

## Myths of Individualism

by Tom G. Palmer

It has recently been asserted that libertarians, or classical liberals, actually think that "individual agents are fully formed and their value preferences are in place prior to and outside of any society." They "ignore robust social scientific evidence about the ill effects of isolation," and, yet more shocking, they "actively oppose the notion of 'shared values' or the idea of 'the common good.'" I am quoting from the 1995 presidential address of Professor Amitai Etzioni to the American Sociological Association (*American Sociological Review*, February 1996). As a frequent talk show guest and as editor of the journal *The Responsive Community*, Etzioni has come to some public prominence as a publicist for a political movement known as communitarianism.

Etzioni is hardly alone in making such charges. They come from both left and right. From the left, *Washington Post* columnist E. J. Dionne Jr. argued in his book *Why Americans Hate Politics* that "the growing popularity of the libertarian cause suggested that many Americans had even given up on the possibility of a 'common good'" and, in a recent essay in the *Washington Post Magazine*, that "the libertarian emphasis on the freewheeling individual seems to assume that individuals come into the world as fully formed adults who should be held responsible for their actions from the moment of birth." From the right, the late Russell Kirk, in a vitriolic article titled "Libertarians: The Chirping Sectaries," claimed that "the perennial libertarian, like Satan, can bear no authority, temporal or spiritual" and that "the libertarian does not venerate ancient beliefs and customs, or the natural world, or his country, or the immortal spark in his fellow men."

More politely, Sen. Dan Coats (R-Ind.)



Gov. John Engler (R-Mich.) discusses tax cuts at a Cato luncheon as Howard Gleckman of *Business Week* and Paul Gigot of the *Wall Street Journal* listen, p. 3.

and David Brooks of the *Weekly Standard* have excoriated libertarians for allegedly ignoring the value of community. Defending his proposal for more federal programs to "rebuild" community, Coats wrote that his bill is "self-consciously conservative, not purely libertarian. It recognizes, not only individual rights, but the contribution of groups rebuilding the social and moral infrastructure of their neighborhoods." The implication is that individual rights are somehow incompatible with participation in groups or neighborhoods.

Such charges, which are coming with increasing frequency from those opposed to classical liberal ideals, are never substantiated by quotations from classical liberals; nor is any evidence offered that those who favor individual liberty and limited constitutional government actually think as charged by Etzioni and his echoes. Absurd charges

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# For a *Less* Responsive Government



**A**ll too often these days our peerless politicians reset their policy priorities on the basis of the previous evening's TV news. All politicians are now vulnerable to a charge of being uncaring if they are not perceived to do something about the *crise du jour*, the penultimate manifestation of the erosion of any constitutional consensus on the limits on government powers. As a consequence, our government has become too responsive to trivial or ephemeral concerns, often at the

expense of more important concerns or an erosion of our liberty, and it has made policy priorities more dependent on where TV journalists happen to point their cameras.

This has been a slow news year. The Cold War is over. The U.S. economy is in the sixth year of recovery with the lowest "misery index" in nearly 30 years. So our political system is now vulnerable to crises that are almost entirely the creation of the press. Some recent examples:

- ◆ A flurry of news reports about fires at black churches led to the usual response from the nation's First Mourner and Congress—making church burning a federal crime. Arson is a heinous and cowardly crime, but all this political busywork was provoked without any demonstration that the number of church fires was unusually high, that they were instigated by some organization, that state laws are inadequate, or that the federal government has any constitutional authority for the new legislation.
- ◆ The average retail price of gasoline increased about 20 percent since last November, as the result of a combination of the normal seasonal pattern and some temporary supply problems that especially affected California. This led Clinton to announce two minor actions (with opposite effects on the supply of gasoline) and Congress to consider a temporary reduction in the federal gasoline tax without any apparent analysis by either party.
- ◆ AT&T, a company that had grown fat during its long period of monopoly, announced that it would lay off 40,000 employees last winter. This announcement, amplified by an irresponsible series of articles in the *New York Times*, was the only apparent basis for the "economic insecurity" theme of political reporting during the Republican primaries. In the meantime, total employment increased by several hundred

thousand a month and the unemployment rate declined to a seven-year low, with no increase in the job dismissal rate or the median period of unemployment, all of which was ignored by most political journalists. The baseless repetition of the "economic insecurity" theme, however, increased the audience for the usual nonsense by Secretary Reich and the uglier parts of Pat Buchanan's agenda.

- ◆ Several recent airline crashes and a pipe bomb at the Olympics have provoked demands for new measures to counter "terrorism," although no evidence has yet been produced that any of the incidents were instigated by terrorists. Every week about 2,000 Americans die from accidents or are murdered, but only

the dramatic incidents provoke much of a political response. The search for villains has led Clinton to seek federal authority for measures to counter a much broader definition of terrorism and has already led Congress to impose unduly harsh conditions on legal immigrants. The Cuban MiG that shot down a Florida-based light airplane that had been probing Cuban airspace provoked a similar overreaction in the form of U.S. sanctions on foreign firms with activities in Cuba.

As a nation we have lost our sense of tragedy, a recognition that bad things happen to good people. A nation that expects the government to prevent churches from burning, to control the price of bread or gasoline, to secure every job, and to find some villain for every dramatic accident risks an even larger loss of life and liberty. We should stop whining to the TV cameras and share our grief only within the community of family and friends, without expecting some politician to feel our pain.

Our politicians should slow down, take a deep breath, and think a little about each new demand on the government. When in doubt, procrastinate. Do *not* legislate, regulate, or litigate in haste. Many demands on the government are trivial or ephemeral. When the demands on your job seem unbearable, do something relaxing for you and safe for the rest of us, maybe go on an extended junket.

*William A. Niskanen*

—William A. Niskanen



*Cato releases biennial "Fiscal Policy Report Card"*

# Pataki, Merrill, Symington Earn Top Grades

Govs. George Pataki of New York, Steve Merrill of New Hampshire, and Fife Symington of Arizona, all Republicans, received grades of A on Cato's third biennial "Fiscal Policy Report Card on America's Governors" (Policy Analysis no. 257). According to the study by Cato fiscal policy director Stephen Moore and policy analyst Dean Stansel, four governors received Fs: Gaston Caperton of West Virginia, Tom Carper of Delaware, Lawton Chiles of Florida, all Democrats, and Republican George Voinovich of Ohio.

The study provides an objective, comparative analysis of the spending and tax policies of 46 of America's governors. Using a 14-variable index of fiscal performance, it grades state executives who took office before 1993 on their fiscal conservatism. Newly elected governors were measured against a 9-point scale. Governors who have cut spending and taxes the most received the highest grades; governors who have raised spending and taxes the most received the lowest grades.

The study found that the states have moved dramatically in a fiscally conservative direction since 1994, with most states cutting taxes and holding general fund expenditures at or below inflation in 1995 and 1996. With few exceptions, the 16 Republican governors elected in 1993 and 1994 achieved high grades for their records of tax cuts and budget downsizing.

Pataki, who cut New York's income tax and state budget, was the top scorer among new governors, followed by Christine Todd Whitman (R-N.J.). The lowest scorers among new governors were Parris



Gov. Kirk Fordice (R-Miss.) and James Glassman and David Broder of the *Washington Post* listen as Gov. George Pataki (R-N.Y.) discusses the policies that earned him the highest grade in Cato's biennial "Fiscal Policy Report Card." Twelve governors spoke at a press briefing on tax cuts at Cato.

Glendening (D-Md.), Benjamin Cayetano (D-Hawaii), and Lincoln Almond (R-R.I.).

Merrill, who managed to lower taxes in a state that has neither a sales nor an income tax, and Symington, who cut \$1.5 billion off Arizona's tax bill and helped pass a ballot initiative to require a supermajority vote of the legislature for future tax increases, topped the list of governors elected before 1993. They were followed by William Weld (R-Mass.), Roy Romer (D-Colo.), Howard Dean

(D-Vt.), and Tommy Thompson (R-Wisc.). The study contains ratings of the governors on each of the variables in the analysis, along with a brief review of each governor's fiscal policy record.

