

Strategy for the War on Terrorism

by Charles V. Peña

Because we use the shorthand phrase “war on terrorism” to describe the U.S. response to the September 11, 2001, terrorist attacks, it is easy to believe that this war, like all previous wars, can be won by simply killing the enemy—wearing them down until they are broken and capitulate. Given that suicide terrorists are, by definition, undeterrable, it seems that we have no choice but to kill them before they kill us.

This is a different kind of war that requires a different strategic approach. The core issue is the question raised by Secretary of Defense Donald Rumsfeld in his now famous October 2003 leaked memo: “Are we capturing, killing, or deterring and dissuading more terrorists every day than the madrassas and radical clerics are recruiting, training, and deploying against us?” With more than a billion Muslims in the world, a strategy that focuses only on the former without addressing the latter is a losing strategy.

So what is a winning strategy?

In their book *An End to Evil: How to Win the War on Terrorism*, David Frum (former speechwriter for President Bush) and Richard Perle (former chairman of the Defense Policy Board under Bush) contend that evil is at the root of terrorism and propose that the United States focus on eradicating evil. But that is a quixotic quest that does not focus on the group responsible for the September 11 attacks. It is exactly that kind of logic that led the Bush administration to wage a war against Iraq, even though the White House has conceded that Saddam Hussein had nothing to do with 9/11 and its allegations of linkages between the former regime in Baghdad and Al Qaeda are not conclusively proven.

Instead of embarking on another Iraq

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Fareed Zakaria, editor of *Newsweek International* and a member of the international selection committee for the second Milton Friedman Prize for Advancing Liberty, presents the prize to Hernando de Soto at a dinner in San Francisco on May 6. Story and photos, pp. 3, 18–19.

(in North Korea, Iran, or Syria), a strategy for the war on terrorism must focus on the real threat to the United States: Al Qaeda. Such a strategy would consist of three central elements, in ascending order of importance: homeland security against future terrorist attacks, dismantling and degrading the Al Qaeda terrorist network, and a foreign policy that does not needlessly create new terrorists.

Prioritizing Homeland Security

A paramount responsibility of the federal government as set forth in the Constitution is to “provide for the common defense.” The challenge of terrorism is illustrated in a statement by the Irish Republican Army after a failed attempt to kill British prime minister Margaret Thatcher in 1984: “Remember, we only have to be lucky once. You will have to be lucky always.” So homeland security starts with knowing that a perfect defense against terrorism is not possible.

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Reagan's Heir?



The passing of Ronald Reagan got me thinking about political leadership then and now. I grew up as a Reagan supporter. In 1975 I helped to bring him to Vanderbilt University, where I had the honor of dining with him. He signed my campus newsletter boosting “Reagan for President”—with a wink, since he wasn’t then an announced candidate. In 1976 I spoke on his behalf in front of student audiences in Washington and attended the convention in Kansas City. I was proud to be part of a Reagan demonstration so boisterous that, it was reported, the networks had to turn down the volume on the television signal.

Although I eventually decided to devote my efforts to advancing a more consistently libertarian cause, I remained a fan of Reagan’s eloquence on behalf of liberty and limited government. I remember these words from his famous speech in 1964:

You and I are told we must choose between a left or right, but I suggest there is no such thing as a left or right. There is only an up or down. Up to man’s age-old dream—the maximum of individual freedom consistent with order—or down to the ant heap of totalitarianism.

Some of the tributes to Reagan from all parts of the political spectrum tried to examine his relevance to today’s politics. One popular theme among conservatives was that President Bush is, as Linda Chavez put it, “the true political heir of Ronald Reagan.” James Glassman of the American Enterprise Institute wrote:

Ronald Reagan . . . and George W. Bush . . . have a lot in common. . . .

It was not George H. W. Bush, Reagan’s vice president for eight years and his successor in the White House for four, who carried the torch. It is George W. Bush.

First, like Reagan, the current president adopted a simple, straightforward program and is resolutely pursuing it. . . .

His legacy is in good hands.

But is it? Is Bush indeed the political heir of Ronald Reagan? There’s much evidence that he is not. In his 1981 inaugural address, Reagan said:

In this present crisis, government is not the solution to our problem; government is the problem.

It is my intention to curb the size and influence of the Federal establishment and to demand recognition of the distinction between the powers granted to the Federal Government and those reserved to the States or to the people. All of us need to be reminded that the Federal Government did not create the States; the States created the Federal Government.

Twenty years later, in his first address to Congress, George W. Bush sounded a different note:

Year after year in Washington, budget debates seem to come down to an old, tired argument: on one side, those who want more government, regardless of the cost; on the other, those who want less government, regardless of the need.

There he was echoing a major campaign speech in which he had ridiculed those with a “destructive mindset: the idea that if government would only get out of the way, all our problems would be solved. An approach with no higher goal, no nobler purpose than ‘Leave us alone.’”

And the two presidents’ policies reflect those contrasting philosophies. Real nondefense discretionary spending fell by 10 percent in President Reagan’s first term. It has risen 25 percent in Bush’s first term. That’s a striking difference: Reagan the most fiscally conservative president of modern times, Bush spending at a faster pace than any modern president except Lyndon B. Johnson. Reagan didn’t abolish the Department of Education, as he had promised, but its budget fell 18 percent in real dollars during his first term. Meanwhile, real spending on the department is up 67 percent under Bush.

Glassman and others suggest that Bush’s aggressive and Wilsonian foreign policy is similar to Reagan’s. But Cato research fellow Jonathan Clarke and former Reagan official Stefan Halper argue in their new book *America Alone: The Neo-Conservatives and the Global Order* that Bush’s foreign policy is in fact a sharp departure from Reaganism. On the use of American force, “Reagan tended to side with the precautionary ‘six tests’ established by Defense Secretary Caspar Weinberger to define

when the United States should use force—and when it should not. These tests are a far cry from the force-friendly National Security Strategy published with such neoconservative input and fanfare in September 2002.” Cato senior fellow Doug Bandow, a special assistant to President Reagan, put it this way: “Ronald Reagan believed in hefting a big military stick, but used it only sparingly.” He vigorously engaged the battle of ideas with communism but avoided military confrontation.

Reagan was a religious man and a social conservative, but he never tried to get the federal government into the business of funding religion, as Bush has done with his steady push for “faith-based initiatives.” Reagan’s opposition to California’s anti-gay Briggs Initiative in 1978 stands in stark contrast to the homophobia of the Bush campaign.

Reagan’s presidency was by no means perfect from a libertarian or limited-government perspective. He did not actually reduce government spending or regulation; he launched the war on drugs, and he created a new cabinet department instead of abolishing two as he had proposed. Still, his eloquence on behalf of limited government and his success in slowing the growth of government are sorely missed today.

I met Ronald Reagan. I campaigned for Ronald Reagan. I was inspired by Ronald Reagan. George W. Bush is no Ronald Reagan.

—David Boaz

“George W. Bush is no Ronald Reagan.”

Sowell, Zakaria highlight San Francisco dinner

De Soto Receives Milton Friedman Prize

Peruvian economist Hernando de Soto is the winner of the 2004 Milton Friedman Prize for Advancing Liberty. De Soto was presented with the prize at a gala dinner in San Francisco on May 6. Fareed Zakaria, a *Newsweek* columnist and a member of the prize's international selection committee, presented the award and credited de Soto with spurring people to think about Third World development in a new way in the 1980s.

Milton Friedman, the Nobel laureate for whom the prize is named, also attended the ceremony. Thomas Sowell, a senior fellow at the Hoover Institution, paid tribute to Friedman, his one-time professor at the University of Chicago. In an on-stage discussion, Friedman and Cato president Ed Crane surveyed the dramatic gains for liberty made over the past half century, for which Friedman deserves no small credit.

In 1980 Hernando de Soto founded the Institute for Liberty and Democracy, where he and his colleagues developed and promoted a simple idea with radical implications: poverty in Peru and other poor countries is largely caused by the lack of formal property rights and the lack of the rule of law. He published two groundbreaking books

making this argument, and he has advised leaders of poor countries around the world on the steps needed to lift the poor out of poverty. His work so infuriated the Marxist Shining Path that they made two attempts on his life.

De Soto's selection generated widespread interest in the media. *Time* magazine included him in the 2004 *Time* 100, a list of the 100 most influential people in the world. The *Wall Street Journal* editorial page praised de Soto's selection, and the prize sparked renewed interest in his work in the United States and around the world.

The Friedman prize is awarded every two years to an individual who has made a substantial contribution to advancing human liberty. Generous earmarked donations have made it possible for the award to include a



Hernando de Soto greets Rose and Milton Friedman at the May 6 dinner for the Milton Friedman Prize for Advancing Liberty.

half million dollar cash prize. In addition to Zakaria, the 2004 selection committee consisted of Anne Applebaum of the *Washington Post* editorial board, John Blundell of the Institute for Economic Affairs, Cato president Ed Crane, author Gurcharan Das, Rose D. Friedman, Russian presidential adviser Andrei Illarionov, Cato senior fellow José Piñera, and FedEx chairman Fred Smith. ■

See more photographs from the Friedman Prize dinner, pages 18–19.

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Debates on gay marriages, media ownership, and hacks in the White House

A Changing World: Moscow, Iraq, the EU

◆**April 2:** Handwriting over job losses due to trade is not a new phenomenon, argued Dan Griswold at a Cato Hill Briefing, “**The Truth about Job Losses and Free Trade.**” Popular worries have included “secular stagnation” in the 1930s, the “automation crisis” in the 1960s, competition from Japan in the 1980s, and competition from Mexico in the 1990s. Yet the American economy has continued to create more and better jobs. Recent fears about India and China are just as overblown, Griswold said. Trade has allowed companies to move some lower-skilled jobs overseas, Griswold conceded, but in the process it is raising the productivity of American workers and creating better, higher-paying jobs. The overall rate of job loss due to outsourcing is relatively small compared with the constant rate of churn in the broader job market.

