

Cato's Letter

A QUARTERLY
MESSAGE
ON LIBERTY

WINTER 2017
VOLUME 15
NUMBER 1

Brexit and the Power of Optimism

DANIEL HANNAN

The Cato Institute is named after two of my countrymen, John Trenchard and Thomas Gordon. They wrote *Cato's Letters* in the 1720s, setting out a vision of how a republican system of government would operate if the citizen were elevated above the state—if the people in charge were representatives rather than rulers. They couldn't have imagined that a generation after they wrote, those precepts would be turned into a functioning nation, and that that nation would become the greatest republic on earth, attracting hundreds of millions from every continent and archipelago.

Gordon and Trenchard were admirers of Cato the Younger, the last defender of the Roman Republic. You may be more familiar with his great-grandfather, Cato the Elder, who, every time he spoke in the Roman Senate about *any* subject, would end with the phrase: "And Carthage must be destroyed."



DANIEL HANNAN is a member of the European Parliament and has been dubbed "the man who brought you Brexit." In October, he spoke at the Cato Club 200 retreat in Park City, Utah.

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You can imagine that this didn't make him the most popular guy in the Senate. (Believe me, I know about being unpopular in parliamentary assemblies. I went to the European Parliament urging the abolition of the place, which is a tough sell.) They used to mock Cato and mimic his voice, and every time he stood up they would groan. But you know what—in the end, they did it. And it was the same with our referendum about leaving the European Union. You can achieve the most extraordinary things if you have a better song to sing. And that's really the message that I want to share with you tonight—about how you win as optimists.

It's difficult to begin to describe the imbalance of forces in our recent debate and referendum. Every broadcaster, every political party, every bank, every big corporation, every trade association, every think tank, every EU-funded university, the whole of the establishment was telling us that it was a matter of national survival to stay in the EU. That it would be calamitous for us if we left. And people didn't believe it. On June 23, they politely disregarded all the advice, all the bullying, all the hectoring, all the threats, and they voted to become a self-governing country again.

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In a way, if Americans want to understand why we voted Leave, go back to your Declaration of Independence, and look at how those ringing phrases apply to our situation: “a jurisdiction foreign to our constitution . . . abolishing the free System of English Laws . . . declaring themselves invested with power to legislate for us.” All of the reasons, all the grievances that animated your patriot leaders apply equally to us. Let me put it even more simply: you guys voted Leave in 1776. And from where I'm standing, it seems to have worked out OK for you.

Let me give you, if I may, two lessons from this. The first is the following: people are almost always wiser than the experts. I realize it can be a lonely and difficult cause to be chanting if you're in the liberty movement here, if you're backing organizations like this, because it does feel that you sometimes have the same lineup that we had in that referendum—with all the broadcasters against you, all the university deans, and so on. But don't underestimate the basic instinctive intelligence of most people. They can smell a racket. They know when people are using self-interested arguments.

Let's just look at what's happened since our vote. We were told by every economist, by every bank, by every politician, that if we voted Leave, our stock exchange would collapse. In reality, the stock exchange collapse is happening in the Eurozone; British stocks are the best-performing in Europe. We were told that unemployment would go through the ceiling. In fact, unemployment has fallen every month since the vote, and is currently at its lowest-ever level. Your president said, if you leave, don't expect us to talk to you as a commercial partner—you'll be in the back of the line for any trade talks. He's conspicuously failed to repeat that line since, and the Speaker of the House has quite rightly said: "We're going to have a trade deal with the UK long before we have one with the EU." The German finance minister said: "If you vote Leave, you'll be treated as any other country and

“Our promise throughout was that outside the EU we would be a more deregulated, lower-tax, more global country.”

we won't have any special arrangements with you.” He now says: “Oh no, no, no, Britain's our biggest customer, of course, we're going to have a good deal.” This is the extent to which the experts were wrong, and the people were right.

If you want to understand what happened in our referendum, and if I can give you one bit of enduring conservative wisdom to sustain you through what I suspect is going to be a difficult four years ahead: I go back to something that Edmund Burke, the godfather of conservatism, wrote in 1791, observing the French Revolution. He said, “Because half a dozen grasshoppers under a fern make the field ring with their importunate chink, whilst thousands of great cattle, reposed beneath the shadow of the British oak, chew the cud and are silent, pray do not imagine that those who make the noise are the only inhabitants of the field.”

But let me make a second point, and it's about the opportunities that we now have. I know that a lot of media here and overseas sold the Brexit vote as being primarily nativist or nostalgic, actuated by fear of foreigners or dislike of immigration. If that had really been our campaign, we would have struggled to get into double figures. If the Leave campaign had really been the way that the Remain side portrays it, we'd have gotten nowhere. The truth is, we fought an upbeat, optimistic, and cheerful campaign based on the idea that ours is a great country that can do better. This was really not the equivalent of supporting Trump's protectionist ideas. As far as I can make out, a big part of his shtick is that he doesn't want a trade deal with China, and a huge part of our referendum is that we *do* want a

trade deal with China, and the EU won't let us have one, because the EU controls our trade policy. Our promise throughout was that outside the EU we would be a more deregulated, lower-tax, more global country. A self-governing entrepôt, trading with friends and allies on every continent, including Europe, while living under our own laws.