## ◆American Public Favors Privatizing Social Security

Two-thirds of American voters and more than three-quarters of young voters support

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*Concealed-carry forum draws national attention*

# Abraham, Merrill, and Bayh Discuss Budget

◆**June 28:** International negotiations about global climate change have resumed in Geneva, and a recent report from the Intergovernmental Panel on Climate Change has introduced a sense of urgency to those negotiations. But does that report really justify immediate governmental action to address global warming, or is it just another example of scientific sensationalism? At a Policy Forum titled “*The New IPCC Report on Climate Change: Scientific Consensus or Scientific Meltdown?*” William O’Keefe of the Global Climate Coalition argued that the scientific “findings” of the report have been heavily and disingenuously edited by political activists. Patrick Michaels, climatologist at the University of Virginia and author of *Sound and Fury: The Science and Politics of Global Warming*, maintained that the report is so riddled with basic scientific errors as to be a completely unreliable guide for policymaking.

◆**June 28:** New Zealand is often cited as an example of successful telecommunications deregulation. Should U.S. regulators take a similarly minimalist approach, allowing interconnection terms and rates to be set by negotiation? During a Policy Forum, “*New Zealand Telephone Deregulation: A Free-Market Success Story?*” Milton Mueller of Rutgers University, Jeff Rohlf of the National Economic Research Association, Mike Lowe of Bell Atlantic, and Joseph Farrell of the Federal Communications Commission discussed the promises and perils of the New Zealand experience.

◆**July 23:** Although privatizing Social Security is often described as a “conservative” idea, support for that reform cuts across political lines. During a Capitol Hill Briefing, “*A Progressive View of Social Security Privatization*,” a panel of prominent progressives examined the impact that privatizing the retirement system would have on the poor, economic growth, job creation, and the federal budget. Participants included former Democratic congressman Tim Penny of Minnesota; Robert Shapiro of the Progressive Policy Institute; Sam Beard, former aide to Sen. Robert Kennedy; and Rep. Charles Stenholm (D-Tex.), co-chairman of the Public Pension Reform Caucus.



Sen. Spencer Abraham (R-Mich.) tells a Cato Policy Forum that an income tax cut would revive the slow economy and give people more control over their own money.

◆**July 24:** Who watches the watchdogs? Ruby Ridge, Waco, and now “filegate” are only the latest in a growing list of incidents that raise fundamental questions about who, if anyone, oversees America’s principal law enforcement agency—the Department of Justice. With a sprawling bureaucracy of over 100,000 employees and many branches—including the Federal Bureau of Investigation, the Drug Enforcement Agency, and the Immigration and Naturalization Service—the Justice Department, critics claim, too often administers anything but justice. Investigative reporter David Burnham appeared at a Book Forum to discuss his book, *Above the Law: Secret Deals, Political Fixes, and Other Misadventures of the U.S. Department of Justice*. Roger Pilon, director of Cato’s Center for Constitutional Studies, provided commentary on the book and an account of his own Kafkaesque experience with the Department of Justice.

◆**July 25:** Tax cutting is now back on the front burner in Washington. One of the leading ideas is a 15 percent across-the-board income tax rate reduction recently proposed

by Sen. Spencer Abraham (R-Mich.) and modeled after the Reagan tax cuts of 1981. Opponents say that the plan is voodoo economics redux. Advocates argue that it is politically attractive and an imperative for restoring economic prosperity. At a Policy Forum on “*The Case for Tax Cuts*,” Abraham explained the economics of his proposal, arguing that a 15 percent tax reduction will have a positive supply-side effect on growth.

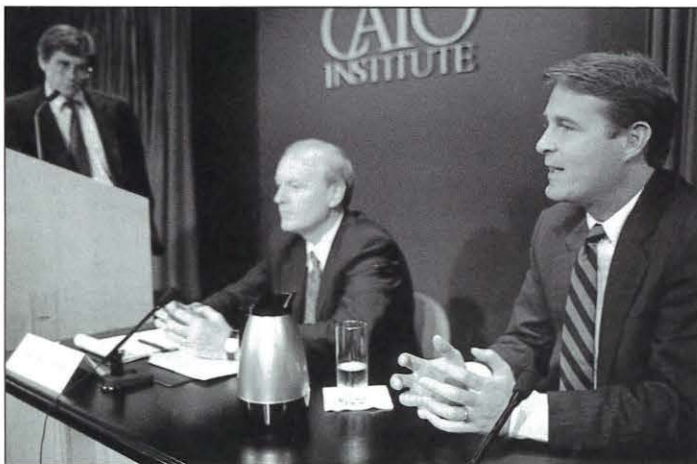
◆**July 26:** It may not be true in Washington, but in most state capitals today the culture of big government is in clear retreat. Last year was the largest tax-cutting year for states in more than a decade. This year 27 governors recommended lower taxes and tight-fisted budgets that hold expenditures below inflation. Gov. Steve Merrill (R-N.H.) and Gov. Evan Bayh (D-Ind.), both of whom received high marks on Cato’s Fiscal Report Card, appeared at “*The Fiscal Downsizing Revolution in the U.S.*,” a Policy Forum on what lessons states can teach Washington about taxes, spending, and responsible budgeting.





The release of a study on concealed-carry gun laws by John Lott and David Mustard generated major national news attention. Pictured are Lott, Cato executive vice president David Boaz, Jens Ludwig of Georgetown University, and Michael Block of the University of Arizona.

Sen. Conrad Burns (R-Mont.) calls for lifting export controls on encryption software at a July 29 Cato Policy Forum.



Gov. Evan Bayh (D-Ind.) answers a question from the audience as Cato's director of fiscal policy studies Steve Moore and Gov. Steve Merrill (R-N.H.) listen at a Cato Forum titled "The Fiscal Downsizing Revolution in the United States."

Harry Browne, presidential nominee of the Libertarian Party, asks a Policy Forum audience, "Would you give up your favorite government program if you never had to pay income tax again?"



◆ **July 29:** Encryption is a way to protect computer files so that only someone with a secret "key" can read them. The Clinton administration has vigorously defended restrictions on the export of strong encryption technology. Those export controls hurt American business and consumers by discouraging the spread of technology that guarantees the security and privacy of on-line communications. Sens. Conrad Burns (R-Mont.) and Patrick Leahy (D-Vt.) have sponsored legislation that would lift export controls on software that is generally available to consumers. At a Policy Forum on "Toward a New Encryption Policy: Facilitating On-Line Commerce," Senator Burns and Marc Rotenberg, director of the Electronic Privacy Information Center, made the case for the bill.

◆ **July 30:** Thirty-one states now have laws allowing individuals to carry concealed handguns. In the most careful study yet done of such laws, John R. Lott Jr. and David Mustard of the University of Chicago find that concealed-carry laws deter violent crimes and produce no increase in accidental deaths. During a Policy Forum titled "Concealed-Carry Gun Laws and the Crime Rate," Lott provided an advance look at his findings, arguing that if more states had such laws, thousands of murders could be prevented. Comments were provided by Jens Ludwig, professor of public policy at Georgetown University, and Michael Block, professor of law and economics, University of Arizona and former commissioner of the U.S. Sentencing Commission. After the forum was broadcast on C-SPAN, more than 10,000 people downloaded the study via the Internet.

◆ **August 6:** For more than 60 years the Social Security system has been the primary source of retirement income for elderly Americans.

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# "It is his veneration for the 'immortal spark in his fellow men' that leads the libertarian to defend individual rights."

## MYTHS *Continued from page 1*

often made and not rebutted can come to be accepted as truths, so it is imperative that Etzioni and others be called to account for their distortions.

