

CATO

25 years at the Cato Institute
THE 2001 ANNUAL REPORT

MESSAGE FROM THE PRESIDENT AND THE CHAIRMAN

Edward H. Crane & William A. Niskanen

The challenges confronting Cato today are formidable. Twenty-five years ago, however, they were more formidable; at that time, the primary challenge was to earn the attention of a policy audience. We now have that attention—a consequence of our dedication to principle, preparation, and patience; now, our primary challenge is to make the case for major policy reforms to increase liberty. Since the founding of the Cato Institute in San Francisco in 1977 there has been significant progress on a range of issues. We have taken advantage of this important anniversary in Cato's history to devote a good portion of this report to a retrospective on some of the Institute's most notable accomplishments.

Standing back a bit from the various policy debates in which we have gained some ground, and perhaps lost some ground, we think it is worthwhile to note that the Cato Institute has, above all, created a respected presence for the classical-liberal ideas that energized the American revolution. Here in our gleaming glass and steel headquarters in the heart of the nation's capital is an institution that takes seriously the ideal of human liberty. We also take seriously Thomas Jefferson's warning that "the natural progress of things is for liberty to yield and government to gain ground." That is why "eternal vigilance" is necessary to protect and extend our liberty. And that is what the Cato Institute is all about.

Most prominent among our specific policy achievements has been our work to promote replacing Social Security with a system of individual retirement accounts that are personally owned and fully funded. We take no small amount of satisfaction in the fact that Cato pioneered the early policy work pointing to the benefits of Social Security privatization.

In other areas, such as school choice and fundamental tax reform, Cato has played a leading role in making the intellectual case for change. Few groups have done more to defend the First Amendment against those who would limit campaign expenditures or to promote the restoration of the constitutional limits on the enumerated powers of the federal government.

We are also proud of the major conferences we have held in China and the former Soviet Union. Cato was among the first organizations to hold in either of those countries conferences to promote individual liberty, the rule of law, private property, and civil society. The appreciation of the people who attended the Chinese and Russian conferences was very gratifying to us. The distribution of our publications in Chinese, Russian, and Polish also made a contribution to the struggle for liberty in those nations.

A substantial share of our activities is necessarily defensive, to try to slow or stop proposals that would increase the powers of govern-



2001 : WILLIAM A. NISKANEN AND EDWARD H. CRANE

ment at the expense of individual liberty. Some of our more important critical studies have contributed to the case against proposals for nationalizing medical care, for a national energy policy, and for a premature commitment to reduce the still uncertain threat of global warming.

Cato's principled noninterventionist approach to foreign affairs, consistent with the Founders' admonitions about entangling alliances, has weathered the test of time. The dangers of accepting the role of the world's policeman are clearly evident, even as our government undertakes the necessary task of eliminating the al-Qaeda terrorist threat to our liberty and security.

We take great pride in the clusters of talented policy analysts that Cato now has in various fields. Our Center for Constitutional Studies has a group of scholars committed to restoring respect for the Constitution, the rights it protects, and the limits it places on the powers of government. Our Center for Trade Policy Studies has become one of the most respected promoters of free trade in the world. Our newest groups, the Center for Represen-

tative Government and the Center for Educational Freedom, continue to leverage the prominent policy platform that Cato has become. The Cato Institute continues to make a strong, nonpartisan case for limited government and individual liberty.

The year 2001 was a particularly productive year for Cato, as measured by both the quality and the quantity of our policy output, fueled by record funding of more

than \$15 million in a weak economy. We remain grateful for the privilege of working with our dedicated colleagues, now more than 100 strong, in this important endeavor. Finally, as

“Liberty is not a means to a higher political end. It is itself the highest political end.”

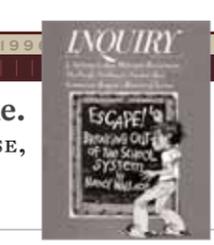
—Lord Acton

always, we express our appreciation for the tens of thousands of Cato Sponsors around the nation (and the world!) whose generosity and encouragement over the past quarter century have made possible the pursuit of our mission. On this, our 25th anniversary, we are dedicated to maintaining your trust, your confidence, and your support. ■

Edward H. Crane *William A. Niskanen*
EDWARD H. CRANE WILLIAM A. NISKANEN

01.77 : The Cato Institute is founded by Edward H. Crane and Charles G. Koch in San Francisco.

11.77 : Cato begins publishing *Inquiry* magazine. Authors include Nat Hentoff, Karl Hess, David Wise, and Penny Lerno.



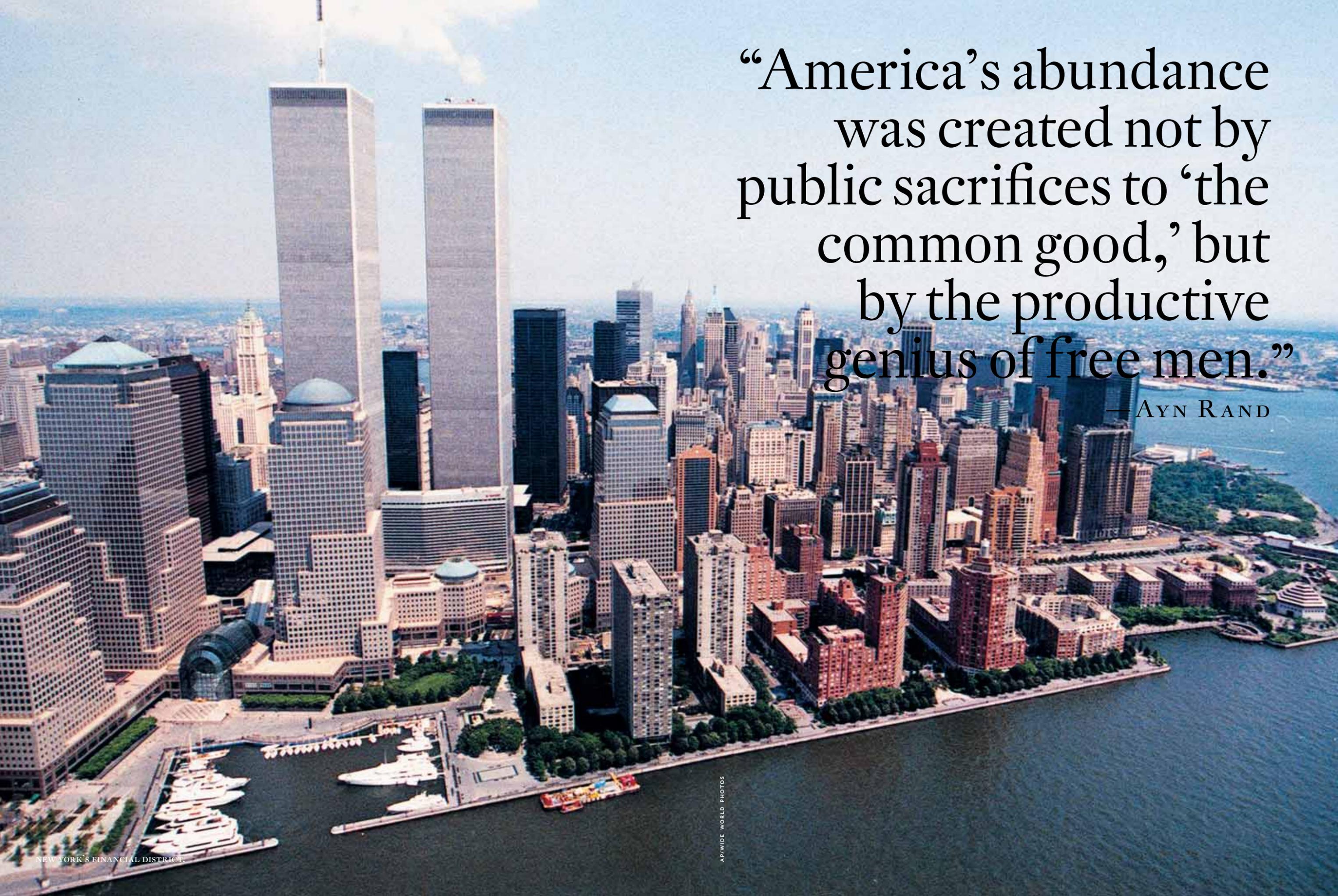


“Mr. Gorbachev, tear
down this wall.”

—RONALD REAGAN

THE OPENING OF THE BERLIN WALL SIGNALS
THE END OF 75 YEARS OF SOVIET COMMUNISM.

GETTY IMAGES

An aerial photograph of New York City's Financial District. The Twin Towers of the World Trade Center are the most prominent features, standing tall in the center-left. To their right, a dense cluster of skyscrapers and buildings fills the skyline. In the foreground, a marina is visible with several white yachts docked. The city extends to the water's edge, with a mix of high-rise buildings and lower structures. The sky is clear and blue, and the water is a deep blue-grey.

“America’s abundance
was created not by
public sacrifices to ‘the
common good,’ but
by the productive
genius of free men.”

— AYN RAND

“Peace, easy taxes,
and a tolerable
administration
of justice.”

— ADAM SMITH

Reviving a Tradition

WHEN A YOUNG CALIFORNIA investment manager, Ed Crane, spent 1976 in Washington, he noticed how much influence a few think tanks had despite their relatively small budgets. He thought there ought to be a public policy research organization, or “think tank,” dedicated to the American principles of liberty and limited government. He was willing to start one, but only if he didn’t have to live in Washington. When he returned to San Francisco, he joined the Kansas



1982 : CATO MOVES INTO THE WATTERSTON HOUSE ON CAPITOL HILL.

industrialist Charles G. Koch to set up the Cato Institute, which opened its doors in January 1977. The other members of the Board of Directors included libertarian scholars Murray Rothbard and Earl Ravenal; San Francisco businessman Sam H. Husbands Jr., who had served in Gov. Ronald Reagan’s administration; and Chicago businessman David H. Padden, who remains on Cato’s Board.

The Institute’s early program involved publications, seminars, college lectures, and public policy research. *Inquiry*, a bi-weekly political affairs magazine edited first by Williamson Evers and later by Glenn Garvin and Doug Bandow, featured such writers as Nat Hentoff, Thomas Szasz, J. Anthony Lukas, Karl Hess, Jack Shafer, Nikolai Tolstoy, Penny Lernoux, Geoffrey Wheatcroft, Maurice Cranston, Jonathan Kwitny, Thomas M. Disch, John O’Sullivan, Anthony Burgess, P. J. O’Rourke, Martin Gardner, George F. Kennan, Rose Styron, William Shawcross, Marina Warner, Auberon Waugh, Walter Karp, David Osborne, Christie Hefner, Eugene McCarthy, Ivan Illich, Warren Hinckle, and Simon Leys. *Inquiry* promised “unconventional, provocative, lively” commentary that would “defy the traditional left-right political analysis.” Its editors chuckled over being called “the best of the right-wing rags” by the *New Republic* and “a lively, lefty magazine” by William Safire. In *The Next Whole Earth Catalog*, Jay Kinney



1989 : CATO’S COFOUNDERS, ED CRANE AND CHARLES KOCH, TALK AT A RECEPTION FOR THE BOARD OF DIRECTORS.

called it “the most consistently interesting political magazine around.”

Literature of Liberty, an academic quarterly, was edited by Leonard P. Liggio. Each

“Here at last is a clear, thoughtful economic analysis at a time when so many Americans, including so many members of Congress, are bewildered by the problems of excessive government spending and exploding inflation.”

— Sen. William Proxmire on *Cato’s Policy Report*, 1979

issue combined a major bibliographical essay by such distinguished scholars as Robert Nisbet, John Lukacs, Eric Foner, Forrest McDonald, Isaac Kramnick, John Hospers, Henry Veatch, and Karen Vaughn with reports on scholarly research in a variety of fields.

02.78 : Cato launches *Byline*, its daily public affairs radio program. THE PROGRAM IS BROADCAST IN MORE THAN 260 CITIES, INCLUDING MOST OF THE NATION’S LARGEST MARKETS.

03.78 : Cato publishes *The Ultimate Foundation of Economic Science* by Ludwig von Mises, part of a series of books on Austrian economics.



Cato took to the airwaves with *Byline*, a daily radio commentary from liberal, conservative, and libertarian viewpoints. At its peak, *Byline* was aired by more than 200 radio stations, from WNYC in New York and WTOP in Washington to KING in Seattle and KCBS in San Francisco. Nashville's WLAC said, "Byline never fails to get our phones ringing." Over the years the regular commentators included Sen. William Proxmire, Howard Jarvis, Nat Hentoff, Julian Bond, Walter Williams, Nicholas von Hoffman, Joan Kennedy Taylor, Stephen Chapman, Don Lambro, Tom Bethell, Susan Love Brown, and Ed Crane.

Cato's newsletter, *Policy Report*, was launched in 1979. In its first issue, Carolyn Weaver questioned the solvency of Social Security and suggested privatization as an alternative. Future issues of *Policy Report* (later *Cato Policy Report*) included articles by such thinkers as Karl Popper, Peter Bauer, Milton Friedman, Alan Greenspan, Norman Macrae, Alan Reynolds, Earl Ravenal, James M. Buchanan, Thomas Sowell, E. G. West, Ida Walters, Julian L. Simon, Nathaniel Branden, Catherine England, and Louis Rossetto.

The Institute launched its Summer Seminar in Political Economy in 1978 with confer-

ences at Stanford University and Wake Forest University and added conferences for historians, journalists, and business leaders the next year. The faculty included Alan Greenspan, Murray Rothbard, Roy A. Childs Jr., Walter Grinder, Ralph Raico, Leonard Liggio, Thomas Sowell, and Israel Kirzner. Cato also sponsored lectures by those scholars and many others on college campuses.

Cato's public policy program got under way in earnest in 1980, with the publication of four policy monographs. Most notable was *Social Security: The Inherent Contradiction* by Peter J. Ferrara, which laid the groundwork for 22 years of subsequent research on Social Security privatization. The other 1980 monographs were *Balanced Budgets, Fiscal Responsibility, and the Constitution* by Richard E. Wagner and Robert D. Tollison, *Rent Control: The Perennial Folly* by Charles W. Baird, and *The Regulation of Medical Care: Is the Price Too High?* by John C. Goodman. Cato Institute scholars have returned to all those subjects.

