



POLICY FORUM

Reining in presidential war powers

PAGE 17



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PAGE 16



FIFTY STATES

Ranking liberty across the Union

PAGE 3

Cato Policy Report

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THE
MILTON
FRIEDMAN
PRIZE FOR
ADVANCING LIBERTY

The Innocence Project
receives the 2021 Milton
Friedman Prize for
Advancing Liberty.

PAGE 4



BY DAVID BOAZ

“
Liberty
and
liberalism
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”

EDITORIAL

Liberals against Illiberalism

“**Y**ou keep using that word. I do not think it means what you think it means.”

That line from *The Princess Bride* kept coming to mind as I encountered the word “liberal” in major newspapers recently. Consider these examples:

The *Washington Post*: “MIT’s decision reflected a distressing unwillingness to tolerate views that offend the liberal majority.” The *Wall Street Journal*: “Ms. Guy, a Democrat whose childhood in Cuba was steeped in ultraliberal politics. . . .” The *New York Times*: “Chileans on Sunday elected Gabriel Boric as their next president. . . . Boric will be the nation’s youngest leader and by far its most liberal since President Salvador Allende.”

Let’s review: Trying to stamp out diversity of opinions, especially in a university, is not a “liberal” idea. It’s a particularly *illiberal* approach. A country ruled by a dictator at the head of the Communist party-state is not experiencing “ultraliberal politics.” It’s experiencing totalitarianism. And a presidential candidate supported by the Communist Party, who wants to reverse Chile’s market-oriented policies, is unlikely to govern as a liberal.

What a long strange trip it’s been for the word liberal. It originally referred to generosity or to the “liberal arts” that were appropriate for free men in the era of serfdom. Daniel Klein of George Mason University finds that Scottish scholars such as Adam Smith and William Robertson began using it in the 1770s in such terms as “liberal policy,” “liberal ideas,” and “liberal principles.” He also argues that the Scots and the English used the term to refer to our natural rights and liberties, while on the continent of Europe it more often referred to “constitutional reform and political participation.”

The first application of the word liberal to a political group may have been in Spain around 1812, when the representatives of the middle class in the Spanish Cortes, or parliament, came to be called the *Liberales*. They contended with the *Serviles* (the servile ones), who represented the nobles and the absolute monarchy. The term *Serviles*, for those who advocate state power over individuals, unfortunately didn’t stick. But the word liberal, for the defenders of liberty and the rule of law, spread rapidly. The Whig Party in England came to be called the Liberal Party. Today we know the philosophy of John Locke, Adam Smith, Thomas Jefferson, and John Stuart Mill as liberalism.

That liberalism was, as Britannica defines it, a “political doctrine that takes protecting and enhancing the freedom of the individual to be the central problem of politics.” It’s a philosophy of individual rights, free markets, and limited, constitutional government.

But around 1900 the term liberal underwent a change. Liberalism came to mean a policy of activist government, theoretically to help the poor and the middle class through progressive taxes, transfer programs, and regulation. The economist Joseph Schumpeter noted, “As a supreme, if unintended, compliment, the enemies of private enterprise have thought it wise to appropriate its label.” The old liberalism came to be known as classical liberalism or libertarianism.

Outside the United States, even American journalists understand the traditional meaning of liberal. In 1992 a *Washington Post* story datelined Moscow reported that “liberal economists have criticized the government for failing to move quickly enough with structural reforms and for allowing money-losing state factories to continue churning out goods that nobody needs.”

In countries around the world liberty and liberalism are threatened by authoritarian populism on both right and left. And here in the United States the Republican Party is increasingly focused on nationalism, protectionism, and using state power to hurt its enemies, while on the left there are increasingly open socialists and an increasing illiberal attitude toward free speech and dissenting ideas. In that environment, as Andy Craig wrote recently at Libertarianism.org, it makes sense for libertarians to recognize our connections with our “cousins” in the liberal family who “share a commitment to certain fundamental rights—personal, procedural, and political guarantees—which are above and beyond the give and take of more mundane policy agendas.” That might include Buckley-Reagan conservatives, free-speech liberals, and all the people who are fiscally conservative and socially tolerant, who appreciate the benefits of capitalism as well as the benefits of openness and diversity.

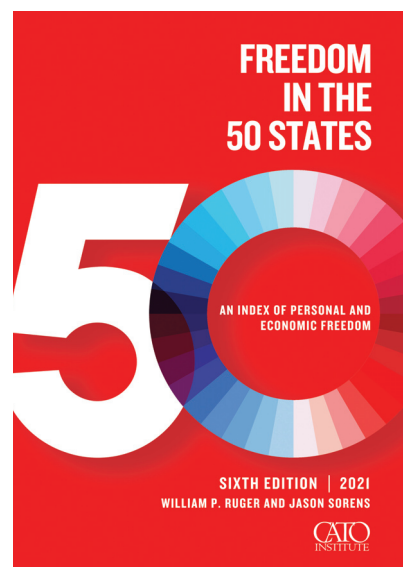
“Liberals against illiberalism,” that’s the ticket.

A comprehensive data set of state policies, good and bad

Finding Freedom across America

Which state is the freest? It's a complicated question, considering the wide range of issues to be addressed. Ranking reports on the states tend to instead focus on a narrower and more specific set of issues. But one project from Cato tackles the big picture. Just released in its sixth edition, *Freedom in the 50 States*, authored by Will Ruger and Jason Sorens, takes a deep dive into hundreds of policy issues to provide a definitive ranking as well as a valuable data set for researchers and policymakers.

The latest edition adds new measures, including vaping regulations and COVID-19 responses, alongside taxes and spending, drug laws, school choice, land-use regulations, and



many others. Uniquely, the report seeks to combine measures of both social and economic freedom, scoring each state and then combining all the policy issues into a weighted index.

Freedom in the 50 States not only provides a current snapshot of the state of liberty but also a comprehensive set of data about how the states have measured up across the years, covering the time period from 2000 to 2019, and in some cases, further back than that. This allows researchers to examine not just current correlations but how changes in the degree of freedom have affected the performance of states across the decades.

In this year's report, New Hampshire is back on top, taking first place after having slipped to number two behind Florida in the previous edition. Florida

remains near the top, too, in second place, followed by Nevada, Tennessee, and South Dakota.

At the other end of the spectrum, highly taxed and highly regulated New York comes in dead last once again. While the Empire State's fiscal and economic policies weigh heavily, the state also measures poorly compared with other states on personal freedom. The other states in the bottom five include Hawaii, California, New Jersey, and Oregon.

The authors make it clear that their analysis is based in a libertarian conception of freedom. "We ground our conception of freedom on an individual rights framework. In our view, individuals should be allowed to dispose of their lives, liberties, and property as they see fit, so long as they do not infringe on the rights of others," they write. At the same time, the index's transparent data deliberately allow for people to make their own choices about the relative weighting of different issues, or which ones to exclude altogether.

One noticeable trend is that Republican-governed states have performed better than Democratic-governed states, although there are some exceptions, such as Nevada. At the top of the list, New Hampshire is also a closely divided purple state, with legislative majorities frequently changing hands.

As Cato's executive vice president David Boaz has noted in response to past editions, this does not entirely reflect a simple partisan preference for more freedom. Rather, "the federal courts prevent conservative states from taking away a lot of the freedoms they'd like to, while they're much more tolerant of intrusions on freedom found in liberal states." Because the courts have set a floor for personal liberties such as LGBT rights and criminal justice while leaving much more room on economic policy, the states reflect a wider range of policy choices on the latter. ■

Cato News Notes

RICHARD STROUP, RIP

Richard Stroup, a pioneer of free-market environmentalism and Cato adjunct scholar, passed away in November at age 78. He taught for 37 years at Montana State University, cofounded



the Property and Environment Research Center, and was one of the leaders in the

development of New Resource Economics, which is now widely credited for its insights into the importance of clearly defined property rights for environmental outcomes.