### Atomistic Individualism

Etzioni, Dionne, Kirk, and others have set up a straw man, the "atomistic individualist." The charge of atomism is a staple of academic libertarian thumping. For example, Harvard's Michael Sandel, in *Democracy's Discontent*, asserts that libertarian ideas rest on an "image of the self as free and independent, unencumbered by aims and attachments it does not choose for itself . . .

freed from the sanctions of custom and tradition and inherited status, unbound by moral ties antecedent to choice." And philosopher Charles Taylor claims that, because libertarians believe in individual rights and abstract principles, they believe in "the self-sufficiency of man alone, or, if you prefer, of the individual." Those are updated versions of an old attack on classical liberalism, according to which classical liberals posited "abstract individuals" as the basis of their views about justice.

Those claims are nonsense. No one believes that you will ever find "man alone" or that there are actually "abstract individuals." Rather, classical liberals and libertarians argue that the *system of justice* should abstract

from the concrete characteristics of individuals. Thus, when an individual comes before a court, her height, color, wealth, social standing, and religion are normally irrelevant to questions of justice. That is what equality before the law means; it does not mean that no one actually *has* a particular height, skin color, or religious belief. Abstraction is a mental process used to discern what is essential or relevant to a problem; it does not require a belief in abstract entities.

It is precisely because neither individuals nor small groups can be fully self-sufficient that cooperation is necessary to human survival and flourishing. And because cooperation takes place among countless individuals unknown to each other, the rules gov-

## EVENTS *Continued from page 5*

As a result, Social Security has been—and remains—one of the most popular of all government programs. Today, however, most Americans understand that Social Security faces serious financial problems, and 69 percent would support privatization of the retirement system, according to the results of a nationwide poll conducted by Public Opinion Strategies on behalf of the Cato Institute. Bill McInturff, partner at Public Opinion Strategies, and Michael Tanner, director of Cato's Project on Social Security Privatization, appeared at a Policy Forum, "No Longer the Third Rail," to discuss those poll results.

◆**August 8:** Cato held a Roundtable Luncheon with Alberto Kohan, chief of staff to Argentina's president Carlos Menem. Kohan discussed Menem's economic policies and then fielded questions from Cato's policy staff.

◆**August 9:** Cato hosted "The Most Important Question in Politics Today," a Policy Forum featuring Harry Browne, author of *Why Government Doesn't Work* and the Libertarian Party's presidential nominee. The fifth presidential candidate to speak at the Cato podium in this campaign season, Browne outlined his economic proposal for his first year as president. ■

## Cato Calendar

### Savings and Social Security Privatization in Mexico

Cosponsored with *El Economista* and CISLE

Mexico City • October 17, 1996

Speakers include José Piñera.

### Leviathan and the New Millennium

Phoenix • October 21, 1996

Speakers include José Piñera and Edward H. Crane.

### The United Nations and Global Intervention

Washington • Cato Institute • October 22, 1996

Speakers include Rep. Joe Scarborough, John Bolton, Michael Stopford, Jessica Matthews, and Robert Oakley.

### Leviathan and the New Millennium

Denver • November 14, 1996

Speakers include John Malone and Edward H. Crane.

### Ninth Annual Benefactor Summit

Scottsdale, Arizona • Gardiner's Tennis Resort • February 5–9, 1997

Speakers include Brit Hume, José Piñera, Charles Murray, and Ralph Raico.

### 20th Anniversary Gala

Washington • Washington Hilton • May 1, 1997

Speakers include Steve Forbes and P. J. O'Rourke.

### China as a Global Economic Power

Market Reforms and the New Millennium

Shanghai • Shanghai Hilton • June 15–18, 1997



# “If an individual is born with the obligation to obey, who is born with the right to command?”

erning that interaction are abstract in nature. Abstract rules, which establish in advance what we may expect of one another, make cooperation possible on a wide scale.

No reasonable person could possibly believe that individuals are fully formed outside society—in isolation, if you will. That would mean that no one could have had any parents, cousins, friends, personal heroes, or even neighbors. Obviously, all of us have been influenced by those around us. What libertarians assert is simply that differences among normal adults do not imply different fundamental rights.

## Sources and Limits of Obligations

Libertarianism is not at base a metaphysical

theory about the primacy of the individual over the abstract, much less an absurd theory about “abstract individuals.” Nor is it an anomic rejection of traditions, as Kirk and some conservatives have charged. Rather, it is a political theory that emerged in response to the growth of unlimited state power. Libertarianism draws its strength from a powerful fusion of a normative theory about the moral and political sources and limits of obligations and a positive theory explaining the sources of order: each person has the right to be free, and free persons can produce order spontaneously, without a commanding power over them.

What of Dionne’s patently absurd characterization of libertarianism: “individuals

come into the world as fully formed adults who should be held responsible for their actions from the moment of birth”? Libertarians recognize the difference between adults and children, as well as differences between normal adults and adults who are insane or mentally hindered. Guardians are necessary for children and abnormal adults, because they cannot make responsible choices for themselves. But there is no obvious reason for holding that some adults are entitled to make choices for other normal adults, as paternalists of both left and right believe. Libertarians argue that no adult has the right to impose choices on other normal adults, except in abnormal circumstances, such as

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## CATO STUDIES *Continued from page 3*

the privatization of Social Security, according to a public opinion survey commissioned by Cato.

Although Social Security remains one of the most popular government programs, most Americans understand that the system faces serious future financial problems and would support privatization of the retirement system, according to the results of a poll conducted by Public Opinion Strategies on behalf of Cato’s Project on Social Security Privatization.

In a new study, “Public Opinion and Social Security Privatization” (Social Security Paper no. 5), Michael Tanner, director of Cato’s Project on Social Security Privatization, summarizes the poll’s findings: More than 88 percent of Americans believe that Social Security either is in trouble today or will be in trouble within the next 20 years. Fully 60 percent of all Americans under age 65 believe Social Security will not be there for them when they retire. As a result, more than two-thirds believe that Social Security will require “major” or “radical” change within the next 20 years. Approximately half of younger voters believe that “major” or “radical” change is needed today. The support for change cuts across ideological and party lines.

Sixty-nine percent of those polled said they would support a plan to allow people to invest the amount of their Social Security

contributions in private retirement accounts. After respondents were read a list of arguments for and against the plan, support dropped to 65 percent, with 12 percent opposed and 21 percent unsure.

### ◆Privatizing Social Security Will Help the Poor

Critics of Social Security privatization often warn that such proposals hold serious dangers for the elderly poor. However, a closer examination of the evidence indicates that the poor would be among those who could gain *most* from the privatization of Social Security. Indeed, in “Privatizing Social Security: A Big Boost for the Poor” (Social Security Paper no. 4), Michael Tanner, director of Cato’s Project on Social Security Privatization, shows that a privatized Social Security system would probably provide a much higher rate of return, raising the incomes of elderly retirees who are most in need.

Furthermore, Tanner demonstrates that although the current Social Security system is ostensibly designed to be progressive, transferring wealth to the elderly poor, the system actually contains many inequities that leave the poor at a disadvantage. First, Social Security taxes drain capital from the poorest areas of the country, leaving less money available for new investment and job creation. Privatization would increase national savings and provide a new pool of capital for investment that would be particularly beneficial to the poor. Second, because the poor generally do

not live as long as the wealthy, Social Security’s total cash benefit to the poor is undermined by differences in life expectancy. In a privatized system, an individual’s benefits would not be dependent on life expectancy. Any benefits remaining at the time of death would become part of the deceased’s estate, to be inherited by the heirs and help them to escape poverty.

