

From Research to Impact

At Cato's 32nd Benefactor Summit, held in Washington in May in conjunction with the Milton Friedman Prize for Advancing Liberty Dinner, one panel discussed how Cato's work is used on Capitol Hill, in federal agencies, and in state governments. **Caleb Brown**, host of the *Cato Daily* podcast, interviewed **David Bier**, associate director of immigration studies; **Mark Calabria**, senior adviser; and **Chad Davis**, vice president for government affairs.

CALEB BROWN: We've talked a lot about strategy this morning, and now we're going to talk a little about tactics. And Mark, you've got a lot of experience in and out of government. You've worked for the Senate Banking Committee, then Cato, then chief economist for Vice President Mike Pence, then director of the Federal Housing Finance Agency, and then back to Cato. That's an interesting experience, and I think it speaks to Cato's relevance in Washington that those kinds of moves are possible. So, what have you learned from government that can help Cato advance its mission?

MARK CALABRIA: One of the biggest takeaways is seeing the impact that the right person in the right place at the right time can make. I know for a fact that there are things in law and in regulation that are only there because I was in the room. And, of course, I know lots of bad things ended up in laws and legislation because somebody else was in a different room. One person in the right place can have a big impact. We sometimes assume that the politicians who don't vote the way we want are captured by special interests. And some of them are, I don't want to deny that, but often they just have never thought about policies this way. So, there's power in just exposing policymakers' staff to these ideas.

I often say my favorite day on the job at the White House was the second day. I'm in my first West Wing meeting with the vice

president, the meeting breaks up, and he says to me, "Read a bunch of your stuff, big fan." Of course, I say, "You and my mother. Small audience but extremely high quality." And it hit me that Vice President Pence had seen a lot of my Cato stuff because somebody somewhere was putting it in his book and putting it in front of him. The information flow to senators, members of Congress, and cabinet secretaries is curated. And part of our job is making sure Cato is in the book. How do we make sure we continually build those relationships with the staff who control what information gets to policymakers? And that's a lot of what Chad does.

BROWN: You know, you're talking about gatekeepers, and my thoughts immediately turned to Cato's intern program, which is a hundred or so young people a year, some of whom move on to be those gatekeepers in congressional offices throughout Congress.

CALABRIA: Yes. At the White House, I worked with a former Cato legal intern, James Schindler, who was then at the Interior Department, working on offshore drilling. And he was definitely "drill, baby, drill." There were former Cato interns at other agencies as well, where they took what they learned at Cato and applied it in government. So, again, us trying to train people so that they can be effective and understand how government really works.

DAVID BIER: I was a Cato intern, drilled in the perspective of libertarianism, who became a gatekeeper for a member of Congress who worked on immigration reform. So the pipeline does exist; we are building leaders for the next generation here, and I see them when I'm on Capitol Hill.

BROWN: Chad, Cato has prioritized outreach. What does that look like today?

CHAD DAVIS: Well, we are in progress. We've had government affairs people at Cato for nearly 30 years. But we are putting a lot more resources into it, and we are changing the way we think about it. Because of Cato's wide range of issues, we essentially are concerned about issues before almost every committee of Congress. That is uncommon—JP Morgan, the biggest bank in the world, has issues before two or three committees in Congress. So, they have great relationships in those two or three committees. We have the entire Congress. So, we look for high-quality, senior-level people that we can embed in each policy team so that they get to know the issues and the scholars well so that they can seize the opportunities when those committees are having those conversations. Mark talks about the policymakers' book. I'm fond of talking about the staffers' drawers. When I was on the Hill when Dodd-Frank went through, I saw that whole process. Dodd-Frank was not written a month before Dodd-Frank passed. Dodd-Frank was not written six months before Dodd-Frank passed. Dodd-Frank was a collection of dozens of bills that were in desk drawers of committee staff members, and they pulled out their desk drawers, and they took out those bills, and they threw them all together, and then they cobbled together language here and there to make it fit, but those were ideas that were discussed long before Dodd-Frank ever passed. And what we want

to do is get our scholars' ideas in those desk drawers.

BROWN: That's what the Patriot Act was, too, a laundry list of law enforcement wishes that were pulled out of drawers at a very difficult time, and well, you know, the joke is "we have to do something, this is something, we have to do this." So, Dave, the thing that most excites me about the work that you and Alex Nowrasteh have done on immigration is that you are doing your level best to meet policymakers where they are and to try to understand what their incentives are and craft policy solutions that will be agreeable to a lot of people.

