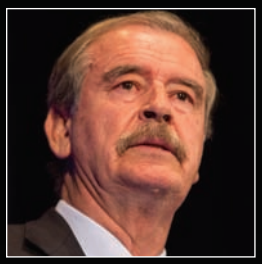


**VICENTE FOX**
On liberty, trade, and democracy
**PAGE 8**

**ADAM SMITH**
Program airing on public TV
**PAGE 3**

**PENN JILLETTE**
New Cato audiobook released
**PAGE 17**

# Cato Policy Report

JULY/AUGUST 2016

VOL. XXXVIII NO. 4

## THE MILTON FRIEDMAN PRIZE FOR ADVANCING LIBERTY

FLEMMING ROSE, Danish editor and author of *The Tyranny of Silence*, receives the 2016 Milton Friedman Prize for Advancing Liberty. **PAGE 4**

BY DAVID BOAZ

EDITORIAL

# Individualism, Community, and Coercion

> "The real conflict is between voluntary and coercive actions."

Do libertarians exalt individualism over community values? And is there really a conflict between the two?

The real conflict is between voluntary and coercive actions, and that may be what the critics really mean.

In the *Washington Post* in June, E. J. Dionne Jr. wrote that Hillary Clinton's "communal side (she wrote a book, after all, called 'It Takes a Village') runs through all her policy proposals, the values she lifts up ('all of us together' in 2008, 'stronger together' now) and her attitude toward her friends."

Clinton may well be a wonderful friend. But her policy proposals and values are not so much communal ("shared by all members of a community") as coercive. From education to manufacturing to substance addiction, her voluminous policy proposals involve taxes, spending, bans, and mandates. That's not "all of us together," that's "those with political power gang up on those without." Indeed, you can pretty well count on it: if it's coercive, it's not actually a value common to all.

And that's what claims about "cooperation," "community," and "society" usually come down to. Individualism is disparaged as selfish, even "atomistic," and opposed to community. Individualists are accused of forgetting the social context of modern life—"you didn't build that," President Obama said, along with "imagine if everybody had their own fire service. That would be a hard way to organize fighting fires." No kidding. That's why no individualist advocates that. No one thinks a single person could "build the roads and networks and research labs that will bring new jobs." It takes many people, working together. But in most cases it takes *businesses, coordinated by prices and markets*, to meet our needs and generate progress (and in some cases charities, clubs, and other nonprofit associations). We are fed, clothed, sheltered, informed, and entertained by individuals, working together with other individuals, mostly in corporations, with their activities coordinated by the market process. Obama offers a stark vision of a world in which lone individuals have no way to cooperate with others except through the state.

Individuals benefit greatly from their interactions with other individuals, a point usually summed up by traditional philosophers as "cooperation" and by modern texts in sociology and management as "synergy." Life would indeed be nasty, brutish, and short if it were solitary. But it isn't.

Libertarians agree with George Soros that "cooperation is as much a part of the system as competition." In fact, we consider cooperation so essential to human flourishing that we don't just want to talk about it; we want to create social institutions that make it possible. That's what property rights, limited government, and the rule of law are all about.

F. A. Hayek argued that we sometimes confuse the rules appropriate for a family or small group and those that make possible life in an extended society. As Don Boudreaux wrote in *The Essential Hayek*, "the close personal connections, the on-going face-to-face communications, and the mutual affections that bind together members of families and other small groups give each member of these small groups such deep knowledge of the other members" that they can deal with one another personally.

In contrast, in the larger society, where we interact with strangers and even with people we will never meet, we need general rules to allow us to live together peacefully. Kindergarten rules like "don't hit other people, don't take their stuff, and keep your promises." More formally known as rights of property and contract. Within that simple framework we can create, innovate, trade, and build. And every tax, mandate, and prohibition interferes with our ability to cooperate with others to construct our own lives as we—not our rulers—see fit. That's the problem with appeals to community and communal values that turn out in practice to mean coercive policies and in the end a political battle to impose our own agendas on others and take other people's resources for our own use. The end point of that process is Venezuela.

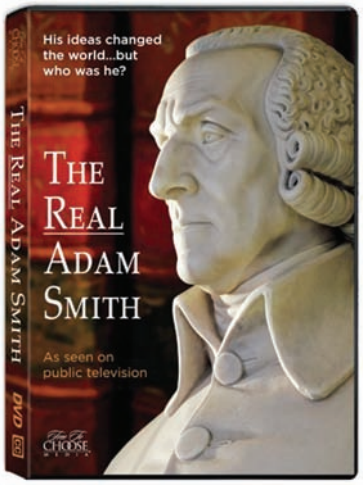
Fortunately our Constitution and the good sense of the American people have kept us from reaching such a point. So far.

*Documentary airs on public TV*

# The Real Adam Smith

Adam Smith's ideas about morality and the market changed the world—but what do we really know about the man considered by many to be the "father of economics"? What was his life like, and how did it influence his writings? What did he really think about morality and self-interest? And whatever he did think—is it still relevant today?

In *The Real Adam Smith*, a new documentary from Free to Choose Media, Cato senior fellow Johan Norberg takes viewers on a worldwide journey exploring Smith, his life, his writings, his influence, and how his ideas apply to our world today. He travels to Smith's birthplace, the small Scottish town of Kirkcaldy, to learn how Smith got his start in academics. He visits Paris, where Smith would have discussed the ideas of the Scottish Enlightenment with other academics in Parisian salons, and the University of Glasgow's Roman artifacts collection, where Smith spent many happy hours as a professor tending to the ancient relics. To see firsthand the power of the division of labor, which Smith praises in *The Wealth of Nations*, Norberg travels to Toulouse, France, to watch the assembly of a new Airbus A380. He interviews scholars of Smith, as well as the leaders of modern companies like Whole Foods and eBay, who owe their success to the flourishing of Smith's ideas.




Norberg wonders at the fact that Smith somehow anticipated and imagined the great wealth and prosperity a free market could produce, despite living centuries ago—long before the global trade and mass production abilities we have today. "Perhaps more than any other person, Adam Smith's ideas have led directly to the first real, broad-based advancements in mankind's quality of life in thousands of years," says Norberg. "He was a proponent of free markets and morality. His writings and ideas have spread around the globe—and in spite of the progress we have yet to make, his ideas truly changed our world." ■

***THE REAL ADAM SMITH* IS AVAILABLE FOR PURCHASE ON AMAZON.COM, OR TO STREAM FREE ONLINE AT THEREALADAMSMITHFILM.COM. IT IS ALSO PLAYING ON SELECT LOCAL TV STATIONS NATIONWIDE—CHECK LOCAL LISTINGS OR THE DOCUMENTARY WEBSITE FOR TIMES.**

# Cato News Notes

## O'DRISCOLL TO HEAD APEE

Gerald O'Driscoll, a senior fellow at the Cato Institute, has been named president this year of the Association of Private Enterprise Education (APEE), an association of teachers and scholars dedicated to furthering individual liberty. O'Driscoll, who studies international monetary and financial issues, was also the recipient of APEE's 2015 Distinguished Scholar Award.

## ASHFORD JOINS CATO

Emma Ashford has joined the Cato Institute as a research fellow, focusing on the politics and foreign policies of petrostates, particularly in Russia and the Middle East. Ashford previously worked with Cato as a visiting fellow, where she came to be frequently consulted by national media as an expert on international security issues. Her work has been published in *Foreign Affairs*, the *New York Times*, the *Los Angeles Times, Foreign Policy,* and *National Interest*, among others. She holds a PhD in foreign affairs from the University of Virginia, and an MA from American University's School of International Service.

## EKINS SELECTED FOR PLURIBUS PROJECT

Emily Ekins's research on persuasion was selected from over 120 projects to be part of the Pluribus Project, a special initiative with the Aspen Institute. She will research whether framing a fact-based op-ed using language that demonstrates a shared moral concern with the expected audience is more effective than the same op-ed without that frame.