Early policy conferences included "Taxation and Society" at the University of Chicago; "Property Rights and Natural Resources: A New Paradigm for the Environmental Movement" in Big Sky, Montana; and a "Symposium

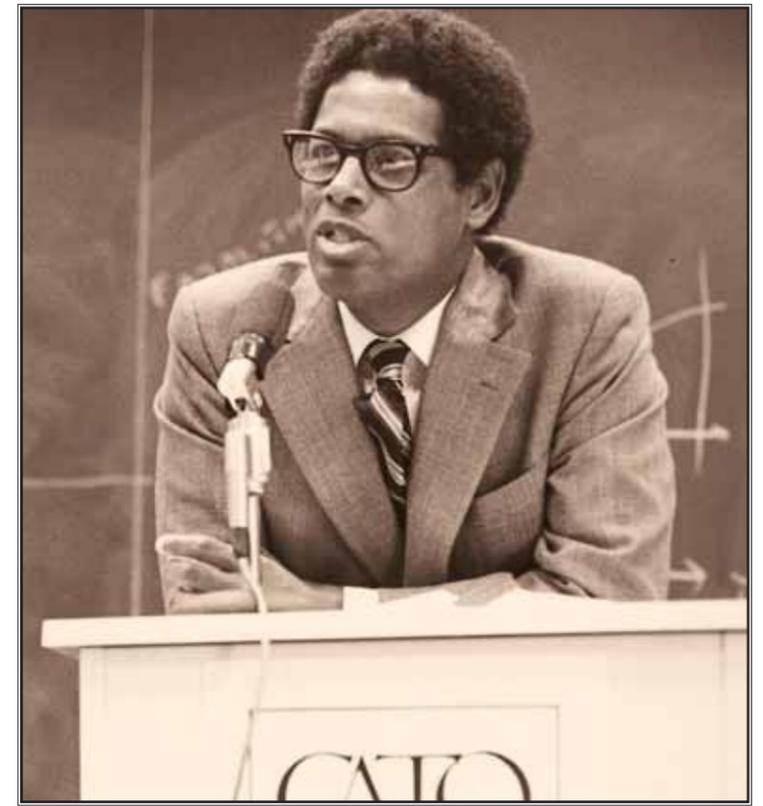
on Pollution" in Palo Alto, California. Participants included R. M. Hartwell, Arthur Laffer, Richard Epstein, Aaron Wildavsky, David R. Henderson, John Baden, Richard Stroup, Terry L. Anderson, P. J. Hill, and R. J. Smith.

Cato's earliest Policy Analysis studies were a good indication of the Institute's continuing interests. They dealt with corporate welfare, education tax credits, campaign finance regulation, and the risks of the conflict in Afghanistan. In Policy Analysis no. 7, in February 1982, future Wall Streeter Joe Stilwell warned that the savings-and-loan industry "has a negative net worth in excess of \$70 billion [and] numerous S&Ls will be unable to meet their financial obligations."

As Cato defined its mission more clearly, public policy analysis took center stage. *Inquiry* and *Literature of Liberty* were transferred to other foundations (both eventually went out of business).

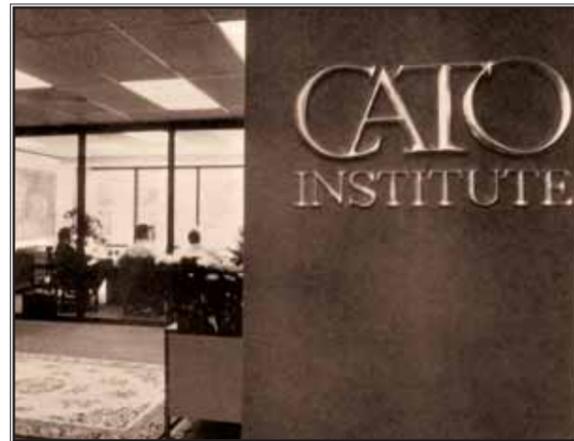
The *Cato Journal*, an interdisciplinary journal of public policy analysis, was launched in 1981 under the editorship of Robert L. Formaini. He was succeeded in 1982 by James A. Dorn, who remains editor. *Cato Journal* has published the papers from many Cato Institute conferences along with many other articles. Contributors have included Alan Greenspan, Milton Friedman, Charles Murray, Václav Klaus, Antony de Jasay, Douglass C. North, Judy Shelton, Anna M. Schwartz, Mancur Olson, Justin Yifu Lin, James M. Buchanan, Garrett Hardin, Robert Mundell, Charlotte Twight, Mwangi S. Kimenyi, Antonin Scalia, June O'Neill, Steven N. S. Cheung, J. Bradford DeLong, Lawrence H. Summers, and Donald N. McCloskey.

At the end of 1981, it had become obvious, even to devout Californian Ed Crane, that a public policy institute ought to be in Washington,



1979 : THOMAS SOWELL EXPLAINED ECONOMIC CONCEPTS TO HISTORIANS AT A SEMINAR HELD AT THE UNIVERSITY OF OREGON.

D.C. The Institute left behind its San Francisco origins and opened up shop on Capitol Hill early in 1982, in the home of the first Librarian of Congress, George Watterston. Appropriately enough, it was the building in which Thomas Jefferson's books were catalogued when they became part of the Library of Congress. It became a popular venue for policy debate in the nation's capital, featuring lively postevent discussions and receptions in its spacious garden. As the Institute grew, its Capitol Hill home became cramped. Cato undertook a capital campaign, hired an architect, and built its own building in downtown Washington. Milton Friedman, Nadine Strossen, and Rep. Dick Armey spoke at the Grand Opening in 1993. The *Washington Post's* architectural critic called the Cato building "a little jewel" with "quite a visual-intellectual punch." Cato was in Washington for good. ■



1978 : AN EARLY BOARD MEETING IN CATO'S SAN FRANCISCO OFFICES.



1979 : CATO'S EARLY BOOKS AND PERIODICALS INCLUDED *INQUIRY*, *LITERATURE OF LIBERTY*, AND A SERIES ON AUSTRIAN ECONOMICS.

06.78 : Cato holds its first Summer Seminar in Political Economy. Among the speakers are Murray Rothbard, Roy Childs, Leonard Liggio, Israel Kirzner, and Walter Williams.



01.79 : Cato publishes its first issue of *Policy Report*. In that inaugural issue is Carolyn Weaver's article, "Social Security: Has the Crisis Passed?" in which she argues that privatization of the system should be considered.



“The New Deal is showing its age....It’s time to move on.”

— *THE NEW DEMOCRAT*

A Nation of Owners

SOCIAL SECURITY PRIVATIZATION has been one of the major themes of the Cato Institute for more than 20 years. Cato's founders saw Social Security as the largest element of the American welfare state, a program that drew all Americans, rich and poor, into



1981 : REP. CLAUDE PEPPER, "MR. SOCIAL SECURITY," LISTENS AS PETER FERRARA PRESENTS HIS IDEA FOR SOCIAL SECURITY PRIVATIZATION AT CATO'S FIRST CAPITOL HILL FORUM.

dependence on the federal government for retirement security. This fundamental flaw is only compounded by the system's impending insolvency, which has kept the issue in the public's and Cato's eye for the last two decades.

The first issue of *Policy Report* in January 1979 set the tone for Cato's work on pension reform, featuring the article "Social Security: Has the Crisis Passed?" by Carolyn Weaver, in which she argued that privatization could solve the system's long-term financial problems. In 1980, the Institute published its first policy book, *Social Security: The Inherent Contradiction* by Peter J. Ferrara. Ferrara argued that Social Security's attempt to provide both retirement insurance and social welfare had resulted in a pay-as-you-go structure that would become increasingly deficit ridden. He predicted that further tax increases, beyond the one enacted in 1977, would be necessary to keep the system solvent. And he proposed to "privatize" Social Security by allowing younger workers to put their Social Security taxes into a corporate pension plan or an individual retirement account instead of the Social Security system. The book was launched at Cato's first Capitol Hill forum.

Late in 1982, Ferrara, by then a policy aide in the Ronald Reagan White House, produced a shorter and updated version of his book, published by Cato as *Social Security: Averting the Crisis*. That generated a headline in the *Washing-*



2000 : ANDREI ILLARIONOV, ADVISER TO RUSSIAN PRESIDENT VLADIMIR PUTIN, AND JOSÉ PIÑERA, CO-CHAIR OF CATO'S PROJECT ON SOCIAL SECURITY PRIVATIZATION, HOLD A NEWS CONFERENCE IN MOSCOW AFTER DISCUSSING PENSION REFORM AND OTHER ECONOMIC ISSUES.

"Any who's who of Social Security privatizers has to begin with the Cato Institute, the free-market think tank that looks to private markets to solve many social-policy problems that others regard as the province of government."

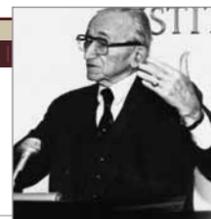
—*National Journal*, 1997

ton Post: "White House Adviser Recommends Dismantling Social Security." The *Post* reported, "The White House was quick to state that the views expressed in the book do not represent White House policy." And as Ferrara had predicted, taxes were raised again in 1983 at the recommendation of the so-called Greenspan Commission. The *Post* reported, "The old-age and disability funds were put in secure position for a number of years and perhaps for many decades into the next century." Later that year, Cato held a conference that concluded that the

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05.79 : Cato publishes two classic manuscripts by Nobel laureate F. A. Hayek: *A Tiger by the Tail: The Keynesian Legacy of Inflation and Unemployment* and *Monetary Policy: Government as Generator of the "Business Cycle."*



01.80 : First issue of *Policy Analysis* takes on corporate welfare—the Chrysler bail-out.

problems of Social Security had been exacerbated rather than solved.

Since then, Cato has published three more books on Social Security and 31 more policy studies. In total, Cato's work on Social Security, if bundled together, would approximate the size of two New York City phone books. All of these materials have been distributed to reporters, members of Congress, and the executive branch.

In 1995, on the 60th anniversary of the creation of Social Security, Cato launched the Project on Social Security Privatization under the direction of Michael Tanner. Co-chairs of the project were José Piñera, the architect of Chile's social security privatization, and William G. Shipman of State Street Global Advisors. In the years since the project's founding, Cato has convened nine separate policy forums

and three major conferences on Social Security reform. More than 45 nationally known policy authorities on the subject—both supporters and detractors of privatization—addressed these public forums as guest speakers.

Through its efforts, Cato has attained a central place in the current debate over privatization, which was renewed by the current administration. Cato's relationship with the current administration dates back to 1997, when Ed Crane and José Piñera met with Governor George W. Bush in Austin, Texas, to discuss Social Security reform. And Cato has always followed a nonpartisan approach. Former Rep. Tim Penny (D-Minn.) has been a leading advocate of Cato's plan, and in the last two years of the Clinton administration, Cato scholars were invited by senior administration aides to meet and share ideas on how to privatize Social Security,



CAROLYN WEAVER AND PETER FERRARA WERE CATO'S FIRST AUTHORS ON SOCIAL SECURITY REFORM.

an issue to which the administration was giving serious thought.

Even beyond the borders of the United States, Cato has become known as the leading authority on pension reform. Institute scholars have met with more than 75 foreign governments on the subject, and more than 40 of those countries have sent delegations to Cato's headquarters in Washington. Among the countries that have sent delegations are Brazil, Bulgaria, China, Germany, Israel, Italy, Japan, Lithuania, Pakistan, Russia, Slovenia, South Africa, Spain, Thailand, and Zambia. The Institute held three international conferences on pension reform, in London in 1997, in New York in 2000, and in Beijing in 2001. Reporting on the Beijing conference, the *Asian Wall Street Journal* wrote:

"The experts seem to agree about what needs to be done. In November, at a conference cosponsored by the U.S.-based Cato Institute and Peking University's China Center for Economic Research, there was near-universal agreement

that fully funded universal accounts were the way to go. Most important, a consensus among bureaucrats at the Ministry of Labour and Social Security seemed to be spreading."

"The largely Cato Institute-staffed presidential commission owes its existence to the Cato Institute itself. For the last quarter of a century, the Washington, D.C.-based libertarian think tank has been campaigning for the privatization of Social Security."

—*Chicago Sun-Times*, 2001

Over the course of 22 years, the idea of Social Security privatization has made what Sen. Daniel Patrick Moynihan, co-chairman of President Bush's Commission to Strengthen Social Security, called a "remarkable transition from white papers from libertarian think tanks to the mainstream of policy thinkers." The Cato Institute has played a major role in that transition. ■



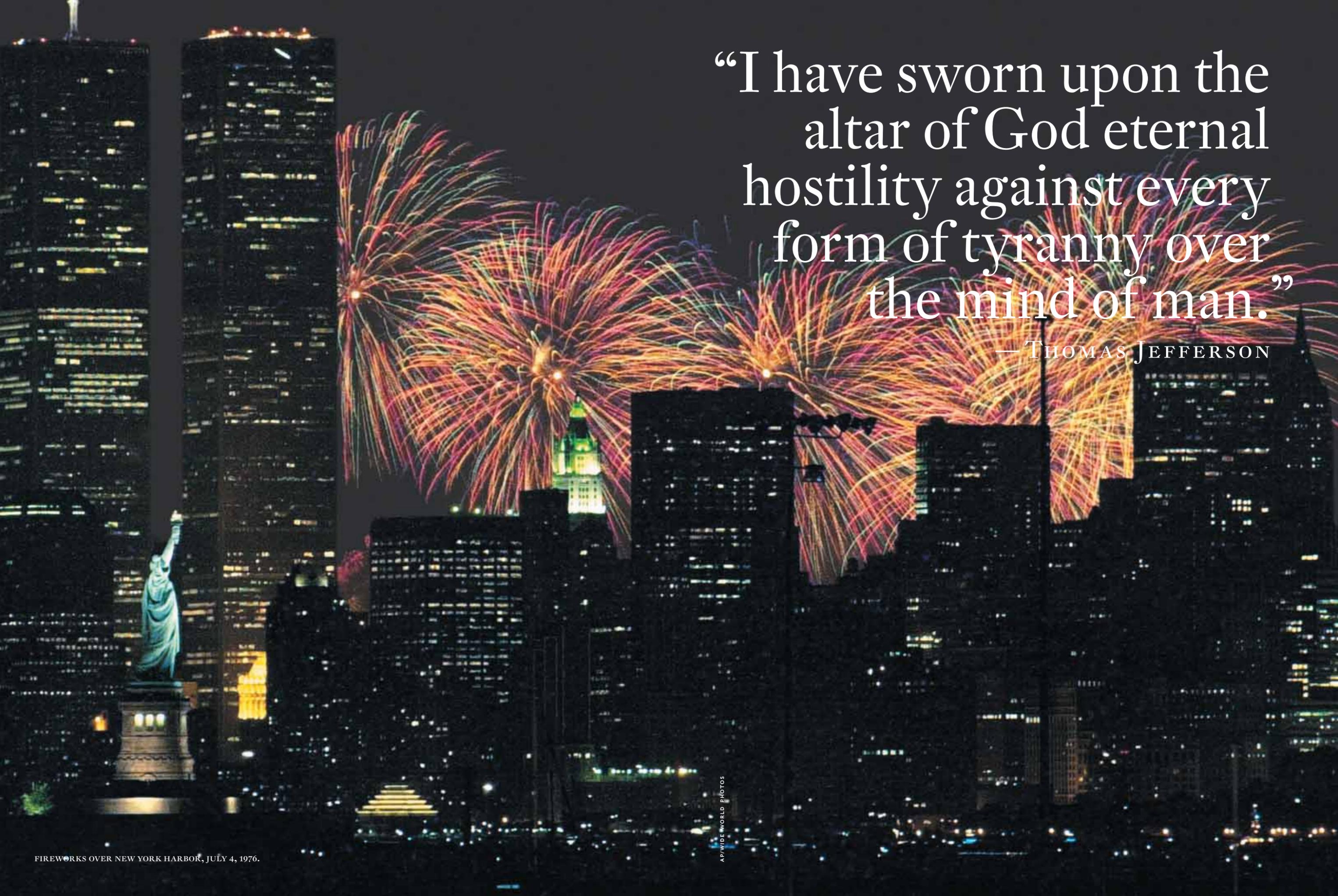
2000 : BORIS NEMTSOV, VICE SPEAKER OF THE RUSSIAN DUMA, LISTENS AS CHINESE SOCIAL-INSURANCE ADMINISTRATOR SUN JIANYONG DISCUSSES THE NEED FOR PERSONAL RETIREMENT ACCOUNTS AT CATO'S SECOND INTERNATIONAL CONFERENCE ON PENSION REFORM.

