

FreeSociety



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GLOBALIZATION IS ABOUT PEOPLE, Not Governments

“

All civil virtue and happiness, every moral excellency, all politeness, all good arts and sciences, are produced by liberty.

”

Cato's Letter no. 63
1723

John Trenchard
and Thomas Gordon

For creating free, open, and civil societies founded on libertarian principles.

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Letter from the President, Peter Goettler

At a recent dinner, two questions were posed to the table. What do we owe to the past? And what do we owe to the future? The answers seem clear. To previous generations we have a debt of gratitude and respect. To future generations we have a duty.

Whatever problems, risks, or challenges we face, one indisputable fact does not change: There has never been a better place or time to be alive than the United States right now. And this moment was created by the great minds who established the classical liberal tradition. By the great men and women who built the conditions for human flourishing on the foundation of these ideas, inaugurating limited constitutional government in America. By the great innovators who seized upon these conditions to create our wondrous, modern world. And by the great heroes who have defended our liberty—both physically and intellectually—for the past two and a half centuries.

Each generation has benefited more than the last from their vision, their efforts, and their persistence. We are today the greatest beneficiaries yet, and as such we are the heirs to their legacy and their duty. It's now our job to bequeath a free country and world to those who come next so that they can pick up the baton and take our amazing world to still greater heights.

Humans often can't resist making things more complicated than they need to be, but the ingredients necessary for flourishing are straightforward: freedom and openness;

expanding and sustaining peace; and keeping government out of the way.

Yet today, illiberal forces on both the left and right are threatening each of these crucial elements, with the funneling of trillions of taxpayer dollars into wasteful and feckless industrial policies, government censorship of critics on social media, frantic calls to shut down the movement of people and trade, and the eagerness of some to lurch into yet more foreign wars.

But with rigorous research, thoughtful analysis, principled engagement, and continuous innovation, Cato is taking on all of these threats. And by calling to mind the people whose vision built the modern world, as well as the people who are counting on us to keep it going, we remember that the principles and policies of liberty are not abstractions—for they determine what kind of lives will be lived by millions of human beings.

Scott Lincicome and his team launched an innovative project last year to communicate the benefits of globalization to a broad national and international audience. In this issue, you'll find a data-driven, clear-eyed defense of globalization and the free movement of capital, goods, and ideas across national and political borders. It encapsulates the arguments they've been making, counteracting and undermining those clamoring for populist, protectionist, and nationalist policies that would damage the US economy and hurt the very people they are intended to help.

Cato has also been making a comprehensive case for realism and restraint in US foreign affairs. At the time of the Iraq war, Justin Logan and his colleagues in our foreign policy department were a lonely voice in the nation's capital against the war. Now they are joined by a large chorus admitting the war was a grievous mistake. Through decades of diligent work—unwavering in the face of relentless criticism—Cato today leads a growing consensus against continual military intervention and US policing of the globe.

In deciding what kind of opportunities your children and grandchildren will have—and what kind of lives they will live—I invite you to join us in this important mission. Your involvement makes a difference, whether through subscribing to receive the latest digital version of *Free Society* or other Cato newsletters, engaging with our resources, attending our events, sharing our content and ideas throughout your networks, or providing the financial support that makes everything we do possible.

Thank you for supporting *Free Society* and the Cato Institute. Together, we will build a freer, more prosperous future for generations to come.

Peter Goettler
President and CEO

Cato in the News

Recent Op-Eds

The New York Times

What Biden Can Do after Another Failed Border Deal

—by David J. Bier

The Boston Globe

There's a Kind of Racism Embedded in DEI

—by Erec Smith

The Washington Post

Trump Is Hardly Libertarian. But Neither Is Today's Libertarian Party.

—by Peter Goettler

USA TODAY

These New Synthetic Opioids Could Make the Fentanyl Crisis Look Like 'The Good Old Days'

—by Dr. Jeffrey A. Singer and Josh Bloom

THE WALL STREET JOURNAL

Protectionism Kills US Merchant Shipping

—by Colin Grabow and Scott Lincicome

TV Highlights



David Boaz surveys the history of libertarianism and denounces illiberalism on the left and right in an interview with *Reason TV's* Nick Gillespie.



Erec Smith sheds light on the diversity, equity, and inclusion movement, saying it doesn't promote classical liberal values, on *CNN News Central*.



Ryan Bourne castigates President Biden's State of the Union claims about shrinkflation and corporate greed on *Fox News Channel's America Reports*.



Emily Ekins explains the data on voters' strong feelings toward former President Donald Trump on *Fox Business Network's Cavuto: Coast to Coast*.



Michael Cannon discusses health care issues amid the 2024 election season on *C-SPAN's Washington Journal*.



Jennifer Huddleston discusses tech policy and the Justice Department's lawsuit against Apple on *Bloomberg Businessweek*.

News Notes

Record Number of Testimonies by Cato Scholars

Cato scholars testified 13 times before Congress in the first four months of 2024, providing lawmakers and the public with a libertarian perspective on a range of issues, including the federal budget, energy policy, and diversity, equity, and inclusion initiatives. With a total of 18 congressional testimonies in 2023—the most by Cato scholars in a single year—Cato is on track to have another record-breaking year of offering liberty-based solutions to policymakers.

Cato Sues Justice Department for FISA Audits

Patrick G. Eddington, senior fellow in homeland security and civil liberties, filed a motion for an injunction against the Department of Justice over Cato's long-standing Freedom of Information Act request to unveil audits of Section 702 of the Foreign Intelligence Surveillance Act (FISA). Actions such as this have led the FBI to label us a "vexsome" organization. Unfortunately, Congress voted in April to expand Section 702, meaning that lawmakers and the public did not have access to the requested records before that vote took place.

Cato Cited in Major Administrative Law Case

Cato filed an amicus brief in *Loper Bright Enterprises v. Raimondo*, a case before the Supreme Court concerning whether fishing companies should be forced to pay for a government monitor to track compliance aboard their boats. Former solicitor general Paul Clement, a lawyer for the fishing companies, cited Cato's work twice during oral arguments. The Court could overturn the Chevron doctrine, which says that judges should defer to regulators when a law is ambiguous.

GLOBALIZATION IS ABOUT PEOPLE,

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Not Governments

Populist calls for the “death of globalization” ignore not only the practical and moral benefits of open markets but also their fundamental humanity.

ILLUSTRATIONS BY MIKE MCQUADE

By Scott Lincicome

A bit of advice: When politicians and pundits attack “globalization,” look less at what they’re saying and more at what they aren’t.

According to former President Donald Trump, “Globalization has made the financial elites who donate to politicians very wealthy, but it’s left millions and millions of our workers with nothing but poverty and heartache—and our towns and cities with empty factories and plants.” The Biden administration is pushing for a “new economic order,” with US Trade Representative Katherine Tai asserting that governments’ urge “to liberalize as much as possible” has led to a “race to the bottom.”

Sen. J. D. Vance (R-OH) claims that “the effects of globalization have hollowed out America’s industrial core.” Not to be outdone, Sen. Bernie Sanders (I-VT) charges that an “increasingly globalized economy, established and maintained by the world’s economic elite, is failing people everywhere.”

Whether right or left, the critics follow the same general narrative. First, globalization has been an economic disaster. It has “deindustrialized” America, hollowed out the middle class, destroyed most industrial communities, created a race to the bottom benefiting rootless corporations at workers’ and the environment’s expense, unleashed waves of migrants and geopolitical instability, and fueled the unstoppable rise of authoritarian regimes.

Second, the carpenter treat globalization as some kind of free-market religion practiced by elite policymakers, as though guys like Milton Friedman and Larry Summers cooked it up in a 1990s lab somewhere—probably Davos—and then used secretive trade agreements to unleash it upon the

helpless and unwitting working-class masses here and abroad. Only a rigid adherence to “fundamentalist” ideology and desire to maintain corporatist power, not economics or history or simply pragmatism, explain why a few holdout elites continue to support globalization today.

If these claims sound familiar, they should—it’s almost exactly what previous anti-globalization groups peddled in decades past. Yet this time around the arguments aren’t just on the fringes of the left and right; they’re increasingly found in the media, in corporate boardrooms, and on the campaign trail. In both words and deeds, Donald Trump and Joe Biden are often following the same protectionist script.

Like their predecessors, however, today’s hysterics over global trade get far more wrong than right and ignore far too much. They butcher economic principles (and basic facts) and fundamentally misunderstand that, far from being a modern creation of government or corporate elites, globalization is just ordinary people working, interacting, bargaining, buying, and selling as they’ve done for millennia—all in ways that just so happen to cross political borders. Government policy can make these actions easier, mainly by eliminating past government barriers, as can new technologies like the shipping container or internet. But the actions remain undertaken by billions of humans seeking better lives for themselves, their families, and their communities every day. There is no on or off switch for a politician to flip.

The Faces of Globalization

Cato Institute distinguished scholar Deirdre McCloskey knows more about

globalization—the *real* globalization—than just about anyone on the planet, and she explains that it’s a “common term that’s commonly misunderstood.”

