushmire, a 20-year-old political science major from Georgia. "But I absolutely have hope, because I think a lot of young people are really unhappy with the current way the government runs and how much they overstep."



Harrington Shaw, a student at George Mason University's Antonin Scalia Law School, sees his generation's growing political disillusionment as a "huge opportunity for libertarianism." (Photo by Richie Downs)

Gen Z is in an unfortunate bind. They're the most diverse generation in history—whether by background, race, or sexuality—and yet they're being asked to attach their political identities to perhaps the most unsatisfying iteration of our two-party system in recent memory. Forty-four percent of Gen Zers identify as independent or unaffiliated with either political party, while only 12 percent say they feel "motivated and ready to participate" in this year's midterm elections, according to the 2026 Harvard Youth poll.

"I really started to become disillusioned with the idea that, if you say you're part of one party, then all of a sudden you take on all of their views," said Alec, a 25-year-old from Milwaukee who asked to withhold his last name. "When I said I'm a Democrat, then it was, 'Well, then you must believe all these things.' I remember just being like, 'That's an insane way of viewing the world.'" Alec broke with the Democratic Party during college, and he found libertarianism through sources like the *Fifth Column* podcast and *Reason* magazine. But he worries that peers coming to a similar crossroads are being seduced by unhelpful alternatives, like socialism or the alt-right. "At the end of the day, all these ideas have been tried before," he complained. "There's been America First. There's been populism before. There's been socialism before. A lot of times, young people think they're on the cutting edge of some new ideology, and it's like, no, that's just repurposed from the 1920s."

That disillusionment is fueling justified concern that young people are being seduced by simplistic ideologies. On one side of the Gen Z spectrum, streamer Nick Fuentes has popularized a nationalist, isolationist, and outright bigoted worldview; on the other, folks like Hasan Piker push socialism and anti-American vitriol—and even praise Mao Zedong and the current Chinese Communist Party while glibly noting their "excesses." They're saying the most provocative things possible to generate views. Is it any wonder that disillusioned teenagers are embracing them as a way to rebel? Harrington has noticed that kids are increasingly drawn to the extremes. "I've definitely heard from my younger brother that a lot of his friends are into, like, Fuentes or Hasan Piker," Harrington said. "I think the younger generation sees the government as more of a uniparty apparatus. I've talked to young people on the left and right who essentially have the same grievance: They feel really ripped off by politicians who go join the establishment. And I think that makes you angry, and when you're angry, you're going to seek out people who share those feelings."

So far, shock jock commentators have been the most effective at harnessing that discontent, but Harrington still sees that generational rage as a "huge opportunity for libertarianism," held back only by an informational barrier. "If you don't understand the economics or the philosophy of it, then I think you're vulnerable to someone saying, 'I know exactly what's wrong with this. You have to go after this other team. They're bad. They're screwing you over. Come join me and the angry mob, and we'll fix it.'" Young people growing up online face a fundamental challenge: They have infinite access to information before they have the maturity to make sense of it. That's a formula for groupthink and simplistic solutions. Hope Hsieh, a 21-year-old former Cato intern from Los Angeles, experienced this dilemma with an added layer of social pressure: "My friends on social media would be like, 'Your silence is violence,' while I was still trying to figure out exactly where I stood."

"In a moment of bleak, ceaseless pessimism, where the internet pushes 'a lot of sadness and tragedy,' Allie said the optimism that undergirds libertarianism appealed to her."

Allie Jones, a 21-year-old senior at Criswell College, agreed. "There's this weird idea in 2026 that we all have to have an opinion on every political issue, and

that we're supposed to know so much about it—or at least have so much to say about it," she said. That's a tough task for a young adult still learning about the world. In college, a curriculum that took Allie back to first principles gave her room to think through her politics more deliberately. It was appealing in a world of right and left, black and white, because it seemed a little bit "punkish." In a moment of bleak, ceaseless pessimism, where the internet pushes "a lot of sadness and tragedy," Allie said the optimism that undergirds libertarianism appealed to her. "I really wanted to have faith in people. I wanted to have a political ideology that centers around the presumption that free people are good people," she said. "If you are looking for an ideology that's like, 'Oh, I just gotta be different,' well, libertarianism is very different. It is kind of the odd one out right now, at least. If we're going to talk about radicalism, radicalism doesn't necessarily have to be a bad or extreme thing."

Sergio, whom we met at the beginning of this piece, is now 24 and state secretary of the Libertarian Party of Georgia, dedicating his career to reaching other young people.



Hope Hsieh, 21, during her spring 2026 internship at Cato. As she formed her political views, pressure from friends on social media complicated the process of deciding where she stood. (Photo by Richie Downs)

"This is a generation begging for an alternative, driven by a strong skepticism of our political leaders and an unbending sense of justice."

"We're in a perfect libertarian moment right now," he said. "Young people are completely disillusioned with mainstream politics. They just can't find a good home to house them." The only reason they're not flocking to libertarianism, he believes, is because of a "PR problem." It's clear that his generation is plagued by a sense that they can't get ahead, that everything has gone wrong for them, and that they need help climbing out of a hole they did not dig themselves. There's obviously a combination of truth and fiction in that narrative, but dismissing young people's experiences or simply saying no to the things they feel they're entitled to is a losing strategy. "Affordability is the biggest thing on everyone's mind right now," Sergio said. "[Libertarians] just have to frame [their solutions] in a way that's more compassionate, more empathetic." Emma Camp, a 26-year-old journalist at the *Wall Street Journal*, agreed. "I'm seeing a lot of dunking on socialists, but not enough optimism about all the cool stuff the free market can bring us," she said. Gen Z is a generation overwhelmed by the world, the media, bad news, and disempowering narratives. And they want to be seen and heard, not disregarded.

While many libertarians are alarmed at the rise of the Democratic Socialists of America (DSA), Sergio has another take: It should actually give them hope. A new worldview has broken out of the two-party paradigm—and there's no reason that libertarianism can't also break into mainstream consciousness. "A lot of the popularity of the DSA just has to do with the fact that they're different, that they're presenting a different message, and that their whole platform is basically, 'We are not the same as the mainstream candidates,'" he said. "Of course, the DSA and libertarians are pretty diametrically opposed, but they can both activate the fervor that young people have: They're just looking for something different." This is a generation begging for an alternative, driven by a strong skepticism of our political leaders and an unbending sense of justice. They're arriving with the raw material; they just need to be shown that freedom can answer their legitimate grievances. ✦

ABOUT THE AUTHOR

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The High Costs of Taxing Wealth

By Adam N. Michel

Gov. Gavin Newsom fears that a wealth tax will chase away California's billionaires. But capital flight is only the most visible consequence, and taking the wealth tax national would result in reduced investment, less innovation, and slower wage growth to the detriment of everyone.



Sen. Bernie Sanders (I-VT) campaigns for California's proposed wealth tax during an event in Los Angeles earlier this year. (Photo by Jason Armond/*Los Angeles Times* via Getty Images)

The debate over California's Proposition 40, a proposal for a one-time tax of 5 percent on billionaires' assets, highlights a revealing tension in the politics of taxing wealth. Gov. Gavin Newsom opposed the measure, arguing that wealthy Californians could easily leave the state and take their taxable income with them. Instead, he proposed a national billionaire tax.

To a wealth tax skeptic, Newsom's logic may seem backward. If the concern is that a wealth tax imposes high economic costs, applying it to more taxpayers would simply amplify those costs, not eliminate them.

Newsom is implicitly acknowledging the problem that Mark Cuban put more colorfully when he warned that the new California tax would push entrepreneurs and investors to other states: "If this passes, only idiot startup founders stay in Cali."

The Newsom two-step illustrates an important political economy insight. A California wealth tax would concentrate its consequences in California. As taxpayers and businesses leave the state, taking

"The renewed enthusiasm for taxing wealth overlaps with a broader political agenda that promises a much larger government funded exclusively by taxes on a narrow set of wealthy individuals and large corporations."

their economic activity and employment opportunities with them, the costs of policy failure would be unusually visible.

Supporters sell these taxes as a virtually costless way to raise substantial revenue. Yet they also repeatedly push for upward harmonization: from states to the national level, and from individual countries toward international coordination. The desire to limit mobility implicitly recognizes that taxpayers, investment, and businesses respond to taxes.

Limiting taxpayers' ability to exit doesn't make the tax costless. It simply makes the costs harder to see. Instead of newsy headlines about billionaires moving to Florida or Panama to cut their tax bill, the costs accumulate less visibly in the form of reduced investment, fewer entrepreneurs with unicorn startups, slower productivity growth, and ultimately fewer jobs and lower wages.

The Golden State's Experiment

There are plenty of reasons to be skeptical of the California proposal.

A wealth tax applies to a stock of assets rather than a flow of earnings, regardless of whether the assets produce any income. Someone can own a business that is valuable on paper without receiving even a small percentage of that value in cash each year. To pay the tax bill, many paper billionaires may end up selling shares or forcing their business to distribute money that otherwise could have financed its growth.

At California's proposed wealth tax rate of 5 percent, any asset earning less than a 5 percent annual pretax return would face marginal effective income tax rates above 100 percent, even *before paying other taxes*.

Determining the value of taxable wealth is no small task either. Publicly traded stock has a market price. Most of the other assets owned by the superwealthy—closely held businesses, partnership interests, intellectual property, artwork, and unique real estate, to name a few—are harder to value. California's proposal acknowledges some of these valuation problems with unusually rigid, formula-driven rules for valuing hard-to-price assets. By substituting administrative convenience for actual market values, this system can increase economic costs by creating a large gap between actual and assessed values in most cases.

One illustration of how large these discrepancies can be is the Michael Jackson estate, which spent more than a decade litigating with the IRS after his death. Jackson's estate valued his name and likeness at just $2,105 in 2009. The IRS said it was worth $434 million. In 2021, the Tax Court ultimately settled on $4.2 million. A national annual wealth tax would re-create this sort of dispute across potentially tens of thousands of taxpayers, every single year.

Given the economic and administrative burdens of wealth taxes, the California proposal will include strong incentives to move out of the state. The state's own legislative analyst expects Proposition 40 to raise tens of billions of dollars in temporary revenue, while also reducing state income tax revenues on an ongoing basis as wealthy taxpayers move away.

Other estimates are more striking. A Hoover Institution analysis estimates that nearly 30 percent of the anticipated tax base had already left California before the initiative qualified for the ballot. This finding undermines proponents' claims that they've designed a one-time retroactive tax that will not affect taxpayer behavior.

