



## **POLICY FORUM**

Cato's impact is growing

**PAGE 18**



## **BENEFACTOR SUMMIT**

Cato's 32nd Sponsor retreat

**PAGE 12**



## **COLLISION COURSE**

The high cost of spending and debt

**PAGE 14**

# Cato Policy Report

JULY/AUGUST 2023. VOL. XLV NO. 4



THE  
MILTON  
FRIEDMAN  
PRIZE FOR  
ADVANCING LIBERTY

Jimmy Lai receives the  
2023 Milton Friedman  
Prize for Advancing  
Liberty. **PAGE 4**

THE  
MILTON  
FRIEDMAN  
PRIZE FOR  
ADVANCING LIBERTY



THE  
CATO INSTITUTE  
AWARDS

JIMMY LAI

WITH THE 2023  
MILTON FRIEDMAN  
PRIZE FOR ADVANCING  
LIBERTY



**A**t a gala dinner in Washington, the Cato Institute awarded the Milton Friedman Prize for Advancing Liberty to Jimmy Lai, a businessman and vocal advocate for democracy and freedom in Hong Kong. Lai was unable to accept the award in person because he is presently imprisoned by the Chinese government.

Hong Kong was once one of the freest jurisdictions in the world that protected freedom of speech and assembly as fundamental human rights. Now, after the passage of the draconian National Security Law (NSL) in 2020, Hong Kong is under the direct hand of Beijing, whose assault on Hong Kong's freedom has been alarmingly rapid. Less than two months after the law was passed, the arrest of Jimmy Lai, founder

of *Next* magazine and *Apple Daily*, sent shock waves through the international community, with many seeing it as a direct assault on press freedom and political dissent.

Jimmy Lai was born in 1948 in Guangdong, China. At the age of 12, he fled to Hong Kong as a stowaway, escaping the tumultuous period of the Cultural Revolution. Despite his limited education, Lai had an inherent entrepreneurial spirit and eventually found success in the clothing industry. In 1981, he founded Giordano, a popular retail clothing chain that provided him with the financial resources to eventually venture into media ownership.

In 1995, Lai launched *Apple Daily*, a Chinese-language newspaper known for its bold and critical reporting on political issues. The publication quickly



PETER GOETTLER AND SEBASTIEN LAI



SEBASTIEN LAI AND TONG YI



ALLAN CAREY, JOHN SNOAD, AND ELYSE WARREN ALTER



PAUL STUECK AND EILEEN LEECH

gained popularity among Hong Kong’s pro-democracy movement, with Lai using it as a platform to expose corruption and champion civil liberties. *Apple Daily* became known for its sensationalist headlines, investigative reporting, and unwavering support for democratic values.

“Lai is still an outspoken critic of the Chinese government.”

Through his media empire, Jimmy Lai became a prominent figure in Hong Kong’s pro-democracy movement, fearlessly speaking out against Beijing’s encroachment on the region’s autonomy. His relentless advocacy for freedom of speech, press freedom, and democratic values made him both a respected figure and a target for the Chinese government.

When it became evident that Lai would not be bullied, end his strong criticism of the NSL, or end his

support of mass protests against it, he was arrested on August 10, 2020, and accused of collusion with foreign forces and of subversion.

In prison and denied bail, Lai is still an outspoken critic of the Chinese government and an advocate for democracy even while facing charges that could keep him in jail for the rest of his life. Like many others before him, he is a prisoner of the state.

Cato has a long history with Jimmy Lai. As a close friend of Milton Friedman, Lai was a member of the first International Selection Committee for the Milton Friedman Prize for Advancing Liberty in 2002. A year later, Cato featured a commentary that Lai wrote for the *Asian Wall Street Journal*, which shows how long he has been loudly speaking out against the Chinese Communist Party and its cronies in Hong Kong.

The people of Hong Kong have been asking Mr. Tung and now are asking you, “How can you lead if you don’t care?” At almost every turn we have been trashed and insulted by the Tung government. Our prosperity and hopes for our children have been blighted. Our sense of ethics and fair



IAN VÁSQUEZ AND TONG YI



EREC SMITH



JOHAN NORBERG AND MARIAN TUPY



ROBERT A. LEVY

play insulted by cronyism and the corrupt acts of senior officials. And for the six years that this has been underway, no one in Beijing has cared. Jimmy Lai embodies what it means to dedicate one's life to the cause of advancing human freedom. When success and wealth provided him the opportunity to leave Hong Kong and live a free and flourishing life elsewhere, he chose to stay, rather than signal to other Hong Kongers that there was no hope. For that commitment, he is now living in a cage. But because of that, he is also a beacon to so many more who refuse to give up their liberty.