We now have the opportunity, for the first time in 43 years, to make our own trade deals again. Let me suggest to you and to every other free-market organization in the world: The UK can be the first big economy that opens up right across the board, including in agriculture, textiles, all of the difficult areas that people normally don't like to talk about. And if we do that, we'll have the capacity to raise living standards for the most deprived and most wretched people on the planet—at no cost to ourselves at all, on the contrary, at huge benefit



to ourselves. One of the things that I read every day, and it cheers me up to no end, is HumanProgress.org tweets and emails organized by the Cato Institute. You can't *not* feel happy looking at those statistics, measured in anyway: literacy, longevity, infant mortality, calorie intake, height. There has never been a better time to be human. Ninety percent of girls now complete primary education. A stationary car in 1970 emitted more pollution than a car moving at full

speed today. You can measure it in almost any way, and what's made that happen? The free exchange of goods.

Now, go back to Trenchard and Gordon—in their time, it went without saying that if you were a radical, if you believed in meritocracy, if you believed in freedom, then of course you believed in free trade. I wonder what they would think if they could be transported from the 1720s into our present age. The first thing they would say is: “We were right, free trade has lifted the human race to a pinnacle of wealth and happiness that in our generation could not have been imagined!” And then they'd say: “Wow, where are your monuments? You must revere the market now with an almost religious awe.” And you'd clear your throat with some embarrassment, and you'd tell them about the recent presidential debates, and the anti-TPP crowds, and the Occupy movement.

I think the thing that would astonish them the most is the idea that these young, idealistic people who in their age would have been the radicals pushing

for freedom and meritocracy, and against the power of the crown, and against the entrenched privileges of the church and the aristocracy—that those people have somehow got into their heads that free trade is oligarchic. That all those idealistic young people of the Occupy movement think that somehow, unhindered commerce is against the little guy and in favor of the vested interests and the big corporations. When of course, as we know, it’s exactly the other way around. No one is cheering those Occupy crowds on more than the biggest corporations that have learned how to use the regulatory system to raise barriers to entry.

We need to recapture the moral fervor of those earlier exponents of freedom. My countryman Richard Cobden said that trade is “God’s diplomacy.” Nothing else brings people together who don’t like each other as much as having customers in each other’s countries. And Milton Friedman said that the market is an unparalleled mechanism to get people who don’t get on to do busi-

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ness with each other. As Frédéric Bastiat said: “When goods don’t cross borders, soldiers will.”

That, it seems to me, is the argument we need to be making: the ethical case for free trade as the *ultimate* instrument of poverty alleviation, of conflict resolution, and of social justice. And one part of that is using Brexit to be part of a wider nexus of open markets and unhindered competition. And I would very much like us to be working with the United States. I want us to be standing together once again in this cause of spreading liberty to other continents. Our fathers have stood together many times before against tyranny, in much more testing circumstances than these. We were called on, first of all, to defeat the evils of Nazism, then to liberate hundreds of millions of people from the evils of communism, and we stood together and we achieved it collectively. By that standard, this is a relatively easy, but nonetheless vital cause to bring the blessings of free markets and free exchange to bits of the world that don’t know it. My friends, this is the greatest republic on earth. It turned a dream of freedom into a functioning nation, and then it placed the flag of that nation on the moon. It’s always, in the end, up to you to set the lead, but know that in that cause, you don’t lack for friends. ■



SCHOLAR PROFILE

Jason Kuznicki

JASON KUZNICKI is editor of *Cato's* online magazine *Cato Unbound* and has facilitated many of the Cato Institute's international publishing and educational projects. He was an assistant editor of the *Encyclopedia of Libertarianism*. Kuznicki earned a PhD in history from Johns Hopkins University in 2005, where his work was offered both a Fulbright Fellowship and a Chateaubriand Prize.

You're the editor of *Cato Unbound*—could you describe the publication? Why is it important to have these types of debates?

Cato Unbound might be *Cato's* most misunderstood publication. Every month I hire four smart people to debate with one another. Some of them are libertarians, and some very definitely are not. By no means do I expect everyone to agree with everything they read there. The point of *Cato Unbound* is not to make the libertarian case in a pure, unadulterated form. It's to bring libertarian ideas into contact with other ideas, and to test and refine them so that people of all ideological backgrounds can get a better idea of where we stand. I find it helps libertarian writers in particular to have a chance to engage in a sustained, civil, thought-provoking manner with some of their sharpest critics. Agree, disagree, or do both—the point of *Cato Unbound* is to make everyone think.

What have been some of your favorite debate topics? Have any of them changed your mind?