◆**April 8–12:** Leading reformers from around the world met in Russia for a Cato conference, “**A Liberal Agenda for the New Century: A Global Perspective.**” Former Estonian prime minister Mart Laar, former New Zealand finance minister Ruth Richardson, and Kazakhstan deputy prime minister Grigori Marchenko all discussed their successes in creating economic growth by instituting free-market reforms in their nations. In his keynote address, Andrei Illarionov, President Putin’s senior economic adviser, presented empirical evidence that economic liberalization drives economic growth. Illarionov invited a small group of conference participants, including Laar, Cato president Ed Crane, and Cato senior fellow José Piñera, to a four-hour meeting with Putin to discuss reform efforts in Russia. A detailed story appeared in the May–June issue of *Cato Policy Report*.

◆**April 27:** At a Cato Policy Forum, “**Triumph of the Hacks?**” Democratic Leadership Council president Bruce Reed said that there are two types of people in Washington: hacks and wonks. Good policy, he argued, requires that the two be kept in balance. Too much wonkery can lead policymakers to get bogged down in details; too much hackery causes politicians to adopt disastrous policies in the name of political expedience. The Bush White House, Reed charged, has been overrun with hacks. Ron Suskind, author of

The Price of Loyalty: George W. Bush, the White House, and the Education of Paul O’Neill, agreed, lamenting that wonks like Paul O’Neill have been eclipsed by political operatives like Karl Rove. Former Bush speechwriter David Frum defended the Bush administration, pointing out that the president’s education policies and his faith-based initiative trace their origins to the drawing boards of wonks, not hacks. Moreover, he noted, presidents since Franklin Roosevelt have used deceptive political tactics when they believe it to be in the national interest.

◆**April 29:** The May 1 expansion of the European Union is a historic opportunity for Eastern European nations, said Slovakian ambassador Rastislav Kacer at a Cato Policy Forum, “**EU Enlargement: Unique Opportunity or Historic Mistake?**” but it could prove to be a disaster if European leaders make poor choices. E. Wayne Merry of the American Foreign Policy Council argued that the accession of eight formerly Soviet nations marks the end of the “second world”; henceforth, Russia and its European neighbors are functionally Third World countries, and European politics will be dominated by tensions between the wealthy West and the impoverished East. Despite the challenges, a more integrated Continent would be good for both Europe and America, he said. Cato chairman William Niskanen warned that the nations of Eastern Europe are likely to find adopting the euro economically painful, as the lack of labor mobility or fiscal transfers will create asymmetric strains within the trading bloc. Marian Tupy of Cato’s Project on Global Economic Liberty predicted that EU membership will be a mixed blessing for the new members: Access to Western European markets will be beneficial, but new regulatory requirements threaten to stifle economic growth.

◆**April 30:** Panelists at a Cato Policy Forum addressed the question, “**The War on Terrorism: A War within Islam?**” Michael Vlahos of John Hopkins University argued that the conflicts in the Middle East are part of a broader Islamic revival. Salam Al-Marayati, executive director of the Muslim Public Affairs Council, warned that Western officials undermine the stature of moder-

ate Muslims when they demand that they be slavishly pro-Western. Genuine moderates are defined by their opposition to violence and their commitment to individual rights, not by their willingness to take orders from Washington, he said. Husain Haqqani of the Carnegie Endowment for International Peace stressed the complexity of the Muslim world, which has more than a billion people and 14 centuries of history. Muslims see Americans as the puppet masters of the Middle East, he said, which makes it imperative that the United States use its influence for good. Cato’s Charles Peña agreed with Haqqani on the importance of better understanding Muslim civilization and emphasized that the United States must avoid turning the war on terrorism into a destructive war between the United States and the Islamic world.

◆**May 5:** Iraq is a nation riven with ethnic differences, and there is a serious danger that it will descend into chaos and civil war following any handover of power to indigenous authorities. An intriguing solution to this problem is federalism, under which Iraq is divided into ethnically homogeneous provinces that are largely self-governing, while a weak central government is concerned with a handful of national issues such as national defense. At a Cato Policy Forum, “**Federalism and the Iraqi Constitution,**” experts debated how a federalist Iraq might work—and if it could be made to work at all. Patrick Basham laid out several possible models but warned that the Iraqi people may lack the political sophistication to successfully adopt a federalist form of government. Amatzia Baram, senior fellow at the United States Institute of Peace, argued that the relationship between the Kurds and the Islamic majority in Iraq is likely to be a major sticking point in any attempt to institute federalism, because non-Kurds in Iraq have little respect for Kurdish autonomy. Ilya Somin of George Mason University noted that the distribution of oil profits and the protection of minority rights are key problems that must be solved by any federalist arrangement.

◆**May 6:** Hernando de Soto was awarded the second biennial **Milton Friedman Prize for Advancing Liberty** in San Francisco.

Newsweek columnist Fared Zakaria presented the award. In his acceptance speech, de Soto argued that the world's poor are hampered by the lack of secure private property and the lack of the rule of law. Ed Crane, Thomas Sowell, and Friedman himself also spoke.

◆**May 7:** Islam has a lost tradition of moderation and critical thinking, argued journalist Irshad Manji at a Book Forum for her book *The Trouble with Islam: A Muslim's Call for Reform in Her Faith*. Reviving that tradition is the key to a peaceful and prosperous Muslim world. Today's violent extremists are not the best representatives of the Islamic tradition, she said. Claude Salhani of United Press International agreed, pointing out that boxer Muhammad Ali refused to fight in the Vietnam War because his religion forbids violence. Unfortunately, Salhani said, moderates in the Islamic world don't speak out for fear of retribution.

◆**May 11:** At a Book Forum for Cato's *Educational Freedom in Urban America: Brown v. Board after Half a Century*, Secretary of Education Rod Paige praised the Cato Institute's work on behalf of educational reform and argued that the No Child Left Behind Act would finally achieve *Brown's* promise of equal educational opportunity. Howard Fuller of Marquette University hailed the *Brown* decision for striking a dramatic rhetorical blow for equality. Casey Lartigue, the book's coeditor with David Salisbury, reflected on the reaction to *Brown* in the 1950s and drew parallels with the arguments being made against school choice today. Clint Bolick of the School Choice Alliance said that his years in the legal trenches have persuaded him that school choice is a "heart-and-soul" issue as much as an issue of cold economic logic. Gerard Robinson of the University of Virginia pointed out that school choice today bears little resemblance to the racist "tuition grant" programs of the 1960s—today's choice programs are designed to liberate inner-city school children, not hold them back.

◆**May 12:** A decade after the end of apartheid, South Africa is a freer, more prosperous nation. But panelists at a Cato Policy Forum, "10 Years of Democracy in South Africa:

Muslim feminist Irshad Manji discusses her book *The Trouble with Islam* at a Book Forum on May 7.



Cato health policy director Michael Cannon (right) hosts a seminar on organ shortages with University of Chicago law professor Richard Epstein on May 13.

Achievements and Challenges," agreed that much work remains to be done. Barbara Masekela, South Africa's ambassador to the United States, touted her country's economic record and its progress on racial reconciliation over the last decade. Richard Tren of South Africa's Free Market Foundation faulted the South African government for failing to criticize Robert Mugabe's oppression of Zimbabwe and for the lack of economic reforms. That lack of reforms has been economically harmful, Cato's Marian Tupy said, leading to economic growth rates barely above the rate of population growth. George Ayittey of American University argued for a focus on the informal and tribal sectors of the economy, where large numbers of South Africans earn their living.

◆**May 13:** Authorities who refuse to allow market liberalization of organ procurement policies embrace an authoritarian view of the world and are responsible for the deaths of thousands, argued Richard Epstein of the University of Chicago Law School at a Cato Policy Forum, "Remedying the Organ Shortage: The Ethics of Market Incentives." James Childress, a former member of the Ethics Committee of the United Network for Organ

Sharing, urged caution, emphasizing that incremental reform and modest incentives for donation are preferable to full liberalization. Epstein retorted that people on the waiting list don't have the luxury of patience. David Undis, director of LifeSharers, pointed out that his program offers a practical way to encourage people to donate: each LifeSharers member gives instructions that his organs be given preferentially to other LifeSharers members. That, Undis noted, gives everyone a practical incentive to become an organ donor.

◆**May 17:** As the first legal gay marriage licenses were being issued in Massachusetts, Cato hosted a Policy Forum, "May 17: The Day Gay Marriage Began?" Jonathan Rauch, author of *Gay Marriage: Why It Is Good for Gays, Good for Straights, and Good for America*, argued that gay marriage would help to strengthen the institution of marriage by encouraging an ethos of commitment and responsibility within gay culture. The alternative, he argued, is that gays will create a proliferation of alternative institutions that will erode universal support for marriage itself. Genevieve Wood of the Fam-

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EVENTS *Continued from page 5*

ily Research Council stressed that gay marriage will change the definition of marriage and thereby weaken the institution. Wood warned that without a constitutional ban on gay marriage, the courts would impose it on the nation by judicial fiat. Michael Greve of the American Enterprise Institute agreed with Wood that judicial imposition of marriage would be a mistake but argued that a narrower constitutional amendment—one that merely prohibits the courts from requiring states to recognize gay marriage—would suffice to safeguard states' rights. Such a policy, he argued, would respect federalism and give some states the opportunity to experiment with the idea without imposing it on the rest of the country.