11.80 : Cato publishes John Goodman's *The Regulation of Medical Care: Is the Price Too High?* WHICH CHRONICLES THE DAMAGING EFFECTS OF MEDICAL LICENSING AND REGULATION.



12.80 : Cato publishes Peter Ferrara's 500-page *Social Security: The Inherent Contradiction*, WHICH MAKES THE CASE FOR PRIVATIZATION.





“I have sworn upon the
altar of God eternal
hostility against every
form of tyranny over
the mind of man.”

—THOMAS JEFFERSON

Liberty vs. Power

PROMOTING THE FIRST PRINCIPLES of liberty and limited government is a vital part of Cato's mission. In 1978, the Institute began holding summer seminars, designed to bring together scholars and students of liberty to discuss and debate issues of politics, government, and society. Participants have ranged from



2000 : TOM G. PALMER DISCUSSES THE HISTORY OF CONSTITUTIONALLY LIMITED GOVERNMENT AT CATO UNIVERSITY NEAR SAN DIEGO.

high school and college students to doctors and business owners, and instructors have included notable scholars and thinkers. In 1997, after a hiatus, the summer seminars were combined with a home study course to create Cato

University, under the direction of Tom G. Palmer, who holds a doctorate in politics from Oxford University.

In recent years, seminars have been held in cities across the United States and Canada and have focused on topics such as "The American Enlightenment" and "A World of Trade, Peace, and Freedom." In addition to Cato's own policy staff, scholars in attendance over the years have included David Friedman, Charlotte Twight, George Ayittey, Deroy Murdock, Charles Murray, Alan Kors, Nathaniel Branden, and Christina Hoff Sommers.

Cato University's home study course consists of books and audiotapes for those who wish to undertake their education in liberty from home. Participants are educated in the

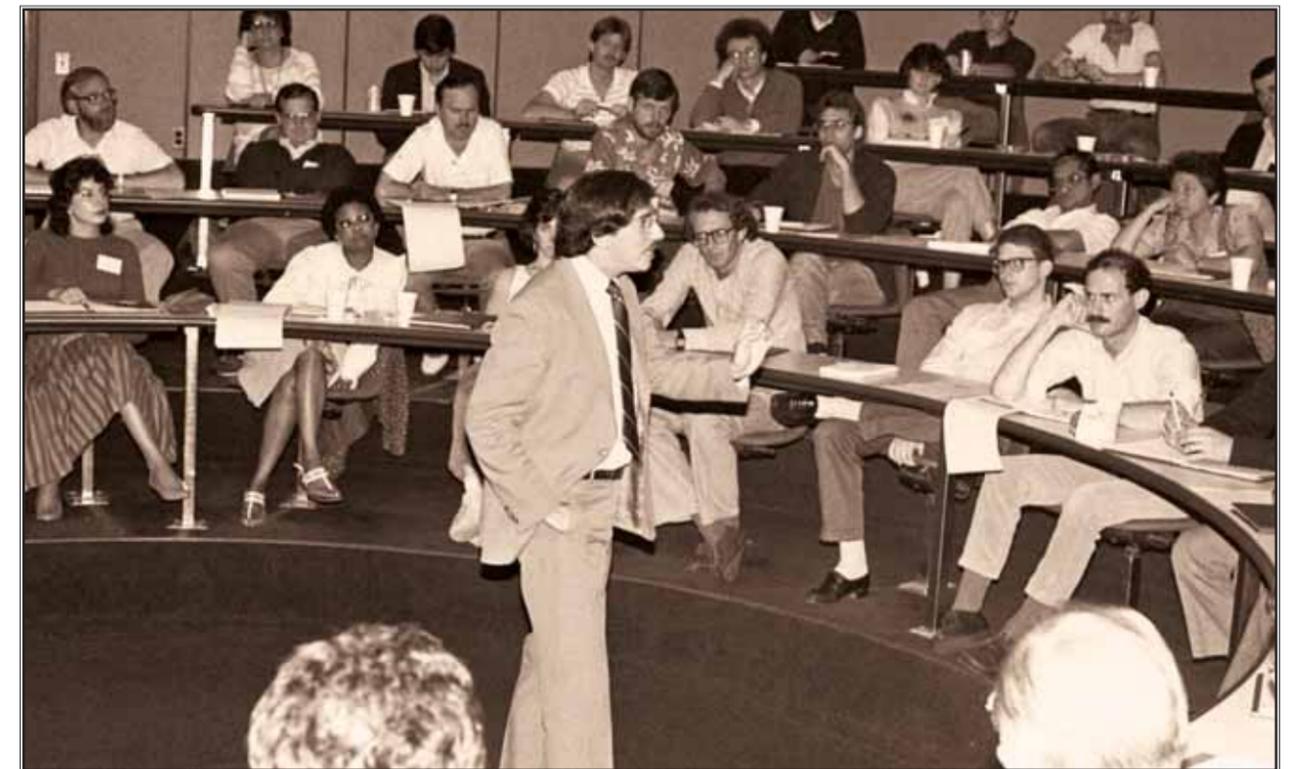
works of such crucial thinkers as John Locke, Adam Smith, John Stuart Mill, Ludwig von Mises, F. A. Hayek, and Ayn Rand.

Cato's commitment to first principles was also reflected in its support for F. A. Hayek.

"If you're looking for a consistent commitment to preserving all forms of individual liberty, join the Cato Institute."

—Wendy Kaminer, *American Prospect*, 1999

Hayek was more than a distinguished scholar and Nobel Prize-winning economist. His best-selling 1944 book, *The Road to Serfdom*, warned the world that state control of the economy was incompatible with personal and



1985 : STUART WARNER LECTURES ON THE ETHICS OF LIBERTY AT CATO'S SUMMER SEMINAR AT DARTMOUTH COLLEGE.

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03.81 : Cato publishes the first issue of the *Cato Journal*. AMONG THE CONTRIBUTORS TO THAT INAUGURAL ISSUE ARE ARTHUR EKIRCH, D. N. McCLOSKEY, AND ARTHUR LAFFER.

12.81 : Cato holds symposium on pollution WITH RICHARD EPSTEIN AND AARON WILDAVSKY.



political freedom, which helped to turn the intellectual tide against totalitarianism and toward free markets and constitutionally limited government. Cato provided financial support to Hayek in his later years, during which he wrote *The Fatal Conceit* and lectured around the world.

The Institute has also promoted Hayek's works where they were needed most. Toward the end of the Cold War, Cato made a concerted effort to get copies of Hayek's writings, along with those of a few other scholars, into the Soviet Union and Poland. In 1984, Cato used various underground channels to send *Solidarity with Liberty* (in Polish) and



1982 : NOBEL LAUREATE F. A. HAYEK, A CATO DISTINGUISHED SENIOR FELLOW, TALKS WITH CATO JOURNAL EDITOR JAMES A. DORN AT A CATO RECEPTION FOR HAYEK.

Friedman and Hayek on Freedom (in Russian) into those two communist countries. Cato's conferences in Russia and China featured much discussion of the basic principles of freedom along with more specific issues of public policy and transition to capitalism.

Cato has also published a number of books promoting its first principles. In the late 1970s, it sponsored a series of books on Austrian economics. *Freedom, Feminism, and the State* edited by Wendy McElroy and *Reclaiming the Mainstream: Individualist Feminism Rediscovered* by Joan Kennedy Taylor helped to revive an old tradition of classical-liberal feminism. David Boaz's *Libertarianism: A Primer* and *The Libertarian Reader* introduce readers to the basic tenets of libertarianism and document the procession of liberty-minded writers and philosophers since ancient times. Richard Epstein's *Simple Rules*

“Cato-ites believe that society would progress more smoothly toward fairness and tolerance, economic competition and environmental responsibility without government intervention.... Cato’s skepticism toward bureaucracies is consistent.... In 17 years the institute has made the case that government’s function is to protect life, liberty and property. Period.”

— *Los Angeles Times*, 1995



1985 : CATO EXECUTIVE VICE PRESIDENT DAVID BOAZ PRESENTS A COPY OF CATO’S RUSSIAN-LANGUAGE BOOK, *FRIEDMAN AND HAYEK ON FREEDOM*, TO WALTER POLOVCHAK, “THE LITTLEST DEFECTOR,” RIGHT AFTER HE WAS SWORN IN AS A U.S. CITIZEN, ENDING A FIVE-YEAR BATTLE TO AVOID BEING SENT BACK TO THE SOVIET UNION.

for a Complex World explains why basic classical liberal rules are the indispensable foundation for today's complex society. P. J. O'Rourke's *Eat the Rich*, of which Cato distributed a high school version, explains the basics of a free-market economy and the folly of socialism, in entertaining, accessible prose. Last but not least, the first section of each edition of the biennial *Cato Handbook for Congress* lays out the founding principles of our limited constitutional government and ties the book's policy proposals to that framework.

Cato has also put a good deal of effort into distributing pocket-sized Con-

stitutions to politicians and others around the country and the world. Cato has distributed more than two million Constitutions, including one to every member of Congress and every state legislator.

Cato scholars also work to educate students first hand in the principles of limited government. Cato's internship program brings in students from around the country and the world to work with our scholars and participate in rigorous seminars in classical-liberal thought. Cato scholars such as Tom Palmer and Roger Pilon routinely give talks at colleges and universities. ■



1990 : AT CATO’S SEMINARS, STUDENTS AND OTHER PARTICIPANTS HAVE A CHANCE TO TALK DIRECTLY WITH LEADING SCHOLARS, SUCH AS CHARLES MURRAY (LEFT).

02.82 : Cato publishes *Freedom, Feminism, and the State*, WITH CONTRIBUTORS INCLUDING WENDY MCELROY, ROSE WILDER LANE, SARAH AND ANGELINA GRIMKÉ, LYSANDER SPOONER, AND JEAN BETHKE ELSHTAIN.



05.82 : Cato publishes *Solidarnosc z Wolnoscia [Solidarity with Liberty]*, WHICH CONTAINS ESSAYS BY F. A. HAYEK, MILTON FRIEDMAN, LUDWIG VON MISES, MICHAEL POLANYI, AND OTHERS, AND SMUGGLES IT INTO POLAND. THE POLISH EMBASSY TELLS CNN THAT SUCH A PROJECT IS “INSANE.”

“We start with first principles. The Constitution created a Federal Government of enumerated powers.”

—U.S. v. LOPEZ, 1995

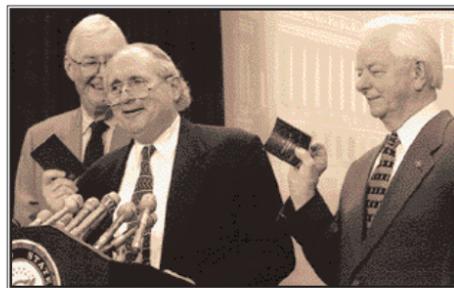
Takings
Private Property and the
Power of Eminent Domain
RICHARD A. FREY

ABAJ/LISA BERG

ARE YOU NOW OR HAVE YOU EVER BEEN A LIBERTARIAN?
SENATOR BIDEN ASKED CLARENCE THOMAS.

Enumerated Powers

THE CONSTITUTION AUTHORIZES limited government designed to protect individual liberty. Over time, however, both federal and state powers have expanded to touch almost every aspect of life. A major part of Cato's mission, therefore, has been to argue for restoring constitutional government by limiting federal powers to those enumerated in the Constitution and by encouraging judges to better protect liberty. That vision offers an alternative to both the evolving constitution of the left and the often majoritarian constitution of the right.



1998 : AT A CAPITOL HILL PRESS CONFERENCE ON THE LINE-ITEM VETO, SENS. CARL LEVIN AND ROBERT BYRD READ FROM THEIR CATO-SUPPLIED POCKET CONSTITUTIONS. SEN. PAT MOYNIHAN LOOKS ON.

To promote that vision, Cato established its Center for Constitutional Studies in 1989. Under the direction of Roger Pilon, the center has published 10 books and many papers on issues ranging from constitutional theory to judicial philosophy, federalism, property rights, term limits, and the Microsoft antitrust case. The center's books have included *The Rights*

“The Court is reaching the question at the heart of it all: Did we authorize all this government?” said Roger Pilon, an enthusiastic supporter of the Court’s new focus who runs the Center for Constitutional Studies at the Cato Institute, an influential libertarian research organization here.”

—*New York Times*, 1995



1984 : JUDGE ANTONIN SCALIA SMILES AS LAW PROFESSOR RICHARD EPSTEIN DIFFERS WITH HIS POSITION ON JUDICIAL PROTECTION OF ECONOMIC LIBERTIES.

Retained by the People: The History and Meaning of the Ninth Amendment (1989) edited by Randy Barnett, which helped revive the idea of unenumerated rights; *Forfeiting Our Property Rights* (1995) by Rep. Henry Hyde, which led to the reform of our nation's civil asset forfeiture laws; *Simple Rules for a Complex World* (1995) by Richard Epstein, which argued that an increasingly complex world requires law based on a few simple principles; and *The Rule of Law in the Wake of Clinton* (2000) edited by Roger Pilon, which documented how the Clinton administration's policies, actions, and legal briefs had systematically abused the Constitution, common and statutory law, our legal institutions, and the rule of law itself.