“It is the gradual convergence of prices and markets that results from humans freely doing what they have done throughout history—work, innovate, and transact for mutual benefit,” McCloskey elaborates. “It’s merely the gradual emergence in our world of a single economy.”

Put simply, as nations have become freer over time and technology has brought us closer together, our inherent drive for “mutual benefit” has generated an economy where people can buy and sell globally. How freely and efficiently this occurs depends on the economic liberty of each country involved. In general, the greater the economic freedom, the more globalization. (The *2023 Economic Freedom of the World* report places Singapore in the number-one spot, followed by Switzerland, New Zealand, the United States, Ireland, Denmark, Australia, the United Kingdom, and Canada.)

Humans are unique in our ability to peacefully exchange goods to meet our needs and improve our lives. As Adam Smith told us in *The Wealth of Nations*—“Man is an animal that bargains.” Globalization, therefore, is primarily a story about *humanity*, not soulless multinational corporations or faceless political regimes.

One of those people is Laboni, a 30-year-old woman who lives in Gazipur, Bangladesh, one of the country’s industrial centers. Her family’s economic condition was “miserable” growing up, as her father could not find regular employment as a farmworker and often couldn’t afford to buy food for his family, she told *Free Society*. Seeking a

“[Globalization] is the gradual convergence of prices and markets that results from humans freely doing what they have done throughout history—work, innovate, and transact for mutual benefit.”

better life, she moved to Gazipur in 2015 and landed a job at an international garment factory, where she was trained as a sewing machine operator.

“I have no idea what I would be doing if I didn’t have this job,” said Laboni, who requested only her first name be used. “After getting a job with a garment factory, my life became secure. I can meet all my expenses like food, clothes, shelter and can buy other things. Now we can live well. I have one son, and I can send him to school, buy necessary things for him.”

Globalization goes far beyond textiles, of course, with different cultural norms, ideas, and even culinary traditions stretching across continents.

Take Pakistan, which is hungry for everything from American fast food to the Philly cheesesteak. The *Philadelphia Inquirer* recently profiled how a Pakistani chef learned of cheesesteaks from a Philadelphia

Extreme poverty, child labor, and inequality in well-being have all fallen since 2000

traveler in 2021. Impressed by the meat and cheese concoction, he decided to open Philly's Steak Sandwich in Lahore, featuring the famous sandwich with a twist of red chili powder, tikka masala spices, and other local flavors.

Here in the United States, meanwhile, millions of people are employed by foreign companies that have invested trillions of dollars in the American economy in recent decades.

John Hall, who works in the engine-assembly department at the Korean-owned Hyundai Motor Manufacturing plant in Alabama, testified before the Commerce Department in 2018 about how proposed protectionist policies would hurt Americans like him.

"I've also seen how global trade is key to Hyundai's American manufacturing operations and workers," Hall told officials. "We at Hyundai believe strongly that automotive imports do not threaten our national security. In fact, it's just the opposite. Imports and exports are essential to our business and the growth of the American automotive industrial base and a skilled workforce."

Other Americans are embracing new technologies that enable them to buy and sell digital services in real time from anywhere in the world, opening new possibilities for video streaming, remote work, and other modern trends. Dallas business owner Chris Koerner, for example, hired a PhD mathematician in Pakistan last year to tutor his 12-year-old son, who was having trouble with algebra, the *Wall Street Journal* reported.

Governments, of course, also play a role. Reducing tariffs and other protectionist measures, often via trade agreements like the World Trade Organization and the North American Free Trade Agreement, has undoubtedly helped economic freedom

to spread. But trade barriers must first be imposed before they can be eliminated. Modern trade liberalization is therefore best understood as governments simply ceasing to interfere in natural, human-led commerce.

Globalization, like any market phenomenon, is imperfect and often disruptive. People will lose jobs, but people will gain jobs; entire industries will die, but entire new worlds of employment and opportunity will open. The exact path cannot be predicted, let alone managed by government bureaucrats with an "industrial policy," but the general direction can: Things will get better.

Indeed, the movement of goods, services, people, capital, and ideas across natural or political borders has unquestionably produced immeasurable benefits—for the United States and the world—that no other system can match. The World Bank estimates, for example, that since 1990 more than a billion people have been lifted out of extreme poverty, in large part thanks to the rising tide of globalization.

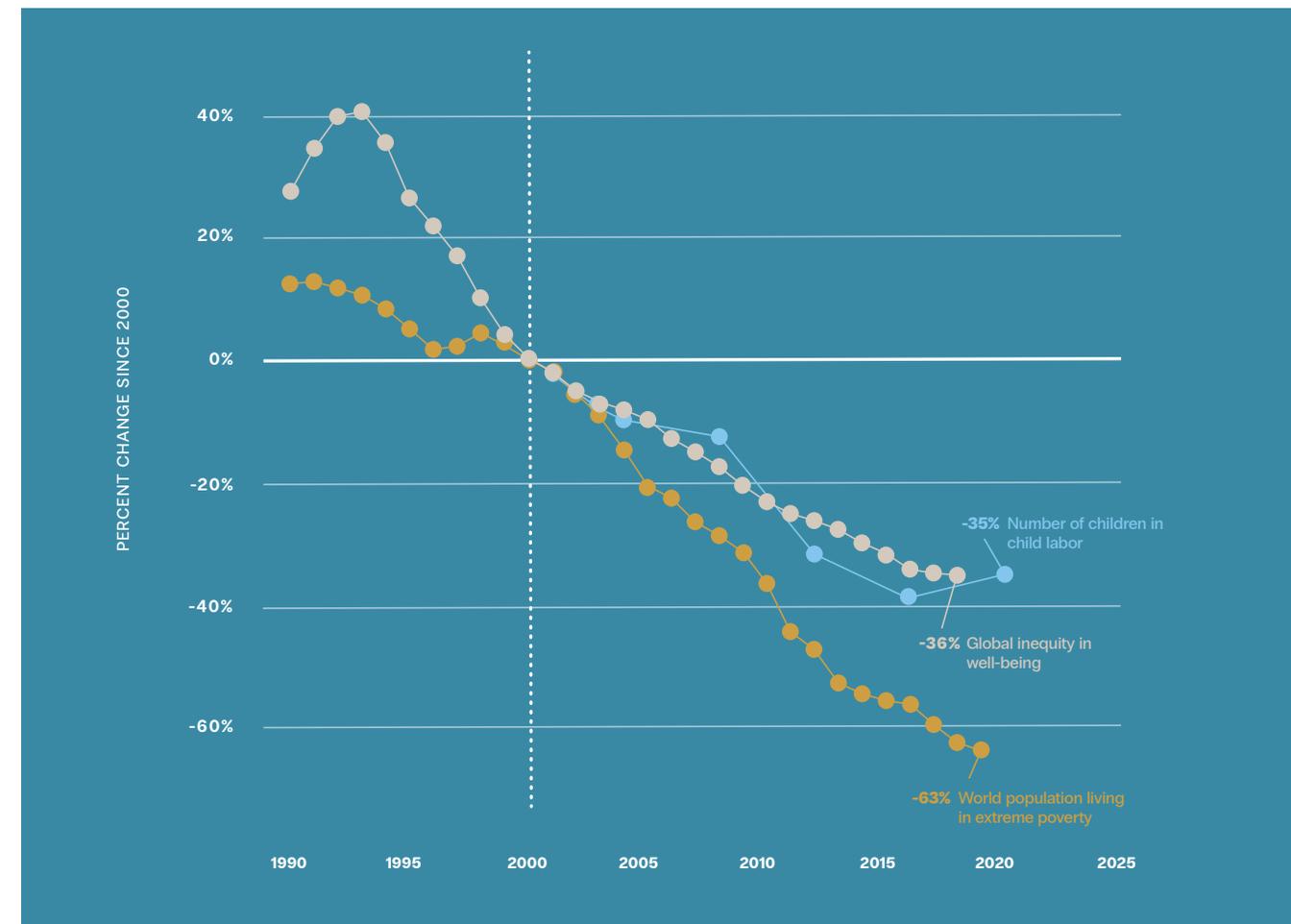
In other words, thanks to their fellow humans.

The Places of Globalization

Older industrial cities across the nation, especially in the Midwest, are frequently held up as victims of globalization. There is perhaps no better example of this than Youngstown, Ohio, a once-powerful steel town that saw its population fall from 169,000 in 1950 to about 59,000 today, a precipitous decline often attributed to the closure of steel mills in the 1970s and '80s due to foreign competition.

"I saw the city shrink," Vince Guerrieri, a Cleveland-based journalist who grew up in Youngstown during the '70s and '80s, told *Free Society*. "Things were changing everywhere."

Youngstown's steel mills used older, open-



World Bank Poverty and Inequality Platform, "Number of People Living in Extreme Poverty, 1974 to 2019," Our World in Data; "Child Labour: Global Estimates 2020, Trends, and the Road Forward," International Labour Organization and United Nations Children's Fund, 2021, p. 23; and Chelsea Follett and Vincent Geloso, "Global Inequality in Well-Being Has Decreased across Many Dimensions," Cato Institute Policy Analysis no. 949, June 8, 2023.

hearth furnaces that could not compete with the newer basic oxygen furnaces (BOFs) common in Japan, South Korea, Germany, and other nations. What took eight hours to make in the US furnaces could be done in the BOFs "in about an hour and a half," Lou DeSimone, a former salesman at Youngstown Sheet and Tube, told Guerrieri in an interview. That efficiency means lower production costs, which in turn enabled foreign steel companies to sell in the United

States at prices Youngstown's factories couldn't match.