CUBA'S FREEDOM SONG

The Cuban protest song "Patria y Vida" was named best song of the year and best urban song at the 2021 Latin Grammys. One of the coauthors



and performers of the song, the rapper known as El Funky, visited

Cato after having managed to leave Cuba days earlier. The artist spoke about those imprisoned by the communist regime, including Maykel Castillo, one of the other author-performers of the song. The interview can be found at [cato.org](https://www.cato.org).

THE
MILTON
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ADVANCING LIBERTY



The Innocence Project

Receives 2021 Milton Friedman Prize
for Advancing Liberty



In 1980, Malcolm Alexander was sentenced to life in prison. In 2018, after nearly 38 years of incarceration, prosecutors filed a motion to dismiss the charges, and Alexander was released. After half a lifetime behind bars, the truth had finally come out: he was innocent.

No deprivation of liberty is more total than what can be imposed by the criminal justice system. Tragically, America's system is deeply flawed, producing in staggering numbers the ultimate miscarriage of justice: wrongful convictions of the innocent.

That's why in September, some 400 supporters of freedom gathered at the Andrew W. Mellon Auditorium in Washington, DC, to join the Cato Institute in presenting the 2021 Milton Friedman Prize for Advancing Liberty to the organization whose work freed

Alexander and many other victims of miscarriages of justice: the Innocence Project.

Named after the late Nobel laureate and champion of freedom who lent his name to the award in 2001, the Friedman Prize has been awarded to policymakers who led their nations out of tyranny and to heroic dissidents who have been persecuted by totalitarian regimes. This year, the prize served as a reminder that the United States, too, has its own serious injustices that cry out for change. And with a substantial cash award attached to the honor, the prize is more than just a symbolic boost to that work.

The award dinner featured a keynote address by Pulitzer Prize-winner George Will, a longtime friend of Cato, who observed that Cato has begun to have an impact on the criminal justice debate more broadly. "Cato is leading the charge against qualified immunity



CLARK NEILY, BARRY SCHECK, CHRISTINA SWARNS, AND PETER NEUFELD

and has single-handedly changed the conversation,” he noted, referring to the doctrine that shields police and other government agents from liability for rights violations. Along with coercive plea bargaining and the evisceration of jury trials, these issues intersect with the problem of wrongful convictions.

“The Innocence Project has freed 232 people who were falsely convicted.”

The Innocence Project was founded in 1992 and has worked to exonerate those who are wrongfully convicted, to implement reforms designed to reduce the number of wrongful convictions, and to impose accountability on a system that regularly produces them. Since its inception, the Innocence Project has freed 232 people who were falsely convicted and who collectively spent 3,555 years behind bars for crimes they did not commit.

The Innocence Project’s founders, Barry Scheck and Peter Neufeld, realized early on that if DNA technology

could prove people guilty of crimes, it could also prove that people who had been wrongfully convicted were innocent. So they pioneered the use of DNA evidence to overturn wrongful convictions, including in many instances for those wrongfully convicted of murder and sent to death row. Scheck and Neufeld, along with the project’s executive director Christina Swarns, joined Clark Neily, Cato’s senior vice president for legal studies, for a panel discussion as part of the award presentation.

The injustice of wrongful convictions is profound, and the Innocence Project’s cases involve heart-wrenching tales of tragedy and lives forever changed. The average age at the time of a wrongful conviction is 27; the average age at the time of exoneration and release is 43.

The Innocence Project took on Alexander’s case in 1996. His own lawyer, later disbarred for chronic incompetence and malfeasance, had failed to mount even a basic defense in the one-day trial that resulted in a life sentence. In 2013, the crime lab discovered new evidence in its archives, enabling DNA testing that ultimately exonerated Alexander. Five years after that, the Innocence Project succeeded in convincing prosecutors to officially drop charges and set him free.



PETER GOETTLER

Alexander is the Innocence Project's longest-serving exonerated client, but he is far from alone. In courtrooms across the country, the Innocence Project's lawyers fight, often for years, to overturn convictions built on debunked pseudoscientific forensic methods or obtained through profoundly flawed trials, coerced guilty pleas, or wholly inadequate defense attorneys.

The organization's work is not limited to litigating individual cases. The Innocence Project also works through strategic litigation, legislative advocacy, and efforts to directly support its clients upon release. As an example, working with the Cato Institute, the Innocence Project recently helped secure passage of a Missouri law allowing prosecutors to seek dismissal of charges against a convicted person, which prosecutors had previously been restricted from doing even in cases of clear exoneration. The Innocence Project also advocates for laws to compensate innocent victims of wrongful convictions.

"Looking at the issue from their perspective [as exonerees] brought a moral force, and we realized it really could attract sustained attention to issues that people otherwise might not want to engage with,"



JOHN CIESIELKA, DALE BOTTOMS, AND JOHN MAZUR



PHIL GRAMM, HERNANDO DE SOTO, AND CARLA OLIVIERI



GEORGE F. WILL AND BARRY SCHECK



GEORGE F. WILL

“I have a Cato-centric view of the world, which is to say that whatever is good for the Cato Institute has been good for the country.”

—GEORGE F. WILL

explained Scheck during the award presentation. Pointing out one of the project’s exonerees in the audience, Kirk Bloodsworth, who was exonerated after eight years on death row, Scheck explained how “an exoneree can become a spokesperson for the issue. Kirk, in 2004, went to Congress and helped pass the Justice for All Act. . . . And part of that act is the Kirk Bloodsworth program, which provides funding for DNA testing” like the kind that freed him.

Wrongful convictions harm the victims and their families most, but they also undermine the principles of a free society. This corruption of the proper role of limited government comes with deep moral harms and erodes public confidence in the criminal justice system. In the spirit of the Declaration of Independence and the tradition of constitutionally limited government, the exercise of arbitrary power over individuals is inherently unjust. No power can be more arbitrary and unjust than destroying innocent lives on the basis of false convictions, whether obtained through malice, negligence, or lack of due process. ■



DAN GROSSMAN, KEN LEVY, JULIANA PILON, AND ROGER PILON



DAVID NOTT, MATT WELCH, AND ROB CHATFIELD



LINDA AND BRYANT EDWARDS AND SALLIE JAMES



TAMRA THORNE, PETER GOETTLER, JAY LAPEYRE, STEPHANIE LIPS, AND FRANK LAUKIEN

CATO CLUB



STEVEN PINKER, HERNANDO DE SOTO, AND CARLA OLIVIERI



JAY LAPEYRE AND KEN CRISS



SUNDAY MORNING BRUNCH ON THE ROOFTOP AT CATO



FRED YOUNG AND GENE HEALY



CLARK NEILY AND ELENA GOYANES



PATRICK G. EDDINGTON (1) hosts a November book forum with the author **DANIEL S. CHARD** of Western Washington University (2) and commentators **FAIZA PATEL** of the Brennan Center for Justice (3) and **BEVERLY GAGE** of Yale (4) about *Nixon’s War at Home: The FBI, Leftist Guerrillas, and the Origins of Counterterrorism*.



Judge **DAVID STRAS** of the U.S. Court of Appeals for the Eighth Circuit participates in a book forum along with the authors of *The Original Meaning of the Fourteenth Amendment: Its Letter and Spirit*, Randy E. Barnett and Evan Bernick.

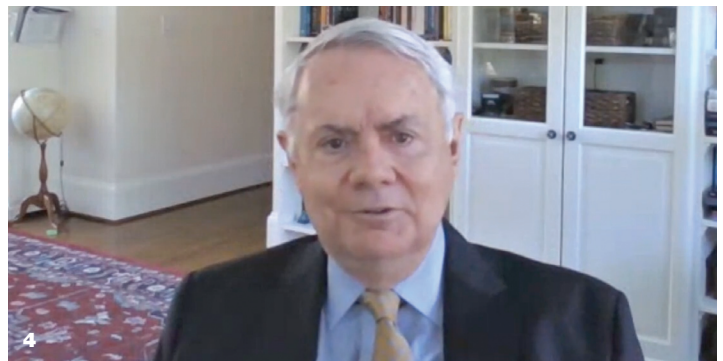
MUSTAFA AKYOL participates in a forum about his latest book for *Libertarianism.org*, *Why, as a Muslim, I Defend Liberty*.



