



**JUDY  
SHELTON**

The path  
to monetary  
reform

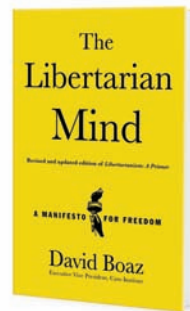
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Boaz on the  
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# Cato Policy Report

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## Science, Reason, and Moral Progress

BY MICHAEL SHERMER

**W**e are living in the most moral period in human history.

I realize that to most readers that statement will sound almost hallucinatory, but not only have we become more moral over the past several centuries, most of this progress has been the result of secular forces, and the most important of these that emerged from the age of reason and the Enlightenment are science and reason, terms I use in the broadest sense to mean reasoning through a series of arguments and then confirming that the conclusions are true through empirical verification.

The arc of the moral universe bends not only toward justice, but toward truth and freedom, and these positive outcomes have largely been the product of societies moving toward more secular forms of governance and politics, law and jurisprudence, moral reasoning and ethical analysis. Over time it has become less acceptable to argue that my beliefs, morals, and ways of life are better than yours simply because they are mine,

or because they are traditional, or because my religion is better than your religion, or because my nation can pound the crap out of your nation. It is no longer acceptable to simply *assert* your moral beliefs; you have to provide *reasons* for them, and those reasons had better be grounded in rational arguments and empirical evidence or else they will likely be ignored or rejected.

Historically, we can look back and see that we have been steadily—albeit at times

haltingly—expanding the moral sphere to include more members of our species (and now even other species) as legitimate participants in the moral community. The burgeoning conscience of humanity has grown to the point where we no longer consider the well-being only of our family, extended family, and local community; rather, our consideration now extends to people quite unlike ourselves, with whom we gladly trade

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**MICHAEL SHERMER** is the founding publisher of *Skeptic* magazine, a monthly columnist for *Scientific American*, and an adjunct professor at Claremont Graduate University and Chapman University. This article is excerpted from his new book, *The Moral Arc: How Science and Reason Lead Humanity toward Truth, Justice, and Freedom* (New York: Henry Holt, 2015).



In October, the *Wall Street Journal* announced the launch of Cato's new Center for Monetary and Financial Alternatives. The following month the Institute held its 32nd Annual Monetary Conference, which included (from left) Jerry L. Jordan, former president of the Federal Reserve Bank of Cleveland; George Melloan, former deputy editor of the *Journal*; and George Selgin, director of the new Center and a senior fellow at the Institute. "If there's ever to be a serious attempt to come up with something better than the Fed, we must bury the myth that it's our only hope," Selgin said.

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BY DAVID BOAZ

EDITORIAL

# Too Many Laws, Too Many Costs

**A**S 2014 drew to a close, the mainstream media were full of laments about the “least productive Congress.” Or more precisely that the just-concluded 113th Congress was the *second* least productive Congress ever (since the mid-1940s when these tallies began), second only to the 2011–12 112th Congress. But what’s the definition of a “productive Congress”? One that passes laws, of course, lots of laws. Congress passed only 297 laws in the past two years, exceeded in slackerdom only by the 284 laws passed in the previous two years of divided government.

All this productivity analysis assumes that passing laws is good, and passing more laws is better. But as the year ended, we also saw plenty of indications that many, perhaps most, laws—that is, most mandates, bans, regulations, taxes, subsidies, boondoggles, and transfer programs—do more harm than good.

Two articles in the *Washington Post* on December 6 reminded me that too many laws impede enterprise, charity, innovation, and growth.

Brian Levy is vice president of a company that works to develop and fund energy efficiency and renewable-energy projects. Inspired by the “micro-houses” movement, he decided to build his own tiny house in the expensive District of Columbia. For \$77,000 he built a house that’s 11 feet wide and 22 feet long, with 210 square feet of living space. It has a galley kitchen and a full-size bed, the *Post* reports—although he can’t sleep overnight there because of a provision in District law.” A 210-square-foot house wouldn’t be my cup of tea. But it’s his house, and it won an Award of Merit from the American Institute of Architects. Why can’t he live there? Because, the *Post* reports, “the alley next to his lot is not 30 feet wide and does not connect to a public street.” So much for encouraging innovation and the green economy.

Another story the same day reported that the Charles Darwin Research Station on the Galapagos Islands, off the coast of Ecuador, supports itself by operating a small store—“selling mostly clothing with the Charles Darwin Foundation’s logo. But then it added swimsuits, sunglasses, Ecuadoran chocolate and artwork, and the local traders cried foul. A local mayor agreed and shut down the store.” The Research Station is also hampered by a U.S. tax provision that prevents the Galapagos Conservancy from fully funding it. So U.S. tax law and local cronyism may combine to shut down “the oldest and most prominent research organization in the famed archipelago that inspired Darwin’s masterwork, *On the Origin of Species*.”

Far worse than those unfortunate outcomes was the fate of Eric Garner, who died in a police chokehold after he resisted the attempt to arrest him for selling individual cigarettes—“loosies”—on the street. Why do people sell cigarettes on the street? Because New York has the country’s highest cigarette taxes, and cigarettes smuggled in from low-tax states such as Virginia can be sold much more cheaply. Garner had been arrested more than 30 times, most often for selling cigarettes on the street.

Yale law professor Stephen Carter wrote in the days after Garner’s death:

It’s not just cigarette tax laws that can lead to the death of those the police seek to arrest. It’s every law. Libertarians argue that we have far too many laws, and the Garner case offers evidence that they’re right. I often tell my students that there will never be a perfect technology of law enforcement, and therefore it is unavoidable that there will be situations where police err on the side of too much violence rather than too little. Better training won’t lead to perfection. But fewer laws would mean fewer opportunities for official violence to get out of hand.

In his book *Overcriminalization: The Limits of the Criminal Law*, Douglas Husak of Rutgers points out that federal law now includes more than 3,000 crimes, and there may be 300,000 or more federal regulations enforceable through criminal punishment at the discretion of an administrative agency. Which is why criminal defense attorney and Cato adjunct scholar Harvey Silverglate titled his book *Three Felonies a Day*.

As I wrote at *USAToday.com*, “the more laws we pass, the more chances there are for people to run afoul of the police. Especially when we outlaw peaceful activities, such as smoking marijuana, selling untaxed cigarettes or feeding the homeless.”

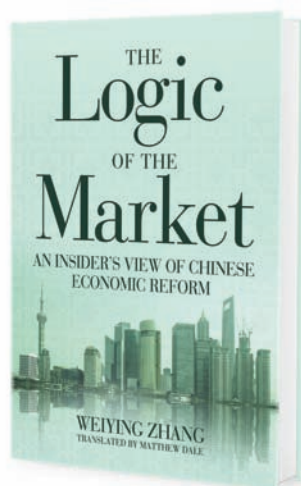
If Congress wants to be really productive, it should repeal laws. It could start by reviewing the laws that create 3,000 federal crimes. And federal, state, and local governments should consider whether it’s really a good idea to use armed agents to enforce laws and regulations about selling orchids or raw milk, letting your child play in the park, or writing a school story about killing a dinosaur with a gun.

“If Congress wants to be really productive, it should repeal laws. It could start by reviewing the laws that create 3,000 federal crimes.”

# On the Market's Logic?

“Of the most well-known Chinese economists, few have advocated laissez-faire market economics so strongly, and so unstintingly, as Zhang Weiying,” *NewsChina* wrote in an interview with the 55-year-old in October. “Zhang is one of an academic minority in China who subscribe to non-Keynesian principles, and has thus been labeled by the media as ‘spokesperson for vested interest groups,’ and even, on more than one occasion, ‘an enemy of the people.’”

In January the Cato Institute published Zhang's *The Logic of the Market: An Insider's View of Chinese Economic Reform*. First published in China, where it became a bestseller, the book is a collection of the economist's most influential essays on Chinese economic reforms. As the director of Peking University's Center for Market and Network Economy, Zhang is considered China's leading market liberal, and his book offers a unique perspective on the country's past economic developments as well as its prospects for further reform in the future.



All debates over issues of China's reforms reflect people's common misunderstanding of the market,” Zhang writes. He identifies two flawed conceptions in particular. The first assumes that China's economic miracle stems from a unique Chinese model, based on strong government intervention and powerful state-owned enterprises. The second holds that China's current obstacles, such as corruption and pollution, are a result of market reforms. “I disagree with both,” Zhang adds.

“Both have blind faith in government power and distrust the logic of the market, have blind faith in the foresight of government officials but distrust the judgments of entrepreneurs,” he writes. This allegiance to authority over liberty is what has led to China's ongoing contradictions. By contrast, it was the relaxation of government control that ushered in the country's transformation.