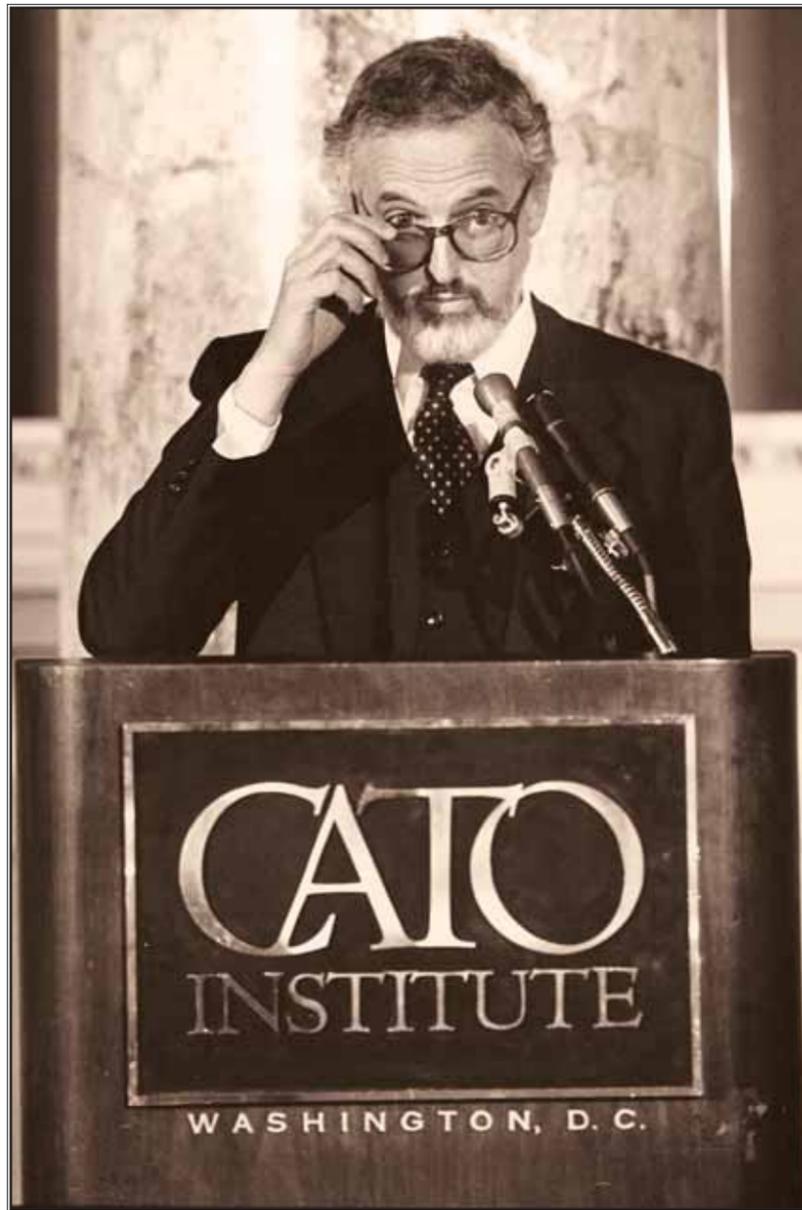
Cato has also gone to the front lines to uphold constitu-

01.83 : Cato hosts its first annual monetary conference, “The Search for Stable Money.” Among the participants are James Buchanan, Fritz Machlup, Karl Brunner, Allan Meltzer, Anna Schwartz, Gottfried Haberler, and Leland Yeager.



09.83 : Rep. Phil Gramm and Sen. William Proxmire highlight conference, “International Trade: Free Markets or Protectionism?”





1990 : JUDGE DOUGLAS GINSBURG DISCUSSES ANTITRUST LAWS AT A REGULATION MAGAZINE CONFERENCE.

tional principles. Center scholars have testified before Congress on numerous occasions and have submitted amicus briefs to the Supreme Court on important cases. In 1999, Cato filed an amicus brief in *United States v. Morrison*, arguing that Congress had exceeded its authority under both the Commerce Clause and the Fourteenth Amendment when it passed the Violence

Against Women Act. In 2000, Cato filed a brief in *Boy Scouts of America v. Dale*, arguing that the First Amendment right of free association permits private organizations such as the Boy Scouts to set their own membership and employment policies. The Court agreed in both cases. Cato also submitted an amicus brief in the Cleveland school choice case that the Court is expected to decide in 2002.

Leading jurists such as Chief Justice William H. Rehnquist, Justice Antonin Scalia, and Justice Clarence Thomas have visited Cato to discuss basic principles of constitutional law with our scholars. At a Cato conference in 1984, early in the push to better protect economic liberties, then-judge Scalia and Richard Epstein debated the proper role of the judiciary in upholding economic liberties. The conference proceedings were later published as a book, *Economic Liberties and the Judiciary*. Over the years, the center has held conferences on such topics as “RICO, Rights, and the Constitution,” “The Expanding Criminal Law,” and “The Politics and Law of Term Limits.” Speakers at center conferences and forums have included

such leading legal thinkers as Judges Douglas Ginsburg, Stephen Williams, David Sentelle, and Pasco Bowman; professors Ronald Rotunda, Douglas Kmiec, Nadine Strossen, and Charles Ogletree; and attorneys C. Boyden Gray, Theodore B. Olson, and Lloyd Cutler.

Cato’s constitutional scholars have been encouraged by the Supreme Court’s decisions in

“Americans ‘have today ignored economic liberties as a vital part of the rights protected by constitutional government,’ [Clarence Thomas] wrote in an article for the Cato Institute, which has been at the forefront of developing the contemporary natural-rights philosophy.”

— *Washington Post*, 1991

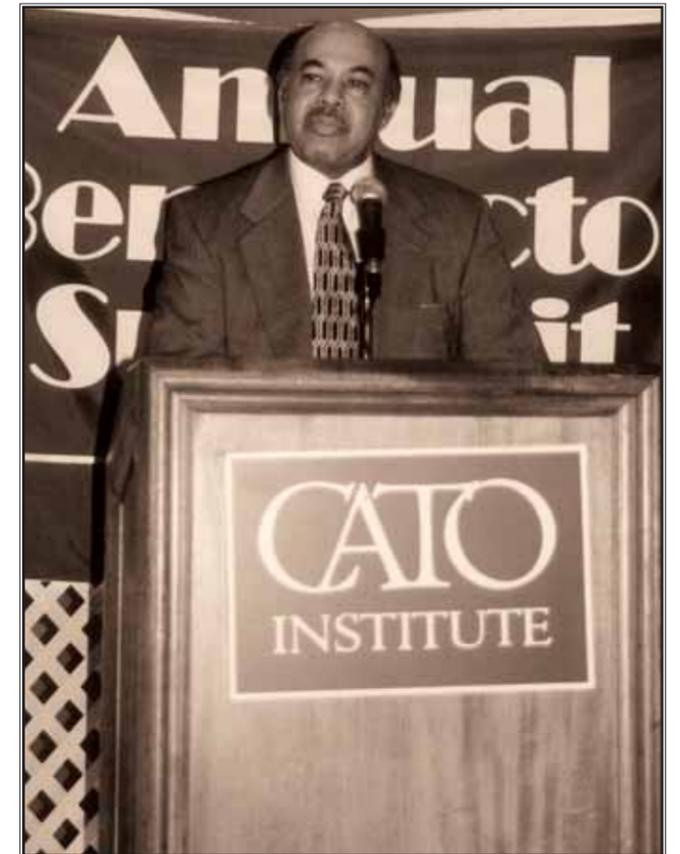
recent years limiting both federal and state power. In *United States v. Lopez* (1995), for example, the Court found that Congress had no authority under the Constitution to enact the Gun-Free School Zones Act of 1990. And in *Troxel v. Granville* (2000), the Court held that the grandparent visitation act passed by the Washington State legislature violated the rights of parents under the Fourteenth Amendment. Decisions such as those show renewed respect for the limits of government and for our first principles as a nation. ■



1987 : ED CRANE TALKS WITH CLARENCE THOMAS AT CATO’S CONFERENCE, “ASSESSING THE REAGAN YEARS.”



1998 : ROGER PILON WELCOMES CHIEF JUSTICE WILLIAM REHNQUIST TO CATO FOR LUNCH WITH THE SCHOLARS OF THE CENTER FOR CONSTITUTIONAL STUDIES.



1998 : CIVIL RIGHTS LEADER WARD CONNERLY SPEAKS AT CATO’S 10TH ANNUAL BENEFACTOR SUMMIT ABOUT HIS EFFORTS TO ABOLISH RACIAL QUOTAS.

11.83 : Cato publishes *Telecommunications in Crisis: Technology, Deregulation, and the First Amendment*, which argues for a free market in the frequency spectrum.



08.84 : In *Beyond Liberal and Conservative: Reassessing the Political Spectrum*, William S. Maddox and Stuart A. Lilie examine survey data and conclude that the public cannot be divided into only two ideological camps: liberal and conservative. In fact, a sizable portion of the public holds views that would be characterized as libertarian.



“Experience should teach us to be most on our guard to protect liberty when the government’s purposes are beneficent.”

—LOUIS BRANDEIS

FEDERAL AGENTS SEIZE ELIAN GONZALEZ IN THE WEE HOURS AFTER GOOD FRIDAY.

AP/WIDE WORLD PHOTOS

Restraining Power

THE EXPANSION OF GOVERNMENT over the last 100 years has posed a continuing threat to Americans' civil liberties as creeping bureaucracy and lawless state action have trampled civil liberties and the rule of law. For that reason, the Cato Institute has dedicated itself to protecting the rights of Americans, however they are threatened.



1997 : WILLIAM F. BUCKLEY JR. TALKS WITH NAT HENTOFF AT CATO'S 20TH ANNIVERSARY CELEBRATION.

One of the biggest ongoing threats to the civil liberties of all Americans is the War on Drugs. Through civil asset forfeiture, increased surveillance powers, and other intrusions meant to crack down on drug users and dealers, the federal and state governments have infringed on the rights of

all Americans, while doing little to curtail the prevalence of drugs in our society. In 1988, executive vice president David Boaz penned an op-ed in the *New York Times* titled "Let's Quit the Drug War," arguing that drug prohibition is futile and destructive. In 1990, Cato published *The Crisis in Drug Prohibition*, which demonstrated a growing belief on both the right and the left that the War on Drugs had failed and should be ended. In 2000, with the case for ending drug prohibition having gained significant ground in the 1990s, Cato published *After Prohibition: An Adult Approach to Drug Policies in the 21st Century* edited by Timothy Lynch, which explored how a

more reasonable approach to the problem of drug use could be fashioned in the United States. This book grew out of a Cato conference that featured New Mexico's governor Gary

"The name of the book is 'After Prohibition: An Adult Approach to Drug Policies in the 21st Century.'... The essays are among the most damning indictments of the drug war ever assembled in one volume."

— Judy Mann, *Washington Post*, 2001

Johnson and former California attorney general Daniel Lungren, among others. Cato has defended industries and corpora-



1999 : LEFT, CENTER, AND RIGHT AGREE ON CIVIL ASSET FORFEITURE REFORM: IRA GLASSER, EXECUTIVE DIRECTOR OF THE AMERICAN CIVIL LIBERTIES UNION; ROGER PILON, CATO'S VICE PRESIDENT FOR LEGAL AFFAIRS; AND REP. HENRY HYDE, CHAIRMAN OF THE HOUSE JUDICIARY COMMITTEE.

CATO 25 2001 ANNUAL REPORT

CATO 25 2001 ANNUAL REPORT

10.84 : Cato hosts a well-attended conference titled "Economic Liberties AND THE JUDICIARY." AT THE CONFERENCE FUTURE SUPREME COURT JUSTICE ANTONIN SCALIA AND UNIVERSITY OF CHICAGO PROFESSOR RICHARD EPSTEIN SPAR OVER THE ISSUE OF ECONOMIC FREEDOM.

05.85 : William A. Niskanen, formerly of the president's COUNCIL OF ECONOMIC ADVISERS, BECOMES CHAIRMAN OF THE CATO INSTITUTE'S BOARD OF DIRECTORS.



tions that have come under unjust attack by the U.S. government. When the Clinton administration and a handful of state and local governments got the idea of suing gun manufacturers for crimes committed with their products, Cato's senior fellow in constitutional studies Robert Levy unleashed a barrage of articles, in publications including the *National Law Journal* and the *Weekly Standard*, that exposed the



1993 : NADINE STROSSEN, PRESIDENT OF THE ACLU, DISCUSSES FREEDOM AT THE GRAND OPENING DINNER FOR CATO'S NEW BUILDING.

“The ‘less government, more freedom’ slogans this week echo the libertarian Cato Institute.”

— *Wall Street Journal*, Nov. 10, 1994

blatant extortion taking place. The abusive prosecution of the tobacco industry is another area where the Institute has spoken out, as well as the unconstitutional settlement between the tobacco companies and the government. Levy testified many times before the Senate Judiciary Committee on the matter, and Cato published a number of papers and placed a number of articles criticizing the process from beginning to end. Cato scholars have also published a number of papers, commentaries, and law review articles critical of the federal government's antitrust case against Microsoft.

Over the last century, the property rights of Americans have been under attack by government

through zoning restrictions and regulatory takings of land. Cato scholars have testified before Congress on the issue of environmental regulations that unconstitutionally take land from property owners without providing any compensation. The Institute has also published numerous scholarly articles on property rights in its *Regulation* magazine as well as in other publications. In addition to a chapter on property rights and regulatory takings in the *Cato Handbook for Congress*, Cato has published books on the subject, including *Grassroots Tyranny: The Limits of Federalism* by Clint Bolick, vice president of the Institute for Justice, and *Forfeiting Our Property Rights: Is Your Property Safe from Seizure?* by former House Judiciary Committee chairman Henry Hyde.

Showing a distinct lack of respect for property rights, civil liberties, and the rule of law in general was the Clinton administration. Cato consistently criticized the Clinton administration's abusive policies, and in *The Rule of Law in the Wake of Clinton*, the Institute summed up many of the arguments it made during that era and offered some historical perspective on just how dangerous that administration was in terms of twisting the meaning of the Constitution, promoting unwarranted searches, expanding property forfeiture, undermining the common law by pursuing lawsuits against tobacco and gun manufacturers, and politicizing the judicial process in general. Contributors to that volume included future solicitor general Ted Olson, American Civil Liberties Union president



1997 : ROGER PILON WELCOMES JUSTICE CLARENCE THOMAS TO A LUNCH WITH THE CENTER FOR CONSTITUTIONAL STUDIES.



1999 : FORMER WHITE HOUSE COUNSEL C. BOYDEN GRAY AND *WEEKLY STANDARD* EDITOR WILLIAM KRISTOL TALK WITH MICROSOFT CORP. CHAIRMAN BILL GATES AT A CATO RECEPTION FOR GATES.

Nadine Strossen, and University of California law professor John C. Yoo.

Cato has also worked to protect First and Second Amendment rights. The Institute has published papers and articles defending the right to self-defense and to keep and bear arms, and Roger Pilon has testified before Congress many times about the unconstitutionality of campaign finance restrictions as well as such misguided ideas as a flag desecration amendment. ■



1999 : WASHINGTON, D.C., POLICE CHIEF CHARLES RAMSEY AND CATO'S TIM LYNCH PAUSE AS PROTESTERS INTERRUPT RAMSEY'S SPEECH AT A CATO FORUM ON POLICE CORRUPTION.

07.85 : *In National Economic Planning: What Is Left?* DON LAVOIE ARGUES THAT CENTRALLY PLANNED ECONOMIES ARE INHERENTLY UNSTABLE, THUS FORESHADOWING THE DEMISE OF COMMUNISM THROUGHOUT CENTRAL AND EASTERN EUROPE.



07.85 : Along with 10 other organizations, Cato publishes JULIAN SIMON'S LENGTHY STUDY, "HOW DO IMMIGRANTS AFFECT US ECONOMICALLY?" WHICH DEBUNKS MANY OF THE ARGUMENTS MADE BY OPPONENTS OF LIBERAL IMMIGRATION POLICIES.