After accounting for the lost income taxes from departing billionaires, the Hoover authors estimate that Proposition 40 could eventually reduce net state revenue by $25 billion over time. And these estimates are likely conservative, as they assume only billionaires would respond, not the many other entrepreneurs and investors who might reasonably expect future wealth



About a third of California's billionaires live in San Francisco, the tech capital of the world. (Photo by Tayfun Coskun/Anadolu via Getty Images)



Protesters hold French national flags and a sign that reads “Tax the rich” in Bordeaux, France, on September 18, 2025. (Photo by Christophe Archambault/AFP via Getty Images)

taxes to reach them. Nor do they account for the Californians at all income levels who may flee the state as reduced investment depresses wages and job prospects.

Europe Already Ran This Experiment

Annual wealth taxes were once common in Europe. Twelve European countries collected annual individual net wealth taxes in 1990. Today, only three do: Norway, Spain, and Switzerland. Wealth taxes were systematically repealed due to the high administrative costs, widespread capital flight, political unpopularity, economic damage caused, and limited revenue raised (or even net revenue lost).

France abolished its broad wealth tax in 2018 over concerns that wealthy entrepreneurs and celebrities were fleeing the country. The government estimated that about 10,000 people with €35 billion worth of assets left France over a 15-year period. An independent analysis concluded the French wealth tax raised €3.5 billion a year, but the government still lost about €7 billion a year in other tax revenues as the wealthy left the country. Sweden abolished its wealth tax in 2007 after Ikea founder Ingvar Kamprad and other prominent entrepreneurs moved abroad.

Norway recently went in the opposite direction, increasing its wealth tax rate in 2022. A widely reported exodus of wealthy residents followed, and the Norwegian Ministry of Finance estimated billions of dollars in deferred capital income left the country.

Spain also retains a wealth tax with a history that’s particularly applicable to the California proposal. When Madrid effectively eliminated its regional wealth tax, taxpayers moved there from other regions of Spain. Regions outside Madrid lost roughly six times more in personal income tax revenue than they gained from the wealth tax on remaining taxpayers. In response, the national government overrode local policy to stop regional competition, an explicit admission that wealth taxes have strong effects on taxpayer behavior.

Advocates have addressed the challenge of sustaining wealth taxes in the face of taxpayer mobility using the same playbook as Gov. Newsom. Alongside Brazil’s G20 presidency, Gabriel Zucman, the leading academic proponent of wealth taxation, proposed a globally coordinated minimum wealth tax. The proposal concedes that taxpayers will change their behavior in response to new, overly burdensome taxes. Harmonizing the regime to higher levels of political power does not eliminate the economic response; it will simply shift where it shows up. If taxpayers cannot escape the tax by moving, they can still respond by saving and investing less and changing how they start, run, own, and finance businesses. Limiting avoidance and mobility can amplify the real effects on the economy.

“Our public policies telegraph a message about our culture, our institutions, and what we value. A wealth tax says: ‘Don’t get too successful here.’”

Wealth Isn’t Piles of Gold

Part of the political appeal of wealth taxes is built on a misunderstanding of wealth. It is often imagined that the largest American fortunes are piles of gold in a vault somewhere, taken from the rest of us and hoarded by a few families, passed down for generations. But the overwhelming majority of top-end American wealth is productive capital that benefits all of us. And that wealth is mostly built by entrepreneurs, not inherited by them.

Among the richest 0.1 percent of households, 73 percent of net wealth is equity in privately held or publicly traded companies. Among billionaires, homes and personal assets such as cars, airplanes, artwork, and jewelry account for only a couple of percentage points of total wealth.

As Jeff Bezos’s wealth grows because Amazon is more valuable, his fortune does not mechanically make everyone else

"It is overwhelmingly productive capital, not idle piles of cash, that supports millions of jobs, new innovations, and higher living standards. When governments tax that productive wealth, it hurts all of us."

poorer. The company's value—and thus much of Bezos's wealth—reflects the firm's expected future earnings, which are a function of how much consumers value the goods and services it provides. As my colleague Marian Tupy recently noted in the *Wall Street Journal*, Bezos has captured only a small fraction of the value his company has created for global consumers.

And the wealthy often don't build just their own businesses; they risk their wealth to fund new ones started by others. Apple, Amazon, Google, Nvidia, Moderna, BioNTech, and countless other groundbreaking companies depended, at critical stages, on investors willing to risk their wealth to fund uncertain ideas.

These stories of innovation and entrepreneurship show how capital and labor are most often complements in production. More investment in capital makes workers more productive, and higher productivity is a key reason workers can demand higher wages.

Our public policies telegraph a message about our culture, our institutions, and what we value. A wealth tax says: "Don't get too successful here. We want only middling ideas. If you have a really good idea, certainly don't sell it to too many people." That message doesn't just stunt the lifestyles of the rich. Its broader costs fall on everyone through the jobs never created, cures never discovered, and technological breakthroughs never pursued.

There Isn't Enough at the Top Anyway

The renewed enthusiasm for taxing wealth overlaps with a broader political agenda that promises a much larger government funded exclusively by taxes on a narrow set of wealthy individuals and large corporations.

The Democratic Socialists of America (DSA), which has grown from roughly 5,000 dues-paying members in 2016 to more than 120,000 today, provides the clearest example of this trend. Its platform calls for government-funded health care, housing, higher education, expanded retirement benefits, paid leave, guaranteed jobs, large green-energy investments, and reparations, among other expensive commitments. In my recent work, I estimated that the nine most expensive proposals could cost between $71 trillion and $212 trillion in additional federal spending over 10 years. That would require roughly doubling federal revenue at the low end or quadrupling it at the high end.

The DSA suggests that the richest Americans and corporations will pay for it all. The problem is that there simply aren't enough resources at the top to make this plan work.

The 400 wealthiest Americans were worth about $6.6 trillion in 2025. Confiscating every dollar of that wealth—an obviously impractical proposal that could happen only once—would cover less than one year of the low-end DSA spending and less than four months at the high end. Sen. Bernie Sanders's wealth tax would raise less than $2.3 trillion over a decade.

The existing federal tax system is already overly reliant on high earners for federal revenue. By one measure, we have the most progressive tax system in the developed world. US Treasury data show that the average effective federal tax rate for the top 0.1 percent of households is just above 33 percent, the rate for the middle is 12 percent, and the tax rate for the bottom 20 percent of households is near zero.

Due in part to this existing structure, government economists recently concluded that raising top federal income tax rates would not bring in much additional revenue. Revenue-maximizing top income tax rates would raise less than 0.1 percent of GDP, or roughly $400 billion over a decade. That's a vanishingly small share of the hundreds of trillions in new spending some on the left have proposed.

There is no way around the fact that funding big governments requires high taxes on citizens at every income level. The European welfare states demonstrate this clearly. They impose high income, payroll, and consumption taxes not only on millionaires and billionaires but also deep into the middle class.

Will We Learn the Lesson?

Gov. Newsom's objection to Proposition 40 highlights a lesson learned decades ago by other countries. His concern is that wealth is mobile and that taxpayers will respond to new taxes. That concern is well grounded in historical experience.

He is wrong, however, that nationalizing such a tax would improve it or limit its costs. The escape valve of federalism may change how quickly those costs become visible, or the channel through which they show up. But, if people can't relocate to avoid the tax, costs will show up in more material ways—through less saving, investment, and entrepreneurship. The economic costs of taxing productively invested wealth have to go somewhere.

The simplest way to state the lesson here is that wealth is good. It is overwhelmingly productive capital, not idle piles of cash, that supports millions of jobs, new innovations, and higher living standards. When governments tax that productive wealth, it hurts all of us. ✦

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The Good News for Libertarians:
Liberty Still Advances

By Michael Chapman

ILLUSTRATION BY KEITH NEGLEY

Thomas Paine said it first, in the depths of the American Revolution: "These are the times that try men's souls." The political dysfunction of our current moment can feel similarly overwhelming: high prices fueled by years of loose monetary policy, housing costs inflated by zoning restrictions, tariffs (taxes) disrupting global trade, chronic deficits adding to a $40 trillion national debt, rising support for "socialism," and yet another war in the Middle East.

But there is good news for libertarians. Pro-liberty victories, large and small, were won in the courts, in Congress, in the administration, and abroad—despite the economic nationalism of President Trump's Republican Party and the collectivist politics of the left.

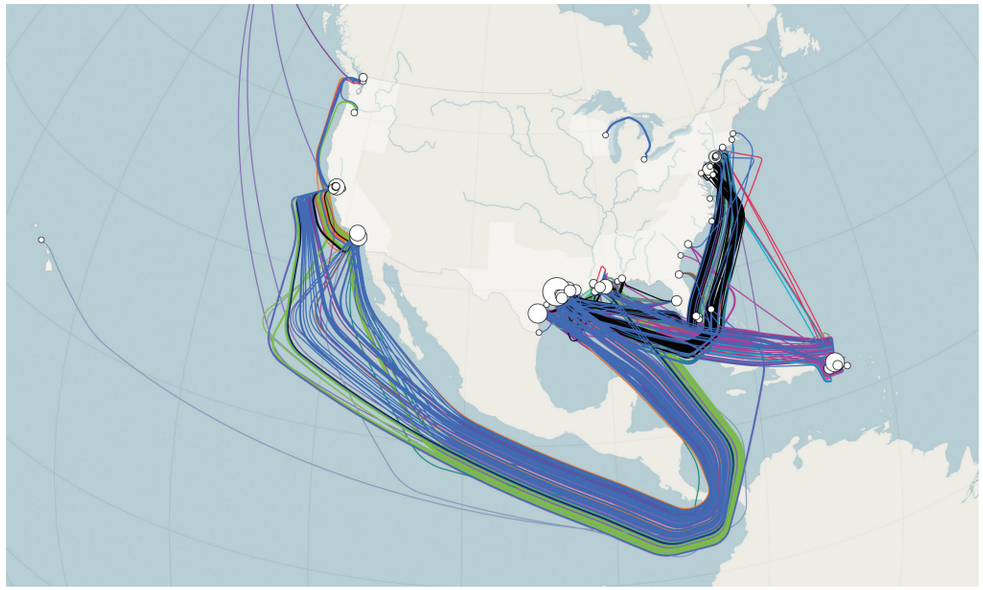
Cutting Washington Down to Size

The Department of Government Efficiency (DOGE) may have failed to rein in government spending, but the second Trump administration has still overseen a historic reduction in the size and scope of government. The federal workforce declined by 271,000 workers, or 9 percent, between January and October 2025. "A decline that large has not happened since the military demobilizations at the end of World War II and the Korean War," Cato's Alex Nowrasteh and Krit Chanwong reported.

Cuts included a 50 percent drop at the Department of Education, from 4,100 workers to about 2,000; a 33 percent reduction at the Department of Housing and Urban Development; and a 95 percent cut at the US Agency for International Development (USAID), from 4,895 to 258 employees, with remaining operations transferred to the State Department. And it goes beyond just reducing head count—those cuts will limit, or reverse, the damage those agencies can impose both at home and abroad.