### ◆Domino Theory Reborn?

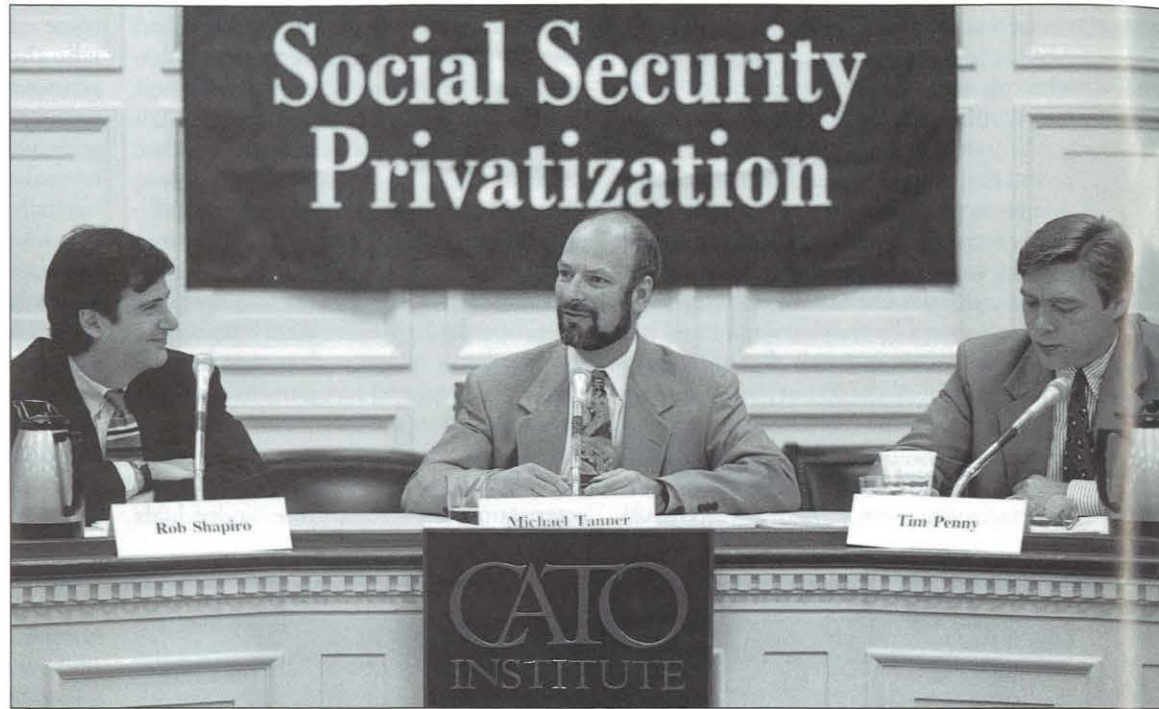
President Clinton’s assertion that the U.S.-led NATO mission in Bosnia is essential to preventing a wider European war is erroneous, reports a new study by Cato’s vice president for defense and foreign policy studies Ted Galen Carpenter. “The Domino Theory Reborn: Clinton’s Bosnia Intervention and the ‘Wider War’ Thesis” (Foreign Policy Briefing Paper no. 42) argues that two of the “wider war” scenarios—Serbia as a runaway expansionist power like Nazi Germany and the prospect that the Bosnian conflict could ignite a continental conflagration just as a Balkan incident sparked World War I—are so far-fetched that they should be dismissed out of hand.

The “wider war” thesis, concludes Carpenter, is merely a refurbished domino theory. Not every armed conflict in Europe is destined to lead to a massive war that would affect important American security interests, and the success or failure of the Bosnia mission will have little impact on such dangers. ■



# Social Security Reform: The Progressive Case

**S**ocial Security reform, especially privatization, has often been considered a "conservative" proposal. But there is increasing support for reform among liberals and Democrats. At a recent Cato Institute Capitol Hill Briefing, speakers examined "The Progressive Case for Social Security Privatization." Among the speakers were Tim Penny, former Democratic member of Congress from Minnesota and now a fellow in fiscal policy studies at Cato; Robert Shapiro, vice president of the Progressive Policy Institute; Sam Beard, president of the National Development Council and author of *Restoring Hope in America: The Social Security Solution*; and Michael Tanner, director of health and welfare studies and of the Social Security Privatization Project at the Cato Institute.



Michael Tanner, director of Cato's Project on Social Security Privatization, introduces Robert Shapiro of the Progressive Policy Institute and former congressman Tim Penny (D-Minn.) at a Capitol Hill Briefing on "The Progressive Case for Social Security Privatization."

**Tim Penny:** In July 1988 I offered to the *Wall Street Journal* my first opinion piece, titled "A Case for the Return to the Original Intent of Social Security." That title may sound provocative, but what I discussed in that piece was not at all radical. My column explored the shaky status of the Social Security trust fund—based on projections that were far rosier than the projections we're now seeing from the Social Security trustees.

Among my recommendations were a gradual increase in the retirement age and a limit on cost-of-living allowances. I also mentioned that the baby-boom generation had an abysmal savings rate and was doing little to prepare for retirement. My recommendations and legislation that I subsequently introduced were met with less than enthusiastic interest here on Capitol Hill. Now it's eight years later and nothing much has changed, except the proximity of the crisis.

The Social Security system will be effectively bankrupt by the year 2013, when annual payroll taxes will be insufficient to meet annual benefit demands. Not coincidentally, that is when the baby boomers will start retiring.

Demographics, not to mention increasingly generous benefit levels, have long threatened the viability of the Social Security system. In 1950 there were 16 workers for each retiree. Today there are fewer than four workers for each retiree, and by the year 2030 there will be only two workers for each retiree. The declining worker-retiree ratio has traditionally led to higher payroll taxes to fill the void. If policymakers were to continue that approach, payroll taxes would need to double to nearly 25 percent by the year 2030 simply to cover the costs of retirement programs. I don't think any of us would want to explain to our children the need for the doubling of payroll taxes.

A recent Cato Institute study correctly concludes that the choice now is between continuing to support a bankrupt system and building a financially sound structure for the future, and I have come to believe that the reforms I once proposed to save Social Security—raising the retirement age and limiting COLAs—should instead be implemented to contain the costs of the system as we phase in a privatized system. We're 20 years away from the crisis; the time has come to begin

the transition.

In the 1930s, clearly, too many workers found that their lifetime savings were inadequate to provide for a decent retirement. And we Democrats should be proud that President Franklin Roosevelt correctly proposed that American workers make defined contributions toward their own retirement through a payroll tax. I don't know of anyone who would suggest that we should not continue to have a payroll tax supporting retirement. The only argument is about how that money ought to be handled. Should the government remain in control, or should the individual have more say about how those monies are deposited and invested?

The federal government has proven to be an unreliable manager of Social Security. Frankly, calling any government account a trust fund is dubious. The distinction from other accounts in the budget amounts to no more than a bookkeeping exercise. In a unified budget all funds are transferable. Overages in one area are covered by surpluses in another area. And that means there is no true Social Security surplus unless all non-trust-fund accounts are in balance. While it is true



# “Democrats could perform no greater service for the American public than to make Social Security relevant to the future.”

—Tim Penny

that for the present we are building so-called reserves in the Social Security trust fund and it is not therefore technically creating any problems in terms of the deficit, that situation will reverse in the year 2013, when Social Security will become a major driving factor in deficit spending.

Social Security has been described as the third rail of American politics, and in this election year we're hearing precious little discussion of the impending crisis in the system. But more and more Americans are coming to the conclusion that the system is in a very shaky state and are having doubts that the system will be there when they need it. When a poll conducted for the Cato Institute asked whether Social Security is in financial trouble now, will be in trouble within the next 5 to 10 years, or will be in trouble by the time the baby boomers retire, a total of 88 percent of Americans responded that the system is either currently in trouble or will be in trouble within 5 to 20 years.

The politics of Social Security is changing dramatically with each passing year, and politicians need no longer fear an honest dialogue. Americans like the idea of having more control over their own retirement plans and moving gradually toward privately directed savings accounts.

That is the plan that makes the most sense for the next generation. As Democrats who are proud of having created Social Security, we could perform no greater service for the American public than to revise the program and make it relevant to the future so that for the next several decades we once again can be identified as the party that secured a decent and reasonable income for those in their retirement years.

**Robert Shapiro:** Social Security has been the third rail of American politics for good reason. It is the single most popular program in America. It has helped to ensure that millions of economically vulnerable Americans can live in dignity.

