

CATO

Memorandum

TO: BOARD OF DIRECTORS, SPONSORS, AND FRIENDS OF CATO
FROM: PETER GOETTLER 
DATE: MARCH 10, 2020
SUBJECT: QUARTERLY UPDATE

This memo was done and at the printers when we made the decision to move Cato to remote-only work status in the wake of the Covid-19 outbreak. So I thought it worth putting on the brakes before we hit the “print button” to add a few words about how we’re proceeding under the circumstances. We’ll have more to say to you in the days and weeks ahead via email and other means (even before this shows up in your mailbox), but I wanted to add a few personal notes here.

First, since none of us can predict the trajectory of the virus in our country, please stay safe and protect your loved ones who may be in more vulnerable demographics. Second, thank you for your generosity over the years. Your financial support has positioned us with the robust technological tools that are now allowing Cato to maintain a high level of productivity, effectiveness, and influence—regardless of what the current environment might throw our way. And speaking of that environment, it’s already clear it will be one of peril and opportunity for liberty lovers. During and after the Covid-19 outbreak, we’ll be making every effort to thwart the peril and exploit the opportunity.

FREE SPEECH PANTHEON?

What a great article from the UK’s *Spectator* magazine: “Four Defences of Free Speech That Everyone Should Read.” Of the four books cited, two of them were brought into the world by Cato: *Kindly Inquisitors* by Jonathan Rauch and *The Tyranny of Silence* by our own senior fellow Flemming Rose. Anyone heard of the other two authors rounding out this top four? Some guys named John Milton (*Areopagitica*, 1644) and John Stuart Mill (*On Liberty*, 1859).

Congrats to Jonathan and Flemming for being in such august company. One of Cato’s roles is to safeguard the ideas of liberty over the long term and keep the flame burning for future generations. Seminal works such as these are a part of that responsibility. We couldn’t do it without our outstanding staff, these brilliant scholars, and—of course—your generosity.

TIME TO REASSESS?

Some say by the time a person reaches the age of, maybe, 25, they've made up their mind on things. At that point, we'll never persuade them of a different point of view. Of course, there's some truth in this. It behooves us to bring the message of liberty to people when their opinions are still forming. It's why the initiatives we've got underway reaching high school and college students are so vital—and exciting.

But it's only true to a point. The moral case for liberty is compelling, and so is freedom's role in fueling the progress of civilization over the past 300 years. Properly articulated, it can change a lot of minds—even older minds.

And what about personal experience? Can't most of us point to an issue where we've had a change of heart? Sometimes it's a realization that we haven't faithfully applied the principles of liberty. Sometimes it's a reassessment on practical grounds, based on observation and experience. Sometimes it's both.

My views on foreign policy and military intervention have evolved substantially since my family began supporting Cato 20 years ago. Many of us who came of age during the Cold War despised communism, a totalitarian system responsible for the murder of tens of millions—and for terrorizing and enslaving hundreds of millions. And the Soviet Empire was scary. It felt like an existential threat to the United States. It was easy to be a hawk.

Once we started shipping checks to Cato, Ted Carpenter's books began showing up in our mailbox. I can't even recall exactly where and when, but Ted made the point that, as the Cold War ended, the United States never appropriately reassessed its foreign policy. We were operating a Cold War foreign policy in a post-Cold War world.

We've paid a price for that failure to reassess. A great example is Korea. When the Cold War ended, did we have to leave troops there, particularly when the economy of South Korea was then more than 10 (now more than 40) times the size of the North's? Can't rich countries defend themselves? And if our troops were safely home, would America face continual pestering by the Kims? Would they be as hell-bent on acquiring nukes?

NATO is another example. Would the rich countries of Western Europe get away with shirking their defense requirements if they weren't under our umbrella? Is it smart to sprinkle security guarantees that American taxpayers and young soldiers may be forced to redeem? I don't know about you, but I don't think we should agree to treat an attack on Montenegro as if it were an attack on Minneapolis. And would Putin be such a problem if we hadn't expanded NATO up to his borders? Maybe not.

But it's been even worse than this. In a unipolar world where America faces no superpower threat, we no longer worry about how the Soviet menace might react to our projection of military power abroad. Such a free hand has surely played a big role in the fact that, over the past 30 years, we've used military force more frequently, and in more places, than at any other time in our nation's history. A world in which we don't face a threat from the Soviets is surely better, and safer, than the one in which I grew up. But it means we must be more diligent in restraining ourselves from ill-advised use of our military.

Cato's foreign policy team and you, the supporters who make the Institute's work possible, can take a lot of pride that so many Americans are coming around to our point of view. They see the constant application of military force inflicting huge financial costs while exacting a frightening human toll on our

young people—not to mention thousands of people overseas. They see these interventions fueling the size and power of government here at home. And they fear this foreign policy is, despite such costs, making us less safe.