Congress also cut $1.1 billion from the Corporation for Public Broadcasting, ending a 58-year funding mechanism for about 1,500 public radio and TV stations. As David Boaz told Congress two decades ago, "No article of the Constitution authorizes a national broadcast network."

"In a real-time public policy experiment, domestic shipping has been revitalized this year after the administration waived the Jones Act in March and subsequently extended the waiver twice."



The Cato Institute's Jones Act Waiver Tracker illustrates how the waiver is unlocking new trade routes and unleashing record levels of domestic energy shipments in 2026.

In January 2025, the administration directed federal offices to eliminate DEI programs and end affirmative action in federal contracting. The bureaucracy's head count shrank, while directives like this narrowed its reach as well.

Unshackling the Economy

Despite tariffs, deficit spending, and inflation, the biggest wins for economic freedom this year came from crossing things off the ledger: taxes that didn't rise, rules that got repealed, subsidies that got killed.

In 2025, the One Big Beautiful Bill Act (OBBBA) made the 2017 tax cuts permanent, preventing roughly 62 percent of taxpayers from facing higher rates. Cato's Adam Michel said the cuts will "improve long-run incentives to work, save, and invest, helping to boost growth."

Congress also killed roughly $500 billion worth of the Inflation Reduction Act's green energy subsidies through the OBBBA, including for electric vehicles and corporate clean energy projects. Michel stressed that if the Treasury Department enforces the new law, it could "close the book on one of the most expansive and distortionary industrial policy experiments in decades."

Also in 2025, the administration issued a 10-to-1 rule on federal regulations, meaning for every new regulation, 10 must be ended. It worked better than expected that fiscal year, producing 646 deregulatory actions and 5 major regulatory rules—a 129-to-1 ratio.

In a real-time public policy experiment, domestic shipping has been revitalized this year after the administration waived the Jones Act in March and subsequently extended the waiver twice. Tankers are carving out new trade routes, such as between New Orleans and Honolulu, that were previously impractical under the protectionist law. In just 70 days, more gasoline and jet fuel were transported from the Gulf Coast to the West Coast than in 2020–2025. These data points, illustrated at

Cato's Jones Act Waiver Tracker, are "turning theory into observable reality, and the results are unambiguous," said Cato's Colin Grabow.

Expanding Individual Freedom

Not every win this year showed up on a balance sheet or a docket. Some of the sharpest gains were personal: who gets to raise their kids, spend their savings, and keep the government out of their bank account.

The OBBBA created the first federal school-choice tax credit. It allows taxpayers to claim up to $1,700 annually for donations to scholarship organizations beginning in 2027. The administration also expanded Education Savings Accounts to K–12 expenses.

Then there's the fight over financial surveillance. In July, the US became the first country in the world to temporarily ban the creation of a central bank digital currency (CBDC), a digital dollar issued directly by the Federal Reserve that would give the government a real-time ledger of every transaction Americans make.

This marks "a great win for financial freedom," said Cato's Nick Anthony, who has warned that a CBDC gives government more control over individual autonomy. Unfortunately, the ban expires in 2030, so libertarians still have work to do. The administration separately made support for digital assets and blockchain technology federal policy.

The World Is Watching

This year, the US officially withdrew from the Paris climate agreement, a longtime goal of the Cato Institute. This action reduces pressure on the US to enact costly climate regulations and spend more money overseas. It also makes room for greater market-driven energy innovation.

European allies increased defense spending substantially in 2025 and 2026, while NATO members pledged this year to reach 5 percent of GDP on defense by 2035. The United States also ended its unnecessary participation in about 30 NATO organizations. As Cato's Justin Logan argues, "There is simply no good reason for the United States to be the central pillar of European security in the 21st century." The redistribution of the transatlantic security burden is long overdue and strengthens all parties against common threats to liberty.

In Argentina, libertarian President Javier Milei continues to make a global example with his sweeping capitalist program. As Cato's Ian Vásquez noted in *Free Society*, Milei balanced the budget with a 30 percent spending cut, reduced government ministries from 18 to 8, fired 37,000 public employees, and closed hundreds of bureaucratic offices. He is implementing an average of about two deregulations per day. The results speak for themselves: Within only two years, inflation dropped from 211 percent to 31.5 percent; the poverty rate plunged from 41.7 percent to 28.2 percent; and annual GDP swung from a 1.6 percent decline to 4.4 percent growth. Milei is showing the world that libertarian policies work.

The Bench Delivers

Amid the chaos of the legislative and executive branches, the Supreme Court has issued multiple rulings in recent years that expand individual freedom and restrain the power of government.

In 2024, *Loper Bright Enterprises v. Raimondo* ended "Chevron deference," the decades-old doctrine that empowered agencies to interpret their own ambiguous rules. Judges, not bureaucrats, now get the final word. In another win for the separation of powers, *Trump v. Slaughter* affirmed that the president can fire the heads of so-called independent agencies, which will help restore democratic accountability for the executive.

"There are major libertarian wins in the courts, in Congress, and in the administration— all through reducing the federal government's imprint."

Earlier this year, the Supreme Court struck down Trump's tariffs in *Learning Resources v. Trump* and *V.O.S. Selections v. Trump*, ruling that tariffs imposed under the International Emergency Economic Powers Act are unconstitutional. Congress, not the president, controls trade policy. Cato's Scott Lincicome called the ruling "an important victory for constitutional governance" that will boost "certainty and predictability in the US market"—though he stressed Congress still needs to reassert its own authority.

In *Wolford v. Lopez*, meanwhile, the Supreme Court struck down Hawaii's restrictions on concealed carry, affirming that the Second and Fourteenth Amendments protect an individual's right to carry a gun. And in another win for personal freedom, *Chatrie v. United States* held that individuals have a Fourth Amendment right to privacy in their cellphone location data, limiting the reach of government digital surveillance. Cato's Matthew Cavedon put it plainly in an amicus brief to the Court: "A person's digital records are their property, and that property interest does not evaporate merely because a third party stores the records."

Not the End, a Beginning

Clearly, with the chaotic Trump administration and the economic damage caused by nearly a century of interventionism, America is not a libertarian dreamland. The government is huge, deficit spending is unsustainable, tariffs are back, and politicians on both the left and the right are pursuing semisocialist policies. As Ayn Rand warned, capitalism is "being gradually undermined and corrupted by socialistic regulations."

But that's not the whole story. There are major libertarian wins in the courts, in Congress, and in the administration—all through reducing the federal government's imprint. We enjoy tremendous liberties, choices, and wealth. America is still the land of opportunity, as millions of immigrants trying to cross our border every year affirm.

The struggle for freedom is constant. We must reteach its principles to every generation—and keep going. Paine again has the last word: "The harder the conflict, the more glorious the triumph." ✦

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Infinite Scroll:
Psychologist Adam Omary on Screens, Mental Health, and Moral Panic

By Rikki Schlott

High schools are banning phones from classrooms, college professors say their students can't read whole books, and some countries are barring kids from social media altogether. But is this worldwide panic over the ubiquity of screens outrunning the evidence?

In the interview that follows, two members of Gen Z sit down to try to answer that question. Rikki Schlott is a media fellow at the Cato Institute and columnist for the *New York Post*, where she chronicles her generation's triumphs and discontents. Adam Omary, a psychologist and research fellow at HumanProgress.org and Cato's Center for Global Liberty and Prosperity, studies the relationship between social media use and mental health, the incentives driving overdiagnosis, and the psychological forces shaping his generation. This transcript has been lightly edited for clarity and length.

PHOTOGRAPHY BY RICHIE DOWNS



Adam Omary, psychologist at HumanProgress.org and research fellow at Cato's Center for Global Liberty and Prosperity.

RIKKI SCHLOTT: Like me, you're an only child and member of Gen Z who grew up online. I'm not sure how many hours I've collectively spent on social media, but I don't think it's been a great thing for me. What was your experience like?

ADAM OMARY: I was on the extreme end of the screen-use spectrum. I was homeschooled. I was addicted to video games. I spent 10,000 hours on my favorite game. My guess is all screen time throughout my upbringing may be upwards of 20,000 hours, so that's quite abnormal. It's not something that I would recommend, but it is interesting and illustrative of the debate around screen time and mental health that we're having. Lots of people talk about it like it's so causally harmful—that if you spend a few hours per day online, let alone most of your waking existence, you're going to experience serious psychological side effects. I don't want to rely on anecdotes, but in my case and in other cases, if anything, the internet was a net positive for us. It allowed us, especially homeschooled individuals, to socialize more than we otherwise would have gotten the opportunity to.

RIKKI: What were the benefits of 10,000 or 20,000 hours online for you?

ADAM: I actually wrote my college application essay on this. I talked about

“A lot of this is generational moral panic, and I don’t say that dismissively. I think it’s part of our innate psychology that we’ve evolved to have a certain nostalgia bias, a certain aversion to new change.”

how the internet taught me research skills. It taught me to be resourceful. Same thing with video games: time management, coordination, strategic decisionmaking for multiplayer games, cooperation. So I think that worked out for me, but that’s not to say there weren’t harms. I spent most of my time indoors, had limited physical activity, limited socialization.

When people talk about opportunity costs, the problem is that it’s not like you can assume a child automatically has the best-case-scenario alternative. An interesting example from early developmental psychology studies looked at the effect of TV use on educational attainment. TV, in some ways, is even worse than social media because it’s passive consumption. Social media is actually more social and more engaging, and there’s more real-time involvement, particularly for kids. Same thing with video games—there’s more real-time cognitive stress in a way that could be adaptive.

What we find is that for children from high socioeconomic backgrounds—with many books in the home or other extracurricular opportunities—the opportunity cost of TV is giving up on that, so those children do have worse outcomes.

But in the alternative case of children from low socioeconomic backgrounds—who don’t have many books in the home and whose parents are out of the house working so they don’t have the opportunity to socialize or to learn from them—TV, by contrast, is extremely enriching because the comparison isn’t to all these other more enriching things that they could do. The comparison is: Here’s information and stimulation that you’re getting that you might not otherwise have the opportunity for.

For me personally, it’s hard to know the counterfactual. What would my life have been like if I wasn’t homeschooled? Still, I’m more introverted by temperament, so it’s not like I would have been this popular jock. In fact, I was in public school for a number of years as well and struggled socially. I still looked forward every day after school to the moment that I could get home and play my video games. Not just because I wanted to forget about school, forget about my day, but because my friends—the only friends I had—existed in that box across the country or across the world, some of whom I’d never met in person. I met others years later and kept in touch with them. Even to this day, I have some old friends from video games, so it was a primary source of socialization for me.