Zhang goes on to discuss, in accessible terms, how China can build upon its past revolution with further economic and political reforms. It's a message that has given him a prominent voice on the world stage. “Chinese officials no longer treat Mr. Zhang as a pariah,” the *Wall Street Journal* reported in a weekend interview. “He says that when he recently wrote an article praising the late Austrian economist Murray Rothbard, the Communist Party secretary of Shanghai—a fairly high-level apparatchik—told him he liked it.”

**THE LOGIC OF THE MARKET IS AVAILABLE AT CATO.ORG AND AT RETAIL AND ONLINE BOOKSELLERS NATIONWIDE.**

## CATO NEWS NOTES

### NO LONGER SILENT

In its Books of the Year section, *The Economist* named Flemming Rose's *The Tyranny of Silence* one of 2014's best reads. Published by the Cato Institute in November, the book is a deeply personal account in which Rose, an editor of the Danish newspaper *Jyllands-Posten*, grapples with his 2005 decision to publish cartoons of the prophet Muhammad. It was a move that quickly spiraled into a violent international uproar, as Muslims around the world erupted in protest.

With the recent tragedy at the *Charlie Hebdo* offices in Paris, issues of self-censorship in the face of intimidation have rapidly moved again to the forefront of public debate. “Setting aside the terrible human tragedy of 12 innocent people who are dead, [the] events represent only the latest grave new danger to free speech, not just in France but around the world,” Rose wrote in *Politico Magazine*. “We all need thicker skins if freedom of speech is to survive in the age of grievance fundamentalism.”

### THE IMPACT OF CATO'S PLATFORM

On November 6, 2014, Sait Matty Jaw, a lecturer closely associated with the libertarian organization Students for Liberty (SFL), was brought in by the Gambian National Intelligence Agency for questioning surrounding his alleged involvement with the Gallup polling company. He was then arrested and detained without justification for more than five days.

Following a Cato Daily Podcast on the topic, hosted by the Institute's director of multimedia Caleb Brown, Jaw was released by Gambian authorities. “Students for Liberty would like to extend Cato a huge thank you for allowing us to use their microphone to spread the news about Jaw's detainment,” Casey Given, an SFL executive board member, wrote.

### INTERNATIONAL AWARDS

The 2014 Freedom Project Award for Civil Courage, presented each year by Wellesley College to an individual who embodies “extraordinary action, at great personal risk, on behalf of freedom and human rights,” was given to Xia Yeliang, a Cato visiting fellow. Xia joined the Institute last year after he was dismissed by Peking University for his outspoken criticism of China's Communist Party.

Juan Carlos Hidalgo, a policy analyst at the Cato Institute's Center for Global Liberty and Prosperity, received the 2014 Liberty Award from ANFE, a prominent think tank in Costa Rica that hands out its prize every three years.

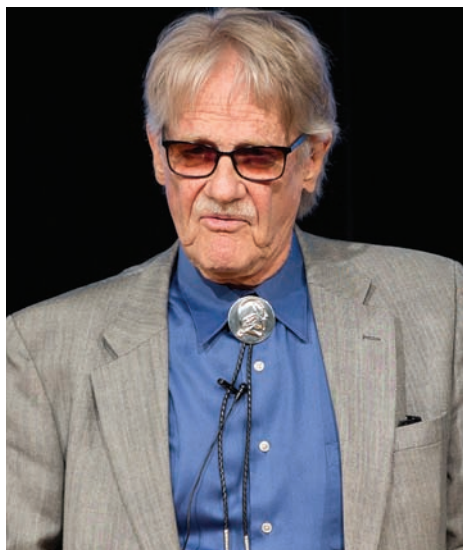




In an innovative theory developed three decades ago, economist BRUCE YANDLE held that for a regulation to endure, both the “bootleggers,” who seek to obtain private benefits from the regulation, and the “Baptists,” who seek to serve the public interest, must offer their support. In October, Yandle (at podium) presented his new Cato book *Bootleggers and Baptists*, which revisits the theory with a contemporary perspective.



After being evicted and beaten by government thugs, BEN FREETH, a Zimbabwean farmer, won a landmark case in the South African Development Community’s regional court. Freeth spoke about human rights at Cato in October.



At a Cato Forum in October, Nobel laureate VERNON SMITH discussed his book *Rethinking Housing Bubbles* (coauthored with Steven Gjerstad), which examines and compares all previous downturns in the U.S. economy.



President Obama unilaterally authorized the bombing of ISIS targets in Syria at a time when Congress was out of session. At a Capitol Hill Briefing, CHRISTOPHER PREBLE (left), Cato’s vice president for defense and foreign policy studies, and GENE HEALY, vice president and author of *The Cult of the Presidency*, discussed whether this action violated the Constitution.





**A**t a Cato Book Forum for *A Dangerous World?* (edited by Cato's Christopher Preble and John Mueller), FRANK HOFFMAN (left), senior research fellow at the National Defense University, and JAMES FALLOWS, national correspondent for *The Atlantic*, assessed the supposed threats to American security.

**S**elf-driving cars will be on the market by 2020 and will radically transform the 21st century. What should Washington policymakers do in anticipation? Cato senior fellow RANDAL O'TOOLE answered this question and more in the F. A. Hayek Auditorium in October.



**F**ew political objectives are more lofty and common than “world peace.” But how do we achieve that? In *Peace, Love, & Liberty*, TOM PALMER, a Cato senior fellow and executive vice president at the Atlas Foundation, offers a collection of essays from various scholars that provides an intellectual defense of the notion that freedom is the key to undermining war. It’s the latest of several books published by Students for Liberty and the Atlas Network. In the *Wall Street Journal*, economist Deirdre McCloskey recommended Palmer’s book—which, she said, “goes after the lunacy of our foreign policy”—as one of her favorites of 2014.

Continued from page 1

goods and ideas and exchange sentiments and genes, rather than beating, enslaving, raping, or killing them (as our sorry species was wont to do with reckless abandon not so long ago). Nailing down the cause-and-effect relationship between human action and moral progress—that is, determining *why* it's happened—is the other major theme of my book *The Moral Arc*: What can we do to adjust the variables in the equation to continue expanding the moral sphere and push our civilization further along the moral arc?

Improvements in the domain of morality are evident in many areas of life:

- *governance* (the rise of liberal democracies and the decline of theocracies and autocracies);
- *economics* (broader property rights and the freedom to trade goods and services with others without oppressive restrictions);
- *rights* (to life, liberty, property, marriage, reproduction, voting, speech, worship, assembly, protest, autonomy, and the pursuit of happiness);
- *prosperity* (the explosion of wealth and increasing affluence for more people in more places, and the decline of poverty worldwide in which a smaller percentage of the world's people are impoverished than at any time in history);
- *health and longevity* (more people in more places more of the time live longer, healthier lives than at any time in the past);
- *war* (a smaller percentage of populations die as a result of violent conflict today than at any time since our species began);
- *slavery* (outlawed everywhere in the world and practiced in only a few places in the form of sexual slavery and slave labor that are now being targeted for total abolition);
- *homicide* (rates have fallen precipi-

“We have been steadily—albeit at times haltingly—expanding the moral sphere to include more members of our species as legitimate participants in the moral community.”

tously from over 100 murders per 100,000 people in the Middle Ages to less than 1 per 100,000 today in the Industrial West, and the chances of an individual dying violently is the lowest it has ever been in history);

- *rape and sexual assault* (trending downward, and while still too prevalent, it is outlawed by all Western states and increasingly prosecuted);
- *judicial restraint* (torture and the death penalty have been almost universally outlawed by states, and where it is still legal it is less frequently practiced);
- *judicial equality* (citizens of nations are treated more equally under the law than any time in the past);
- and *civility* (people are kinder, more civilized, and less violent to one another than ever before).

## THE WITCH THEORY OF CAUSALITY

If your explanation for why bad things happen is that your neighbor flies around on a broom and cavorts with the devil at night, afflicting people, crops, and cattle with disease, preventing cows from giving milk, beer from fermenting, and butter from churning—and that the proper way to cure the problem is to burn her at the stake—then you are either insane or you lived in Europe six centuries ago, and you could even find biblical support in Exodus 22:18: “Thou

shalt not suffer a witch to live.”

The witch theory of causality gives us insight into how moral progress is made—by achieving a better understanding of causality. It is evident that most of what we think of as our medieval ancestors’ barbaric practices, such as witch burning, were based on mistaken beliefs about how the laws of nature actually operate. If you—and everyone around you—truly believe that witches cause disease, crop failures, sickness, catastrophes, and accidents, then it is not only a rational act to burn witches, it is a moral duty. This is what Voltaire meant when he wrote: “Those who can make you believe absurdities, can make you commit atrocities.”