DANTE DISPARTE, chief strategy officer at Circle, and **J. CHRISTOPHER GIANCARLO**, former chairman of the Commodity Futures Trading Commission, participate in a forum in November with Cato's **GEORGE SELGIN** on the topic of digital currency and its future.



JESSICA VAUGHN of the Center for Immigration Studies participates in a discussion with Cato's Alex Nowrasteh as part of the Sphere Education Initiative, where experts with differing views on important issues model civil discourse for teachers.



INU MANAK (1) participates in a policy forum with **REP. SUZAN DELBENE, D-WA** (2) along with **MAUREEN HINMAN** of Silverado Policy Accelerator (3) and Cato's **JAMES BACCHUS** (4) about the benefits of free trade in environmental goods.



The Return of the Anti-Enlightenment

BY CATHY YOUNG

A reading of Voltaire's tragedy "L'Orpheline de la Chine" in the salon of Madame Geoffrin.

This past July, *Tablet*, a center-right online magazine that covers Jewish life but also general culture and ideas, ran an essay by journalist and author Liel Leibovitz titled “It’s the Liberalism, Stupid.” Its point was to challenge the common view that the excesses of modern American progressivism, including identity politics and speech suppression, are rooted in rejection of liberalism. The real villain, Leibovitz argues, is liberalism itself—and not just liberalism as understood in American political discourse (i.e., support for a strong domestic role for government) but in a broader sense that includes small-government conservatism; that is, the classical liberalism ushered in by the Enlightenment. Leibovitz concedes that this idea seems preposterous to most people given “the many bounties” of the Enlightenment era, “from stable democracies to lifesaving science,” but this rosy view, he insists, ignores the vices of the liberal order.

Once consigned to marginalized extremists, this root-and-branch rejection of Enlight-

enment liberalism is gaining ground on both sides of the political spectrum. It’s a worrying trend for anybody who cares about freedom, and it’s rooted in bad history and even worse reasoning.

In Leibovitz’s narrative, the Enlightenment replaced the once-prevailing view that humans are capable of both great good and great evil and therefore need moral instruction and tradition to keep them in line with the notion that humans are born good and that evil comes only from oppressive and corrupt institutions; instead of tradition and faith, society should be held together through the social contract. We did all right as long as liberalism was held in check by still-potent forces of tradition—mainly family and religion—but those forces began to lose ground in the modern era, allowing radical individualism to triumph. The result: plummeting birth rates, broken homes, and “detached and uprooted people” who turned lonely, quarrelsome, and paranoid. “Call it woke culture if you’d like, but it’s nothing more than the Enlightenment’s apotheosis,” Leibovitz concludes.

Leibovitz’s snark-laden critique of Enlightenment liberalism is so shoddy that one may question whether it warrants a response.

(Among other things, Leibovitz dubiously ascribes to Benjamin Franklin a belief in the innate goodness of the noble savage and conflates the Hobbesian concept of a social contract in which people irrevocably “sign away a host of [their] innate rights” to the state with the Lockean principle—espoused in the Declaration of Independence—that legitimate government requires ongoing consent of the governed.) And yet this essay, which appeared in a mainstream intellectual magazine, is part of a larger trend of explicitly anti-liberal, anti-Enlightenment rhetoric in conservative quarters.

This conservative attack is matched by an increasingly visible strand of progressive discourse that is stridently hostile to the Enlightenment and the liberal tradition. This discourse ranges from serious critiques to muddled polemics. Thus, when Kyle Rittenhouse was acquitted in the shooting of three people during the 2020 riots in Kenosha, Wisconsin, on the grounds of self-defense, a piece by journalist Barrett Holmes Pitner on the leading left-of-center website, *The Daily Beast*, used the occasion to attack the Enlightenment philosophy of John Locke and its role in the American Founding. Locke’s

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formula of life, liberty, and property as fundamental rights, wrote Pitner, not only excuses the use of deadly force to protect property but also originally served to validate slavery as a form of property ownership. In the process, Pitner erroneously argues that Locke attempted to justify the institution of slavery in his seminal work, *Second Treatise of Government*.

In an age of widespread concern that liberal democracy is increasingly embattled around the world, the twin attacks on Enlightenment liberalism from the right and the left—and not just from the fringes—represent a worrying trend.

PINING FOR THE ANCIEN RÉGIME

While anti-liberal discourse on the right is not new, it gained a new prominence with the success of the 2018 book *Why Liberalism Failed* by University of Notre Dame political scientist Patrick Deneen. Deneen's indictment of liberalism is far more sophisticated and civil than Leibovitz's diatribe, but it makes essentially the same argument: that Enlightenment liberalism, with its emphasis on personal autonomy, leads to the dissolution of communal and familial bonds, atomization, moral nihilism, political alienation, and the hollowing out of culture and education. "Liberalism has failed—not because it fell short, but because it was true to itself. It has failed because it has succeeded," Deneen wrote in the book's introduction. Provocatively, he was upfront about the fact that he was blaming the Founding Fathers for liberalism's pernicious effects in the United States.

The following year, the religious conservative magazine *First Things* published several broadsides against Enlightenment liberalism and old-style American conservatism overly attached to liberty, individual autonomy, tolerance, and pluralism. Perhaps most notable among them was the essay "Conservative Democracy" by U.S.-born Israeli political scientist Yoram Hazony, author of the controversial 2018 book *The Virtue of Nationalism* and the intellectual leader of the national conservatism

“ Individual autonomy protects religious liberty, too. ”

movement. Like Deneen, Hazony proclaims the failure of liberalism. But where Deneen offers only vague and localized alternatives, Hazony proposes an alternative version of democratic government that explicitly repudiates the liberal Enlightenment tradition based on reason, "the free and equal individual," and "obligations arising from choice." Instead, the core values of conservative democracy include state-sponsored majority religion and immigration restrictionism, while individual freedoms are embraced only if they are rooted in national tradition and customs. Interestingly, Hazony wants to reclaim the American Founding for conservatism, mostly by enlisting some of the Founders into conservative ranks. He does this by reducing the Lockean roots of the American Revolution to some mere "Enlightenment-rationalist phrases in the Declaration of Independence."

Hazony and Deneen, it should be noted, are among the more moderate critics of the Enlightenment on the right. A more radical strain of illiberalism can be found in the Catholic integralists, such as Harvard law professor Adrian Vermeule. They advocate that conservative Catholics in America should work toward a political order in which the state is spiritually subordinate to the Catholic Church and is based on its tenets and values. One might argue that this is a purely utopian project in the United States today, where the population is only one-fifth Catholic. But a less narrowly sectarian version of religious authoritarianism—one of "a public square re-ordered to the common good and ultimately the Highest Good," in the words of conservative Catholic Sohrab Ahmari—has far broader

conservative appeal. And the fact that integralists have been enjoying something of a revival in mainstream conservative venues (as Ave Maria University professor James M. Patterson documented on the Law and Liberty website last year) is startling by itself.

ROLLING BACK THE CLOCK

One paradox of right-wing critiques of the Enlightenment is the frequent claim that modern progressivism is an extension of the Enlightenment's radical individualism. In a 2019 article (also in *First Things*) denouncing pro-liberty conservative David French for his attachment to pluralism and individual autonomy, Ahmari wrote: "The movement we are up against prizes autonomy above all, too; indeed, its ultimate aim is to secure for the individual will the widest possible berth to define what is true and good and beautiful, against the authority of tradition." The logical terminus of this quest, according to Ahmari, is to require full universal acceptance of each individual's choices: thus, people with traditional religious views must assist in same-sex weddings as bakers or florists and allow sexually active gays to hold posts in religious groups on college campuses. Conservatives who prioritize individual freedom, Ahmari argues, have no defense against that logic. In reality, of course, there is a strong counterargument that individual autonomy protects religious liberty, too, and in fact French has consistently championed it.

