

Terrorism's Fellow Travelers

by Brink Lindsey

Collectivists and communitarians frequently deride modern, liberal societies for their “atomism,” or lack of “social cohesion.” In the wake of September 11, the baselessness of those criticisms should now be obvious. Although solidarity in freedom may not be uppermost in the mind amidst the diverting luxuries of peacetime, its presence became palpable as soon as liberty came under attack. The heroism of Flight 93’s doomed passengers, and of firefighters and police officers who rushed into burning buildings; the enormous outpouring of aid and assistance for the victims; the immediate insistence, from the president on down, that there be no reprisals or bigotry directed against Muslim Americans; the electrifying resurgence of patriotism here at home; the tears and prayers of freedom-loving people around the world all confirm that the promise of *e pluribus unum* remains alive and well.

On the far political fringes, though, are voices that call out from beyond the pale of liberal fellow feeling. Adding obscene insult to grievous injury, those voices responded to the horror of September 11 by blaming the victims—by contending, explicitly or implicitly, that America had it coming. And so, while the terrorist attacks served to draw most of us closer together, they simultaneously exposed the unbridgeable differences between us and a disaffected minority of extremists.

Most of the America haters flushed out by September 11 are huddled on the left wing of the conventional political spectrum. Yes, from the far right Jerry Falwell did

Brink Lindsey is a senior fellow at the Cato Institute and director of its Center for Trade Policy Studies. He is the author of Against the Dead Hand: The Uncertain Struggle for Global Capitalism (John Wiley & Sons, December 2001).



Ivan Eland, director of defense policy studies, answers questions about national defense after a Book Forum for his new book, *Putting “Defense” Back into U.S. Defense Policy: Rethinking U.S. Security in the Post-Cold War World*.

rush to ascribe the mass murder of innocents to divine wrath against his political opponents, while Pat Robertson nodded in warm assent. But that episode was exceptional; moreover, Falwell and Robertson were blasted even by their supporters and forced almost immediately to recant. The left, on the other hand, produced a steady drumbeat of America-bashing tirades—and retractions have been few and far between. “America, America, what did you do—either intentionally or unintentionally—in the world order, in Central America, in Africa where bombs are still blasting?” thundered former San Francisco supervisor Amos Brown at, of all places, a memorial service for victims of the terrorist attacks. “America, what did you do in the global warming conference when you did not embrace the smaller nations? America, what did you do two weeks ago when I stood at the world conference on racism, when you wouldn’t show up? Ohhhh—America, what did you do?”

Continued on page 11

In This Issue



Will China collapse? p. 5

| | |
|---|-----------|
| Crane: America’s values under attack | 2 |
| Junk Science Judo | 3 |
| Fighting Terrorism, Preserving Civil Liberties | 6 |
| School choice in Maine, Vermont, and Arizona | 8 |
| Free speech advocates call for Internet censorship | 9 |
| Cato Calendar | 11 |
| Space and defense | 14 |
| New policy staff | 15 |

The Essence of America



Thomas Jefferson must be spinning in his grave. First, conservative columnist George Will names him Man of the Millennium because his call for a limited government protecting the individual's rights to life, liberty, and the pursuit of happiness defines America. The next thing you know, Will is celebrating what he perceives to be conservatives and liberals joining hands in support of Big Government in the wake of the terrorist attacks on America.

Will exults that "conservatism, redefined by a president eager to treat even education in grades K through 12 as a presidential responsibility, has shed its residual resentment of Washington's pervasive role in life here at home." As for the liberals, he writes, "Today the Democratic Party provides scant comfort" for those who think the United States shouldn't be the world's policeman. Hallelujah! We're all New Deal interventionists now.

And it's not just the Hamiltonian side of George Will's split personality getting the best of him. More predictable pundits are also taking advantage of the atrocities of September 11 to promote long-held support for expansive government. The *New York Times* writes, "Suddenly, the political language of a generation looks dated: Nobody wants to get the government off their backs." *Washington Post* columnist Jim Hoagland argues that now Congress "will have to return government closer to the center of American life, not whittle away further at its powers and funding."

This is all utter nonsense. What happened on September 11 was an abject failure of Big Government. The federal agencies assigned the important task of protecting our homeland against terrorist attacks were clueless. And if, as some argue, they had some clues, they failed to act on them. So we should take this failure to provide a basic function of government as proof positive that we need more government in our lives? Please.

Put aside for the moment such silly notions as that in recent decades we've been "whittling away" at the size of government. It's bigger than ever, more intrusive than ever, and taxing us at historically high rates. What the attacks of September 11 (and whatever horrible events might transpire before you receive this) should do is make us focus more closely on what America is all about.

Those attacks were attacks on the essence of America. They were not attacks on the "mixed economy" or on the "Third Way." They were attacks on true liberalism—the idea that individual human life is important and that social institutions should reflect that fact. America is a great nation because it was created with a Declaration of Independence and a Constitution designed to acknowledge and enhance the importance and dignity of human beings. Tens of mil-

lions of people from all over the globe often gave up everything just to come here to live in the land of the free. But over the past 70 years we've increasingly neglected the significance of America, and that has been reflected in our public policies.

Today, we have a national retirement program called Social Security that forces Americans to pay 12.4 percent of their income into a "system" that gives total control of their earnings to 535 politicians. We have no right to the money, we cannot leave it to our loved ones; and what we get back is entirely up to those politicians. Where is the respect for the dignity of human life in such a system?

We have more or less turned education—not car manufacturing or computer technology, but the education of our children!—over to the government. Bureaucrats tell most of us where our children must go to school. Never mind how safe the school is or whether it educates or even what it intends to teach the children. That's not your choice. Where is the American dignity in such a system?

Our tax code is an embarrassment to the American founding. It treats us like so many gerbils. Do this and you'll get some sugar water. Do that and you'll get an electric shock. Conservative and liberal politicians alike delight in using the tax code to make us behave as they think appropriate. Where is the human dignity in such social engineering?

Libertarians are not "anti-government." Perhaps we shouldn't go along with phrasing the debate as one between big government and small government. What we actually believe in is limited government as opposed to pervasive government. And the "limited" refers to the proper role of government. At a time of threats to our very existence as a nation, that role may properly require government to do more in defense of our liberties than it would in more peaceful times. But to suggest that these threats—as many, many people have—somehow argue for a more expansive role for government in our day-to-day lives is absurd.

No, George Will, the *New York Times*, and the *Washington Post* are wrong. We've been attacked by pre-Enlightenment savages who have contempt for human life. We've been attacked precisely because our nation is seen as the symbol for respect for individual rights and human autonomy. That autonomy—control over one's own life—is the essence of the American experiment in respect for the dignity of humanity. As such, it calls for less government involvement in our lives, not more.

“Those attacks were attacks on the essence of America. They were not attacks on the ‘mixed economy’ or on the ‘Third Way.’”

—Edward H. Crane

New book offers 12-step course for consumers

How to Practice Junk Science Judo

“The key to mastering Junk Science Judo,” writes Steven J. Milloy in a new Cato Institute book, “is understanding (1) the basic process of science and (2) the modus operandi of the Junksters.”

In *Junk Science Judo: Self-Defense against Health Scares and Scams*, Milloy defines junk science as, “in a word, fraud. In a sentence, it’s faulty scientific data and analysis used to advance a special interest.”



Steven J. Milloy

Milloy, a biostatistician and lawyer, offers a 12-step crash course in ways consumers can debunk junk science,

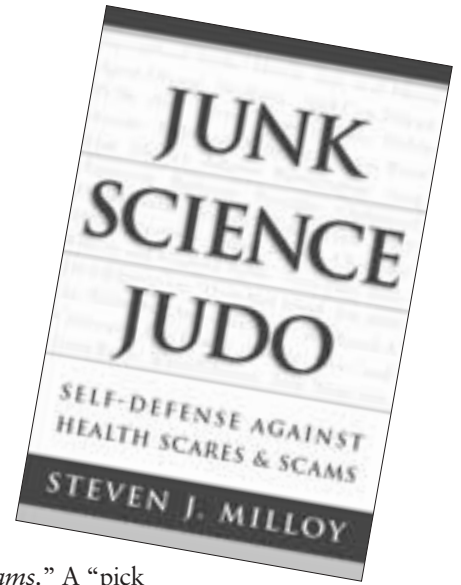
the source of many health scares and scams. He shows how by following a few simple rules anyone can understand how special interest groups, social and political activists, businesses seeking to undercut rival companies, and politicians manipulate statistics and science.

In one lesson Milloy explains that the media, lawyers, and corporations can some-

times benefit from health scares and warns readers to be skeptical. In another lesson he reveals that to arrive at the oft-cited statistic that 3,000 “kids” start smoking every day, kids were defined as persons aged 20 years and older. “Look under the statistical rocks,” he writes. “You’ll be surprised at what crawls out.”