BIER: Right. In the big picture, Cato is unique in that our perspective on immigration is that we want to make immigration legal. Everyone else wants to deal with illegal immigration after it happens. And so, whether it's members on the left who want to just focus on amnesty for people who've already come or people on the right who want to deport people, it's ultimately a reactive approach. And we come in and say, well, what about having a legal immigration system that lets people come in legally in an orderly manner? So, that's our big picture. But how do we actualize that for executive agencies or for members of Congress? Congress is very polarized. So, we want to come up with often-narrow ideas that can be agreeable to people in both parties. One idea is having states sponsor immigrants. That way, if California wants to do something with its immigration system, it may be very different from what we're going to see in North Dakota or North Carolina. And once people start thinking about that, they can say, "Okay, I can see how my state could work with this." On the immigration side, on the executive agency side, we have focused on, okay, there's going to be a border crisis under the Biden administration. We predicted it. We knew it. We knew the economy was going to bounce back, and if there's demand for workers, the workers are going to

come. And we got ahead of the game: we laid out exactly how to actualize a program where Americans could sponsor people from countries that are sending many immigrants to the border. And the Biden administration partially implemented that proposal in January for four countries, and it brought down those numbers from those four countries dramatically, over 90 percent, because for the first



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time, there was a legal channel available to them through this sponsorship program.

BROWN: And that seems notable because Biden on immigration otherwise has not been great.

BIER: Look, the Biden administration would not have done it if they had any other option. They were at the end of their rope, and finally they just said, "well, there's nothing else we can do," and they just did it. And now no one's

going to want to roll this thing back that reduced the numbers of illegal crossings this much.

BROWN: Chad, Cato is not the only game in town. There are a lot of groups that are allies or adversaries, some are better funded, and some have more parochial interests. Cato is a 501(c)(3) nonprofit. How does that change the tactics of what we do?

DAVIS: Well, there are some legal restraints on our activities. We don't do political work; we don't lobby. However, we can and we do educate, and we do it very well. Since the beginning of last year, our scholars have testified before Congress more than 20 times, and we've had hundreds of conversations with members of Congress and their staffs.

You know, one thing that I'm not sure is appreciated until somebody has been through it is when you are part of a committee staff that's relied on to write legislation in a very short period. You don't do that by yourself. Some of it is in the desk drawer we talked about. Some of it is having your own personal network that you rely on when it's crunch time and your boss is telling you, "You gotta have something." And so, we try to have our people be that committee member's personal network. And the work that the scholars do makes that a lot easier when you're trying to make those connections. So, I think that yes, we do things differently. In some ways I think that benefits us, because we're not seen as political actors the way some organizations are.

BIER: I want to jump in on that. I think the fact that we're a 501(c)(3) and that we're non-partisan and not a special interest allows us to have more impact. People know they can trust us.

DAVIS: I would agree. And I think Mark and David are great examples in that Mark was a witness called by Republican staff and David was called by Democratic staff. And the reason we can do that and the reason we have

that credibility is because we're not seen as partisan actors.

CALABRIA: I would add, when I was on the banking committee during the 2008 crisis, we were trying to fight against bailouts, we were trying to come up with alternatives to the Troubled Assets Relief Program, and it was very difficult to find thoughtful, knowledgeable parties who didn't have a financial interest in it. And I often say my leaving the committee and coming to Cato at that time was partly a way to create a job that I wished had existed when I needed it. And of course, because of many people's generous support, we created the Center for Monetary and Financial Alternatives. But I raise this to say there is a hunger on the Hill and in the agencies for independent, knowledgeable parties who don't have a financial stake in the issue.

BROWN: Chad, what about at the state level? We have a state affairs staff, headed by Christopher Hansford and Zayna Resley. What does the terrain look like at the state level?

DAVIS: In a lot of ways, the opportunities can ebb and flow at the federal level, but given that you have 50 states, there are almost always opportunities at the state level. And Chris and Zayna are fantastic about identifying states where there is an issue that has some momentum and bringing our people into that conversation to help educate people as that issue moves forward. We also have legislators come to us for ideas. Recently we had a leading legislator who admires Cato ask for a portfolio of ideas that would benefit the state so that members of Congress could look at new ideas for introduction in the next Congress. Even when big legislation stalls at the federal level, there will almost always be states that present opportunities to increase civil and economic liberties. Chris and Zayna have been working in Utah and Arizona and North Carolina on everything from housing to health care—they are very agile and very

adept at moving between different issues and bringing our people into those conversations.

BROWN: I recently did a *Cato Daily* podcast on occupational licensing with a former Catoite and a state lawmaker, who just happens to be in my home state of Kentucky, and we talked about the policy and the difficulty of doing occupational licensing reform in the



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legislature. And he tweeted about our conversation and said, “Thanks for having me on.” And shortly afterward a member of the other party replied and said, “Cosigned.” And I thought, well, that's pretty good for a day's work, right? We took a policy issue and made it bipartisan. And that's what Chris and Zayna are doing pretty much all the time.

