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# Limited Government after 9-11

by Tom G. Palmer
and John Samples

What are the likely long-term effects on American government of the terrorist attacks of September 11? What do changes in polls about "trust in government" mean? And how should advocates of limited government respond to the changes brought about by the attacks?

Not surprisingly, some observers see the ultimate outcome of the attacks as bigger and more powerful government. For example, Sen. Charles Schumer (D-N.Y.) declared that "the era of a shrinking federal government is over" and proposed taking advantage of the attacks to create a "'new' New Deal." Comparing the present with the mid-1930s, Schumer said, "For the foreseeable future, the federal government will have to grow."

Senator Schumer is quite pleased at the prospect. Regardless of whether a "new" New Deal is appropriate to defeat terrorism, the attacks may spur increases in government power. Historical studies show that government tends to grow both in power and in size during war. World Wars I and II and the Cold War provided tremendous opportunities for growth in government power and size, as historians Robert Higgs (in his book *Crisis and Leviathan*) and Charlotte Twight (in her new book from the Cato Institute, *Dependent on D.C.*) have thoroughly documented.

As evidence of the possibilities, we have only to turn to President Bush's State of the Union address, in which he promised, "We'll increase funding to help states and communities train and equip our heroic police and firefighters." The heroism of police and firefighters in responding to the terrorist attacks on the World Trade Center and the Pentagon is presented as sufficient reason to promote federal funding (and inevitably some control) of what has always been considered a responsibility of local government. According to the president, "Stronger police and fire departments will mean safer neighborhoods."

It gets worse. In a speech before the National Cattlemen's Beef Association, the president observed that "this nation has got to eat" and thus that farm subsidies are a national security issue: "It's in our national security interests that we be able to feed ourselves. Thank goodness, we don't have to rely on somebody else's meat to make sure our people are healthy and well-fed." If police and fire departments are to be federalized, and if paying cattlemen to raise beef is a matter of national security, what is to be left to local government or to the voluntary efforts of free people?

Virtually every special interest in Wash-

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*Tom G. Palmer is a senior fellow at the Cato Institute. John Samples is director of Cato's Center for Representative Government.*

**Former Federal Trade Commission chair James C. Miller III (right) moderates a debate on the Microsoft antitrust case. Attorney Kenneth Starr (left) and Jeffrey Eisenach of the Progress and Freedom Foundation squared off against Cato's Robert Levy (center) and Jonathan Zuck of the Association for Competitive Technology.**

## In This Issue

**Stossel, O'Rourke, May 9, p. 3**

# Conservatism as Managerialism

The *Budget of the United States Government, Fiscal Year 2003* is as glossy as an Enron annual report—but the budget merits more careful attention, both for the information it conveys and for what it does not.

Consistent with the spirit of the times, the cover of each of the several budget documents is a color photograph of a waving American flag. The budget reflects a serious attempt "to simplify information, to reduce the use of jargon, and to illustrate its contentions more liberally with charts, tables, and real-life examples. Color and photographs appear for the first time." Fine!

More important, the budget "seeks to inaugurate an era of accountability in the conduct of the nation's public business. It takes the first step toward reporting to taxpayers on the relative effectiveness of the thousands of purposes on which their money is spent. It commences the overdue process of seriously linking program performance to future spending levels. It asks not merely `How much?;' it endeavors to explain `How well?'"

For example, the budget assigns grades to each of the 15 departments and 11 executive agencies on five criteria: management of human capital, competitive sourcing, financial performance, use of the Internet, and integration of budget and performance. The initial grades, if even roughly accurate, should cause a taxpayer revolt: 110 grades for unsatisfactory performance, 19 grades for a mixed record, and only 1 grade—for financial performance by the National Science Foundation—for good performance. Ten departments and four agencies received unsatisfactory grades on every criterion. The budget also assigns grades for relative effectiveness to a sample of programs in each department and agency, and the many "earmarks" that Congress adds to appropriation bills are singled out for special attention. Over time, the test of this system will be whether it leads to either improved performance or a reallocation of the budget from the departments, agencies, and programs with low grades to those with higher grades. This will be a special challenge, because the departments (such as Defense and Education) responsible for those programs most favored by President Bush are now among the departments with the lowest grades. Although the administration will be grading its own performance, the people at the Office of Management and Budget pledge that they "will not indulge in grade inflation; we will hold ourselves responsible and report honestly when progress is too slow." As a former assistant director of the OMB, I am skeptical about this promise, but best wishes.

**"The most important question, which is neither asked nor addressed, is 'Why?'"**

As do prior budgets, the proposed budget for fiscal year 2003 answers the "How much?" question rather precisely. And the answer is, A lot, $2,128 billion, 19.5 percent of the projected gross domestic product. For the first time, the new budget attempts to provide a systematic answer to the question "How well?" And the answer is, Management performance is broadly unsatisfactory and many programs are ineffective.

The most important question, however, which is neither asked nor addressed, is "Why?" In the thousands of pages that are characteristic of a contemporary federal budget, there is no discussion of why the U.S. federal government should make the decisions on an activity—rather than some other national government, U.S. state and local governments, or the private sector—and whether there is any constitutional authority for the activity. In other words, there is no apparent political ideology in the new budget. The Bush administration seems to have endorsed the standards of public administration—accountability, management performance, and program effectiveness—as a sufficient basis for evaluating the scope and composition of federal activities. Our first president with a master's degree in business administration seems to have interpreted conservatism as managerialism. Alas!

—William A. Niskanen

*Cato's 25th Anniversary*

# Stossel, O'Rourke Highlight May 9 Celebration

John Stossel of ABC News will be the featured speaker at the Cato Institute's 25th Anniversary Dinner on May 9 at the Washington Hilton. More than 2,000 people are expected to attend, including Cato Sponsors from around the country and the world. The first Milton Friedman Prize for Advancing Liberty will be presented at the dinner, and author P. J. O'Rourke will make remarks.

Other events for Sponsors will be held on Friday and Saturday following the dinner, including a Public Policy Day on Friday featuring Cato's policy experts. Information on these events is available at the Cato 25 section of www.cato.org.

To mark the anniversary, several special publications are planned. Cato executive vice president David Boaz is editing *Toward Liberty: The Idea That Is Changing the World*, a selection of Cato's essays over the past 25 years. "Cato Clippings" will reprint some of the Cato staff's op-eds over the past 25 years. And a 25-year Annual Report will highlight the institute's history as well as its 2001 activities.

The Cato Institute was founded in 1977 in San Francisco by Edward H. Crane and Kansas industrialist Charles G. Koch. It moved to Washington in late 1981. *Newsweek* wrote in 1986 that Cato "has helped change the terms of debate by challenging Washington's conventional wisdom with a provocative appeal for the future."

America and the world have seen much change from 1977 to 2002. As David Boaz writes in his introduction to *Toward Liberty:*

> The Cato Institute has played its own small part in that transition. We pioneered the idea of Social Security privatization (even while, unbeknownst to us, José Piñera was implementing a similar plan in Chile). We provided support for F. A. Hayek in his later years, during which he wrote *The Fatal Conceit* and lectured around the world. We challenged the Soviet empire by smuggling books into Russia and Poland. We held conferences on free markets and political liberty in Shanghai in 1988 and Moscow in 1990, quite possibly the first public events to address such ideas in either country's history. We demonstrated in scholarly articles that the Constitution grants only limited and defined powers to the federal government and distributed more than 2 million copies of the Constitution to Americans. We challenged the war on drugs in books and studies for more than a decade. We pointed out the costs and risks of America's interventionist foreign policy and made the case for an alternative policy better suited to a peaceful republic. We produced what Milton Friedman called "a steady stream of thought-provoking reports challenging big government and all of its works." And if we've become "Washington's hottest think tank," to quote the *Boston Globe*, perhaps it's simply because libertarian ideas are, as even anti-liberal scholars Stephen Holmes and Cass Sunstein admit, "astonishingly widespread in American culture."