Milloy, publisher of JunkScience.com, an adjunct scholar at the Cato Institute, and a columnist for FoxNews.com, debunks several other famous myths, for example, that DDT causes cancer and that Love Canal was an environmental disaster. In both cases, Milloy says, the reported negative health consequences have never been proven. “Junk science-based myths may serve as rationale for new health scares, so it pays to beware of them.” Unfortunately, many gullible journalists pass on the bad information, alarming the public and causing much harm. Milloy attempts to teach people how to tell the difference between health scares and genuine risks.

In a review of the book, Tom Randall of the *Chicago Sun-Times* wrote, “If you plan on ever reading another newspaper or watching the nightly news, you need to read Steven J. Milloy’s *Junk Science Judo—Self Defense Against Health Scares and*



Scams.” A “pick of the month” on Amazon.com, *Junk Science Judo* was praised by reviewer Alan Caruba: “Milloy’s new book should be mandatory reading in every high school and college in America, and if you want to achieve peace of mind based on real science, you should pick up a copy of this entertaining and informative book.”

Junk Science Judo is available (\$18.95 cloth) through Cato Institute Books at 1-800-767-1241 or via the online Cato Bookstore, <http://www.cato.org>.

Cato Policy Report is a bimonthly review published by the Cato Institute and sent to all contributors. It is indexed in *PAIS Bulletin*. Single issues are \$2.00 a copy. ISSN: 0743-605X. ©2001 by the Cato Institute. • Correspondence should be addressed to *Cato Policy Report*, 1000 Massachusetts Ave., N.W., Washington, D.C. 20001. • INTERNET: cato@cato.org • WEB SITE: <http://www.cato.org> or call 202-842-0200 or fax 202-842-3490.

CATO POLICY REPORT

David Boaz Editor
 David Lampo Managing Editor
 Amanda Elliott Art Director
 Casey J. Lartigue Jr. Assistant Editor

CATO INSTITUTE

Edward H. Crane President and CEO
 William A. Niskanen Chairman
 David Boaz Executive Vice President
 Ted Galen Carpenter ... V. P., Defense & Foreign Policy Studies
 James A. Dorn V. P., Academic Affairs
 William Erickson V. P., Finance and Administration
 Roger Pilon V. P., Legal Affairs

Kimble Ainslie Entitlements Policy Analyst
 Virginia Anderson Manager, Information Services
 Radley Balko Marketing Manager
 Doug Bandow Senior Fellow
 Patrick Basham Senior Fellow
 Andrew Biggs Social Security Analyst (on leave)
 Susan Chamberlin Director, Government Relations
 Clyde Wayne Crews Jr. Director, Technology Studies
 Gary Dempsey Foreign Policy Analyst
 Veronique de Rugy Health Policy Analyst
 Chris Edwards Director, Fiscal Policy Studies
 Ivan Eland Director, Defense Policy Studies
 Gene Healy Senior Editor
 Edward L. Hudgins Director, Regulatory Studies
 Elizabeth W. Kaplan Senior Copyeditor
 Jefferson Kiely Director of Marketing
 M. Christine Klein Director, Sponsor Relations
 Terri LaBonte Director of Administration
 David Lampo Publications Director
 Jackie Leyland Director of Development
 Robert A. Levy Senior Fellow, Constitutional Studies
 Brink Lindsey Director, Center for Trade Policy Studies
 Aaron Lukas Trade Policy Analyst
 Timothy Lynch Director, Criminal Justice
 Laura Major Director, Conferences
 Thomas P. Miller Director, Health Policy Studies
 Tom G. Palmer Senior Fellow
 Alan Peterson Director of MIS
 Alan Reynolds Senior Fellow
 Claudia Ringel Copyeditor

Jacobo Rodríguez Financial Services Analyst
 John Samples Director, Ctr. for Representative Govt.
 Stephen Slivinski Fiscal Policy Analyst
 Michael Tanner Director, Health and Welfare Studies
 Jerry Taylor Director, Natural Resource Studies
 Adam Thierer Director, Telecommunications Studies
 Peter VanDoren Editor, Regulation
 Ian Vásquez Director, Global Economic Liberty
 Valerie Walston Director of Broadcasting
 James M. Buchanan Distinguished Senior Fellow
 Earl C. Ravenal Distinguished Senior Fellow
 James Bovard Associate Policy Analyst
 Barbara Conry Associate Policy Analyst
 Lawrence Gasman Senior Fellow in Telecommunications
 Steve H. Hanke Senior Fellow
 Penn Jillette Mencken Research Fellow
 David B. Kopel Associate Policy Analyst
 Christopher Layne Visiting Fellow, Foreign Policy Studies
 Patrick J. Michaels Senior Fellow in Environmental Studies
 Stephen Moore Senior Fellow
 P. J. O'Rourke Mencken Research Fellow
 Tim Penny Fellow in Fiscal Policy Studies
 José Piñera Co-chair, Social Security Privatization
 Jim Powell Senior Fellow
 Ronald Rotunda Senior Fellow, Constitutional Studies
 Dean Stansel Associate Policy Analyst
 Teller Mencken Research Fellow
 Cathy Young Research Associate

Political scientists debate term limits

Cato University Held Again Near San Diego

◆ **August 4–10:** As part of its Cato University program, the Cato Institute sponsored the **Cato University Summer Seminar** at the elegant Rancho Bernardo Inn near San Diego. Faculty included David Friedman of Santa Clara University Law School; Tom G. Palmer, senior fellow at Cato and director of the Cato University program; David Beito of the University of Alabama; Dana Berliner of the Institute for Justice; Stephen Davies of Manchester University in the United Kingdom; Ingrid Merikoski of the Acton Institute; Estuardo Zapeta of the Francisco Marroquin University in Guatemala; Charlotte Twilight of Boise State University; columnist Deroy Murdock; Doug Bandow, senior fellow at the Cato Institute; and Randy Barnett of Boston University Law School.

◆ **August 28:** Americans are ready to support reforms that will give them more choice about and control over their retirement incomes, said pollster Scott Rasmussen at

a Cato Book Forum, *A Better Deal: Social Security Choice*. Rasmussen contended that Americans should be given the choice of leaving the Social Security program because, if privatization provides a poor rate of return, few people will opt out of the Social Security system.

◆ **August 31:** At a forum titled “Assessing the Term Limits Experiment: California and Beyond” at the annual meeting of the American Political Science Association in San Francisco, Cato senior fellow Patrick Basham presented his new paper on the results of term limits on state legislatures. Commenting on Basham’s findings were California Secretary of State Bill Jones, University of California-Berkeley political scientist Bruce Cain, John Fund of the *Wall Street Journal*, and Peter Schrag of the *American Prospect*.

◆ **September 5:** The proper role of the military in space was the topic of a Cato Insti-

tute half-day conference, **The Military and Space**. The speakers discussed whether the military should continue to be confined to gathering intelligence or be expanded to include offensive and defensive systems measures. Speakers included Peter Huessy of the National Defense University Foundation; John Pike of Globalsecurity.org; Charles Peña of the Cato Institute; Frank Dellermann of the U.S. Department of Defense; Amb. Frank Cooper, now of High Frontier; and Geoff Forden of the Massachusetts Institute of Technology.

◆ **September 17:** Arizona’s scholarship tax credit, which allows taxpayers a dollar-for-dollar tax credit for contributions to organizations that give students scholarships to attend private schools, drives the “NEA and ACLU privately insane,” said Trent Franks at a Cato Policy Forum, “**Arizona’s Scholarship Tax Credit: A New Direction for School Choice?**” Franks, former member of the Arizona House of Representatives and author of Arizona’s scholarship tax credit legislation, said that opponents of school choice have been caught off guard by the tax credit because it provides “private donations, coming from private individuals, going to private scholarship charities, to go to private scholarships for private individuals to go to the private school of their private choice.” Carrie Lips, coauthor of a Cato Institute study released on the day of the forum, discussed her finding that scholarship tax credits expand school choice to thousands of families, save taxpayers millions of dollars, and raise more than \$32 million for almost 19,000 scholarships. Lisa Graham Keegan, former Arizona superintendent of instruction and now head of the Education Leaders Council, said that the scholarship credit has motivated organizations to reach out to citizens and ask for donations.

◆ **September 18:** Trade has been a major driver of economic growth for the past three decades, said David Dollar of the World Bank at a Cato Policy Forum, “**Is Globalization Good for the Poor?**” Dollar argued that globalization has increased growth and reduced poverty in countries that have lowered tariffs and chosen to integrate into the world



(Photo Above) Minxin Pei, James A. Dorn, author Gordon Chang, and Liu Junning discussed Chang’s book, *The Coming Collapse of China*, at a Book Forum on Sept. 26.