RIKKI: I think one thing that has made this conversation so confusing is that we rolled out all these technologies and social platforms without any sort of understanding of what they would do to kids, and we’ve been gradually trying to figure out what the consequences have been.

ADAM: Well, I would push back on the claim that we’re going into it blind. I mentioned TV, but even for radio before that, people would say that kids are rotting their brains because they’re spending all this time indoors listening to the radio instead of reading or going outside. After the printing press, people would say that kids are rotting their brains because they’re spending so much time indoors reading instead of going outside and learning from the world. Even Socrates, the ancient Greek philosopher, was opposed to writing. He thought it rotted your brain because true thinking, true philosophy, required real-time engagement, and you were a sloppy thinker if you had to outsource your thoughts onto the page. So, I think a lot of this is generational moral panic, and I don’t say that dismissively. I think it’s part of our innate psychology that we’ve evolved to have a certain nostalgia bias, a certain aversion to new change, especially rapid change, and a certain level of concern when kids are growing up in different environments than their parents. The parents are going to project some of that concern, and it’s well intentioned, but we see this pattern play out with practically every technology across every generation.

RIKKI: I agree that when we look back on history, there are a bunch of laughable concerns, like women losing their morals because they’re riding bicycles or novels decaying all our values. At the same time, I wonder if there is a bit of survivorship bias. Are there not some dangers associated with the internet and social media that might be unprecedented, and that you might be especially concerned about for the safety and psychological well-being of children?

ADAM: There’s absolutely some survivorship bias, and I’m equally critical, if not more critical, of those who naively say everything is fine, social media is great, and there are no downsides whatsoever. Everything has trade-offs.

Are there systemic mental health harms corrupting a whole generation of youth? I think that’s an overstatement of the evidence.

Are there real harms and challenges we have to navigate, and are there trade-offs in terms of where we are spending our time? Absolutely, and I think that’s the conversation we should be having.

RIKKI: Heavy social media use may be correlated with mental health problems, but is there any evidence that the relationship is actually causal?

ADAM: Causal is the key word, and this is why it’s such a hard conversation to have. It’s true that the kids who spend the most time online, including my younger self, are the most anxious, depressed, and lonely, but it’s not as though you take an otherwise healthy child and give them a smartphone and they come out more anxious, depressed, and lonely. In most cases, it’s kids who are

already struggling socially who are seeking out connection and validation online. So, there's a robust correlational relationship, but people disagree on what the causal factors are. I look at it like it's a combination of both. I think most of the effect is explained by personality and existing differences that lead some people to seek out social media and others not to, and then on social media, what the causal research does bear out, though it's limited and still very new, is that being on social media or being on a screen is not the same thing. A lot of this research very crudely measures screen time, and you don't see an association. But that makes sense because you could be watching educational videos on YouTube, or you could be catching up with your family or friends who moved away years ago, and experiencing very enriching benefits. Or you could be watching literal brain rot and experiencing the downsides of that, or you could be being cyberbullied. Crude measures like screen time don't capture that.

When you look at the studies that measure what you are actually doing, intuitively we see what you'd expect. We see that if you're doing prosocial activities online or if you're learning, that's beneficial. We especially saw this during lockdowns in the pandemic, when people were using online platforms to engage with preexisting friends and loved ones. That had a very protective effect on mental health. But again, for those who are using it to get in fights on Twitter or consume the brain rot–style slop that really is not educational, and it's coming at the opportunity cost of being able to invest your brainpower into something more enriching, you do see more negative effects there.

RIKKI: In your expert opinion, what is brain rot?

ADAM: I don't think there is such a thing as an expert opinion on brain rot, but I can give you my Gen Z opinion. Brain rot is the type of content that makes you feel worse after you consume it: passive consumption of things you don't even care about out of boredom, "rage bait" that makes you angry, or fighting with people online. That's the type of content and behavior people should avoid.

RIKKI: If it's not social media causing an observable increase in the percentage of kids reporting mental health issues, then what is behind that trend?

ADAM: There is a very real, observable increase in depression and anxiety, particularly in young people, and more mysteriously, it begins right around 2010. So, some critics will say, "Well, that's right around the time that smartphones and social media came onto the scene. What else could be causing it?" As I've written about in my mental health policy research, we also saw the introduction in 2010 of mental health parity laws associated with the Affordable Care Act, which required insurance companies to start covering mental health care at parity with physical health care. Previously, they were able to discriminate or able to choose whether or not to include them. That change created a strong incentive for expanding the market for mental health care. The other thing we saw around the same time is the expansion of psych manuals that are used to define mental illness. It's easier to diagnose most conditions, and we have a greater culture of therapy-speak now.



Rikki Schlott, a media fellow at the Cato Institute and columnist at the *New York Post*, has reported extensively on how Gen Z is navigating a rapidly changing digital world.

Many children are self-identifying online with mental illness. If I think social media has any causal role at all, it's not necessarily that the screens or the online content are directly harming mental health. It's that it's changing the language with which we approach mental health, because there's no objective line between ordinary worry and clinical anxiety, or ordinary sadness and clinical depression. Different experts should be conservative and consistent with the labels, but in practice, you see tremendous diversity. For the same patient with the same symptom presentation, one psychiatrist or therapist might diagnose, and another might say, "This is still a high level of ordinary stress, and I'm not going to go ahead and assign a diagnosis." But in practice, there are incentives to assign the diagnosis because they're necessary for insurance reimbursement—it's what economists call supplier-induced demand.

Even caffeine withdrawal is in the *Diagnostic and Statistical Manual of Mental Disorders* (DSM) as a diagnosable condition. The DSM has expanded to include over 300 forms of psychopathology. Most people would look at that and recognize it as absurd. We shouldn't be pathologizing that. Prolonged grief disorder is another. Now that's not to say that someone experiencing the death of a loved one can't be plunged into major depression or serious psychopathology, but we already have diagnostic codes for that. When you're able to diagnose things like grief or caffeine withdrawal, or gambling or video game addiction, which is another one that's been proposed, or social media addiction—what



Psychologist Adam Omary argues that today's panic over social media and smartphones echoes earlier fears about new technologies: "We see this pattern play out with practically every technology across every generation."

you're really doing is pathologizing ordinary behavior. That's not to defend all this behavior and say everyone should develop these unhealthy habits, but it's to say that I look at it like junk food. We don't pathologize or ban certain junk foods, even though we know that people can develop very unhealthy relationships with them. And even when it comes to minors who perhaps can't consent or plan their lives in the same way, we let the decisions fall onto parents. I think social media is like a type of junk food, and we should entrust parents to make responsible choices for their children, and we should have a responsible conversation about what the upper limit is and where the harms are.

RIKKI: I feel like everyone I know wants to self-diagnose themselves with everything under the sun. But at the same time, I have struggled with the fact that over that same post-2010 period, there actually was a measurable increase in self-harm and suicide, so there's obviously some subset of young people who are especially struggling recently. How do you square that?

ADAM: Self-harm and suicide are some of the most objective indicators we have of psychological suffering that don't shift with the diagnostic labels, and you're right that young girls have been self-harming more, particularly within the last two decades. Although that's only in the United States, and we don't see the same rise in self-harm in parts of Europe that have seen similar increases in depression and anxiety. I think that's one piece of evidence that there are some shared factors, whether it's financial incentives leading to overdiagnosis or cultural factors leading to how we conceptualize the distinction between ordinary stressors and clinical psychopathology. It's unclear why the United States stands out in terms of objective measures of self-harm, but I think if it were to be the screens, we should see that across the developed world, and we don't.

RIKKI: Should we be concentrating so much on the issue of mental health instead of other problems associated with social media use, like decreased socialization, poor sleep, or a worse attention span? Do you think the displacement of some of the wholesome activities young people might have been doing in another generation is having a meaningful negative impact, even if it's not due to social media itself?

ADAM: Right—I think insofar as there are real harmful effects, most of them are not direct harm from what's on the screen, but opportunity costs of not going outside or socializing as much. I think the best research on potential harms is looking at attention span and education outcomes in schools. So, where we don't have causal data in a lot of these social media studies, it's easy to get quasi-causal data looking at schools with quasi-randomized control trials. For example, you take two schools within the same district and control for other environmental confounders—one school has a smartphone ban and one doesn't. If you see reliable changes in either test scores or mental health, or cyberbullying rates or another measure, then you can be reasonably confident that the smartphone ban is having an effect. And when it comes to mental health and even bullying, there's no effect. When it comes to test scores, you do see more noticeable change.

So, even there, people will say phones are harming people's brains and their attention spans. And I think—this is coming more from an evolutionary neuroscience background—the brain is a computer that has a finite amount of processing power, and it's also kind of like a video game. You have different skill trees that you can load points into, and everything is trade-offs. So, while we're seeing decreases in the types of sustained attention necessary to perform on standardized tests, we're also seeing increases in multitasking ability, executive function, and task switching. Kids are really good at that, especially kids who play video games. I'm not here to say one is better and one is worse. But fundamentally, we have the same brains. If anything, from a developmental neuroscience perspective, today's kids have better-performing brains than ever before because nutrition is largely better compared to most of human history.

RIKKI: I think one place we will definitely agree is that the legislation that has been proposed to tackle this problem is not sufficient and not a very good answer to this issue. Obviously, a few countries around the world, including the UK and Australia, have already made sweeping moves to get kids off social media. What have the unforeseen consequences of those laws been?

ADAM: Jennifer Huddleston and Cato's tech policy team have done excellent work on this, but these bans are largely backfiring. Kids are smart. They know how to download VPNs to route their traffic through less regulated platforms—ironically, bypassing a lot of the safety features that major social media companies already have, just due to social pressure and competitive pressure.

And the age gating introduces severe privacy risks for adults because, in principle, if we could just restrict usage for kids, I think a lot of people would be on board with that. But there's no way to do it without verifying the identity of the user, which either means

you have to collect IDs, which introduces unconstitutional privacy risks, or implement facial recognition software, which also has privacy concerns. But kids have also learned how to game the system there, so I think in practice these bans haven't worked.

Kids still report high levels of social media use because of these backdoors, and where they have real harms is by limiting freedom. In the case of the UK ban, even YouTube and educational videos were blocked for minors under 16. I think even the legislators did not intend that. They're concerned about cyberbullying. They're concerned about harmful content that they think minors shouldn't be accessing. We can agree on that, but I think the best way to do it is to encourage this type of serious discussion among parents and among individuals, so we can self-regulate.

RIKKI: One of the biggest concerns I have with these laws is that they impose this imaginary number where social media becomes totally fine and good for you, and you don't actually develop those online literacy skills that are so necessary once you turn 16. But a lot of these bills are also coming from a sense that there is actual addiction to social media, which I know is something you disagree with.