Today's left-wing progressivism prizes individual autonomy and self-determination only in some circumstances, such as the right to live according to one's sexual orientation or gender identity. Its general attitude toward these values tends to be quite negative. Indeed, classifying people by racial, ethnic, and sexual identities is at the core of the current progressive worldview, which rejects universalism as an imposition of white European (and patriarchal) values on people who are not straight white males. Moreover, the view that individualism, rationality, objectivity,

and other Enlightenment values are attributes of “whiteness” or “white supremacy culture” is fairly common in social justice circles and has been included in “anti-racist” training workshops. The irony of how this view overlaps with arguments long made by actual white supremacists is lost on them.

Direct attacks on the Enlightenment have proliferated on the left, focusing mainly on the idea that Enlightenment-based philosophy and science have been complicit in, and fatally tainted by, racism. In *Intellectual History Review*, Dutch historian Devin Vartija describes a postmodern or postcolonial critique of the Enlightenment as a claim that “the Enlightenment is fundamentally compromised by its association with European colonialism, that Enlightenment universalism is a sham because ‘the rights of man’ are really ‘the rights of white men.’”

The *Daily Beast* article pinning America’s racial injustices on Locke is a crude example of such a critique, but there has been no shortage of far more sophisticated versions—including the work of the recently deceased Jamaican American philosopher Charles W. Mills and the 2018 *Slate* article by journalist Jamelle Bouie asserting that appeals to the Enlightenment as a beacon of freedom, progress, and humanism must reckon with its dark side. To these critics, the Enlightenment and its thinkers are guilty not only of justifying slavery and colonial oppression but of creating scientific racism and racial classification. “Race as we understand it—a biological taxonomy that turns physical difference into relations of domination—is a product of the Enlightenment,” writes Bouie, arguing that racism arose in response to the fundamental contradiction of the era: thinkers who espoused liberty but also justified slavery had to come up with a way to classify enslaved people as subhuman.

THE ENLIGHTENMENT’S DARK SIDE

There is no question that, like everything else in human history, the Enlightenment

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”

and its legacy have a dark side. From the beginning, Enlightenment liberalism often had trouble dealing with people who did not fit into its paradigm of the autonomous rights-bearing individual, either because they were not included (women, blacks, and other minorities) or because they refused to join (religious and cultural traditionalists). Some Enlightenment figures, such as Immanuel Kant and Thomas Jefferson, rationalized the treatment of nonwhite people as lesser beings. Others, such as the Jacobins of the French Revolution—the Enlightenment’s misbegotten spiritual children—dehumanized aristocrats and “fanatical” peasants who were strongly attached to their Catholic faith. The American republic did far worse than the French republic when it came to race relations—partly because France’s racial problem was relegated to colonies abroad—but it did far better when it came to religious and political pluralism.

Yet it is worth noting that the Enlightenment was not nearly as monolithic as the critiques often imply. Pro-Enlightenment narratives, such as that of linguist and psychologist Steven Pinker in his 2018 book *Enlightenment Now: The Case for Reason, Science, Humanism, and Progress*, sometimes lapse into the same error. Even in one country—France—its exponents included deists, theists, believers in “natural religion,” and a handful of atheists. The Age of Reason was also the age of sentiment as well as the age of intense interest in the study of human nature and passions. In some ways, as cultural

historian Peter Gay argued in his seminal 1966–1969 study *The Enlightenment: An Interpretation*, the Enlightenment was “a revolt against rationalism” as well as a rejection of religious anti-rationalism. And while Enlightenment thought generally affirmed the personal and spiritual autonomy of the individual, it also extolled family, domestic happiness, and civic virtues, not radical individualism.

Enlightenment attitudes toward race and slavery were at least as complex. Pseudoscientific rationalizations for racial subjugation and exploitation coexisted with trenchant critiques of those practices, which went back to a much earlier time and had been traditionally justified on the grounds of religious sanction, legal norms, or economic interest. Denis Diderot, the French Encyclopedist, was one of many Enlightenment philosophers who were fiercely anti-colonialist and anti-slavery. He was among the authors of *A History of the Two Indies*, the bestselling (and at one point banned) work edited by Abbot Guillaume Raynal, which scathingly indicted the Europeans’ conduct in the Americas, coastal Africa, and Asia. Indeed, Vartija argues, far from using race to reconcile human rights and chattel slavery, these thinkers’ advocacy of human rights was partly inspired by revulsion at the inhumanity of the slave trade and colonialism. Likewise, University of Maryland historian Holly Brewer asserts in *Aeon* magazine that “slavery’s origins were in absolutism, not liberalism” and that “liberalism arose in reaction to slavery.” The Enlightenment’s assault on the idea that a person’s place in society was divinely ordained at birth, says Brewer, ultimately provided the impetus for slavery’s abolition.

It is true that the Enlightenment spirit of scientific exploration also led to attempts at racial classification, which played a role in the rise of scientific racism in the 19th century. But Vartija makes a strong case that such classification by Enlightenment figures, including Comte Georges-Louis Leclerc de

Buffon, the naturalist and precursor of evolutionary theory, did not rely on the concept of races as fixed categories, did not necessarily assume white racial superiority, and did not seek to justify racial oppression.

Sometimes, anti-Enlightenment broadsides from both right and left are little more than ad hominem attacks, and inaccurate ones at that. Locke has been accused of hypocrisy and collusion in slavery because he briefly owned stock in the slave-trading Royal African Company (which was given to him as payment) and supposedly authored the 1669 Fundamental Constitutions of Carolina, which enshrined and strengthened slavery. Yet the extent of Locke's role in drafting the constitutions in his capacity as secretary to the Lords Proprietors of Carolina is very much disputed. Reviewing the evidence in the *American Historical Review* in 2017, Brewer notes that Locke not only rejected and condemned slavery in his seminal work, *Two Treatises of Government*, but justified the Glorious Revolution of 1688 partly on the grounds that the king it overthrew, James II, was an advocate for slavery.

Meanwhile, from the right, Hazoni has derided Locke, along with Spinoza, Kant, and Descartes, as childless bachelors wedded to a vision of the free, atomic individual because of their blinkered perspective. Yet not only did Locke regard the family as an institution essential to civil society and to the development of the individual, he was also a practicing pediatrician who often advised friends on child rearing. Hazoni is assailing a cartoon version of Locke, just as he is assailing a cartoon version of the Enlightenment.

THE ILLIBERAL CYCLE OF LEFT AND RIGHT

The current Enlightenment wars, it turns out, are not entirely new. A 2000 article by Boston University political scientist James Schmidt in the journal *Political Theory*, "What Enlightenment Project?," examines familiar

critiques: from the right, that the Enlightenment is too preoccupied with the autonomous individual at the expense of family and community; from the left, that the Enlightenment's concepts of freedom and human rights are Eurocentric and racially exclusionary. But the arguments have become much more acrimonious, extreme, and prominent.

During the 20th century, both fascists and communists often framed their arguments as rejecting or transcending Enlightenment liberalism. Before that, both the American Progressive Era reformers and the Confederate pro-slavery secessionists often framed their agendas as repudiations of Enlightenment liberalism. Liberalism was derided as outdated or mistaken, misunderstanding human nature, or as being concocted as a tool of oppression. These anti-liberal arguments produced some of the worst horrors of the modern era.