Such competition surely hurt Youngstown companies and workers, but the story—for the town and others like it—doesn't end there. First, US steelmakers wedded to open-hearth furnaces also faced intense competition during the 1980s from interstate rivals, particularly ones in the South that used nonunion labor and BOFs or electric arc furnaces (EAFs), which were



even more efficient. Today, Charlotte-based Nucor, which pioneered EAFs in the United States, is the nation's largest steelmaker. We ignore the competitive effects of this "cross-border" competition, whether for steel or any other industry, but it's no less real.

Second, the lower steel prices that hurt Youngstown, whether from Nucor or foreign firms, provided substantial benefits to other American towns that were home to

companies that used steel—manufacturers that today employ about 70 times as many American workers as do US steelmakers. This increased efficiency is one of the most important aspects of globalization (and interstate competition), which again extend beyond steelmaking.

Third, we must ask what industrial cities in the United States did *after* disruption arrived there. Indeed, while Youngstown

struggled to adapt to an increasingly interconnected world, other towns and cities throughout the United States once reliant on bygone industries have evolved into diversified, dynamic local economies—thanks in large part to globalization.

A 2018 study by the Brookings Institution examined the economic evolution of 185 old industrial US counties that had a disproportionate share of manufacturing jobs in 1970, finding that 115 had successfully transitioned from their reliance on manufacturing, based on a composite measure of current gross domestic product (GDP), per capita income, and unemployment rates. Of the 70 counties that had not successfully transitioned, 40 showed "strong" or "emerging" economic trends. Only 30, or about 16 percent, of those "struggling 1970s mill towns" we read so much about were still struggling a decade ago.

For the places that moved on, the route each took depended on its unique resources, skills, and circumstances, but the one thing they all had in common is that they adapted in the face of disruption, whether from globalization or other factors. And usually it was for the better.

Consider Greenville, South Carolina, which sits between Charlotte and Atlanta along I-85 and was once known as the "Textile Capital of the World," with mills employing thousands of breadwinners. As the textile industry's employment opportunities began cratering due to technological innovation and foreign competition in the 1970s, Greenville's future was at risk.

However, other multinational companies filled the void, attracted to the area's skilled workforce and business-friendly environment. The French tire manufacturer Michelin started manufacturing in Greenville in 1975 before eventually building its North American headquarters there. BMW built its first full assembly

plant outside Germany near Greenville in 1992, a facility that has since been expanded multiple times. Other advanced manufacturers have also set up shop in the area, along with high-skill services like banking and tech. Several of those long-vacant textile mills have been transformed into residential lofts, housing the workers that make up Greenville's dynamic and revitalized economy today.

A similar story played out in Tuscaloosa, Alabama, which was also hit hard by the offshoring of the textile industry through the 1990s.

"Alabama, like many Southeastern states, was beginning to lose thousands of jobs—in our case ultimately tens of thousands of jobs—in traditional manufacturing sectors such as textiles and apparel," Steve Sewell, executive vice president of the Economic Development Partnership in Alabama, told *Free Society*. "Our apparel industry was decimated. Those industries had been so important to communities throughout the state for decades."

But in 1993, Mercedes-Benz decided to build its first passenger car manufacturing plant outside Germany in Tuscaloosa, bringing with it first-class manufacturing standards, high-tech assembly lines and automation, superb automobiles, and high-paying jobs. After Mercedes, four other global carmakers and their suppliers have moved to the state over the past 25 years: Honda, Hyundai, Mazda, and Toyota. These companies comprise Alabama's five largest employers, with 47,000 workers on the payrolls in 2023, according to the Alabama Department of Labor. About one in six Alabamians in the manufacturing sector work in the auto industry, reported *Alabama Arise*. Those automobiles, engines, and parts are all built in the United States by American workers and sold to Americans nationwide and to people in 135 other countries.

Overall, the influx of advanced

manufacturing has “had a ripple effect all the way through the economy,” said Donny Jones, the chief operating officer for the Chamber of Commerce of West Alabama.

“It’s contributed to the University of Alabama’s growth, the growth of our small businesses, the whole ecosystem. It’s had a huge impact,” Jones said.

Foreign automakers were drawn to the Southeast for the region’s low taxes, relaxed regulatory environment, and right-to-work laws. Some Southern states, including Alabama, also offered incentive packages to encourage foreign manufacturers to pick their localities over neighboring jurisdictions, but the investments were going to happen in the region regardless of the subsidies.

The evolution of these places and dozens of other US industrial cities raises two uncomfortable truths for today’s anti-globalization critics. First, government efforts to “protect” Youngstown’s steel jobs with tariffs or other measures that inflate US steel prices would hurt the many other American towns that are home to steel-consuming companies—towns like Greenville and Tuscaloosa. Second, the problem facing Youngstown and the handful of other struggling communities wasn’t import competition but their inability to adjust to seismic economic changes. That issue is worth exploring but surely doesn’t involve demonizing “global elites.”

Our increasingly interconnected world has also given rise to new powerhouse centers of commerce and culture—a vast and thriving America away from old manufacturing towns.

Laredo’s population has doubled over the past three decades, spurred by the signing of the North American Free Trade Agreement in 1994, which lifted most barriers to trade and investment between Mexico, the United States, and Canada.

“Laredo pivoted and started growing substantially,” said Ignacio Urrabazo, a longtime Laredo resident and bank executive. “Restaurants, all the hospitals are looking for doctors. Clinics are opening up. The schools are growing; they’re recruiting teachers. All of that, the multiplier effect down the line affects all sectors of the economy.”

In effect, the government got out of people’s way, creating a freer environment for them to bargain, trade, and prosper, and Laredo thrived. Many other American cities have done the same.

As the world gets more intertwined, other nations are free to lean into their own comparative advantages, producing whatever goods, services, and ideas that

best align with their own unique resources and skills.

Back in Bangladesh, a place that has long been one of the poorest places on the planet has experienced several decades of expanded trade (especially in textiles and apparel), strong economic growth, and dramatic declines in poverty.

As Bangladesh has traded more with the world, a greater share of its population has escaped poverty—from slightly more than 40 percent in poverty in 1983 to only about 14 percent in 2017. This happened because of globalization.

“After having acquired outside know-how and machinery in the 1980s, local entrepreneurs quickly turned the country into a global powerhouse for textile manufacturing,” Cato senior fellow Johan Norberg explains. “Before 1980, [Bangladesh] did not have any factories that produced textiles and garments for exports; today, the sector contributes more than 13 percent of GDP and 80 percent of exports. This has created millions of jobs, especially for women. The economy has grown rapidly, and according to the World Bank, extreme poverty has been reduced from over 40 percent in 1991 to less than 14 percent in 2016.”

The Cases for Globalization

Trump claims globalization has left “millions and millions of our workers with nothing but poverty and heartache,” while Biden claims that the “middle class and thriving towns across America” have been “hollowed out” in recent decades. Other critics point to widespread poverty and environmental degradation, again blaming trade and migration.

That’s simply not the case. Total US manufacturing employment has indeed declined in recent decades, but the US

Correcting the Record on US Manufacturing

- The United States in 2022 ranked second behind China in global manufacturing output at almost \$2.7 trillion, greater than the next four countries (Japan, Germany, South Korea, and India) combined.
- US manufacturing output in 2022 was only 5 percent lower than its all-time high in 2007 (adjusting for inflation). The United States was also the fourth-largest steel producer in 2020, the second-largest automaker in 2021, and the largest aerospace exporter in 2021.
- Foreign direct investment in US manufacturing totaled \$2.2 trillion in 2021.

Alleviating Poverty through Global Trade

- The share of workers living in extreme poverty worldwide has declined from 26.3 percent in 2000 to 6.4 percent in 2022.
- In East Asia and the Pacific, the developing region that has globalized the most, the share of workers in extreme poverty fell from 64.4 percent in 1990 to about 1 percent in 2022.
- Globally, between 2000 and 2020, child labor declined from 16 percent to 9.6 percent.

“Despite all the criticisms of global capitalism as a disruptive force that lines the pockets of a few elites at the expense of everyone else, the data—and the human stories behind the statistics—tell a very different story.”



Laboni (right), a 30-year-old sewing machine operator in Gazipur, Bangladesh, said the boom in textile manufacturing improved her family's life: "Now we can live well."

economy has gained tens of millions of nonmanufacturing jobs (many of them owed to foreign investment, imports, and other aspects of globalization). Since "hyperglobalization" began in the 1990s, moreover, the median American worker's inflation-adjusted pay has risen by around 40 percent.