ADAM: Addiction has a very specific clinical meaning, and this is part of the same debate that's been happening across behavioral science. Take gambling addiction—many people, including myself, don't think we should call it addiction in the medical sense because medical addiction refers to physiological dependency. That's a unique feature of drugs that you can't have for behavioral addictions, which are really just strong habits. It's true that to some degree, it's the same dopamine system in the brain that's involved in addictive drugs like opiates and in habits that result in the same type of dopamine release and pleasure. But with drug addiction, you experience withdrawal, which again has a technical medical definition of physical symptoms that can be life-threatening. In the case of what we call withdrawal from behavioral addiction, it's very difficult psychologically, but there's no life-threatening withdrawal symptoms because of physiological dependence. So, I think we should be very careful using that language, and it has legal significance, which I think is why a lot of this legislation is advancing, because they're framing it as a medical issue that we can't simply leave to self-control. You see the same thing in psychiatry with the insanity defense. As soon as you open the door to the idea that there's some class of people who, because of a specific set of psychological characteristics, can't regulate their own decisions and therefore the government has to step in to do it, that's a severe threat to liberty.

RIKKI: So, what would you say to parents who might agree with you that the laws are not adequate, but they feel intuitively that social media is not a good thing for their children, or they're trying to figure out how to develop those boundaries?

ADAM: Again, it's like junk food—everything in moderation. When it comes to social media, it's trickier because there's a bit of a collective action problem. There are many parents who, if no one else had social media, would be completely fine regulating it in their household, but because they're worried about the child's well-being, it's fear of missing out (FOMO). It's FOMO that if their child is the only one who doesn't have a phone or doesn't have social media, then they're going to be bullied and picked on, and maybe that's going to have even worse consequences than social media. That's in a lot of parents' heads, and I can sympathize with that. You don't need government legislation to address that. What you need is a broad cultural shift, and it starts by talking about it more.

RIKKI: For members of Gen Z or Gen Alpha who are trying to find their own way and build their own healthy habits when it comes to social media, what would your advice be as someone who played 10,000 hours of video games?

ADAM: As you mentioned, we can't pretend there's a magical age at which point kids suddenly know everything they need to know to regulate their own behavior. It has to start early, and I have enough respect and belief in today's kids, including Gen Alpha, to say that adults and policymakers shouldn't be having these conversations over the heads of children as though they aren't agents with skin in the game.

You and I both started using these technologies at age nine or younger. Even in middle school, we can acknowledge that some things you do online make you feel good, some things don't. Just like with junk food, some things you eat and then you regret eating them.

We all do it—I'm the psychologist talking about the harms of this and I still do it sometimes. I think we just need to have a culture of responsibility and awareness of what the healthy habits are and what the potential harms are, and that conversation doesn't have to be limited to just adults in the room. ✦

“We just need to have a culture of responsibility and awareness of what the healthy habits are and what the potential harms are, and that conversation doesn't have to be limited to just adults in the room.”

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Surveillance Creep, from Nogales to Pawtucket

By Paul Best

As the backlash against Flock Safety cameras grows, Americans are challenging surveillance powers long familiar to border communities. Some of the dissent is coming from inside law enforcement.

On a weekday morning in summer 2022, residents in the border town of Nogales, Arizona, woke up to find a massive surveillance aerostat staring them down from above.

Deployed without notice for local officials or the public, US Customs and Border Protection (CBP) eventually explained that the 22-meter aerostat was equipped with "day and night cameras to provide persistent, low-altitude surveillance." It was just the latest addition to the border's ever-expanding surveillance network of autonomous towers, ground sensors, predator drones, automated license plate readers (ALPRs), and other technologies.

David Hathaway, the sheriff for Santa Cruz County, where Nogales is located, told *Nogales International* that it's yet more evidence of "blatant spying in our community."

"I think it's disgusting," he told the local newspaper. "I don't know why Americans aren't more upset about that."

Four years later, Americans have finally lost their patience. The recent proliferation of Flock Safety cameras is forcing communities across the country to confront constitutionally fraught surveillance powers that law enforcement agencies have acquired with little public debate.

It's a concern that border communities like Nogales know all too well. Hathaway, who grew up on his family's cattle ranch







TOP/RIGHT: A surveillance aerostat deployed by Customs and Border Protection looms over a neighborhood in the border community of Nogales, Arizona. (Photos by Electronic Frontier Foundation)

LEFT: During a House Committee on Homeland Security hearing in September 2024, Santa Cruz County Sheriff David Hathaway told lawmakers he's concerned about the "growing police state and surveillance state" in the US. (Photo by Tasos Katopodis/Getty Images)

“The recent proliferation of Flock Safety cameras is forcing communities across the country to confront constitutionally fraught surveillance powers that law enforcement agencies have acquired with little public debate.”

along the border and spent three decades as a Drug Enforcement Administration agent before becoming sheriff, has witnessed the evolution of border surveillance firsthand.

“The police state in the US is largely arriving via immigration enforcement,” Hathaway told *Free Society*.

CBP agents have long had extended powers “within a reasonable distance from any external boundary” of the US. In 1953, the Department of Justice (DOJ) unilaterally defined “reasonable distance” as within 100 miles of the border, including the coasts—an area encompassing nine of what are now the 10 largest US cities, roughly two-thirds of the US population.

“This zone also includes myriad aerial-deployed, ground-deployed, vehicle-deployed, smartphone-embedded, and device-embedded surveillance platforms,” Hathaway said. “Since this has become ‘normal’ and legal within this 100-mile zone covering most people in the US, it is now becoming accepted and commonplace within the whole United States beyond that zone.”

In addition to aerostats, CBP has also used Predator drones for aerial surveillance along the border since 2005, but has deployed them farther inland in recent years. In May 2020, CBP used a Predator drone to monitor protests in Minneapolis, which is about 250 miles from the Canadian border. In June 2025, CBP deployed another Predator drone to monitor protests in Los Angeles.

The first ALPRs in the United States were deployed by Border Patrol in 1998, but the technology was not yet sufficiently advanced to create a nationwide surveillance network. A 2014 report commissioned by the DOJ noted that a lack of record standardization hindered cooperation between agencies. Earlier ALPRs also struggled with false reads and other technical issues. One system, for example, routinely picked up wrought-iron fences as “111-1111” plates.

Since the company’s founding in Atlanta in 2017, Flock has leveraged new technology to solve many of those problems. Whereas earlier ALPR systems struggled to distinguish between license plates from different states, Flock’s “vehicle fingerprint” technology allows it to catalog a car’s make, model, type, and other unique details like roof racks and bumper stickers. Flock combines these ALPR records with data from drones, body-worn cameras, and other systems to create what it calls “the central nervous system of modern public safety ecosystems.”





TOP: The border wall separating the US and Mexico in Nogales, Arizona. (Photo by Max Herman/NurPhoto via Getty Images)

LEFT: A surveillance tower equipped with multiple cameras overlooking the US-Mexico border in Yuma, Arizona. (Photo by John Moore/Getty Images)

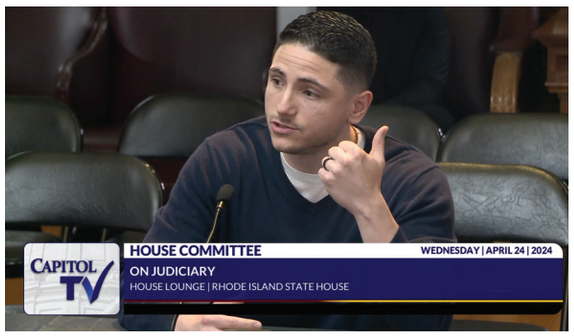
Law enforcement agencies say they find the system useful, as Flock now has more than 120,000 cameras across 49 states.

But Flock and other ALPRs are still far from perfect. Since 2018, there have been at least 27 cases in which machine or human error resulted in officers wrongfully detaining or jailing innocent people, according to an Institute for Justice review. In two-thirds of those cases, officers drew their guns before realizing their mistake. The potential for abuse has also become difficult to dismiss: At least 50 law enforcement officers have been accused of using ALPRs for unauthorized purposes, including 26 who allegedly stalked an intimate partner such as a wife or ex-girlfriend, according to a recent *Washington Post* report.

Some law enforcement officials have accused Flock of misrepresenting how it uses data. Specific tools have also raised alarm bells. *Wired* reported in August that Flock’s new AI-powered tool OS Investigate “can pick out potential witnesses by how often their cars pass through a neighborhood, or surface a driver’s ‘associates’ from the cameras they pass together.”

Flock paused its federal pilot programs last year, but Border Patrol and other federal





TOP: Flock Safety has installed more than 120,000 automated license plate reader camera systems in 49 states since the company's founding in 2017. (Photo by Charles-McClintock Wilson/NurPhoto via Getty Images)

LEFT: Noel Pichardo, a former police officer in Pawtucket, Rhode Island, testified before the state legislature in 2024 about the potential for abuse and misuse of Flock cameras.

agencies can still access Flock's trove of data through state and local partners. The federal government has also funded the purchase of Flock cameras and other ALPRs for sheriff's offices and police departments through various grant programs. Operation Stonegarden, a Department of Homeland Security (DHS) program with $85.5 million in funding this year, gives grants to police departments around the country to improve coordination between federal and local agencies. A DHS notice for Stonegarden this year specified that "recipients are encouraged to prioritize" projects that "maximize interoperability and coordination capabilities," such as license plate reader networks and other surveillance systems.

Grants from other federal agencies, such as the DOJ's Byrne Justice Assistance Grant and the DOJ's Community Oriented Policing Services program, have also been used by police departments to purchase Flock and other ALPRs. Some cities have even used pandemic-relief funds from the American Rescue Plan Act to purchase Flock cameras.

For law enforcement officers who have spoken out against Flock, the professional consequences have been dire.

"'The state will always expand to utilize more intrusive options if not restrained from doing so by a populace jealous of its freedom,' Hathaway said."

Noel Pichardo, a former police officer in Pawtucket, Rhode Island, recalled that he and many of his colleagues were uneasy about Flock when they first encountered the technology during a pilot program in 2021, but the trial ended without a contract. Two years later, Pichardo was shocked when he noticed Flock cameras set up in his district without any notice for the city's patrol officers or the public.

"Putting these up without notifying the public was just unacceptable," Pichardo told *Free Society*. "At the very least, it should be a public discussion."

Pichardo took his concerns to the local media in 2023, telling *Valley Breeze* that the cameras posed a "grave threat" to privacy. The backlash was immediate.

"It was easy for them to ostracize me and punish me because it wasn't a national conversation yet," Pichardo said. "I was certain that this was a huge mistake, and that if the public was made aware of this, that they would probably be on my side."