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. *Wall Street Journal* columnist William McGurn, a friend and advocate of Jimmy Lai, gave the keynote address. The award was formally presented by former imprisoned Chinese dissident Tong Yi and accepted in Lai's absence by his son Sebastien Lai. ■

THE  
MILTON  
FRIEDMAN  
PRIZE FOR  
ADVANCING LIBERTY



## William McGurn

This night is a celebration of liberty—at a time when it really needs celebrating. My *Wall Street Journal* colleague Evan Gershkovich is in prison in Vladimir Putin’s Russia for doing his job. Jimmy Lai is in prison in what was once the freest Chinese society in the world.

Jimmy’s trial on these trumped-up national security charges is supposed to begin in September. If convicted, he could die in prison. I cannot say if word has reached him about this award. I can say he would be thrilled.

My first point is personal. I did two stints in Hong Kong for Dow Jones. My second was in the 1990s, as editorial page editor for the *Far Eastern Economic Review* (*FEER*). One day I noticed a new clothing chain that looked like a Hong Kong version of the GAP. Well-lit stores, well-stocked shelves, brightly colored polo shirts. It was called Giordano’s.

We wouldn’t notice it here. But in Hong Kong there were basically two kinds of markets. One was for luxury brands like Dior or Armani. For everyone else it was largely hit or miss. So *FEER* did a cover story on the entrepreneur who was one of the first to appeal to a Hong Kong middle class that was looking for quality and consistency and value.

That entrepreneur was Jimmy Lai.

After the article ran, Jimmy invited our editor, Gordon Crovitz, to lunch. When Gordon got back, he sent me a note in his spidery handwriting. It said, “Jimmy claims to be the only man in Hong Kong to have read all of . . . Engels.”

It turned out that Gordon had actually written Hayek—not Engels. And that was my entry into the world of Jimmy Lai.

Eventually we grew as close as brothers. I was his godfather when he became a Catholic a week after the 1997 handover. His wife, Teresa, is godmother to one of my daughters, and my wife, Julie, to one of his. So, this is personal.

In October, my wife and daughter Grace were detained a few hours at Hong Kong’s airport when they tried to visit what had been our former home. It’s but a small example of the harassment that has now become routine in Chinese-ruled Hong Kong.

It is also personal for Cato. When Cato first set up the Milton Friedman Prize more than 20 years ago, Jimmy was on its international selection committee. Now that he is in prison for promoting these same values, Cato has not forgotten him.

I’m proud to say the *Wall Street Journal* has been another stalwart defender. Thank goodness for

freedom. Thank goodness for this night. Thank goodness for the *Wall Street Journal* and the Cato Institute.

My second point is what Jimmy's case says about today's China. In China under Xi Jinping, we have a resurgence of old-style Communist oppression. We also have a resurgence of apologists. Many who have eaten at Jimmy's table and have benefited from his generosity now pretend they don't know him.

Both Jimmy and Milton had high hopes for China when it first began to open its markets. Maybe they were too optimistic. But let us acknowledge that the turn to global markets has brought enormous benefits to the Chinese people—in terms of opportunity, life expectancy, contact with the outside world, and so on.

The willingness of so many American corporations to kowtow to Beijing seems to be confirming Marx's quip that when the last of the bourgeoisie is hanged, a capitalist will sell him the rope. But one reason China gets away with it is the sheer size of its market. Any normal-size nation, even a relatively large one like Vietnam or Japan, simply lacks the leverage over global investors and foreign governments to get away with what China does routinely.

In the midst of this, Hong Kong still makes Friedman's point. The British never delivered political freedom to Hong Kong. But the tremendous economic freedom Hong Kong enjoyed created a life ordinary Chinese people never knew before. And it's no coincidence now that China's crackdown on Hong Kong abuses many of these critical freedoms. That includes the government theft of Jimmy's newspaper from him because it gave people an alternative to the official point of view.

It's not the free market that makes China a menace in today's world. It's the deliberate undermining of the rule of law that free markets can't themselves create but ultimately depend on. And there will be consequences.

My final point about Jimmy is that he had a close relationship with Milton that stemmed from principles they had in common.

It was a match made in heaven. Before he ever met Jimmy, Milton had been traveling to Hong Kong for

decades. Hong Kong routinely featured as Exhibit A in his case for free markets. It also featured in his popular TV series *Free to Choose*.