America's middle class, which refers to households making \$35,000 to \$99,999 a year, did drop from 52.9 percent in 1970 to 39 percent in 2021, but those Americans leaving the middle class were usually climbing *up* the economic ladder, not falling down it. Upper-class Americans making \$100,000 a year or more went from 15.8 percent of the population in 1970 to 35.8 percent in 2021. The share of low-income Americans making \$34,999 or less, meanwhile, dropped from 31.4 percent to 25.2 percent in that same time frame, according to Census Bureau data. In short, we've replaced poor and middle-class American households with wealthier ones.

America's industrial base also hasn't been "shipped overseas."

It is true that certain manufacturing industries—particularly labor-intensive, low-tech ones, such as textiles and apparel—have shrunk or are no longer located in the United States. But many other industries, with higher added value, have flourished, while manufacturing remains a vital part of the country's economic base and a major global player.

The manufacturing sector *has* lost jobs since the 1970s, but that was largely driven by an increase in labor productivity and technological advances, such as robots, automation, computers, and process improvements. (According to one 2015 study, productivity growth was responsible for nearly 88 percent of US manufacturing job losses between 2000 and 2010.) Today, the United States leads the world in industrial value-added per worker (\$141,000 in 2019). And there are plenty of jobs available in the sector for those who want (and can qualify for) them: Even after substantial cooling, US manufacturing job openings are historically elevated at around 600,000.

That's solid, positive news, which is why protectionist critics and their friends in the media rarely mention it.

Another globalization myth is that it causes a race to the bottom—the notion that as the world merges into one economy, capital and corporations "move to places with the lowest wages, worst working conditions, and least environmental protection," Norberg explains.

But the facts do not bear that out; they show the opposite. As Norberg documents in his report "Globalization: A Race to the Bottom—or to the Top?": Increased globalization is associated with significantly faster poverty reduction. According to

the World Trade Organization, between 1996 and 2022, low- and middle-income economies increased their share of global exports from 17 percent to 32 percent and saw a "notable decline in the proportion of these economies' populations subsisting on less than US\$ 2.15 per day" (from 38 percent to 10 percent).

By boosting wealth and by accelerating the dissemination of technology and knowledge from more advanced countries, globalization helps developing countries improve their environmental conditions.

Economists have repeatedly found that less-developed economies that trade more tend to have better environmental performance across several metrics, such as energy efficiency, pollution, and carbon emissions.

Studies further show that global spread of technology has helped poorer countries get greener and richer faster than previous cohorts; developing economies are thus using much cleaner technologies to generate growth than developed countries did in the past.

In short, the race to the bottom is a myth. The best way to help countries improve their labor and environmental conditions is to help them get rich, and globalization plays a big role in the process.

In case after case, anti-globalization claims wither under scrutiny.

Globalization's Rising Tide

Despite all the criticisms of global capitalism as a disruptive force that lines the pockets of a few elites at the expense of everyone else, the data—and the human stories behind the statistics—tell a very different story.

Cato launched the Defending Globalization project last fall to help counter the nationalist impulses bubbling up on

both the left and right in the United States, as well as the populist backlash worldwide against the free exchange of goods, services, cultures, ideas, and everything else that allows humanity to flourish.

This project not only corrects the record on the countless benefits of our increasingly interconnected world but also makes a strong case for *more* global integration in the years and decades ahead.

Innovations in artificial intelligence, robotics, biotechnology, and other previously unimaginable fields are sure to disrupt the industries of today, just as the EAF replaced open-hearth furnaces, smartphones replaced titans of film and photography, and streaming services replaced cable.

As this creative destruction unfolds, there will inevitably be more self-interested calls for special treatment of stale industries, and plenty of opportunist lawmakers willing to falsely blame foreigners and ignore the cascading unintended consequences of protectionist policies.

We should oppose such efforts—vigorously. Disruption caused by globalization is undeniable. But the endless benefits of free and open exchange are too. ♦

ABOUT THE AUTHOR

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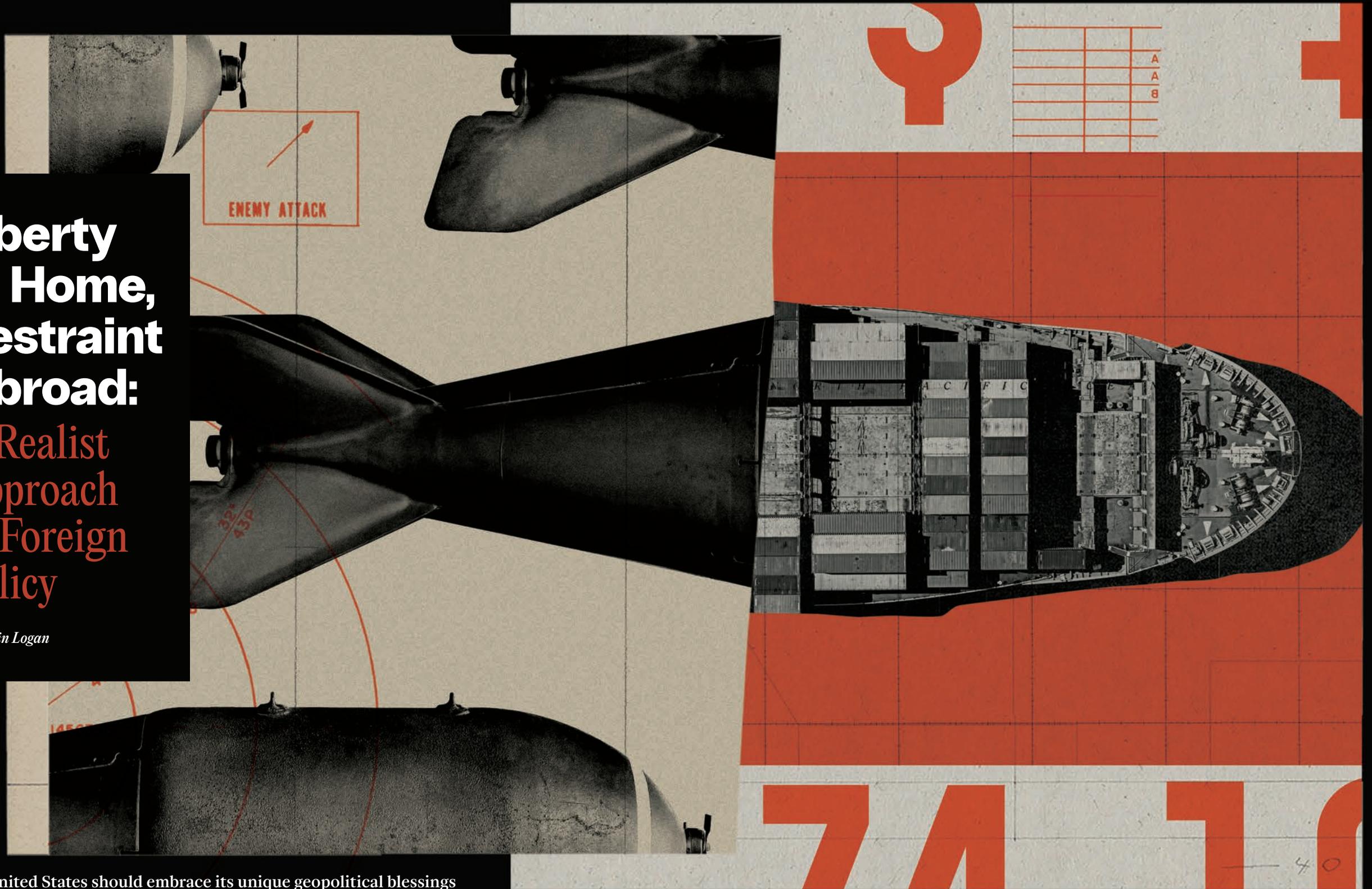


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Liberty at Home, Restraint Abroad: A Realist Approach to Foreign Policy

By Justin Logan

The United States should embrace its unique geopolitical blessings and let realism and restraint guide American foreign policy.



ILLUSTRATIONS BY MIKE MCQUADE

Libertarians like economics more than politics. Economic exchange is voluntary, positive-sum, and creates wealth. What's not to like? By contrast, politics is coercive, usually negative-sum, and destroys wealth (and potentially lives), spending on many causes that are unjust, don't work, or both.

Whether or not we are interested in politics, politics is interested in us. The libertarian response to the constant expansion and encroachment of politics has been to try to push it back, working to reduce the number of conflicts settled at the political level; and for those conflicts that must be political, to devolve them to the lowest level of politics. The fascist political philosopher Carl Schmitt went so far as to argue that *there is no liberal politics*: "There exists a liberal policy of trade, church, and education, but absolutely no liberal politics, only a liberal critique of politics."

Over the course of the 20th century, the tractor beam of the state has pulled an increasing number of issues under its control, to the point that today, contentious politics regularly erupt over issues such as which schoolchild uses which toilet. As ever, the incentive to deploy the state against one's opponents is especially powerful for those who cannot win through persuasion.

And there's no politics more *political* than international politics. States are animated by coercion. All states are illiberal to various degrees. International politics is a dog-eat-dog world where avarice, competition, hypocrisy, and death lurk in many dark corners. It's about the most illiberal political arena one could imagine.