Consider a popular thought experiment and how you would respond in the following scenario: You are standing next to a fork in a railroad line and a switch. A trolley car is about to kill five workers on the track—unless you throw the switch and divert the trolley down the side track—but there it will kill one worker. Would you throw the switch to kill one but save five? Most people say that they would. We should not be surprised, then, that our medieval ancestors performed the same kind of moral calculation in the case of witches. Medieval witch-burners torched women primarily out of a utilitarian calculus—better to kill a few to save many.

The primary difference between these premodern people and us is, in a word, science. Frankly, they often had not even the *slightest* clue what they were doing, operating as they were in an information vacuum, and they had no systematic method to determine the correct course of action, either. The witch theory of causality, and how it was debunked through science, encapsulates the larger trend in the improvement of humanity through the centuries by the gradual replacement of religious supernaturalism with scientific naturalism.

My point here is that beliefs such as witchcraft are not immoral so much as they are mistaken. In the West, science debunked the witch theory of causality, as it has and



continues to discredit other superstitions. We refrain from burning women as witches not because our government prohibits it, but because we do not believe in witches and therefore the thought of incinerating someone for such practices never even enters our minds. What was once a moral issue is now a nonissue, pushed out of our consciousness—and our conscience—by a naturalistic, science-and reason-based worldview.

### FROM THE PHYSICAL SCIENCES TO THE MORAL SCIENCES

To the debunking of the witch theory of causality, we can add as promoters of moral progress the general application of reason and science to all fields, including governance and the economy. This shift was the result of two intellectual revolutions: (1) the Scientific Revolution, dated roughly from the publication of Copernicus's *On the Revolutions of the Heavenly Spheres* in 1543 to the publication of Isaac Newton's *Principia* in 1687; and (2) the age of reason and the Enlightenment, dated from approximately 1687 to 1795 (Newton to the French Revolution).

The first revolution led directly to the second, as intellectuals in the 18th century sought to emulate the great scientists of the previous centuries in applying the rigorous methods of the natural sciences and philosophy to explaining phenomena and solving problems. This marriage of philosophies resulted in Enlightenment ideals that placed supreme value on reason, scientific inquiry, human natural rights, liberty, equality, freedom of thought and expression, and on a diverse, cosmopolitan worldview that most people today embrace—a “science of man” as the great Scottish Enlightenment philosopher David Hume called it.

The watershed event that changed everything was the publication in 1687 of Isaac Newton's *Principia Mathematica*, which synthesized the physical sciences and which his contemporaries declared to be “the premier production of the human mind”

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(Joseph-Louis Lagrange) and a work which “has a pre-eminence above all other productions of the human intellect” (Pierre-Simon Laplace). The Scientific Revolution that culminated in Newtonian science led scientists in diverse fields to strive to be the Newton of their own particular science. In his 1748 work *De l'esprit des lois* (*The Spirit of the Laws*), for example, the French philosophe Montesquieu consciously invoked Newton when he compared a well-functioning monarchy to “the system of the universe” that includes “a power of gravitation” that “attracts” all bodies to “the center” (the monarch). And his method was the deductive method of Descartes: “I have laid down first principles and have found that the particular cases follow naturally from them.”

By “spirit” Montesquieu meant “causes” from which one could derive “laws” that govern society. One such law was the relationship between trade and peace, in which he noted that hunting and herding nations often found themselves in conflict and wars, whereas trading nations “became reciprocally dependent,” making peace “the natural effect of trade.” The psychology behind the effect, Montesquieu speculated, was exposure of different societies to customs and manners different from their own, which leads to “a cure for the most destructive prejudices.” Thus, he concluded, “we see that in countries where the people move only by the spirit of commerce, they make a traffic of all the humane, all the moral virtues.”

The trade theory of peace has held up well in modern empirical studies, and here we can draw the links from empirical science to moral values: if you agree that peace is better than war (the survival and flourishing of sentient beings is my moral starting point), then moral progress may be made through the application of the principle of free trade and open economic borders between nations.

Following in the natural-law tradition of Montesquieu, a group of French scientists and scholars known as the physiocrats declared that all “social facts are linked together in necessary bonds eternal, by immutable, ineluctable, and inevitable laws” that should be obeyed by people and governments “if they were once made known to them” and that human societies are “regulated by *natural laws* . . . the same laws that govern the physical world, animal societies, and even the internal life of every organism.” One of these physiocrats, François Quesnay—a physician to the king of France who later served as an emissary to Napoleon for Thomas Jefferson—modeled the economy after the human body, in which money flowed through a nation like blood flows through a body, and ruinous government policies were like diseases that impeded economic health. He argued that even though people have unequal abilities, they have equal natural rights, and so it was the government's duty to protect the rights of individuals from being usurped by other individuals, while at the same time enabling people to pursue their own best interests. This led the physiocrats to advocate for private property and a free market. It was, in fact, the physiocrats who gave us the term *laissez faire*.

In the arena of governance, another Enlightenment luminary who consciously applied the principles and methods of the physical sciences to the moral sciences was the English philosopher Thomas Hobbes, whose 1651 book *Leviathan* is considered to be one of the most influential works in the history of political thought. In it, Hobbes deliberately modeled his analysis of the social

world after the work of Galileo and the English physician William Harvey, whose 1628 book *On the Motion of the Heart and the Blood* outlined a mechanical model of the workings of the human body.

As Hobbes later immodestly reflected: “Galileus . . . was the first that opened to us the gate of natural philosophy universal, which is the knowledge of the nature of motion . . . . The science of man’s body, the most profitable part of natural science, was first discovered with admirable sagacity by our countryman, Doctor Harvey. Natural philosophy is therefore but young; but civil philosophy is yet much younger, as being no older . . . than my own *de Cive*.”

## CONCLUSION

Here we see both the connection from the physical and biological sciences to the social sciences, and also the point of my focusing on this period in the history of science—our modern concepts of governance arose out of this drive to apply reason and science to any and all problems, including human social problems. In other words, we can ground human values and morals not

“Our modern concepts of governance arose out of this drive to apply reason and science to any and all problems.”

just in philosophical principles such as Aristotle’s virtue ethics, Kant’s categorical imperative, Mill’s utilitarianism, or Rawls’s fairness ethics, but in scientific reasoning as well. From the Scientific Revolution through the Enlightenment reason and science slowly but systematically replaced superstition, dogmatism, and religious authority as the most reliable means of solving social and moral problems. I am not arguing, for example, that discoveries in physics and biology led directly to moral changes in society; rather, the application of the methods of science, as first developed in the physical and biological sciences, when applied to the human and social sciences led to advances that bent the moral arc toward justice and freedom.

For tens of millennia, moral *regress* best described our species, and hundreds of millions of people suffered as a result. But then something happened half a millennium ago—the Scientific Revolution led to the age of reason and the Enlightenment, and that changed everything. Instead of divining truth through the authority of an ancient holy book or philosophical treatise, people began to explore the book of nature for themselves. Instead of human sacrifices to assuage the angry weather gods, naturalists made measurements of temperature, barometric pressure, and winds to create the meteorological sciences. And instead of a tiny handful of elites holding most of the political power by keeping their citizens illiterate, uneducated, and unenlightened, through science, literacy, and education people could see for themselves the power and corruption that held them down and they began to throw off their chains of bondage and demand rights.

We ought to understand how and why these changes reversed our species’ historical trend downward, and we ought to know that we can do more to elevate humanity, extend the moral arc, and bend it ever upward. ■



## New *Cato Journal* Available

The Fall 2014 issue of the *Cato Journal* features an impressive lineup of leading scholars offering their insights on everything from the eurozone to the Federal Reserve:

- Leszek Balcerowicz, recipient of the Cato Institute’s 2014 Friedman Prize, examines the confusion over the euro. What are the links, he asks, between the euro architecture and the structural barriers to economic growth throughout the European Union?
- Mao Yushi, winner of the 2012 Friedman Prize, discusses the lessons from and significance of China’s Great Famine. “Unlike other tragic famines in the past, the Great Famine was caused by avoidable human mistakes,” he writes.
- The late Milton Friedman, in a reprinted article originally published in 1984, reviews the unsatisfactory past of monetary policy, starting with the Reagan administration and going back to World War I. “So when I talk about poor monetary policy, I am not referring simply to recent policy,” he wrote.

Other contributors include Allan H. Meltzer on “How the Fed Repeats Its History,” Richard Kovacevich on “The Financial Crisis: Why the Conventional Wisdom Has It All Wrong,” and many more.

ALL OF THE ARTICLES IN THIS ISSUE OF THE *CATO JOURNAL*, AS WELL AS THE BOOK REVIEWS, ARE AVAILABLE ONLINE AT [WWW.CATO.ORG](http://WWW.CATO.ORG).