“It is our true policy
to steer clear of
entangling alliances
with any portion of
the foreign world.”

— GEORGE WASHINGTON

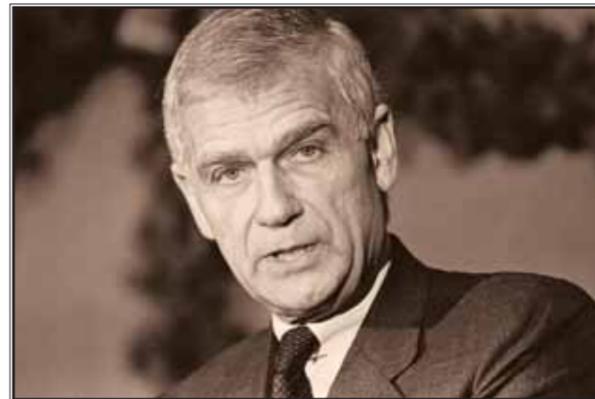


CORBIS/REUTERS

TERRORISTS ATTACK AMERICA, SEPTEMBER 11, 2001.

American Interests

CATO'S FOREIGN POLICY VISION is guided by the wisdom expressed in Thomas Jefferson's first inaugural address: "Peace, commerce, and honest friendship with all nations, entangling alliances with none." Accordingly, Cato's foreign policy work has supported the concept of a national defense based on strategic independence, a strong military, and nonintervention. Although the events of September 11 have created a world that is vastly more complex strategically,



1987: SEN. MARK HATFIELD DISCUSSES U.S.-SOVIET RELATIONS AT CATO'S CONFERENCE, "COLLECTIVE SECURITY OR STRATEGIC INDEPENDENCE?"

they have also confirmed that protecting our own shores should be America's first and foremost foreign policy concern.

Cato's defense and foreign policy department has published a number of books analyzing world affairs and arguing for a more restrained U.S. presence abroad. As early as 1982, the Institute published Earl Ravenal's analyses of the costs and risks of U.S. involvement in NATO. In 1994, Cato published *Beyond NATO*, in which Ted Galen Carpenter, vice president for defense and foreign policy studies at Cato, argued that whatever usefulness NATO might have had had ended with the Cold War and that Europe should be responsible for its own defense and security. In 1996, Cato published *Delusions of Grandeur*, a collection of essays critical of the United Nations, which argued that collective security is neither desirable nor practical and that the UN's social and environmental agenda does not deserve American support. Also in 1996, Cato published *Tripwire: Korea and U.S. Foreign Policy in a Changed World* by senior fellow Doug Bandow. In the book, Bandow argued that the United States should end its military involvement in South Korea because that country is capable of defending itself and a U.S. troop presence no longer serves U.S. strategic interests. In 1999, Cato pub-



1988: CATO SCHOLARS TED GALEN CARPENTER AND EARL RAVENAL DISCUSS FOREIGN POLICY STUDIES.



1999: CATO SPONSOR DONALD H. RUMSFELD SPOKE AT CATO'S CHICAGO SEMINAR.

"Ravenal says that the United States should adopt a 'noninterventionist' defense policy that would provide sufficient national security while saving billions of dollars."

— *Christian Science Monitor*, 1984

lished *NATO's Empty Victory* edited by Ted Galen Carpenter, which criticized intervention in Yugoslavia as bound to mire the United States

09.85: Cato publishes *Friedman and Hayek on Freedom*, a Russian-language collection of essays by those two Nobel laureates. The book is distributed to Russian émigrés in the United States and Western Europe and smuggled into the Soviet Union.

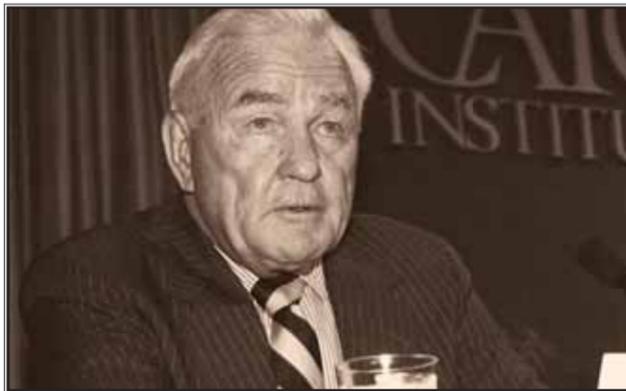
07.86: In *The New Right v. the Constitution*, Stephen Macedo argues that the majoritarianism of many conservative judges tramples upon constitutionally guaranteed liberties.



1998 : FORMER SENATOR GARY HART DISCUSSED THE RISKS OF NATO EXPANSION AT A CATO FORUM.

“The scholars at the Cato Institute, which opposes government meddling whether in the economy or abroad, came out early and strongly against Bush’s decision to send troops to Saudi Arabia. As a result, their opinions have appeared in 82 separate radio, television and newspaper outlets since the beginning of the crisis.”

— *Washington Post*, 1990



1999 : ADM. STANFIELD TURNER, FORMER DIRECTOR OF THE CIA, TELLS A CATO POLICY FORUM THAT THE UNITED STATES SHOULD REDUCE ITS NUMBER OF NUCLEAR WEAPONS.



1991 : LEADING RUSSIAN LIBERAL GRIGORY YAVLINSKY WAS AMONG THE SPEAKERS AT CATO’S SECOND MOSCOW CONFERENCE, COSPONSORED WITH *KOMSOMOLSKAYA PRAVDA*.

in an interminable and futile nation-building mission in the Balkans.

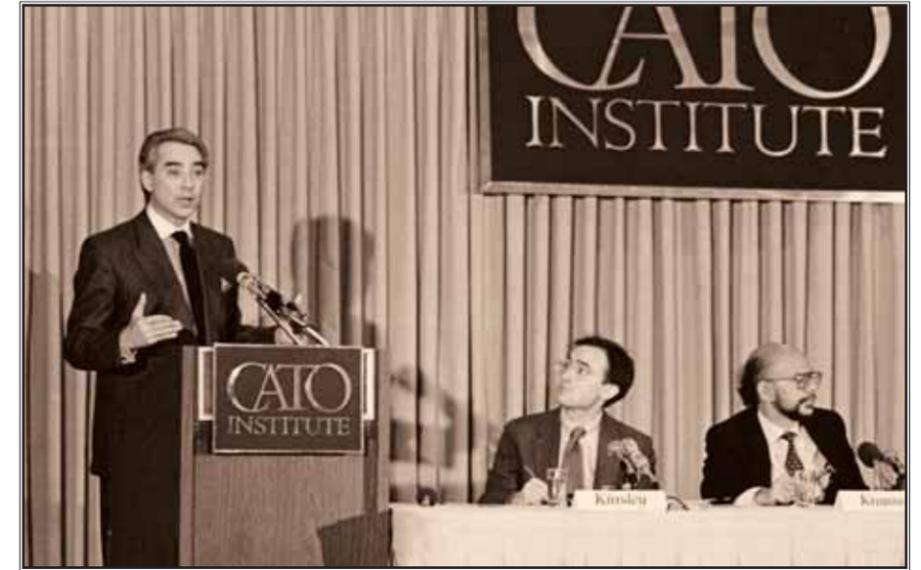
Cato has also held many Policy Forums on defense and foreign policy issues. Topics have included the war in Bosnia, NATO expansion, and national missile defense. In 1989, Cato held a conference titled “NATO at 40: Confronting a Changing World.” The conference assessed the usefulness of the alliance in view of the cooling of the Cold War. Speakers included Rep. Patricia Schroeder (D-Colo.) and Irving Kristol. In 1991, a week before Operation

Desert Storm began, Cato held a conference titled “America in the Gulf: Vital Interests or Pointless Entanglement?” Participants included Charles William Maynes, then-editor of *Foreign Policy*, as well as Sen. Brock Adams (D-Wash.) and economist David R. Henderson. Papers from the conference were published in a book titled *America Entangled: The Persian Gulf Crisis and Its Consequences*.

Cato also pointed out the risk of terrorism prior

to September 11. In 1998, Cato published a study by Ivan Eland, director of defense policy studies, titled “Does U.S. Intervention Overseas Breed Terrorism? The Historical Record.” Citing Defense Department reports, he argued that “the United States could reduce the chances of such devastating—and potentially catastrophic—terrorist attacks by adopting a policy of military restraint overseas.” In the 1996 study “Why Spy? The Uses and Misuses of Intelligence,” Cato research fellow Stanley Kober argued that intelligence agencies focus too much attention on economic espionage when they should devote

their resources to the most serious security threats, principally international terrorism and adverse political trends. ■



1987 : MODERATOR MICHAEL KINSLEY AND AUTHOR MELVYN KRAUSS LISTEN AS RICHARD BURT, U.S. AMBASSADOR TO WEST GERMANY, ARGUES AGAINST U.S. WITHDRAWAL FROM NATO AT A CATO FORUM.



1991 : MORE THAN 300 PEOPLE ATTENDED CATO’S CONFERENCE ON THE PERSIAN GULF WAR IN JANUARY.

09.86 : *Newsweek* says Cato “has helped change the terms of debate by challenging Washington’s conventional wisdom with a provocative appeal for the future.”



10.86 : Cato publishes *Scalia vs. Epstein: Two Views on Judicial Activism*, in which the two legal scholars square off on the role of judges.





“Democratic liberties have not yet appeared, except fleetingly, in any nation that has declared itself to be fundamentally anticapitalist.”

—ROBERT HEILBRONER

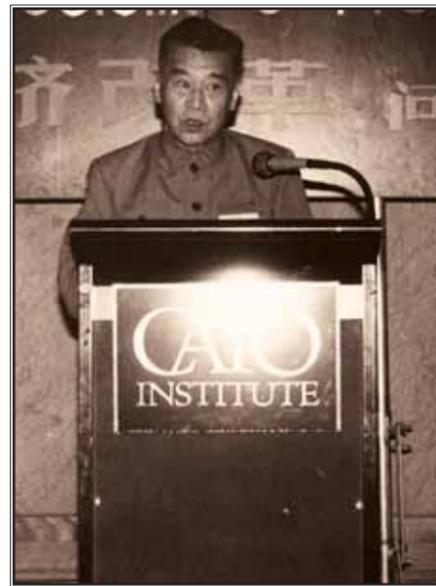
LECH WALESA LEADS THE GDANSK SHIPWORKERS IN A CHALLENGE TO COMMUNISM.

AP/WIDE WORLD PHOTOS

Subverting Socialism

C A T O 2 5 2 0 0 1 A N N U A L R E P O R T

THE GREATEST THREAT to human liberty worldwide over the last century, and a threat that continues today, is the Marxist ideology that gripped Russia for the better part of a century and still grips countries such as China, North Korea, and Cuba. Cato has worked to fight that deadening, corrupting, and tyrannical ideology, holding conferences and public events in communist countries as well as distributing pro-liberty literature where it is sorely needed.



1988 : CHINESE SCHOLAR PU SHAN COMMENTS ON MILTON FRIEDMAN'S REMARKS AT CATO'S CONFERENCE IN SHANGHAI.



1990 : ED CRANE TAKES A SNAPSHOT AT CATO'S OPEN FORUM IN MOSCOW, WHICH DREW MORE THAN 800 PARTICIPANTS.

In 1990, Cato held a week-long conference in Moscow titled "Transition to Freedom: The New Soviet Challenge." The largest gathering of classical-liberal thinkers ever to take place in the Soviet Union, the conference was held as Communists and reformers argued with each other all over town. Participants included Nobel laureate James Buchanan, Charles Murray, and numerous Russian scholars and members of the Russian parliament. At the conference, Cato president Ed Crane presented a bust of F. A. Hayek to Yevgeny Primakov, chairman of the Council of the Union of the Supreme Soviet, as more than 1,000 Soviet citizens attended their first "open forum." Both Russian and English editions of the conference papers

"Since 1988, the Cato Institute has helped China promote the fundamental principles of freedom, limited government, and civil society.... I, as a Chinese liberal, sincerely thank you and wish you further success in advancing liberty and justice throughout the world."

—Mao Yushi, Chairman, Unirule Institute, Beijing

on property rights, privatization, nuclear arms reduction, and the future of European security were published the following year.

In 1991, Cato returned to Moscow for "All the President's Men: Perestroika Yesterday, Today, and Tomorrow." Some 250 repre-

C A T O 2 5 2 0 0 1 A N N U A L R E P O R T

1976 1977 1978 1979 1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001

02.87 : Cato co-publishes *The Search for Stable Money* WITH THE UNIVERSITY OF CHICAGO PRESS. IT INCLUDES ESSAYS BY THREE NOBEL LAUREATES AND 20 OTHER CONTRIBUTORS.

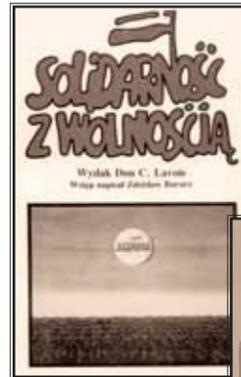


05.87 : Cato celebrates its tenth anniversary AT A DINNER FOR MORE THAN 600 PEOPLE AT THE WILLARD HOTEL.



representatives of the news media from the Soviet Union, Eastern Europe, the United States, and elsewhere attended. On the opening day, 16 television cameras were lined up to record the historic event. The conference was held in the Oktyabrskaya Hotel, built in the 1970s for the Central Committee of the Communist Party of the USSR. The opening-night speaker was Vladimir Bukovsky, making his first trip back to his native land since his exile in the 1970s. The conference was dominated by the leading advocates in the government for market reform. A few holdover Communists made grudging appearances, while the liberals made impassioned declarations about the need for private property, free pricing, and individual liberty. Little did the attendees know that before the year was over the Soviet Union would cease to exist.

Cato has also held four conferences in China, the earliest in 1988. Titled “Economic Reform in China: Problems and Prospects,”



1982: SOLIDARITY WITH LIBERTY IS SMUGGLED INTO POLAND.



1985: FRIEDMAN AND HAYEK ON FREEDOM GOES TO RUSSIA.