As one might expect, libertarianism has a number of things to say about international politics, but it is not a theory of international politics. Libertarianism, or "thin" libertarianism, anyway, is an austere theory

of man's relation to the state. It is no failing of libertarianism to admit that it isn't a Swiss army knife: Libertarianism doesn't contain a theory of international politics any more than it contains a definition of the good life and how to pursue it. For questions like these, a bounded theory like libertarianism needs help.

Below I outline two main arguments: First, that realism is a useful theory for libertarians—or anyone—to use in evaluating international politics. (That's the "realism" part of the "realism and restraint" slogan you have hopefully heard in recent years.) Second, that since the Founding, geography—now combined with US economic and military power—makes most military dangers to the United States remote. Given US security, and given what libertarians know about the corrosive effects of war and security competition on liberal institutions at home, American libertarians should support realism and restraint in US foreign policy.

Illiberal Impulses in Foreign Affairs

In a brilliant and rollicking essay every libertarian should (re)read, Charles Tilly remarked that "banditry, piracy, gangland rivalry, policing, and war making all belong on the same continuum." In Tilly's most famous aphorism, "war made the state, and the state made war." Preparing for war created government capacity, and governments with greater capacity tended to win their wars. The losers emulated the victors or died. War-making and government-building have gone hand in hand since the dawn of the nation-state.

War and security competition are sometimes necessary, but they are bad for liberty in any country, and they have been bad for liberty in the United States in particular. Foreign policy activism

has disrupted the separation of powers, aggrandizing the executive branch at the expense of the legislature and judiciary. It has created enormous national bureaucracies and expanded government surveillance of US citizens. Participation in World War I brought the Espionage Act, the Palmer Raids, and an incumbent president throwing his opponent in prison for sedition on the grounds that he opposed the draft. World War II brought the country

“War and security competition are sometimes necessary, but they are bad for liberty in any country.”

income-tax withholding, tens of thousands of American citizens in concentration camps for the crime of their heritage, and other monstrosities. War and security competition have over time helped replace republican institutions with oppressive bureaucracy, lawlessness, high taxes, regulations, and a general expansion of government power.

That is enough for many American libertarians to oppose most war and security competition, but it leaves open the question of when they *ought* to support war or other activist foreign policies. "What makes a state or other actor threatening to the United States, and what are the effective ways of dealing with such threats?" are important questions, but the answers cannot be found in works from F. A. Hayek

or Richard Cobden or even Hugo Grotius. For their part, the American Founding Fathers had well-developed views about power. In an odd and underappreciated genealogy, they broadly fit within the tradition of political realism.

Realism is an unromantic view of politics. It views power as inherently dangerous, no matter who wields it. Unbalanced power in particular can produce reckless behavior. The Framers of the Constitution sought to separate power among the executive, legislative, and judicial branches not because they thought one or the other was inherently wicked but because they viewed unchecked power as inherently dangerous. As John Randolph put it, "You may cover whole skins of parchment with limitations, but power alone can limit power."

This is an essentially realist insight. Power divided among self-interested actors produces the jealous defense of one's own power, and therefore something resembling a balance, and a constraint on self-aggrandizement.

In the international realm, realists observe that international politics is a state of anarchy: There is no 911 a state can call to appeal to a higher authority to enforce constraints on state behavior. Norms are observed or violated as states see fit—and as they have the power to. To egregiously oversimplify, realists build on the assumptions of anarchy; of states seeking to survive as their highest goal; and of uncertainty about intentions, to evaluate international politics. (Here we could get into a thousand fine-grained infights among realists, but let's not.) If public choice theory is "politics without romance," international relations realism is international politics without romance.

The realist belief that the balance of power is the salient fact of international

life—and the great power the salient unit—leads to a view that the United States should keep other great powers away from its borders (think of the Monroe Doctrine) and try to prevent any one state from dominating a region of the world that would allow it to grow strong enough to challenge the United States head-on. But unlike, say, Continental European states in the modern era, geography provides Americans a great natural advantage. Distance allows the United States to stay out of many great-power disputes. The Founders appreciated this, just as they understood the deleterious effects of activist foreign policies on domestic institutions. Distance, or “isolation,” if you prefer, was the crucial variable that allowed the United States to develop along a different path than that of Bismarck’s Prussia or Napoleon’s France.

America, “Blessed among the Nations”

From the time of the country’s Founding through the 20th century, American statesmen believed that geography was one of the United States’ greatest assets. In this view, geographic isolation allowed Americans a different kind of politics both internationally and at home. Great distance from threats of invasion made a form of radical republicanism possible in the United States, whereas perennial war and security competition made it unthinkable in Europe—particularly on the continent itself. In international politics, the United States could largely eschew standing armies and Continental-style bureaucracies, selectively tipping the balance if one part of the world looked in danger of being dominated by one state or another.

Looking back, it can be jarring to see just how powerful anti-militarism and faith in geographic bulwarks were in the early American republic. The Founding Fathers could make left-wing anti-war protesters

sound like Dick Cheney. The admonitions of George Washington’s Farewell Address and even John Adams’s quip that “at present there is no more prospect of seeing a French army here than there is in Heaven” are well known. Less well known is the fact that concerns about the prospect of Congress possessing the power to “raise and support Armies” at all almost scuttled the approval of the US Constitution. As one member of the Massachusetts state ratifying convention fretted,

“A standing army! Was it not with this that Caesar passed the Rubicon, and laid prostrate the liberties of his country? . . . What occasion have we for standing armies? We fear no foe. If one should come upon us, we have a militia, which is our bulwark.”

One might object that the 18th century differs from the 21st in important ways, negating this view. We should recall, however, that European empires were still rampaging across the Western Hemisphere during this time, a much more proximate threat than whatever we may face today. Even after the English burned the White House to the ground during the War of 1812, American leaders still viewed geography as the nation’s most vital asset. As Abraham Lincoln memorably remarked in one of his earliest public addresses:

“We find ourselves in the peaceful possession, of the fairest portion of the earth, as regards extent of territory, fertility of soil, and salubrity of climate. . . . At what point shall we expect the approach of danger? By what means shall we fortify against it? Shall we expect some transatlantic military giant to step the Ocean, and crush us at a blow? Never! All the armies of Europe,



Asia, and Africa combined . . . could not by force, take a drink from the Ohio, or make a track on the Blue Ridge, in a trial of a thousand years.”

Despite America’s dalliances with imperialism at the end of the 19th century, the view that geography protected the United States from most military dangers persisted well into the 20th century. In a statement attributed to Jean-Jules Jusserand, the French ambassador to the United States during the Great War, Americans occupied a most enviable position. The country was “blessed among the nations. On the north, she had a weak neighbor; on the south, another weak neighbor; on the east, fish, and on the west, fish.”

It was only after World War II that American policymakers worked to undo geography and make the United States into a continental power on other peoples’ continents. In particular, in the late 1940s and early 1950s, they saw Soviet power menacing the ruined countries of Europe and stepped into the breach. It was perhaps fanciful, but leaders like President Dwight D. Eisenhower hoped that the massive American military role would be ephemeral. In 1951, Eisenhower worried that “if in 10 years, all American troops stationed in Europe for national defense purposes have not been returned to the United States, then this whole project will have failed.” He could not have imagined just how badly it failed, though there are positive signs that the winds may be changing.

A Foreign Policy for an Insular, Maritime Republic

If you want to cause a lot of trouble in international politics, get control of a big,

powerful state. Al Qaeda took a lucky shot in 2001 and killed 3,000 Americans. In response, Americans killed several hundred times more foreigners, almost none of whom had anything to do with the attack, without breaking much of a sweat. Some libertarians cheered on the most egregious parts of the campaign, like the Iraq invasion, as a smart “strategy of fomenting democratic regimes in the Middle East.” Predictably, though, it all came to ruin.

We remade huge chunks of the national security bureaucracy, which seem unlikely to ratchet back, and the War on Terror affected everything from air travel to pop culture. American families suffered needless deaths of thousands of American patriots and the grave wounding of tens of thousands more. Americans’ welfare suffered from the malinvestment of several trillion dollars into a fatally flawed ideological crusade. Other challenges, from US fiscal solvency to its position in Asia, took a back seat for decades. But the United States is so rich, so powerful, and so far removed from serious danger that even medium-sized mistakes like the Global War on Terror hardly break our stride.

The United States’ safety from danger allowed it to dream up the Global War on Terror. At the time of this writing, US aid has allowed Ukraine to survive its fight against Russian aggression, albeit with significant escalatory tail risk to Americans. The Biden administration protests that Ukraine’s fight is not Ukraine’s at all but rather part of some global struggle of democracy against autocracy. Early in the conflict, national security adviser Jake Sullivan declared that the United States had outsourced its diplomacy to Kyiv. According to Sullivan, “Our job is to

support the Ukrainians. They’ll set the military objectives, the objectives at the bargaining table . . . we’re not going to define the outcome of this for them. That is up for them to define and us to support them in.” Kyiv has been defining, and Americans have been supporting, ever since. Some of us have protested that if our support was a necessary condition for Ukraine to stay in the fight, we should have a say regarding the ends to which our aid is put.

“Libertarians should look on government’s national security claims with the same skeptical eye that they train on government’s economic analysis.”