Mark your calendar for May 9 and visit www.cato.org for more information. ■

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*Plus Microsoft, globalization, and the future of Russia*

# Debates on Iraq, Terrorism, and Nation Building

◆**December 5:** "The only constant in health care is the anxious anticipation of change that never actually occurs," said J. D. Kleinke at a Cato Book Forum on December 5, ***Oxymorons: The Myth of a U.S. Health Care System.*** Kleinke, president and CEO of Health Strategies Network, said that the health care system is dysfunctional and proposed that it be simplified by standardizing benefits and enforcing uniform federal regulation of all health insurers. Cato policy analyst Veronique de Rugy disagreed. Paul B. Ginsburg of the Center for Studying Health System Change also commented.

◆**December 6:** The executive order that President Bush signed two months after the September 11 terrorist attacks "is very, very troubling," said Timothy Lynch at a Cato Policy Forum, **"Terrorists, Military Tribunals, and the Constitution."** Lynch, director of Cato's Project on Criminal Justice, said, "There is no question that this order sweeps far beyond the constitutional powers that are vested in the office of the president." Maj. Gen. Michael Nardotti (U.S. Army, ret.) said that the details of the order may pose problems. Brig. Gen. Joseph Robert Barnes (U.S. Army, ret.) and constitutional lawyer Lee A. Casey agrued that the use of military tribunals is justified.

**At a Policy Forum on biometrics, Frances Zelazny of Visionics stresses that the biometrics industry needs to adhere to a code of ethics to protect the privacy of individuals, such as discarding incidentally collected data on individuals.**

◆**December 10:** The Small Business Administration's pioneering preferences for small business and racial minorities have "a history of dishonesty, deception, and scandals," said Jonathan J. Bean at a Cato Book Forum, ***Big Government and Affirmative Action: The Scandalous History of the Small Business Administration.*** Bean, associate professor of history at Southern Illinois University, said that the idealism with which the SBA began has turned into "political porkism." Eugene P. Foley, former national administrator of the Small Business Administration, and Roger Clegg of the Center for Equal Opportunity, also spoke.

◆**December 12:** "The Afghan people are going to have to decide for themselves if they really have a nation to rebuild. Neither the United States nor anyone else can do it for them," said Ted Galen Carpenter at a Cato Institute Policy Forum, **"After Afghanistan: The Future of Intervention and Nation Building."** Carpenter, vice president for defense and foreign policy studies at the Cato Institute, added, "Until they work that out, a lot of what other countries are talking of doing would be a waste, and could even make matters worse." Gareth Evans, a former Australian foreign minister now president of International Crisis Group, said that it is in the interests of the United States to help rebuild Afghanistan. Alan Tonelson of the U.S. Business & Industry Council pointed out that the world has seen the rebuilding of states but not nation building.

◆**December 13:** "Another war in Iraq may serve bin Laden's objective of unifying radical Muslims around the world in a jihad against the United States, thus increasing the number of anti-U.S. terrorists," said Cato chairman William A. Niskanen at a Cato Policy Forum, **"Should the United States Go to War against Iraq?"** Niskanen said we should avoid another war in Iraq unless Washington can produce evidence that Saddam Hussein helped finance, organize, or implement the September 11 attacks or that he has supplied weapons of mass destruction to a terrorist group. James Woolsey, former director of the Central Intelligence Agency, said that Saddam must be brought to justice.

◆**December 18:** The best way to help the airline industry is to free it of various regulations that handicap it, said James Gattuso of the Competitive Enterprise Institute at a Cato Policy Forum, **"Airlines in the Aftermath and What the Government Should Do."** David Swierenga of the Air Transport Association of America, Clifford Winston of the Brookings Institution, and John Nannes, former U.S. deputy assistant attorney general, also spoke.

◆**January 15:** The people most directly affected by globalization are not in a "race to the bottom," said Swedish journalist Tomas Larsson at a Cato Book Forum, ***The Race to the Top: The Real Story of Globalization.*** Larsson said that the poor suffer both economically and politically when globalization is hindered. Adrian Wooldridge, Washington correspondent for the *Economist*, agreed that supporters of free markets must not shy away from discussing the benefits of globalization.

◆**January 16:** Antitrust law is flawed and should be abolished, said Robert Levy at a Cato Policy Forum, **"Closing 'Windows' on Antitrust or Opening a New Era of Intervention? Competition Policy after the Microsoft Settlement."** Levy, senior fellow in constitutional studies at Cato, said that antitrust debases private property and increases rent seeking. Jonathan Zuck of the Association for Competitive Technology said that the remedy in the case should not be overly broad. Kenneth Starr, the former independent counsel retained by Microsoft's rivals, and Jeffrey Eisenach, president of the Progress and Freedom Foundation, said that the breakup of Microsoft should be an option.

◆**January 16:** President Bush is trying to pack the courts with right-wing ideologues, said Ralph G. Neas, president of People for the American Way, at a Cato Institute Debate, **"Resolved: The Senate Should Take Ideology into Account in the Judicial Confirmation Process."** Roger Pilon, Cato's vice president for legal affairs, condemned the ideological litmus test as implying that judges should decide cases on the basis of their ideology. Having politicized the Con-


**Former Small Business Administration chief Eugene Foley defends the SBA's record at a Book Forum for *Big Government and Affirmative Action: The Scandalous History of the Small Business Administration* by Jonathan Bean.**

**Biometrics can enhance our privacy because it is more secure than passwords and PINs, said computer scientist Dorothy Denning at a January 24 Policy Forum.**


**Anders Åslund discusses the difficulties of Russia's transition to capitalism at a Cato Book Forum.**

stitution, he said, Senate Democrats now want to politicize the courts.

◆**January 17:** At a Cato Book Forum, ***Building Capitalism: The Transformation of the Former Soviet Bloc,*** Anders Åslund of the Carnegie Endowment for International Peace described two different routes that have been followed by post-socialist countries that have not chosen radical reform: Belarus has taken the route of state despotism while Russia has developed a rent-seeking state. Stanley Fischer of the International Monetary Fund commented.

◆**January 22:** Cato Mencken Research Fellow P. J. O'Rourke discussed the humorous side of government failure at a Cato Book Forum, ***CEO of the Sofa.***

◆**January 23:** The troubled Medicare+Choice program could benefit from a more competitive pricing structure ruled by market forces, said several speakers at a Cato Policy Forum, **"Treatment Plans for Medicare±Choice: Experimental Surgery, Life Support, or DNR?"** Tom Miller, director of health policy studies at Cato, said that a system of defined contributions would allow beneficiaries "to choose among competing packages of health benefits with taxpayers' costs capped at preset levels." John McManus, staff director of the House Ways and Means Subcommittee on Health, agreed that a market-based approach is needed. Attorney Bruce M. Fried of Shaw Pittman and Robert A. Berenson of the Academy for Health Services Research and Health Policy discussed regulatory burdens on private plans.

◆**January 24:** The benefits of and concerns about further deployment of biometric identification techniques were discussed at a Cato Policy Forum, **"Eye in the Sky—And Everywhere Else: Do Biometric Technologies Violate Our Rights?"** Biometrics can enhance privacy because it is more reliable than passwords, PINs, or access codes, said Dorothy Denning, a Georgetown University computer science professor. Frances Zelazny of Visionics also defended the use of biometrics. Marc Rotenberg, executive director of the Electronic Privacy Information Center, said that use of biometrics may in some cases constitute a search and require a warrant.

◆**January 24:** The idea that the term "dismal science" comes from the gloomy predictions of Thomas Malthus is a myth, said economist David M. Levy at a Cato Book Forum, ***How the Dismal Science Got Its Name.*** Levy said that the name came from Thomas Carlyle's 1849 essay, "Occasional Discourse on the Negro Question," in which Carlyle attacked classical liberal economists for their support of black emancipation. Sandra J. Peart of Baldwin-Wallace College commented. ■

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

Robert Novak did not argue that the war on terrorism must be extended to Iraq, as reported in the January/February 2002 issue of *Cato Policy Report*. He said that Iraq is a "nasty, dictatorial, ugly country," but "there is not a scintilla of evidence of a connection" to the attacks of September 11, which would be necessary for an attack on Iraq.