◆ **May 20:** The Republican Revolution of 1994 was the result of more than a decade of patient planning and hard work by young radicals in the Republican caucus, said former speaker Newt Gingrich at a Cato conference, "**The Republican Revolution 10 Years Later: Smaller Government or Business As Usual?**" Dick Arney, former House majority leader, argued that even after the 1994 election, the Congress lacked a majority that favored limited government, which made it difficult for the House leadership to cut the size of government. Cato president Ed Crane argued that the Republican Party has abandoned the ideal of limited government espoused by Goldwater and Reagan.

◆ **May 24:** Cato senior fellow Patrick Michaels, Competitive Enterprise Institute scholar Myron Ebell, and astrophysicist Sallie Balunas criticized the big-budget disaster movie *The Day after Tomorrow*, in which global warming triggers a new ice age in a matter of days. The movie, they said, is unscientific, deceptive, and likely to push politicians toward unwise policies to combat an exaggerated threat of global warming.

◆ **May 25:** Cato's Adam Thierer and Andrew Schwartzman of the Media Access Project squared off for a lively debate on media concentration at a Cato Hill Briefing, "**The FCC's Media Ownership Decision One**



At a May 12 Policy Forum, "10 Years of Democracy in South Africa," Ambassador Barbara Masekela defends her government's economic record and its progress on racial reconciliation. Richard Tren, Marian Tupy, and George Ayittey were more critical, pointing out sluggish economic growth and pervasive affirmative action.

Year Later." Schwartzman warned that diverse and competitive media are critical to a healthy democracy and argued that the FCC's recent deregulatory efforts have stifled recovery. Moreover, Schwartzman argued, consolidation threatens important values of localism and media independence. Thierer countered that the media are not, in fact, becoming more concentrated and that consumers have more media options than ever before. Although some media have changed with improving technology, he argued, there are still plenty of local news outlets and plenty of independent voices on the media scene. In addition, he noted, excessive government regulation of the media raises serious First Amendment concerns.

◆ **May 25:** The major presidential candidates differ more in their rhetoric than in their records, argued Cato's Chris Edwards at a Policy Forum, "**Bush and Kerry: Comparing Their Economic Platforms.**" Both President Bush and Sen. John F. Kerry, he noted, are big spenders, and both have proposed a laundry list of small, micro-managing federal programs. Gary Huffbauer of the Institute for International Economics argued that although Kerry has correctly observed that the U.S. tax code is detri-

mental to job creation, his proposals would be ineffective at remedying the problems. Dan Griswold compared the candidates on trade and concluded that while both have generally free-trade records, Kerry's rhetoric is far more protectionist than Bush's. Griswold expressed hope that, if elected, Kerry will revert to the free-trading instincts demonstrated by his record in the Senate.

◆ **May 27:** School choice has been tried with considerable success in countries around the world, from Chile to Sweden, said education scholars at a Cato conference, "**Looking Worldwide: What Americans Can Learn from School Choice in Other Countries.**" In his keynote address, Charles Glenn of Boston University argued that school choice is a fundamental right but that implementation details should always be open to revision. Claudia Hepburn of Canada's Fraser Institute described how Alberta's choice program spurred public school reforms in that province. In his luncheon address, James Tooley of the University of Newcastle described the functioning of private schools in countries too poor to offer universal government schools. His research shows that in such countries a surprisingly large proportion of very poor children are educated by private schools at very low cost. ■

Revolution or business as usual?

10 Years of Republican Rule

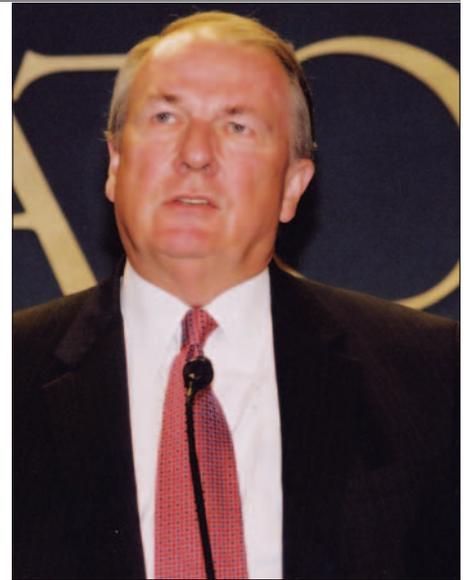
The congressional elections of 1994 were the most important midterm elections in modern American history. The Republican Party, buoyed by the unpopularity of President Clinton's health care plan, captured the House of Representatives for the first time in four decades. The Senate also fell into Republican hands. The Republican Revolution, as the election came to be known, was widely seen as a victory for limited government. House Republican candidates ran on the "Contract with America," a campaign manifesto that promised to reduce the size of government with such policies as tax cuts and welfare reform. Cato published its first edition of the *Cato Handbook for Congress* to capitalize on the sudden popularity of limited-government ideas on Capitol Hill.

At a May 20 Cato conference, "The Republican Revolution 10 Years Later: Smaller Government or Business As Usual?" former speaker Newt Gingrich, a key architect of the GOP's 1994 victory, described how he began laying groundwork for a Republican majority as early as 1978, when he was first elected to Congress. The Republican leadership at the time, he said, was comfortable in the minority and didn't seriously expect to take control of Congress any time soon. Gingrich urged his colleagues to take a more unified and adversarial posture. In preparation for the 1994 election, he helped to write the "Contract with America," which was signed by all Republican candidates and drew clear contrasts with the Democratic majority.

A key Gingrich ally and "Contract" coauthor was Dick Arme, who was elected majority leader by the new Republican majority. He argued that only the obstinacy of the Democratic leadership could have ignited the intense backlash of 1994. The Democratic majority wouldn't even allow the popular provisions of the "Contract" to come to the House floor for a vote, Arme noted.

Immediately after the election, Arme said, the Republican caucus experienced an unusual amount of unity among rank-and-file members grateful to be in the majority for the first time in 40 years. However, he said, not all Republican members were limited-government conservatives, and over time moderate Republicans became restive. That made the job of the leadership increas-

At Cato's conference "The Republican Revolution 10 Years Later: Smaller Government or Business As Usual?" Cato president Edward H. Crane traces the decline of limited-government ideas in the Republican Party back before the 1994 election. He said that Ronald Reagan's nonideological reelection campaign in 1984 and the nomination of George Bush in 1988 were major missed opportunities.



Former House speaker Newt Gingrich argued that the reversal of a 70-year trend toward bigger government would take far more than 10 years and that both the Reagan administration and the "Contract with America" Congress had made real progress toward limited government. Former House majority leader Dick Arme said that it was the Democratic Congress's refusal even to vote on "Contract" provisions in 1994 that led to the big Republican victory that November.

ingly difficult. Such ideological decline is inevitable, given the difficulties inherent in building a majority coalition, Arme said.

Thomas Edsall of the *Washington Post* argued that the Republican Congress has abandoned its principles over the last decade, pointing to rising spending and the passage of campaign finance reform as major retreats. Rampant pork and arrogant treatment of the Democratic minority show that the Republicans have failed to live up to the ideals that made them the majority in the first place, he charged.

Gingrich countered that although the Republican Congress failed to enact a comprehensive limited-government agenda, it did as well as could be expected, given the many obstacles it faced, including a politically savvy President Clinton, dissent within the ranks of the GOP, and the need to satisfy the various parts of the conservative coalition.

Cato president Ed Crane traced the ideological decline of the Republican Party much further back than the 104th Congress. The substance-free Reagan reelection campaign of 1984 and the decision to nominate George Bush—a man not known for his commitment to the Goldwater tradition of limited government—in 1988 were major missed opportunities, he said. He warned that the Republican Party's current penchant for spending and reckless interventionism threatens to undermine the GOP's commitment to limited government.

Other panelists examined the GOP record in specific policy areas in more detail. Cato's Dan Griswold argued that the Republican Congress has a positive but modest record on free trade. David Salisbury, director of Cato's Center for Educational Freedom, criticized the Republican Congress for

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Brown v. Board at 50: Time for Choice?

On May 11, fifty years after the historic *Brown v. Board of Education* decision striking down segregation in public schools, the Cato Institute hosted a Book Forum for the new Cato book *Educational Freedom in Urban America: Brown v. Board after Half a Century*. Speakers included Secretary of Education Rod Paige, Gerard Robinson of the University of Virginia, and Clint Bolick of the School Choice Alliance. Excerpts from their remarks follow.

Rod Paige: Educational freedom is an important topic. In just 25 years, Cato has developed a remarkable reputation for defending educational freedom, and freedom in all senses. Cato has helped advance the fight for educational freedom through the work of Ed Crane, David Boaz, Casey Lartigue, David Salisbury, and others who have been out there just plugging away. Thank you for your great work.

When I was a child growing up in Mississippi, I went to school with other black kids. The white school was about two miles down the road from us, but it might as well have been 200 miles. Yet I felt I knew the kids who went to school in that well-cared-for building with the beautiful, manicured lawns and a gymnasium I greatly admired. I learned a lot about them from reading the notes they made in our hand-me-down textbooks. I wondered sometimes why they tore out certain pages and tried to imagine what they were thinking about or whether they were interested in that subject by reading the pages in front of and behind the page that was torn out.