# If Everything Is Getting Better, Why Are People So Pessimistic?

**E**vidence from academic institutions and international organizations shows dramatic improvements in human well-being. These improvements are especially striking in the developing world. Unfortunately, there is often a wide gap between reality and perception, including that of many policymakers, scholars, and intelligent lay persons. To make matters worse, the media emphasizes bad news, while ignoring the many positive long-term trends. At a Cato Policy Forum in November, Steven Pinker, the Johnstone Family Professor of Psychology at Harvard University and author of such books as *How the Mind Works* and *The Blank Slate*, discussed the psychological, cognitive, and institutional factors behind the persistence of pessimism in an age of growing abundance.

**W**hy are people so pessimistic about the present? My own interest in this topic began when I became aware of historical data on violence and compared them with the conventional wisdom of respondents in an internet survey. I found that people consistently estimate that the present is more lethal than the past. Modernity has brought us terrible violence, the thinking goes, while the native peoples of the past lived in a state of harmony, one we have departed from to our peril. But the actual data show that our ancestors were far more violent than we are and that violence has been in decline for long stretches of time. In some comparisons, the past was 40 times more violent than the present. Today, we are probably living in the most peaceful time in our species' existence.

This insight led me to write *The Better Angels of Our Nature: Why Violence Has Declined*. But it was not the end of my encounters with pessimism. After writing a book on war, genocide, rape, torture, and sadism, I thought I would take on some truly controversial issues—namely, split infinitives, dangling participles, prepositions at the end of sentences, and other issues of style and

usage in writing. There, too, I found widespread pessimism. When I told people that I was writing a book on why writing is so bad and how we might improve it, the universal reaction was that writing is getting worse and that the language is degenerating.

There are a number of popular explanations for this alleged fact: “Google is making us stupid” (as a famous *Atlantic* cover story put it). Twitter is forcing us to write and think in 140 characters. The digital age has produced “the dumbest generation.” When people offer these explanations to me, I ask them to stop and think. If this is really true, it implies that it must have been better before the digital age. And of course those of you who are old enough remember the 1980s will recall that it was an age when teenagers spoke in articulate paragraphs, bureaucrats wrote in plain English, and every academic article was a masterpiece in the art of the essay. (Or was it the 1970s?)

The fact is that if you go back to the history of commentary on the state of language, you find that people were pessimistic in every era. In 1961: “Recent graduates, including those with university degrees, seem to have no mastery of the language at all.” Well, perhaps we need to go back to the era

before radio and television. In 1917: “From every college in the country goes up the cry, ‘Our freshmen can’t spell, can’t punctuate.’ Every high school is in disrepair because its pupils are so ignorant of the merest rudiments.” Well, maybe you have to go back to the age of the European Enlightenment. In 1785: “Our language is degenerating very fast . . . I begin to fear that it will be impossible to check it.”

Above and beyond the psychology of violence and the psychology of language, these findings point toward an interesting question for a psychologist such as myself. Why are people always convinced that the world is going downhill? What is the psychology of pessimism? I’m going to suggest that it’s a combination of several elements of human psychology interacting with the nature of news. Let’s start with the psychology.

There are a number of emotional biases toward pessimism that have been well documented by psychologists and have been summarized by the slogan “Bad is stronger than good.” This is the title of a review article by the psychologist Roy Baumeister in which he reviewed a wide variety of evidence that people are more sensitive to bad things than to good things. If you lose \$10, that makes you feel a lot worse than the amount by which you feel better if you gain \$10. That is, losses are felt more keenly than gains—as Jimmy Connors once put it, “I hate to lose more than I like to win.” Bad events leave longer traces in mood and memory than good ones. Criticism hurts more than praise encourages. Bad information is processed more attentively than good information. This is the tip of an iceberg of laboratory phenomena showing the bad outweighs the good.

But *why* is bad stronger than good? I suspect that there is a profound reason, ultimately related to the second law of thermodynamics, namely that entropy, or disorder, never decreases. By definition, there are more ways in which the state of the world can be disordered than ordered—or, in the more vernacular version, “Shit happens.” Here’s a question once posed to me by my late colleague Amos Tversky, a cognitive psychologist at Stanford University. As you leave this conference, how many really good things could happen to you today? Let your imagination run wild. And now: How many really *bad* things could happen to you today? Imagine the terrible things that could happen and I think you’ll agree that the second list is longer than the first. As another thought experiment, think about how much better you could feel than you’re feeling right now. Now consider how much *worse* you could feel. You don’t even have to do the experiment. Not surprisingly, this has probably left a mark on the psychology of risk perception.

There’s also an asymmetry of payoffs in the responses to the possibility of good and bad things. What is the average cost of overreacting to a threat? Well, it’s not zero, and we can all document cases where we have paid in forgone opportunities for reacting to a threat that never happens. But what’s the cost of underreacting to a threat? It’s a plausible hypothesis that for most of human evolutionary history, the fitness cost of underreaction was much greater than the fitness cost of overreaction. In other words, the typical threat in the environment in which our brains evolved was probably much greater than it is today, now that we have exerted technological mastery over so much of our environment. The implication is that our current psychology is tuned to a world that was more dangerous than the world that we’re in today, and that therefore our sense of risk and fear and anxiety is not optimally tuned to the objective risks that we face.

The bad-dominates-good phenomenon is

multiplied by a second source of bias, sometimes called the illusion of the good old days. People always pine for a golden age. They’re nostalgic about an era in which life was simpler and more predictable. The psychologist Roger Eibach has argued that this is because people confuse changes in themselves with changes in the times. As we get older, certain things inevitably happen to us. We take on more responsibilities, so we have a greater



“People  
always pine for  
a golden age.”

cognitive burden. We become more vigilant about threats, especially as we become parents. We also become more sensitive to more kinds of errors and lapses. This is clear enough in language: as you become more literate, you become more sensitive to the fine points of punctuation and spelling and grammar that went unnoticed when you had a shorter history of attending to the printed word. At the same time, we see our own capacities decline. As we get older, we become stupider in terms of the sheer ability to process and retain information.

There’s a strong tendency to misattribute these changes in ourselves to changes in the

world. A number of experimental manipulations bear this out. If you have people try to make some change in their lives—say, to eat less fat—often they become convinced that there are more and more advertisements for fatty foods.

Now, it would be hypocritical for me to say that more and more people today pine for the good old days, compared to the good old days in which perception of the times was more accurate. In fact, pessimism is not a recent phenomenon: people always were nostalgic for the good old days. In 1777 David Hume noted that “the humour of blaming the present, and admiring the past, is strongly rooted in human nature.” This may be explained by an insight from Thomas Hobbes offered a century before. “Competition of praise inclineth to a reverence of antiquity,” he wrote pithily, “for men contend with the living, not with the dead.” In other words, criticizing the present is a way of criticizing your rivals.

This ties into a third emotional bias, the psychology of moralization. People compete for moral authority—for who gets to be considered more noble—and critics are seen as more morally engaged than those who are apathetic. This is particularly true of contested ideas in a local community. People identify with moral tribes: what you think is worthy of moralization identifies which group you affiliate with. So the question at hand today—is the world getting better or worse?—has become a referendum on *modernity*, on the erosion over the centuries of family, tribe, tradition, and religion as they give way to individualism, cosmopolitanism, reason, and science. Simply put: Your *factual* belief on whether the world is getting better or worse advertises your *moral* beliefs on what kinds of institutions and ideas make us better or worse off.

Those are three emotional biases toward pessimism. We also have cognitive biases that incline us that way, foremost among them being the “availability heuristic.” This



is a feature of the psychology of probability also documented by Tversky, in collaboration with the Nobel Prize-winning economist Daniel Kahneman. Forty years ago, Kahneman and Tversky argued that one of the ways the human brain estimates probability is by using a simple rule of thumb: the more easily you can recall an example of something, the more likely you estimate it to be. The result is that anything that makes an incident more memorable will also make it seem more probable. The quirks of the brain's ability to retain information will bleed into our estimates of a risk's likelihood. Events that are more recent, or easier to imagine, or easier to retrieve—anything that forms a picture in the mind's eye—will be judged to come from more probable categories of events.

Kahneman and Tversky offer a simple example: Which are more common, words that begin with the letter *r* or words that have *r* in the third position. People say that there are more words that begin with *r*, even though it's the other way around. The reason for this error is that we retrieve words by their onsets, not their third letter. You can ask this of almost any letter in the alphabet and you'll get the same result, because we can't call words to mind by any position than the first. We see the availability heuristic in action all the time. People are more fearful of plane crashes, shark attacks, and terrorist bombings—especially if one just happened recently—than of accidental electrocutions, falls, and drownings. The latter are objectively much riskier, but they tend not to make headlines.