*Perspectives on the war*

# Afghanistan, Iraq, and Military Tribunals

*The Cato Institute has held several Policy Forums on issues related to the war on terrorism. At one, Cato chairman William A. Niskanen addressed the question of expanding the war to Iraq. At another, Cato's vice president for defense and foreign policy studies Ted Galen Carpenter and Alan Tonelson of the U.S. Business and Industry Council discussed nation building in Afghanistan. And at a third, Cato criminal justice project director Timothy Lynch looked at military tribunals. Excerpts from their remarks follow.*

**William A. Niskanen:** The Bush administration should not follow a successful prosecution of the war in Afghanistan with another war in Iraq unless the administration can present conclusive evidence that Saddam Hussein helped finance, organize, or implement the September 11 attacks or that he has supplied weapons of mass destruction to some terrorist group to use against American lives and property. There are at least five reasons for that.

One, American popular support may not be sufficient to prosecute a war against Saddam. Americans have properly learned to be suspicious about ambiguous evidence of a distant event, such as the one that led to congressional approval of the Gulf of Tonkin Resolution and the buildup of American forces in Vietnam.

Two, we may have few, if any, of the regional allies necessary for logistics support, bases, and overflight rights. Turkey is concerned that supporting Kurdish forces in Iraq might lead to a Kurdish state on its border. Kuwait is concerned that it would be anathematized by the rest of the Muslim world.

Three, we may have little, if any, support from the other major governments of the world. Several European governments have already warned the U.S. government that they would not support another war in Iraq on the basis of the evidence presented to them to date. The British defense secretary recently commented that a coalition action against Iraq did not seem justified. And the German chancellor has questioned the basis for continuing anti-terrorist actions in the Middle East "other than the ones underway in Afghanistan at present."

Support of the European governments for another war in Iraq, though valuable, would probably not be necessary. But their continued willingness to locate and prosecute local terrorist cells and to share intelligence is critical to the success of the broader and more important sustained war against terrorism. A unilateral U.S. action in Iraq, even with the cooperation of Turkey, could very well break apart the larger coalition that is necessary for the successful prosecution of the broader war against terrorism.

Four, in the absence of allies and regional bases, it is not clear how U.S. forces could prosecute another war in Iraq. In any case, such a war could be more costly in time, lives, and resources than the first Gulf War. The successful prosecution of the war in Afghanistan to date provides no assurances of a similar successful, low-cost war in Iraq. Iraq still has about 400,000 military personnel, with moderately modern arms, whereas the Taliban had only about 40,000 lightly armed troops.

**William A. Niskanen: "The most viable long-term strategy is probably not a series of wars but changes in our policies that would reduce the incentive to single out the United States as a target."**

The opposition forces in Iraq are small, unorganized, and lightly armed, even in comparison with those in Afghanistan on which the United States has relied for almost all ground combat. The only victories of the Iraqi National Congress since 1996 have been here in Washington. Moreover, Saddam may be more willing to use weapons of mass destruction if his regime is at stake, in which case the costs would be unusually high.

And last, another war in Iraq may serve Osama bin Laden's objective of unifying radical Muslims around the world in a jihad against the United States, increasing the number of anti-U.S. terrorists and probably future attacks. In contrast, the September 11 attacks and the successful prosecution of the war in Afghanistan have divided the Muslim political elite and, maybe, Muslims on the street.

Yes, there would be one benefit of a successful prosecution of another war in Iraq—the death of one dangerous, evil man. And maybe his regime would collapse and there would be a temporary reduction of the potential of one government to inflict great harm on others and us. But what do we do for an encore? There are any number of dangerous, evil men in the world, and a much larger potential supply. One way or the other, we have to learn to live in a world of dangerous, evil men, without an indefinite series of wars against them, unless they initiate or assist in attacks on our vital national interests.

The most viable long-term strategy is probably not a series of wars to reduce their potential to do us harm but changes in our policies that would reduce their incentive to single out the United States as a target. The best defense may be to give no unnecessary offense.

The key issue is whether we try to achieve a better outcome by negotiation, by threat, or by conquest. Cato Institute analysts have made a good case for negotiations to restore UN inspection of facilities that may be producing or storing biological or chemical weapons in exchange for suspending the bombing and reducing the scope of the embargo on Iraqi imports except those that may have a dual military capability.

Nuclear inspections, in contrast, have continued but should probably be broadened. An inspection by the International Atomic Energy Agency last January verified that Iraq was in full compliance with its own commitments to the Non-Proliferation Treaty Safeguards and Security Agreement, but the Iraqi agreement was less restrictive and less comprehensive than called for by UN Resolution 687. However, even the status quo policy toward Iraq, however unsatisfactory the outcome, seems to me

**"We should continue to avoid another war in Iraq unless we have more justification than a shared agreement that Saddam is a dangerous, evil man. We should be prepared to risk peace."**

to be superior to another war, unless it proves that Saddam has been a terrorist of global reach—the Bush criterion that has fortunately focused the war on terrorism to date.

In conclusion, we should continue to avoid another war in Iraq unless we have more justification than a shared agreement that Saddam is indeed a dangerous, evil man. We should be prepared to risk peace.

**Ted Galen Carpenter:** I would argue that there are reasons for pessimism about nation building in Afghanistan under anyone's auspices. First of all, there are intense ethnic rivalries involving the major ethnic blocs, the Pashtuns, the Tajiks, the Uzbeks, and the Hazara, who have barely tolerated each other in the best of times. That points to a root problem in Afghanistan that any would-be nation builder is going to have to face: the very weak sense of nationhood and identification with a nation-state.

In Afghanistan the primary allegiances are subnational—to clan, to tribe, and to ethnic group. And that is often difficult for Westerners to understand. In modern Western history loyalty has been primarily to the nation. In recent decades we have seen a new layer of loyalty added, namely, loyalty to supranational entities. We see this most evidently in Europe, where many people now identify themselves primarily as Europeans, not necessarily as Italians or French or Dutch or whatever. National loyalty is still there, but there is now a new layer on top of it.

That is not the case in Afghanistan, except of course for the very amorphous loyalty to the Muslim religion, which generally doesn't dictate political behavior. Nor is it the case in many other areas of the non-Western world where the primary allegiances are subnational, not national or supranational. Indeed, I would say that it is uncertain whether Afghanistan will even hold together as a country. The jury is very much out on that. And I would offer an even more provocative observation—maybe it *shouldn't* hold together. We might have greater long-term stability if Afghanistan divided itself into some of its subnational entities.

Afghanistan is not unique in that respect. One can make the same statement with regard


**Ted Galen Carpenter: "All America needs for its own security interests is that Afghanistan not become a haven for terrorists the way it did under the Taliban."**

to Somalia, where we have seen, again, a "country" where the primary allegiances seem to be to subnational entities. The West tried a major nation-building venture there. In contrast to the initial humanitarian mission, it failed rather spectacularly.

We see a similar, although not identical, situation in Bosnia, a "country" that is no closer to being a viable national entity now than it was when the Dayton Accords were signed. What we have in Bosnia is basically a soft partition that the West is unwilling to recognize officially, a Potemkin country run by an army of increasingly autocratic international bureaucrats. But what we don't have there, and have no prospect of seeing emerge, is a truly viable nation-state.

When we talk about nation building in Afghanistan, I think it is important to understand America's real interest in that country. Our security does not require a stable and prosperous Afghanistan, much less a democratic Afghanistan. I would be very happy for the Afghan people if such a country emerged. But that is not likely to happen. From the standpoint of our interests, it does not really need to happen.