The current system does, however, require fundamental reform. Social Security in its present form is fiscally unsustainable, because it has an unfunded basis and its benefit schedule provides transfers that exceed the value of contributions adjusted for both inflation and an average rate of return. The system has been based on a benefit schedule that increases the basic premium every year so that someone retiring in 1995 with the same real lifetime income as someone retiring in 1994 will receive a larger base benefit than the 1994 retiree. Such a system can sustain

itself only so long as the number of workers in the economy's payroll tax base expands faster than the number of beneficiaries and the size of their benefits. Unfortunately, that will soon cease to be the case in this country.

The problems are likely to worsen. The demographic aspect is well known, but, except through immigration policy, we can't directly affect demographics. We may be able to modestly influence the rate of economic growth on which the provision of benefits depends. In particular, the system could be reformed to encourage higher personal savings, which in turn should support modestly stronger growth through higher investment.

Those are the issues that Social Security reform must address if we are to ensure that everyone has adequate resources for retirement, and we must do so from a mandatory and progressive basis. That requires a two-tiered system: a provision for mandatory personal savings and a publicly financed, means-tested pension benefit. Under the first tier everyone would continue to save for his or her own retirement through the current payroll tax system. Mandatory private saving would shift the major part of the system of retirement security from today's unfunded basis to a funded basis by very gradually shifting five, six, or even seven percentage points of the payroll tax to mandatory personal savings accounts that would be owned and managed by the contributors. As that occurs, the publicly financed Social Security benefit could be gradually reduced both across the board and on a means-tested basis.

The management of personal accounts raises a lot of important questions. Those accounts will probably have to be carefully regulated to ensure the general security of each person's retirement resources. We might require that a major part of those accounts be invested only in broad index stock and bond funds or in government securities. Contributors should not be able to withdraw

*Continued on page 10*



Robert Shapiro calls for Social Security reform at Cato's Capitol Hill Briefing as Michael Tanner, Rep. Tim Penny, and author Sam Beard listen.

All photographs by Mark Fondersmith



# “Social Security reform offers an opportunity to avert fiscal disaster and to create a nation of savers.”

—Sam Beard

## PRIVATIZATION *Continued from page 9*

from their accounts until they retire. At retirement some major share of people's accounts should be dedicated to the purchase of annuities to ensure that they have an income throughout the rest of their lives. Finally, in the event of an economy-wide crisis that would sharply reduce the value and income of all financial assets, the treasury would guarantee the maintenance of a basic annuity.

The second tier of this system would maintain a supplementary, publicly financed pension for lower income people, preserving the progressivity of the Social Security system. The difficulty lies in designing a workable transition from the generous, unfunded system we have today. There are, in essence, three ways to pay for the transition. First, we could borrow. That is, we could shift everyone to personal savings accounts and borrow the funds to maintain current Social Security benefits. That is fundamentally unsound economically. All of the additional savings we would get from mandatory personal savings would have to go to finance the debt for maintaining current pension benefits.

The second possibility is to raise taxes. I think both the economic cost and public support for that would be very problematic.

The third way is to reduce spending on Social Security retirement benefits. Net windfall transfers through the current system ought to be significantly reduced for high-income people. And we can spread part of the cost of effective benefit reduction to everyone in the workforce by raising the retirement age. It's already being raised to 68 very, very gradually over the next 35 years. We can accelerate that substantially and raise retirement to age 70 in increments of three months every year and get significant savings. We can also make adjustments in the benefits schedule, particularly at the high-income level. Managing the transition is the largest challenge for advocates of change in Social Security.

Social Security can be changed only if there is a broad bipartisan consensus. We cannot do it with 55 percent of the votes of Congress. We can only do it with majority support from both parties and a 75 percent vote. This will be a long debate, and we have to come up with a consensus solution in order

to preserve the enormous achievement of the Social Security system while promoting the general economic health of the country.

**Sam Beard:** I'm not going to talk about Social Security. I'm going to talk about the fact that it's a disgrace that the top 20 percent of the country is cut into wealth accumulation and 80 percent of the country is cut out. When I started on the streets of Bedford-Stuyvesant with Bobby Kennedy in the 1960s, the strength of America was the middle class, and yet there were 30 to 40 million Americans living in Bedford-Stuyvesant, Appalachia, and other low-income communities who were cut out of that opportunity. Working on that problem became a lifetime goal. Thirty years later, I see a shrinking and disappearing middle class. And we are rapidly becoming two separate societies, which is unacceptable.

I'm going grassroots to try to create interest in this and start a groundswell. The top 20 percent of Americans have 49 percent of the income and 87 percent of the net financial assets. Sixty percent of American families have average savings of less than \$1,259. That's fundamentally wrong.

The reason I dwell on wealth distribution is because that's one of the promises of America. That's what America is supposed to be all about. Equal opportunity for everybody. A chance to come to America, have a stake, work hard, look after my family, build assets, and pass on a better opportunity to my children.

As I go across the country, I find that 85 to 90 percent of the people I talk to think they had better opportunities than their parents, but only 10 to 15 percent think we're going to pass on better opportunities to our children. That's a crisis and we need to address it. Let's put opportunity back on the table for all Americans.

For 100 years, 1873–1972, economic growth in this country was about 3.4 percent a year. Since 1973 it's been about 2.3 percent, about a 30 percent decline. As we're talking about saving opportunity for our kids and grandkids and competing in the world economy, we had better come up with an economic growth agenda for the country. We are on a bad course, and it all relates to demographics. All our entitlement systems are pay as you go. As long as you have

an expanding workforce and the number of seniors isn't growing, pay as you go works well. But we have just the opposite going on. We're going from 40 million to 80 million seniors, and birthrates are down. So the Kerry-Danforth entitlement commission said the only way to pay for our promises is to double federal taxes by the year 2030 when the baby boomers have retired. I can assure you that doubling federal taxes is not a formula for economic revitalization and growth.

Now I'll talk about Social Security. I had no intention of getting into Social Security, but I was into wealth distribution and I did want to cut everybody in for an opportunity. Individual retirement accounts and 401(k) plans are not the answer because 80 percent of Americans don't have any surplus income to put into them after paying taxes and other expenses. Then I looked at Social Security. And what I found was that Social Security reform potentially offers an opportunity to avert fiscal disaster and to create a nation of savers. If I'm a high school dropout in Washington, D.C., I can get a service job paying \$10,000 a year; out of that, I'm paying \$1,240 a year in Social Security payroll tax, the most regressive tax we have. If I put that money into a 401(k) plan, I'd retire with \$182,000 in today's money, over a million dollars in future inflated money. If I buy an annuity, my Social Security benefit rises from \$8,006 to over \$14,000, more than an 80 percent increase. If I'm a \$30,000 worker, I'm paying \$3,720 a year to Social Security. Put that money into any sort of reasonable investment vehicle and I'll be able to retire with close to \$500,000 in today's money.

I am 100 percent against the privatization of Social Security, if privatization means disbanding the Social Security Administration. President Roosevelt created the assumption of a decent retirement income for all Americans. Privatization means 100 million Americans have private accounts, and if you make bad investment choices, you've got 15 million seniors eating cat food. We need a third option.

Option one is to keep the system the way it is—which will mean raising payroll taxes 50 percent or cutting benefits 30 percent. Option two is to privatize Social Security, disband the agency, break the federal safe-



# **“Private capital markets can offer a far higher rate of return for everyone than can Social Security.”**

**—Michael Tanner**



**Sam Beard tells a Capitol Hill audience that Social Security privatization would broaden the distribution of wealth in the United States.**

ty net, break the pledge of a decent retirement income. Absolutely not! Option three is to look at the models of Chile and Singapore, which have mandated savings plans. At Economic Security 2000 we call for the “capitalization” of Social Security. That means save Social Security, put it under two tiers, have the individual accounts, cut all Americans into the chance to accumulate wealth, and pass that on to the kids and give them choices. But keep tier one, which is the safety net.

Let’s put the power of compound interest to work and cut all Americans into the chance to own something—and let’s talk about increasing Social Security benefits 50 to 200 percent.