I believe that each of these psychological biases interacts with the nature of news to lead to an aura of pessimism. What is news? News is, by definition, things that happen. It's not things that don't happen. If a high school gets shot up, that's news. If there's another high school that doesn't, you don't see a reporter in front with a camera and a news truck saying, "There hasn't been a rampage

shooting in this high school today"—or in the other thousands of high schools at which shootings have not taken place. The news is inherently biased toward violent events because of the simple fact that they are events.

This bias is then multiplied by the programming policy "If it bleeds, it leads." Consuming stories of violence is pleasurable. We pay a substantial amount of our disposable income to watch Shakespearean tragedies, Westerns, mafia flicks, James Bond thrillers, shoot-em-ups, spatter films, pulp fiction, and other narratives in which people get

“We also have cognitive biases that incline us toward pessimism.”

shot, cut, or blown up. It's not surprising that when it comes to attracting eyeballs to news sites, the same kind of mayhem that we pay money to see fictionalized we also pay money to see in reality. This is multiplied by the fact that the world now has 1.75 billion smartphones, which means the world now has 1.75 billion news reporters. Gory events that as recently as a decade ago would have been trees falling in the forest with no one to hear them can now be filmed in real time and instantly broadcast on the Internet. All of these features of the news media stoke the availability heuristic. They give us vivid, memorable, recent events, exactly the kind of material that tilts our probability estimates.

Let me conclude by noting that these phenomena give rise to a perverse violence-news codependency, in which people commit acts of violence precisely because they anticipate news coverage. There are at least two categories of violence which are dubious gifts of the news media. One is terrorism, which is a technology for extracting the

maximum amount of publicity for the smallest amount of violence. By any measure, terrorism accounts for a trivial proportion of the world's deaths by violence, to say nothing of deaths from all causes put together. The most damaging terrorist event in history was September 11, 2001, which killed fewer than 3,000 people. While undeniably tragic, this is in the noise when compared to statistics on homicide or civil wars.

The second category is rampage killings, which probably would not occur, at least not nearly as often, if it weren't for wall-to-wall news coverage. In his book *The Myth of Martyrdom*, the criminal justice scholar Adam Lankford proposes a thought experiment. Suppose you want to become famous. You are determined to attain worldwide fame over the next year, or month, or even week. What could you do that would guarantee this? Well, it would be nice to come up with the cure for a disease, but how many of us can do that? You could try to circulate an internet meme, but thousands of people upload cat videos and few of them go viral. Lankford notes that there is one guaranteed way in which any person could become famous: kill a lot of innocent people. Because of that feature of modern life, a market has been created for those who view notoriety as more important than anything else, including life. And that feeds a category of violence that would barely exist if it weren't for the nature of news.

In sum, there are many reasons to think that people tend to be more pessimistic about the world than the evidence warrants. I have suggested that this can be attributed to three emotional biases that are baked into our psychology: bad dominates good, the illusion of the good old days, and moralistic competition. These feed into a single cognitive bias—the availability heuristic—which in turn interacts with the nature of news, thereby generating an inclination toward pessimism. ■

## Exploring alternatives to central banking at the 32nd Annual Monetary Conference

# Toward Free-Market Money

**W**hen the Federal Reserve was created in 1913, its powers were limited and the United States was still on the gold standard. Today the Fed has virtually unlimited power and the dollar has no backing. Limited, constitutional government requires a rules-based, free-market monetary system with a stable-valued dollar. “For this reason,” F. A. Hayek wrote in 1960, “all those who wish to stop the drift toward increasing government control should concentrate their effort on monetary policy.”

To that end, the Cato Institute has launched the Center for Monetary and Financial Alternatives. By leveraging the Institute’s reputation for objective research and sound analysis, the Center will make a comprehensive economic, political, and philosophical case for reform by exploring alternative monetary arrangements. “We’ve assembled a group of scholars who will challenge the Federal Reserve in a way it hasn’t been challenged in 100 years,” Cato president John Allison says. Ultimately, the goal is to build the intellectual foundation for a free-market banking system.

In November, following the announcement of the Center, the Institute held its 32nd Annual Monetary Conference, bringing together leading scholars and advocates for reform in order to examine the case for sound money. The event was directed, as always, by Cato vice president for monetary studies, James A. Dorn.

In his keynote address, James Grant, the founder and editor of *Grant’s Interest Rate Observer*, declared that the need for sound money is clear and urgent. “Money is as old as the hills, and credit—the promise to pay money—is as old as trust,” he said. “Yet we still search for an answer.” Grant went on to explain that the notion of sound money is neither clear nor urgent to those who own so much of the other kind.



ABOVE: PATRICK M. BYRNE, CEO of Overstock.com, spoke to a full crowd in the F. A. Hayek auditorium, delving into everything from cryptocurrencies to block chain-based stock markets. BELOW, FROM LEFT: The conference featured a lineup of leading scholars, including GEORGE SELGIN of the Cato Institute, JUDY SHELTON of the Atlas Network, and JAMES GRANT of *Grant’s Interest Rate Observer*.

“I will count us victorious when the name of the chairman of the Federal Reserve Board is just as obscure as that of the chairman of the Weights and Measures Division of the Department of Commerce,” he said. “Come to think of it, the monetary millennium will arrive when the dollar reverts to a tangible weight or measure.”

Throughout the day, panelists discussed a wide range of topics—from the bitcoin revolution and the future of cryptocurrencies to the role of gold in a decentralized monetary regime—before considering the path toward fundamental reform. Judy Shelton, codirector of the Atlas Network’s Sound Money Project, explained that money is supposed to be a tool for measuring value, not a means for implementing economic and social policy. “This monetary anti-system we have today is anathema to free trade, to the ideals of Bretton Woods,” she said. “If America still believes in the power of free markets and the potential of free people, we need to fix what broke.”

Gerald P. O’Driscoll Jr., senior fellow at the Cato Institute, proposed the formation of a

committee for monetary reform. “To get from talk to action, I propose that those committed to actual monetary reform plan to meet regularly,” he said, “not to discuss current policy but to devise a concrete plan for monetary reform.” Norbert Michel, research fellow at the Heritage Foundation, offered several near-term solutions—including reversing quantitative easing and removing the Fed’s regulatory role—that would complement any structural changes that came about.

In his luncheon address, Patrick Byrne, the CEO and chairman of Overstock.com, said that the vulnerabilities of the current system stem in part from the vulnerabilities of regulators. “They can be captured by the very same people they’re supposed to go after,” he said. Yet the intellectual climate has never been more open to a critical analysis of existing institutions, both here and abroad. ■

**EACH OF THE PRESENTATIONS FROM THE 32ND ANNUAL MONETARY CONFERENCE CAN BE VIEWED ONLINE AT [WWW.CATO.ORG/EVENTS/ARCHIVES](http://WWW.CATO.ORG/EVENTS/ARCHIVES).**



## A Cato conference on *Pruitt, Halbig, King, & Indiana* Is Obamacare Unworkable as Written?

**B**ack in 2011 the Internal Revenue Service quietly reversed its interpretation of a crucial aspect of the Patient Protection and Affordable Care Act, commonly known as Obamacare. As written, the law offers subsidies to those who purchase insurance through an exchange “established by the State.” When 36 states refused to establish exchanges, however, the IRS announced that it would issue these subsidies—and the taxes they trigger—through federally run exchanges.

This was a clear departure from the language of the law. Michael Cannon, Cato’s director of health policy studies, and Jonathan Adler, a law professor at Case Western Reserve University, were the first to blow the whistle—prompting two states, dozens of public school districts, and a handful of taxpayers to file four separate lawsuits.

At a Cato Institute Conference in October, “*Pruitt, Halbig, King, & Indiana: Is Obamacare Once Again Headed to the Supreme Court?*” leading experts, including the attorneys general behind *Pruitt* and *Indiana*, came together to discuss these lawsuits. According to the *New York Times*, “The cases are part of a continuing, multifaceted legal assault on the Affordable Care Act that began with the Supreme Court challenge to the law and shows no signs of abating.”

Greg Zoeller, attorney general of Indiana, began the conference by detailing the intricacies of the challenge in his state. Along with multiple school districts, Zoeller claims that the employer mandate should not apply to local governments, which raises “substantial constitutional questions” in turn. “This is really a question of whether the federal government now has the authority to regulate state sovereigns under the taxing authority,” he said. “It’s the obligation of states to check Washington.”



At a Cato Institute Conference on the four cases challenging the IRS’s ongoing expansion of Obamacare, GREG ZOELLER (left) and SCOTT PRUITT, the attorneys general of Indiana and Oklahoma, respectively, gave keynote addresses on the lawsuits they each stand behind: *Indiana v. IRS* and *Pruitt v. Burwell*.