Because liberal democracies are defined by their Enlightenment legacy, attempts to find good alternatives to classical liberalism have tended to flounder. From the right, Deneen's *Why Liberalism Failed*, which stresses that liberalism's positive gains must be preserved, doesn't really propose programs or solutions other than to nurture cultural enclaves outside the liberal consensus (he cites the Amish as an example). Ironically, the ability to do that depends on liberal pluralism. From the left, Charles Mills's critique of the Enlightenment's "racial contract" urges using the Enlightenment's own intellectual tools to cleanse liberalism of racism.

Such critics of the Enlightenment thus reveal how deeply immersed we all are in Enlightenment ideas about morality: it's difficult for them to explain their critiques without resorting to liberal principles. To do otherwise implies such a repulsive vision for the world that it's almost indefensible, and many of its own advocates recoil from it.

But in recent years, openly authoritarian solutions have gained more mainstream acceptance in both camps. On the right, it's Hazoni's calls for conservative democracy

and religious diktat, Ahmari's insistence that acceptance of Trump's populist leadership should be a conservative credential, and the nationalist right's love affair with foreign illiberal figures such as Hungary's Viktor Orbán. On the left, it's a push to drive "wrongthink" out of academic, cultural, and corporate institutions, as well as an increasing number of calls for the use of government power to curtail the expression of what the left considers to be bad ideas. This includes renewed support for hate speech bans to proposals for an "anti-racist constitutional amendment" and a federal "department of anti-racism" to enforce it. It can also be seen in a revived flirtation with communism and apologia for the Soviet empire.

One could argue about "both-sides-ism" and endlessly debate which brand of authoritarianism poses more danger. In the meantime, the two reinforce each other in a vicious cycle, with each side pointing to the other's authoritarian excesses to justify its own abandonment of liberal tolerance in the battle against the evil enemy.

Whatever the flaws of Enlightenment liberalism, we should not forget that what it rebelled against was not just tradition steeped in warm human bonds but an oppressive order based on political, religious, and social tyranny—and that attempts to replace it with something better have repeatedly led to new forms of tyranny. When we get past the caricatures, the Enlightenment is complex enough to contain multitudes. Before we declare it a failed experiment or an instrument of oppression, we should understand its legacy and how inseparable it is from vast leaps of moral progress.

Efforts to erode those foundations have produced evils that pale in comparison to complaints about secularization, individualism, and free markets. Attempts to produce a new and improved anti-Enlightenment political philosophy have so far failed to show that they aren't just repeating the same mistakes—with the same potential for catastrophic consequences. ■

A rising wave of political pressure threatens central bank independence

Monetary Conference Tackles the Perils of Populism

For almost four decades, one of Cato's flagship events has brought together the nation's leading experts and policymakers to discuss key issues in monetary policy. In November, the 39th Annual Monetary Conference focused on the theme of rising populism and its effects on the future of the Federal Reserve.

"One could argue that those who want the Fed to allocate credit, help fund a Green New Deal, engage in 'helicopter drops,' and so on are well intentioned," explained James A. Dorn, vice president for monetary studies, in his opening remarks. "However, the real issue is whether such actions are consistent with long-run price stability and the rule of law."

Political pressure on the central bank isn't new, but it has typically revolved around policy areas within the Fed's traditional purview. Increasingly, however, politicians have begun to entangle the Fed in issues seemingly far removed from monetary policy, such as climate change and social justice, as well as in the interplay of fiscal decisions made by legislators. This has raised difficult questions, including the proper scope of the Fed's role, which is largely outside the democratic process, and the importance of maintaining a separation between monetary policy and fiscal policy.

In the conference's keynote address, the University of Chicago's Raghuram Rajan warned that these demands threaten to take the Fed down a "road to dominance" with outsized influence over a wide range of policy issues, even as the extraordinary response to the pandemic has made it essential to refocus on the core purpose of maintaining price stability.

"A fundamental hope for monetary outcomes is that after a transitory period of inflation, hopefully short lived, this time



1. **RAGHURAM RAJAN**, University of Chicago Booth School of Business. 2. **FERNANDO M. MARTIN**, Federal Reserve Bank of St. Louis. 3. **ALLISON SCHRAGER**, Manhattan Institute. 4. **JAMES A. DORN**, Cato Institute. 5. **ROSA MARIA LASTRA**, Queen Mary University London. 6. **WILLIAM NELSON**, Bank Policy Institute. 7. **CHARLES GOODHART**, London School of Economics. 8. **CAROLA BINDER**, Haverford College. 9. **CHRISTINA PARAJON SKINNER**, Wharton School at the University of Pennsylvania. 10. **BARRY EICHENGREEN**, University of California, Berkeley.

will not be different. In other words, we will go back to the benign pre-pandemic world. Given the changes that have occurred, this seems somewhat optimistic," Rajan explained.

Throughout the day, a series of panels that included both academics and policymakers were moderated by some of the field's most notable journalists: Greg Ip,

chief economics correspondent at the *Wall Street Journal*; Jeanna Smialek, Federal Reserve and economics reporter for the *New York Times*; and Edward Luce, U.S. national editor of the *Financial Times*.

In a discussion about so-called fiscal dominance and the return of inflation, Fernando M. Martin of the Federal Reserve

Continued on page 23

A Bipartisan Push to Restore Constitutional War Powers

James Madison once observed that “in no part of the Constitution is more wisdom to be found than in the clause which confides the question of war or peace to the legislature, and not to the executive department.” Unfortunately, that wisdom has long been eroded in practice, with presidents of both parties claiming unilateral power to plunge the United States into wars abroad. There is an increasing effort to restore that constitutional balance. In November, two members of Congress, **Rep. Peter Meijer (R-MI)** and **Rep. Jim McGovern (D-MA)**, spoke to Cato’s Caleb Brown for the *Cato Daily Podcast* about their bipartisan bill to bring questions of war and peace back to the people’s elected legislators.

CALEB BROWN: War is a matter for deliberation. In the United States, it’s constitutionally a matter for deliberative bodies in Congress. And yet in recent decades, we’ve seen a substantial transfer of the power to make war over to the executive branch, with expensive and often disastrous consequences. Rep. Jim McGovern of Massachusetts, a Democrat, and Rep. Peter Meijer of Michigan, a Republican, hope to begin the process of clawing back those and other related authorities on behalf of the first branch of government, where they belong. We spoke last week in the U.S. Capitol. So where did everything go off the rails? How did we get to this point?

JIM MCGOVERN: Well, I think it went off the rails because members of Congress of both parties allowed it to go off the rails. They allowed presidents to usurp congressional authority when it comes to issues of war and peace and other national security matters. So it’s up to Congress to reclaim that authority.

BROWN: This should be a front-and-center Republican issue. President Trump, it seems, had awakened an impulse to get out

of these wars and perhaps curtail the presidential power to make war. How does your party, Rep. Meijer, stack up on this core Article I issue?

PETER MEIJER: It does not cut nearly as neatly as some might expect, even though it is a constitutional question. It’s about balancing powers, and we on the conservative side of the aisle like to pride ourselves at least rhetorically on our fidelity to the Constitution’s checks and balances. But the Trump administration was really the first that had a Republican president who was not reflexively hawkish. Think back to George H. W. Bush and Ronald Reagan, for example. You probably have to go back to the Eisenhower administration to find that more dovish vein of thought in a White House held by our party. But that doesn’t mean President Trump was well received within his own party on this issue. You still have members who were opposed to that change under Donald Trump and who are still opposed to the turn toward less war in the post-Trump GOP.

BROWN: What are the mechanisms that need to change here for Congress to reclaim

the power to make the decision about going to war?

MCGOVERN: We have introduced legislation to keep us in line on a statutory basis when it comes to living up to our constitutional responsibilities. Unfortunately what happens, and my colleague just alluded to it, is that sometimes when you have a president of your own party in power you don’t want to make waves. It doesn’t matter whether you’re a Democrat or Republican. That’s the way it sometimes plays out. And so some Democrats don’t want to put any roadblocks in the way of Joe Biden. A lot of Republicans didn’t want to do that to Donald Trump. I think we need to protect ourselves by actually passing legislation that will force us to do our job regardless of who’s in power.