(Photo at Right) Geoffrey Forden of MIT, author of a Cato paper on Russia’s nuclear-warning system, tells a conference on “The Military and Space” that it would be in the U.S. interest to help Russia rebuild that system.



Carrie Lips (in background) and Lisa Graham Keegan discuss Arizona's education tax credits after a forum on Lips's new paper.



economy. Those countries have closed the per capita income gap with richer countries while countries that have remained closed have fallen further behind. Mark Weisbrot of the Center for Economic and Policy Research countered that global economic integration has been disruptive to developing countries and left most poor countries behind.



Ted Galen Carpenter listens as Ivan Eland discusses reallocating defense dollars at a Book Forum on Sept. 26.

◆ **September 26:** “Beijing is running out of money and running out of time,” said author Gordon G. Chang at a Cato Book Forum, *The Coming Collapse of China*. Chang predicted that China’s “unsustainable economic and political systems that have been hidden behind false statistics and public relations hype” will collapse about five or six years after the country’s accession to the World Trade Organization. Minxin Pei of the Carnegie Endowment for International Peace expressed doubt that China’s government will collapse, pointing out that China has avoided previous near-catastrophes. Liu Junning of Harvard University predicted that Chinese communist ideology will collapse as China continues to open its economy to the world.

World Bank economist David Dollar told a Policy Forum on Sept. 18 that globalization has reduced the income gap between rich countries and developing countries that have chosen to open their economies, while closed economies have remained poor.



◆ **September 26:** The September 11 attack on the World Trade Center and the Pentagon “demonstrates that we need to channel more of our resources away from cold war weapons and force structure to deal with the changing threat,” said Ivan Eland at a Cato Institute Book Forum. Eland, director of defense policy studies at Cato and author of the new book *Putting “Defense” Back into U.S. Defense Policy: Rethinking U.S. Security in the Post-Cold War World*, argued that a more restrained U.S. military posture abroad could actually enhance American security and that a dramatic reallocation of resources in the defense budget is needed to respond to the changed threat environment. Rear Adm. Eugene Carroll (ret.) of the Center for Defense Information and Alan Tonelson of the U.S. Business and Industry Council Educational Foundation commented on the book. ■



Cato's L. Jacobo Rodriguez (right) welcomes Luis Pazos, former think tank president and now chairman of the budget committee in Mexico's Congress, to a dinner for Mexican legislators and Cato scholars.

Most Cato Forums can be viewed live or later on the Web with RealPlayer. Visit www.cato.org and select Audiovideo Archives.

Fighting Terrorism, Preserving Civil Liberties

On October 2 the Cato Institute held a Policy Forum titled “Fighting Terrorism, Preserving Civil Liberties.” The speakers were Rep. Bob Barr (R-Ga.); Solveig Singleton, senior analyst at the Competitive Enterprise Institute; Stuart Taylor, senior writer at the National Journal; and Jonathan Turley, Shapiro Professor of Public Interest Law at George Washington University. Roger Pilon, vice president for legal affairs at the Cato Institute, moderated the discussion.

Roger Pilon: Not since Pearl Harbor has America been awakened so forcefully as it was by the terrorist attacks of September 11. Despite frequent warnings, several coming from the Cato Institute, too many people in government seemed all but asleep at the switch when the attacks finally came. Nevertheless, the first response of those officials, predictably, was to ask for more authority, presumably to do what they hadn’t done the first time. It’s a familiar pattern: crisis, often flowing from government failure, begets only calls for more government, and all the while the basic problem goes unsolved.

When the dust settles, one hopes that we’ll have a searching examination of just why it was that such a monumental governmental failure took place on September 11. The first and most basic business of government, after all, is to protect us from the kinds of attacks we saw that day.

In the meantime, we have to deal with the immediate demands for more power to prevent such attacks and with the implications for our liberty. For while government’s basic business may be to protect us, it cannot do so by any means it chooses. It must respect our rights while defending them. How can we fight terrorism while preserving our civil liberties?

More generally, how can we stop the all-too-familiar slide from crisis to leviathan? The suspension of habeas corpus during the Civil War, the attacks on free speech during the First World War, the incarceration of Japanese Americans during the Second World War, the seizure of the steel mills during the Korean War all illustrate that slide.

The events of September 11 are already spawning attacks on the idea of limited government. In his 1996 State of the Union address President Clinton said that the era of big government is over. Many are now clamoring to take that back.

In the jurisprudential realm, for example, Linda Greenhouse, the thoughtful Supreme Court reporter for the *New York Times*, wrote just last Sunday that the Supreme Court’s federalism revolution may have been “overtaken by events.” She quotes former solicitor general, Walter Dellinger, on that: “Federalism was a luxury of peaceful times, he said.



Solveig Singleton and Stuart Taylor

Thus, there are larger issues at stake as we think about the kind of legislation now before Congress. The implications are far-reaching, even for fundamental principles like federalism.

Solveig Singleton: I would like to go over my system for ranking the proposals in the PATRIOT Act in order of what I see as their threat to our tradition of limited government. So I have given the proposals that do not pose a fundamental threat a green light, the proposals that represent a significant change from current investigative practices a yellow light, and the proposals that do represent a fundamental threat to our property and our personal rights a red light. A green light does not necessarily mean we should support the proposals or that Congress should pass them without reading them; it just means that they could be passed without posing a fundamental threat to our most important liberties.

I would give a green light to several provisions, contained in secs. 103, 154, and

206 of the PATRIOT (Provide Appropriate Tools Required to Intercept and Obstruct Terrorism) Act, that would allow increased information sharing between agencies: criminal law enforcement agencies; foreign intelligence agencies; and the agencies involved in border patrol, regulating who comes into and goes out of the country. This provision is basically fairly sensible. In addition, it’s going to sunset on December 31, 2003.

Another proposal that formerly rated a red light has, under the new provision, in my view, switched to green-light status because of the substantial improvements that have been made to it in the last few days. This is the provision that would redefine some ordinary crimes as terrorism. People were particularly concerned that ordinary crimes like gun possession or computer crimes would suddenly be considered terrorist acts.

The new amendment specifies that these will be considered terrorist acts only if “calculated to influence or affect the conduct of government by intimidation or coercion or to retaliate against government conduct.” So the danger of those expansive provisions has been diminished by the amendment.

Now I’ll move on to proposals to which I’ve given a yellow light. One, sec. 101, would allow tracing of Internet traffic without a warrant. Essentially, the new proposal is a significant departure from the current standard, which is probable cause. And the courts should and will take a very close look at that.

I think ultimately that, if the agencies can provide some meaningful assurance that they can intercept only tracing information, without seeing the content of the message, this measure might be helpful to them, and the civil liberties problem would be confined. But for now that gets a yellow light.

Another yellow-light provision is the nationwide search warrants in secs. 108 and 351. The problem there is, on the surface, that agencies are looking for a consolidation, they’re looking for an administrative change, so that they can get one warrant from one federal court instead of having to go to all 50 states, if an e-mail is passing through many states, to get search warrants. So it may in fact help them save

“The greatest problem for us is whether surveillance laws can change who we are, how we act. We don't want to be a fishbowl society.”

a lot of time in initiating an investigation, which could be very important.

However, the courts must, and I think rightly, take a very close look at the idea that a single federal court should be allowed to issue a warrant when the property subject to the search may be outside its jurisdiction. I don't see any way of getting around some serious problems with judicial review here.

Now for the red lights, mostly provisions that relate to law enforcement agencies' desire for expanded forfeiture powers. The forfeiture powers that have already been given to those agencies in nonterrorist cases, particularly in connection with the drug war, have already been substantially abused. Law enforcement agencies are arguing that, if suspects haven't been detained yet, they can use their money to flee the country. However, a judicial asset freeze, which provides no temptation of corruption to law enforcement officials the way an asset seizure does, is an effective way of doing exactly the same thing.

There is absolutely no reason law enforcement agencies need to be able to seize assets, as opposed to freeze assets, to prevent somebody from leaving a jurisdiction before trial. And what we have seen with forfeiture has been the police essentially tempted to plant evidence over and over and over again because they want somebody's yacht or his house or his car, and that is simply unacceptable.

Stuart Taylor: Is electronic privacy overrated? We all remember 1984. We all remember what J. Edgar Hoover did to Martin Luther King. But I'm not aware of a whole lot of other people who, as a result of government's abusing information collected in wiretaps or any form of electronic surveillance, have been killed or defamed or imprisoned or otherwise oppressed. What abuses are really threatened if we, at least incrementally, increase government wiretapping powers for the purpose of countering really hardcore terrorism?