Cannon went on to discuss the D.C. Circuit ruling in *Halbig* and what it means for health care reform in general. “What they did in *Halbig* is they ruled that the president of the United States is violating the law—and not in a small way,” he said. The court looked at the totality of the evidence and, according to Cannon, reached the only conclusion the law and the evidence permit. “It rejected the seemingly endless string of legal arguments the administration offered in defense of its actions,” he said. Jonathan H. Adler, the Johan Verheij Memorial Professor of Law at Case Western Reserve University, added that the issues in *King* are much the same as those in *Halbig*. According to Adler, this is another case of “the federal government using taxes on private parties as a way of trying to get states to sing the government’s tune.” The Supreme Court has scheduled oral arguments in *King* for March 4.

Scott Pruitt, attorney general of Oklahoma, offered his perspective on *Pruitt v. Burwell*, in which a federal court ruled that the Obama administration is unlawfully subjecting more than 50 million individuals and

employers to illegal penalties. “While the president’s health law is vast and extraordinarily complex, it is in one respect very simple,” Pruitt said. Subsidies should be available, and taxes assessed, only in states that create their own health care exchange. The distinction is “critical,” he said, because at its core the law rests on these subsidies and the attached penalties. “This is a huge problem for the administration, which desperately needs to hand out tax credits and subsidies to the citizenry to quash the swelling backlash against the law,” Pruitt concluded.

The Cato Institute, for its part, has remained at the forefront of this battle since the beginning. “Cannon has spent the past three years testifying in countless statehouses, imploring legislators not to implement Obamacare. Now, he’s gotten the Supreme Court listening,” *Vox* wrote in a profile of him. “The lawsuit is a genuine existential threat,” they added—ultimately referring to Cannon as “the man who could bring down Obamacare.” ■

**EACH OF THE PRESENTATIONS FROM THE CONFERENCE CAN BE VIEWED ONLINE AT [WWW.CATO.ORG/EVENTS/ARCHIVES](http://WWW.CATO.ORG/EVENTS/ARCHIVES).**



**B**ack in 2005 FLEMMING ROSE, an editor at the Danish newspaper *Jyllands-Posten*, incited a worldwide firestorm by publishing cartoons of the prophet Muhammad. In November, as part of a speaking tour to promote his Cato book *The Tyranny of Silence*, Rose (left) joined JONATHAN RAUCH, a Brookings senior fellow and author of *Kindly Inquisitors*, for a one-on-one conversation. The two spoke about Rose's decision to run those cartoons, the aftermath, and the ultimate tension between respect for diversity and protection of free expression.



**F**ollowing the fall of the Berlin Wall on November 9, 1989, the pace of transition from communist dictatorships to democracies and market economies was uneven throughout the Soviet bloc. **LEFT:** At a Cato Institute Conference in October, (above) former Putin adviser ANDREI ILLARIONOV of Cato and (below) former president MIKHEIL SAAKASHVILI of the Republic of Georgia examined the preconditions for successful transformations. **RIGHT:** Many other experts—including (from left) OLEH HAVRYLYSHYN of George Washington University, PETER MURRELL of the University of Maryland, and KRASSEN STANCHEV of Bulgaria's Institute for Market Economics—came together to discuss the lessons learned 25 years later.





**E**xecutive Producer PATRICK SAMMON (right) sat down with Cato's WALTER OLSON to discuss his movie *Codebreaker*, which tells the story of Alan Turing's brilliant life and tragic death.

**OCTOBER 1:** Cato Policy Forum and Luncheon 2014 (Charlotte, NC)

**OCTOBER 1:** *Rethinking Housing Bubbles: The Role of Household and Bank Balance Sheets in Modeling Economic Cycles*

**OCTOBER 7:** War without Debate: The Constitution, Intervention, and the Strikes against ISIS

**OCTOBER 7:** *Codebreaker*

**OCTOBER 9:** *Bootleggers and Baptists: How Economic Forces and Moral Persuasion Interact to Shape Regulatory Politics*

**OCTOBER 14:** The End of Transit and the Beginning of the New Mobility: Policy Implications of Self-Driving Cars

**OCTOBER 15:** The Transition from Communism 25 Years after the Fall of the Berlin Wall: Lessons for Non-Free Societies

**OCTOBER 16:** Cato Policy Forum and Luncheon 2014 (Nashville, TN)

**OCTOBER 21:** Hope in the Face of Torture and Theft: Life of a White Farmer in Robert Mugabe's Zimbabwe

**OCTOBER 22:** *A Dangerous World? Threat Perception and U.S. National Security*

**OCTOBER 23:** Challenging the Status

# Cato Calendar

WATCH FOR UPCOMING EVENTS  
IN CITIES SUCH AS HOUSTON, DALLAS,  
ST. LOUIS, AND PALO ALTO.

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JANUARY 29, 2015

Speakers include John McWhorter, Michael Tanner, and Robert Woodson.

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NAPLES, FL • RITZ-CARLTON GOLF RESORT  
FEBRUARY 4, 2015

Speakers include Tucker Carlson and Gene Healy.

**27TH ANNUAL BENEFACITOR SUMMIT**  
NAPLES, FL • RITZ-CARLTON GOLF RESORT  
FEBRUARY 19–22, 2015

Speakers include Sen. Rand Paul and Charles Murray.