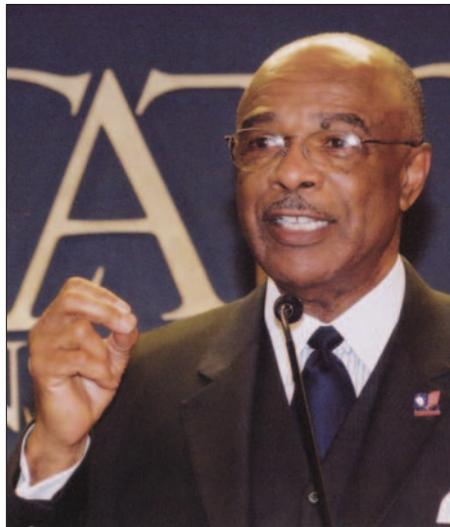
It was hardly an environment that would inspire my friends or me to dream of college or future success. But I was one of the lucky ones. I had parents who insisted that we do well, who instilled in my four siblings and me a deep, deep belief in education and its potential. My parents' generation of African Americans impressed on us children the importance of education.

The U.S. Supreme Court's decision in *Brown v. Board of Education* sent shock waves throughout the country. It was handed down toward the end of my junior year at Jackson State University. We had an all-night discussion about the decision. There

was a real sense of jubilation that night. We thought the world would change for the better the next day. We thought racism would be eradicated and the world would welcome us with open arms.

How naive. Segregation didn't disappear right away. The pace of change was slow. And it remains slow, measured in decades if not generations. We have made great strides since *Brown*, but all of us know we still have a long way to go. As a nation, we don't provide an equal opportunity for millions of children. We must do that in order to fulfill the promise of *Brown*.

President Bush recognized the problem and decided to take action. He saw a two-tiered education system in our nation. Some



Rod Paige: “We don’t provide an equal opportunity for millions of children. We must do that to fulfill the promise of *Brown*.”

fortunate students receive a world-class education. Others, by virtue of their street address, their skin color, their accent, or when they came across the border, receive an inferior education. Our education system does not provide a quality education for all students.

That's why the No Child Left Behind Act is so important. The point of the No Child Left Behind Act is that every child deserves to be treated with respect and dignity, not pushed aside or even pushed ahead, and not ignored. The law says parents and taxpayers have a right to information about their local schools and how they compare with other schools. Empowered with this infor-

mation, parents can vote with their feet and can become active participants in their children's education.

Albert Shanker, the late president of the American Federation of Teachers, the second largest teachers' union, probably said it best: “Public education operates like a planned economy, a bureaucratic system. There are few incentives for innovation and productivity. It's no surprise that our school system doesn't improve: It more resembles the communist economy than our own market economy.”

No Child Left Behind challenges that monopoly. It aims to make the system more accountable for results on a national scale. More transparency will force the system to change and to improve.

Some observers say that we can improve the system by merely pumping more money into it. That contradicts the lessons of history. In years and years of trying to buy our way out of this problem, we've learned that money is only one issue. How the money is spent is more important.

The children at the bottom of the achievement gap—minorities and special education students—have stayed at the bottom for a long time. Despite spending more than \$135 billion in Title I dollars since 1965, we still have dismal results. We must help those kids.

Now, many of you believe there is no role for the federal government in education policy. Some of you would like to eliminate not only the U.S. secretary of education's job but the whole Department of Education. But I believe there's a role for the federal government in education, and I think *Brown* proves it. It was during Ronald Reagan's first term that “A Nation at Risk” was published. It didn't say “a few states at risk” but a *nation* at risk. The federal government has stepped in to correct overt unfairness and inequality, starting with measures to enforce civil rights and to dismantle segregation in the wake of *Brown*.

The federal government's first big initiative in K-12 began back in 1965 with the enactment of the Elementary and Secondary Education Act, as a part of President Johnson's War on Poverty. Again, the intent was to even out the playing field, to get extra aid to students who needed it most. The difference under the No Child Left Behind Act

“Some observers say that we can improve the system by merely pumping more money into it. That contradicts the lessons of history.”

is that we have put some teeth in the law. If you take federal funds, you will be measured on your results.

And we mean that. When President Bush took office, only 11 states were in compliance with the prior education policy, adopted in 1994. That's right: three-quarters of the states were not following the law. They were simply taking federal funds without accounting for their results. Now, the days of free money are over. We take our stewardship of the taxpayers' dollars quite seriously.

This law is not a one-size-fits-all federal approach, though. The administration has worked hard to listen to states and school districts. Don't confuse our impatience and sternness with inflexibility.

This administration also believes that there need to be multiple delivery systems in education—healthy market competition. Options would include private schools, home schools, cyber schools, parochial schools, and any other delivery system that promises to help students learn. But despite those other systems, public schools will always be the heavy lifter. And that is why our goal is to improve public schools. We cannot let another generation of children pass through them without doing better.

So why is the federal government interfering in this market system? Because it has to. We stand on the side of education consumers—not the bureaucracy, but parents and children.

The *Brown* chapter is closed. The age of accountability is beginning. We have turned the corner, but we still have much to do. Someday we will look back at these years and realize that we were all present and we all played a part in a new era in education, one in which all children are counted, all children are given a chance, all parents can understand the system, and they are treated with respect. And we will feel good about that, because we will be a better society for it.

Gerard Robinson: Fifty years ago, the floodgate of freedom opened wide. To finally realize that promise, we really have to look at school choice in the context of *Brown*. But some people oppose freedom of choice because they say it's racist. They say that freedom of

choice will open the floodgate of segregation, and that if you do it in 2004, you're going to have the same type of problems you had in 1955, 1956, and in fact in 1964.

Following the *Brown* decision, there were a number of people who had unreconstructed hearts and minds, who refused to support the *Brown* decision because it went against states' rights.

One of the tactics Southerners used was something called a tuition grant. From 1956 until the 1960s, a number of states—Virginia, South Carolina, Mississippi, Alabama, Louisiana, and Arkansas—passed tuition grant laws. Those grants gave parents the freedom of choice to use public money to send their children to a school of their choice.



Gerard Robinson: “Liberty-based choice and fear-based choice are different.”

It sounds a lot like vouchers today, but I call it fear-based freedom of choice. Some governors not only stood in front of school doors but threatened to shut down the school system entirely, as they did in Prince Edward County, Virginia, from 1959 to 1964, rather than integrate. They wanted to give freedom of choice, but not to all parents, just to white parents. They gave tuition grants in order for white kids to go to segregated white academies at public expense.

The NAACP and a number of organizations objected to the laws. And between 1956 and 1969, the federal courts struck down that type of freedom of choice. Court after court said that using public money at

racially discriminatory schools for the purpose of trying to circumvent the *Brown* decision was unconstitutional. They said that that type of fear-based freedom of choice was inconsistent with the principles of American democracy.

Fast-forward to the 1990s. We opened the door to something new: liberty-based freedom of choice. People like Howard Fuller in Milwaukee helped usher it into existence. The reason we call it liberty-based freedom of choice is that any parent, regardless of race, should have an opportunity to choose the best school for his or her child. Today we have white, Latino, Asian, and black students who are taking advantage of voucher programs.

Liberty-based choice is not perfect. There are surely some people who use and will continue to use vouchers in some bad ways. Is that a problem with vouchers? No, it's a problem with human nature. James Madison told us in the *Federalist Papers* that if men were angels, we would not need government. But because we know that people will use vouchers and freedom of choice in less than angelic ways, we need to make sure there are safeguards in place. Fortunately, we now have the 1964 Civil Rights Act. If people discriminate, we have the power to say, “You can't do that to American children with public money, because these are the public's children, one way or another.”

Another thing that differentiates liberty-based choice from fear-based choice is the fact that no schools closed in Cleveland or Milwaukee. Governors did not come with proclamations promising to shut down integrated public schools. Liberty-based choice and fear-based choice are different ideologically.

Clint Bolick: The issue of school choice is susceptible to cold, hard economic analysis. And many people in this room probably came to the idea through Milton Friedman, as did I. But it is at its core a heart-and-soul issue. Education is so vitally important to each and every American. As Martin Luther King Jr. said, “We shall so appeal to your heart and conscience that we shall win you in the process, and our victory will be a double one.” It is that type of passion

Continued on page 10

“We have tried so many things since *Brown v. Board of Education*—busing, money, all sorts of new-fangled ideas. The one thing we have not tried is to transfer power from bureaucrats to parents.”

POLICY FORUM *Continued from page 9*

that needs to go into the battle to fulfill the unfulfilled legacy of *Brown v. Board of Education*.

Most of us who have become militant about school choice but who were first persuaded by Milton Friedman's economic arguments have experienced epiphanies about the potential of choice. I would like to tell you briefly about two of mine. They both were in the early 1990s, when I was starting to defend a choice program in Milwaukee. At that time, Milwaukee had the only choice program in the United States—and it looked like it might stay that way. Milwaukee was under siege by the unions and groups like People for the American Way.

So at the Institute for Justice, we decided to fight back by filing a new lawsuit against school districts. We took an old, liberal idea—that state constitutions guarantee equal educational opportunities—but asked instead for a real remedy: not just giving more money to the districts that were already failing students but giving the students remedies that would allow them to leave the failing system. The cities in which we filed those lawsuits (and ultimately lost) were Chicago and Los Angeles, two of the most troubled school systems in the country.

I went to Chicago and visited some schools. One was Holy Angels School, a little private school in one of the poorest neighborhoods in the city, surrounded by four of the worst-performing public schools in the entire United States. Holy Angels charges \$900 per year, per family. It is entirely African American and it is very, very low income.

I was touring the school and I stepped into a kindergarten room. There were about 40 little kids in there, with impish grins on their faces, dressed in uniforms, their hands folded, looking at this visitor with puzzled but amused looks. I thought to myself, there is something odd about this classroom. And then I realized that the teacher had stepped out for a few moments. Now, I was picturing what my son's classroom would be like if his teacher stepped out. There would be total cacophony. Those kids were exercising, at the kindergarten

level, a self-discipline that, in the Virginia suburbs, would be an unfulfilled aspiration. Even if their parents subsequently lost the economic means to send them to that school, those kids would have that self-discipline for the rest of their lives.