Pichardo was initially suspended for 30 days for speaking to the media without approval. Other internal investigations followed over what Pichardo believed to be relatively minor issues used as pretexts for retaliation. During the last investigation, higher-ups tracked him throughout the day using the GPS on his own body-worn camera, according to a copy of the complaint. After being surveilled for speaking out against surveillance, Pichardo decided his position was untenable and resigned last year.

While Pichardo was a lonely voice when he first spoke out in 2023, he feels vindicated by the public's turn on ALPRs more recently.

"I'm glad I followed that intuition because this is the first time in my life that I saw Americans really come together on an issue," Pichardo said. "I knew what my profession was capable of, and I knew what my government was capable of—I knew that with this type of technology, we were going to see gross abuse immediately, and I didn't want that to happen."

As public alarm mounted over Flock this year, in August Rhode Island Gov. Dan McKee issued a pause on new ALPR installations. That's the "democratic process" that Pichardo said he had wanted to see from the beginning.

For Sheriff Hathaway, that type of accountability is the only way to keep the government in check.

"The state will always expand to utilize more intrusive options if not restrained from doing so by a populace jealous of its freedom," Hathaway said. ✦

ABOUT THE AUTHOR

Paul Best is the managing editor and senior writer for the Cato Institute's *Free Society* magazine.

A Series of Constitutional Thunderclaps

By Joshua Hardman

How Cato's Robert A. Levy Center for Constitutional Studies went from a napkin sketch to a crucial independent voice in America's courtrooms.



Roger Pilon (right), who founded the Center for Constitutional Studies in 1989, in conversation with Supreme Court Justice Clarence Thomas at Cato headquarters.

In 1992, Alfonso Lopez was a high school student in San Antonio, Texas, when prosecutors charged him under the federal Gun-Free School Zones Act with bringing a handgun to school. Surprisingly, Lopez's young public defender asked a question not heard since the New Deal's 1937 constitutional revolution: Did Congress's power to regulate interstate commerce authorize it to enact this statute? On appeal, the Fifth Circuit answered: no.

Roger Pilon, who founded Cato's Center for Constitutional Studies in 1989 and directed it for the next 30 years, had long argued that the commerce clause was never meant to be an open-ended regulatory grant to Congress. When he saw that decision, plus the Supreme Court's decision to review it, he ordered a study by a leading constitutional scholar and provocatively titled it "Is the Court Ready for Constitutional Government?" (Only later would the center launch its amicus program.) Six weeks before oral argument, Pilon sent the study to the justices and their clerks, then made Cato's argument widely known.

At term's end, Chief Justice William Rehnquist ruled that the act exceeded Congress's authority to regulate interstate commerce. Days later, invited by the *Washington Post* to explain the *United States v. Lopez* decision, Pilon noted that it had "jarred official Washington," adding that *Lopez* was not about guns. It was about that most fundamental of political questions: Where

“Berry notes the center’s unique strength: ‘Since we are not a law firm, we can advocate single-mindedly for principles rather than for specific clients. We can let a thousand flowers bloom.’”

does government find its constitutional authority, and how far does it go? So sure was Congress of its authority that it hadn’t even bothered to cite its source.

“That decision was a real thunderclap,” says Thomas Berry, the current director of Cato’s Robert A. Levy Center for Constitutional Studies. “It put the center on the map. Nobody thought the commerce clause had any limits anymore.”

A Sketch on a Paper Napkin, a Gauntlet Thrown Down

As Cato approaches its 50th anniversary, Levy Center scholars are counting the thunderclaps that have flowed from the center’s creation: the more than 1,100 amicus briefs, filed mostly in the Supreme Court, cited 29 times across 23 decisions; the *Cato Supreme Court Review*, released annually at Cato’s Constitution Day Symposium, the first scholarly review of the Court’s term plus its term ahead, reflected to date in nearly 400 articles; the distribution of more than 10 million *Cato Pocket Constitutions*; and the lectures, debates, symposia, publications, and media appearances imparting the center’s unique perspective to countless law students, lawyers, academics, and judges.

But none of that could have happened had a tiny band of intellectual pioneers not begun preparing a proper ideological foundation in the 1970s. At that time, the legal landscape looked bleak for those taking the Constitution’s limits seriously. Liberal judges were inventing governmental powers from whole cloth, Pilon said, while conservative judges, in democracy’s name, were deferring to Congress and state legislatures, thus slighting the Constitution’s natural-rights foundation and limited-government structure. In short, both camps were advancing the progressive agenda that the New Deal Court had “found” in the Constitution. Both were undermining the Founders’ Constitution by opening the floodgates to the modern administrative state.

Thus, in the mid-1970s, Pilon and Richard Epstein at the University of Chicago, Bernard Siegan at the University of San Diego, and a very few others began developing an approach to judicial review contrary to the legal establishment’s more political approach. By the early 1980s, these classical liberal scholars had developed a fairly robust account of the matter, but they had no institutional foundation for further work and implementation.

Enter the Cato Institute. Pilon, then a senior political appointee in the new Reagan administration, saw that as an opportunity to begin advancing the classical liberal approach. Thus, in 1983, at lunch with Ed Crane and James Dorn—then Cato’s president and editor of its *Cato Journal*, respectively—Pilon sketched on a paper napkin the program for a seminal conference on “Economic Liberties and the Judiciary.” Through it, “we sought to fundamentally transform the climate of ideas,” Pilon said. “Our premise? The Constitution creates a government of delegated, enumerated, and thus limited powers, leaving us otherwise free to plan and live our lives.”

That 1984 conference of Washington insiders featured a marquee debate between Antonin Scalia, then a federal appeals court judge, and Epstein, who argued that judges should actively defend economic liberty against the political branches. *Reason* magazine historian Damon Root’s *Overruled: The Long War for Control of the US Supreme Court* tells the story: “Libertarians threw down the gauntlet,” Pilon said.

Five years later, Pilon founded Cato’s Center for Constitutional Studies. The center addresses many legal matters, but its fundamental mission is advancing “principled judicial engagement,” an approach distinct from judicial activism and judicial restraint. In 2017, thanks to an anonymous gift, the center was named in honor of Robert A. Levy, a businessman-turned-lawyer who would play a central role in some of the center’s legal victories after joining in 1997.

A Thousand Flowers Bloom

Berry notes the center’s unique strength: “Since we are not a law firm, we can advocate single-mindedly for principles rather than for specific clients. We can let a thousand flowers bloom.”

Libertarian litigation shops like the Pacific Legal Foundation, Institute for Justice, Goldwater Institute, and New Civil Liberties Alliance are ideological allies.

“Our focus is on legislation and litigation,” said Timothy Sandefur, vice president for



Thomas A. Berry is the director of Cato’s Robert A. Levy Center for Constitutional Studies and editor in chief of the *Cato Supreme Court Review*. (Photo by Richie Downs)

legal affairs at the Goldwater Institute and a Cato adjunct scholar. "But every victory we win for liberty in legislatures or in the courts will be short-lived when the political winds change, unless we win the philosophical battles waged by Cato."

Lawyers with clients face another constraint: A constitutional argument they believe correct might undercut their client's chances of winning, but they owe their clients a duty of zealous representation. For Cato, amicus briefs offer opportunities to argue without compromise for decisions that restore the original meaning of the Constitution.

Briefs can also be entertaining, Berry said, fun to read, and attractive for audiences beyond judges or litigants. He first encountered Cato's work as a Stanford law student in 2014, when he read the "Truthiness Brief" challenging an Ohio law that punished political advertisements for being untrue. Ilya Shapiro, who followed Pilon as center director, wrote it with Trevor Burrus and Gabriel Latner, joined by satirist PJ O'Rourke, who was then Cato's H. L. Mencken Fellow. The brief traced the history of such laws, asked exactly who should decide what's true, and invoked the "truthiness" term coined by comedian Stephen Colbert to extol the role of assertions of gut feeling in political discourse. In *Susan B. Anthony List v. Driehaus*, the Supreme Court ruled unanimously that the challengers could sue. Ohio's law was later struck down.

Shapiro turned that institutional voice into a prolific brief-producing program. Under his leadership, Cato created and grew its legal associates program and began filing dozens of briefs annually, each a well-researched achievement. Anastasia Boden, the center's third director, brought a litigator's sense of what attracts a judge. Berry, who became the fourth director in September 2024, says he wants briefs that are "principled and personal."

"For Cato, amicus briefs offer opportunities to argue without compromise for decisions that restore the original meaning of the Constitution."

An Oft-Lonely Constitutional Perspective

Given that our courts are arguably the least understood branch of government, persuading audiences to distinguish their

TWO DECADES *of Constitutional Thunderclaps*

***Lawrence v. Texas* (2003).** In 1998, John Lawrence and Tyron Garner were prosecuted under Texas's Homosexual Conduct Law. Cato's brief argued that "a law authorizing the police to intrude into one's intimate consensual relations is at war" with the Constitution's protection of individual liberty. Justice Anthony Kennedy's majority opinion cited the brief twice. "This was an easy call for us," Pilon told Root in *Overruled*. "It's your classic case of majoritarian tyranny."

***District of Columbia v. Heller* (2008).** In 2002, Levy began planning a self-financed lawsuit against the District's handgun ban, working with Clark Neily, then at the Institute for Justice, and attorney Alan Gura. Levy was cocounsel when the case reached the Supreme Court. "The case never would have happened or been successful without his participation," Neily said. Writing in the 2008–2009 *Cato Supreme Court Review*, Neily observed that before *Heller*, "the Second Amendment was a sort of constitutional Loch Ness Monster: Despite occasional reported sightings, many people—and certainly most judges—were inclined to believe it didn't really exist."

Cato then joined the Pacific Legal Foundation in *McDonald v. City of Chicago* (2010), urging the Court to revive the Fourteenth Amendment's privileges or immunities clause, thereby requiring state and local governments to respect the Second Amendment right recognized in *Heller*. In a 5–4 ruling, four justices relied on the due process clause. Justice Clarence Thomas supplied the fifth vote, relying on the privileges or immunities theory Cato had pressed.

***National Federation of Independent Business v. Sebelius* (2012).** Ask Berry for a turning point in Cato's influence, and he points to Cato's interdepartmental opposition to the Affordable Care Act's individual insurance mandate. Remembered mainly for the Supreme Court's decision, the case had previously wound through several lower courts. Cato filed briefs at every stage, starting with a case in Florida, working alongside scholars such as Georgetown Law professor (and Cato-affiliated scholar) Randy E. Barnett. It was a perfect fit, Berry says, because this fight over health care policy was also a fight over first principles: What are the limits of the federal government's enumerated powers?