Perhaps officials could blackmail targeted groups or leak information that the press could use to defame people. Those are threats, but I would love to know whether the threats are really the huge bogeyman,



Rep. Bob Barr

in the face of the dangers on the other side, that we've all had in the backs of our minds since we read 1984.

Jonathan Turley: As we face the difficult times ahead, we have to remember that the Madisonian democracy was designed to be nimble and flexible. It's a mistake to treat the system as if it were rigid and static. This system was designed at a time when the Framers faced far greater threats than we are facing from al Qaeda. They faced both external and internal threats, and the very existence of the Republic was in doubt. They developed a system that had the flexibility to meet those threats.

We have seen in the last two weeks how well that system functions under pressure. In responding to September 11, the executive branch moved very quickly to state what it needed. Responding from its own institutional perspective, Congress slowed things down, scrutinized them, made changes, and made compromises. The two branches functioned precisely as Madison envisioned.

This does not mean that we should be cavalier or passive in these times. Justice Louis Brandeis warned us that the greatest threats to liberty are men of zeal, who are well meaning but without understanding. To put it another way, in times of crisis our greatest threat has always been ourselves. In its most extreme form, crisis can lead us to remove the liberties that distinguish us from our enemies. We have clearly learned a great deal from history and our response to this threat has been measured and largely moderate.

Most of the current proposals should be largely uncontroversial. Removing the statute

of limitations for terrorism seems like an awfully good idea. The only surprise for most people is that we had a statute of limitations for terrorism.

Al Qaeda is a significant threat because it's hardwired terrorist groups that appear to move with speed and to utilize technology to do incredible damage. Al Qaeda also presents intelligence problems that are different from those of the traditional espionage cases. Al Qaeda clearly has knowledge of the law and knowledge of our capabilities in the counterintelligence and counterterrorism areas.

This is apparent in how they trained and inserted terrorists in this country. Ironically, the people who are beating up Arab Americans seem to forget that none of the attackers were Americans; most of them, or all of them, had to be brought in. Al Qaeda couldn't use homegrown people to carry out those attacks. So we have a situation in which people can enter the country and very quickly unleash a terrorist attack.

We need to keep perspective in this fight. The biggest advantage that we have is a system that is the most nimble and flexible in the world. James Madison didn't create it to inspire; he created it to last. It is our greatest asset.

There are areas of concern, of course. I'm concerned about the Foreign Intelligence Surveillance Act, which allows secret courts in espionage cases. I'm more than a little concerned about the change in the language. Originally foreign intelligence had to be "the purpose" of a FISA investigation, but now the wording has been allowed to drift so that foreign intelligence is "a significant purpose." There is not as much oversight and monitoring under FISA. A secret court sits badly with all of us, so we have to be careful about the powers that we give it.

The greatest problem for us is whether surveillance laws can change who we are, how we act. We don't want to be a fishbowl society. It's not that we have something to hide. It's how we will change if we believe somebody is watching us or can monitor us. So, even though I support this package, I think that we have to be very, very cautious, because there are soft vari-

Continued on page 10

Vermont and Maine have had choice for a century

Tax Credits Extend School Choice in Arizona

In “The Arizona Scholarship Tax Credit: Giving Parents Choices, Saving Taxpayers Money” (Policy Analysis no. 414), the first-ever analysis of the Arizona scholarship tax credit, researchers Carrie Lips and Jennifer Jacoby find that scholarship tax credits are a “net winner” for Arizona taxpayers. The Arizona scholarship tax credit program allows taxpayers a \$500 tax credit for contributions to organizations that give students scholarships to attend private elementary and secondary schools. “From 1998 through 2000 the tax credit generated more than \$32 million, which funded almost 19,000 scholarships through more than 30 scholarship organizations,” say the authors. By 2015, they predict, “the scholarship credit will be raising \$58 million per year, funding between 35,000 and 61,000 scholarships annually, and helping send 11,000 to 37,000 students, who would otherwise attend public school, to schools of their choice.”

◆ The Returns Are In: Term Limits Benefit Voters

The effect of term limits has been overwhelmingly positive, resulting in increased competition and diversity, according to a new Cato study, “Assessing the Term Limits Experiment: California and Beyond” (Policy Analysis no. 413). Cato senior fellow



Patrick Basham

Patrick Basham finds that increased turnover produces more representative legislatures and limited government. Focusing in particular on the experience of California—one of the oldest term-limited legislatures—Basham finds that term limits have stimulated political competition, increased the number of female and minority legislators, and “shows signs of weakening the careerism that characterized postwar legislative life and suffocated nearly all attempts at significant policy innovation.” Traditionally, incumbents have been able to insulate themselves from serious competition, Basham says. But, he argues, experience at the state level suggests that voter choice is

increased by term limits. “By mandating frequent legislative turnover,” he says, “term limits may bring new perspectives to state legislatures, reduce the concentration on reelection, and thereby diminish the incentive for wasteful election-related pork-barrel spending that flourishes in a careerist legislative culture.”

◆ FDA Regulations Undercut Medical Device Industry

The Food and Drug Administration’s open-ended powers allow it to pursue vendettas against manufacturers of safe products, according to a new Cato Institute study, “How FDA Regulation and Injury Litigation Cripple the Medical Device Industry” (Policy Analysis no. 412). Charles Homsy argues that manufacturers of medical devices “face a triple threat in their efforts to develop products.” Liability lawsuits cloned by predatory lawyers, sensationalist media stories, and the FDA’s reaction to and facilitation of those lawsuits constitute a serious danger to American medical device companies. Homsy, a manufacturer of various implant devices and materials that were used successfully in some 100,000 patients, documents how the FDA, which approved his products, forced them off the market. The Dalkon Shield, an intrauterine contraceptive device, and silicone breast implants were also purged from the market. Only after numerous court proceedings and billion-dollar lawsuits did the FDA declare that it had made a mistake in both rulings. Homsy concludes that the current system is in drastic need of reform. In Europe private companies that meet certain governmental standards certify medical devices themselves. That market approach is less subject to abuse than is the American system.

◆ MSAs Hampered by Regulations

The Health Insurance Portability and Accountability Act of 1996 established a limited demonstration project for medical savings accounts (MSAs), an alternative health care coverage option that enables insured individuals to accumulate savings to cover out-of-pocket expenses while reducing health insurance premiums. According to a new study by the Cato Institute, “The federal MSA program has been unneces-

sarily handicapped, if not permanently crippled, by HIPAA’s unreasonable restrictions on the MSA demonstration project.” In “Medical Savings Accounts: Progress and Problems under HIPAA” (Policy Analysis no. 411), Victoria Craig Bunce, director of research and policy at the Council for Affordable Health Insurance, argues that “HIPAA imposed unnecessary complexity, restricted the scope of the MSA project, and created a number of MSA design problems.” For MSAs to get a true test, “Congress should peel away the remaining legislative and regulatory restrictions on federally qualified MSAs,” as President Bush has proposed. Necessary reforms include permanent authorization of tax-qualified MSA insurance options, lifting enrollment caps on the program, extension of eligibility to all businesses and workers, more flexible deductible ranges, full and flexible MSA funding, and removal of state regulatory barriers to MSAs, Bunce says.

◆ Government Finds There Is No Digital Divide, Then Acts to Eradicate Digital Divide

While Congress insists on pushing broadband Internet access through tax credits, a new Cato Institute study argues that subsidies may actually delay broadband deployment and stifle innovation. In “Broadband Deployment and the Digital Divide: A Primer” (Policy Analysis no. 410), economist Wayne A. Leighton offers a comprehensive evaluation of government’s role in promoting high-speed Internet access. He suggests that the government stay out of broadband deployment and points out that, according to the government’s own analysis, there is no serious digital divide. The federal government “is deeply involved in providing a number of universal service subsidies that relate, directly or indirectly, to advanced telecommunications services. With so many programs already in place, a broadband tax credit is neither innovative nor necessary.” Tax credits are harmful because, unlike the situation during rural electrification, “there is no need to run a new line to every customer’s home,” Leighton says. “Indeed, subsidization may lead to a situation wherein we have a single provider, which is forever dependent on government support,” he

“Attempts to enforce labor and environmental standards through trade sanctions are not only unnecessary but also counterproductive.”

writes. “Government programs that benefit existing providers ultimately reduce incentives to develop advances in service.”