**CATO INSTITUTE POLICY PERSPECTIVES 2015**  
NEW YORK • WALDORF-ASTORIA • APRIL 10, 2015

**CATO UNIVERSITY**  
WASHINGTON • CATO INSTITUTE • JULY 26–31, 2015

**CATO CLUB 200 RETREAT**  
SEA ISLAND, GA • THE CLOISTER •  
SEPTEMBER 24–27, 2015

**28TH ANNUAL BENEFACITOR SUMMIT**  
LAS VEGAS • FOUR SEASONS HOTEL  
FEBRUARY 25–28, 2016

**CATO CLUB 200 RETREAT**  
PARK CITY, UT • MONTAGE DEER VALLEY  
SEPTEMBER 25–28, 2016

Quo: The Cato Institute's Center for Monetary and Financial Alternatives

**OCTOBER 23:** Cops on Camera: Tech Solutions to Police Militarization & Misconduct

**OCTOBER 28:** Ranking Economic Freedom around the World

**OCTOBER 29:** Peace, Love, & Liberty: The Path to Less War and More Peace

**OCTOBER 30:** *Pruitt, Halbig, King, & Indiana: Is Obamacare Once Again Headed to the Supreme Court?*

**OCTOBER 30:** Cato Institute Policy Perspectives 2014 (New York City)

**NOVEMBER 3:** Overruled: The Long War for Control of the U.S. Supreme Court

**NOVEMBER 5:** Election 2014: The State of Libertarian Ideas and Prospects for the Next Congress

**NOVEMBER 5:** Federal Policy, the Election, and the Changing Ivory Tower

**NOVEMBER 6:** 32nd Annual Monetary Conference

**NOVEMBER 13:** *The Tyranny of Silence*

**NOVEMBER 13:** Cato Policy Forum and Luncheon 2014 (Raleigh, NC)

**NOVEMBER 13:** Reddit AMA (Ask Me Anything): I Am Flemming Rose

**NOVEMBER 14:** Cato Policy Forum and Luncheon 2014 (Atlanta, GA)

**NOVEMBER 17:** *Financial Stability: Fraud, Confidence, and the Wealth of Nations*

**NOVEMBER 18:** *The Forgotten Depression: 1921: The Crash That Cured Itself*

**NOVEMBER 19:** If Everything Is Getting Better, Why Do We Remain So Pessimistic?

**NOVEMBER 20:** *Boom Towns: Restoring the Urban American Dream*

**NOVEMBER 21:** *The Moral Case for Fossil Fuels*

**NOVEMBER 21:** A Cato Connects Program: Executive Action on Immigration

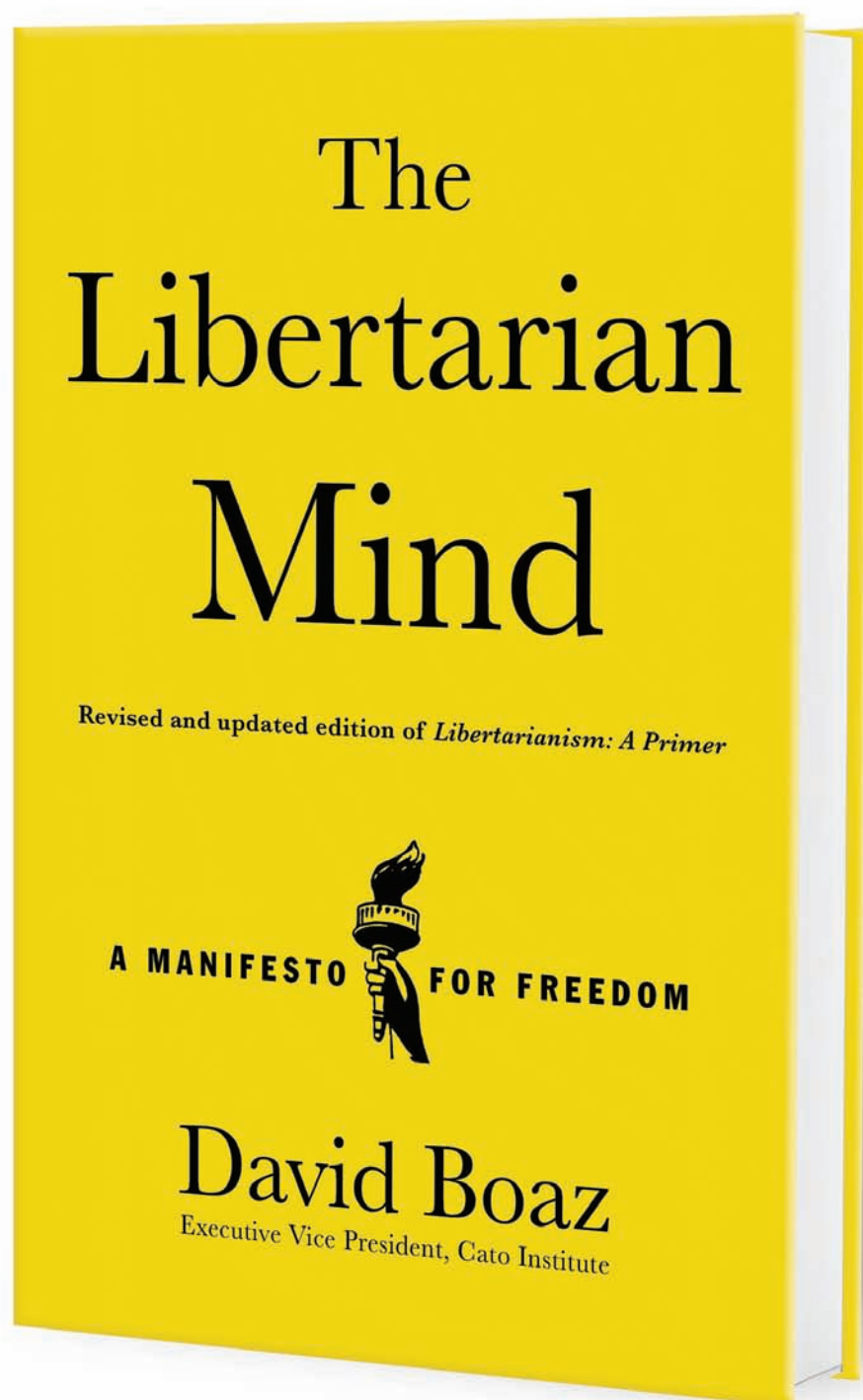
**NOVEMBER 21:** *National Security and Double Government*

**NOVEMBER 24:** Free Speech and Minority Rights: the *One, Inc. v. Olesen* Case

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*A new book on the history, ideas, and growth of libertarianism*

# A Manifesto for Freedom



In the latest Gallup Governance Survey, pollsters found that 25 percent of respondents fell into the libertarian quadrant, up from 17 percent in 2004. When asked if they would define themselves as “fiscally conservative and socially liberal, also known as libertarian,” fully 44 percent of respondents—100 million Americans—accepted the label. “Those voters are not locked into either party,” writes David Boaz, executive vice president of the Cato Institute, “and politicians trying to attract the elusive ‘swing vote’ should take a look at those who lean libertarian.”

In his new book *The Libertarian Mind: A Manifesto for Freedom* (Simon & Schuster: 2015), an accessible yet thorough update to his classic primer, Boaz takes an in-depth look at the philosophy itself, tracing libertarianism’s origins back to the roots of Western civilization and into the core of the American experiment. Detailing its central tenets, he offers keen insight into a movement that continues to grow stronger with each government overstep.

What is libertarianism? According to Boaz, it is simply the view that each person has the right to live their life in any way they choose, so long as they respect the equal rights of others. “Most people habitually believe in and live by that code of ethics,” he writes. “We don’t hit people, break down their doors, take their money by force, or imprison them if they live peacefully in ways that we don’t like.” What distinguishes libertarians is their consistent application of this principle and the recognition that it applies to governments as well as individuals. “When governments use force against people who have not violated the rights of others, then governments themselves become rights violators.”

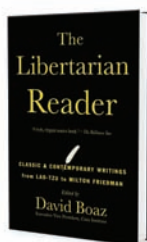


While the proper role of government is protecting the right to life, liberty, and the pursuit of happiness, the current libertarian surge is in large part a response to the political class's departure from these narrowly-circumscribed functions. "In the past few years politicians have given us many reasons to doubt the wisdom and efficacy of big, activist government," Boaz writes. "Endless wars. Economic collapse. Corporate bailouts. The highest government spending and national debt ever. An unimaginable level of spying on citizens." In the midst of this expanded concentration of power, Washington has become the source of a growing list of the country's problems, in turn inspiring a groundswell of discontent.

Boaz goes on to explore the history, ideas, and growth of libertarianism, illustrating both its solutions to contemporary policy dilemmas and its future in American politics. In the process, he chronicles the development of the movement's key concepts, from the dignity of the individual and the importance of property rights to its reliance on free markets and the rule of law.

In short, this compelling guide makes it clear that these principles have always been a fundamental part of the country's DNA. "The political awakening in America today is first and foremost the realization that libertarianism is not a relic of the past," Boaz writes. In fact, he adds, libertarianism is a framework for the future. "In American politics it is the leading edge—not a backlash, but a vanguard." ■

**VISIT [WWW.AMAZON.COM](http://WWW.AMAZON.COM) OR BOOKSTORES NATIONWIDE TO GET YOUR COPY OF *THE LIBERTARIAN MIND: A MANIFESTO FOR FREEDOM TODAY*.**



## ALSO AVAILABLE

The building blocks of libertarianism—a collection of works by some of the world's most fertile minds.

## EXCERPTS FROM THE LIBERTARIAN MIND



“Libertarianism is the philosophy of freedom. It’s the philosophy that has in different forms inspired people throughout history who fought for freedom, dignity, and individual rights—the early advocates of religious tolerance, the opponents of absolute monarchy, the American revolutionaries, the abolitionists, anti-war and anti-imperialist advocates, opponents of National Socialism and communism.”

“Libertarianism is the kind of individualism that is appropriate to a free society: treating adults as adults, letting them make their own decisions even when they make mistakes, trusting them to find the best solutions for their own lives.”

“Expansive government destroys more than institutions and charitable contributions; it also undermines the moral character necessary to both civil society and liberty under law.”

“The basic principles of self-ownership and the law of equal freedom have infinite implications. As many ways as the state can think of to regulate and expropriate people’s lives, that’s how many rights libertarians can identify.”

“Markets are based on consent. No business sends an invoice for a product you haven’t ordered, like an income tax form.”

“How many politicians, no matter how well intentioned, can avoid abusing the considerable power of today’s expansive governments?”

# The Best and Worst of America's Governors

**T**he recession of 2007–2009 knocked the wind out of state government budgets. Yet, as revenues have risen steadily in recent years, some governors have pursued reforms to reduce tax burdens on families and make their states more competitive. Other governors have used rising revenues to expand programs. In their biennial survey, “Fiscal Policy Report Card on America’s Governors 2014” (White Paper), Nicole Kaeding, a Cato budget analyst, and Chris Edwards, director of tax policy studies at the Institute, use statistical data to grade the governors on their taxing and spending records. “Reading the report card and other works by the institute may change some minds,” according to Forbes.com. “But more importantly, it broadens the debate over the role of fiscal policy in particular and government more generally.” Four

governors were awarded an “A” on this report card: Pat McCrory of North Carolina, Sam Brownback of Kansas, Paul LePage of Maine, and Mike Pence of Indiana. Eight governors were awarded an



JOHN HICKENLOOPER



PAT QUINN

“F”: Mark Dayton of Minnesota, John Kitzhaber of Oregon, Jack Markell of Delaware, Jay Inslee of Washington, Pat Quinn of Illinois, Deval Patrick of Massachusetts, John Hickenlooper of Colorado, and Jerry Brown of California. “With the economy currently growing, governors and legisla-

tures are having few problems balancing their budgets in the short run, but the states face major budget challenges down the road,” the authors write. At the same time, global economic competition is making it imperative that states improve their investment climates.