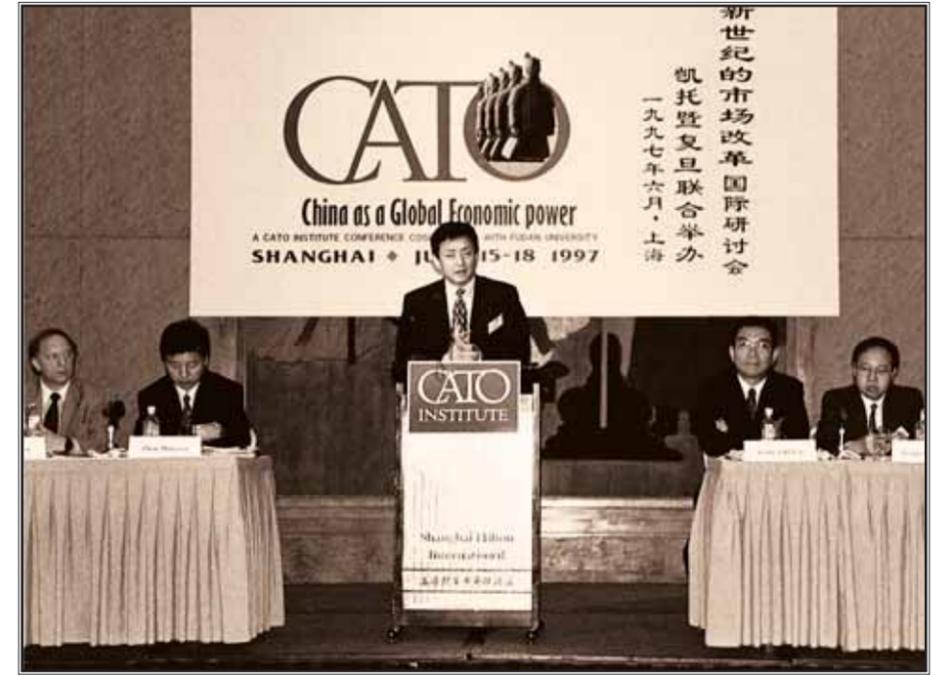
the conference, held in Shanghai, featured speakers including Nobel laureate Milton Friedman, economist Stephen Cheung, and author George Gilder. As a front-page story in the *China Daily* noted, the event focused on the question “Should China reform its economy step by step or all at once?” The conference enabled distinguished Chinese and Western scholars to discuss the progress of China’s reform movement and consider what kinds of market reforms are essential for further modernization and development. A book of conference papers was published in English and Chinese. The English edition came out in 1990, but the Chinese government’s reaction to pro-democracy demonstrations in Tiananmen Square and the fact that Milton Friedman met with a former head of the Communist Party who had fallen out of favor prevented the Chinese-language version from being released until 1993. The way to publication was apparently cleared when Friedman returned to China in 1993 and visited with Jiang Zemin, the Communist Party’s general secretary and president.

Cato held subsequent conferences in China in 1997, 2000, and 2001. The 1997 conference, held again in Shanghai, was titled “China as Global Economic Power: Market Reforms in the New Millennium,” and featured speakers included Wu Jie, vice minister of the State Commission for Restructuring the Eco-

nomic System; William McGurn, deputy editor of *The Far Eastern Economic Review*; and China scholars Nicholas Lardy, Kate Xiao Zhou, Y. C. Richard Wong, and Barry Naughton. P. J. O’Rourke was there as well, to speak about equality. Conference papers were collected in a book in 1998. In 2000, Cato held a conference in Hong Kong on “Globalization, the WTO, and Capital Flows: Hong Kong’s Legacy, China’s Future.” Joseph Yam, chief executive of the Hong Kong Monetary Authority, predicted that China’s accession to the WTO would promote liberalization and expand and deepen Hong Kong’s capital markets. In 2001, Cato and the China Center for Economic Research at Peking University held a joint conference in Beijing to discuss market reform of China’s pension system.

Cato has also fought against Marxism by distributing important books on liberty to countries where the public has been deprived of such ideas. Toward the end of the Cold War, Cato made a concerted effort to smuggle copies of such books to Russia and Poland. In 1984, Cato used various underground channels to send *Solidarity with Liberty* (in Polish) and *Friedman and Hayek on Freedom* (in Russian) into those two communist countries. The success of this effort was evidenced at the time by a front-page news article in Poland’s national army newspaper criticizing

Solidarity with Liberty. In 1989, Cato sent copies of those books directly to new members of Poland’s parliament and the Soviet Politburo. Ten years later, the Institute presented pocket copies of the U.S. Constitution to 2,000 Russian political leaders visiting the United States. ■



1997: FAN GANG OF THE CHINA REFORM FOUNDATION SPEAKS AT CATO’S SECOND CONFERENCE IN SHANGHAI. LISTENING ARE CATO’S JIM DORN, CHINESE SCHOLARS ZHOU MINGWEI AND JUSTIN YIFU LIN, AND HONG KONG PUBLISHER YEUNG WAI HONG.

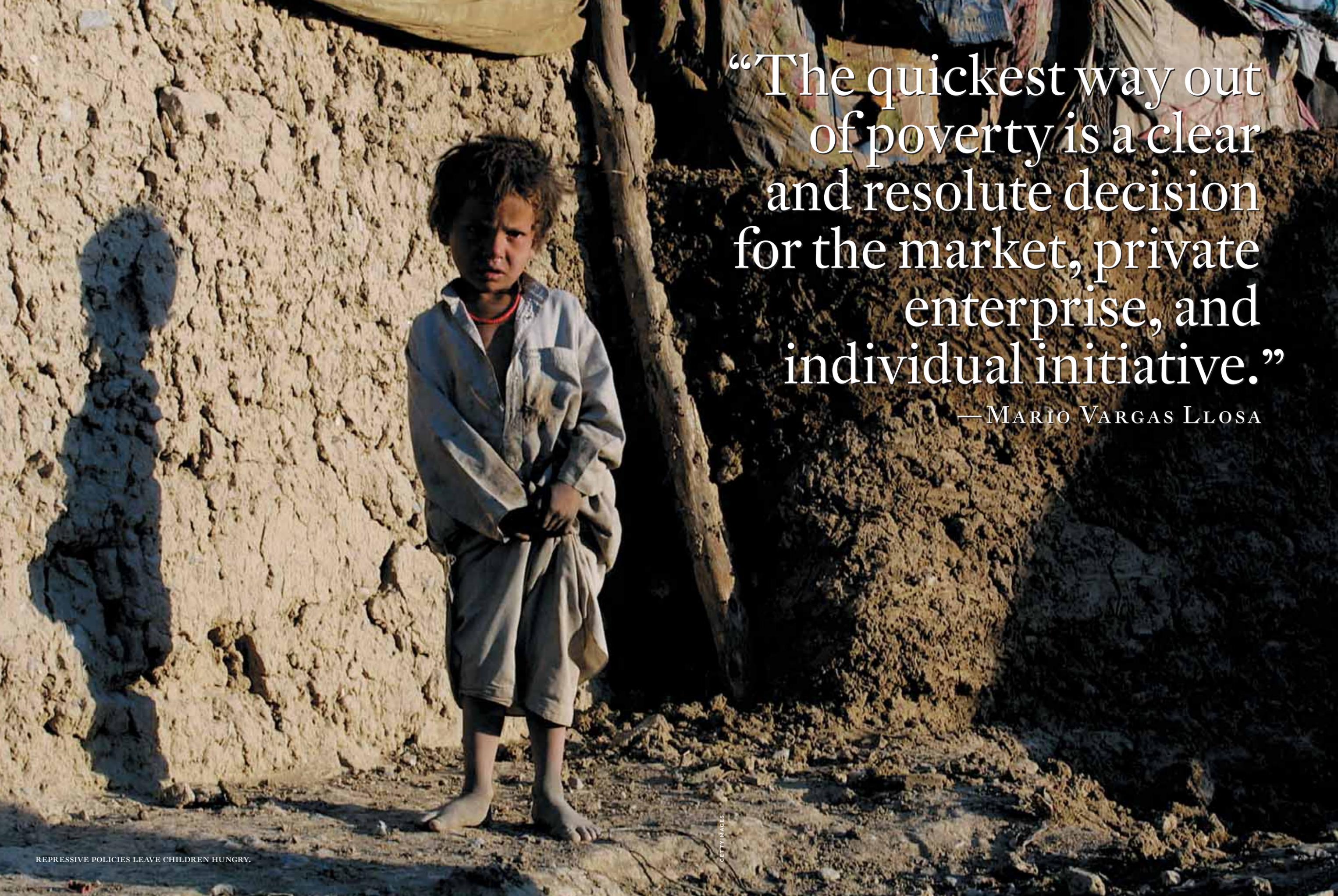
“When Cato’s president Edward H. Crane reminded the large audience that ‘the government that governs least governs best’... hundreds of Russians clapped and cheered wildly. Only a handful of die-hard Communists sat glum-faced, arms folded.”

— *Wall Street Journal*, 1988



1988: TRANSLATOR JUNE MEI HELPS MILTON FRIEDMAN ANSWER QUESTIONS AT AN IMPROMPTU NEWS CONFERENCE AT CATO’S SHANGHAI CONFERENCE.



A young child with dark, curly hair stands in front of a rough, textured wall made of mud or clay. The child is wearing a light-colored, long-sleeved shirt and shorts, and is barefoot. The child's expression is somber. The background shows more of the wall and some colorful fabric hanging from above. The lighting is bright, casting shadows on the wall.

“The quickest way out
of poverty is a clear
and resolute decision
for the market, private
enterprise, and
individual initiative.”

—MARIO VARGAS LLOSA

A World of Free People

WHILE MUCH OF THE CATO Institute's mission is focused domestically, the Institute also looks to other regions of the world in need of personal and economic freedom.

Cato has undertaken a number of initiatives to spread classical-liberal ideas to places where they have been lacking.

The Project on Global Economic Liberty, directed first by Melanie S. Tammen and since 1992 by Ian Vásquez, has published a number of books and studies, as well as held numerous forums and conferences dealing with the problems of the developing world. The project seeks to demonstrate that a country's domestic policies and institutions are the primary determinants of



1991 : ED CRANE TALKS WITH SOVIET EXILE VLADIMIR BUKOVSKY, WHO RETURNED TO RUSSIA FOR THE FIRST TIME TO SPEAK AT CATO'S SECOND MOSCOW CONFERENCE.

its economic progress and that the best path toward development is one based on open markets, private property rights, and the rule of law. Books published by the project have included *Global Fortune: The Stumble and Rise of World Capitalism*, *The Revolution in Development Economics*, and *China in the New Millennium*. Conferences have included "The Crisis in Global Interventionism," held in 1999, featuring experts from four continents who discussed the causes of recurring financial turmoil and the importance of moving toward the free market. "Liberty in the Americas: Free Trade and Beyond" in Mexico City in 1992 was cosponsored with CISLE (El Centro de Investigaciones Sobre la Libre Empresa) and featured top policymakers and market-liberal thinkers from the hemisphere. In 1998, Cato cosponsored "Deregulation in the Global Marketplace: Challenges for Japan and the United States in the 21st Century" with Keidanren, Japan's largest business association, in Tokyo.

Communist nations have, of course, exhibited the starkest absence of economic and other freedoms in the last few decades. As noted in "Cato against Marxism," Cato smuggled *Solidarity with Liberty* into Poland and *Friedman and Hayek on Freedom* into Russia. And Cato Insti-



1992 : THINK TANK PRESIDENT LUIS PAZOS, LATER CHAIRMAN OF THE MEXICAN CONGRESS'S BUDGET COMMITTEE, AND MILTON FRIEDMAN WERE AMONG THE SPEAKERS AT CATO'S MEXICO CITY CONFERENCE, "LIBERTY IN THE AMERICAS," WHICH DREW MORE THAN 500 PEOPLE FROM ACROSS THE HEMISPHERE.

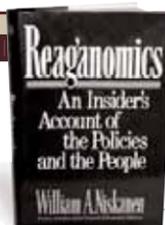
"At a conference co-sponsored by Shanghai's Fudan University and the Cato Institute... Milton Friedman warned China today that soaring inflation could cripple its economy unless steps were taken to speed up the conversion of state-run enterprises to private ownership."

—*New York Times*, 1988

tute conferences in the Soviet Union and China brought classical-liberal ideas to those countries more openly than ever before.

The Cato Institute has also focused on pension and economic reform throughout the world. In 1998, the Institute cosponsored with *The Economist* a conference in London on "Solving the Global Public Pensions Crisis:

10.88 : Oxford University Press publishes *Reaganomics: An Insider's Account of the Policies and the People* by William A. Niskanen, named one of the 10 best business books of the year by *BUSINESS WEEK*.

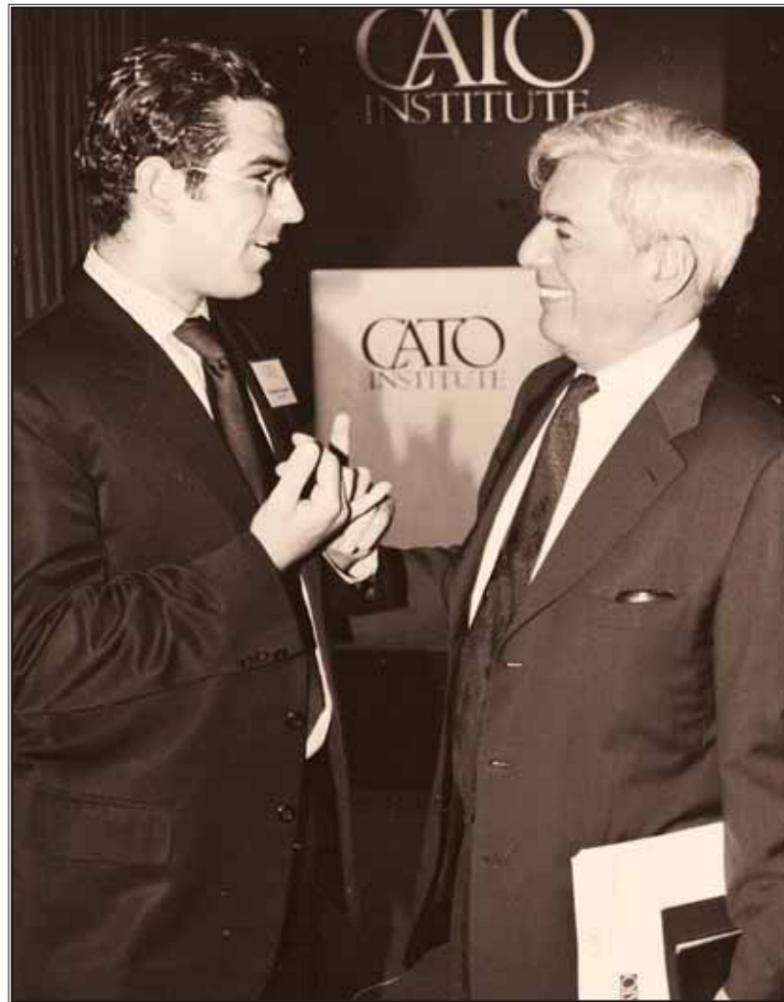


01.89 : Cato releases *An American Vision: Policies for the '90s*, edited by Ed Crane and David Boaz.



Opportunities for Privatization.” Among the speakers were Nobel laureate Gary Becker; Frank Field, Britain’s minister of state for social security and welfare reform; José Piñera, co-chairman of the Cato Project on Social Security Privatization; and Marek Belka, former finance minister of Poland. Also, representatives from four Latin American countries that have privatized their public pension systems—in full or in part—reported that privatization has proven extremely popular and that, despite numerous warnings to the contrary, workers do possess enough investment savvy to participate fully in the new systems.

In 2001, Cato cosponsored another conference with *The Economist*, this one in Mexico on “Money and Markets in the Americas: A New Agenda.” Speakers included Mexico’s minister of finance, Francisco Gil Díaz; Robert McTeer Jr.,



1999 : FERNANDO ALESSANDRI, WEBMASTER FOR CATO’S SPANISH-LANGUAGE SITE, WWW.ELCATO.ORG, TALKS WITH PERUVIAN NOVELIST MARIO VARGAS LLOSA, A CATO DISTINGUISHED LECTURER.