◆Military Should Not Fight for Lower Oil Prices

Oil is not a national security issue, concludes a new Cato Institute study, “Economic Security: A National Security Folly?” (Policy Analysis no. 409). The fear of American dependence on foreign oil is a dangerous development that has become an integral part of national security policy, argues Donald Losman. He explains that using military resources to defend vague notions of economic well-being is unwarranted and immoral. “The best way to address economic challenges is through good economic policy, not military means,” says Losman, professor of economics at the National Defense University. The drive for economic security means that the United States would be willing to go to war to protect the flow of commodities, such as oil, that are deemed essential. The United States spends an estimated \$30 billion to \$60 billion a year on safeguarding Middle Eastern oil supplies, even though annual U.S. oil imports from the region totaled only \$10.25 billion between 1992 and 1999. Even at today’s outrageous prices, Losman says, “a gallon of gasoline sells for less than a gallon of Coca-Cola, milk, or bottled water.” Ultimately, he argues, economic security is immoral because “it is wrong to use our armed forces against people in foreign nations so that we can get a better deal. U.S. policymakers need to ask whether it is worth spilling American (or foreign) blood to keep commodity prices at ‘acceptable’ levels,” he says.

◆132 Years of School Choice in Vermont

In a new Cato study, “Lessons from Vermont: 132-Year-Old Voucher Program Rebutts Critics” (Cato Briefing Paper no. 67), executive director of Vermonters for Better Education Libby Sternberg argues that Vermont’s voucher system gives parents greater choice in selecting schools for their children. Sternberg finds that Vermont’s voucher program neither skims the school systems of the best and brightest students nor drains public schools of revenue. “In 90 Vermont towns, or roughly one in

three, the state and town pay tuition for students in kindergarten through 12th grade to attend public and private schools,” says Sternberg. During the 1998–99 school year, more than 6,505 students, or 6 percent, attended public and private schools of choice. Vermont statutes allow towns to become “tuition towns” through a series of votes by local residents. In Vermont there are two categories of private schools—those that accept voucher students and those that don’t. Private schools that accept voucher students are more heavily regulated than are those that do not. In addition, schools accepting publicly funded students must administer the New Standards Reference Exam, whereas independent schools that do not accept publicly tuitioned students are exempt from this requirement.

◆A Century of School Choice in Maine

Another new Cato Institute study confirms that school vouchers are neither new nor experimental. In “Lessons from Maine: Education Vouchers for Students since 1873” (Cato Briefing Paper no. 66), Frank Heller, cofounder of the Maine Children’s Scholarship Fund, discusses a century-old program that allows taxpayers in Maine to pay tuition for thousands of children at the public or private schools of their parents’ choice. “The tuition program enables parents in towns without a traditional public school to choose from a list of approved private and public schools, enroll their child, and have the town pay that child’s tuition up to an authorized amount,” says Heller. In the fall of 1999, more than 5,500 students from 55 different communities in Maine attended private schools through this program, while more than 30,000 chose to attend nearby public schools. Data suggest that the tuition program costs taxpayers approximately \$6,000 per student, or 20 percent less than Maine’s average per pupil expenditure for public education. Roughly 35 percent of all students enrolled in Maine’s private schools are publicly funded through this program.

◆Trade Threatened by Environmental Standards

“Attempts to enforce labor and environmental standards through trade sanctions

are not only unnecessary but also counterproductive,” according to a new Cato Institute study, “Trade, Labor, and the Environment: How Blue and Green Sanctions Threaten Higher Standards” (Trade Policy Analysis no. 15). Daniel T. Griswold, associate director of the Cato Institute’s Center for Trade Policy Studies, finds that there is no evidence to support the “race to the bottom” thesis. On the contrary, he notes that low regulatory standards do not attract foreign direct investment (FDI) or increase export competitiveness; nations with the highest standards attract the largest amount of FDI per capita. He claims that the outcome is, in fact, a “race toward the top.” Rising incomes attributable to trade enable poor countries to lift



Dan Griswold

the “green ceiling” so that they can afford to implement higher environmental standards, says Griswold. He concludes: “The demand for trade sanctions as a tool to enforce environmental and labor standards confronts Americans with a false choice. In reality, the best policy for promoting economic growth at home and abroad—an economy open to global trade and investment—is also the best policy for promoting higher labor and environmental standards.”

◆Free Speech Defenders Supporting Internet Censorship

A number of civil libertarian groups that have previously opposed legislation to restrict Internet speech are now advocating Internet privacy legislation, according to a new Cato Institute study, “Internet Privacy and Self-Regulation: Lessons from the Porn Wars” (Cato Briefing Paper no. 65). Chapman University law professor Tom W. Bell argues that the support for privacy legislation of the American Civil Liberties Union, the Electronic Privacy Information Center, and the Center for Democracy and Technology is inconsistent with their justified condemnation of laws against pornogra-

Continued on page 13

“We need to come to grips with the real problem—not the lack of government power to deal with the attacks but the lack of proper execution of the powers that the government already has.”

FORUM *Continued from page 7*

ables, even with electronic privacy, that we need to protect.

Questions Asked Rep. Bob Barr

Singleton: My concern is that what’s missing from PATRIOT and other previous proposals is an attempt at serious CIA or FBI reform that might improve their intelligence capabilities. The emphasis has been on expanding the legal powers of those agencies, not on improving their basic competence.

What is the evidence that expanded legal powers would actually have been helpful in preventing the types of attacks that took place on the World Trade Center? For example, to what extent have law enforcement agencies actually been able to show that a delay of hours or days waiting for a warrant rendered them unable to prevent the attacks?

Rep. Bob Barr: That’s an excellent question; it goes to the heart of the problem. The attorney general was straightforward in hearings before the House Judiciary Committee when he said, “I’m not here to tell you that had any or all of these powers been available to us prior to September 11 that we could have prevented the attack.”

The truth is that we need to come to grips with the real problem—not the lack of government power to prevent or deal with the attacks that occurred on September 11 but the lack of proper execution of the powers that the government already has. And that of course is much harder to deal with and much more embarrassing perhaps than just asking for more power.

The federal government already has plenary authority to secure airports subject to federal jurisdiction. The government can already stop people from going into whatever areas it believes need to be secured from unfettered access. The government already has plenary authority, in an international context, to gather foreign intelligence. The government has unfettered authority right now to coordinate as it sees fit the intelligence that it gathers. It has absolute authority to decide how to dis-

seminate that intelligence information once it has been acquired.

The government doesn’t need any new authority to do a better job, yet there is nothing in this legislation that addresses those things. I hope that, at a minimum, we will have some continuing oversight to address very serious problems with the federal government’s exercise of its existing authority, including that in the intelligence area.

Taylor: The detention provision has been quite controversial. The administration’s original proposal has been narrowed considerably; we’re not quite sure what it’s going to end up being. But my question is a hypothetical one. A Pakistani chemistry major, with a student visa and no immigration problem, at a university in Chicago is picked up. What the FBI knows about him is this: he had downloaded articles about how terrorists might use small planes to start an anthrax epidemic and had shown an intense but unexplained interest in crop dusters. That’s all they know. Should they be able to arrest him? How long should they be able to detain him, either under current law or under whatever the law should be?

Barr: Under the bill as originally proposed, they essentially could have detained him indefinitely. Under this latest permutation, they probably would be limited to seven days’ detention. I have not been able to determine exactly the parameters of that and what showing would have to be made after the seven days, but seven days seems to be the limit on detention, and then they would have to go into court.

If the government has probable cause to believe that a person is engaged in activity in furtherance of terrorist activity or terrorist activity itself or conspiracy to commit terrorist activity, I have no problem at all with the government’s being able to pick that person up, if that person is an alien, and detain him for a reasonable—certainly not more than seven days—period of time so that it can gather evidence and seek to have that person permanently removed from U.S. jurisdiction.

The current proposal goes much further.

The problem isn’t just the length of detention; the type of material that would provide a reason for the government to detain you in the first place is very vague and very, very broad in this legislation. And that is something else that we ought to look at.

Question from the Floor

What do you think about a national identity card?

Singleton: The terrorists have shown that they can get access to fake drivers’ licenses, to fake passports, and to other fake documents. And I’m very concerned that having a national ID card might create a whole category of “not having the correct paperwork” offenses that really have nothing to do with fighting terrorism. And the police, instead of being able to focus on a threat of violence, would be chasing people just because there might be a typo on their cards or something like that. So I really think that is a bit of a distraction.

Taylor: I would like to hear from the advocates, from whom I haven’t heard, exactly what good they think a national ID card would do. I can imagine something like an unforgeable ID card that you would need to use only if you were going into certain places, such as an airplane or the U.S. Capitol. A card that a policeman could ask for on the street because he didn’t like your looks I think would add really no safety whatsoever and be offensive for obvious reasons. I can see some value to having an ID card with a thumbprint on it that has to match your thumbprint when you go through a checkpoint. But what would worry me is having to show your card any time somebody demanded that you do so.