**Mike Tanner:** Let’s face it, if Social Security goes under, everyone on this panel will survive. We have other methods of paying for retirement. We have 401(k) plans, IRAs, investments, equity in our homes—but the poorest elderly do not. The poorest 20 per-

cent of the elderly receive 81 percent of their retirement income from Social Security. Social Security, despite its progressive benefits structure, still leaves them with a fairly low retirement income. If through privatization we can realize a higher rate of return, two to three times higher in fact, that’s one of the best things that we could do for the elderly poor. We will need to maintain the safety net of minimum benefits, but private capital markets can offer a far higher rate of return for everyone than can Social Security.

We also need to look at the lifetime total benefit. The total amount you get back in Social Security depends on how long you live. If you live to be 100, you do pretty well on Social Security. If you die at 66, you don’t do very well in terms of total dollar return on what you paid in. In this country it’s an unfortunate fact that how long you live is linked to how wealthy you are. There’s a big difference between the life spans of people in the lowest 20 percent income bracket and those in the upper 80 percent income

bracket. The poor simply don’t live as long as the rich and therefore they don’t do as well in terms of the total benefits that they get out of the system. That actually results in the net transfer over a lifetime from poor to rich, from men to women, and from blacks to whites. A privatized system would break the link between longevity and total benefits. In fact, people who died early would have retirement accounts that could help their heirs to build capital that would then help lift them out of poverty.

The alternatives to privatizing Social Security are a really bad deal for the poor. The payroll tax is one of the most regressive taxes. First, it is a tax on employment, which is a very bad thing to tax if you want to create jobs and expand the economy. Second, it exempts income from interest and dividends, and it taxes income from wages, which is regressive. The fact is that 71 percent of Americans pay more in payroll tax than they pay in

federal income tax, and those tend not to be the 71 percent who are the richest Americans; they’re the 71 percent at the bottom of the scale. Raising the payroll tax significantly will be a burden on poor and working-class Americans. But if we don’t do something about Social Security, we are going to have to have a significant payroll tax increase, which is going to fall on them.

Slashing benefits is also going to affect the people who depend on Social Security for 81 percent of their income. If you cut benefits directly, you are going to cut benefits to those people. And if you raise the retirement age but don’t have a private option to increase benefits, you are going to have a significant impact on people who have physically demanding jobs. It’s much easier to raise the retirement age for a policy analyst than for a coal miner.

We have to do something to fix the Social Security system in a way that preserves a retirement system for future generations and raises retirement benefits for the poor. ■



## **“In response to Kirk’s claim that libertarians reject tradition, let me point out that libertarians defend a tradition of liberty that is the fruit of thousands of years of human history.”**

### **MYTHS** *Continued from page 7*

when one person finds another unconscious and administers medical assistance or calls an ambulance.

What distinguishes libertarianism from other views of political morality is principally its theory of *enforceable* obligations. Some obligations, such as the obligation to write a thank-you note to one’s host after a dinner party, are not normally enforceable by law. Others, such as the obligation not to punch a disagreeable critic in the nose or to pay for a pair of shoes before walking out of the store in them, are. Obligations may be universal or particular. Individuals, wherever and wherever they may be (i.e., in abstraction from particular circumstances), have an enforceable obligation to all other persons: not to harm them in their lives, liberties, health, or possessions. In John Locke’s terms, “Being all equal and independent, no one ought to harm another in his life, health, liberty, or possessions.” All individuals have the right that others not harm them in their enjoyment of those goods. The rights and the obligations are correlative and, being both universal and “negative” in character, are capable under normal circumstances of being enjoyed by all simultaneously. It is the *universality* of the human right not to be killed, injured, or robbed that is at the base of the libertarian view, and one need not posit an “abstract individual” to assert the universality of that right. It is precisely his venerations for the “immortal spark in his fellow men” that leads the libertarian to defend individual rights.

Those obligations are universal, but what about “particular” obligations? As I write this, I am sitting in a coffee house and have just ordered another coffee. I have freely undertaken the particular obligation to pay for the coffee: I have transferred a property right to a certain amount of my money to the owner of the coffee shop, and she has transferred the property right to the cup of coffee to me. Libertarians typically argue that particular obligations, at least under normal circumstances, must be created by consent; they cannot be unilaterally imposed by others. Equality of rights means that some people cannot simply impose obligations on others, for the moral agency and rights of

those others would then be violated. Communitarians, on the other hand, argue that we all are born with many particular obligations, such as to give to this body of persons—called a state or, more nebulously, a nation, community, or folk—so much money, so much obedience, or even one’s life. And they argue that those particular obligations can be coercively enforced. In fact, according to communitarians such as Taylor and Sandel, I am actually *constituted as a person*, not only by the facts of my upbringing and my experiences, but by a set of very particular unchosen obligations.

To repeat, communitarians maintain that we are constituted as persons by our particular obligations, and therefore those obligations cannot be a matter of choice. Yet that is a mere assertion and cannot substitute for an *argument* that one is obligated to others; it is no justification for coercion. One might well ask, If an individual is born with the obligation to obey, who is born with the right to command? If one wants a coherent theory of obligations, there must be someone, whether an individual or a group, with the right to the fulfillment of the obligation. If I am constituted as a person by my obligation to obey, who is constituted as a person by the right to obedience? Such a theory of obligation may have been coherent in an age of God-kings, but it seems rather out of place in the modern world.

To sum up, no reasonable person believes in the existence of abstract individuals, and the true dispute between libertarians and communitarians is not about individualism as such but about the source of particular obligations, whether imposed or freely assumed.

### **Groups and Common Goods**

A theory of obligation focusing on individuals does *not* mean that there is no such “thing” as society or that we cannot speak meaningfully of groups. The fact that there are trees does not mean that we cannot speak of forests, after all. Society is not merely a collection of individuals, nor is it some “bigger or better” thing separate from them. Just as a building is not a pile of bricks but the bricks *and* the relationships among them, society is not a person, with his own rights, but many individuals *and* the complex set of relationships among them.

A moment’s reflection makes it clear that claims that libertarians reject “shared values” and the “common good” are incoherent. If libertarians share the value of liberty (at a minimum), then they cannot “actively oppose the notion of ‘shared values,’” and if libertarians believe that we will all be better off if we enjoy freedom, then they have not “given up on the possibility of ‘a common good,’” for a central part of their efforts is to assert what the common good is! In response to Kirk’s claim that libertarians reject tradition, let me point out that libertarians defend a tradition of liberty that is the fruit of thousands of years of human history. In addition, pure traditionalism is incoherent, for traditions may clash, and then one has no guide to right action. Generally, the statement that libertarians “reject tradition” is both tasteless and absurd. Libertarians follow religious traditions, family traditions, ethnic traditions, and social traditions such as courtesy and even respect for others, which is evidently not a tradition Kirk thought it necessary to maintain.

The libertarian case for individual liberty, which has been so distorted by communitarian critics, is simple and reasonable. It is obvious that different individuals require different things to live good, healthy, and virtuous lives. Despite their common nature, people are materially and numerically individuated, and we have needs that differ. So, how far does our common good extend?

Karl Marx, an early and especially brilliant and biting communitarian critic of libertarianism, asserted that civil society is based on a “decomposition of man” such that man’s “essence is no longer in community but in difference”; under socialism, in contrast, man would realize his nature as a “species being.” Accordingly, socialists believe that collective provision of everything is appropriate; in a truly socialized state, we would all enjoy the same common good and conflict simply would not occur. Communitarians are typically much more cautious, but despite a lot of talk they rarely tell us much about what our common good might be. The communitarian philosopher Alasdair MacIntyre, for instance, in his influential book *After Virtue*, insists for 219 pages that there is a “good life for man” that must be pursued in common and then rather lamely concludes that “the



## **“A solitary individual could never actually be ‘self-sufficient,’ which is precisely why we must have rules governing property and contract to make peaceful cooperation possible.”**

good life for man is the life spent in seeking for the good life for man.”