Michael Munger's June 2013 essay on the complex political economy of recycling forever changed how I think about that question in particular. But some of my favorite topics have been the ones that really challenge libertarians to learn from people who would never willingly share a label with us. In September 2010 we hosted a conversation about the ideas of James C. Scott, a so-

ciologist who even calls himself a Marxist. And yet one might never guess it by reading his books, where he sounds—to us at least—like a Hayekian. Interesting and important work is being done outside the libertarian movement, and we stand to lose a lot if we don't make it a part of our intellectual toolkit.

Your first book, *Technology and the End of Authority: What Is Government For?* comes out in January—could we see a day when the government becomes irrelevant?

It's a good question. In the book I consider the broad sweep of Western political theory, and I note that something important has hardly been considered: Justifications for government power always depend on a claim of the form, "We know that problem X is best solved by solution Y, and Y necessitates the government." But this is a hasty move, because we still know so little about how human societies work. We can't really say that the government solution must be the best, because we haven't truly exhausted the other options. As David Hume, one of my favorite classical liberal philosophers, once put it, we only have five thousand years of history to draw on, and that's not enough. I might add to Hume's observation that technology is rapidly changing, and that we've so far given scant effort to developing voluntary solutions to social problems. The work of crafting a libertarian society has barely begun. ■

The First R. Evan Scharf Chair



Thanks to an extraordinary legacy gift, Cato will fight for free markets in 2017 with a new voice, that of economist Ryan Bourne, the first R. Evan Scharf Chair for the Public Understanding of Economics.

Before his passing in February, Evan Scharf and his wife Sue had supported Cato at the Club 200 level for many years and made a big difference in the fight for individual liberty at the Institute. Evan began his career on Wall



Street and remained in the financial industry for decades, and had been a friend of the Cato Institute since 1989. We are deeply honored that he chose to partner

with the Institute through his estate over 25 years later.

In his letter establishing the chair, Evan reflected that government schools and private universities had failed to teach the profound theories of Friedrich Hayek, Ludwig von Mises, and Milton Friedman. Evan wished to fund a chair at Cato so that a persuasive teacher could move “public opinion to support market economies in contrast to those of the command- and-control models that have failed and been so costly to human happiness, health, and productivity.”

Ryan Bourne joins Cato from the Institute for Economic Affairs in London and holds a masters degree in the philosophy of economics from Cambridge University. Most recently, as

one of the key “economists for Brexit,” Bourne secured commitments for a free trade agenda from Britain’s post-Brexit Conservative government. Upon accepting the chair, Bourne remarked that “recent political trends may be signaling a decline in public support for economic freedom, meaning it’s all the more crucial now to secure victories in the battle of ideas.”

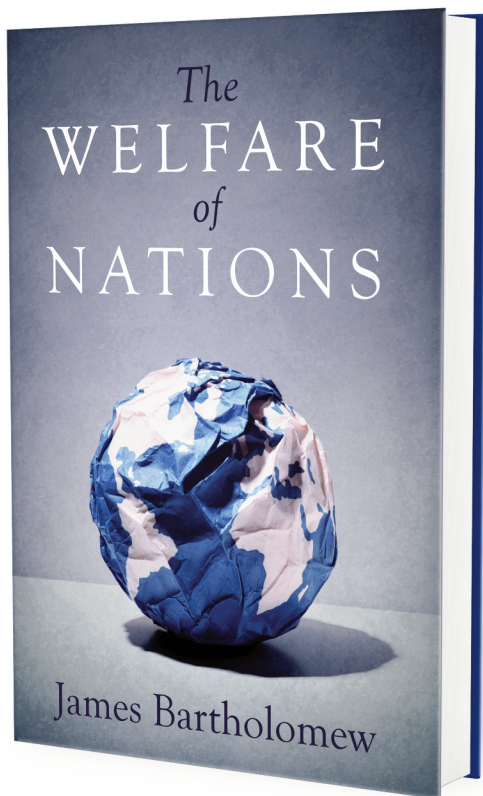
After working with Cato to identify his vision and intent for a resident scholar position named in his honor, Evan worked with our friends at DonorsTrust to set up an investment plan for his endowment. DonorsTrust is the “liberty movement’s” community foundation—providing philanthropic services, including a donor-advised fund, for like-minded donors. “Safeguarding intent is a core DonorsTrust value,” says DonorsTrust president Lawson Bader. “Partnering with both Evan and Cato to continue and expand the fight for a free society is most rewarding.”

It means so much to us to benefit from the tremendous generosity of Cato’s Legacy Society Sponsors who are committed to our values. In the past year, Legacy Society Sponsors have made a significant impact on Cato’s mission. In addition to Evan’s legacy gift, Cato received the final distribution from the estate of Bay Area-native Stephen N. Ball, and we’re working with his family on recognition for his \$2.6 million gift, which was motivated by his appreciation of Cato scholars’ radio commentary. And in November Cato received a gift of more than \$5 million from the estate of Richard H. Lotz, a successful libertarian businessman from Michigan.

We thank all our Sponsors for partnering with Cato to defend the ideas that will create a freer, more prosperous world. ■

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New from the Cato Institute



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