## NOWRASTEH ADDRESSES GMU GRADS

On May 13 Cato immigration policy analyst Alex Nowrasteh delivered the convocation speech for his alma mater, the George Mason University College of Humanities and Social Sciences. Nowrasteh stressed the importance of maintaining intellectual diversity in the classroom, rather than succumbing to a "bland, boring, uninspired intellectual monoculture" as too many universities have today. Citing the adage that "everybody wants to save the earth; nobody wants to help mom do the dishes," he advised students not to forget, in their youthful enthusiasm for abstract and lofty goals, to also attend to the small practical acts of goodness that make the world better.

# THE MILTON FRIEDMAN PRIZE FOR ADVANCING LIBERTY

Flemming Rose, a Danish journalist, decided in 2005 to commission cartoons of the prophet Muhammad for his newspaper, *Jyllands-Posten*. His intention was not anti-Islamic or discriminatory—as he would later explain, he wanted to treat Muslims "as equals" by satirizing them just as his paper would frequently satirize any other religion or group. "And by treating Muslims in Denmark as equals they made a point: We are integrating you into the Danish tradition of satire because you are part of our society, not strangers," he said. The target of his cartoons was not Islam at large—as he wrote, "I commissioned the cartoons in response to several incidents of self-censorship in Europe caused by widening fears and feelings of intimidation in dealing with issues related to Islam." Yet despite his intentions, the publication of these cartoons sparked an international uprising of violent protests now known as the "Cartoon Crisis." Since then, Rose has faced harassment and death threats for his continued defenses of free speech—to the point that he must now be escorted by an armed guard for his safety. Rose has remained undaunted, refusing to back down and apologize for publishing the cartoons.

> “We know from history that if we submit to terror and threats, what we do not get is less terror and fewer threats.”
>
> —FLEMMING ROSE

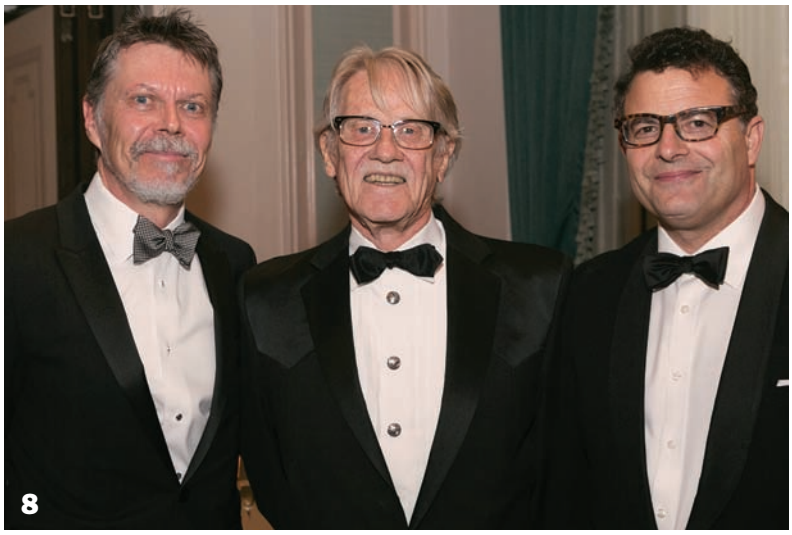
"We know from history that if we submit to terror and threats, what we do not get is less terror and fewer threats," Rose wrote in his Cato book *The Tyranny of Silence*. "What we get is more terror and more threats."

On May 25 the Cato Institute honored Rose's bravery by presenting him with the 2016 Milton Friedman Prize for Advancing Liberty at the Institute's biennial Friedman Prize dinner. Over 600 people attended the dinner, packing the ballroom of New York City's Waldorf-Astoria. Nadine Strossen, a nationally renowned lawyer who served as president of the American Civil Liberties Union from 1991 to 2008, presented Rose with the prize, which comes with a cash award of $250,000. "Flemming Rose embodies the courage that is the cornerstone of our liberties," she said. While other journalists and intellectuals are increasingly stifling controversial speech, said Strossen, "In contrast, Flemming Rose's outspoken advocacy is promoting not only individual liberty, but also equality and safety, the very concerns that are cited by those who practice and defend self-censorship."

In his acceptance speech Rose critiqued popular utilitarian defenses of free speech, arguing instead that free speech is valuable not because of what it accomplishes, but because of what it is—a fundamental human right rooted in human dignity. "Freedom of speech is a good in and of itself," he said. "It has intrinsic value." While some, for example, defend free speech on the grounds that

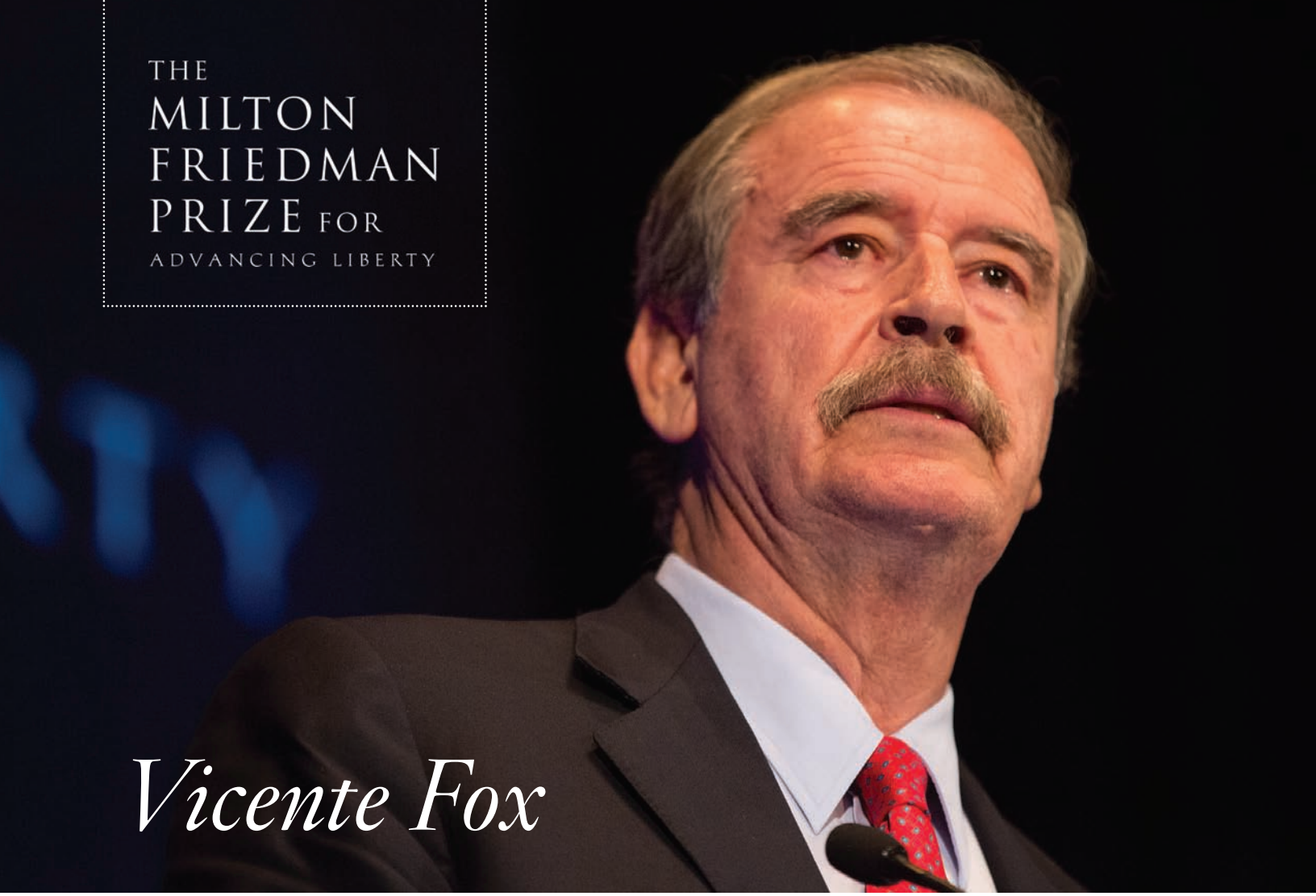
a "free market in ideas" produces the best outcomes for truth-seeking, Rose countered that these arguments are ultimately insufficient in the face of governments eager to censor speech. "Personally, I find truth-seeking an admirable and important goal, but many would beg to disagree," he said. "A government might decide that it is less important than equality, or multiculturalism, which European hate speech law asserts."