BROWN: I remember President Obama arguing that he had the full authority to drop bombs in a particular foreign country, Syria, but said he would ask Congress to approve a resolution on doing that. And that just seems totally backward. As you said, presidents of both parties want to have that authority. It’s a tool in the toolkit for a president. So are Democrats broadly aligned in favor of reclaiming the war power now, even though there is a president of their own party in the White House?

MCGOVERN: Well, I think as Peter mentioned, it’s complicated on the Republican side, and it’s also complicated on the Democratic side. We have some Democrats who don’t want to do anything right now because Joe Biden’s in office. But having said that, I think this is the moment to do it. President Biden has at least alluded to how he might be open to this discussion. So let’s

take him up on that, and let's see whether we can get something done. Again, the blame here is not on Republicans or Democrats. It's on both of us. And so it's up to both parties to reclaim our congressional authority, and in the long run I think it will result in us upholding our constitutional responsibilities.

BROWN: What about repealing the 2001 Authorization for the Use of Military Force (AUMF), which was passed in response to 9/11? That seems like a logical place to start. The subsequent AUMFs aren't really being used that much. And people of both parties have said, "Well, we can get rid of those" because they're not operative anyway. But the 2001 AUMF is the one that really authorized a lot of mischief that has gone on for a very long time, at great expense to the United States.

MEIJER: There are two different elements when we talk about AUMF repeal. One is ensuring that AUMFs are not being utilized for something far beyond their original purpose. Then you have what we might call the zombie AUMF problem, which is that these old authorizations are just sitting there in the background, but potentially they could be abused. So we need to just clear the slate of all of those. So 2002, 1991, 1957, you can repeal them, and it will have no operational effect today. It's good, but it's just symbolic.

The 2001 AUMF has obviously been extrapolated far beyond al Qaeda and associated forces to groups that didn't even exist on 9/11. We've seen it invoked against groups that are actively fighting al Qaeda while we're bombing them. So I am of the mind that we replace the 2001 AUMF with something that is far more narrowly tailored. We need something that makes us affirmatively address the question of whether we're going to continue these operations. It shouldn't just be a sense of intrinsic momentum but of active and ongoing congressional authorization. One of those shifts in our bill is from the burden being on Con-

gress to tell the president no to the president having to come to Congress and having Congress say yes.

MCGOVERN: Peter's right about that. A big problem is that these AUMFs have no sunset provisions, which is one of the problems we're trying to address. They go on forever, and they get interpreted and reinterpreted



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We're using
AUMFs that
were voted on
years ago.
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continuously. So we find ourselves involved in military conflicts, and we are told that they're justified by an AUMF, but when that AUMF was passed that conflict or that scenario was never even envisioned.

I was here in Congress when we voted in 2001 to authorize the use of military force in Afghanistan. To be honest with you, I struggled with that vote mightily. But at the time, I was reassured by the Bush administration that this was really narrow, that we were only going to seek out those who were re-

sponsible for 9/11. Well, obviously, here we are in 2021, and that was not the case. It was used for a number of things and interpreted very broadly. Had I known that back then, I probably would not have voted for it. This idea that we're using AUMFs that were voted on years ago to justify military scenarios that we never even contemplated back then, there's something seriously wrong with that.

MEIJER: Right. Where are we now? We're two decades on. The Taliban control Afghanistan, Osama bin Laden is dead. There are terrorist groups that are far more virulent that we couldn't have imagined back then. . . . We need to be asking, which groups have already been sufficiently degraded by the authorities that were given to the executive and to the operations that have been carried out. I think it's important to remember as well that there's a question of measuring outcomes, which right now Congress doesn't have to do. If the president had been forced to articulate just what they were going to do and then also prove that it had worked to convince Congress to give them that authority on a continual basis, that might have produced a far better outcome because then the president would've been held to account, the questions would've been asked, and the answers would have had to have been articulated.

BROWN: Even though, as we mentioned earlier, President Trump in some ways was less hawkish than past Republicans, most of his vetoes were over Congress expressing displeasure with his actions related to arms transfers and to exceeding his authority with respect to war powers. What is the automatic mechanism in your bill that puts the onus back on Congress to either continue to allow a president to engage in certain activities or automatically ceases that activity absent authorization?

MEIJER: Well, right now the president says, for example, "I'm going to sell weapons to

someone.” The Senate is going through this right now with some air-to-air missiles being sold to Saudi Arabia. The president does that unless both houses of Congress have veto-proof majorities to stop him. So the burden is solely on Congress to get sufficient numbers. And the president can basically do what they want. We need to switch the presumption the other way, to requiring affirmative congressional consent rather than just the passive lack of an objection. And that’s one of the things we’re proposing, regarding arms sales and using military force directly.

BROWN: It’s actually easier to impeach and remove a president, which only takes a simple majority in the House, than it is to get the supermajorities required in both chambers to stop the president from making war.

MCGOVERN: That’s absolutely right. But let me just tell you a little secret that a lot of people don’t like to talk about up here. Members of Congress don’t like to take tough votes on issues of war, arms sales, or national security matters because sometimes they’re tough votes. And so it’s a lot easier to be on the sidelines, and they say, well, “I would have done this,” or, “I would have done that.” But to cast a vote on a regular basis, to do the kind of oversight that we think is our obligation to do, it puts people in an uncomfortable spot. I was also here when we voted on the Iraq War. I voted against that authorization. But at the time of that vote, the public opinion polls were overwhelmingly in support of what President Bush was trying to do. Then public opinion turned pretty quickly. And a lot of people who voted for it wish they hadn’t. But having to cast that vote put them in a position of accountability for the decision. So that’s one of the challenges that we have to deal with because people are going to have to take responsibility.

BROWN: In your proposal, what automates the process of ending a presidential overstep without explicit congressional assent?

MEIJER: How our bill would handle that is slightly different depending on the category. But the first thing is that I think there’s a recognition on both sides of this issue that the president does have some inherent fast-



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Biden has indicated a willingness to engage on this.
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response ability to deal with a rapidly developing situation. So we don’t want to overly curtail that. Just like in the Constitution, the president has Article II powers around self-defense that have been used to justify a lot of periodic or one-off engagements. But after that point, once we’re beyond that immediacy, then it’s time to get Congress involved.

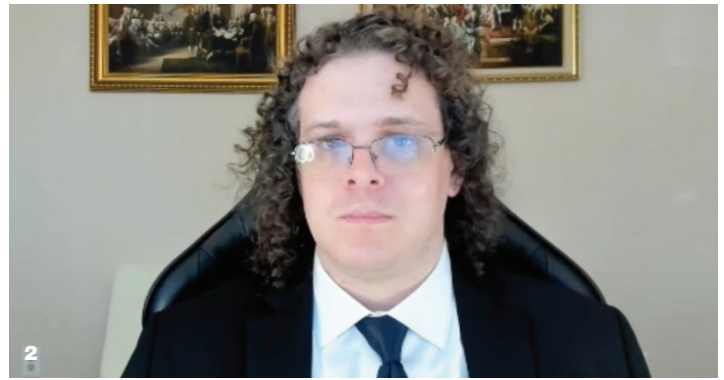
One change involves the War Powers Resolution of 1973, which has a 60-day clock for the president to come get authorization.

We curtail that down to 20 days. After that point, it has to be affirmed by Congress if that is going to continue. And if Congress doesn’t approve, that action is immediately ended. The funding is cut, which is an important thing the current law doesn’t do. And we’re aggressive about cutting off funds, much more so than the War Powers Resolution passed in the aftermath of Vietnam.

BROWN: Do you feel like there’s a coalition that can get this over the line and a president who’s willing to sign it?