I also traveled to Los Angeles around that same time. My colleague and I were going to a meeting of parents who were going to consider being plaintiffs in our lawsuit in South Central Los Angeles. The day was April 29, 1992.

While we were in the car, we heard that there had been a judgment in a case involving Rodney King, and it was not a judgment to too many people's liking. We were sitting



Clint Bolick: “We are the generation that has it within our power to make good on the promise of equal educational opportunities, and to deliver them to every school child in America.”

at a traffic light, and suddenly our car rocked. Several men were throwing rocks at us. When one of them charged the car with a two-by-four, I pulled into oncoming traffic and we managed to escape.

We got to the meeting, and it turned out that dozens of parents showed up that night, in a building that later that night was burned to the ground. It was two intersections away from where Reginald Denny was being beaten. The parents knew about the riots, and they came out for the meeting anyway.

What struck me about those stories was that these were children, in the first instance,

whom the system has written off. And in the second instance, these were parents who some in the media and many in the unions tell us don't care about their children. And I thought, if they could risk their lives to be at this meeting for the slim hope of choice, this was the most urgent possible issue.

We have tried so many things since *Brown v. Board of Education*—busing, money, all sorts of new-fangled educational ideas. The one thing that we have not tried is to transfer power from bureaucrats to parents, to give people with lower incomes more control of the educational destiny of their children.

We must deliver power to parents to control their kids' education. We must redefine the notion of public education, away from where a child is educated toward *whether* a child is being educated. We must do it now. These kids do not have a moment to spare.

Martin Luther King Jr. said: “Our goal is freedom. We will win it because the goal of the nation is freedom.”

My friends, we are the generation that has it within our power to make good on the promise of equal educational opportunities, and to deliver them to every school child in America, black or white, rich or poor. Let's do it. ■

REPUBLICAN *Continued from page 7*

expanding the federal role in education rather than abolishing the Department of Education as earlier Republican platforms had pledged to do. Jerry Taylor said that some well-meaning regulatory reforms were enacted but that those reforms have been largely ignored by the bureaucracies they were designed to tame.

The first few months of 1995 were heady times for advocates of limited government. But the euphoria was not to last. In recent years, business as usual seems to have reasserted itself in the capital. It seems that the revolutionaries of 1994 have, as do most politicians, become comfortable in their new role as the establishment party.

Papers from the conference will be published in a book, edited by Chris Edwards and John Samples, in January 2005. ■

Renewing the war against Al Qaeda

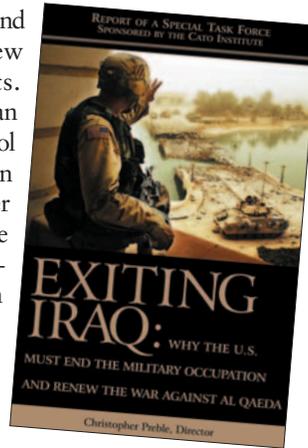
Exiting Iraq: A Cato Task Force Report

A new Cato report argues against the Washington consensus that American troops should prepare for a long stay in Iraq. Both President Bush and Sen. John F. Kerry have pledged to keep troops in Iraq as long as necessary to establish a democratic—or at least a stable—government, but a special Cato task force led by Christopher Preble argues that that process could take decades and that a prolonged occupation would be detrimental to U.S. national security. The report, titled *Exiting Iraq: Why the U.S. Must End the Military Occupation and Renew the War against Al Qaeda*, argues that extending the American occupation will serve only to inflame anti-American sentiment in Iraq and provoke militants to continued violence, while doing nothing to combat terrorism.

Indeed, the authors argue that the war in Iraq is detrimental to the war on terrorism, and therefore to American security. It diverts attention and resources away from the effort

to root out Al Qaeda cells in Afghanistan, Pakistan, and elsewhere. It reduces the military's capacity to respond quickly and decisively to new military threats. And it provides an ideal recruiting tool for Osama bin Laden and other terrorists, who are anxious to portray the war in Iraq as part of a broader holy war between Christianity and Islam.

The war is also extremely costly, in both financial and human terms. The authors warn that the emotional strains being placed on soldiers and their families will make recruitment and retention difficult for years to come.



Moreover, the occupation is projected to cost tens of billions of dollars annually, contributing to an already ballooning federal deficit.

Perhaps most troubling, the authors argue, the goal of Iraqi democracy is unlikely to be attainable in the foreseeable future. Democratic institutions evolve gradually over many years, and there are few shortcuts. That means that waiting for a stable, democratic Iraq may require the occupation to go on indefinitely.

In short, the report concludes, occupation of Iraq is a dangerous distraction from the war on terrorism and detrimental to national security. The sooner American troops transfer sovereignty to the Iraqis and leave, the sooner they can refocus on their primary mission of defending the homeland from attack.

Exiting Iraq is available for \$15.00. It can be purchased in bookstores, at www.cato.org, or by calling 800-767-1241. ■

Will Tax Cuts Mean More Spending Later?

In the cover story of the spring 2004 issue of *Regulation* magazine, New York University law professor Daniel N. Shaviro takes on the Bush administration's fiscal record. Far from reducing the size of government, he argues, the Bush tax cuts merely shift the costs of government spending to future generations, who will be forced to pay off the debt we incur along with the massive unfunded liabilities of Social Security and Medicare. Those who advocate "starving the beast"—that is, cutting taxes now so that future Congresses will be forced to cut spending—demand that future generations tighten their belts so that our generation can live high on the hog, he charges.

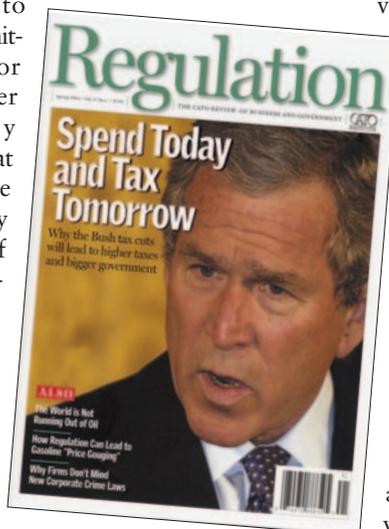
With rising gas prices likely to be a campaign issue this fall, M. A. Adelman of the Massachusetts Institute of Technology exposes the myths that the United States is dependent on the Middle East for its oil supply and that Middle Eastern nations have an "oil

weapon" that can be used to coerce other nations. To the contrary, oil is traded in a global market, and OPEC nations lack the capacity to deny the United States or any other country access to that market, he argues. Cary A. Deck of the University of Arizona and Brad J. Wilson of George Mason University describe a model for retail gas prices and conclude from it that anti-gouging legislation

is unlikely to reduce retail gasoline prices significantly.

Nicholas Kalaitzandonakes of the University of Missouri at Columbia criticizes Europe's biotechnology labeling requirements. Regulation is needed only in cases of market failure, he argues, and in the agricultural market producers of non-genetically modified products have voluntarily labeled their wares, making labeling requirements unnecessary. Moreover, he argues, the cost of enforcing and complying with labeling regulations is likely to dwarf any benefits from increased consumer information, given that consumers already have plenty of options that are not genetically modified.

Regulation (\$5.95) can be purchased at newsstands, from the Cato Store at www.catostore.org, or by calling 1-800-767-1241. One-year subscriptions are available for \$20.00. ■



Choice to fulfill the promise of Brown

New Book on School Choice

Fifty years after the Supreme Court desegregated America's schools with the *Brown v. Board of Education* decision, our education system remains shamefully inequitable. Poor kids in the inner city—whose parents have few alternatives and little political clout—are especially ill served by the public school monopoly. A new book edited by David Salisbury, director of Cato's Center for Educational Freedom, and policy analyst Casey Lartigue examines the progress that has been made since *Brown*, the challenges still faced by inner-city children, and the reforms needed to finally achieve *Brown's* promise of educational opportunity for every child.

School choice, the editors of *Educational Freedom in Urban America: Brown v. Board after Half a Century* argue, holds out the greatest hope for improving inner-city schools. Howard Fuller of Marquette University argues that school choice is the latest chapter in a decades-long struggle for social justice. Vested interests always fight change, but it's imperative that the education system serve the interests of the children, not the bureaucracy.

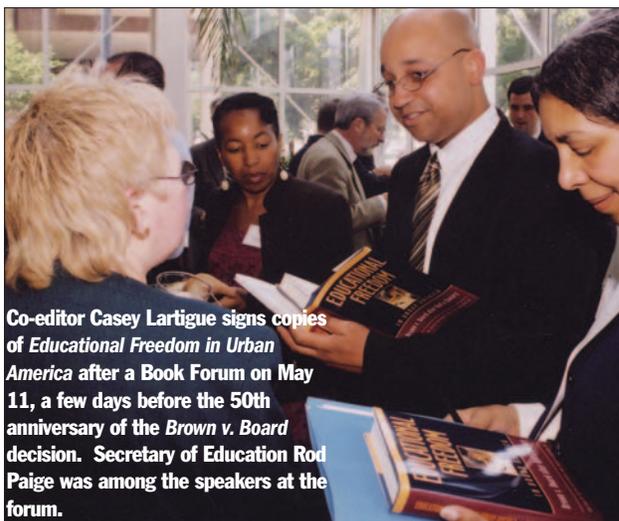
Does school choice actually help disadvantaged kids? Andrew Coulson, author of *Market Education: The Unknown History*, draws on the experience of educational systems around the world to show that schools are most effective when par-

ents have the financial leverage that comes with being able to pull their kids out of school and take their tuition with them.