MANY OF CATO’S BOOKS HAVE BEEN TRANSLATED INTO CHINESE, JAPANESE, RUSSIAN, SPANISH, AND OTHER LANGUAGES.

president of the Federal Reserve Bank of Dallas; Guillermo Ortiz, governor of Banco de México; and Robert Mundell, Nobel laureate in economics and professor of economics at Columbia University. It was the third major Cato conference in Mexico City.

Cato has put further emphasis on Latin America with the launch of its Span-

ish-language website Elcato.org. Elcato.org provides original essays in Spanish by Cato scholars and translations of many of Cato’s op-eds and policy studies, as well as additional content, such as essays dealing with globalization and current events throughout the Western Hemisphere, specifically targeted to a Latin American audience.

Scholars such as Peter Bauer, Hernando de Soto, and Mario Vargas Llosa have worked with the Project on Global Economic Liberty to improve living standards around the world. Project scholars have often been critical of the

World Bank and the International Monetary Fund, as in the 1994 book *Perpetuating Poverty: The World Bank, the IMF, and the Developing World* edited by Doug Bandow and Ian Vásquez. Other frequent targets have been the U.S. war on drugs in Latin America, the futile U.S. embargo against Cuba, and centralized development planning

“U.S. aid to Third World countries has undermined agriculture, created massive corruption and contributed to the current starvation problem in those areas, said a report issued yesterday by the Cato Institute.”

—United Press International, 1986



1989 : ANTI-APARTHEID CRUSADER HELEN SUZMAN GREETES GUESTS AFTER HER DISTINGUISHED LECTURE ON THE PROSPECTS FOR CHANGE IN SOUTH AFRICA.



1994 : CATO’S IAN VÁSQUEZ, FEDERAL RESERVE GOVERNOR LAWRENCE LINDSEY, AND GERALD P. O’DRISCOLL JR. MEET THE PRESS AT THE 12TH ANNUAL MONETARY CONFERENCE, IN MEXICO CITY.

in Third World countries. Along with the Fraser Institute of Canada, Cato publishes *Economic Freedom of the World*, which rates more than 100 countries on their economic policies. While communist and Latin American countries have drawn most of the project’s attention, Africa has not gone unnoticed, with such books as *South Africa’s War against Capitalism* by Walter Williams (1989) and *Africa Betrayed* by George Ayittey (1992).

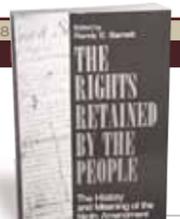
People from all over the world visit Cato’s websites, and the Institute receives a constant stream of scholars, elected officials, and activists from other countries. Many of them seek the advice of Cato scholars on bringing free markets and the rule of law to their countries. Those ideas have also been spread by the many interns and Cato University attendees from outside the United States. ■

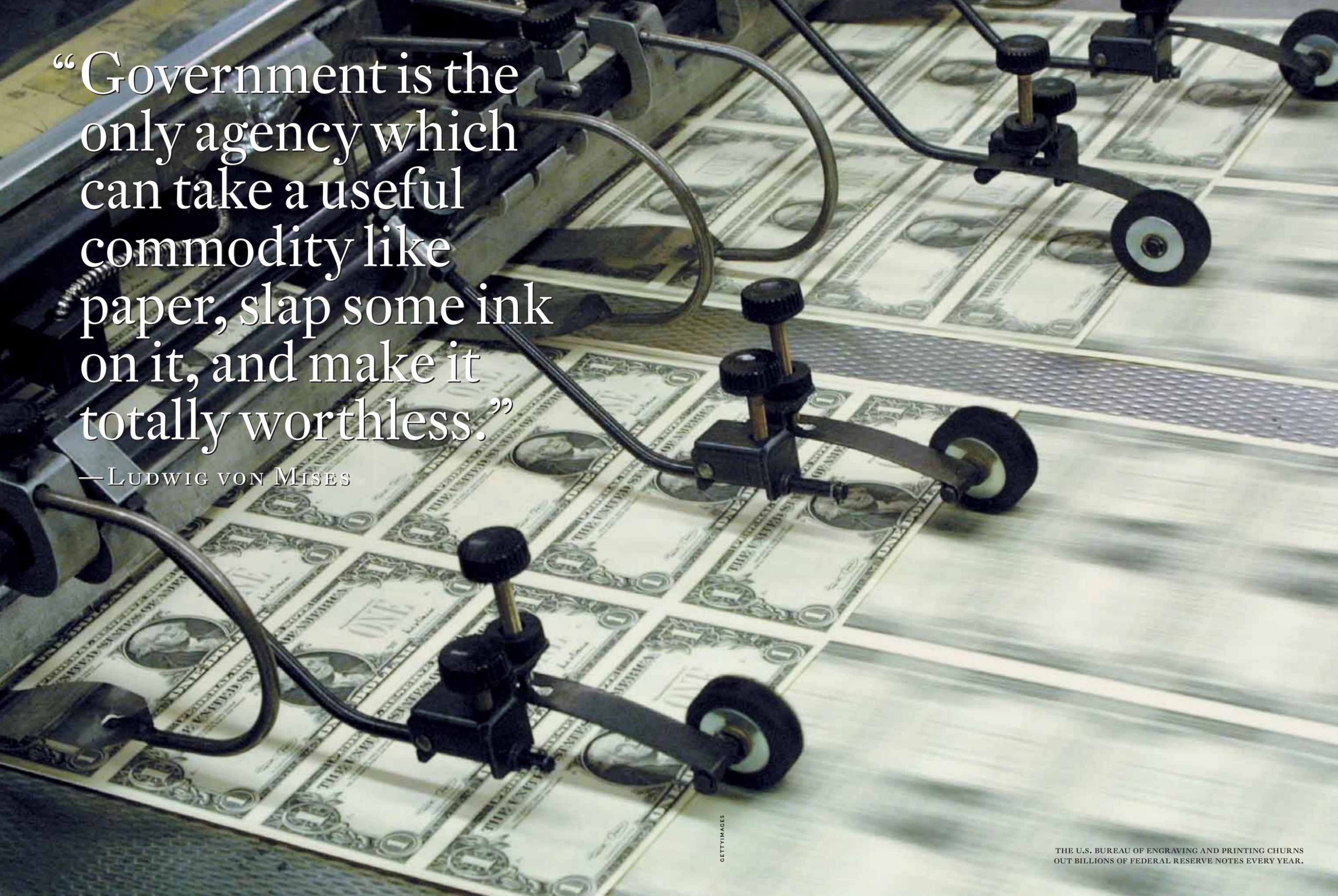
1976 1977 1978 1979 1980 1981 1982 1983 1984 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 2000 2001

04.89 : Cato hosts a day-long conference titled “NATO at 40: CONFRONTING A CHANGING WORLD.” AMONG THE SPEAKERS ARE AUTHOR IRVING KRISTOL AND EARL RAVENAL OF GEORGETOWN UNIVERSITY.



12.89 : In *The Rights Retained by the People: The History and Meaning of the Ninth Amendment*, editor Randy Barnett argues that the Ninth Amendment creates a general presumption in favor of liberty.





“Government is the only agency which can take a useful commodity like paper, slap some ink on it, and make it totally worthless.”

—LUDWIG VON MISES

Sound Money

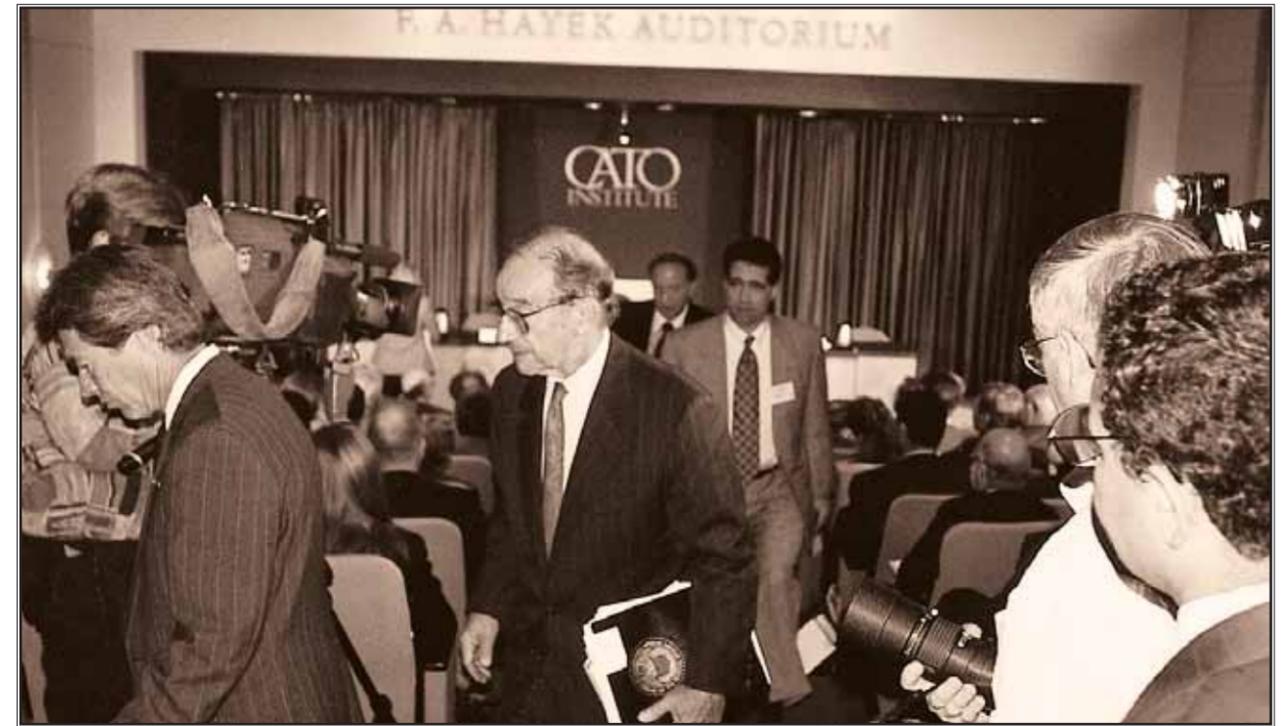
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STABLE MONEY IS THE FOUNDATION of stable government, as the Founders of our country knew quite well. If the value of money is unstable, that instability makes business planning more difficult and interferes with the smooth operation of the market price system.



1984 : JAN TUMLIR OF GATT TALKS WITH ECONOMIST KARL BRUNNER AT CATO'S SECOND ANNUAL MONETARY CONFERENCE, "WORLD DEBT AND MONETARY ORDER."

In the years before the Constitution was adopted, rampant inflation plagued states that were irresponsibly gushing newly minted money. Since its founding days, America has brought the problem of inflation



1997 : REPORTERS SURROUND FED CHAIRMAN ALAN GREENSPAN AS HE LEAVES THE HAYEK AUDITORIUM AFTER HIS KEYNOTE SPEECH TO CATO'S 15TH ANNUAL MONETARY CONFERENCE, "MONEY AND CAPITAL FLOWS IN A GLOBAL ECONOMY."

mostly under control, whereas many other nations have reached the point of carting worthless paper currency around in wheelbarrows. America was a long way from the wheelbarrow point when the Cato Institute was founded in 1977, but the monetary authorities were doing their best to take us there. Recognizing the importance of monetary policy and financial institutions, in 1983 Cato began holding annual conferences on money and banking.

Cato's 1983 monetary conference, titled "The Search for Stable Money," drew 200 scholars, journalists, and businesspeople. Some two dozen leading authorities on monetary policy presented papers examining alternative monetary reforms ranging from a monetary

rule to the gold standard to competing private currencies. The conference was widely hailed as one of the best of its kind and was covered in such publications as the *Wall Street Journal* and

"Cato's annual monetary conference is becoming *the* forum for presenting new work on the intersection of monetary economics and monetary politics."

—William Poole, President, Federal Reserve Bank of St. Louis, 1985

the *Washington Post*. Speakers at the conference included Henry Wallich, a member of the Board of Governors of the Federal Reserve System; Beryl Sprinkel, undersecretary of the treasury for monetary policy; future Nobel laureates James M. Buchanan and Robert Mundell; and Rep. Ron Paul (R-Tex.). Papers

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from the conference were collected in *The Search for Stable Money: Essays on Monetary Reform*, published by the University of Chicago Press and edited by James A. Dorn and Anna J. Schwartz, with additional essays from Milton Friedman and F. A. Hayek.

Subsequent monetary conferences have featured such speakers as Federal Reserve Board chairman Alan Greenspan, then-deputy secretary of the treasury Lawrence Summers, International Monetary Fund first deputy managing director Stanley Fischer, Italian economist and foreign minister Antonio Martino, Federal Reserve Bank of Cleveland president Jerry Jordan, Federal Reserve Bank of St. Louis president William Poole, Harvard professor Jeffrey Sachs, Carnegie Mellon professor Allan Meltzer, and National Bureau of Economic Research economist Anna J. Schwartz. Conferences have been held in the United States, London, and Mexico and have dealt with topics ranging from “Alternatives to Government Fiat Money” to “Money, Macroeconomics, and Forecasting” to “Monetary Policy in the New Economy.”



1998 : DEPUTY TREASURY SECRETARY LAWRENCE H. SUMMERS CRITICIZES CAPITAL CONTROLS AT CATO'S 16TH ANNUAL MONETARY CONFERENCE.



2000 : CATO VICE PRESIDENT JIM DORN AND ALAN GREENSPAN BEFORE THE OPENING SESSION OF THE 18TH ANNUAL MONETARY CONFERENCE, “MONETARY POLICY IN THE NEW ECONOMY.”

“Cato’s recent conferences on money and social security have performed a real service by promoting serious consideration of a range of possible policies that have generally been simply ruled out of court by the conventional establishment.”

—Milton Friedman

In 1989, Cato published *Dollars, Deficits, and Trade*, which grew out of the 1988 monetary conference and was edited by James Dorn and William A. Niskanen. In 1995, Cato published *Monetary Reform in Post-Communist Countries* in Russia, edited by James Dorn and Roustem M. Noureiev. In 1996, Cato published *Money and Markets*



1992 : JOURNALISTS QUESTION MEXICAN FINANCE MINISTER PEDRO ASPE AFTER HIS SPEECH TO CATO'S MEXICO CITY CONFERENCE, “LIBERTY IN THE AMERICAS.”

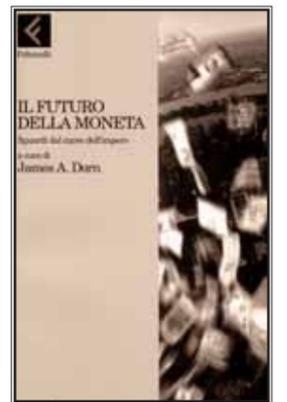
in the Americas: New Challenges for Hemispheric Integration, based on the papers presented at the Institute’s 1994 monetary conference in Mexico City and edited by James Dorn and Roberto Salinas-León. Papers from Cato’s 1996 monetary

conference were published by the Institute as a book titled *The Future of Money in the Information Age*, which examines the possibility that in the future, government fiat money may disappear as people choose to hold digital money issued by private firms rather than non-interest-bearing paper money issued by central banks. *The Future of Money in the Information Age* was translated into Italian as *Il Futuro Della Moneta* in 1998.