Recall that question in *Lopez*, back in 1995. To challenge the individual mandate, the center drew on Pilon's scholarship. Five justices agreed that the commerce clause couldn't support the mandate, but Chief Justice John Roberts upheld it anyway—as a tax—a reminder of how much work remains.

***Loper Bright Enterprises v. Raimondo* (2024).** Cato's influential "cert" brief in 2022 urged the Supreme Court to take this case and overrule *Chevron USA v. Natural Resources Defense Council*, the doctrine that for 40 years had instructed courts to defer to federal agencies' interpretations of unclear statutes. As of June 28, 2024, *Chevron* was gone, a decision that was "not at all guaranteed," Berry says.

He notes that Justice Scalia, emblematic of the conservative judicial restraint school, had clearly supported *Chevron*, while Justice Thomas had written a leading opinion expanding it. "If you had polled them 20 years ago," Berry believes, "the Court would likely have upheld *Chevron* 9–0." He credits the reversal to a full-court press by academics and practitioners who started from first principles about the respective roles of judges and policymakers. It was a monumental win for judicial engagement: Judges must independently interpret the law, not defer to bureaucrats.



Staff and scholars for the Levy Center are seen here during Cato's 25th annual Constitution Day on September 17, 2026. Not present: senior fellows Walter Olson, Dan Greenberg, and Irina Manta, and Ilya Somin (B. Kenneth Simon Chair in Constitutional Studies). (Photo by Richie Downs)

role from that of the political branches is the center's hardest job.

To illustrate, in *Obergefell v. Hodges* (2015), Cato filed briefs supporting a constitutional right to same-sex marriage, while in *Masterpiece Cakeshop v. Colorado Civil Rights Commission* (2018), Cato's brief supported a constitutional right against compulsory speech celebrating same-sex marriage. Among major legal institutions, only Cato took both positions.

While Pilon and Berry note that one of the center's most important accomplishments is in mainstreaming principled legal thought, their recent visits to law schools concern them. Within right-of-center law school groups, chiefly the Federalist Society, Berry says a still-small contingent has grown more openly illiberal over the past decade and is more willing to use government power to advance social conservatism or to punish private entities it finds biased or harmful—arguments he once expected only from the left. In the Trump era, he adds, many students are less exposed to the classical liberal perspective than ever before.

So, Berry and other Cato scholars go to campuses to show students there is another way. With faculties upwards of 90 percent left of center, there are hardly any libertarians, let alone libertarian originalists. Students often tell him they've never heard his perspective. Not all originalists want to expand presidential power, he explains, and small-government, individual-rights originalists can call out executive abuses whether the president is a Democrat or a Republican.

"Nearly four decades after Pilon founded the Center for Constitutional Studies, Cato continues to bring a principled constitutional perspective to future lawyers and judges, to the public, and to the Supreme Court itself."

New World, Same Constitution

Berry often watches the Supreme Court deliberate in person, so he can see when the justices lean in and when they check out. At the April 2026 birthright citizenship argument, Solicitor General D. John Sauer argued that airplanes and "birth tourism" had created a new world that should merit the administration's interpretation of the Fourteenth Amendment's straightforward citizenship clause. Chief Justice Roberts replied: "It's a new world, it's the same Constitution."

On June 30, 2026, Roberts wrote the Court's opinion in *Trump v. Barbara*, striking down the president's executive order aimed at denying citizenship for people born in the United States to parents without permanent immigration status.

At a time when Congress has ceded so much authority to the executive branch, it's one recent decision evincing the intellectual integrity of the Supreme Court and the ever-vital role of judicial engagement.

"Observers who think that justices simply rule for or against Donald Trump based on party or ideology would likely be confused by his mixed win-loss record this year," Berry emphasized in his foreword to the 2025–2026 *Cato Supreme Court Review*. "When Trump has asserted powers claimed by a long line of presidents before him and supported by Framing-era history [see the *Slaughter* decision affirming his power to fire executive officials], he has been relatively successful."

Nearly four decades after Pilon founded the Center for Constitutional Studies, Cato continues to bring a principled constitutional perspective to future lawyers and judges, to the public, and to the Supreme Court itself. Yet for all those constitutional thunderclaps we've witnessed in a short time, Berry says the job is far from finished: "We're not even close to the ideal number of people working on these issues." ✦

ABOUT THE AUTHOR

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EVENTS



Escaping Venezuela Film Screening

In September, Cato hosted a screening of *Escaping Venezuela*, a new documentary from *Reason* capturing the tyranny, poverty, collapse, and resistance in socialist Venezuela through the eyes of one man, Carlos Mora. After the state crushed his growing business, Mora devoted himself to helping judges, journalists, and other persecuted people flee the country, even at the cost of his own liberty. After the screening, Ian Vásquez (left), Cato's vice president for international studies, led a discussion with Jim Epstein (right), the film's director and executive editor of *Reason*; Germania Rodríguez Poleo (middle left), the film's narrator and a Venezuelan journalist; and Jesús Armas (middle right), a Venezuelan political activist.



A Framework for Lasting Affordability

Ryan Bourne (right), Cato's R. Evan Scharf Chair for the Public Understanding of Economics and editor of *The Cato Institute Handbook on Affordability*, hosted a panel with the cochairs of the Problem Solvers Caucus, Reps. Brian Fitzpatrick (R-PA, middle) and Tom Suozzi (D-NY, left). "We at Cato think affordability has become pretty much an umbrella term for lots of different grievances," Bourne said. "The biggest source of public anger has been the inflation surge that we've seen since 2021." Fitzpatrick faulted both parties for policies that drive up living costs and emphasized the need for deregulation. Suozzi noted that massive annual deficits also fuel inflation, but was more open to raising taxes to bring them down. Despite coming from different ideological viewpoints, as Bourne observed, they all sought to "find ways of lowering the cost of living, rather than always talking about topping up people's incomes with wage controls or subsidies."



Cato Hosts 25th Annual Constitution Day

Legal scholars gathered on September 17 for a symposium marking the day in 1787 the Constitutional Convention finished drafting the Constitution. Thomas A. Berry, director of the Robert A. Levy Center for Constitutional Studies, introduced the day's events with an appeal to independent thought, celebrating that the recently released *Cato Supreme Court Review* was possible only because the Institute could "invite a stellar lineup of authors and give them the freedom and trust to write what they want on this year's biggest cases, and as always, they did not disappoint." In the morning, scholars challenged key policies of the Trump administration. The early afternoon turned to criminal justice, followed by discussions about redistricting and threats to free speech. A final panel looked ahead to the Court's October 2026 term.

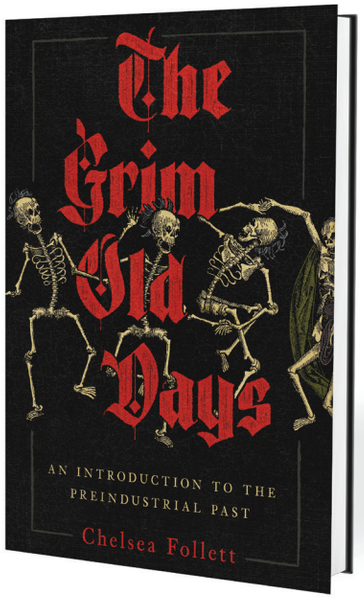
View all past and upcoming Cato events at Cato.org/events or scan the QR code.



Money, Markets, and the American Experiment: 250 Years of Financial Opportunity

Leading scholars, historians, and policymakers convened at Cato in September to discuss a defining feature of the American experiment: the close relationship between financial markets and economic growth. "One of the unique things about America is that from the very, very beginning of the nation, we had a robust banking and capital markets system," said Norbert J. Michel, vice president of Cato's Center for Monetary and Financial Alternatives, in his opening remarks. "In a short period of time, it grew to rival, if not surpass, the financial markets of every nation that existed at the time." The conference began with a panel on the contrasting views of Alexander Hamilton and Thomas Jefferson. Other panels covered the ways that regulatory power constrains markets, as well as what the future may hold for financial markets in a rapidly changing world.

PUBLICATIONS



The Grim Old Days

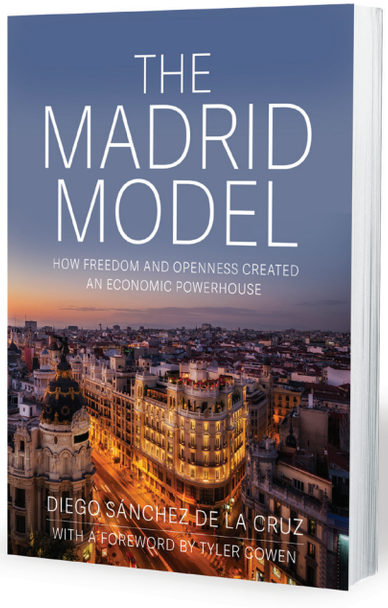
Nostalgia often discolors our hindsight. In historical memory, few things are as discolored as the myth of preindustrial life: green and pleasant, unspoiled yet by markets and industry. *The Grim Old Days* removes those rose-tinted lenses to reveal the preindustrial past as it actually was: an everyday struggle tied to chance and hardship. Chelsea Follett, a Cato research fellow and managing editor of HumanProgress.org, reintroduces modern eyes to a world of famines and droughts, sewage and refuse, and the many now-unthinkable choices people were forced to make. The carefully assembled accounts of everyday people restore in searing detail their experiences. Follett illuminates not only a brutal world but also the unflagging resilience with which its inhabitants endured its ills to deliver the comforts we take for granted today.

"Anyone believing the idealization of past days, so common in circles of 'de-growth,' should regard this book as mandatory reading."
—**Joel Mokyr**, winner of the 2025 Nobel Prize in Economics, Northwestern University

The Madrid Model

As much of Europe embarked upon a course of regulation 25 years ago, one capital region quietly committed to a free-market revolution. In *The Madrid Model: How Freedom and Openness Created an Economic Powerhouse*, Diego Sánchez de la Cruz uncovers the full story of Madrid's drive to lift the restraints upon its markets, integrate its growing and diverse peoples, and foster an economic boom amid Europe's stagnation. Sánchez de la Cruz, head of research at Spain's premier libertarian think tank, the Instituto Juan de Mariana, provides a sweeping historical narrative that navigates questions of individual freedom, federalism, and democratic legitimacy. In applying his theory of the strengths of liberal institutions to the reality of the Madrid miracle, he showcases to the rest of Europe and the world how limited and decentralized government can lead to exceptional prosperity and social cohesion.