Would school vouchers be affordable? A survey by Salisbury examines the costs of private schools around the country and finds that private schools charge substantially less than is spent per pupil at public schools. School choice would likely save taxpayers money, as some students transferred to more efficient and effective private schools.

Other chapters explore the perverse consequences of teacher certification laws, the politics of school choice, and the failure of public education in Washington, D.C., and Atlanta.

Educational Freedom in Urban America is available in hardcover for \$24.95. It can be purchased in bookstores, at www.cato.org, or by calling 800-767-1241. ■



Co-editor Casey Lartigue signs copies of *Educational Freedom in Urban America* after a Book Forum on May 11, a few days before the 50th anniversary of the *Brown v. Board* decision. Secretary of Education Rod Paige was among the speakers at the forum.



Christopher Preble, director of foreign policy studies, discusses the Iraq war at a Cato seminar in Chicago on May 20. Preble's remarks were featured on the July edition of *CatoAudio*.

Cato Calendar

Cato University

San Diego • Rancho Bernardo Inn
July 24–30, 2004

Speakers include Nathaniel Branden, Deroy Murdock, Rob McDonald, Richard Stroup, Jane Shaw, Piotr Kaznacheev, and Estuardo Zapeta.

Constitution Day

Washington • Cato Institute
September 17, 2004

Speakers include Gary Lawson, Tom Goldstein, Mark Moller, and Roger Pilon.

Competitive Markets for Education

Washington • Cato Institute
September 28, 2004

Speakers include John Merrifield, Lisa Snell, John Wenders, Andrew Coulson, Richard Vedder, and Myron Lieberman.

Trade and the Future of the American Worker

Washington • Cato Institute
October 7, 2004

International Monetary Reform and Capital Freedom

22nd Annual Monetary Conference
Cospponsored with The Economist
Washington • Cato Institute
October 14, 2004

Speakers include Ben S. Bernanke, Nicholas Lardy, Anna J. Schwartz, Leszek Balcerowicz, Steve H. Hanke, David Malpass, and Kristin Forbes.

Arguing for Liberty: How to Defend Individual Rights and Limited Government

Cato University
Quebec City • Chateau Frontenac
October 28–31, 2004

Speakers include Tom G. Palmer, Don Boudreaux, Karol Boudreaux, Monte Solberg, Gene Healy, and David Boaz.

Liberty, Technology, and Prosperity

Palo Alto, Calif. • December 9, 2004

Lessons to learn from other countries' experience

School Choice around the World

According to many opponents of school choice, choice is a radical and untested scheme foisted on the United States by wild-eyed right-wing ideologues. Teachers' unions and other critics contend that choice, competition, and the profit motive are inherently incompatible with high-quality education. Such critics might be surprised to learn that school choice has been tried and succeeded in other countries.

cal support, and in Sweden, where there is controversy about how to improve the program, but no one is seeking its repeal.

Those countries' programs are far from monolithic; they employ a variety of funding mechanisms and have a variety of regulations on which schools are eligible and how they must be run. In his keynote address, Charles Glenn of Boston University emphasized that choice is an evolving project, not a platonic ideal. Howev-

tle as three dollars per month. Such schools, Tooley said, serve children who are often too poor to afford the uniforms required for admission to government schools. Poor parents that he and his research team interviewed said that the private schools do a better job of educating their kids because teachers are directly accountable to parents for their livelihood. Teachers at government schools are more likely to shirk their duties and pay insufficient attention



Speakers at the Cato conference “Looking Worldwide: What Americans Can Learn from School Choice in Other Countries” on May 27 included keynote Charles Glenn of Boston University, Claudia Hepburn of Canada’s Fraser Institute, and James Tooley of the University of Newcastle.

For example, Denmark has had a working choice program for 80 years. Alberta adopted school choice in the 1960s. Chile introduced school vouchers in the 1980s. And “socialist paradise” Sweden adopted a voucher program in the early 1990s.

As participants at the Cato conference “Looking Worldwide: What Americans Can Learn from School Choice in Other Countries” reported, those programs have worked well. According to Claudia Hepburn of the Fraser Institute, Alberta’s choice program put pressure on public schools in that province to improve their performance. The public schools responded to the challenge, making Alberta’s public schools the best in the nation. Similarly, school choice has been a success in Denmark, where it enjoys broad politi-

er, the fundamental idea of school choice—that parents, not bureaucrats or politicians, should control the educational decisions of their children—is universal, he contended. One of the major advantages of choice is that it encourages greater parental involvement in children’s education. Schools with strong parental control create intense educational experiences; teachers, parents, and children work together toward common educational goals, he argued.

In his luncheon address, James Tooley of the University of Newcastle described a more radical form of school choice. Tooley has studied schools in the slums of several Third World countries. In the countries he studied, he reported, private schools educate the poorest of the poor for as lit-

tle as three dollars per month. Such schools, Tooley said, serve children who are often too poor to afford the uniforms required for admission to government schools. Poor parents that he and his research team interviewed said that the private schools do a better job of educating their kids because teachers are directly accountable to parents for their livelihood. Teachers at government schools are more likely to shirk their duties and pay insufficient attention

to the needs of their students, the parents said. As the shortcomings of America’s monopoly public school system become ever more obvious, the pressures for market-oriented alternatives will become irresistible. Fortunately, other nations have already blazed the trail of market-oriented education reform. Makers of education policy would be wise to study the examples of success and failure of market-oriented reforms abroad, so that when the failings of the education monopoly here at home become too obvious to ignore, they can adopt the best features of other nations’ choice programs while learning from their mistakes.

Papers from the conference will be assembled into a book to be published in the spring of 2005. ■

New studies on trade and fiscal policy

Keep Congress Out of State Tort Law

U.S. Customs officials face the difficult challenge of securing our borders from terrorists and terrorist weapons without impeding the flow of imports and exports. The stakes are high: a small nuclear bomb detonated in a major port could cause a million deaths and hundreds of billions of dollars of economic damage. Successful defense requires a careful weighing of costs and benefits, with sensitivity to the concerns of private shippers, argues Aaron Lukas, Cato policy analyst and former chief speechwriter for the U.S. trade representative, in “Protection without Protectionism: Reconciling Trade and Homeland Security” (Trade Policy Analysis no. 27). Officials must guard against pressures to use security concerns as a pretext for protectionism, Lukas warns. Fortunately, he says, government officials have been mostly successful, increasing inspections and improving inspection technology while minimizing costs and inconvenience to the flow of trade.



Aaron Lukas

◆Doing Tort Reform Right

Although reining in rapidly escalating costs of frivolous lawsuits is important, any attempts to do so must respect the constitutional limits on Congress’s power over state tort law, caution senior fellow Robert



Robert A. Levy

A. Levy and George Mason University law professor Michael I. Krauss in “Can Tort Reform and Federalism Coexist?” (Policy Analysis no. 514). Fortunately, they argue, effective tort reform doesn’t require federal preemption of state law. Changing choice-of-law rules would make it harder for plaintiffs to loot deep-pocketed out-of-state defendants without overruling state laws. Most other reforms, such as caps on punitive damages, limitations on contingency fees, and stricter standards of

proof, could then be implemented on a state-by-state basis, with voters in each state bearing the costs and reaping the benefits of the laws they choose to enact.

◆Reforming State Fiscal Policies

The Tax and Budget Bulletin is a publication of Cato’s fiscal policy scholars, available by e-mail at www.cato.org/subscriptions. It provides policymakers at the federal and state level with timely, succinct analysis and reform proposals aimed at saving taxpayers money. In Tax and Budget Bulletin no. 19, published in April, Chris Edwards argues that state corporate income taxes are among the most inefficient and economically distorting parts of the nation’s tax system. They impose large administrative costs on companies while generating relatively little revenue. Moreover, they create incentives for companies to move operations around the country solely in order to take advantage of differences in the way states calculate corporate tax liabilities. States would do well to repeal the corporate income taxes, Edwards argues. In Bulletin no. 20, Edwards takes on federal aid to state government. Such “grants-in-aid” come with a tangle of strings attached that allow Congress to intrude on policy decisions that are properly the domain of the states. Since federal revenues come from the pockets of taxpayers in the several states in the first place, Edwards argues, the federal government should cut federal aid and allow states to choose how to spend their own citizens’ money.



Chris Edwards

◆Defending Free Trade

The Cato Institute’s Center for Trade Policy Studies publishes the Free Trade Bulletin, which tackles hot-button trade issues and offers concise arguments and policy proposals for freer trade. In Free Trade Bulletin no. 10, Dan Griswold calms fears about foreign out-



Dan Griswold

sourcing of American jobs, noting that the process is a two-way street: Some of our lower-skilled white-collar jobs have gone overseas, but higher-paying, higher-skill jobs for Americans are being created in the process. Another topic of recent Free Trade Bulletins is antidumping laws, which increase prices for consumers and create unnecessary trade frictions. In Bulletin no. 11, published in April, Dan Ikenson gives a technical critique of the antidumping methodology known as zeroing, which, Ikenson argues, systematically inflates antidumping duties and hampers trade. In Bulletin no. 12, published in June, Ikenson criticizes the recent antidumping complaint against Chinese bedroom furniture imports. Ikenson charges that the complaint, filed by domestic furniture makers last October, “has nothing to do with unfair trade and is a perfect example of the need for antidumping reform.” The domestic firms, he argues, are likely to outsource much of their own furniture production, but they’re using antidumping law as a tactical maneuver to damage foreign competition. Ikenson’s arguments were the basis for a *Wall Street Journal* editorial criticizing the antidumping complaint. Subscribe to the Free Trade Bulletin at www.cato.org/subscriptions. ■



Dan Ikenson

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“A strategy for the war on terrorism must consist of three elements: homeland security, dismantling Al Qaeda, and a foreign policy that does not needlessly create new terrorists.”