Vicente Fox, the former president of Mexico, delivered the keynote address, in which he urged Americans to uphold their legacy as the "land of the free, the land of equal opportunities to all," and to build "bridges instead of walls." ("And by the way," he added, "bridges we will gladly pay for.") Fox, a former businessman who broke over 70 years of single-party rule in Mexico with his historic election in 2000 and who has since become a fierce critic of the War on Drugs, warned that, "The United States, the champion of freedom, the champion of free markets, the champion of trading, cannot abandon its responsibilities." ■



**1.** Cato Institute president Peter Goettler. **2.** Sally and Jay Lapeyre with Kathryn Washburn. **3.** David Hardy, CEO of Boys' Latin of Philadelphia Charter School, and his wife Zina Hardy, with Arthur Dantchik. **4.** Mary Anastasia O'Grady of the *Wall Street Journal* introduced Vicente Fox. **5.** Peter Flinch, Flemming Rose, and Cato's John Samples. **6.** Sandra Smith of Fox News with John Mackey. **7.** Cato's Karl Meisenbach with Lawson Bader of DonorsTrust and John Kunze. **8.** Don Boudreaux of George Mason University, Nobel laureate Vernon Smith, and Cato's George Selgin. **9.** Atlas Society president Jennifer Grossman with Valerie Brackett and Candace Bridgewater.

THE MILTON FRIEDMAN PRIZE FOR ADVANCING LIBERTY



# *Vicente Fox*

Muchas gracias, buenas noches, good night. Bon appétit. And let me start by recognizing the Pedros, Robertos, and others who are here waiting on our tables. Many of them, like those back there in the kitchen, will become successful entrepreneurs. This city really would collapse without their contribution. So to them, my respect, my appreciation, my love. They are my heroes.

Same as my grandfather, Joe Fox, born in Cincinnati, Ohio, who migrated to Mexico in 1895 looking for his American dream. So migration is a two-way street. Fortunately he didn't find any walls. To them, to my paisanos, who have been offended, I tell them, like Santa Teresa, todo pasa. All things pass. Let nothing perturb you, nothing frighten you. God does not change. Patience achieves everything.

If our ass is kicked out of here, by our old friend and partner, don't worry. We will look for other friends and partners. We are a great nation. Freedom is the queen of all values. Even over the rule of law. God created all men free, and equal. So free that we can offend Him, we can go against Him, and He respects our freedom. Freedom, in the mind of the Founding Fathers, was also the land of the free, the land of equal opportunities to all. Freedom was their main dream. That's what Cato is doing—extremely marvelous contributions worldwide to places where freedom is not respected. Freedom, according to Milton Friedman, freedom of trade, not wars. The freedom of the market economy. What a contrast with what is being proposed to this nation. Building walls is not for freedom. It comes from fear and isolation.

We should be building bridges instead of walls. And by the way, bridges we will gladly pay for.

Giving the red button of the atomic bomb to a short-fused person is dangerous. This can kill. This can assassinate freedom and democracy.

The United States, the champion of freedom, the champion of free markets, the champion of trading, cannot abandon its responsibilities. The space will immediately be taken by others. That is what they are willing to let happen if this nation isolates itself behind walls. Compassionate, intelligent leaders are building the world we will see in the next 10 years. And this is the task. This is what leaders are for. This is compassion,

commitment, and passion—sharing this great love with eight billion people. It's a gift from God to all of us. Nobody can own it. Not even by building walls or borders.

It's no joke. The presidential chair of the United States must be occupied by that kind of leadership. Compassion, firmness, and leadership, like we saw with Presidents Washington, Jefferson, Lincoln, Roosevelt, Kennedy, Reagan—descendants of immigrants, all of them. Migrants, their families. And together with migrants, with your families, with your migrant heritage, this great nation was built to lead the world and to keep it in peace and harmony and to work shoulder to shoulder with everybody else. This is a great nation. It already is. This is a successful economy. It already is. And this nation has taken out of poverty millions and millions and millions of families by investing, by creating jobs, by trading, by bringing in ideas, management, technology. This is the United States we know. This is the United States we love. This is the United States we want to stay partners with.

> "We should be building bridges instead of walls."

Let me then say that the United States is not only great, but we have a great future together. We do have a common challenge from the east. They are growing pretty fast based in part on human talent, technology, and education. And it's forecasted by some that the shift will happen from the West to the East. We must ask ourselves: That new leadership, if it happens, will operate under what values? Under what beliefs? And what kind of leadership would they exercise?

We must address ourselves to these questions, which can be solved today. North America is the largest economic region in the world. We are three partners, and the three of us contribute. Mexico is not the little guy in the backyard. We buy from this nation close to a billion U.S. dollars a day. This means over ten million jobs for U.S. citizens. Trading is a win-win situation. Isolating is a lose-lose situation.

We must make sure that NAFTA does more for our three economies. We need General Motors to be competitive, we need the Ford Motor Company, the Chryslers, the Googles, the Microsofts, we need them competitive. And the three nations have created this North American Free Trade Agreement. And they have survived thanks to nourishing themselves with the competitiveness of each of the three national economies. It would be pretty difficult to be on your own.

So, the firm values of liberty, freedom, and democracy are shared today throughout the world. We do have our exceptions, and all those exceptions have failed. As Venezuela is failing today. Venezuela will kick out Presidente Maduro, because he has destroyed the economy, he has destroyed liberty and democracy in that nation. Those young kids, like Leopoldo Lopez and others, will accomplish what they are working for. And they will do it because of their belief in democracy.

Latin America is ready to keep building a future. Latin America is working together with this great, leading nation, and we, in this 21st century, will show that the lack of democracy and freedom in the 20th century—that the Latin American nations in the hands of dictators, in the hands of messianic leaders like the Evitas and the Peróns, like the Kirchners—proved to us that that's not the way to go.

Fortunately we got rid of the dictators, and today we lead by democracy. And we will stay there, but we need to build together that world in harmony, that world in peace. That world that only in those circumstances can have every citizen do their very best. It's only in freedom, it's only in democracy, where we perform at our very best.

And finally, a word about the future. Mexico today is the strongest manufacturing cluster in the world, larger than all the rest of Latin America together. We have a very strong economy. We are moving toward a knowledge economy. We want to stay being that solid partner, that solid friend, of this great nation. This is our future. This is what we stand by, and this is what we believe.

So, be very wise, America, wake up. We in Latin America have experience on the bad side of the 20th century. So we have the capacity to see the genius of those candidates. We have the capacity to see when somebody is talking soft but has authoritarian genius inside. Believe me that I am not just here looking for recognition. I am here because I am highly worried that if what has been proposed happens, things will get very tough. You do what is in your hands to correct, to improve. It's not good to go against Wall Street. It's the best, the very best mechanism that the free-market economy has developed to share profits, to allocate resources. Sixty million families are shareholders in this nation. You cannot just destroy their futures in trying to build your own candidacy.