In contrast to feckless Russian commanders at Hostomel Airport and terrorists training on monkey bars, the challenge posed to the United States by China is serious. China is a big, powerful state. Its economy is now much larger relative to the US economy than the Soviet Union’s ever was. Its conventional and nuclear forces are both undergoing fundamental overhauls to make them leaner and meaner. Both the Trump and Biden administrations have been at pains to find ways to “decouple” the Chinese economy from sensitive sectors of the US and other Western economies, with varying

degrees of success.

The promise that “if only we traded more with China, it would transform politically and come to peace with American dominance of Asia” has come to naught, at least so far. And while recent years have seen trade between China and the world in relative decline, it still provides the fuel for Chinese economic growth, which itself is the engine that produces Chinese military power. The questions of how and where to deal with China, and the question of who should do the bulk of the dealing, remain challenging. But the central features of international politics—states as the primary actors, the balance of power as the central question, and the rudely immovable fact of geography—endure.

If an invading army threatened to establish a lodgment in Florida or Oregon, most libertarians would swallow hard, support the effort to defeat them, and work to undo the government powers established by the crisis once it ended. But contemporary US conflicts are almost uniformly the product of ideological fever dreams. Most information about foreign threats comes to Americans directly from the bureaucrats tasked with defending against them. Libertarians should look on government’s national security claims with the same skeptical eye that they train on government’s economic analysis. ♦

ABOUT THE AUTHOR

Justin Logan is the director of defense and foreign policy studies at the Cato Institute. His current research interests include the failure of US efforts at burden-sharing in NATO, the shifting balance of power in Asia, and the limited relevance of the Middle East to US national security.

Marijuana Prohibition's Long Demise

By Paul Best

Bad federal policy is endangering state-authorized cannabis markets while hindering research.

PHOTOGRAPHY BY GREG KAHN

The first pre-rolled joints and THC-infused edibles started flying off marijuana dispensary shelves in Washington and Colorado one decade ago, sparking a wave of legalization across two dozen states. Public support has steadily risen at the same time, with 70 percent of Americans nationwide in favor of legalization last year, up from 48 percent in 2014, according to a recent Gallup poll. The budding industry is filling state coffers with tax revenue while supporting tens of thousands of jobs—all aboveground and out of the shadows of what was an unreliable and dangerous black market.

At the federal level, the Biden administration is expected to move marijuana from Schedule I to Schedule III in the coming months, a move that many

researchers see as a good sign, even if it falls short of removing the drug from the Controlled Substances Act altogether.

This widening acceptance reflects how many of the drug warriors' most misguided fears, from drug-crazed teens to rampant indolence, have simply not materialized.

But while the market for marijuana expands and its stigma recedes, the continued federal illegality of the drug has complicated entrepreneurs' efforts and hampered their ability to access banks,

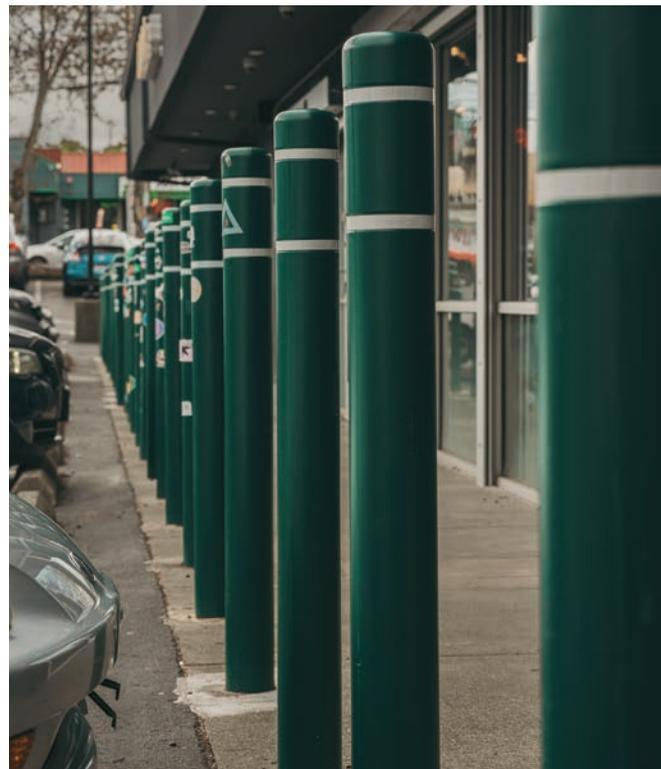
RIGHT: Federal prohibition of marijuana has largely cut the industry off from financial services in state-authorized markets, forcing businesses to operate mostly in cash. The resulting public safety crisis has spurred costly investments in armed security, defensive bollards, and other measures.





TOP: Dockside Cannabis co-owner Oscar Velasco-Schmitz outside one of his company's retail locations in the greater Seattle area.

RIGHT: Many business owners have erected bollards outside dispensaries after a spate of robberies in which cars crashed through storefronts.



leading to what many industry leaders and elected officials are calling a very real public safety crisis.

Marijuana's Cash Conundrum

Financial institutions are largely unwilling to provide basic services to marijuana businesses, understandably fearful of running afoul of the Controlled Substances Act, Bank Secrecy Act, anti-money laundering laws, and other regulations. Congress's refusal to pass legislation clarifying federal law in this area, much less decriminalize or legalize marijuana, has created a dangerous environment for state-authorized businesses.

this day," said Oscar Velasco-Schmitz, the co-founder of Seattle-based dispensary chain Dockside Cannabis, which has been targeted by criminals multiple times in recent years. "One of the burglaries that we had, it literally looked like a bomb went off in the storefront."

The nature of these incidents varies, with some criminals crashing vehicles, usually stolen, through storefronts in the middle of the night before stealing products and trying to break into safes full of cash. Other robberies have happened while businesses are open, with ski mask-clad robbers terrifying dispensary workers and customers alike.

"We had a break-in in December of last year during an ice storm, around 11:45 right as we were closing, with five AR-15s coming in," said Shannon Vetto, the CEO of Evergreen Market in Washington State. "They got less than \$1,000 in money, and the street value of product that they got might have been maybe five grand. And they terrified human beings with guns in their faces right before Christmas, people with children."

These crimes resemble Wild West bank robberies more than the smash-and-grab thefts associated with other retail stores. During one robbery at a dispensary in Seattle last year, an employee told detectives that a man burst into the store with a gun and made his intentions clear by yelling, "Where's the f----- safe! . . . What do you mean it won't open," according to a criminal complaint filed in the US District Court for the Western District of Washington.

In Denver, marijuana businesses are targeted in 6 percent of all business

"When I wake up in the morning, I look to see if I missed a text about a break-in."

Many entrepreneurs in the industry have been forced to essentially act as their own banks and deal only in cash, putting a target on their backs for opportunistic criminals.

"When I wake up in the morning, I look to see if I missed a text about a break-in, to

TOP: Evergreen Herbal CEO Andy Brassington at his company's production facility in Washington State.

LEFT: Chocolate infused with THC moves along a production line at a manufacturing facility.

RIGHT: Consumers have their choice of a variety of marijuana products in state-authorized markets.



burglaries, even though they make up less than 1 percent of businesses in the city. All crime related to the legal marijuana industry in Denver involves theft of some kind, with 96 percent attributed to burglaries or attempted burglaries of dispensaries and 4 percent attributed to larceny in 2022, according to a report by the city government.

While cash may be the main goal, criminals also target these businesses to get after marijuana products that they can resell on black markets in states where the drug is still illegal, as well as locally where black markets have continued to flourish due to excessive sin taxes. Washington, for example, slaps an excise tax of 37 percent on all marijuana products.

“High cannabis-specific taxes drive up the overall costs at the point of retail transaction, and essentially act as a [price] floor for the black market to thrive and prosper,” said Andy Brassington, the CEO of Evergreen Herbal, which manufactures products for dispensaries throughout Washington.

There have been nearly 300 robberies and burglaries of marijuana businesses in the Seattle area over the past seven years, according to an unofficial running list compiled by Uncle Ike’s owner Ian Eisenberg, who also attributes the brazenness of the robberies to the prosecutorial lenience and decreased police

presence that has characterized the justice system in Seattle since 2020.

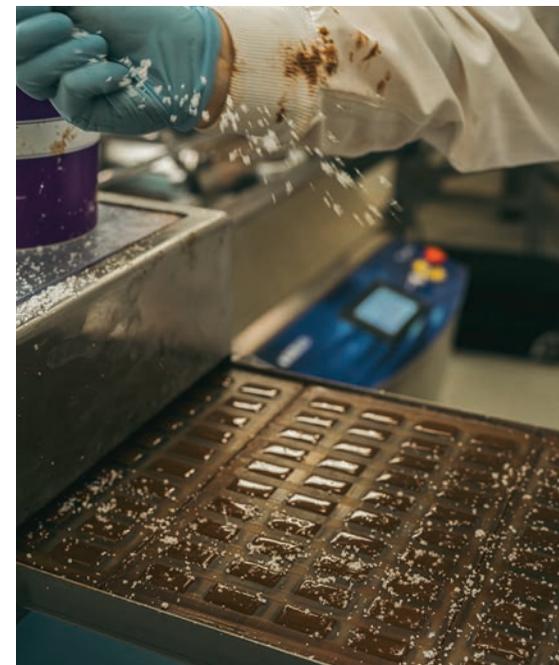
“It became a very hostile environment for police,” Eisenberg said. “So we just don’t have police anymore in Seattle for anything except a priority one call. Priority two or three—cops aren’t coming, period. Cops weren’t allowed to pursue cars that are dangerous, pursuit laws changed. Cash bail changed. And what changed the most in this state and this county is this desire to get rid of youth detention.”