TERRORISM *Continued from page 1*

Accordingly, homeland security efforts must focus on the threats that pose the most catastrophic consequences and against which there are cost-effective defenses. First and foremost, that means not focusing on the last attack. The March 2004 Madrid train bombings are proof enough that we should not be obsessed with hijacked airplanes. And even with airplanes, hijackings are not the only terrorist threat; shoulder-fired missiles are a real threat to commercial airliners, and the effect of such a terrorist attack could be even more chilling for the airline industry and the economy than was September 11.

The first priority for homeland security must be to prevent terrorists from entering the country. That is the single most important thing that the Department of Homeland Security can do to reduce the likelihood of another terrorist attack. It is important to remember that all 19 hijackers entered the United States via known points of legal entry, as millions of visitors to the United States do annually. Therefore, we need to put systems and procedures in place to stop known or suspected terrorists at the border. The most crucial aspect is ensuring that information from the appropriate agencies (e.g., CIA, FBI, Interpol) about known or suspected terrorists is made directly available in real time to the people responsible for checking passports, visas, and other immigration information. What's really needed at the borders is a “Google search” that would check a person's name and passport number against U.S. and foreign terrorist databases.

In addition to dangerous people, homeland security must seek to prevent unauthorized dangerous cargo from entering the United States. Although much of such an effort needs to be directed at weapons of mass destruction, it would be a mistake to focus exclusively on actual *weapons* of mass destruction. Ships, trains, and trucks carrying hazardous materials could be potential bombs, as demonstrated by the foiled April 2004 terrorist plot in Jordan that involved truck bombs with 20 tons of chemicals and explosives. Of course, not every ship, train, or truck is a threat, and the need for security must be balanced by the need to ensure the free flow of goods, which is

vital to the health of the U.S. economy.

Homeland security must also focus on protecting potential targets against terrorist attack—acknowledging that there are too many targets to protect and myriad ways they can be attacked. We must prioritize targets to defend. For example, nuclear power plants would be lucrative targets, but it is not simply a matter of providing increased security. The first concern is to safeguard nuclear material so that it can't be stolen for building a weapon. Second, the power plant itself must be protected to prevent terrorists from creating a disaster along the lines of Chernobyl. Similarly, security for chemical and biological facilities must be designed to prevent terrorists from creating an accident such as the 1984 Union Carbide chemical pesticide plant accident in Bhopal, India, that killed more than 3,000 people.

Finally, homeland security officials must consider civil liberties implications. We must heed Benjamin Franklin's admonition that “they that can give up essential liberty to obtain a little temporary safety deserve neither liberty nor safety.” Before the government infringes civil liberties, it must demonstrate that proposed new powers are essential, that they would be effective, and that there is no less invasive way to accomplish the same security goal.

Dismantling Al Qaeda

Although the United States must do everything it reasonably can to defend against future terrorist attacks, the war on terrorism cannot be fought solely as a defensive war. The United States must also aggressively seek out the terrorists who would do us harm. We must dismantle and degrade the Al Qaeda terrorist network. But we must first understand who the enemy is and what this so-called war is about. Not all Muslims are Al Qaeda. Not all terrorists are Al Qaeda. Not all Islamic fundamentalists are radical Islamists. In other words, we should not extend the terrorist threat beyond those who directly threaten the United States. We must be able to understand and make these distinctions to be able to differentiate between those who pose a genuine threat, those who pose little or no threat, and those who might be helpful. For example, as part of the war on

terrorism, the U.S. military is assisting the Philippine government against the Abu Sayef guerrillas. To be sure, some of the Abu Sayef may have graduated from Al Qaeda's Afghanistan training camps and there are some known contacts between Abu Sayef and Al Qaeda members. But the reality is that Abu Sayef is a separatist group of financially motivated kidnappers rather than radical Islamists who threaten the United States.

Part of the problem of using the phrase “war on terrorism” is that it implies the use of military force as a primary instrument of waging the war. But traditional military operations—such as Operation Enduring Freedom in Afghanistan—will be the exception rather than the rule. Al Qaeda is not an army that wears uniforms and operates in a specific geographic region. Rather, it is a loosely connected and decentralized network with cells and operatives in 60 countries. So President Bush is right: “We'll have to hunt them down one at a time.”

That means that the work of dismantling and degrading the network will largely be the task of unprecedented international intelligence and law enforcement cooperation. The military role in the war on terrorism will be primarily special forces in discrete operations against specific targets.

It is also important to understand who the enemy is, which is a core dictum of Sun Tzu in the ageless classic of strategy and strategic thinking, *The Art of War*:

One who knows the enemy and knows himself will not be in danger in a hundred battles.

One who does not know the enemy but knows himself will sometimes win, sometimes lose.

One who does not know the enemy and does not know himself will be in danger in every battle.

Understanding begins with knowing that taking out Al Qaeda's leadership will not be enough to destroy it. Such an approach may work for regime change in rogue states ruled by dictators, but it won't yield the same results against a distributed and adaptive terrorist organization. As elements of Al Qaeda's leadership have been either cap-

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“Traditional military operations will be the exception rather than the rule. President Bush is right: ‘We’ll have to hunt them down one at a time.’”

TERRORISM *Continued from page 15*

tured or killed, new leaders have emerged. According to one U.S. intelligence official, “The strength of the group is they don’t need centralized command and control.” And without a single target (either an individual or part of the organization) within Al Qaeda, according to a senior U.S. official: “Now, instead of a large, fixed target we have little moving targets all over the world, all armed and all dangerous. It is a much more difficult war to fight this way.”

Thus, it is useful to visualize Al Qaeda’s structure as the honeycombs of a beehive—with the cells interconnected by multiple paths spread over disparate geographic locations and able to be reconstructed if they are damaged or destroyed. The task of dismantling the network will not be easy or quick; it will likely take many years.

We must also understand that Al Qaeda is more than just a terrorist organization; it is also an idea. The common misperception is that Al Qaeda’s war is against the United States. But the reality is that Al Qaeda’s struggle is not primarily against America but within the Muslim world. It is a struggle for the soul of Islam. Since the war is within the Muslim world (not the Muslim world vs. America), it may not be possible to “win” the war on terrorism in the traditional sense. But the United States could lose the war if by its policies and actions it creates the perception within the Muslim world that the war on terrorism is being waged against all Muslims and polarizes the more than one billion Muslims in the world to believe America is their enemy.

Al Qaeda’s ideology now has a life of its own. The U.S. preoccupation with Iraq for more than two years after September 11 (beginning with President Bush naming Iraq as a member of the “axis of evil” in his January 2002 State of the Union address) has given time and space for the cancer to spread, as well as a rallying cry to recruit more Muslims to Al Qaeda’s radical cause. According to Omar Bakri Mohammed, the London-based leader of the radical Islamic group al-Muhajiroun: “Al Qaeda is no longer a group. It’s become a phenomenon of the Muslim world resisting the global crusade

of the U.S. against Islam.” We know that Al Qaeda has become a franchise of sorts, bringing other radical Islamic groups, such as Jemaah Islamiyah in Indonesia, into its fold. But it also now appears that a “reverse franchise” effect may be taking place. That is, other groups may conduct terrorist attacks citing sympathy with Al Qaeda but without any direct connection to or contact with Al Qaeda. The November 2003 car bombings in Turkey (the Abu Hafs al Masri Brigades and Great Eastern Islamic Raider’s Front both claimed responsibility) and the March 2004 train bombings in Spain (the Abu Hafs al Masri Brigades claimed responsibility but the Moroccan Islamic Combatant Group has been the primary target of the Spanish investigation) are signs of this phenomenon.

Changing U.S. Foreign Policy

Understanding the Al Qaeda threat also means challenging the conventional wisdom articulated by President Bush in the aftermath of September 11: “Why do they hate us? They hate what we see right here in this chamber—a democratically elected government. They hate our freedoms—our freedom of religion, our freedom of speech, our freedom to vote and assemble and disagree with each other.”

That’s a misleading analysis. Throughout the world, even the Muslim world, people admire and appreciate American accomplishments, culture, and values (including democracy and capitalism). But many of those people hate U.S. policies. Polls conducted throughout the world show that anti-Americanism is fueled more by what we do than who we are.

As a 1998 study for the Department of Defense reported, much of the anti-American resentment around the world, particularly the Islamic world, is the result of interventionist U.S. foreign policy. Such resentment is the first step to hatred, which can lead to violence, including terrorism. Therefore, the United States needs to stop meddling in the internal affairs of other countries and regions, except when they directly threaten U.S. national security interests, that is, when the territorial integrity, national sovereignty, or liberty of the United States is at risk. Put another way: Afghanistan was a necessary intervention,

because of the Taliban regime’s support for Al Qaeda, but Iraq was not.

Because the United States is in a unique geostrategic position with no rivals and relatively secure from conventional military attack, the guiding principle for U.S. foreign policy must be: if core U.S. national security interests—the American homeland, population, and way of life—are not threatened, the United States can minimize the risks of terrorism by being less involved in the problems of other countries. That is especially true in the Muslim world, most notably the Middle East.