A familiar claim is that providing retirement security through the state is an element of the common good, for it “brings all of us together.” But who is included in “all of us”? Actuarial data show that African-American males who have paid the same taxes into the Social Security system as have Caucasian males over their working lives stand to get back about half as much. Further, more black than white males will die before they receive a single penny, meaning all of their money has gone to benefit others and none of their “investments” are available to their families. In other words, they are being robbed for the benefit of nonblack retirees. Are African-American males part of the “all of us” who are enjoying a common good, or are they victims of the “common good” of others? (As readers of this magazine should know, all would be better off under a privatized system, which leads libertarians to assert the common good of freedom to choose among retirement systems.) All too often, claims about the “common good” serve as covers for quite selfish attempts to secure private goods; as the classical liberal Austrian novelist Robert Musil noted in his great work *The Man without Qualities*, “Nowadays only criminals dare to harm others without philosophy.”

Libertarians recognize the inevitable pluralism of the modern world and for that reason assert that individual liberty is at least part of the common good. They also understand the absolute necessity of cooperation for the attainment of one's ends; a solitary individual could never actually be “self-sufficient,” which is precisely why we must have rules—governing property and contracts, for example—to make peaceful cooperation possible and why we institute government to enforce those rules. The common good is a system of justice that allows all to live together in harmony and peace; a common good more extensive than that tends to be, not a common good for “all of us,” but a common good for some of us at the expense of others of us. (There is another sense, understood by every parent, to the term “self-sufficiency.” Parents normally desire that their children acquire the virtue of “pulling their own weight” and not subsisting as scroungers, layabouts, moochers, or parasites. That is

a necessary condition of self-respect; Taylor and other critics of libertarianism often confuse the virtue of self-sufficiency with the impossible condition of never relying on or cooperating with others.)

The issue of the common good is related to the beliefs of communitarians regarding the personality or the separate existence of groups. Both are part and parcel of a fundamentally unscientific and irrational view of politics that tends to personalize institutions and groups, such as the state or nation or society. Instead of enriching political science and avoiding the alleged naiveté of libertarian individualism, as communitarians claim, however, the personification thesis obscures matters and prevents us from asking the interesting questions with which scientific inquiry begins. No one ever put the matter quite as well as the classical liberal historian Parker T. Moon of Columbia University in his study of 19th-century European imperialism, *Imperialism and World Politics*:

Language often obscures truth. More than is ordinarily realized, our eyes are blinded to the facts of international relations by tricks of the tongue. When one uses the simple monosyllable “France” one thinks of France as a unit, an entity. When to avoid awkward repetition we use a personal pronoun in referring to a country—when for example we say “France sent *her* troops to conquer Tunis”—we impute not only unity but personality to the country. The very words conceal the facts and make international relations a glamorous drama in which personalized nations are the actors, and

all too easily we forget the flesh-and-blood men and women who are the true actors. How different it would be if we had no such word as “France,” and had to say instead—thirty-eight million men, women and children of very diversified interests and beliefs, inhabiting 218,000 square miles of territory! Then we should more accurately describe the Tunis expedition in some such way as this: “A few of these thirty-eight million persons sent thirty thousand others to conquer Tunis.” This way of putting the fact immediately suggests a question, or rather a series of questions. Who are the “few”? Why did they send the thirty thousand to Tunis? And why did these obey?

Group personification obscures, rather than illuminates, important political questions. Those questions, centering mostly around the explanation of complex political phenomena and the assignment of moral responsibility, simply cannot be addressed within the confines of group personification, which drapes a cloak of mysticism around the actions of policymakers, thus allowing some to use “philosophy”—and mystical philosophy, at that—to harm others.

Libertarians are separated from communitarians by differences on important issues, notably whether coercion is necessary to maintain community, solidarity, friendship, love, and the other things that make life worth living and that can be enjoyed only in common with others. Those differences cannot be swept away a priori; their resolution is not furthered by shameless distortion, absurd characterizations, or petty name-calling. ■

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# Fighting Poverty without Welfare

**B**ill Clinton promised to “end welfare as we know it.” Alas, he has not. Despite the 1996 Welfare Reform Act, the modern welfare state is still fundamentally intact.

In his new Cato book, *The End of Welfare: Fighting Poverty in the Civil Society*, Michael Tanner, Cato’s director of health and welfare studies, argues that that must change. He contends that government welfare programs have failed to accomplish their ostensible goal of alleviating poverty and, moreover, they have undermined the traditional American principle of voluntarism. The interventionist welfare state has replaced civil society with political society and the results have been disastrous.

Tanner traces the history of welfare programs and finds many of them rooted in the Progressive Era. Although those programs had modest beginnings—for example, the Children’s Bureau’s first annual budget was only \$25,640—they nonetheless laid the groundwork for the New Deal and the Great Society, which expanded government assistance programs enormously. Indeed, the author points out that the welfare state has ballooned to such a level that in “40 states welfare pays more than an \$8.00-an-hour job. In 17 states the welfare package is more generous than a \$10.00-an-hour job.” Clearly, the system is in need of major revision. But both conservative and liberal critics have misunderstood what needs to be done, writes Tanner.

Liberals often claim that increased funding for job training and child care coupled with an expansion of the earned income tax credit would help many leave the welfare rolls. But, Tanner argues, there is little evidence to support such assertions. For example, “Not only do job-training programs fail to move significant numbers of people from welfare to work, they may actually have the opposite effect—moving people from work to welfare. Since individuals may be eligible for training programs only if they are on welfare, it becomes a rational decision for low-income working people, currently making a marginal living, to quit work and enter the welfare system.”

Conservatives, on the other hand, frequently push for the establishment of “workfare” programs and support block grants.

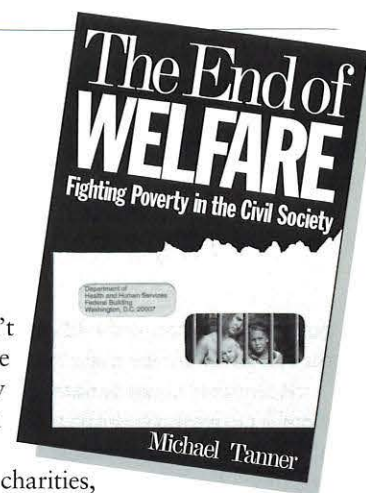
Those programs, Tanner argues, are also flawed. Workfare “does not address the most serious social consequence of welfare—children growing up in single-parent families.” And block grants, in reality, do little to return power to states and local communities.

In contrast to liberal and conservative critics, Tanner argues that welfare “cannot be reformed.” Instead, it “is time to end it” and to finally realize that state-supported efforts to cope with poverty are doomed to failure. In place of government programs, Tanner proposes a two-pronged approach. First, undo the shackles of regulation and taxation that have been placed on the economy and allow it to grow, thereby providing jobs for those who are able to work. And second, rely on private charities to aid those

who can’t work or are temporarily between jobs.

Private charities, Tanner argues, “are far more effective than government welfare programs.” They “can individualize their approaches and target the specific problems that are holding people in poverty. They are also much better at targeting assistance to those who need it most and at getting the most benefit out of every dollar.”

The United States, Tanner writes, must rediscover the approach it employed during the first 130 years of its existence. It must rediscover civil society. ■



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# A Fresh Look at the Environment

**W**e should not be taken for a ride by the environmentalist movement's predictions that we are on the verge of environmental catastrophe," writes Wilfred Beckerman in a new Cato book, *Through Green-Colored Glasses: Environmentalism Reconsidered*.

Beckerman, an Emeritus Fellow of Balliol College, Oxford, and a former member of the Royal Commission on Environmental Pollution, is the author of the widely acclaimed *In Defense of Economic Growth*, which appeared in 1974. Like its predecessor, *Through Green-Colored Glasses*, which was published in England last year under the title *Small Is Stupid: Blowing the Whistle on the Greens*, has garnered significant praise. *The Economist* stated that its "arguments are piercing" and *Nature* remarked, "Environmentalists tempted to ignore Wilfred Beckerman's latest book better think again. . . . Beckerman has written a thoughtful book as well as an entertaining one."