Dispensaries have adapted to their business environment, making costly investments in everything from state-of-the-art safes to security guards.

“People have had to spend a lot of money on all sorts of things—armed security, bollards, security improvements,” Lux Pot Shop cofounder Shea Hynes said. “There’s some other security things that people have started using for cash management, and they all have a cost associated with them.”

While the federal criminalization of marijuana creates a safety hazard for state-authorized businesses, it has also affected the personal lives of workers in the industry, from business owners to budtenders.

One executive told *Free Society* that after making a career pivot to the marijuana industry, several of their retirement accounts were shut down by a brokerage firm that had been managing their





Evergreen Market CEO Shannon Vetto at one of the company's dispensaries in Washington State.

“The FDA has this extremely unreasonable position, blocking research into the way cannabis is actually consumed.”

investments for decades. Other employees have had trouble with everything from buying a house to opening lines of credit.

“We’ve had employees be turned down for credit cards, mortgages, home loans, auto loans, life insurance, just because their paycheck comes from Evergreen Herbal, signed by me,” Brassington said.

Under onerous Financial Crimes Enforcement Network guidelines issued in 2014, any bank that works with the marijuana industry must file suspicious activity reports for all transactions. Roughly 10 percent of banks and about 4 percent of credit unions reported doing business with marijuana companies last year, according to Treasury Department records, but the extent of the financial services offered is unclear. Some banks may be reporting transactions with entities only indirectly connected to the marijuana industry, such as a landlord leasing property to a dispensary, the Congressional Research Service notes.

Many of the banks that offer basic financial services are smaller and limited to checking accounts and direct deposit payroll. The lack of electronic payment processing has hit the industry especially hard, driving the cash-centric nature of the business. Washington State officials called these restrictions the “catalyst for a very real public safety crisis” in a letter to Congress in 2022.

Most industry veterans believe the only way to solve that public safety crisis is for Congress to pass legislation clarifying federal law, such as the Secure and Fair Enforcement Regulation (SAFER) Banking Act. That bill—which says that federal regulators cannot “prohibit, penalize,

or otherwise discourage a depository institution from providing financial services to” a state-sanctioned marijuana business—cleared the Senate Banking Committee for the first time last year but has never been considered on the Senate floor. The House of Representatives has passed the SAFER Banking Act or its predecessor seven times.

Senate Majority Leader Chuck Schumer (D-NY) said that the SAFER Banking Act is a top priority in 2024, and Senate Democrats introduced a separate bill in early May to legalize marijuana federally, but Republican opposition means that the chances of either piece of legislation passing are not high. The patience of industry leaders, meanwhile, is growing thin.

“Because they won’t pass SAFE Banking . . . we’re being discriminated against like we’re second-class citizens, and it’s just a travesty,” Brassington said. “Congress should be ashamed of themselves.”

Roadblocks to Research

Over three dozen states have authorized medical marijuana programs since California voters passed the Compassionate Use Act of 1996, though the drug has been used to treat various illnesses for thousands of years, with millennia-old records attesting to its use across China, Egypt, Greece, the Roman empire, and other ancient civilizations.

Marijuana’s classification as a Schedule I substance with “high potential for abuse” and “no currently accepted medical use in treatment in the United States” has made it extremely difficult for researchers to use randomized double-blind placebo-controlled trials, the gold standard in clinical research.

“Because they won’t pass SAFE Banking, we’re being discriminated against like we’re second-class citizens, and it’s just a travesty.”

Dr. Donald Abrams, professor emeritus of medicine at the University of California San Francisco, has tussled with regulators several times since the 1990s as he sought ways to study the drug’s potential for cancer and HIV/AIDS patients.

“When I used to study marijuana, I used to complain that I have eight different regulatory bodies that needed to approve my protocol,” Dr. Abrams said.

Researchers interested in marijuana must register with the Drug Enforcement Administration, submit their protocols to federal regulators for approval, source the product through an inflexible bureaucracy, and jump through other hoops before beginning a study.

The Biden administration’s anticipated rescheduling of marijuana will likely lift some of those restrictions, but researchers stressed that much is still unknown about how regulators will respond.

“The problem is the FDA’s interpretation of how they review the protocol,” said Rick Doblin, the founder of the Multidisciplinary Association for Psychedelic Studies (MAPS). “I do think the rescheduling will be a helpful signal, but by itself, it’s not sufficient.”

Despite some promising results, federal officials have stymied many studies before they could get off the ground. Researchers at MAPS found preliminary evidence in a 2021 exploratory study that inhaled marijuana can effectively treat post-traumatic stress (PTSD) in military veterans.

These researchers aimed to expand their findings in a phase 2 study with a larger sample size, but the FDA has repeatedly blocked their proposal, arguing that smoking and vaping are not “safe drug delivery” methods.

“The FDA has this extremely unreasonable position, blocking research into the way cannabis is actually consumed, which is smoked or vaporized,” Doblin said of the study, which is one of many studies being funded by a grant program from the state of Michigan. “All of this research trying to study smoked or vaporized cannabis is being blocked by the FDA—it’s not just our study.”

Despite these impediments, countless people have attested to the therapeutic benefits of marijuana. Gary Hess, a Marine veteran who served multiple deployments in Iraq, returned to the United States with PTSD, a traumatic brain injury, chronic pain, insomnia, and other problems.

Raised in a conservative family in Louisiana, Hess steered clear of marijuana and other drugs his entire life, even going so far as to fire his brother from a construction job after finding out he was using the drug.

But after a few fellow Marine veterans suffering from similar ailments told him about the relief they experienced with marijuana, he decided to give it a shot.

“I’d integrate cannabis, and it would bring me back to a point of balance, where I would not turn catastrophic in the way that I would in the past, when I would be triggered to a very hyper-aroused state,” Hess said. “Within three months of integrating cannabis daily, I was off all pharmaceuticals that were prescribed by the VA and private practices, and I was able to live my life in a state of balance that I had not been able to for over a decade.”

Hess, who founded Veterans Alliance for Holistic Alternatives, testified about his experience before the Louisiana State Legislature and was among the first patients in his state to legally buy medical marijuana in

2019. The drug is now available for medicinal purposes in 38 states and Washington, DC.

An End to Prohibition

Legal markets for marijuana have alleviated many of the worst symptoms of prohibition.

Cartels no longer have a monopoly on smuggling marijuana in violence-plagued black markets, ceding control to the entrepreneurs, retailers, growers, and other taxpaying citizens who operate aboveground where innovation and efficiency are rewarded instead of cruelty.

There were about a quarter-million arrests for marijuana offenses nationwide in 2022, a number that’s still disturbingly high but well below the nearly 800,000 arrests at the peak of prohibition in 2007.

Most Americans are happy with these trends, as evidenced by polls showing steadily increasing support for legalization over the past decade.

But as researchers, entrepreneurs, and citizens have attested, bad federal policy continues to cloud the legal marijuana industry by cutting off businesses from financial services and complicating research into the drug’s therapeutic potential. Rescheduling marijuana may relieve some of those restrictions, but clarifying legislation for financial services and an eventual end to prohibition altogether might be on the horizon. ✦

ABOUT THE AUTHOR

Paul Best is a senior writer and managing editor for *Free Society*. He previously worked as an investigative reporter covering economic issues at the Cato Institute. Before joining Cato, he was a television producer for *Stossel* and *Kennedy*, as well as a digital reporter at Fox News.

“A Brand-New Belief System”: Matt Taibbi on How the Trump Era Changed Media’s Free Speech Stance

By Gene Healy

From the Twitter Files to unexpected IRS visits, investigative journalist Matt Taibbi warns of the precarious state of First Amendment rights.

PHOTOGRAPHY BY GREG KAHN



Award-winning investigative journalist Matt Taibbi is worried that the media and the public don't care about government surveillance or free speech like they used to. Formerly a contributing editor for *Rolling Stone*, Taibbi is the author of several books and currently writes for *Racket News* (formerly *TK News*) on Substack. In a conversation with Gene Healy, Cato's senior vice president for policy, at a Cato event in Naples, Florida, this past February, Taibbi discussed government suppression of speech, the significance of First Amendment principles, and why a free press is needed to preserve our democracy.

GENE HEALY: Tell us about the “Twitter Files”—how that started, what you found, and which aspects of it were most concerning.

MATT TAIBBI: The reason that the new owner of Twitter [now known as X], Elon Musk, reached out to me and then subsequently a group of other independent journalists was, among other things, because he didn't trust conventional media to report the story correctly. He very specifically picked out independent journalists, people who weren't affiliated, at least anymore, with mainstream organizations. That included me—I had been at *Rolling Stone*—Bari Weiss, who had been at the *New York Times* . . . Elon wanted the public to know the extent to which platforms like Twitter were censoring their own customers.