MCGOVERN: President Biden has indicated a willingness to engage on this matter. It’s up to us to try to figure out whether we can get the majorities to do this. Now, I chair the rules committee, and we’ve had a hearing already. We’re going to do another hearing on this legislation in the near future. The ranking Republican, Tom Cole from Oklahoma, is very interested in this topic. I have a lot of other very conservative Republicans on the rules committee who have expressed interest in supporting this. And on the Democratic side, I’ve got a lot of support from some of my colleagues. The experience of the past few decades is weighing heavily on many of us.

Now, there are what I would call more-establishment figures who I think are reluctant to go down this road. We’re going to have to convince them, but this is not a Democratic or Republican issue. There are liberals, conservatives, and moderates who all feel we need to do something like this. There is also legislation on this in the Senate. We’re going to move it through the process, hopefully next year. We’re going to have hearings. We’re going to have a thoughtful discussion. And I think it will be interesting because the people who will be speaking in favor of it are not going to be all Democrats or all Republicans. You’re going to see a very broad coalition, both across the parties and within each party. ■



ILYA SHAPIRO (1) moderates a policy forum on the constitutional law of pandemic lockdowns with **JOSH BLACKMAN**, South Texas College of Law Houston (2) and Cato adjunct scholar **WENDY MARINER**, Boston University School of Public Health (3), and **EUGENE KONTOROVICH**, George Mason University Antonin Scalia School of Law (4).



Panelists discuss the future of cryptocurrency regulation at a Cato policy forum. 1. **SARAH WYNN**, *CQ Roll Call*. 2. **CHRIS BRUMMER**, Georgetown University. 3. **KATHERINE COOPER**, attorney at Murphy and McGonigle. 4. **MELISSA NETRAM**, partner at FS Vector.



WALTER OLSON, senior fellow at Cato, participates in a professional development summit for educators on elections, voting rights, and electoral reform, as part of Cato's Sphere Education Initiatives.

OCTOBER 14: What My Grandparents' Experience in the Holocaust Taught Me about the First Amendment

OCTOBER 14: Happier and Healthier—Arizona's Success with Free Markets

OCTOBER 20: COVID and the Constitution: *Jacobson*, *Lochner*, Mandates, and Lockdowns

OCTOBER 21: A New Agenda for Fighting Poverty and Inequality in California (Sacramento)

OCTOBER 21: *Why, as a Muslim, I Defend Liberty*

OCTOBER 23: A New Agenda for Fighting Poverty and Inequality in California (Los Angeles)

OCTOBER 28: *The Mind of the Censor and the Eye of the Beholder: The First Amendment and the Censor's Dilemma*

NOVEMBER 2: Digital Currency: Public or Private?

NOVEMBER 4: *Purchasing Submission: Conditions, Power, and Freedom*

NOVEMBER 5: The Origins of Human Progress

NOVEMBER 8: Benefits and Prospects of Free Trade in Environmental Goods

NOVEMBER 10: *Nixon's War at Home: The FBI, Leftist Guerrillas, and the Origins of Counterterrorism*

NOVEMBER 16: *A Right to Lie? Presidents, Other Liars, and the First Amendment*

NOVEMBER 16: 39th Annual Monetary Conference: Populism and the Future of the Fed

NOVEMBER 22: New Technology and Old Rules: Constructing a Crypto Regulatory Framework

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Cato Calendar

CATO INSTITUTE POLICY PERSPECTIVES 2022

New York • Cipriani
April 12, 2022

SMART CITY SYMPOSIUM

Washington • Cato Institute
June 7, 2022

SPHERE SUMMIT: THE FOUNDATIONS OF CIVIC CULTURE

Washington • Cato Institute
July 10–14, 2022

SPHERE SUMMIT: INCORPORATING CIVIC CULTURE INTO ADVANCED STUDIES

Washington • Cato Institute
July 24–28, 2022

ALTERNATIVE MONEY UNIVERSITY

Washington • Cato Institute
August 7–10, 2022

THE STATE OF MONETARY POLICY AFTER 40 YEARS

40th Annual Monetary Conference
Washington • Cato Institute
September 8, 2022

21ST ANNUAL CONSTITUTION DAY

Washington
Cato Institute
September 15, 2022

CATO CLUB RETREAT

Bluffton, SC
Montage Palmetto Bluff
September 29–October 2, 2022

Updated information on Cato Institute events, including cancellations, can be found at [Cato.org/events](https://www.cato.org/events).

Central Banks Study Themselves

The effectiveness of unconventional monetary policy has been a subject of intense debate in both academic and policy circles. In **“Fifty Shades of Quantitative Easing: Comparing Findings of Central Bankers and Academics”** (Research Briefs in Economic Policy no. 271), Brian Fabo, Martina Jančoková, Elisabeth Kempf, and Lubos Pastor find that central bank researchers have tended to produce inflated estimates of the positive impact of quantitative easing policies. This systemic bias undermines the credibility of research and influences policy decisions.

CHOICE BENEFITS EVERYONE

Using extraordinary new child-level data available from Florida, David N. Figlio, Cassandra M. D. Hart, and Krzysztof Karbownik document how the state’s expansion of school choice vouchers has benefited not just the students who use them but also those remaining in the public schools, in **“Effects of Scaling Up Private School Choice Programs on Public School Students”** (Research Briefs in Economic Policy no. 274).



school choice vouchers has benefited not just the students who use them but also those remaining in the public schools,

TRADE WAR DESTRUCTION

The Smoot-Hawley tariffs are notorious for contributing to a collapse in global trade during the height of the Great Depression. In **“The Smoot-Hawley Trade War,”** (Research Briefs in Economic Policy no. 275), Kris James Mitchener, Kirsten Wandschneider, and Kevin Hjortshøj O’Rourke explore just how destructive they were, examining the widespread retaliations to America’s tariff hike and how they negatively impacted their respective countries.

KEEP IT SIMPLE

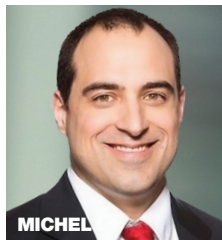


As expected, the President’s Working Group on Financial Markets issued a report outlining the Biden administration’s vision for regulating stablecoins, digital currencies that are tied to reserve assets such as the U.S. dollar. In **“A Simple Proposal for Regulating Stablecoins”** (Briefing Paper no. 128), Norbert Michel and Jennifer J. Schulp offer a counterproposal for a light-touch approach that will enable innovation in this nascent field.

THE IMPACT OF OPPRESSION

Discriminatory policies can hinder economic growth. In **“Discrimination, Managers, and Firm Performance: Evidence from ‘Aryanizations’ in Nazi Germany”** (Research Briefs in Economic Policy no. 270), Kilian Huber, Volker Lindenthal, and Fabian Waldinger document the firm-level consequences of an especially horrendous and infamous example, the purge of Jews in prewar Nazi Germany. Aside from the obvious moral consequences, they find that the removal of Jewish managers and directors had severe negative consequences for the affected firms.

SHAKY FOUNDATION FOR STABILITY



The U.S. Treasury Department will soon release its recommendations for regulating stablecoins, digital currencies whose value is pegged to stable reserve assets such as the U.S. dollar. In **“Treasury’s Misguided Focus on the Systemic**

Risk of Stablecoins” (Briefing Paper no. 127), Norbert Michel explains why the expected policies inflate risks and are likely to propose more aggressive regulation than is necessary.

SPOOKS AND SHOTS

Bolstering public confidence in vaccinations has been critical to public health, especially during the pandemic. Unfortunately, the CIA’s use of vaccine programs as a ruse for intelligence operations has critically undermined trust in Pakistan, with severe negative consequences, as analyzed by Monica

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MARTINEZ-BRAVO

Martinez-Bravo and Andreas Stegmann in “In Vaccines We Trust? The Effects of the CIA’s Vaccine Ruse on Immunization in Pakistan”

(Research Briefs in Economic Policy no. 276).