Turley: I actually have not heard what significant difference this would make. I think it could make a significant difference in our social fabric. I have not heard any concrete reasons why a national ID card has been suggested. I think that there would be a very strong reaction against it. Although one poll shows that as many as 70 percent of the people would support it, I think that’s odd. I would be surprised if there weren’t a bigger backlash. ■

“Such a reaction bespeaks a wild, blind hatred of the United States and the values it incarnates.”

TERRORISM *Continued from page 1*

Author Susan Sontag reacted, not with Brown's stage anguish, but instead with outright contempt. “The disconnect between last Tuesday's monstrous dose of reality and the self-righteous drivel and outright deceptions being peddled by public figures and TV commentators is startling, depressing,” she wrote in the *New Yorker*. “The voices licensed to follow the event seem to have joined together in a campaign to infantilize the public. Where is the acknowledgment that this was not a ‘cowardly’ attack on ‘civilization’ or ‘liberty’ or ‘humanity’ or ‘the free world’ but an attack on the world's self-proclaimed superpower, undertaken as a consequence of specific American alliances and actions?”

“This was not an ‘attack on freedom,’” chimed in Gar Smith, president of the environmentalist Earth Island Institute. “It was a politically targeted attack on the core structures of the U.S. military and the U.S.-dominated global financial structure.”

The anti-globalization group Anti-Capitalist Convergence, which led “peace” protests in Washington at the end of September, indulged in the familiar gambit of moral equivalence mongering. “The US government has failed to recognize the interconnectedness of all forms of violence,” read a statement on the group's Web site. “Bombing, encouragement of dictatorships, sweatshops for benefit of US corporations, third world debt, world hunger or lack of shelter and healthcare are all forms of violence. The fear and desperation that grows from poverty and oppression is crucial to any understanding of violence throughout the world. . . . Terror is still terror whether it is from death from starvation, fear of enslavement by corporations or fear of bombs or airplanes falling.”

Joel Rogers, writing for *The Nation*, climbed aboard the same bandwagon. “Our own government, through much of the past fifty years, has been the world's leading ‘rogue state,’” he intoned. “Merely listing the plainly illegal or unauthorized uses of force the US was responsible for during the long period of cold war, and continued during the past decade of ‘purposeless

peace’—assassinations, engineered coups, terrorizing police forces, military invasions, ‘force without war,’ direct bombings, etc.—would literally take volumes. And behind that list reside the bodies of literally hundreds of thousands, if not millions, of innocents, most of them children, whose lives we have taken without any pretense to justice.”

Leftists abroad have been, if anything, even more truculent in their post-September 11 denunciations of America. “Today in the world the United States is the most dangerous and the most powerful global force unleashing horrific levels of violence,” said Sunera Thobani, a Canadian women's studies professor. “It's really interesting to hear this talk about saving Afghani women,” she continued. “Those of us who have been colonized know what this saving means.”

Italian playwright Dario Fo, winner of the 1997 Nobel Prize in Literature, may have taken top dishonors for his near-glee at the recent destruction. “The great speculators wallow in an economy that every year kills tens of millions of people with poverty—so what is 20,000 dead in New York?” he wrote. “Regardless of who carried out the massacre, this violence is the legitimate daughter of the culture of violence, hunger and inhumane exploitation.” (As an aside, Fo later said he would sue the Italian newspaper that printed his remarks, not because he didn't write them, but because they were taken out of context. Which raises the question: Is there an imaginable context in which such a statement would be anything other than obscene?)

Similar quotations could be multiplied, quite literally, ad nauseam. Taken together, they reveal with depressing clarity the pathological state into which the anti-capitalist left has sunk. Faced with acts of appalling and unmitigated evil, the commentators sampled above directed their outrage, not at the perpetrators, but at the society of the victims. Such a reaction bespeaks a wild, blind hatred of the United States and the values it incarnates—a hatred not dissimilar to that which consumes the terrorists who seek to destroy us.

Continued on page 12

Cato Calendar

China's Pension System: Crisis and Challenge

*Cosponsored with China Center for Economic Research
Beijing • The Great Wall Sheraton Hotel • November 8, 2001*

Speakers include Sun Jian Yong, Justin Yifu Lin, John Greenwood, José Piñera, Mao Yushi, and Liu Mingkang.

The Future of Intellectual Property in the Information Age

*Fifth Annual Technology and Society Conference
Cosponsored with Forbes ASAP
Washington • Cato Institute
November 14, 2001*

Speakers include Sen. Patrick Leahy, John Perry Barlow, Frank Hausmann, Mitch Glazier, Mike Godwin, Paul Misener, and Tom W. Bell.

Policy Perspectives 2001

*New York • Waldorf=Astoria
November 16, 2001*

Fourteenth Annual Benefactor Summit

*Phoenix • Royal Palms Hotel
February 20–24, 2002*

Twenty-Fifth Anniversary Gala

*Washington • Hilton
May 9, 2002*

Cato University

*Cambridge, Md. • Hyatt Regency
Chesapeake Bay Golf Resort
July 27–August 2, 2002*

20th Annual Monetary Conference

*New York • Waldorf=Astoria
October 17, 2002*

Cato University

*San Diego • Rancho Bernardo Inn
November 7–10, 2002*

Updated information on Cato events, including Policy Forums and Book Forums not shown here, can be found at www.cato.org/events/calendar.html.

“Amidst the turmoil of industrialization, ideologies of centralized control found ready adherents by promising to reestablish the simplicity and certainty of preindustrial life.”

TERRORISM *Continued from page 11*

The radical left in the West and the Islamist extremists of the Muslim world share more than a common enemy. They share a common history. Both are remnants of a once bright and shining lie—the delusion that in politics lies redemption from the uncertainties and flux of modern life. From that delusion sprang the great centralizing ideologies of the 20th century and the horrors they produced. And to that delusion cling the desperate true believers—Western and Islamist—who continue the quest for political salvation into the 21st century.

The New Liberal World

The advent of modern, liberal society, with its dizzying technological and cultural dynamism, represented a profound discontinuity in human history—a radical break from the traditional, static, agriculture-based social order that had prevailed for ten millennia. The amazing opportunities created by the new order came at the price of a stern new discipline—namely, the fortitude to live with never-resolved doubts, never-ending change, and never-abated anonymity. For the fundamental feature of modern society is open-endedness: open-endedness in the pursuit of knowledge (provisional and refutable hypotheses in place

of revelation and authority), open-endedness in economic life (innovation and free-floating market transactions in place of tradition and the “just price”), open-endedness in politics (power emerging from the people in place of the divine right of kings and hereditary aristocracies), and open-endedness in life paths (following your dreams instead of knowing your place).

Liberal society did not eliminate social cohesion, as its opponents have charged. Instead a new type of community was created: not the all-embracing unity (and oppression) of traditional, village *Gemeinschaft*, but the gossamer bonds of the modern, pluralistic *Gesellschaft*. Social solidarity now consisted of a shared commitment to the rigors and bounty of openness.

Modernization has thus required a wrenching psychological adjustment. It should not be surprising that many people—first in the West where the new order originated, and then elsewhere as the revolution spread—have found themselves unable to adjust. These lost souls have been unable to make a home for themselves under the new dispensation. For them modernity is a world without answers, without meaning, without anchors. The deepest thinkers of the 19th century identified this anomie as the spiritual crisis of the age: Friedrich Nietzsche proclaimed the death of God, while Max Weber wrote of society’s “disen-

chantment.” And it was Karl Marx who traced most clearly the connection between this spiritual crisis and the economic upheavals of his day. As he and Friedrich Engels wrote in this breathtaking passage from *The Communist Manifesto*:

Constant revolutionising of production, uninterrupted disturbance of all social conditions, everlasting uncertainty and agitation distinguish the bourgeois epoch from all earlier ones. All fixed, fast-frozen relationships, with their train of ancient and venerable prejudices and opinions, are swept away, all new-formed ones become antiquated before they can ossify. All that is solid melts into air, all that is holy is profaned. . . .

The Industrial Counterrevolution

Out of the anguish of modernity’s lost souls arose the great collectivist rebellion against liberal openness—a historical phenomenon that can usefully be described as the Industrial Counterrevolution. It was, after all, during the latter half of the 19th century—when the systematic integration of science and technology brought the Industrial Revolution to full flower—that the collectivist ideal began to assert itself as a world-historical force. The timing of collectivism’s rise was no accident: amidst the turmoil of industrialization, ideologies of centralized control found ready adherents by promising to reestablish, at the national or global level, the simplicity and certainty of preindustrial life.

But collectivism offered more than mere nostalgia. It sold itself, not as a rejection of modernity, but rather as modernity’s rightful heir. For while collectivism’s emotional appeal lay in the reactionary social values it celebrated, its intellectual appeal rested on its claim to the mantle of progress. In the view of collectivism’s champions, the new industrial economy thrived on centralization. They saw the giant new business enterprises that produced abundance through mass production and concluded that consolidation and top-down control were the agents of economic development. The problem, in their view, was that the process had not yet been carried far enough.