Jimmy accompanied Milton on one of his trips into China in the 1990s. Jimmy told me they were in Chongqing—a city built on a cliff. One member of their group looked up at the steep slope they had to climb from the river. He said, "I can't do it."

“Both Jimmy and Milton had high hopes for China when it first began to open its markets. Maybe they were too optimistic.”

So, Jimmy took 30 renminbi out of his pocket and paid one of the Chinese who could be hired to carry luggage and packages up the incline. At the time that was a lot of money for a Chinese worker. Jimmy asked him to carry his friend up, which he did—on his back. It wouldn't be the first time Jimmy found a market solution to solve a problem in China.

Let me end by saying that tonight we will all be returning to our own beds. But Jimmy Lai will sleep behind bars. Despite all this, he is a man who is at peace with himself because he knows that being in prison means he has not betrayed his principles.

Because of that, he has been honored with a number of awards. I am sure there are more to come. He has even been twice nominated for this year's Nobel Peace Prize. But if I know Jimmy, he would be more delighted by this award tonight—bearing the name of his late, great friend, Milton Friedman.

So God bless Jimmy Lai—and all those unjustly imprisoned because of their work for freedom. I hope you'll invite me back on that glorious day Jimmy comes to Cato and tells you himself how much this award means to him. Thank you. ■

THE  
MILTON  
FRIEDMAN  
PRIZE FOR  
ADVANCING LIBERTY



Tong Yi

I too was a prisoner of conscience held by the Chinese Communist Party, so I think I have a certain intuitive sense for why people choose to do such things, as well as for why other people choose to be the ones who send them to prison.

To understand why Beijing has sent Jimmy Lai to prison, it is useful to recall the famous essay by Vaclav Havel called “The Power of the Powerless.”

Why, Havel asks, did the rulers in the Soviet Union need to drive Alexander Solzhenitsyn out of the country?

Certainly, it was not because he could have rivaled any of them for the pinnacle of power. No, it was “something else: a desperate attempt to plug up the dreadful wellspring of truth,” which, if not plugged, could lead to “political debacles unpredictable in their consequences.”

To unplug a wellspring of truth is something that

even a single person can do—if he or she is willing to pay the price.

“I have a certain intuitive sense for why people choose to do such things.”

Jimmy Lai’s entry into prison was a loss of personal freedom and of secular power but a gain in moral power that will reach considerably beyond where his secular power ever could. These two effects of imprisonment are simultaneous and inseparable, and they leave the regime that oppresses him with the terrifying dilemma that the harsher they persecute, the brighter the moral power will shine. ■



# Sebastien Lai

When Milton Friedman was invited to China, he asked my father to go with him. As dad tells it, one day they were seated at a hotel bar and saw this lady soliciting clients.

You see, China was very poor at the time. So, even an economist, Milton Friedman gave my father a one-hour lecture about the economics of the oldest profession in the world.

Even in this planned economy there were sprouts of free-market forces everywhere you looked.

It was a common belief that as China became more liberal economically it would also become more democratic. Hong Kong was a litmus test in how China viewed democratic and free-market values.

My father knew that information is choice and choice is freedom. This led him to start *Apple Daily* and *Next* magazine after the Tiananmen Square massacre.

For more than 26 years, they told truth to power and campaigned for democracy. This bought him the ire of the powerful across China.

Dad championed freedoms that the Chinese Communist Party calls Western ideals, but we know these freedoms are self-evident. For defending these truths, refusing to bend the knee, and campaigning for representation in his home city, my father now sits in a

prison cell at an age when most would have retired.

Jimmy Lai went to Hong Kong as a child thirsting for freedom. He is now sitting in prison at the age of 75 trying to protect that freedom.

Allow me to end these remarks with a story of mine. A few weeks ago, I was heading out of the BBC building in London in the pouring rain. To reach my Uber, I passed Orwell's quote etched onto one of its walls: "If Liberty means anything at all, it means the right to tell people what they do not want to hear."

Drenched and realizing that I was soaking the gentleman's car, I turned to the driver and said, "Isn't the weather horrible today?" He replied, "You know, most times I'm by myself in the car, but the rain brings passengers and friends to ride with me."

He then went on to say: "I'm from Eritrea, and when I was a kid, we would go to church and prayed for rain. We felt lucky on days it rained."

It dawned on me that freedom of speech is like rain: most people in free societies take it for granted, but when it's gone, nothing vital can flourish. Free speech and its champions should not be taken for granted.

For that I would like to thank the Cato Institute for giving this prize to my father. I pray that he may be able to thank you personally himself soon. ■