Please, I hope God illuminates this nation because we are very, very, very worried outside. And thank you for inviting me to this great dinner. Thanks to Cato and all the people it has worked with to extend freedom and democracy throughout the world. Let's keep building and not destroying. Gracias. ■

THE MILTON FRIEDMAN PRIZE FOR ADVANCING LIBERTY

# *Nadine Strossen*

I am honored to present the Friedman Prize for Advancing Liberty to someone who has been my hero ever since he burst upon the worldwide scene in 2005 with a bold challenge to the growing self-censorship in Denmark and Europe and who has also continued to challenge the increasing self-censorship everywhere, including right here in the United States.

Too many politicians, journalists, and others refrain from candidly criticizing even the most discriminatory, repressive, and violent actions that too many Muslims carry out in the name of Islam, fearing charges of "Islamophobia." In contrast, Flemming Rose continues to speak out, not only despite such false charges, but even more bravely, despite being subject to credible death threats—the same threats that have already been carried out through brutal murders of others who also have refused to stop analyzing, questioning, criticizing, and satirizing.

Flemming Rose embodies the courage that is the cornerstone of our liberties, as eloquently described by another of my First Amendment heroes, Supreme Court Justice Louis Brandeis. As Brandeis declared, "Those who won our independence in a revolution were not cowards . . . [They] believed liberty to be the secret of happiness and courage to be the secret of liberty." To quote the concluding phrase of our National Anthem, we cannot remain "the land of the free" unless we remain "the home of the brave."

To be sure, it is certainly legitimate to shield oneself, as well as one's employees and others, from credible threats of violence. However, in too many cases the reason for not saying something about the critically important topic of Islam and political Islamism is not fear of physical harm, but rather fear of offending some people's feelings. And yes, we should avoid hurting feelings, but not at the cost of stifling discussion on matters of public concern.

Let me quote a recent Supreme Court case. You'll be happy to learn that eight of the nine Supreme Court justices agreed with that principle. They upheld the right to engage in deeply offensive speech which insulted many groups and individuals, including Catholics and the Pope. As the Court declared, "Speech is powerful. It can stir people to action, move them to tears of both joy and sorrow, and—as it did here—inflict great pain. But [our nation has] chosen to protect even

hurtful speech on public issues to ensure that we do not stifle public debate."

Flemming Rose has continued to defend free speech despite reasonable fear for his very life, but we have seen all too many counterexamples: Self-censorship of even the most germane and important expression about Islam/Islamism and current controversies, even by institutions that should be leaders in standing up for free speech, such as Yale University Press and the *New York Times*. Yale Press cut from a book about the Danish cartoon controversy not only those cartoons themselves, but also all other images of Muhammad, including the Gustave Doré image in *Dante's Inferno*. And the *New York Times* did not publish *Charlie Hebdo*'s first post-massacre cover, featuring an image of Muhammad holding a "Je suis Charlie" sign and shedding a tear. These kinds of incidents perpetuate "the tyranny of silence," to quote the title of Flemming Rose's inspiring book published by the Cato Institute.

> "Flemming Rose embodies the courage that is the cornerstone of our liberties."

In contrast, Flemming Rose's outspoken advocacy is promoting not only individual liberty, but also equality and safety, the very concerns that are cited by those who practice and defend self-censorship. But self-censorship actually *undermines* those goals. Equality is undermined by paternalistically presuming that all or most Muslims share certain attitudes and must be shielded from candid or controversial speech about Islam. And let us not forget who are the foremost victims of the violence and oppression that some Muslims carry out in the name of Islam—namely, other Muslims. Moreover, self-censorship by non-Muslims hardly helps the many Muslims who welcome discussion and reform of their faith.

Likewise when it comes to safety, for that goal as well, succumbing to censorial pressure does more harm than good. Let me quote Salman Rushdie, another courageous free speech champion. "How to defeat terrorism?" he asks. "Don't be terrorized. Don't let fear rule your life." And that point was also made by Bruce Schneier, who has been dubbed "one of the world's foremost security experts." As he put it, "The surest defense against terrorism is to refuse to be terrorized."

Of course, that's easier said than done, especially when you have a price on your head. Tonight we honor a rare individual who actually has lived up to this challenge, who has dedicated his life to freedom, not fear: Flemming Rose. ■

Over 600 people attended Cato's biennial Milton Friedman Prize dinner on May 25, packing the ballroom of New York City's Waldorf-Astoria. Cato executive vice president David Boaz (left) talks with Emilio Pacheco, president of Liberty Fund.

THE MILTON FRIEDMAN PRIZE FOR ADVANCING LIBERTY

# *Flemming Rose*

What an honor to receive an award that is named after Milton Friedman. Friedman's classic books *Capitalism and Freedom* and *Free to Choose* helped me understand the connection between free markets and free societies, an insight that was crucial in grasping the nature of Communist dictatorships that I covered for many years as a journalist.

I want to thank the award committee, friends, colleagues, and allies around the world who have supported me in defending freedom of expression. Some of them are here tonight. Some of them couldn't be here. One of them is my friend and free speech ally, Christopher Hitchens, who didn't live to be able to share this happy moment with me.

Most of all though I want to thank my family. Without the moral and intellectual support and love from the individuals who mean the most to me, the debates and controversies of the past 10 years would have been far more difficult to endure.

To receive the Milton Friedman Prize is also a great honor because it is associated with the names of its former recipients—all great champions of liberty.

I want to ponder a question: What is the best possible and most sustainable defense of free speech across cultures and history? More specifically in this context, I want to challenge what is probably the most popular metaphor used to defend free speech in the United States: the marketplace of ideas.

It was introduced by the legendary Supreme Court Justice Oliver Wendell Holmes in the fall of 1919 in a historic dissent, in which Holmes broke with his previous decisions defending severe limitations on opinions and speech, even with the help of the clear-and-present-danger test that later paved the way for the best protection of speech anywhere in the world based on the Supreme Court's interpretations of the First Amendment throughout the 20th century, though it shouldn't blind us to the fact that cultural and social pressure has become a threat to free speech in America.

Holmes said, "The ultimate good desired is better reached by free trade in ideas—the best test of truth is the power of the thought to get itself accepted in the competition of the market, and that truth is the only ground upon which their wishes safely can be carried out."

The same argument for free speech was used by Milton Friedman.

The marketplace metaphor understands free speech as a mechanism to achieve a goal. It renders our defense of free speech problematic when the goal—in Holmes' case truth-seeking—itself is challenged.

The comparison between an ideas marketplace and a real marketplace suggests that the markets for ideas should be highly restricted, as Chris Berg has pointed out in his excellent book about free speech. After all, actually existing markets are rife with government interventions, restraints, regulations and taxes.

The marketplace metaphor implies far more exclusions from the domain of legitimate speech than perhaps even Holmes intended.

And what about the argument from truth? Personally, I find truth-seeking an admirable and important goal, but many would beg to disagree. A government might decide that it is less important than equality, or multiculturalism, which European hate speech law asserts. People can be convicted of hate speech, even if they can prove that they are speaking the truth. If the only justification for free speech is that it helps society obtain the truth, then society may decide that it does not want to prioritize discovery of the truth.

> "Freedom of speech is a good in and of itself."

Most people are not truth seekers. They are affected by biases. And they do not necessarily want to find truth—participation in public debate is rarely about open-minded pursuit of truth. Most people consume information according to their pre-existing preferences, rather than information that challenges them.

I think that we need to defend and value free speech, not so much because of what it achieves, but rather for what it is.

Free speech is a right, it's a matter of individual agency, an element of individual autonomy that precedes government and the political and social order of society. It's about who we are as human beings. Speech is not just one among many human attributes. It is a defining attribute of the human. With the freedom to speak, an individual is free. Without that freedom, an individual is not free.