"Madrid has been one of Europe's biggest success stories. Here is where you can learn about its foundations and principles."
—**Tyler Cowen**, adjunct scholar at the Cato Institute and general director of the Mercatus Center at George Mason University



FEATURED CATO STUDIES



A Reform Road Map for the Fed's Task Forces

With the Fed set to scrutinize itself more closely, Jai Kedia, research fellow at Cato's Center for Monetary and Financial Alternatives, sees a rare opportunity. Kedia offers a road map for the Fed to shrink its reach. He argues that if the Fed sets rates according to predictable rules, it can avoid precommitting itself—and investors—to forecasts. He also advocates that the Fed adopt a reduced and simplified balance sheet and show a greater openness and deference to private data sources. Kedia argues that a leaner, nimbler, and more rules-based Fed would produce sounder monetary policy and lessen its presence in financial markets.



Americans Skeptical of Trump's Tariffs

As affordability takes center stage in American politics, 74 percent of Americans, including 66 percent of Republicans, believe that President Trump's tariffs have raised consumer prices, according to Cato's 2026 Fall Trade and Populism National Survey. More than half, 53 percent, say that tariffs have weakened the economy, while just 23 percent believe they've improved their quality of life. The findings come amid ongoing disputes over Trump's authority to impose sweeping tariffs, which the Supreme Court curtailed in a landmark February ruling. Most Americans favor limits on presidential tariff powers, with 70 percent saying presidents should need congressional approval before imposing tariffs.

RECENT CATO STUDIES

The Flat Tax Advantage
By Adam N. Michel

The Other Liberation Day: The Liberation of the Rest of the World from Trade with the United States
By James Bacchus

Certificate of Need: The Regulation Blocking Greater Access to Higher-Quality and Lower-Cost Care
By Stephen Slivinski and Matthew D. Mitchell

The Obstruction Doctrine: What Level of Governance Is Appropriate for AI?
By Kevin T. Frazier

Failures of Wealth Taxation
By Adam N. Michel and Chris Edwards

Curbing Waste, Fraud, and Abuse in Federal Welfare Programs
By Romina Boccia and Tyler Turman

Federal Government Spending Is a Leaky Bucket
By Chris Edwards and Ryan Bourne

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The LONG Bet

By Audrey Grayson

A 26-year-old market risk manager on rule of law, reaching younger generations, and why he's already named Cato a beneficiary of his retirement account.

PHOTOGRAPHY BY GAVIN PETERS



Peyton Wilson thinks in centuries. Most people plan five years out, if they're disciplined. Peyton plans in hundreds of years—a habit he picked up as a teenager reading a business book his family had lying around, *Good Profit* by Charles Koch, and encountering an idea for the first time: that an organization, or a life, can be built on bets that don't pay off for decades, if you're willing to eat the short-term cost.

Peyton is a market risk manager at Koch Industries in Wichita. At 26, he's already named the Cato Institute as a beneficiary of his retirement account—a long-term bet on a freer future, and on Cato's role in getting there.



At 26, Peyton is one of the youngest members of Cato's Legacy Society, whose members have made a long bet on liberty by including Cato in their estate plans.

"I apply that long-term mindset in every aspect of my life," Peyton says. "If I die tomorrow, what is my contribution supposed to be?" It seemed tragic to him that an early death could simply end that contribution, which is why he didn't wait for a fortune, or a retirement, to make it official. He's been a Cato Partner since 2019, the year he found the think tank's website as a high school student, and the beneficiary designation followed soon after, making him a member of Cato's Legacy Society: Partners who've arranged a planned gift—through a will, a trust, or a beneficiary designation—to be realized only after their lifetime.

Curiosity about Koch's book led Peyton to Cato's website as a teenager. "Koch convinced me," he says, "but really, Cato shaped the way I thought." What he found was a principled framework built on nonnegotiables: rule of law—not rule by decree or by whoever holds power, but a society bound by rules that apply to everyone, including the people in charge. He often cites F. A. Hayek's observation that people can disagree entirely on their aims and still live together peacefully, as long as they agree on the underlying rules of the game. Erode that agreement, he argues, and freedom goes fast.

Reaching People Who've Stopped Listening

Ask Peyton how he talks to his own generation about liberty, and he doesn't reach for statistics. He asks a pointed question that gets someone to test their own position against itself. When friends cheered a president's willingness to strike Iran, Peyton didn't argue the merits; he asked where that authority comes from—Congress, under the Constitution, not the president alone. Most people, he's found, simply haven't thought

"Despite bitter disagreements, we can continue on and still be the best time to live in, in the best society, in all of human history."

that far ahead, not because they can't but because everyday politics rarely asks them to. "You meet people where they are," he says, "and let them work it out themselves."

That approach shapes his advice to Cato, too: Make the moral case, and keep making it. It moves people more than statistics do, in his experience. His go-to frame is a simple taxonomy of ownership: A person's labor belongs to the individual, to a government or monarch, or to the collective. Once someone agrees the second two are illegitimate, it's easier to show where those arrangements have crept back in. Health care for all, for instance, still requires labor from somewhere, and if it isn't given voluntarily, he says, it's being taken by force under a friendlier name.

Betting on Cato

Peyton doesn't pretend the reasoning is easy to sustain. He points to Cato scholar Marian Tupy for the psychological root of the problem: People judge their lives against their neighbors and their own prior expectations, not against absolute prosperity—which is what makes collectivist promises perpetually appealing regardless of how markets actually deliver. Peyton hasn't solved that tension for society. But he's solved it for himself by refusing to measure his life against anyone else's, measuring his contribution against a much longer clock instead.

That's the case for Cato, in the end: an institution built around the same principle he found in a Koch paperback as a teenager, still arguing for rule of law and individual ownership when fashionable ideas point the other way. It's also why the shape of his gift fits the man. A donation made while you're around to see the results is still, in a sense, a short-term bet—you're funding what you expect in your own lifetime. A beneficiary designation pays out only after you're gone, so the only reason to make one is to extend your convictions past the length of your own life. For someone who measures his contribution in centuries, that isn't unusual. It's close to the only way that makes sense.

"Despite bitter disagreements," he says, "we can continue on and still be the best time to live in, in the best society, in all of human history." Peyton has already placed his bet on that continuing, decades before he'll know if he was right. ✦

ABOUT THE AUTHOR

Audrey Grayson is the senior director of development communications and editor in chief of *Free Society*.

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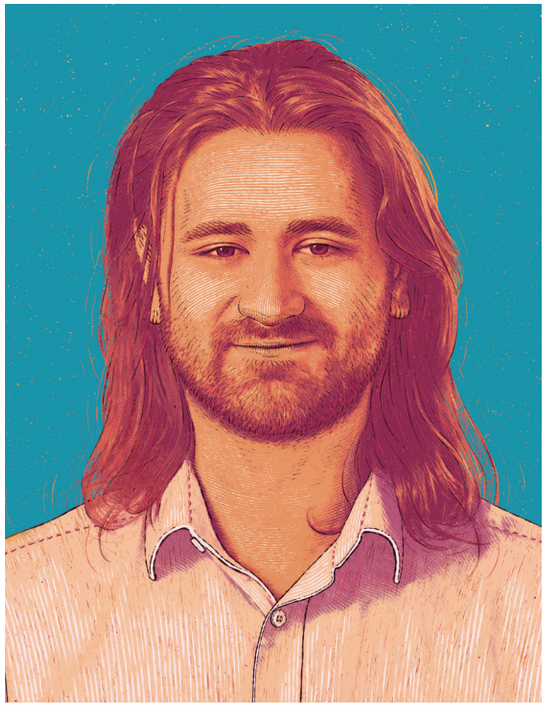


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Last Word:
Cato's 300-Year-Old Guide to Election Season

By Paul Meany

Every election season brings grand promises, empty slogans, endless attack ads, and a stream of interchangeable candidates insisting that they alone can be trusted with political power. How can we navigate all this partisan rancor?

Fortunately, *Cato's Letters*—the early 18th-century collection of essays by John Trenchard and Thomas Gordon that inspired the Cato Institute's name—has an answer. On the eve of Britain's 1722 general election, the authors offered advice to voters that remains strikingly relevant three centuries later, both during campaigns and after the winners take office.

The important question is not how a candidate behaves while asking for power, but how that person is likely to behave once the need for your vote passes: "These humble creatures, who now bow down before you, will soon look down upon you."

Flattery may be useful on the campaign trail, but once the votes are cast, elected officials start to behave in ways to secure their party's loyalty, increase their reelection chances, and preserve their power. From this perspective, Trenchard and Gordon anticipated what economists would later call public choice theory—the idea that politicians act based on their own self-interest and respond to the same incentives that shape everyone else. "Nor can there be any security in the fidelity of one, who can find it more his interest to betray you, than to serve you faithfully," warned Gordon. Both Trenchard and Gordon were radical Whigs who had no love for the Tories, but they understood that party labels distracted voters from the more important question: whether a particular candidate would preserve or endanger liberty.

Blind loyalty to political parties is harmful because it encourages us to excuse conduct from our preferred side that we would condemn from our opponents. Partisanship serves as camouflage for the abuse of power, which ultimately receives less scrutiny when exercised by familiar hands. If an expansion of power is dangerous in one faction's hands, it does not become safe in another's. Ambition is not partisan; the desire for power is a permanent feature of human nature. Trenchard and Gordon wrote: "Forget therefore, Gentlemen, the foolish and knavish distinction of High Church and Low Church, Whig and Tory."

If party affiliation is not a reliable guide, what should voters actually look for in a candidate? Trenchard and Gordon condemned bigots, cowards, and those financially dependent on others, warning that such politicians "must work for their masters against you, who ought to be so." Most of all, they urged voters to reject "timorous, fearful, and dastardly spirits; men, who having good principles, either dare not own them, or dare not act according to them."

This does not mean voters must ponder a candidate's inner soul, but simply that they should look for observable evidence.

Trenchard and Gordon were guided by what American Founder Patrick Henry later called the "lamp of experience." The best indicator of future political conduct, Henry noted, is past behavior:

> "Let us not therefore, my countrymen, desert or deceive ourselves, or think we can be safe, if ever such men can get into power. Let us not again be deluded with false promises and deceitful assurances; but let us judge what men will do by what they have done."

If politicians must be judged so cautiously, voters cannot afford to be passive or deferential.

Trenchard and Gordon's advice is therefore to remain vigilant: Ignore flattering promises, distrust partisan excuses, judge candidates by their records and interests, and remember that those seeking power are always tempted to expand it. They exhorted their readers: "It depends upon yourselves alone to make these rights of yours, these noble privileges, of use to you." ✦

"The important question is not how a candidate behaves while asking for power, but how that person is likely to behave once the need for your vote passes: 'These humble creatures, who now bow down before you, will soon look down upon you.'"

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When law and morality are in contradiction to each other, the citizen finds himself in the cruel alternative of either losing his moral sense, or of losing his respect for the law— two evils of equal magnitude, between which it would be difficult to choose.

— Frédéric Bastiat
The Law, 1850

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