At the end of the Cato University summer session in San Diego, conference director Laura Major awards mortarboards to people who had attended four or more Cato University sessions. Dressed in his Oxford University robes, Cato University director Tom G. Palmer reads the list.

“The terrorists of radical Islamism are thus the latest monsters hatched by the Industrial Counterrevolution.”

This then was the goal of collectivism: to fulfill the promise of the new age by extending the logic of the factory to govern society as a whole.

In his 1888 bestseller *Looking Backward: 2000-1887*, Edward Bellamy explained how the industrial giants of his day were the precursors of the coming utopia:

The movement toward the conduct of business by larger and larger aggregations of capital, the tendency toward monopolies, which had been so desperately and vainly resisted, was recognized at last, in its true significance, as a process which only needed to complete its logical evolution to open a golden future to humanity.

Early in the last century the evolution was completed by the final consolidation of the entire capital of the nation. . . . The nation, that is to say, organized as the one great business corporation in which all other corporations were absorbed; it became the only capitalist in the place of all other capitalists, the sole employer, the final monopoly in which all previous and lesser monopolies were swallowed up, a monopoly in the profits and economics of which all citizens shared. The epoch of trusts had ended in The Great Trust.

The program of the Industrial Counterrevolution was thus one of “back to the future”—the realization of the full benefits of science and technology through the return to archaic social values. In short, collectivism offered the irresistible temptation of having one’s cake and eating it, too.

The Hatred of Freedom

In the West, the high tide of radical collectivism was the “low, dishonest decade” of the 1930s. After the victory over fascism in World War II and the subsequent confrontation with communism in the Cold War, the fortunes of liberal democracy staged a decisive revival in the advanced, industrialized countries. A minority of radical faithful remained, however—especially among intellectuals. These political pilgrims shifted their allegiances around the world

in search of a centrally planned utopia they could claim as a spiritual homeland—China, Cuba, North Vietnam, Nicaragua—until at last there was nowhere else to go.

Today, the last true believers have nothing left but negation and obstruction: hatred of the plenitude and dynamism of liberal, capitalist society; hatred of America, where those liberal values burn brightest; and hatred of globalization, the process whereby those values are spreading around the world. Hence the sad, sick spectacle of their post-September 11 *Schadenfreude*—enraged, incoherent, reduced to impotent fist waving at a world that has passed them by.

In the underdeveloped world, radical collectivism flourished after World War II. It was all too easy in the backward and politically immature new countries of the postcolonial era for ideological zealots, or just plain ruthless opportunists, to sweep into power with grand promises of centrally planned modernization. In the Islamic world in particular, postwar independence brought wave after wave of centralizing fervor—from the “Arab socialism” of Nasser, Assad, Qadhafi, and Saddam Hussein to the “White Revolution” of Reza Shah Pahlavi. Over time, though, heady visions of accelerated development and social justice gave way inevitably to grim realities of stagnation and oppression.

The past couple of decades have witnessed a renaissance of market competition and political freedom throughout much of the non-Western world. In the Middle East and Muslim South Asia, however, the dismal legacy of collectivism remains largely unreconstructed. State ownership of industry and government controls on economic activity are still pervasive; dictatorship remains the rule. And radicals discontent with modernity, disillusioned with the secular religions of socialism, have gone back to the real thing—namely, a literalist, virulently intolerant, and utterly politicized variant of Islam.

The terrorists of radical Islamism are thus the latest monsters hatched by the Industrial Counterrevolution. Out of the spiritual turmoil of modernity, and out of the shattered dreams and brutalization of centralizing ideology, has come a new breed of totalitarianism. In this variant, the beguil-

ing message of “back to the future” has been dropped; all associations with scientific and technical progress have been severed. Totalitarianism has now been stripped clean: all that remains is snarling, rabid hatred of freedom.

Today, in the attacks of September 11 and the disgraceful leftist reaction that followed, we see the convergence of radical rearguards—one external, the other internal. The external enemies of freedom have wrought tragedy on an immense scale; the internal enemies, meanwhile, have managed only farce. Both are contingents in the failed, mad rebellion against modernity—a rebellion that no longer even attempts to offer any viable alternative to the liberal order it opposes.

The external threat now properly dominates our attention as Americans—who first crushed fascism, then contained and outlasted communism—prepare once more to confront the totalitarian menace. But let all of us now reacquainted with freedom’s gentle unity remember those among us who reject and despise it. However ideological divisions are reshaped in the aftermath of September 11, let the first and deepest division be between us and them. ■

STUDIES *Continued from page 9*

phy because both the anti-porn and the Internet privacy movements are based on restricting free speech. Bell explains that the arguments those groups used to oppose decency laws should also apply to proposed privacy legislation that seeks to control commercial speech. The civil liberties groups successfully opposed legislation restricting Internet speech classified as indecent or harmful to minors, Bell writes, “by arguing that the availability of self-help alternatives disqualified such laws as the ‘least restrictive means’ of regulating constitutionally protected speech.” The solution, Bell says, is not government regulation but “digital self-help”: technologies that offer Internet users the option of filtering porn and preventing commercial entities from collecting or divulging personal information. ■

Is it inevitable?

Debating the Militarization of Space

Although America's space assets are highly vulnerable to attack, the United States should avoid deploying space-based weapons, warned Charles Peña at a September 5 Cato Institute conference on "The Military and Space."

"I think the United States has more to lose than to gain by making space the next theater of operations and an extended battlefield," said Peña, senior defense policy analyst at the Cato Institute. "As important and vulnerable as our space systems might be, if we actually move to deploy weapons, whether they are defensive or offensive, it will likely be perceived by our adversaries, our potential adversaries, as more threatening than the status quo."

John Pike, director of GlobalSecurity.org, argued that while there is no pressing need for America to develop offensive anti-satellite (ASAT) weapons, U.S. dependence on satellites provides incentive for others to do so.

"There's nothing up there for us to shoot

at, but there are obviously things up there for the bad guys to shoot at," said Pike. "We've got about half a dozen very important, very expensive imagery intelligence satellites in low earth orbit, and I would suggest that those satellites are some nontrivial fraction of the reason the United States today is a superpower and no other country is."

In discussing deteriorating Russian early warning systems, Philip Jamison of the Department of Defense said that a joint U.S.-Russian center aimed at avoiding accidental missile launches won't open for at least another year. Jamison said that "diplomatic" issues—which side is responsible for taxes on the equipment and who would be held liable for construction—have slowed down the project. Geoffrey E. Forden of the Massachusetts Institute of Technology questioned whether the center would work, pointing out that during a crisis Russia would be unlikely to rely on information from the United States. Forden said that Washington

Cato's Charles Peña recommends against the militarization of space.



should help Russia to rebuild its system. Amb. Hank Cooper of the private missile defense research group High Frontier suggested that Washington could win concessions on the system it wants by helping Russia with its warning system. "I wouldn't just go off and buy them a warning system," Cooper said. "Our demand ought to be that we do it in the context of a global defense."

The conference can be viewed with RealPlayer or listened to with RealAudio on Cato's main Web site, www.cato.org. A transcript of the conference is also available online. ■

Eland Calls for Change in U.S. Defense Priorities

A new book from the Cato Institute questions the core assumptions of the American foreign policy and defense establishments that call for increasing defense budgets at home and risky military interventions around the world.

Putting "Defense" Back into U.S. Defense Policy: Rethinking U.S. Security in the Post-Cold War World (Greenwood, 2001) by Ivan Eland argues that the United States needs to reallocate more of its resources away from Cold War weapons and force structure to deal with more likely threats.

Eland, director of defense policy studies at the Cato Institute, outlines a security policy more appropriate to the sober realities of the post-Cold War era. He examines how U.S. foreign policy has changed from the nation's founding, when leaders such as George Washington, Thomas Jefferson, and John Quincy Adams warned about dangerous interventions abroad, to modern times, when the United States plans to fight simultaneous wars and engages

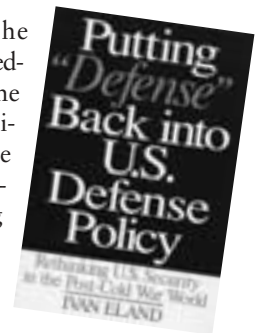
in peacekeeping and nation building around the world. Eland cites the Cold War period as the turning point. "During the Cold War, the United States extended its blanket of security to cover much of the world. Wherever communism threatened to make inroads—no matter how insignificant the country—the United States felt the need to respond in a tit-for-tat manner," as it did in Korea, Vietnam, Laos, Cambodia, Nicaragua, El Salvador, Cuba, the Dominican Republic, and Grenada.