Of course, the freedom to say something doesn't imply that it is always wise or prudent to do so. The problem is who is to decide what speech is responsible and what speech is irresponsible? Things that sound irresponsible today may become responsible tomorrow and vice versa. The people who accuse other people of irresponsible or reckless speech quite often use this as a weapon to silence people and speech that they disagree with.

Prudence would have counseled Lincoln to be polite about slaveholders, but instead he suggested they were racists and rapists. Lincoln stood for the proposition that the free are not free to choose unfreedom. He rooted this in an argument about what the Founders really meant about equality.

We easily get into trouble if our defense of free speech is premised on whether it contributes to truth-seeking or not, or whether it serves democracy or not, whether it is blasphemous or not, whether it offends or not, whether it undermines the war effort or not or, whether it is a threat to the common good or not—all these arguments are used every day to silence people all around the world.

They are all instrumental or utilitarian arguments. They claim that we need free speech to achieve something else that is more important than free speech. If our speech contradicts these goals of higher values—democracy, theocracy, communism, dignity understood as the right not to be offended, the historical truth, religious sensibilities, the need to eradicate hate and so on and so forth—then it is perfectly all right to criminalize that kind of speech.

This is the fundamental nature of the "I am in favor of free speech, but . . ." position.

Thus we need a non-instrumental or non-utilitarian argument for free speech. Freedom of speech is a good in and of itself. It has intrinsic value.

Viewing free speech as an individual right rather than a mechanism to achieve a goal will lead to the conclusion that there are too many restraints on this liberty, while the "I am in favor of free speech, but . . ." point of view always will be able to justify further limitations on speech.

The argument from autonomy means that human beings are morally self-governing individuals who are able to make up their mind about the speech of other people and decide how to respond. No politician or public opinion should have the power through criminalization and bans to hide opinions and speech from us, implying that we are not able to handle it in a reasonable and responsible way. It takes away our dignity because it is based on the assumption that we cannot be trusted to listen to certain kinds of speech. As Lincoln assumed in another context, free men should not be free to choose unfreedom for others. This is where the arguments from autonomy and dignity are grounded and where they come together in a sustainable and enduring defense of free speech. ■

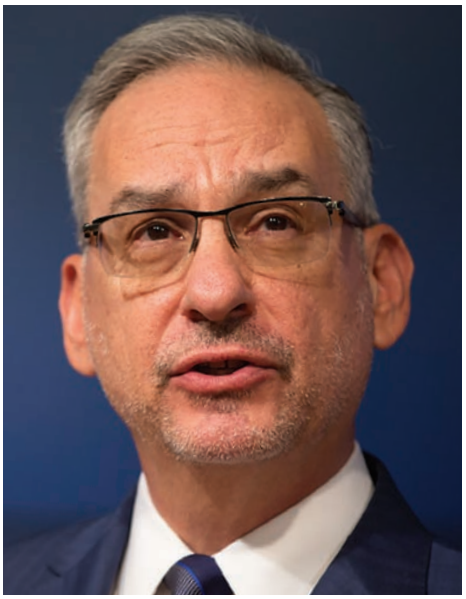
At a Capitol Hill Briefing, Rep. JEB HENSARLING (R-TX) (left) and Cato vice president GENE HEALY discussed the alarming growth of executive power. "Instead of having a limited federal government, operating from clearly defined, enumerated powers, we now have a leviathan," said Hensarling.

Cato economists (from left) DAN MITCHELL, JIM DORN, and DAN IKENSON joined visiting authors GEORGE GILDER, STEVE FORBES, and MARK SKOUSEN at a roundtable discussion before a Policy Forum on what really drives the economy.

Cato visiting fellow XIA YELIANG spoke with the press following an event on the history of Mao Zedong's bloody Cultural Revolution, which killed as many as one in 50 people.

ILYA SHAPIRO, editor of the *Cato Supreme Court Review* and now also a CBS legal consultant, discusses a Supreme Court opinion with CBS chief legal correspondent JAN CRAWFORD in front of the Court.

Cato senior fellow JOHN MUELLER moderated an event investigating to what extent the Islamic State, or ISIS, is economically sustainable, given their low revenue and the poorly regulated nature of their "government."



Georgetown professor and Cato senior fellow RANDY BARNETT discussed his new book, *Our Republican Constitution: Securing the Liberty and Sovereignty of We the People*, in which he traces common disagreements over the Constitution to differing definitions of who "we the people" are.

# Cato Calendar

**IMMIGRATION ECONOMICS**
**WASHINGTON • CATO INSTITUTE**
**SEPTEMBER 2, 2016**
Speakers include Giovanni Peri, Douglas Massey, Benjamin Powell, and Margaret Blume-Kohout.

**CONSTITUTION DAY CONFERENCE**
**WASHINGTON • CATO INSTITUTE**
**SEPTEMBER 15, 2016**
Speakers include Clint Bolick, Amy Wax, and Harvey Silverglate.

**CATO INSTITUTE POLICY PERSPECTIVES**
**SAN FRANCISCO • ST. REGIS**
**SEPTEMBER 23, 2016**
Speakers include David Friedman.

**CATO CLUB 200 RETREAT**
**PARK CITY, UT • MONTAGE DEER VALLEY**
**OCTOBER 13–16, 2016**
Speakers include Sen. Mike Lee, Mustafa Akyol, and Daniel Hannan.

**CATO INSTITUTE POLICY PERSPECTIVES**
**NEW YORK • WALDORF-ASTORIA**
**NOVEMBER 3, 2016**

**CENTRAL BANKS AND FINANCIAL TURMOIL**
**34TH ANNUAL MONETARY CONFERENCE**
**WASHINGTON • CATO INSTITUTE**
**NOVEMBER 17, 2016**
Speakers include Thomas J. Sargent, James Grant, Steve H. Hanke, and Phil Gramm.

**CATO INSTITUTE POLICY PERSPECTIVES**
**CHICAGO • THE DRAKE • NOVEMBER 30, 2016**

**29TH ANNUAL BENEFACTOR SUMMIT**
**NAPLES, FL • RITZ-CARLTON GOLF RESORT**
**MARCH 2–5, 2017**

**CATO CLUB 200 RETREAT**
**LAGUNA BEACH, CA**
**MONTAGE LAGUNA BEACH**
**OCTOBER 5–8, 2017**

**APRIL 4:** *Chasing Ghosts: The Policing of Terrorism*

**APRIL 4:** *Poverty, Inc.*

**APRIL 8:** Cato Institute Policy Perspectives 2016 (Palo Alto, CA)

**APRIL 12:** Cryptocurrency: The Policy Challenges of a Decentralized Revolution

**APRIL 13:** *America's War for the Greater Middle East: A Military History*

**APRIL 20:** *Mission Failure: America and the World in the Post–Cold War Era*

**APRIL 20:** Will a Robot Take Your Job?

**APRIL 21:** *Our Republican Constitution: Securing the Liberty and Sovereignty of We the People*

**APRIL 25:** *The Cultural Revolution: A People's History, 1962–1976*

**APRIL 25:** *The Struggle Continues: 50 Years of Tyranny in Zimbabwe*

**APRIL 29:** What Should Be Done about the Heroin Problem?

**MAY 2:** America's Need for Critical Minerals versus Federal Land Management

**MAY 6:** *Conspiracies of the Ruling Class: How to Break Their Grip Forever*

**MAY 9:** The JOBS Act of 2012: Deregulation in the Wake of Crisis

**MAY 13:** GO Beyond GDP: What Really Drives the Economy?

**MAY 18:** "A Loaded Weapon": The Growth of Executive Power

**MAY 18:** Is ISIS Economically and Socially Sustainable?

**MAY 19:** *EconTalk* LIVE: David Beckworth on Monetary Policy and the Great Recession

**MAY 25:** Biennial Dinner: The Milton Friedman Prize for Advancing Liberty (New York, NY)

**AUDIO AND VIDEO FOR ALL CATO EVENTS DATING BACK TO 1999, AND MANY EVENTS BEFORE THAT, CAN BE FOUND ON THE CATO INSTITUTE WEBSITE AT WWW.CATO.ORG/EVENTS. YOU CAN ALSO FIND WRITE-UPS OF CATO EVENTS IN PETER GOETTLER'S BIMONTHLY MEMO FOR CATO SPONSORS.**

*How Bitcoin could change the world*

# Cryptocurrency: The Decentralized Future of Money?

For centuries governments have held tight monopolies over money, giving them tremendous power over their citizens' lives. But now, cryptocurrencies like Bitcoin could upend this relationship between money and government. Although digital currency itself is nothing new—think PayPal or credit cards—Bitcoin's decentralized, anonymous, peer-to-peer exchange makes it something truly revolutionary. At a conference organized by Cato's Center for Monetary and Financial Alternatives, "Cryptocurrency: The Policy Challenges of a Decentralized Revolution," over 200 people gathered to discuss the future of this technology.