All America needs for its own security interests is that Afghanistan not become a haven for terrorists the way it did under the Taliban.

Our policy should be fairly direct. We give an option to a successor government (or, if the country divides, to successor governments): as long as that government does not harbor or aid terrorists in any way, the United States will not interfere in Afghanistan's internal political affairs. But should any regime go down the same path as the Taliban did, we will be back militarily and we will mete out the same treatment. I think any rational government would accept that option quite readily.

Finally, a little American humility is needed. The reality is that a majority of the nearly 190 countries in the international system are woefully misgoverned. And that is tragic for the people involved. But the overwhelming majority of those cases will not adversely affect the security and well-being of America. The United States cannot bring peace and prosperity all of those states, or even to Afghanistan. The Afghan people will have to do that for themselves. They have some hard decisions to make.

We have enough problems seeking out and destroying the terrorists who committed the atrocities of September 11. We should not become distracted by trying to engage in a futile nation-building mission in Afghanistan or, for that matter, anywhere else.

**Alan Tonelson:** Nation building is an inherently difficult subject to talk about for a reason that should caution us strongly about its very viability: it has never happened.

Obviously, the world has seen hugely successful exercises in the economic, physical, and even political "rebuilding" of states destroyed by war, but there was always a society underneath the rubble that could be rebuilt. Now we are talking about building a nation from scratch, where none has existed before.

Likewise, the term "failed state" is a highly misleading, nonserious term. It implies that real statehood and viability existed in some previous era. But the regions on everyone's failed-states list were never states at all. Most, at various times, have had the superficial trappings of statehood. They have had flags. They have had national airlines. They have had postage stamps—often, very nice ones. They have had UN missions. They have even had what looked like national militaries.

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## "The terrorists we know about don't come from low-income families. They are the sons, largely, of elites that have lost out in the endlessly violent struggles of Arab politics."

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The frustrating thing is that when you look at a failed state on a map, it looks exactly like a real state. Just think of the map of France and the map of Afghanistan.

**Alan Tonelson: "Nation building is irrelevant to fighting terrorism and strengthening U.S. national security."**

They look very much alike. They are different shapes, but they are areas that are bounded by solid lines. Images like this are utterly misleading.

The reason is that some regions—I don't want to fall into the intellectually lazy habit of calling them "states" or "failed states"—lack the defining intangible qualities of nation-states. First, as we have heard from Ted Carpenter, you need a sense of national cohesion stronger than subnational loyalties. Second, you need a notion of government that is something more than unrestrained repression, exploitation, and outright theft.

There is no question that the essential qualities of nationhood, the intangible qualities, can develop and evolve over time. If they couldn't, we would not have states at all. But there is no evidence whatsoever that those qualities can be transplanted by an outside power. The qualities of nationhood, the essential intangible qualities, can emerge only gradually, organically, in the uncounted individual and group transactions and relationships and instances of learning that take place every day in the private, economic, social, and cultural dimensions of life. They aren't produced by government fiat.

There is a reason for that gradual pace. In regions that are not states, or not yet states, there is no meaningful consensus on legitimate authority or appropriate behavior.

Therefore, groups within those regions have placed an entirely understandable and inevitable premium on what might be called monopolizing the guns. And monopolizing the guns is extremely important, because you have to assume, if you value your life or your family's lives, that any gun you don't have is possessed by someone else, and it can and will be used against you. That is an essential characteristic of a "failed state."

In other words, politics in "failed states" is not about human improvement or any public purposes as genuine states understand those goals, however imperfectly genuine states pursue them. It is about gaining and wielding power for self-defense and aggrandizement.

The good news is that nation building is irrelevant to fighting terrorism, or global terrorism, and strengthening U.S. national security in any significant or cost-effective way. First, the more closely you examine the supposed link between "failed states" and global terrorism, the weaker the link looks. Most "failed states" have not generated global terrorism or even hosted global terrorists.

The terrorists we know about don't come from low-income families, by and large. They are not Afghan herdsmen. They are not Pakistani school kids. They are the sons, largely, of elites that have lost out in the endlessly violent struggles of Arab politics. There are few signs that global terrorist groups have made major inroads among the Arab world's poor. The "Arab Street" seems rather quiet. That is what a smashing military victory will do. That is why victory is good and you should seek it when you need to. U.S. embassies are not in flames from Jakarta to Morocco. I would imagine that al-Qaeda recruitment is down.

All of which leads to the conclusion that the best and most cost-effective ways of preventing and combating global terrorism involve combining military strength, which is the best form of preventive diplomacy ever invented, with sensible homeland security measures. As in so many realms of life, the key to American success in the anti-terror campaign will be keeping it simple, at least conceptually.

**Timothy Lynch:** I believe that President Bush and Attorney General Ashcroft are acting in good faith and that they are attempting to forestall additional attacks by other terrorist cells that may be here in America. At the same time, I am absolutely certain that the president overstepped his authority under the Constitution when he issued the military order on November 13. That order sweeps way beyond the

**Timothy Lynch: "The president is saying, 'I am assuming the powers of the legislature, and the powers of the judiciary. I will be the policeman, the prosecutor, the legislator, and the judge.'"**

idea of capturing al-Qaeda leaders in Afghanistan and trying them for war crimes. The president is basically saying:

> I am declaring a national emergency. I am assuming not only the executive powers of the police and prosecution, which the Constitution vests in the office of the president; I am also assuming the powers of the legislature, and the powers of the judiciary. I will be the policeman, the prosecutor, the legislator, and the judge. I am also suspending the right to trial by jury, the right to a speedy trial, the right to a public trial, the protection against self-incrimination, and the protection against double jeopardy. And I am suspending the writ of habeas corpus. For the time being, the special powers that I am assuming will affect only noncitizens in America. However, I reserve the right to revise this executive order at any time. Abraham Lin-

coln and Franklin Roosevelt suspended the Bill of Rights for American citizens, and I reserve the right to do so if I deem it appropriate.

I know full well that President Bush has not expressed himself in that way. But when it comes to people in government, it is always much more important to watch what they do than to focus on what they say, at least if you really want to know what is going on.

I know that the president and his advisers say that his order is very, very limited. Perhaps there will be only a dozen people tried before military tribunals. But the fact is that this military order is attempting to set a precedent about what the president can do under our Constitution.

There are people in the White House and in the Justice Department who believe that during wartime the president can assume legislative and judicial powers. They do not say so explicitly and candidly. It is poor public relations to do that. It is very shocking to think that the president can do those sorts of things. But that is the philosophy that has manifested itself in some of Bush's actions, especially in the military order.

The Constitution applies in both peacetime and wartime. If you read the Constitution, you will see that it anticipates tumultuous events, such as rebellions in our homeland and actual invasions of our country by foreign troops. The Constitution allows the writ of habeas corpus to be suspended by our government in certain circumstances. And the president can use the military to repel an invading army if Congress is out of session or if there just is not time for it to convene. So the constitutional text anticipates emergency-type circumstances.

However, once someone says that the president can place himself above the law of the Constitution and that he has the power to set aside certain provisions of the Constitution, there just is no intelligent way to discuss the matter. We would be putting the rule of law of the Constitution to one side and replacing it with something else that is unknowable and dangerous.

The central problem with the order is that it represents a belief on the part of the president that he can, and a willingness to, abrogate the rule of law that sets the boundaries and the limits on the institutions of our government. Those limits were set down in writing in order to protect individual rights. Even if this military order is withdrawn tomorrow, we should still be shocked and upset that there are people around the president who looked at this order, studied it very closely, and said, yes, this is all right. Those advisers, while acting in good faith, have completely lost sight of what our troops are fighting for. ■

## News Notes


**The staff of the Center for Educational Freedom: analyst Casey Lartigue, director David Salisbury, research assistant Emily Porter, and analyst Marie Gryphon.**

Marie Gryphon has been named an education policy analyst in Cato's new Center for Educational Freedom. She practiced law in Seattle and has worked with the Institute for Justice and the Education Excellence Coalition. Casey Lartigue, Cato's staff writer, has also been named an education policy analyst. He holds a master's degree from the Harvard Graduate School of Education and has written for *USA Today, Education Week,* and the *Washington Post*.