## IS PRESCHOOL EFFECTIVE?

Demands for universal preschool programs have now become commonplace, reinforced by President Obama’s call for “high-quality preschool for all” in 2013. Yet as David J. Armor, professor emeritus at George Mason University, points out in “The Evidence on Universal Preschool” (Policy Analysis no. 760), any program that could cost state and federal taxpayers \$50 billion per year warrants a closer look at the evidence on its effectiveness. This paper reviews the major evaluations of preschool

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programs, including both traditional programs such as Head Start and those considered high quality. As it turns out, these evaluations do not paint a generally positive picture. “The most methodologically rigorous evaluations find that the academic benefits of preschool programs are quite modest, and these gains fade after children enter elementary school,” Armor writes. This is the case for Head Start, Early Head Start, and also for the “high-quality” Tennessee preschool program. Two other high-quality programs have been evaluated using a rigorous experimental design, and have been shown to have significant academic and social benefits, including long-term benefits. These are the Abecedarian and Perry Preschool programs. However, the groups studied were very small, they came from single communities several decades ago, and both programs were far more intensive than the programs being contemplated today. Armor concludes, “Before policymakers consider huge expenditures to expand preschool, especially by making it universal, much more research is needed to demonstrate true effectiveness.”

## GOOD INTENTIONS, IMPOVERISHED RESULTS

Over the last half century, federal and state governments have spent more than \$19 trillion fighting poverty. But what have we really accomplished? In **“War on Poverty Turns 50: Are We Winning Yet?”** (Policy Analysis no. 761), Michael Tanner, a Cato senior fellow, and Charles Hughes, a research associate at the Institute, argue that, although far from conclusive, the evidence suggests that we have successfully reduced many of the deprivations of material poverty. However, these efforts were more successful among socioeconomically stable groups such as the elderly than low-income groups facing other social problems. “Moreover, other factors like the passage of the Civil Rights Act, the expansion of economic opportunities to African Americans and women, increased private charity, and general economic growth

may all have played a role in whatever poverty reduction occurred,” the authors write. Nevertheless, even if the War on Poverty achieved some initial success, the programs it spawned have long since reached a point of diminishing returns. In recent years we have



spent more and more money on more and more programs, while realizing few, if any, additional gains. We may have made the lives of the poor less uncomfortable, but we have failed to truly lift people out of poverty. This should serve as an object lesson for policymakers today. “Good intentions are not enough,” Tanner and Hughes conclude.

## WORK DISINCENTIVES

The Social Security Disability Insurance (SSDI) program faces imminent insolvency. Annual expenditures totaled \$143 billion in 2013, but program receipts amounted to \$111 billion—a shortfall that is projected to continue indefinitely. In **“SSDI Reform: Promoting Gainful Employment while Preserving Economic Security”** (Policy Analysis no. 762), Jagadeesh Gokhale, senior fellow at the Cato Institute, points out that, according to the Social Security Trustees, the program’s trust fund will be fully depleted in 2016, compelling either a large benefit cut or a large tax hike. Neither option will be politically popular. Regardless of the program’s insolvency, SSDI creates substantial work disincentives, causing many with medical impairments who could work to withdraw from the labor force and apply for SSDI. Gokhale advocates a change in the structure of SSDI’s benefit payments to those admitted to the program. Shifting benefits at the margin toward paying beneficiaries to work rather than to remain out of the work force would encourage beneficiaries with residual capacities to return to work. “That shift would serve as a backstop to reduce the

economic loss from wrongful allowances of applicants into SSDI,” Gokhale writes. “Such a switch in benefit design can be accomplished without compromising benefit eligibility for those who cannot work.” In this analysis, he explains how to implement such a change to SSDI’s benefit structure and the advantages that would accrue from it.

## DISTORTING TRADE

The use of antidumping measures to protect certain domestic industries may be the most widely abused trade policy instrument worldwide,” writes K. William Watson, trade policy analyst at the Cato Institute. In **“Will Nonmarket Economy Methodology Go Quietly into the Night? U.S. Antidumping Policy toward China after 2016”** (Policy Analysis no. 763), Watson argues that U.S. authorities reserve their most punitive and abusive practices for goods from China. In those cases, the United States sets antidumping duties using what is called non-market economy (NME) methodology. The practice gives license to the U.S. Department of Commerce to ignore Chinese producers’ cost and price data and to turn, instead, to estimates for those data that are punitive and unrealistic. Current WTO rules permit the United States to maintain this discriminatory approach, but that condition will expire in December 2016. Absent a major change in the mindset of U.S. trade officials with respect to Chinese treatment in antidumping proceedings, it is unlikely that the United States will bring its policy into compliance. Watson presents some of the alternative scenarios that might unfold as the expiration date approaches. “The policy that would best serve a strong U.S. trade agenda and the American public is to end NME treatment of China by no later than December 2016,” he concludes. Nondiscriminatory treatment of Chinese imports would bring U.S. trade policy into compliance with WTO rules while reducing the distorting effect of antidumping measures on the U.S. economy. ■

## CATO POLICY REPORT

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# “To Be Governed...”

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## SOUNDS LIKE A PRETTY GOOD CURRICULUM

The [Chinese] Communist Party last year identified seven forbidden topics for schools on the mainland: democracy, universal values, civil society, free markets, free press, criticism of the Communist Party (“historical nihilism”) and questioning of the current regime.

—GORDON CROVITZ IN THE *WALL STREET JOURNAL*, 10/06/2014

## JOB CORPS CREATES JOBS

Job Corps employees in Miami spent nearly \$100,000 on personal expenses, including trips to hair salons, clothing stores and cell-phone service providers. The Department of Labor inspector general said in a report this year that 98 of the program’s 125 centers nationwide had misused government debit cards, and none of them monitored card activity.

—WASHINGTON POST, 10/15/2014

## THE NEW NORMAL

The U.S. government’s budget deficit narrowed in its 2014 fiscal year to its lowest level in six years, as an improving economy boosted tax revenues.

The annual deficit for fiscal year 2014 fell 29% to \$483.35 billion, the Treasury Department said Wednesday. . .the lowest deficit since 2008. . .

“This is not only a reduction of the deficit, it’s also a return to fiscal normalcy,” said White House budget director Shaun Donovan.

—WALL STREET JOURNAL, 10/15/2014

## RUNNING SHORT OF SUBSIDY MONEY

During a trade mission to Asia that concludes Wednesday, Gov. Terry McAuliffe

(D) has touted many of the assets that he says make Virginia a no-brainer for business: its tax base, location, regulatory environment, international airport and port.

But he is at risk of running out of another resource to lure employers to the state: cash.

In less than a year, the McAuliffe administration has committed and offered more than \$68 million in state incentive grants. And it’s unclear whether the General Assembly will go along with replenishing it.

—WASHINGTON POST, 10/29/2014

## NOT REALLY

Megan J. Brennan . . . is on deck to become the nation’s first woman postmaster general. She faces a tough challenge: transforming the Postal Service to meet the biggest financial challenges in its history, as Americans send fewer and fewer letters. . . “We’ve got to compete for business every day, and clearly we have to develop products and services that consumers want,” Ms. Brennan says.

—WALL STREET JOURNAL, 11/24/2014

## YOUR TAX DOLLARS AT WORK

The World Trade Center Transportation Hub . . . cannot escape another, more ignominious distinction as one of the most expensive and most delayed train stations ever built.

The price tag is approaching \$4 billion, almost twice the estimate when plans were unveiled in 2004. Administrative costs alone—construction management, supervision, inspection, monitoring and documentation, among other items—exceed \$655 million.

Even the Port Authority of New York and New Jersey, which is developing and building the hub, conceded that it would

have made other choices had it known 10 years ago what it knows now.

“We would not today prioritize spending \$3.7 billion on the transit hub over other significant infrastructure needs,” Patrick J. Foye, the authority’s executive director, said in October. . .

The soaring price tag has also been fueled by the demands of powerful politicians whose priorities outweighed worries about the bottom line, as well as the Port Authority’s questionable management and oversight of private contractors.

—NEW YORK TIMES, 12/03/2014

## IF ONLY THIS GUY HAD BECOME PRESIDENT

I taught constitutional law for 10 years. I take the Constitution very seriously. The biggest problems we’re facing right now have to do with George Bush trying to bring more and more power into the executive branch and not go through Congress at all. And that’s what I intend to reverse when I’m president of the United States of America.

—BARACK OBAMA, LANCASTER, PA, 03/31/2008

## SURPRISE: GOVERNMENT TARGETS BUSINESSES, THEY FIGHT BACK WITH LOBBYISTS

A robust industry of lobbyists and lawyers has blossomed as attorneys general have joined to conduct multistate investigations and pushed into areas as diverse as securities fraud and Internet crimes. . .

The increased focus on state attorneys general by corporate interests has a simple explanation: to guard against legal exposure, potentially in the billions of dollars, for corporations that become targets of the state investigations.

—NEW YORK TIMES, 10/29/2014