(Left to right) MARGARET LIU of the Conference of State Bank Supervisors; MARCO A. SANTORI, the global policy counsel at Blockchain; and MELANIE SHAPIRO, the CEO of Case, a company that helps secure cryptocurrency, discussed how cryptocurrency industries should address consumer protection.

Jerry Brito of the Coin Center, an organization dedicated to educating the public about cryptocurrencies, opened the day with an explanation of what Bitcoin is, the importance of blockchain, the technology which underlies it, and where regulation of cryptocurrencies currently stands. "Bitcoin is the world's first completely decentralized digital currency," said Brito. He warned that the United States' complicated web of regulations, which are different in every state, could cripple cryptocurrency's spread and leave U.S. companies fleeing to other countries which are embracing the technology, like the UK.

This led into a panel discussion of some of these state laws regulating the transmission of money, featuring Margaret Liu of the Conference of State Bank Supervisors, Marco Santori of Global Policy Counsel for Blockchain Inc., Melanie Shapiro, the CEO of Case Wallet, and Dana Syracuse, an attorney who helped draft New York's BitLicense laws.

Commissioner J. Christopher Giancarlo of the Commodity Futures Trading Commission delivered the keynote address, praising blockchain technology for its potential to confer "enormous" benefits on consumers and regulators alike. He recommended that policymakers follow the "first, do no harm" approach that regulators once took to the internet in its early days. "Once again, the private sector must lead," he said. "Regulators must avoid impeding innovation and investment. Instead, they must provide a predictable, consistent and straightforward legal environment."

Numerous speakers stressed blockchain technology's potential to secure the transfer of much more than merely currency—stock, houses, copyrights, votes in elections. "I think it's more disruptive than the internet," said Patrick Byrne, founder and CEO of Overstock.com. "Ultimately the internet was about moving information around frictionlessly, but this is about moving value. That means there's all these centralized institutions civilization has accumulated for thousands of years, like barnacles on our hull, that are going to be disrupted." Byrne recently resigned from his several companies on medical leave, and had canceled all his upcoming appearances except for Cato. "The first place I ever started to make donations to, in the '80s, when I was a college student, was this placed called Cato—I was sending $10 a year, $25 a year," he said. "It began and ended with Cato, for me."

Later panels featured representatives from various companies developing financial services products using blockchain, and monetary experts discussing Bitcoin's use as a currency. Cato's George Selgin, who organized the conference, suggested that cryptocurrency could eventually be used to enforce a monetary rule to replace central banks' discretionary power. Another panel discussed privacy issues surrounding blockchain, with Cato's Jim Harper making the case that Bitcoin's benefits far outweigh any supposed risk of exploitation by criminals.

Rep. Mick Mulvaney (R-SC), vice chairman of the Subcommittee on Monetary Policy and Trade in the U.S. House of Representatives, delivered the conference's closing address. He praised Bitcoin's potential for popularizing decentralized currency, quoting a member of the German parliament's finance committee who said in 2013, "I have long been a proponent of Hayek's scheme to denationalize money. Bitcoins are a first step in this direction." Mulvaney marveled at this, calling himself "stunned" at the prospect of Bitcoin opening discussions of "denationalizing" money among members of the European government. "What a tremendous opportunity," he said. ■

**VIDEO OF THE CONFERENCE IS AVAILABLE AT WWW.CATO.ORG.**

*Jillette praises Rauch's 'purer and more honest' approach*

# Penn Jillette Reads *Kindly Inquisitors*

Jonathan Rauch's *Kindly Inquisitors* was first published over 20 years ago, yet his incisive defense of free speech remains as relevant as ever. A new audiobook from the Cato Institute features Rauch's work as read by another well-known defender of free expression: Cato Institute H.L. Mencken research fellow Penn Jillette, of the Emmy-winning magic and comedy duo Penn & Teller.

Jillette brings Rauch's work to life in a lively, passionate rendition that reflects Jillette's own love for the book. "I'm a free speech nut, but this book defended free speech in a purer and more honest way than I'd ever considered," said Jillette. "It is such an important book that I knew I had to read it again and very carefully to get as much out of it as I could." He added that he "really enjoyed the challenge of trying to make the audio as clear as the written text." Jillette has spoken often in the past on the topic of free expression—in a recent edition of *Cato's Letter*, he told the story of how his belief in freedom of speech actually led him to libertarianism.

In the book, Rauch contends that a free society needs the free exchange of ideas, and the conflict of differing opinions, in order to pursue truth and knowledge. "A liberal society stands on the proposition that we should all take seriously the idea that we might be wrong," he writes. "This means we must place no one, including ourselves, beyond the reach of criticism; it means that we must allow people to err, even where the error offends and upsets, as it often will." For his part, Jillette said he hoped listeners would come away with "not just the intellectual understanding of why speech we don't agree with should be allowed, but a visceral feeling of why we should want speech we hate to be heard." ■

**PURCHASE YOUR COPY OF THE AUDIOBOOK AT CATO.ORG/STORE OR AMAZON.COM.**

## New *Cato Journal*

The 2016 Spring/Summer edition of *Cato Journal* features articles based on presentations from Cato's 33rd Annual Monetary Conference, "Rethinking Monetary Policy," held last November. The authors, who challenge common assumptions about monetary policy and make the case for transparent monetary rules rather than government discretion, include numerous distinguished scholars—Stanford's John B. Taylor, former president of the Federal Reserve Bank of Philadelphia; Charles I. Plosser; Claudio Borio, the head of the Monetary and Economic Department at the Bank for International Settlements in Switzerland; and many more.

**ALL OF THE ARTICLES IN THIS ISSUE OF THE *CATO JOURNAL* ARE AVAILABLE AT WWW.CATO.ORG.**

## Spring 2016 *Regulation*

Organic farming is one of the hottest trends in the United States, with consumers scrambling to buy anything stamped "USDA Organic." But according to John J. Cohrssen, former counsel to the White House Biotechnology Working Group, and Henry I. Miller of the Hoover Institution, that label "confers a valuable stamp of approval on products made with government-sanctioned processes and procedures that are in no way related to safety, nutrition, or quality." This government-perpetrated farce is just one of the many tales of regulation gone awry featured in the Spring edition of *Regulation* magazine.

**READ THE LATEST ISSUE AT CATO.ORG/REGULATION, OR SUBSCRIBE ONLINE TO RECEIVE IT IN YOUR MAILBOX QUARTERLY.**

# The Menu Police

The so-called "menu mandates" of Obamacare, requiring restaurants and other establishments to include nutritional information on their menus, are set to go into effect next year. These rules would affect chain restaurants, movie theaters, grocery store salad bars—even vending machines. In **"Menu Mandates and Obesity: A Futile Effort"** (Policy Analysis no. 789), Cato adjunct scholar Aaron Yelowitz of the University of Kentucky highlights the paltry impact that similar state- and local-based menu mandates have had on obesity in the past. Yelowitz estimates, for example, that the mandates would only reduce the weight of a 5'10" male adult by half a pound. "For virtually all groups explored, the long-run impact on body weight is essentially zero," he writes.