Whatever the wisdom of invading Iraq and the threat posed by Saddam Hussein, this much should be clear now: Iraq is not a threat to U.S. national security today. With the exception of Al Qaeda infiltrators, the insurgents in Iraq are not a direct threat to the United States. Therefore, the United States must hand the government over to the Iraqi people, let them decide the form of a new government, and withdraw U.S. forces as expeditiously as possible. That would not be “cutting and running” but simply refocusing U.S. attention and resources to deal directly with the Al Qaeda threat.

There is only one reason why Saudi Arabia is treated as a close U.S. ally and accorded special status: oil. But the United States is not dependent on Saudi oil, and U.S. security interests are not at stake in Saudi Arabia. At best, the relationship is an alliance of convenience. At worst, it’s hypocritical to support an oppressive, theocratic monarchy. What the United States needs from the Saudis is not oil. Instead, we need the Saudis to crack down on the funding of madrassas that churn out radical Islamists.

It is certainly understandable that the United States would want to support Israel, a liberal democracy in the Middle East, but the reality is that Israeli security is not a U.S. national security problem. Neither is an Israeli-Palestinian peace necessary for U.S. security. U.S. interests would be better served by not becoming involved in a process that has little chance of succeeding. The United States should cut the more than \$2 billion in annual aid to Israel that is resented by many Palestinians because they believe it is used to underwrite Israeli military operations in the West Bank and Gaza, as well

“As a 1998 study for the Department of Defense reported, much of the anti-American resentment around the world, particularly the Islamic world, is the result of interventionist U.S. foreign policy.”

as allegedly for financing the establishment of Jewish settlements in the occupied territories. (Similarly, the U.S. government should not aid the Palestinian Authority.) That would not make the United States any less of a friend to Israel, but it would eliminate a propaganda tool used by radical Islamists to recruit terrorists and avoid creating a situation where Israel's terrorist enemies have a reason to make America a target.

The United States gives Egypt more than \$2 billion a year in military and economic aid. But Egypt is an authoritarian regime that masquerades as a democracy, which provides volatile fuel for radical Islamists. U.S. support for Egypt fomented anti-American attitudes that make the United States a target for terrorism. Similarly, Pakistan claims to be a democracy despite the fact that General Pervez Musharraf came to power by overthrowing a democratically elected (albeit unpopular) government and has used very undemocratic methods to control Pakistan. Yet Pakistan is considered a U.S. ally because Musharraf supports the war on terrorism—even while hailing A. Q. Kahn, the man responsible

for selling nuclear secrets to North Korea, Iran, and Libya, as a national hero. The Karimov government in Uzbekistan is a totalitarian secular state that represses all dissent, including religious expression amongst the Muslims who are 90 percent of the population. Like Pakistan, Uzbekistan has played the “terrorist card” to garner U.S. support.

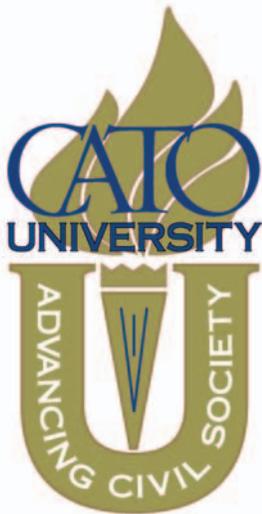
Those are just three examples, but they highlight the problems associated with U.S. support for countries because they claim to be “pro-U.S.” or “anti-terrorist” without regard to whether their internal policies increase the risk of terrorism to the United States. Such support may be a necessary evil in the short term, but it should be narrowly focused, done only out of necessity, and of limited duration.

America should be wary about providing ongoing support to Muslim countries simply because they profess to be anti-terrorist. It is important to remember that when the United States supported undemocratic and unpopular regimes during the Cold War simply because they were friendly to us, and when those regimes

were overthrown, the results were often virulently anti-American successor governments (e.g., Iran and Nicaragua). Ultimately, U.S. support for countries such as Egypt, Pakistan, and Uzbekistan could end up doing more to breed terrorism than to prevent it.

In the final analysis, we cannot build a perfect defense against every potential terrorist attack, and it is unrealistic to believe that we can kill each and every Al Qaeda terrorist. No matter how successful the United States is in homeland security and dismantling Al Qaeda, it will not stop terrorism unless U.S. foreign policy changes. More than anything else, U.S. foreign policy is the cause of the virulent anti-Americanism that is the basis for terrorism. If we don't change U.S. foreign policy to stem the tide of growing anti-American sentiment overseas, particularly within the Muslim world, then the pool of terrorist recruits will grow and the United States will continue to be a target. Changing U.S. foreign policy may not guarantee victory in the war on terrorism, but not changing it will certainly spell defeat. ■

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1. At the gala dinner for the 2004 Milton Friedman Prize for Advancing Liberty, former secretary of state George Shultz (left) greets prize winner Hernando de Soto.
2. Hernando de Soto talks with a group of Latino students from San Francisco State University.
3. John and Meredith Pasquesi, who helped to create the Friedman Prize, talk with Scott Kepner (left) at the dinner.
4. Friedman and Cato president Ed Crane share a laugh during the award ceremony.
5. Ed Crane talks with Cato Board member Howard Rich and William Sumner, chairman of the Atlas Economic Research Foundation.
6. Cato Board member Ted Forstmann greets Milton and Rose Friedman.
7. David Boaz, Cato's executive vice president (left), talks with Bob Chitester, producer of the PBS series *Free to Choose*, and Cato senior fellow Jim Powell.



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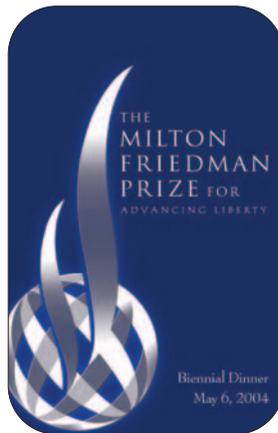
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- 8. Milton and Rose Friedman talk with George and Charlotte Shultz before the dinner.
- 9. Cato chairman William A. Niskanen talks with Cato Club 200 member John Bryan.
- 10. *Wired* magazine founder Louis Rossetto.
- 11. Milton Friedman makes a point.
- 12. Thomas Sowell (center) introduces his wife Mary to Robert McTeer, president of the Federal Reserve Bank of Dallas.
- 13. Harvard economist Robert Barro talks with Cato Club 200 member George Yeager.
- 14. Kristina Crane with former interns John Fund (left), a columnist for *OpinionJournal.com*, and Brian Doherty of *Reason*.

◆ **After all, Virginia has a flip-flopping, tax-raising Democrat as governor**

Sen. John F. Kerry has decided to begin campaigning in Virginia, a state that has voted for a Democratic presidential candidate only once in the past half-century....

“Virginia is prime territory for John Kerry,” Mary Beth Cahill, Kerry’s campaign manager said. . . . “John Kerry has a profile that is in sync with voters in Virginia.”

—*Washington Post*, May 29, 2004

◆ **We can teach what we want to teach**

Tiffany Charles got a B in history last year at her Montgomery County high school, but she is not sure what year World War II ended. She cannot name a single general or battle, or the man who was president during the most dramatic hours of the 20th century.

Yet the 16-year-old does remember in some detail that many Japanese American families on the West Coast were sent to internment camps. “We talked a lot about those concentration camps,” she said. . . .

Among 76 teenagers interviewed near their high schools this week in Maryland, Virginia and the District, recognition of the internment camps, a standard part of every area history curriculum, was high—two-thirds gave the right answer when asked what happened to Japanese Americans during the war. But only one-third could name even one World War II general, and about half could name a World War II battle.

—*Washington Post*, May 28, 2004

◆ **Say what?**

R. Sargent Shriver [was] the father of the Peace Corps, Job Corps, Head Start and the Special Olympics. . . .

In this lengthy but lively biography, the journalist Scott Stossel explains in exhaustive detail how Shriver translated vague mandates to found an international service program and wage war on poverty into the creation of some of the most successful social programs of the past half-century. He fought for the independence of his new agencies, saving them from being swallowed up by existing government bureaucracies. He made sure they would not be merely pilot projects, understanding that only large-scale efforts would capture the public imagination. Thus, he enrolled more than 500,000 children in Head Start during its first summer, so that, as he shrewdly said, “No Congress and no President can ever destroy it.”

Long before the label was fashionable, Shriver was a neoliberal skeptic of big government.

—David Kusnet in the
Washington Post, May 23, 2004

◆ **How truly brave it is to tell the audience at the Cannes Film Festival to oppose Bush**

[Michael] Moore’s movie—a President Bush-bashing production that enjoyed almost universal acclaim from international critics and festival-goers—had been the hottest ticket in the town. Now it was the toast of it.

The whole evening, it seemed, had

been a setup for Moore’s crowning moment. When Jonas Geirnaert’s “Flatlife” won a prize for best short film, the Belgian director issued from the stage a message urging “the American people not to vote for Bush.” And moments later, British actor Tim Roth congratulated Geirnaert for his “brave” remarks.

—*Washington Post*, May 23, 2004

◆ **Remember when they told us it was hard to govern when you didn’t control both Houses and the presidency?**

“It’s extremely difficult to govern when you control all three branches of government,” says Hastert spokesman John Feehery.

—*Washington Post*, May 23, 2004

◆ **Deadly interaction of a government postal service and a government health service**

Three-year-old Abigail Fielding missed a hernia operation, and will now have to return to the [British National Health Service] waiting lists, because the letter informing her of the scheduled appointment took more than a week to arrive in spite of being posted first-class.

—*The Spectator*, May 1, 2004

◆ **None of which has anything to do with inflation**

China took four more steps on Sunday and Monday to slow inflation, including setting limited price controls in provinces where the cost of living is rising fastest.

—*New York Times*, May 11, 2004

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