## Cato Calendar

**Social Security: A Women's Issue**
***Cosponsored with Women Influencing Public Policy***
*Washington • Cato Institute*
*April 9, 2002*
Speakers include Leanne Abdnor, June O'Neill, Edith Fierst, and Grace Hinchman.

**Policy Perspectives 2002**
*New York • Waldorf=Astoria*
*April 10, 2002*
Speakers include Dinesh D'Souza and Tim W. Ferguson.

**25th Anniversary Gala**
*Washington • Hilton • May 9, 2002*
Speakers include John Stossel and P. J. O'Rourke.

**Public Policy Day**
*Washington • Cato Institute*
*May 10, 2002*
Speakers include David Boaz, Tom G. Palmer, Roger Pilon, David Salisbury, Veronique de Rugy, and Ted Galen Carpenter.

**Social Security and Hispanics**
***Cosponsored with Hispanic Business Roundtable***
*Washington • Cato Institute*
*May 21, 2002*
Speakers include José Piñera, Julie Stav, and Fidel Vargas.

**Cato University**
*Chantilly, Virginia • Westfields Marriott • July 27–August 2, 2002*
Speakers include Walter Williams, Randy Barnett, Tom G. Palmer, Don Boudreaux, and Edward H. Crane.

**International Financial Crises: What Role for Government? 20th Annual Monetary Conference**
***Cosponsored with* The Economist**
*New York • Waldorf-Astoria • October 17, 2002*
Speakers include William McDonough, Anne Krueger, Jeffrey D. Sachs, Samuel Brittan, Charles Calomiris, and John Taylor.

*How to save Argentina and avoid a wider war*

# Renewable Energy Is Not Cost-Efficient

Advocates of renewable energy argue that the demand for it would rise if conventionally generated electricity were priced to reflect its pollution costs. But renewable energy sources are capital intensive, and renewable-fired electricity is more expensive than electricity produced by the combined-cycle natural gas process, according to a new Cato Institute study, "Evaluating the Case for Renewable Energy: Is Government Support Warranted?" (Policy Analysis no. 422). Even if current regulatory costs are insufficiently reflective of true environmental costs, "getting prices right" will not significantly affect consumer choices of fuel, write Jerry Taylor, director of natural resource studies at the Cato Institute, and Peter VanDoren, editor of *Regulation* magazine. Cracking down on greenhouse gas emissions to comply with the Kyoto Protocol would provide economic help for renewable energy technologies, but such initiatives would result in only a 7 percent market share for renewables and a 43 percent increase in electricity prices in return for benefits that are still very uncertain.

**Jerry Taylor**

**Peter VanDoren**

### ◆Patriotic Pork

The U.S. defense industry is hardly a bastion of free-market competition, according to a new study from the Cato Institute, "Reforming a Defense Industry Rife with Socialism, Industrial Policy, and Excessive Regulation" (Policy Analysis no. 421). Ivan Eland, director of defense policy studies at Cato, notes that even Secretary of Defense Donald Rumsfeld has compared the way the Department of Defense does business, including the way the Pentagon buys weapons, to Soviet central planning. Even the part of the industry that is in private hands is subject to DoD's industrial policy and excessive regulation. The result is weapons that have ballooning costs, are years behind schedule, and contain technology that is out of date when the systems are finally fielded. Eland argues that, if the Pentagon's budget were reduced, it would be under increased pressure to make the process of weapons buying more efficient. He recommends that, in addition to using commercial practices, it eliminate excessively detailed military specifications and buy commercial products and even commercial components for weapons.

### ◆Ballot Initiatives, Not State Legislatures, Lead to Tax Cuts

Tax and expenditure limitations (TELs) passed by initiative are more restrictive and contain fewer loopholes than those enacted by state legislatures, according to a new Cato Institute study, "Limiting Government through Direct Democracy: The Case of State Tax and Expenditure Limitations" (Cato Policy Analysis no. 420). Michael J. New, a Ph.D. candidate at Stanford University, demonstrates that TELs enacted by citizen initiatives cause per capita public spending to decrease whereas TELs enacted by state legislatures are associated with an increase in government expenditures. Since 1978 voters have used the initiative at an increasing rate in the 24 states that permit direct legislation. New concludes that activists wishing to restrain government growth should focus on passing TELs that include immediate taxpayer refunds of surpluses and hold spending increases to the inflation rate plus population growth.

### ◆Bittersweet Sugar Subsidies

The U.S. government refuses to revoke one of its most egregious trade policies, its sugar program, and American consumers are left to pay the price, according to a new Cato Institute study, "America's Bittersweet Sugar Policy" (Trade Briefing Paper no. 13). Mark Groombridge, a former research fellow at the Cato Institute's Center for Trade Policy Studies who has just joined the State Department, explains that "a very small number of sugar growers receive enormous benefits, while the costs of providing those benefits are spread across the U.S. economy, specifically to consumers and confectioners." The sugar program shields U.S. sugar growers from real competition, imposes costs on taxpayers, destroys jobs in sugar-using industries, and threatens trade negotiations. Groombridge concludes, "It is time for our rhetoric on free trade to be reflected in all of our policies, even those dominated by powerful lobbies."

### ◆Bush Should Focus on al-Qaeda, not Expand the War

While praising the Bush administration for the way it has responded to the terrorist attacks of September 11, a new Cato Institute study warns that the administration may be losing its focus on Osama bin Laden's al-Qaeda terrorist network and supporters. In "Robust Response to 9/11 Is Needed but Poking the Hornets' Nest Is Ill-Advised" (Foreign Policy Briefing no. 69), Ivan Eland, director of defense policy studies at the Cato Institute, warns that the recent imposition of stringent financial sanctions against terrorist groups not affiliated with bin Laden's network and most likely not involved in the September 11 attacks should raise a warning flag. If that expansion of sanctions is the first step in a global war on terrorism that would eventually include as targets all terrorist groups on the State Department's list, then it is cause for concern. Given the ability of terrorists to hide in the shadows and the erosion of U.S. human intelligence capabilities, conducting a worldwide war against terrorism would be difficult, might create more terrorists than it eradicated, and could unleash retaliatory strikes on U.S. targets from terrorist groups that have not previously been adversaries of the United States.

**Ivan Eland**

### ◆Washington's Newest Entangling Alliances

As the United States continues to prosecute the war on terrorism, it should be wary of paying too high a price for support from its allies, according to a new Cato Institute study, "The Anti-Terrorism Coalition: Don't Pay an Excessive Price" (Foreign Policy Briefing no. 68). Charles Peña, senior defense policy analyst at the Cato Institute, exam-

**Cato scholars testified frequently before congressional committees and other hearings in 2001. Left to right, James A. Dorn tells the U.S.-China Commission that free trade and capital freedom will improve international relations (December 6), Chris Edwards and Stephen Moore recommend tax cuts to the House Committee on Small Business (December 6), and Timothy Lynch tells the Senate Judiciary Committee of his concerns about President Bush's order on military tribunals (December 4).**

ines the coalition put together by President Bush and argues that the United States needs to be careful about how it views its current allies. Although some coalition members are staunch and long-term allies, the support of some key countries—including Pakistan, Uzbekistan, and Russia—might come at a price that could be detrimental to longer-term U.S. national security interests, Peña says. Ultimately—and paradoxically—the United States could end up doing more to breed terrorism than to prevent it, concludes Peña.