Meanwhile, these mandates have serious costs—determining the caloric content of every single menu item is time-consuming and costly, and a dispute over the numbers could easily open restaurants to legal trouble.

## SOCIAL SECURITY STRESS

Uncertainty about future benefits can have serious negative consequences for individuals' lives, leaving them incapable of properly planning for their futures. In **"The Welfare Cost of Perceived Policy Uncertainty: Evidence from Social Security"** (Research Briefs in Economic Policy no. 49), Erzo F. P. Luttmer and Andrew A. Samwick of Dartmouth College find that uncertainty over welfare programs for the elderly, including Social Security and Medicare, results in a significant cost to recipients' welfare. Politicians, including the last three presidents, constantly tout their plans to reform Social Security, leaving individuals ever in doubt as to the future of their benefits. Luttmer and Samwick suggest that reducing uncertainty by implementing clear rules would be far preferable to the status quo.

## THE 99 PERCENT

To what extent do marginal tax rates matter for individual decisions to work and invest? And do these rates affect only the wealthy? In **"Marginal Tax Rates and Income: New Time Series Evidence,"** (Research Briefs in Economic Policy no.

*CATO POLICY REPORT* is a bimonthly review published by the Cato Institute and sent to all contributors. It is indexed in PAIS Bulletin. Single issues are $2.00 a copy. ISSN: 0743-605X. ©2015 by the Cato Institute. Correspondence should be addressed to *Cato Policy Report,* 1000 Massachusetts Ave., N.W., Washington, D.C. 20001. www.cato.org • 202-842-0200

**CATO POLICY REPORT**

**David Boaz**....Editor
**David Lampo**....Managing Editor
**Maria Santos**....Assistant Editor
**Jon Meyers**....Art Director
**Brendan O'Hara**....Photographer
**Claudia Ringel**....Copyeditor
**Mai Makled**....Graphic Designer

**CATO INSTITUTE**

**Peter Goettler**....President and CEO
**Robert A. Levy**....Chairman
**David Boaz**....Executive Vice President
**Linda Ah-Sue**....V.P., Events and Conferences
**Khristine Brookes**....V.P., Communications
**James A. Dorn**....V.P., Monetary Studies
**Gene Healy**....Vice President
**Jon Heimerman**....V.P./ Chief Administrative Officer
**David Kirby**....V.P., Development
**Brink Lindsey**....Vice President for Research
**Roger Pilon**....V.P., Legal Affairs
**Christopher Preble**....V.P., Defense & Foreign Policy Studies
**John Samples**....V.P. and Publisher
**Edward H. Crane**....President Emeritus

**Swaminathan Aiyar**....Research Fellow
**Emma Ashford**....Research Fellow
**Doug Bandow**....Senior Fellow
**Adam Bates**....Policy Analyst, Criminal Justice
**Jason Bedrick**....Education Policy Analyst
**David Bier**....Immigration Policy Analyst
**Trevor Burrus**....Research Fellow
**Mark Calabria**....Director, Financial Regulation Studies
**Vanessa Calder**....Policy Analyst
**Michael F. Cannon**....Director, Health Policy Studies
**Ted Galen Carpenter**....Senior Fellow
**Patrick Eddington**....Policy Analyst
**Chris Edwards**....Director, Tax Policy Studies
**Emily Ekins**....Research Fellow
**Matthew Feeney**....Policy Analyst
**Thomas Firey**....Senior Fellow
**Benjamin H. Friedman**....Research Fellow
**Robert Garber**....Director, Marketing
**Karen Garvin**....Copyeditor
**Jim Harper**....Senior Fellow
**Nat Hentoff**....Senior Fellow
**Juan Carlos Hidalgo**....Policy Analyst on Latin America
**Daniel J. Ikenson**....Director, Trade Policy Studies
**Andrei Illarionov**....Senior Fellow
**Thaya Knight**....Assoc. Director, Financial Regulation Studies
**Jason Kuznicki**....Research Fellow
**David Lampo**....Publications Director
**Simon Lester**....Trade Policy Analyst
**Timothy Lynch**....Director, Criminal Justice
**Neal McCluskey**....Director, Center for Educational Freedom
**Jon Meyers**....Art Director
**Patrick J. Michaels**....Director, Center for the Study of Science
**Jeffrey Miron**....Director of Economic Studies
**Daniel J. Mitchell**....Senior Fellow
**John Mueller**....Senior Fellow
**Johan Norberg**....Senior Fellow
**Alex Nowrasteh**....Immigration Policy Analyst
**Walter Olson**....Senior Fellow
**Randal O'Toole**....Senior Fellow
**Tom G. Palmer**....Senior Fellow
**Daniel R. Pearson**....Senior Fellow, Trade Policy Studies
**Alan Peterson**....Director of MIS
**Aaron Ross Powell**....Editor, Libertarianism.org
**Alan Reynolds**....Senior Fellow
**Claudia Ringel**....Manager, Editorial Services
**Nicholas Quinn Rosenkranz**....Senior Fellow
**Julian Sanchez**....Senior Fellow
**George Selgin**....Director, Center for Monetary Alternatives
**Ilya Shapiro**....Senior Fellow
**Brad Stapleton**....Visiting Research Fellow
**Michael Tanner**....Senior Fellow
**A. Trevor Thrall**....Senior Fellow
**Marian Tupy**....Senior Policy Analyst
**Valerie Usher**....Chief Financial Officer
**Peter Van Doren**....Editor, *Regulation*
**Ian Vásquez**....Director, Ctr. for Global Liberty and Prosperity
**K. William Watson**....Trade Policy Analyst
**Xia Yeliang**....Visiting Fellow

**Richard Lindzen**....Distinguished Senior Fellow
**José Piñera**....Distinguished Senior Fellow

**Radley Balko**....Media Fellow
**Randy E. Barnett**....Senior Fellow
**Vladimir Bukovsky**....Senior Fellow
**Lawrence Gasman**....Senior Fellow in Telecommunications
**Steve H. Hanke**....Senior Fellow
**John Hasnas**....Senior Fellow
**Penn Jillette**....Mencken Research Fellow
**David B. Kopel**....Associate Policy Analyst
**Deepak Lal**....Senior Fellow
**Christopher Layne**....Research Fellow, Foreign Policy Studies
**Gerald P. O'Driscoll Jr.**....Senior Fellow
**P. J. O'Rourke**....Mencken Research Fellow
**William Poole**....Senior Fellow
**Jim Powell**....Senior Fellow
**Vernon L. Smith**....Senior Fellow
**Teller**....Mencken Research Fellow
**Cathy Young**....Research Associate

**James M. Buchanan (1919–2013)**....Distinguished Senior Fellow
**F. A. Hayek (1899–1992)**....Distinguished Senior Fellow
**William A. Niskanen (1933–2011)**....Chairman Emeritus

50), Karel Mertens of Cornell University presents new evidence that they matter significantly, across income brackets. Similar studies in the past only found evidence that these tax rates affect the top 1 percent of earners. Mertens's results suggest that in fact there are statistically significant effects on lower income groups, as well. He also finds that marginal tax rate cuts lead to increases in GDP and declines in the unemployment rate.

### UNCERTAINTY AND THE GREAT RECESSION

Policy uncertainty appears to have dire effects on the economy, including its ability to recoup after a recession. In **"Economic Policy Uncertainty and the Credit Channel in the United States: Evidence over Several Decades"** (Research Briefs in Economic Policy no. 51), Michael D. Bordo of Rutgers University and John V. Duca and Christoffer Koch of the Federal Reserve Bank of Dallas observe that "following the Great Recession, bankers complained that delays in implementing financial reform under the Dodd-Frank Act created regulatory policy uncertainty that restrained lending, which, in turn, slowed the recovery." The authors test this theory, finding that policy uncertainty does significantly slow U.S. bank credit growth and therefore may have negatively affected bank lending in the United States—which in turn may have exacerbated the economy's weak recovery from the recession.