BITCOIN SNOOPING

The Infrastructure Investment and Jobs Act, recently signed by President Biden, included a dramatic attack on cryptocurrencies, including intrusive new reporting requirements to the IRS. In “The Infrastructure Investment and Jobs Act’s Attack on Crypto: Questioning the Rationale for the Cryptocurrency Provisions” (Briefing Paper no. 129), Nicholas Anthony explains why these rules are irrational and redundant even on their own terms and how government can much more efficiently monitor transactions by looking at the public blockchain itself.

BOOTLEGGERS, BAPTISTS, AND BAGS

It has become popular to ban externality-generating products, but these policies often target only a narrow subset of the products actually causing the problem, such as the popular regulations against plastic grocery bags, which contribute only a small amount to pollution. In “The Intended and Unintended Consequences of Disposable Bag Regulation” (Research Briefs in Economic Policy no. 277), Tatiana Homonoff, Lee-Sien Kao, Javiera Selman, and Christina Seybolt explore this phenomenon of political incentives and how it can cause well-intentioned policies to backfire.

MASK UP?

The widespread mandating of face masks has been one of the hallmarks of the COVID-19 pandemic. But do they work? In “Evidence for Community Cloth Face Masking to Limit the Spread of SARS-CoV-2: A Critical Review” (Working Paper no. 64), Ian T. Liu, Vinay Prasad, and Jonathan J.

Darrow review the evidence from 16 quantitative meta-analyses. They find that eight were inconclusive, and the other eight recommended mask mandates based on weak evidence.

THERMOSTAT GUIDANCE



MIRON

Climate change is one of the most pressing issues in global politics, as nations and politicians haggle over how to address greenhouse gas emissions. In “What Should Policymakers Do about Climate Change?” (Briefing Paper no. 130), Jeffrey Miron and Pedro Braga Soares set aside debates over the causes of climate change and instead consider which policies would have the most effect within the terms of the current scientific consensus. They explain why the ideal policies, which might make sense in theory, can rarely be translated into actual practice. ■

Continued from page 16

Bank of St. Louis discussed whether the current sharp increase in inflation is being driven more by fiscal decisions than monetary policy decisions. “Massive assistance programs, deficits that were about \$3 trillion, and debt that surpassed 100 percent of GDP” were all among the aspects of the government’s pandemic response. “The result is that over the course of the pandemic, inflation has averaged 3 percent, well above the target.” As Martin explained, high government spending has driven up demand, and prices have risen in response. The biggest price increases have been in some of the goods that have also seen the largest increases in supply, pointing to fiscal-driven demand as the cause.

In the lunchtime address, Barry Eichen- green of the University of California, Berke-

ley, author of *The Populist Temptation*, explored how the rise of anti-elite populism has presented new challenges to central bank independence, both in the United States and around the world, in ways that “tend to have an inflationary bias.”

In another discussion about the possibility of expanding the Fed’s legal mandate, which has long been defined as price stability and maximum employment, Otmar Issing, former chief economist at the European Central Bank, explained how central bank independence has been a relatively recent innovation. This development arose even though “the independence of the central bank seems to contradict core principles of democracy.”

But when this lack of independence resulted in high inflation, the fears of independent technocrats unconstrained

by elected politicians receded and a period of relatively low inflation ensued. Now, the debate has been reinvigorated, not just on populist grounds, but also among economists, who are reconsidering to what degree monetary and fiscal policy can be truly independent of each other.

With a changing political landscape and the unprecedented tumult of the COVID-19 pandemic, the Fed’s role is becoming more heavily disputed than it has been in decades. These and other discussions continue the Annual Monetary Conference’s tradition of providing timely and thoughtful responses to the most pressing contemporary issues in Fed policy. ■

FULL VIDEOS OF THE ADDRESSES AND DISCUSSION PANELS AT THE 39TH ANNUAL MONETARY CONFERENCE CAN BE FOUND AT CATO.ORG/EVENTS/39TH-ANNUAL-MONETARY-CONFERENCE.

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“To Be Governed...”

FAT LEONARD UNDERSTANDS PUBLIC CHOICE

The “Fat Leonard” scandal—known by the 350-pound Mr. Francis’s nickname—would lead to the investigation of hundreds of Navy personnel and the indictment of dozens on charges related to corruption. . . .

By the late 2000s he had a near monopoly on supplying the Navy in the Pacific.

He also became a pimp for Navy officers. In return, they overlooked inflated bills and helped him win multimillion-dollar contracts. . . .

He had also made himself rich. He rented a mansion in Singapore valued at \$130 million and owned a fleet of 20 luxury cars, paid for almost entirely by the U.S. taxpayer, he said. “I mean, if you’ve got a defense contract, you’re good for life,” Mr. Francis explained, because the military “doesn’t do due diligence, because it’s not their money. It’s Uncle Sam’s money.”

—*Wall Street Journal*, September 30, 2021

SO . . . NOT EXACTLY UNIFYING?

Russian President Vladimir Putin again attacked Western liberalism in a fiery address on Thursday, blasting so-called cancel culture and advances in gay and transgender rights. . . .

Putin is trying to show that he “stands for values that will not divide society and throw it into chaos,” said Matthew Sussex, a Russia expert at the Australian National University. “On the one hand, it’s a unifying message. But on the other hand, it does hit . . . the transgender and gay communities that the Russian government has continued to target.”

—*Washington Post*, October 22, 2021

EVERY LITTLE LINE HAS A LOBBYIST ALL ITS OWN

It includes a \$4.1 billion tax break for people who buy electric bicycles, \$2.5 billion for “tree equity,” another \$2.5 billion to help “contingency fee” lawyers recoup their expenses and a long-sought tax break for producers of sound recordings.

The marquee programs within the Democrats’ social safety net and climate change bill—such as universal prekindergarten, child care subsidies and prescription drug price controls—have garnered most of the public attention. But when a nearly \$2 trillion piece of legislation moves through Congress, it affords lawmakers ample opportunity to pursue any number of niche issues—and lobbyists and industries plenty of room to notch long-sought victories tucked deep inside thousands of pages of text. . . .

Many obscure provisions may emerge as subjects of ridicule, but Democrats are not shying away from their work. Every niche item has a constituency that regards it as central.

—*New York Times*, November 17, 2021

WASHINGTON KABUKI

President Biden called on the Federal Trade Commission to investigate whether oil-and-gas companies are participating in illegal conduct aimed at keeping gasoline prices high, in the latest effort by the White House to respond to public concerns about costs for everything from fuel to groceries.

Outside analysts expressed skepticism that the FTC would find enough evidence to substantiate Mr. Biden’s allegations. . . .

Facing political fallout from high gas

prices, past presidents of both parties have called for similar investigations into alleged price gouging and manipulation in the market. The efforts rarely result in federal action.

—*Wall Street Journal*, November 17, 2021

THAT’LL USUALLY DO IT

Enviva and other companies are cutting trees, turning them into wood pellets and shipping them to power plants in Europe. . . . The industry is growing quickly because of government subsidies on both sides of the Atlantic.

—*NPR*, November 10, 2021

TECHNICALLY, 52 SENATORS OPPOSE THE BILL

2 senators cannot be allowed to defeat what 48 senators and 210 House members want.

—*Sen. Bernie Sanders (I-VT) on Twitter*, October 1, 2021

SO MUCH FOR THAT

An Abbott spokesperson, Renae Eze, confirmed private businesses still have the option of mandating vaccines for their workers, saying, “Private businesses don’t need government running their business.”

—*Texas Tribune*, August 25, 2021

Texas Gov. Greg Abbott on Monday issued another executive order cracking down on COVID-19 vaccine mandates—this time banning any entity in Texas, including private businesses, from requiring vaccinations for employees or customers.

—*Texas Tribune*, October 11, 2021