Mark, you've said that in some ways, it's worse than people think, when you talk about how government actually works—and that creates opportunities.

CALABRIA: One way that it's worse than people think is that the power of the permanent bureaucracy is overwhelming. But it's not monolithic, and no administration is monolithic. When I was in the White House, there was a lot of opposition to immigration, but Secretary Perdue at the Agriculture Department was a huge advocate for letting in farm workers. And there were certainly occasions when I could bring up a Cato study or op-ed and maybe change the debate a little.

BIER: And we've seen something of a flip-flop in the Biden administration, where the Department of Homeland Security is more favorable to immigration and the Department of Labor is very restrictive. So, in the agencies, we try to find specific people who are sympathetic to our view, and we try to give those people the information and analysis they need to move things in that direction.

CALABRIA: And the regulators are of course constrained to operate within certain rules when promulgating a regulation, but they have some leeway. And mostly they hear from the special interests with a financial stake in the outcome. But with comment letters and direct interaction, we can have an influence on things, partly because we have that level of trust and independence.

BIER: Of course, the immigration context is the area that I'm most familiar with, but Chad, this is happening all over, right?

DAVIS: Yes. We're active both publicly and privately with a range of issues. We've also hosted members of Congress and governors here at Cato. We hosted two governors earlier this year, and we had Sen. Tim Kaine (D-VA) and Rep. Tom Emmer (R-MN), who is the House Majority Whip. Not to mention we

hosted the British secretary of state for business and trade.

BENEFACITOR QUESTION: When you have successes in Congress, are the successes the result of your turning somebody's opinion, or are the successes merely that Cato satisfied their preexisting goal?

CALABRIA: It's both. There are a number of members of Congress who—this may not surprise you—don't have deep philosophical views on much of anything. And to some extent they want to be policy entrepreneurs, they just don't know what the product is they want to sell. And so, there are times when we can help them.

BIER: Most people who lead on issues tend to be ones who have more passion about those issues. So, we do tend to focus on the people who agree with us and who we want to push in the best direction possible. But there are others who are really undecided. And that's where we can have a big sway if we craft an idea in a way that can persuade people.

DAVIS: Take the *New American Worker* handbook that Scott Lincicome edited. Some of those ideas turned into new proposals that probably would not exist were they not proposed by Scott and his team. So, in those ways you get new ideas into the debate.

BENEFACITOR QUESTION: There are often

massive battles over who's going to be the secretary of an agency. Are those battles worth it? Does the secretary have that much impact?

DAVIS: Yes.

CALABRIA: It may surprise you that I was maybe one of five candidates for the FHFA. I was not the only candidate. And many of us



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here know we have an association with Jeb Hensarling, who is chair of the House Financial Services Committee. So, I was not Secretary Mnuchin's candidate for the job. I was Vice President Pence's candidate. So, Mnuchin tries to talk Pence out of supporting me, and lo and behold, he did me the biggest favor anybody could ever do. He started the conversation by saying, "Mister Vice President, sending Mark over there would be like sending Jeb Hensarling." And after that Pence was like, "Okay, Mark's the man." But I can tell you I knew who some of the other candidates were, and we would have a very different government level of involvement in the mortgage market today if it had been one of the other candidates.

DAVIS: Just to put it in perspective, to me, who the president is matters less than who the people are that the president brings to DC, because those agencies have so much power, and each one of those secretaries, and each one of those administrators, they bring a team into that agency with them. So, it's not only that person but also that person's team—and their philosophy and goals. Who that person is directly impacts what the primary goals of that agency are. Even if it's somebody that you agree with or you don't agree with, you could have two people that in general seem very similar, but their priorities are different, right? Therefore, their positions on an issue may not be different, but their priorities are different. So yes, I do think that all those fights matter. ■

APRIL 4: Cut the Budget, Change the Strategy

APRIL 13: What to Do When You're the Wrong Kind of Black Academic

APRIL 24: Cato Institute Reception 2023

APRIL 25: *Evaluating NATO Enlargement*

APRIL 27: *Natural Property Rights*

MAY 4: *Time to Think Small*

MAY 9: *Better Money vs. Easy Money*

MAY 10: *Baby Ninth Amendments*

MAY 12: Turkey's Centennial Election: What Is at Stake?

MAY 18: The Milton Friedman Prize for Advancing Liberty

MAY 19: 32nd Benefactor Summit

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