These are the factors—so capably articulated by Chris Preble and his team—that convinced me that, like the United States, I hadn't adjusted my own point of view for a post-Cold War world. I also benefited from experience and observation. The foreign policy disasters we've witnessed over the past two decades are enough to persuade one that we're prone to exaggerate threats, we tend to exaggerate the efficacy of military intervention, and we grossly underestimate the unintended consequences of such intervention. Iraq and Afghanistan are but two compelling examples.

With the force of argument on our side, and public opinion swinging that way, we should be defending our point of view even more forcefully. Libertarians are often unfairly caricatured as isolationists. What an irony, since no one advocates for more engagement with the rest of the world through commerce, diplomacy, trade, cultural exchange, less-regulated migration, and travel. We should push back on this. Hard.

When we meet prospective new hires for Cato, or new Sponsors, foreign policy is sometimes where they say they dissent from our point of view. But everyone who values liberty and limited government should consider how the foreign policy of the United States hasn't squared with those values. Over the past two decades, U.S. foreign policy has played a big role in fueling government spending and growth in government power not just abroad but here at home. It's good to see more citizens recognizing that the explosion of the surveillance state—part of what some call the deep state—is highly dangerous and has been spurred mostly by a foreign policy that is too prone to war.

If someone wants to debate whether it's a legitimate role of the state to defend our country and protect our freedom—and to possibly be forced to use the military for that purpose—that's not a debate worth having. We're in agreement. But if someone wants to debate what Cato, compared with the foreign policy and military establishment, has been recommending for the past 30 years—or, worse, compared with what our government has actually been DOING for those three decades—bring it on!

JASON REDUX

Remember those 1980s horror movies, like *Friday the 13th*? No matter how many times the scary guy in the hockey mask met his end, he'd come back to life and kill someone else. And each time, we'd jump out of our skins, even though we knew what was coming!

After the Super Tuesday primaries, fewer people are “Feeling the Bern,” and Elizabeth Warren has dropped out. Many are therefore breathing a sigh of relief that the clamoring for a wealth tax may have been silenced.

We never thought a wealth tax was likely even if Bernie or Liz had won. But the idea is so pernicious, immoral, and potentially catastrophic that we must not let our guard down. It's a policy that must be fought even when it seems six feet under. The victory over Hillarycare wasn't followed up with free-market reform of the health care system; the hockey mask inevitably reappeared, this time with Obamacare behind it.

We're determined that Cato will continue to fight bad policy like the wealth tax even when it's not in the news, just as we'll continue to fight out-of-control government spending and our burgeoning national debt even when doing so is a lonely business.

THE BOURNE ULTIMATUM CITATION

The president’s Council of Economic Advisers (CEA) may not be the critical player in administration antitrust policy, but it’s important. And it’s good that they’re listening to Cato’s Ryan Bourne on the topic. Ryan’s paper on antitrust was cited in this year’s *Economic Report of the President*, and the section of the report on concentration appears to be a rewrite of much of what Ryan included in a recently published brief.

The CEA seems quite reluctant to believe, as are we, that the United States has a pervasive monopoly problem. It doesn’t believe that there needs to be radical overhaul toward more interventionist antitrust laws and appears quite skeptical of economic arguments that Big Tech is somehow different in an antitrust context. We couldn’t have said it better ourselves! Or did we?

BRIEFLY . . .

Cato government affairs director **Jeff Vanderslice** and his wife, **Raisa**, welcomed their second child, **Kai Orleans Vanderslice**, who weighed in at 7 lb. 7 oz. The tides will turn so strongly in favor of liberty during Kai’s life that I predict by his 27th birthday, he’ll be a superstar libertarian congressman, with millions of Twitter followers, known simply as KOV . . . I love this excerpt from **David Henderson**’s review of **Randal O’Toole**’s latest book: “*Romance of the Rails* is a slam-dunk. Actually, that is an understatement. The book is full of slam-dunks. In chapter after chapter, O’Toole, a long-time fan of railroads, puts his fandom aside and shows what a disaster government subsidies to, and regulations of, rail transportation have been.” . . . Cato H. L. Mencken research fellow **P. J. O’Rourke** is now a semiregular columnist for the *Washington Post*. Watch for his ever-insightful—and always hilarious—words . . . In the University of Pennsylvania’s annual *Global Go To Think Tank Index Report*, three Cato studies in a single year are cited as among the best in the world . . . Cato senior fellow **Todd Zywicki** is chairing a Consumer Financial Protection Bureau task force on federal consumer financial law. The task force’s goal is to recommend ways to harmonize and modernize consumer finance laws and regulations . . . Todd is also beating the drum for the new album from the greatest rock band of all time, **The Who**. The album, titled *WHO*, comes a mere 54 years after their debut album, *My Generation*. (Remember, “I hope I die before I get old.” Yes, time to reassess, boys.)