The 20th annual monetary conference will be held in New York City in October 2002. The conferences have been directed by Cato’s vice president for academic affairs James A. Dorn. ■



2001 : NOBEL LAUREATE ROBERT MUNDELL SPEAKS AT CATO'S 19TH ANNUAL MONETARY CONFERENCE, IN MEXICO CITY.



1998 : THE FUTURE OF MONEY IN THE INFORMATION AGE WAS PUBLISHED IN ITALY.

1976 1977 1978 1979 1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001

10.90 : Cato publishes *Economic Reform in China: PROBLEMS AND PROSPECTS* EDITED BY JAMES A. DORN AND WANG XI.



01.91 : Cato hosts a conference titled “America in the Gulf: Vital Interests OR POINTLESS ENTANGLEMENT?” ABOUT A WEEK BEFORE OPERATION DESERT STORM BEGAN. THE CONFERENCE PAPERS WERE LATER PUBLISHED AS *AMERICA ENTANGLED: THE PERSIAN GULF CRISIS AND ITS CONSEQUENCES* EDITED BY TED GALEN CARPENTER.



“He has erected a multitude of new offices, and sent hither swarms of officers to harass our people and eat out their substance.”

—DECLARATION OF INDEPENDENCE

DEAD FROM LACK OF DRUGS

DEAD FROM LACK OF DEXTRAN SULFATE

I DIED FOR THE SIN OF THE F.D.A.

R.I.P. Killed By The F.D.A.

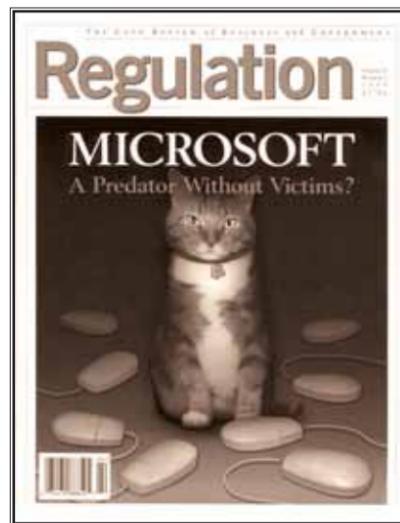
KILLED BY THE SYSTEM

AIDS ACTIVISTS DEMAND THAT THE FDA GIVE THEM ACCESS TO LIFE-SAVING DRUGS.

A.P. / WIDE WORLD PHOTOS

Command and Control

ONE OF THE DEVELOPMENTS most threatening to liberty and prosperity in the United States and other Western countries has been the rise of the regulatory state. Imbued with the power of legislators, ever-growing regulatory agencies have become virtually a fourth branch of the American system of government. Unaccountable to the public, and scarcely accountable to Congress, these agencies wield nearly dictatorial powers over the lives of citizens and the actions of businesses.



1999 : PETER VANDOREN BECAME EDITOR OF REGULATION MAGAZINE, WHICH CATO ACQUIRED IN 1990.

The centerpiece of Cato's regulatory studies program is *Regulation* magazine. Acquired from the American Enterprise Institute in 1989 and published quarterly, *Regulation* is home to scholarly work on the costs of government regulation and the benefits of economic deregulation, presented in a lively and readable manner. Under a controlled circulation system, more than 15,000 copies of each issue are distributed to policymakers, journalists, and representatives of trade associations and corporations. Topics tackled by the magazine have included antitrust enforcement, environmental regulation, insurance regulation, the failure of Food and Drug Administration reform, postal privatization, and airline and electric power deregulation.

Cato has also published many books criticizing the regulatory state and offering an alternative vision of an economy characterized by the spontaneous order of the marketplace. In 1986, the Institute published *Antitrust Policy: The Case for Repeal* by D. T. Armentano. Armentano argued that there was no economic basis for our nation's antitrust laws and that they should be repealed. In 1989, the Institute published *Generating Failure: Public Power Policy in the Northwest* by David L. Shapiro, who argued that public power provision in the northwestern United States was wasting billions of dollars in taxpayers' money. The book also made the case for electric power deregulation. In 1999, Cato published *Natural Monopoly and Its Regu-*



1997 : SCHOOL-CHOICE LAWYER CLINT BOLICK LISTENS AS JOAN DAVIS RATTERAY OF THE INSTITUTE OF INDEPENDENT EDUCATION SPEAKS AT CATO'S CONFERENCE, "EDUCATION IN THE INNER CITY."

“According to the Cato Institute, The United States needs a free-market energy policy, not a nebulous national energy policy that invites government fine-tuning with every new event in the world energy market.”

— *Washington Post*, 1991

03.91 : Cato publishes *Liberating Schools: Education in the Inner City* edited by David Boaz. Contributors argue that only increased choice and autonomy will improve the plight of urban education.



04.91 : Cato hosts its second conference in Moscow, “All the President’s Men: Perestroika Yesterday, Today, and Tomorrow.” The opening night speaker is Vladimir Bukovsky, who is making his first trip back to his native land since his exile in the 1970s.

lation by federal judge Richard A. Posner, in which he argues that even a naturally occurring monopoly does not justify government intervention. Cato has also published four books on privatizing the postal service, including most recently *Mail @ the Millennium: Will the Postal*

“As he agonized over his efforts to improve the quality of education in Baltimore, [Mayor Kurt] Schmoke said ... he came back time and again to the work of the Cato Institute.”

—*Baltimore Sun*, 1996

Service Go Private? a collection of essays edited by Edward L. Hudgins criticizing the post office and arguing for its privatization in an age of e-mail, faxes, electronic bill payment, and private parcel delivery.

Conferences on regulatory reform have brought together policymakers and experts in



1993 : JOHN STOSSEL OF ABC NEWS TAKES A QUESTION FROM THE AUDIENCE AT HIS CATO FORUM, “PANDERING TO FEAR: THE MEDIA’S CRISIS MENTALITY.”

a number of fields. At a 1988 conference titled “Privatization and the Postal Monopoly,” Office of Management and Budget director James C. Miller III and Federal Trade Commission chairman Daniel Oliver called for a loosening of the postal monopoly. Postmaster General Anthony M. Frank disagreed. In 1990, shortly after the Institute’s acquisition of *Regulation* magazine, Cato held a conference titled “A Century of Antitrust: The Lessons, the Challenges,” with federal judge Douglas H. Ginsburg among the speakers. Future justice Stephen Breyer and future regulatory “czar” John Graham highlighted a 1991 conference, “Making Sense of Safety,” which addressed risk assessment, public perceptions of risk, a range of specific safety policies, and legal and insurance issues.

In 1994, on the 25th anniversary of the moon landing, Cato held a conference that addressed the question “Is NASA the Greatest Obstacle to Space Enterprise?” George S. Robinson, associate general counsel of the Smithsonian Institution, and David Gump, president of Lunacorp, discussed how NASA hinders American space efforts and called for greater private activity.

Cato moved early to examine regulatory issues affecting telecommunications and, eventually, the Internet. In 1980, Arthur S. DeVany produced a paper for the Institute arguing for a private property system for electromagnetic spectrum allocation. This proposal was developed further in a 1982 study by Milton Mueller. In 1993, the Institute published *Telecompetition: The Free Market Road to the Information Highway* by Lawrence Gasman, which argued

that significant deregulation was needed in telecommunications and that the government should not attempt to build the information superhighway. In 1997, Cato hosted a day-long conference titled “Beyond the Telecommunications Act of 1996: The Future of Deregulation.” Among the topics discussed were whether government should ensure access to the Internet for all citizens, the optimal way to privatize spectrum, and whether the Federal Communications Commission should be abolished.

Cato’s “Technology and Society” conferences, sponsored with *Forbes ASAP*, have looked at issues ranging from intellectual property to biotechnology. Speakers have included Milton Friedman, David Friedman, Oracle Corp. chairman Larry Ellison, Eric Schmidt of Novell, Scott Cook of Intuit, Christie Hefner of Playboy, T. J. Rodgers of Cypress Semiconductor, Michael L. Robertson of MP3.com, and Cato’s own technology scholars.

Cato has also argued against content and privacy regulation on the Internet. Former director of telecommunications and technology studies Solveig Singleton made the case in a number of forums, including testimony before Congress, that while the government should not collect an excessive amount of data on its citizens, private companies and their customers should be able to exchange data freely.

Cato’s *TechKnowledge* newsletter, started in 2001 and edited by Adam Thierer and Wayne Crews, deals with legislation and regula-



1988 : OFFICE OF MANAGEMENT AND BUDGET DIRECTOR JAMES C. MILLER III GREETES POSTAL UNION PICKETERS BEFORE HIS SPEECH AT CATO’S CONFERENCE, “PRIVATIZATION AND THE POSTAL MONOPOLY.”

tory actions that have the potential to impact the Internet and telecommunications industry. So far it has tackled such issues as broadband deregulation, intellectual property rights, and Internet taxation.

Cato scholars have long been critical of the government school monopoly. In 1982, *Inquiry* published an early look at the growth of home schooling. Cato books on competition and freedom in education have included *Privatization and Educational Choice* by Myron Lieberman, *Liberating Schools: Education and the Inner City* edited by David Boaz, *School Choice: Why You Need It, How You Get It* by David Harmer, *Educational Freedom in Eastern Europe* by Charles L. Glenn, and *Why Schools Fail* by Bruce Goldberg. Cato scholars have challenged restrictions on home schooling, day care provision, school choice, and for-profit education providers. ■



1998 : DICK CHENEY CRITICIZES TRADE SANCTIONS AT CATO’S CONFERENCE, “COLLATERAL DAMAGE: THE ECONOMIC COST OF U.S. FOREIGN POLICY.”



1990 : LYNNE CHENEY DISCUSSES SCHOOL CHOICE AT CATO’S CONFERENCE, “EDUCATION IN THE INNER CITY.”

04.91 : Future justice Stephen Breyer is among the speakers at a *REGULATION* conference, “MAKING SENSE OF SAFETY.”



05.92 : *Patient Power* by John Goodman and Gerald Musgrave makes medical savings accounts a popular and much-discussed idea.





“Government is a broker in pillage, and every election is a sort of advance auction sale of stolen goods.”

—H. L. MENCKEN

A.P. / WIDE WORLD PHOTOS

H. L. MENCKEN ENJOYS THE FIRST LEGAL BEER AFTER THE END OF PROHIBITION, DECEMBER 5, 1933.

Pursuit of Happiness

THE BUSINESS OF DEFENDING individual liberty and promoting free markets, as intellectually engaging as it is, can be a dry one. No matter how cogent the argument or sound the statistic, in order to grab the public's attention it is sometimes necessary to make people laugh or smile. To that end, the Cato Institute has made sure to cultivate a lighter side to help broaden the appeal of its message and to catch the ears of those who might otherwise not be listening. Adding an element of humor to the mix was a natural step for Cato—after all, the missteps of feckless bureaucrats and pompous politicians are ripe for mocking.



1997: KURT RUSSELL ENJOYS CATO'S 20TH ANNIVERSARY DINNER.

Best-selling humorist P. J. O'Rourke has helped Cato lighten the mood over the years. As the Institute's first H. L. Mencken Research Fellow, O'Rourke has given a number of speeches at Cato's Washington headquarters as well as at Cato functions around the country, including headlining Cato seminars in seven cities in 2001. Cato has also involved itself in promoting O'Rourke's books, such as *CEO of the Sofa* and *Eat the Rich*. Cato even created a student edition of *Eat the Rich*, which condenses and simplifies the book's explanation of basic economics and analysis of economies around the world. P. J. regularly contributes to *Regulation* magazine's back-page essay, "Final Word," and serves as a cutting voice for liberty in all his journalistic endeavors, often bringing attention to Cato's work.

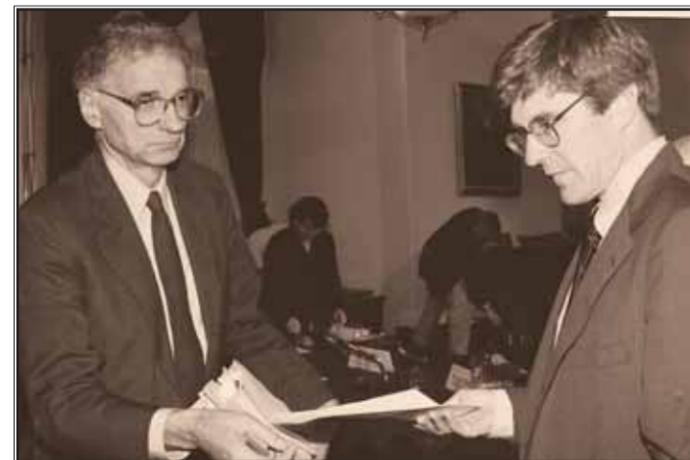
Penn & Teller's Broadway shows, touring roadshows, movies, TV specials, and television series have drawn acclaim and won multiple awards, including two Emmys and the Interna-



1997: WHEN ED CRANE ASKED ALL THE FAMOUS PEOPLE IN THE AUDIENCE AT CATO'S 20TH ANNIVERSARY DINNER TO STAND UP, WALTER WILLIAMS OBLIGED.

tional Golden Rose. And they have both been named Mencken Fellows at Cato. Penn Jillette, "the larger, louder half" of Penn & Teller, is a regular contributor to *Regulation*'s "Final Word." Topics he's touched on have included campaign finance regulation ("Want to speak your mind after McCain-Feingold? Learn to juggle") and gun control ("To cut down on violence against women... give a handgun to every woman in the United States"). The smaller, quieter Teller writes occasionally on free speech issues for Cato. In 1996, Teller penned a screed against the V-chip, daring the reader to imagine television even blander than at present and going on to explain the chilling effect that censoring technology would likely have.

Finally, Cato's longest-running effort to inject some levity into the fight for liberty has been the "To Be Governed..." column at the end of each *Cato Policy Report*. Highlighting unintentionally funny news articles and ridiculous quotes from politicians and bureaucrats, the column documents the antics of those who govern us. ■



1999: RALPH NADER AND STEPHEN MOORE SHARE A LAUGH AFTER TESTIFYING AGAINST CORPORATE WELFARE BEFORE THE HOUSE BUDGET COMMITTEE.

05.92: Cato hosts "Liberty in the Americas: Free Trade and Beyond," a week-long conference in Mexico City, to discuss NAFTA and other means to liberalize trade.



01.93: Cato publishes *Kindly Inquisitors: The New Attacks on Free Thought* by Jonathan Rauch, a groundbreaking defense of free speech.



“We must make the building of a free society once more an intellectual adventure, a deed of courage. If we can regain that belief in the power of ideas which was the mark of liberalism at its best, the battle is not lost.”

— F. A. HAYEK



MAXWELL MACKENZIE