He explodes a number of myths currently advanced by radical environmentalists, including the assertion that natural resource depletion is imminent and the never-ending claims regarding global warming. He contrasts those supposed "threats" to the environment with the very real ecological problems that face Third World countries and concludes that economic growth is the only way those areas will be able to develop the technology and wealth needed to handle their problems. In addition, he insightfully discusses the question of what society owes future generations.

Beckerman believes the argument regarding natural resource depletion is "flawed in every respect." It is "at variance with the whole of historical experience, and it takes no account of the way that societies adapt to change in the demands and supplies of materials." Defending his position, he cites numerous examples of how the market has dealt with temporary resource shortages, such as the development of synthetic rubber during World War II and the creation of plastic as a replacement for various metals.

While acknowledging that global warming "has to be taken seriously," Beckerman maintains that it is "no cause for alarm or dramatic action." If dramatic action were taken, the effects on human welfare would be horrendous—even more horrendous per-

haps than the effects of global warming itself. "With the global-warming problem," Beckerman writes, "society is faced with the choice between (i) accepting some remote and unquantifiable possibility of sharp climatic change in the longer run with possibly severe economic effects and (ii) certain economic and social catastrophe if draconian policies are adopted to avoid it."

The ecological problems of the Third World, Beckerman contends, are a direct result of the low level of economic development those countries have achieved. They simply have not produced the technology necessary for environmental protection, nor have they accumulated the wealth to buy it from abroad. And to do either one, they must first industrialize and grow—paradoxically, the exact thing that many Western environmentalists lament. He writes, "The best—and no doubt the only—route by which these countries can overcome their appalling environmental problems is to become richer."

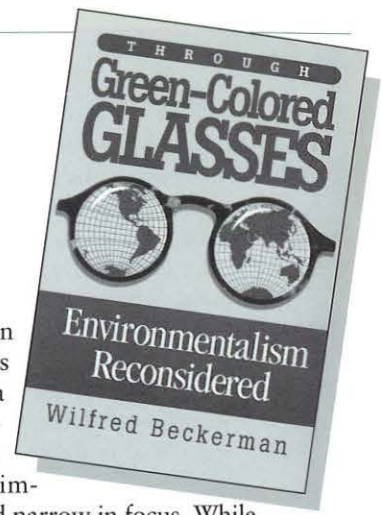
One of the most vexing philosophical problems facing those who write on the environment is what, if any, moral obligations society has toward future generations. Is it necessary, for example, to leave the environment completely unaltered, or even approximately so, as many environmentalists argue?

Beckerman contends that such a proposition is overly sim-

plistic and narrow in focus. While it is conceivable that we could leave posterity a relatively unchanged environment, doing so would be too costly, not only to us, but to future generations as well.

To achieve the level of ecological cleanliness many environmentalists say we owe our descendants, the Western world would have to sacrifice economic growth and material prosperity for decades to come. Future generations would be born into a world with a pristine environment, but, in total, they would be much poorer than we are now. And they would be without the technological capacity to handle any serious environmental problems that might arise. Is that, Beckerman asks, what we really think is just?

Beckerman leaves the reader with the following thought: "Above all, we should not be panicked into the sort of drastic action urged on us by many environmental activists. . . . In short, the message of this book is that we have time to think. What is needed is the will to do so."



## News Notes



Stuart Anderson

**S**tuart Anderson has been named director of trade and immigration studies at the Cato Institute, a new position. He had been a visiting policy analyst at Cato for almost a year, concentrating on immigration issues.

Cato president Edward H. Crane said, "We're delighted to create this new position as part of our commitment to an open world economy. Stuart Anderson's recent work for Cato makes him just the right person to fill it."

Anderson was policy director at the Alexis de Tocqueville Institution and editor in chief of *Bloc* magazine, a business journal on Russia and Eastern Europe. His work has appeared in the *Wall Street Journal*, the *New York Times*, the *Washington Post*, *Forbes*, and elsewhere.

An article in the August issue of *Wired* credited his studies with educating members of Congress on the importance of immigrants to the U.S. economy during the immigration debate of spring 1996. Sens. Spencer Abraham (R-Mich.) and Mike DeWine (R-Ohio) and Reps. Dick Chrysler (R-Mich.) and Sam Brownback (R-Kans.) cited the work of Anderson and fiscal policy director Stephen Moore and called the Cato Institute "the most influential organization" in explaining the relationship among immigration, economic growth, and political liberty.



◆**From arrogance to hubris**

"Sen. Fulbright had a profound impact on the way I now view the world," the president told me. "He . . . cautioned against the arrogance of power." . . .

"The most significant accomplishment in the last four years is that I have largely succeeded in changing the way we think about ourselves and our future."

—Interview with President Clinton in the *Wall Street Journal*, Aug. 1, 1996

◆**How about "individual human being"?**

Sandra and Tom Prather . . . learned when they tried to enroll their 5-year-old son, T.J., in kindergarten [in Montgomery County, Md.] that, under state and federal regulations, they would have to decide whether the boy was white, African American, Latino, Asian or Native American. The form made no provision for the fact that T.J.'s mother is white and his father is black. . . .

Under county regulations, the Prathers' refusal to designate a single racial or ethnic category means the school system will decide for them, and that could have significance to T.J. when school administrators assign students to classrooms or weigh transfer requests.

—*Washington Post*, July 26, 1996

◆**Just get out of the way and we'll fashion our own path**

"We're at a period in time where the changes in our society and our world are so profound that the old liberal and old conservative descriptions don't work," President Clinton said Wednesday in an inter-

view with USA TODAY. "I have, if you will, a moral obligation to try to fashion a new path."

—*USA Today*, July 18, 1996

◆**The era of big government is over, cont.**

With its chambers filled with applauding county workers, the Santa Clara County Board of Supervisors passed a \$1.9 billion budget Friday in a brief, almost joyous meeting where not one soul complained that a favorite program had been shorted.

—*San Jose Mercury News*, June 22, 1996

◆**Our foreign policy stops at the edge of the solar system**

The U.S. Air Force is considering taking on the role of protecting the Earth from asteroids and comets and has begun assessing what ground- and space-based assets would be needed to construct a planetary defense system.

—*Defense News*, July 15–21, 1996

◆**Revolution R.I.P.**

The National Endowment for the Arts . . . helps support dozens of small cultural organizations in Utah, from dance ensembles and string quartets to folk ballets and repertory theaters. [Sen. Robert F.] Bennett, a Mormon with strong conservative values, told members of an Appropriations subcommittee that he would fight to add \$10 million to the \$82.7 million allowed for the agency as the bill moved through the Senate.

Then came conservative Mississippi Republican Thad Cochran, lamenting the

shortage of funds for Choctaw Indian schools and the fiscal plight of the Vicksburg, Miss., National Military Park. "They can't even keep the grass mowed. It's sad," he complained.

Finally, Sen. Pete V. Domenici (R-N.M.), the Budget Committee chairman who has led the fight for a balanced budget, spoke his piece. After going on record in support of the NEA, he added a general comment: "We are shortchanging investments. . . . This can't continue. We've got to find some way to increase appropriations."

—*Washington Post*, July 22, 1996

◆**Did they put out the fires in Tiananmen Square?**

The Environmental Protection Agency gave a \$20,000 grant to the Chinese Ministry of Public Security for maintenance of fire extinguishers and a \$100,000 grant to Oman, one of the richest oil countries in the world, to study gas emissions.

—Sen. Lauch Faircloth, press release, July 17, 1996

◆**Industrial civilization must be shut down because of global, um, cooling**

So far this summer (defined in meteorological terms as June, July, and August), temperatures [in the Washington area] have averaged 74.4 degrees. "As long as temperatures stay normal, or below normal, for the next 21 days, the summer of 1996 will go down as the coldest since 1946, when the temperature averaged 73.7 degrees," the [National] Weather Service said in a statement.

—*Washington Post*, Aug. 10, 1996

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