



BY DAVID BOAZ

EDITORIAL

A Policy Agenda for 2017

At the Cato Institute, we stand firmly on the principles of the Declaration of Independence and the Constitution—on the bedrock American values of individual liberty, limited government, free markets, and peace. Throughout our 40 years, we have been willing to criticize officials of both parties when they sought to take the country in another direction. But we have also worked with administrations of both parties when they seek to expand freedom or limit government.

Our new *Cato Handbook for Policymakers*, which is being distributed to members of Congress and the administration in January, includes 80 chapters of policy advice on such topics as these:

Peace and Security. The historical foreign policy of the United States, going back to the Founders, was expressed by Thomas Jefferson in his first inaugural address: “Peace, commerce, and honest friendship with all nations—entangling alliances with none.” In the 20th century, we moved away from that historical noninterventionist stance to a policy of global intervention. For the past 25 years, we have been involved in a seemingly endless war in the Middle East. Donald Trump criticized this “failed policy of nation building and regime change.” As president, Trump should work with Congress to undertake a comprehensive review of the foreign policy of the United States.

Economic Growth. In a world of global markets and rapid technological progress, we struggle along with annual growth rates far below what we achieved from World War II until the mid-1970s. We are, by any measure, a very wealthy country. But Americans know that our economy is not working as well as it should. Congress should undertake reforms that could increase growth, such as stabilizing monetary policy; reducing the burden of taxes and regulations, including “regressive regulation”; and reducing federal spending.

Health Care. The fundamental problem with U.S. health care is that the consumer does not control the money spent in the sector. For 70 years, government has been assuming greater control over consumers’ health care dollars. When consumers lose control of their health care dollars, they lose control of their health care decisions. Consumers cease to be cost-conscious, and prices rise. The Affordable Care Act did nothing to take us off that path.

Fiscal Reform. Federal spending increased by more than a trillion dollars during the George W. Bush years, and then by another trillion dollars during the Obama administration. The national debt rose even more sharply, from \$5.7 trillion to more than \$10.6 trillion under Bush, and it has almost doubled again under the Obama administration. Trends like this are unsustainable, yet elected officials continue to promise more spending on everything from new weaponry to college tuition to infrastructure. The current rates of spending don’t yet reflect

the acceleration of entitlement spending that is occurring as baby boomers start to retire. Entitlements are already more than 60 percent of the federal budget, and they continue to grow. Congress needs to think seriously about this problem. Are members prepared to impose the taxes necessary to fund such levels of transfer payments? Do we want that many Americans dependent on a check from the federal government? Eventually, the projected level of entitlements will not be feasible. Now is the time to make changes—rationally, rather than in a panic a few years hence.

Trade and Immigration. If there’s any topic that economists agree on, it is that free trade benefits the whole society. Free trade ensures that goods and services are produced at the lowest cost possible, benefiting consumers. It directs investors, entrepreneurs, and employees toward firms at which they can produce the most value and earn the most income. As trade barriers have come down since World War II, more people in more countries have been able to participate in the global economy and move out of poverty.

Immigration, too, has benefited this nation of immigrants. Immigrants come as producers of goods and services for all Americans and as consumers of the things other Americans produce. Both free trade and immigration can cost particular people their jobs and investments, and that is a painful process. But the solution for suffering communities in the so-called Rust Belt is not the vain hope of bringing back lost jobs; it is to reduce tax and regulatory obstacles to business expansion and job creation.

Fidelity to our founding principles of civil liberties and limited government may be easy when times are easy. The true test of our faith in those principles comes when we are beset by diabolical assaults from without and economic turmoil within, when public anxiety may temporarily make it seem expedient to put those principles aside. The importance of paying scrupulous deference to the Constitution’s limits on federal power, of respecting its careful system of checks and balances, is greatest precisely when the temptation to flout them is strongest.

For those who go into government to improve the lives of their fellow citizens, the hardest lesson to accept may be that Congress should often do nothing about a problem—such as education, crime, or the cost of prescription drugs. Critics will object, “Do you want the government to just stand there and do nothing while this problem continues?” Sometimes that is exactly what Congress should do. Remember the ancient wisdom imparted to physicians: first, do no harm. And have confidence that free people, left to their own devices, will address issues of concern to them more effectively outside a political environment.

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