**Charles Peña**

### ◆Dollarization and Free Banking for Argentina

A Cato Institute study by Johns Hopkins economics professor and Cato senior fellow Steve H. Hanke, released on December 4, 2001, called for the official dollarization of the Argentine economy to stave off imminent financial collapse and spur economic growth. "By unilaterally dollarizing the economy, monetary policy would become 'looser' because the exchange-rate risk with the dollar would be eliminated, interest rates would be lower, and credit would be more readily available," writes Hanke in "Argentine Endgame: Couple Dollarization with Free Banking" (Foreign Policy Briefing no. 67). "High rates of interest for peso loans, which result from uncertainty about the government's monetary policy, indicate that the best course of action would be to eliminate the central bank and cease issuing pesos," Hanke writes. A former adviser to Argentine president Carlos Menem, Hanke also recommends that private banks be allowed to issue their own dollar-denominated notes. Competitive note issue would help increase the supply of reserves and allow Argentina to capture seigniorage, Hanke says.

### ◆Americans Need Social Security Privatization, Not Phony Alternatives

In response to the recommendations of the Commission to Strengthen Social Security, critics of personal retirement accounts are proposing a range of "alternative" options that could deeply impact the poor, women, and minorities without providing a sustainable long-term formula for increasing retirement security, according to a new Cato study, "No Second Best: The Unappetizing Alternatives to Social Security Privatization" (Social Security Privatization Paper no. 24). Michael Tanner, director of Cato's Project on Social Security Privatization, examines the "solutions" to the Social Security crisis proposed by more than a dozen prominent economists, activists, labor officials, and liberal scholars. Tanner finds that those proposals would result in higher payroll taxes, significant cuts in retirement benefits, or federal investment in the stock market. In his review of proposals that would increase payroll taxes, Tanner concludes that, using current projections for Social Security's shortfall in 2016, by 2030 the tax burden per worker would increase to $1,543 annually. Tanner concludes that the alternative plans are not viable and that the best solution would be to give Americans control of their own retirement through individual accounts.

**Mike Tanner**

### ◆Social Security Exacerbates Wealth Disparities

The lack of property and inheritance rights in the current Social Security program harms poor and minority workers and helps maintain wealth disparities, according to a new Cato Institute study, "The Impact of Social Security Reform on Low-Income Workers" (Social Security Privatization Paper no. 23). "As a result, the distribution of bequeathable wealth among retirees in the United States is highly unequal," writes Jagadeesh Gokhale, an economist at the Federal Reserve Bank of Cleveland. "In contrast, a system of individual accounts would allow workers to accumulate real and bequeathable wealth and would lead ultimately to greater equality of wealth. Social Security privatization therefore becomes the truly progressive option for reform—one that is most likely to benefit the poor," concludes Gokhale. ■

**“Many more Americans are willing to entrust the federal government with those powers necessary to defend them from terrorists than with greater authority over health care or education.”**

**AFTER 9-11** *Continued from page 1*

ington has been hard at work crafting specious justifications for more subsidies on the grounds that they will be helpful in combating terrorism. As White House spokesman Ari Fleischer noted, Washington is filled with an “unlimited number of groups coming out of the woodwork seeking money.” And Congress has responded. After September 11, a Congress determined to protect our nation moved quickly to increase the federal peanut subsidy by $284 million. Americans can now rest assured that every additional peanut subsidized by the taxpayer will be another peanut at work fighting terrorism.

Additional vigilance will be necessary to combat such raids on the public treasury, but that’s the price of liberty. The budget analysts at the Cato Institute will be kept even busier than usual in the coming year.

### In Government We Trust?

Many pundits cite the surge in “trust in government” in the biennial National Election Studies poll taken after September 11 as evidence of a profound change in public attitudes toward government. Since 1958 the NES has asked Americans, “How much of the time do you think you can trust government in Washington to do what is right—just about always, most of the time, or only some of the time?” When the question was put to respondents after the terrorist attacks, 60 percent answered “just about always” or “most of the time”—a jump of 16 percentage points above the previous poll and the highest level in 30 years. Other polls showed similar responses, although levels have fallen in subsequent months. The sharp jump in public trust in government has been celebrated by advocates of expanding governmental power, after years of bemoaning low levels of public trust in government.

However, there seems to be little correlation between “trust in government,” as measured by the NES poll, and the actual size of government, attitudes toward the proper scope or use of governmental powers, or the functioning of government generally. As David W. Moore, senior editor of the Gallup Poll, pointed out recently, “For all of the punditry’s angst about the allegedly ‘low’ levels of trust, there appear to have been no demonstrable consequences to the operation of democracy in America.”

A recent poll by ABC News gives us a more useful picture of public trust in the federal government. The NES poll simply asks respondents if they trust the federal government to do what is right. The ABC News poll took a different tack and asked half the respondents a question about national security and half the respondents a question about domestic policy. The responses were markedly different: 68 percent said they trust the government to do what’s right “when it comes to handling national security and the war on terrorism,” and only 38 percent indicated the same level of trust “when it comes to handling social issues like the economy, health care, Social Security, and education.” Another ABC News poll showed little change after September 11 in attitudes about the role of government, with those who prefer “smaller government with fewer services” going from 59 percent to 54 percent and those who prefer “larger government with many services” going from 34 percent to 41 percent. If they persist, these changes may be significant, but they may also be ambiguous, for the reasons spelled out below.

The public may now have more trust in the federal government’s provision of national security, which may seem somewhat odd after such a disastrous failure of the federal government to do one of the core tasks set forth in the Constitution—to provide for the common defense. But expressions of “trust” (and even the slight upward tick in desire for “more government”) can quite plausibly be interpreted as statements about the willingness of respondents to delegate powers to government to achieve certain limited ends, namely defense of the country from terrorists. That is, such responses may be less of a prediction about the likely success of government action than a statement about the willingness of citizens to entrust government with certain limited powers.

Poll results echo the constitutional faithfulness of the American public. The Constitution grants the federal government the power to provide for the common defense. As such, national security is among the proper functions of the federal government, as enumerated in the Constitution. There is a reason that art. 1, sec. 1, does not state, “All legislative Powers shall be vested in a Congress of the United States” but instead “All legislative Powers *herein granted* shall be vested in a Congress of the United States.” If a power is not granted in the Constitution, the federal government doesn’t have it. To make the point even more explicit, the Tenth Amendment quite clearly states, “The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.” Precisely that idea of limited powers seems to show up in poll responses.

Many more Americans are willing to entrust the federal government with those powers necessary to defend them from terrorists than are willing to entrust Washington with greater authority over health care or education. And in this regard, at least, the events of September 11 seem to have had little effect on public attitudes. Advocates of expanded governmental powers eagerly claim that support for vigorous pursuit of terrorists should be translated into support for more and larger governmental programs and subsidies. But such grabs for money and power are transparent to most Americans, who are not taken in.

### Governmental Size and Governmental Powers

Even if changes in measures of “trust in government” do not indicate a sea change in public opinion about the proper powers of government, a national security crisis nevertheless provides countless opportunities to camouflage expansions of government power or spending as necessary for the common defense. That is all the more reason for advocates of limited government to distinguish between the size of government and the powers of government, matters that are often confused.

Government that is limited in power may expand or contract and yet remain limited. If another police officer is hired to stop criminals, that increases government’s size but not its powers. But if the police

**"If we need to spend more on security and defeating terrorists, on what do we need to spend less? The political classes want to spend more money on everything."**

department is, in addition, authorized to arrest citizens for drinking wine or smoking marijuana, without hiring more officers, that increases government's powers without increasing its size. A more powerful government is typically a larger government, but its size is a feature of its powers, not the other way around.

If Congress were to increase the military or intelligence-gathering budget of the federal government to meet new threats, that would represent an increase in the size of government but not its powers. But federalizing fire departments or calling additional "transfer payments" national security expenses represents an increase in government's powers. In order to avoid seeing another American city shattered and thousands or millions of people killed, whether by hijacked planes or nuclear bombs hidden in suitcases, Americans support spending more resources on providing for the common defense. That may be a call for "more government" but not for more governmental power. The difference is important.