"Discarded was the Founders' premise that the relatively secure geostrategic position of the United States allowed U.S. vital interests to be construed narrowly," Eland writes.

Eland calls for a reduced military that would intervene only when vital U.S. interests are at stake. He argues that a more restrained U.S. military posture abroad could actually enhance American security by making the nation less of a target for terrorists and that a dramatic reallocation

of resources in the defense budget is needed to respond to the changed threat environment. While some people advocate increasing spending on the military, Eland counters that "the amount spent on the military is already huge. The United States accounts for roughly one-third of worldwide defense spending, up from 28 percent in the mid-1980s, the height of the Reagan military buildup." Eland proposes that the United States cut the military budget and reallocate it to more pressing needs.

Putting "Defense" Back into U.S. Defense Policy is available (\$39.95 cloth) through Cato Institute Books at 1-800-767-1241 or via the online Cato Bookstore, <http://www.cato.org>. ■



Hanke named senior fellow

New Policy Staff Named

Steve H. Hanke has been named a senior fellow at the Cato Institute. Hanke, professor of applied economics at Johns Hopkins University, has been an adjunct scholar at Cato for 20 years and has spoken at several Cato conferences. He is an expert on commodity



Steve Hanke

markets, currency markets, privatization, and trade. He is the editor of *Capital Markets and Development* and *Privatization and Development*, coeditor with James A. Dorn and Alan Walters of the Cato book *The Revolution in Development Economics*, and a columnist for *Forbes* magazine.

Gene Healy has joined the Cato Institute as senior editor. He will be responsible for reviewing and editing Cato policy studies and other publications. From 1994 to 1996 Healy worked at Cato as managing editor of *Regulation* magazine. After that he attended the University of Chicago Law School and practiced commercial litigation at the Washington law firm of Howrey Simon Arnold & White. He is also a contributing editor to *Liberty* magazine and the author of the Cato Policy



Gene Healy

Analysis “Arrogance of Power Reborn: The Imperial Presidency and Foreign Policy in the Clinton Years.” His research interests include federalism, constitutional war powers, and criminal justice.

L. Jacobo Rodríguez has been named financial services analyst at the Cato Institute. His research interests include banking regulation and deposit insurance reform, international financial crises, the effectiveness of International Monetary Fund and World Bank lending, and public pension privatization. From January 1996 until August 2001, Rodríguez was assistant director of Cato’s Project on Global Economic Liberty. He is also an associate of the

International Center for Pension Reform in Santiago, Chile, and a member of the Board of Economic Advisers at *Hispanic Business Magazine*. Rodríguez is the book review editor of the *Cato Journal*.

Kimble F. Ainslie has joined the Cato Institute as entitlements policy analyst. He replaces Lisa Oliphant, who has joined the Bush administration. He is the author of two books, including *Understanding Entrepreneurship*. He is a political scientist with a Ph.D. from York University in Toronto who for 15 years was the president and CEO of Nordex Research International, Inc., a market research and public affairs consulting company with offices in the United States and Canada. He has also authored numerous scholarly and academic articles. Among the topics he will be working on are the welfare state, reauthorization of federal welfare and workforce statutes, asset-based poverty initiatives, and comparative small business policy.

Veronique de Rugy has joined the Cato Institute as a health policy analyst. Her research interests include health care reforms, tax competition, financial privacy, and fiscal sovereignty issues. She is the coauthor of *Action ou Taxation*, published in Switzerland in 1996. De Rugy is currently on the Board of Directors of the Center for Freedom and Prosperity. She holds a Ph.D. from the University of Paris-Sorbonne and previously directed academic programs for the Institute for Humane Studies—Europe in France.



L. Jacobo Rodríguez



Kimble F. Ainslie



Veronique de Rugy

Leaving a Legacy of Liberty

The Cato Institute hopes to continue its efforts to advance individual liberty, free markets, and civil society for many generations to come. We’d like your help in accomplishing that goal.

As we move toward the end of 2001, you, like many others, may be reviewing your long-range estate and financial plans. Remember that your will, life insurance policies, retirement accounts, and other planned giving vehicles may offer exceptional opportunities for leaving a lasting legacy of liberty.

For example, it is easy to provide a bequest to Cato in your will in one of three ways:

1. You can leave Cato a specific amount of cash or specific property.

Example: “I give the sum of \$100,000 to the Cato Institute,” or “I give 500 shares of XYZ Corporation to the Cato Institute.”

2. You can leave Cato a fixed percentage of your estate.

Example: “I give 30 percent of the residue of my estate to the Cato Institute.”

3. You can leave Cato all or part of the residue of the estate after bequests to other beneficiaries have been made.

Example: “I give the residue of my real and personal estate to the Cato Institute.”

Whichever method is chosen, if properly structured, your bequest will be fully deductible from your estate, thus decreasing any tax liability. The estate tax charitable deduction is unlimited.

We at the Cato Institute would be pleased to help you and your financial adviser choose a way to support Cato’s important work that best fits your personal and philanthropic goals. For more information about the advantages of considering Cato in your estate plans, please contact Christine Klein at cklein@cato.org or (202) 218-4620.

◆ **The taxpayers’ money is just sitting there**

The Virginia gubernatorial campaign has been distinguished thus far by an almost total lack of relevance to the serious problems facing the state. The most important of these may be an antiquated and regressive tax system. Virginia is a relatively wealthy state, but much of the wealth is untaxed.

—*Washington Post* editorial,
Aug. 6, 2001

Virginia is a relatively wealthy state, but partly because its tax structure is regressive, much of that wealth is lightly taxed.

—*Washington Post* editorial,
Oct. 15, 2001

◆ **Tragedy in Tennessee**

Governors and legislatures from one end of the country to the other are scrambling to trim spending and cut programs in the face of declining revenue. . . .

In Tennessee, where the legislature passed a bare-bones budget over Gov. Don Sundquist’s (R) veto but left it up to Sundquist to make the spending cuts, the governor continued last week to dole out daily doses of bad news. Earlier, Sundquist had ruled that a newly built technical training center bearing his name could not open for classes because there was insufficient money in the budget.

—*Washington Post*, Sept. 9, 2001

◆ **But not because it’s wrong**

When globalization protesters converge [in Washington] later this month, big labor will be among them—and will

bring along 500 union-trained “marshals” assigned to keep the peace during demonstrations by the AFL-CIO at the annual meeting of the International Monetary Fund and World Bank.

“We are going to be crystal clear about our goals and tactics,” says Thea Lee, the AFL-CIO’s global economist. . . . “We are not using violence against people or property. We don’t think it’s an effective tactic.”

—*Wall Street Journal*, Sept. 7, 2001

◆ **Of course, one of them involved real straitjackets**

Capitalism and Communism, ideologies that served as intellectual straitjackets for Americans and Soviets, allowed them to feel justified in using unsavory proxies to fight their cold war.

—*New York Times*, Aug. 26, 2001

◆ **Light dawns in Canada**

Decades of patronage and mismanagement, and the unique difficulty of cutting coal beneath the ocean floor, have made the Cape Breton mines among the most expensive to operate in North America. . . .

The mines have become one of Canada’s most expensive and long-lasting experiments, a monument to the socialist-style government intervention that once characterized Canada’s more compassionate nature, valuing jobs over profits. . . .

A Liberal Party government took over the mines 34 years ago, and it is the Liberal government of Prime Minister Jean Chrétien that is closing them. By cutting

wasteful programs and tightening government spending, Mr. Chrétien has eliminated Canada’s huge budget deficit.

“The government can’t pick winners,” said Deputy Industry Minister V. Peter Harder. “But losers pick government.”

—*New York Times*, Aug. 28, 2001

◆ **The system was working so well**

With the collapse of the state industries that once dominated China, tens of millions of the workers who were long portrayed as official masters of the Communist nation have been virtually cast aside.

Their official Communist-run trade union federation has often been little more than a bystander as the old companies are dissolved or sold.

As private and foreign companies race ahead in newer industrial centers like this one in the southeastern province of Guangdong, a new kind of working class is emerging, one dominated by rural migrants who have no tradition of unions or the security once enjoyed in state enterprises.

A large majority of the new companies have ignored the requirement to unionize or have created puppet bodies, according to Chinese and foreign labor experts.

“The working class of China has been marginalized,” said He Qinglian, a social critic and author of “The Pitfall of China’s Development.”

—“Workers’ Rights Suffering as China Goes Capitalist,”
New York Times, Aug. 22, 2001

CATO POLICY REPORT

1000 Massachusetts Ave., N.W.
Washington, D.C. 20001

ADDRESS CORRECTION REQUESTED