### A ROADMAP FOR DEREGULATION

In the wake of the financial crisis, Congress passed, with wide bipartisan support, the Jumpstart Our Business Start-ups Act, or JOBS Act of 2012, which rolled back financial sector regulations with the aim of helping small businesses. What are the actual implications of this unexpected piece of bipartisan agreement? In **"A Walk Through the JOBS Act of 2012: Deregulation in the Wake of Financial Crisis"** (Policy Analysis no. 790), Cato's associate director of financial regulation studies Thaya Brook Knight takes a careful look at the legislation and how it might be improved upon. The JOBS Act did make it easier for small businesses to seek funding through investors, for example, but other measures in the law remain lacking, like its provisions for crowdfunding—a potentially powerful means of raising money, which remains tightly restricted. Nevertheless, Knight concludes, "the mere existence of deregulatory legislation aimed at small business and financial innovation is encouraging and can serve as a template for other deregulatory attempts going forward."

### THE RIGHT TO OFFEND

Violent responses to controversial speech, including the *Charlie Hebdo* attack, have left some questioning the principles of free expression. In **"Hate Speech Laws: Ratifying the Assassin's Veto,"** (Policy Analysis no. 791.), First Amendment lawyer Robert Corn-Revere of Davis Wright Tremaine LLP warns that "The United States faces a choice. Should it defend the right to offend, or opt instead to champion a right not to be offended?" Corn-Revere delves into historical precedent surrounding the First Amendment, weighing it against the more restrictive European approach to speech. Corn-Revere acknowledges that the principles of free speech may be at times difficult to defend, when we happen to find the speech distasteful or objectionable. "Yet," he maintains, "our First Amendment jurisprudence recognizes that these protections will not long endure if we abandon them simply because the speech is outrageous or seemingly worthless."

### DISTORTING THE LABOR MARKET

Programs like Medicare and Social Security transfer resources to older people and tax their labor. In **"Government Old-Age Support and Labor Supply: Evidence from the Old-Age Assistance Program,"** (Research Briefs in Economic Policy no. 52) Daniel K. Fetter of Wellesley College and Lee M. Lockwood of Northwestern University investigate how this can be expected to distort the labor supply. They look specifically at the affects of Old Age Assistance (OAA), finding that the program significantly reduced labor force participation among older individuals. They conclude that programs like Social Security may have similarly driven "a significant share" of the last century's decline in late life labor. "A simple extrapolation suggests that the expansion of Social Security from 1940–1960 would be expected to have reduced labor force participation among men aged 65–74 by 9.5 percentage points, 70 percent of the actual decline," they write.

### HOW SUBSIDIES HURT THE ENVIRONMENT

In **"The Environmental Cost of Global Fuel Subsidies,"** (Research Briefs in Economic Policy no. 53), Lucas W. Davis of the University of California, Berkeley, explores the positive effects of doing away with fuel subsidies. "Removing fuel subsidies helps balance government budgets, but it also yields enduring benefits in the form of reduced emissions of carbon dioxide and other externalities," he writes. Davis estimates that current subsidies incur a staggering $44 billion in external costs every year, including $8 billion from carbon dioxide emissions, $7 billion from local pollutants, $12 billion from traffic congestion, and $17 billion from accidents. ■

**CATO POLICY REPORT**
1000 Massachusetts Ave., N.W.
Washington, D.C. 20001
**ADDRESS SERVICE REQUESTED**

# "To Be Governed..."

### THE ROYAL HOUSE OF KIM

Ko [Yong Suk, aunt of Kim Jong Un] took the Kim children to Euro Disney, now Disneyland Paris. Kim Jong Un had been to Tokyo Disneyland with his mother some years before—and her photo albums are full of pictures of them skiing in the Swiss Alps, swimming on the French Riviera, eating at al fresco restaurants in Italy. . .

"We lived the good life," Ko said. Over a sushi lunch in New York, she reminisced about drinking cognac with sparkling water and eating caviar in Pyongyang, about riding with Kim Jong Il in his Mercedes-Benz.

—*WASHINGTON POST*, 05/27/16

### OR WE COULD EVEN STOP HAVING NATIONAL FOOD GUIDELINES

A new study finds the dairy fats found in milk, yogurt and cheese may help protect against Type 2 diabetes. . . .

With all the new evidence that challenges the low-fat-is-best orthodoxy, [researcher Dariush] Mozaffarian says it may be time to reconsider the National School Lunch Program rules, which allow only skim and low-fat milk.

"Our research indicates that the national policy should be neutral about dairy fat, until we learn more," says Mozaffarian.

—NATIONAL PUBLIC RADIO, 04/18/16

### OBAMA IS CREATING JOBS

The sobering reality of banking in 2016 is that lenders are awash in new regulations, and growing armies of rule-interpreters and enforcers—for good or ill—are bringing striking changes to banks' internal cultures.

The 2010 Dodd-Frank law, passed in the wake of the financial crisis and designed to prevent another, is one of the most complex pieces of legislation ever. At more than 22,200 pages of rules, it is equivalent to roughly 15 copies of "War and Peace" and covers matters from how much capital banks must set aside to how they can advertise.

Those rules and others have spawned a regulatory apparatus that is the fastest-growing component of the financial sector, with banks hiring tens of thousands of new staff whose job is to keep their employers right with the new regime. Federal agencies have dispatched thousands of their own minders to set watch at banks.

—*WALL STREET JOURNAL*, 05/30/16

### JUAN AND EVITA PERON, ROLLED INTO ONE

"Politicians have used you and stolen your votes. They have given you nothing," Trump said. "I will give you everything. I will give you what you've been looking for for 50 years. I'm the only one."

—*WASHINGTON POST*, 05/29/16

### CAN WE GET ONE OF THESE FOR CONGRESS?

Since [2008, Britney] Spears's life has been controlled by a court-approved conservatorship, known in other states as a guardianship, designed for people who cannot take care of themselves.

—*NEW YORK TIMES*, 05/04/16

### DID THEY GIVE SEVERANCE, ADVANCE NOTICE, FOLLOW EEOC GUIDELINES?

Bernie Sanders' campaign is laying off more than 200 workers, campaign manager Jeff Weaver said Wednesday.

—CNN, 04/28/16

### SOCIALISM MEANS MORE VACATIONS

Venezuelan President Nicolás Maduro said the country's workers will get Fridays off for the remainder of April and May in his latest attempt to save power amid a severe drought and growing energy crunch.

In a televised speech Wednesday night, the socialist president said Venezuelans will now have "long weekends."

—*WALL STREET JOURNAL*, 04/07/16

### MUCH LIKE POLITICIANS?

Corporate interests have become accustomed to saying whatever they want about Washington policy debates, with little accountability when their predictions prove to be inaccurate.

—SEN. ELIZABETH WARREN, LETTER TO SECURITIES AND EXCHANGE COMMISSION, 03/31/16

### AS LONG AS IT'S ONLY *ECONOMICALLY* DISASTROUS

Gov. Jerry Brown, casting a living wage as a moral imperative while questioning its economic rationale, signed legislation Monday raising California's mandatory minimum to $15 an hour by 2022, acting within hours of a similar bill signing in New York. . . .

Brown, traveling to the state's largest media market to sign the landmark bill, remained hesitant about the economic effect of raising the minimum wage, saying, "Economically, minimum wages may not make sense."

But he said work is "not just an economic equation," calling labor "part of living in a moral community."

—*SACRAMENTO BEE*, 04/04/2016