What Congress and the administration seem unwilling to do, despite majority support of the population, is to make choices. If we need to spend more on security and defeating terrorists, on what do we need to spend less? The answer from the politicians is, nothing. The political classes want to spend more money on everything. They are shirking their responsibilities.

There is a multitude of federal programs and exercises of power that are neither authorized by the Constitution nor, even if valued by some constituencies, comparable in value to the protection of our nation from terrorist attacks. Rather than simply increase spending on virtually all current federal programs, we should terminate or drastically cut at least some programs and transfer the funds to a constitutionally legitimate function of the federal government—defense of the lives, liberties, and property of citizens of the United States.

For example, the federal government spends nearly $20 billion each year on a war against drugs that has jailed 400,000 offenders. All of those arrests have not stopped the use and abuse of drugs, the drug trade, or the crime associated with black-market exchanges. What's more important, catching pot smokers or catching people intent on blowing up airplanes? Drug enforcement agents with useful skills should be reassigned to apprehending terrorists, not peaceful drug users.

The Corporation for Public Broadcasting is budgeted to give $375 million per year to "qualified public television and radio stations to be used at their discretion for purposes related primarily to program production and acquisition." Some of that money is then used to support National Public Radio and the Public Broadcasting Service. Wouldn't that $375 million be better spent on training Defense Intelligence Agency agents to speak Arabic, Pushtun, and Farsi so that they could better monitor potential enemies and communicate with potential allies?

The federal government spends some $87 billion per year subsidizing for-profit businesses through grants of "corporate welfare." For example, the Agriculture Department gives farmers $90 million a year to promote their products overseas. Wouldn't that $90 million be better spent on training and equipping intelligence agents who could infiltrate terrorist cells and give us advance warning of their murderous plans?

Taking constitutional government seriously means assigning resources efficiently to secure certain limited ends. Choices must be made. Advocates of limited government need to make those choices clear and to support eliminating spending and programs to free the funds and personnel to carry out government's proper functions.

### Fulfilling Government's Purposes within the Law

At the same time that supporters of limited government should encourage government to fulfill its proper role—including stopping terrorist attacks—the limits set by the Constitution must also be respected. The concluding clause of art. 1, sec. 8, of the Constitution grants Congress the power "to make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers." Laws should not be passed unless they are necessary—that is, without them the authorized powers of government could not be carried out at all. And they must be proper—that is, government may not in executing its powers violate enumerated or unenumerated rights guaranteed by the Constitution. To say that the federal government is responsible for protecting us from attack does not authorize any and all actions in the name of fulfilling that purpose. Some of the recent proposals to change law enforcement procedures are clearly constitutionally questionable, including establishing military tribunals on American soil to try legal residents who are not citizens of the United States on charges of terrorism. The Fifth Amendment to the Constitution does not specify that only citizens shall have the right to due process of law or that an indictment from a grand jury is necessary only in cases involving citizens. It states:

> No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except in cases arising in the land or naval forces, or in the Militia, when in actual service in time of War or public danger; nor shall *any person* be subject for the same offence to be twice put in jeopardy of life or limb, nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use without just compensation [emphasis added].

There are constitutional limits to what means are appropriate to combat terrorism. Americans should insist on those limits and not fear being branded as enemies for insisting on the application of the supreme law of the land. This is contrary to the message of Attorney General John Ashcroft, who stated in prepared testimony before Congress:

> To those who scare peace-loving Americans with phantoms of lost liberty; my message is this: Your tactics only aid terrorists—for they erode our national unity and diminish our

*Continued on page 14*

**"It is time for the American government to stop robbing some to benefit others, jailing some to satisfy others, and arrogating to itself additional powers not authorized by the U.S. Constitution."**

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> resolve. They give ammunition to America's enemies and pause to America's friends.

Impugning the patriotism of anyone concerned about "phantoms of lost liberty" is not merely arrogant; it is repugnant. Ashcroft seeks to secure "national unity" by undermining and violating the very foundation of American unity, the Constitution of the United States, with its authorization of limited powers and its simultaneous limitation on the means appropriate to carry out those powers. The rule of law does not impede national security; ultimately it *is* our national security.

### Individualism and the Pursuit of Happiness

Sen. Edward M. Kennedy (D-Mass.) used the occasion of the New England Patriots' Super Bowl victory to offer a remarkable description of the war against the al-Qaeda terrorist network:

> Since September 11, the courageous acts of countless Americans have set a new standard for the nation. Indeed, a new American spirit has been forged. That spirit is characterized by sacrifice, humility, and a refusal to quit in the face of adversity. At a time when our entire country is banding together and *facing down individualism,* the Patriots set a wonderful example, showing us all what is possible when we work together, believe in each other, and sacrifice for the common good [emphasis added].

The enemy, as Senator Kennedy sees it, is not intolerant fanatics bent on murdering those innocently engaged in the pursuit of happiness. The enemy is the very individualism that Osama bin Laden and his followers seek to destroy. In effect, the enemy is America itself. The senator from Massachusetts interprets the victory over the Taliban regime in Afghanistan as a case of "facing down individualism," not facing down terrorists.

Others have also taken aim at America's individualism. Televangelist Jerry Falwell blamed feminists, homosexuals, and civil libertarians for the attacks and stated, "What we saw on Tuesday, as terrible as it is, could be minuscule if, in fact, God continues to lift the curtain and allow the enemies of America to give us probably what we deserve." Professor Lamin Sanneh of Yale University, a naturalized American citizen, stated, "By separating church and state, the West—and America in particular—has effectively privatized belief, making religion a matter of individual faith," which, he said, "is an affront to the certainty of fundamentalist Muslims." The solution? "The West needs to overcome its insistence that the nation-state must be secular to be legitimate." Falwell, Sanneh, and Kennedy see American individualism as their foe.

The normally much more thoughtful columnist George F. Will concluded, "The events since September 11 have underscored the limits of libertarianism," which he identified with the view that "freedom exists where government compulsion does not, and that freedom generally and easily trumps all other political goods."

It seems not to occur to Senators Kennedy and Schumer, the Reverend Falwell, Professor Sanneh, George Will, and various critics of individualism and limited government that free people may band together in order to defend individualism, the right of each and every person to life, liberty, and the pursuit of happiness. That concept should not be so surprising. The rights to life, liberty, and the pursuit of happiness were, after all, the common good in defense of which the American Founders mutually pledged to each other their lives, their fortunes, and their sacred honor.

There is a reason why advocates of individual liberty are called libertarians. They have something in common: they believe that individual liberty is the common good and that defense of liberty from aggressors is justified as a collective effort. Subsidizing peanut farmers or cattlemen may be good for peanut farmers or cattlemen, but it is bad for taxpayers; it is not a common good. Throwing pot smokers into prison may be desired by certain busybodies and bureaucrats, but it is not desired by pot smokers (or by plenty of other taxpayers); it is not a common good. Defending Americans from being blown up by fanatical terrorists is a common good. Under the American Constitution, government exercises certain delegated, enumerated, and therefore limited powers to secure the common good. As James Madison, the primary author of the Constitution, stated before the House of Representatives:

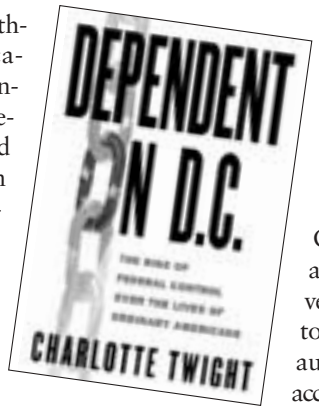
> Government is instituted and ought to be exercised for the benefit of the people; which consists in the enjoyment of life and liberty, with the right of acquiring and using property, and generally of pursuing and obtaining happiness and safety.

The benefit of the people requires limited government. It is time for the American government to turn its formidable resources to protecting Americans and to stop robbing some to benefit others, jailing some to satisfy others, and arrogating to itself additional powers not authorized by the fundamental social contract, the U.S. Constitution. The events of September 11 should lead us to redouble our efforts to restore constitutional government, equipped with the powers and resources to protect us from aggressors but strictly limited to the exercise of enumerated powers through laws that are both necessary and proper, as the plain text of the Constitution so clearly demands. ■

# How the Federal Government Got Us Hooked

Manipulation of the rules of a game can determine the outcome. It's true of sports and it's true of government. In an important new contribution to the study of American government, *Dependent on D.C.: The Rise of Federal Control over the Lives of Ordinary Americans,* economist and historian Charlotte Twight applies this insight to document both the history of government's growth and the techniques by which politicians and bureaucrats have manipulated the rules of the game to increase their powers and make them more difficult to roll back. In the process, politicians make Americans dependent on government, more like passive supplicants than active citizens. Twight explains in clear language how Americans have been robbed of their independence.

Twight's research on the origins of such linchpins of the modern dependence-state as Social Security, income tax withholding, federally funded education, Medicare, and federally mandated databases shows how time-tested techniques have allowed politicians to undercut opposition to such programs, not by persuading the public that the benefits of the programs are greater than their costs, but by manipulating the electorate. For example, when income tax withholding was instituted, taxpayers were promised a year of "tax forgiveness"—it never happened. And when new and unpopular programs are proposed, they are typically bundled with vitally important government functions in "take-it-or-leave-it" omnibus bills. As a result, the government grows stronger while citizens grow weaker. *Dependent on D.C.* documents a wide range of such techniques. It contributes substantially to our understanding of the history of government growth, the economics of public choice, and political science generally.



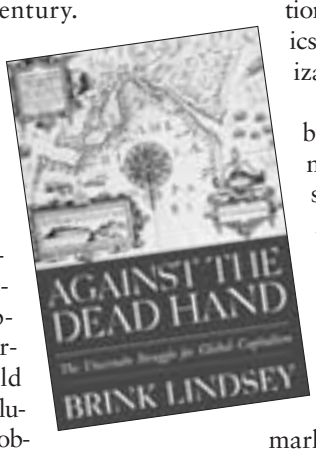

After September 11 Congress expanded federal law enforcement's surveillance powers and is poised to extend the government's authority. Before Americans accept those sweeping changes, they should read *Dependent on D.C.* to understand how extensive government's reach already is.

*Dependent on D.C.*, published by Palgrave for St. Martin's Press, is available ($26.95, cloth) through Cato Institute Books at 1-800-767-1241, via the online Cato Bookstore, www.cato.org, and in most bookstores. ■

# The Dead Hand of the Collectivist Past

Globalization: it's earlier than you think. That's the provocative message of *Against the Dead Hand: The Uncertain Struggle for Global Capitalism,* written by Brink Lindsey, director of Cato's Center for Trade Policy Studies.

Lindsey argues that modern-day globalization is an outgrowth of collectivist ideologies of the 20th century. Although central planning and top-down control are no longer considered the "wave of the future," the "dead hand" of the collectivist past—the accumulated institutions, mindsets, and vested interests of state-dominated economic development—still exerts a powerful influence on the world scene. Lindsey traces the influence of the dead hand on globalization with a mixture of historical narrative, thought-provoking economic and political analysis, and on-the-scene reporting from several of the world's economic trouble spots.




Lindsey shows how the economy has grown amidst the wreckage of the old regime—detailing how that wreckage constrains the present and obscures the future. He conveys a clearer picture of globalization's current state than does the conventional wisdom, saying that both critics and supporters who say globalization is widespread are wrong.

Instead, Lindsey argues that believers in top-down central planning have few suggestions to make, so they are now reduced to criticizing markets. Lindsey says that markets are "neither widely loved nor widely understood, but it is all there is." Policymakers who are turning to globalization are doing so by default because their previous interventions in markets have failed, leaving markets and competition as their only viable remaining option.

"Informed, lively, and challenging, Brink Lindsey's book illuminates the tough road ahead in the fight for free markets and against the dead hand of the past," writes George P. Shultz, former U.S. secretary of state. "In this fascinating and wide-ranging book, Brink Lindsey destroys two dangerous myths: that trade is bad for the poor and that globalization is inevitable," writes Virginia Postrel, author of *The Future and Its Enemies: The Growing Conflict over Creativity, Enterprise, and Progress.* "Despite globalization, recent years have been filled with cruel disappointments for many of the world's poor in developing and formerly communist countries. Brink Lindsey insightfully identifies the formidable obstacles that block their progress," writes Hernando de Soto, author of *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else.*

*Against the Dead Hand,* published by John Wiley & Sons, is available ($29.95, cloth) through Cato Institute Books at 1-800-767-1241, via the online Cato Bookstore, www.cato.org, and in most bookstores. ■

## "To Be Governed..."

**◆Those pesky labels**

Conservatives oppose [Japanese prime minister Junichiro] Koizumi's plans for deregulation and privatization, pushing instead for the tried—and failed—recipe of boosting government spending to revive the economy.

—*New York Times,* January 31, 2002

**◆Name one**

Judging from his season records for past years, [sportswriter Norman Chad is] lucky he has a private-sector job. Federal employees get fired for repeated incompetence.

—Letter to the *Washington Post,* December 8, 2001

**◆Deregulation at work**

The history of New York construction has frequently been a notorious one. Many of its chapters have been written by prosecutors. And it has a dog-eared glossary of key words: racketeering, featherbedding, sickouts and homesteading. And the city bureaucracy, well, it has long tentacles that can delay construction projects for years or strangle the life out of them completely. Add it all together, and one gets the image of New York as the most unscrupulous and exasperating place to do the basic, but hard work of building up and tearing down. When the authorities stood over the smoking rubble of the twin towers, they estimated that the cleanup would take a year and cost $1 billion to $2.5 billion, and they gave contractors blank checks to get the job done. When they did, New Yorkers familiar with the industry steeled themselves for the inevitable "delays" and "cost overruns."

Now, a little more than four months into the job, those heading the cleanup and those removing the rubble at ground zero are trumpeting nothing short of a construction miracle, and with it, no small victory over cynicism about what labor can get done in New York. The cleanup, it turns out, will take no more than nine months and cost no more than $750 million. . . .

The reasons the cleanup has gone so fast and come in under budget are many: the city's best construction workers are employed at ground zero, there is vigorous oversight to prevent corruption, and the city, state and federal governments threw the rule books out the window.

—*New York Times,* January 21, 2002

**◆People were starting businesses without supervision**

The [Garden Grove, Calif.] City Council, responding to a fatal stabbing and other crimes at this Los Angeles suburb's many cyber cafes, placed a 45-day moratorium Tuesday on the opening of any more of the establishments. . . .

"After the stabbing, it dawned on us that we really haven't taken a hard look at these places," Mayor Bruce Broadwater has said. Cyber cafes generally charge $2 per hour for high-speed Internet access, and most customers use the service to play video games. . . .

"The problem is, these places were going into operation faster than we could get a handle on them," City Manager George Tindall has said.

—*Sacramento Bee,* January 22, 2002

**◆Unless he just keeps lying until the problem goes away**

"The lesson I learned from the Lewinsky thing is a president must never lie," [former Clinton aide Paul] Begala says.

—*Washington Post,* January 16, 2002

**◆That's quite a spectrum**

[Former Argentine dictator Juan] Peron is remembered more as a personality than as a ideologue. The party he founded encompasses beliefs ranging from socialism to fascism.

—*Morning Edition*, NPR, January 15, 2002

**◆Government without limits**

While [Sen. Hillary Clinton] invokes bipartisanship constantly, she becomes demonstrably more passionate when she is talking about the role of government as leveler, protector and moral agent.

—*Washington Post Magazine,* January 27, 2002

**◆On the principle best enunciated by Sen. Barbara Mikulski: "let's go and get it from those who've got it"**

World Economic Forum officials wielded polls showing that most world residents support a 1 percent tax on the wealthy.

—*Washington Post,* February 2, 2002

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