I think his idea behind this, at least how it was expressed to me, is that he wanted to restore trust in the institution by sort of opening the kimono and letting the public know what was going on. But at that time, we only had a very distant idea that there might be some kind of government angle to this. At the very extreme end, we thought maybe there would be one or two letters from the FBI suggesting [to Twitter to] “stay away from this story or that story.” This is why we picked as our first subject the

Hunter Biden laptop story, which we knew had been blocked by Twitter and Facebook, in what I thought was a historic moment for internet platforms in this country.

We didn't find a whole lot from the FBI with that story, but then they allowed us to look kind of freely through some other files, particularly with regard to the 2020 election. And we started to see emails all over the place saying things like “flagged by DHS,” “flagged by FBI,” flagged by a whole variety of government agencies. We didn't know what that meant, and it took about three weeks to a month for us to figure out that there was a very organized and extensive content-flagging operation where tens of thousands of social media posts had been picked out by various government organizations—in particular the FBI and the Department of Homeland Security—and they had been sent to companies like Twitter, along with about two dozen others, through a pretty formal system of content management.

That became the backbone of the story that we thought was significant because we had no idea that there was a big content moderation program going on with government. We subsequently found out that this was a huge fundraising issue as well. There was well over \$100 million just from one agency involved in this kind of activity,



Gene Healy, left, in conversation with Matt Taibbi at a Cato event in Naples, Florida.

“There were these private, cross-platform programs, some of them associated with big academic institutions, that talked openly about how we must consider suppressing true content that might promote vaccine hesitancy.”

so this was a very sizable program, and we were very fortunate to be able to uncover it.

HEALY: And what kind of speech are we talking about? People who haven't followed the story much must think, "First they came for Alex Jones, and I wasn't crazy, so I did nothing." But my understanding is that there was an effort during the COVID-19 pandemic to suppress some information that's true from highly credible medical sources.

TAIBBI: There were some things [they were flagging] that were obviously misinformation. The most common kind of communication that the FBI would complain about would be a social media post that would say something like "Democrats, don't forget to go out and vote on Wednesday" in an attempt to make people forget to vote on Tuesday.

And then we found things that were more nefarious than that. There were these private, cross-platform programs, some of them associated with big academic institutions, that talked openly about how we must consider suppressing true content that might promote vaccine hesitancy.

An example of that would be showing somebody who took the vaccine dying of myocarditis. That's true, it happened, but [the FBI] doesn't think it's a good story. They had a term for this kind of content; they called it "malinformation." Malinformation is something that's true but produces an adverse result.

And this, we thought, was extremely dangerous because it was a way to get around the general journalistic idea, which is, "If it's true, we print it." It's up to the public to figure out what to do with it.

HEALY: How do you explain the tepid and even dismissive reaction to massive covert government efforts to suppress speech?

TAIBBI: That's a fascinating thing. In this new era since 2016, any issue that codes as a "Trump issue" is denounced and dismissed and set aside. I found myself sort of instantly recharacterized as a conservative, Trump-leaning journalist even though there's nothing in my biography that suggests that. I wrote a book called *Insane Clown President* about Donald Trump.

But the *Washington Post*, in the days after the story broke, they described me as "conservative journalist Matt Taibbi" and then silently edited that within a few hours after people complained. There was a mysterious reaction from a lot of people in the press who should be concerned about

But then we started to find things that were clearly protected constitutional speech that they were recommending [for censorship]. They were saying, "We think this violates your terms of service" to things such as a video making fun of the Biden administration's messaging on COVID-19.



this because it fundamentally affects them as much as anybody else. But they didn't see it as a very dangerous issue.

If you go back to 1974, there was a big story in the *New York Times* by Seymour Hersh that came to be known as the "Family Jewels" story where he found out about this CIA program that was designed to engage in widespread illegal domestic surveillance. I asked him for advice about what to do about this story. It was a very

similar thing because a lot of the agencies that were involved in this domestic censorship were expressly prohibited from doing so in America. A lot of them were foreign intelligence agencies or the State Department. And that story, too, engendered a lot of hostility from other people in the media who thought it went too far, that you shouldn't write about this kind of thing because it can hurt important institutions in this country.

“In this new era since 2016, any issue that codes as a ‘Trump issue’ is denounced and dismissed and set aside.”

HEALY: Speaking of the intelligence community and your recent reporting on efforts to surveil the Trump campaign, can you tell us a little bit about what you've uncovered there?

TAIBBI: There have been a lot of reporters on both the left and the right over the

course of the last six or seven years who've hinted at this. There was a House Permanent Select Committee on Intelligence nicknamed HPSI. They had done an investigation in 2017 and 2018 into the origins of the scandal that came to be known as "Russiagate," but only a portion of their research ever got out. That was the part about the misuse of [the Foreign Intelligence Surveillance Act (FISA)] and the misfiled warrant on the gentleman named Carter Page. But there was a lot of other stuff that never got out, and people who followed the story knew that there were other things that were out there.

That other shoe just didn't fully drop until recently. It turns out there were at least 26 people around the Trump campaign who were placed under surveillance without legitimate predication well before the opening of the FBI investigation in the summer of 2016.

The other thing was that the intelligence community assessment of January 2017, which said that the Russians had conducted an influence campaign specifically to help Trump, that this was cooked intelligence. They had suppressed dissenting information, that, among other things, suggested the Russians were comfortable with Hillary Clinton. That [the Russians] felt she was manageable and reflected continuity.

My feeling on this, and we haven't exactly been able to prove this yet, is that one of the reasons that this happens is not really Trump-specific. It's just that there is widespread misuse of this Section 702 [of FISA] authority that unmasks which US persons have been monitored abroad.

And that's very pertinent, I think, to Cato's mission.

HEALY: There's a story from the fallout from the Twitter Files that, if I didn't know it was true, I would think was crazy: an IRS agent showed up at your house the same day that you testified before the House Select Subcommittee on the Weaponization of the Federal Government back in March [of 2023]!

TAIBBI: I got home that night and found out from my wife that there had been a note left on the door saying the IRS came and visited. "We'd like to talk to you, but don't call us for four days."

I thought, "This is too stupid to be related to any of my journalism work." So, I did inform the committee that this had happened, but I didn't say anything about it publicly because I didn't want people to get the impression that I was being a conspiracy theorist.

It wasn't until Jim Jordan's committee got some answers back from the Treasury that I really started to get nervous, because it turned out that the case on me had been opened on Christmas Eve of 2022, which was a Saturday, and it was also the day of the biggest Twitter File story that was directly about the CIA, FBI, and the director of national intelligence.

That's when I got nervous. It could still be a coincidence, but I lived in Russia for a long time. It struck a chord.

HEALY: What do you think has happened to free speech culture and old-school nonpartisan civil libertarianism in this country?

TAIBBI: I grew up in the '70s, '80s, and '90s. Every culture-war story about speech was a litmus test issue for anybody who considered themselves a political liberal, which I was. I gave to the [American Civil Liberties Union] my whole life. Everything from *The People vs. Larry Flynt* to the Parents Music Resource Center to N.W.A. putting out its *Straight Outta Compton* album—you could not be politically liberal and be on the other side of those issues when I grew up.

Then when I went into the media, everybody was unanimous in believing in absolutely unfettered free speech. I had the good fortune to live overseas in Russia and see what happened when a country both acquired speech freedoms and lost them in a very short period.

That experience weighed on me very heavily and still does; how fragile it all is. And I think Americans once believed that very strongly. They were always very conscious of that in their history. But when Donald Trump came around, I think that's when there was suddenly a brand-new belief system, particularly in the news media.

That's one of the reasons that it's been very difficult to get anybody in the regular press to do stories about censorship, surveillance, any of those things. ♦

ABOUT THE AUTHOR

Gene Healy is the Cato Institute's senior vice president for policy. His research interests include presidential power, federalism, and overcriminalization. Healy is the author of multiple books, most recently *Indispensable Remedy: The Broad Scope of the Constitution's Impeachment Power*.



A Legacy of Liberty: Robert Levy Leaves His Mark on Libertarianism

By Audrey Grayson

From tobacco settlements to Second Amendment rights, Robert Levy has helped advance libertarian principles and defend the Constitution on pivotal issues.

There are few people in the 45-year history of Cato who have done more for—or meant more to—the Institute and the cause for liberty than longtime Cato Sponsor and chairman emeritus of Cato’s board of directors Robert (Bob) Levy.

Levy began his career with Cato as a senior fellow and eventually served for 26 years, including 15 on the board of directors and 14 as its chairman. During his tenure as Cato’s chairman, Levy steered the Institute with vision and decisiveness through formidable challenges. Most important, his leadership ensured that Cato remained independent and true to its mission.

Levy’s principled approach to stewarding the organization helped define Cato’s culture. No matter how heated the fights for liberty became, Levy maintained his characteristic sense of calm, good humor, and adherence to the values for which Cato stands.

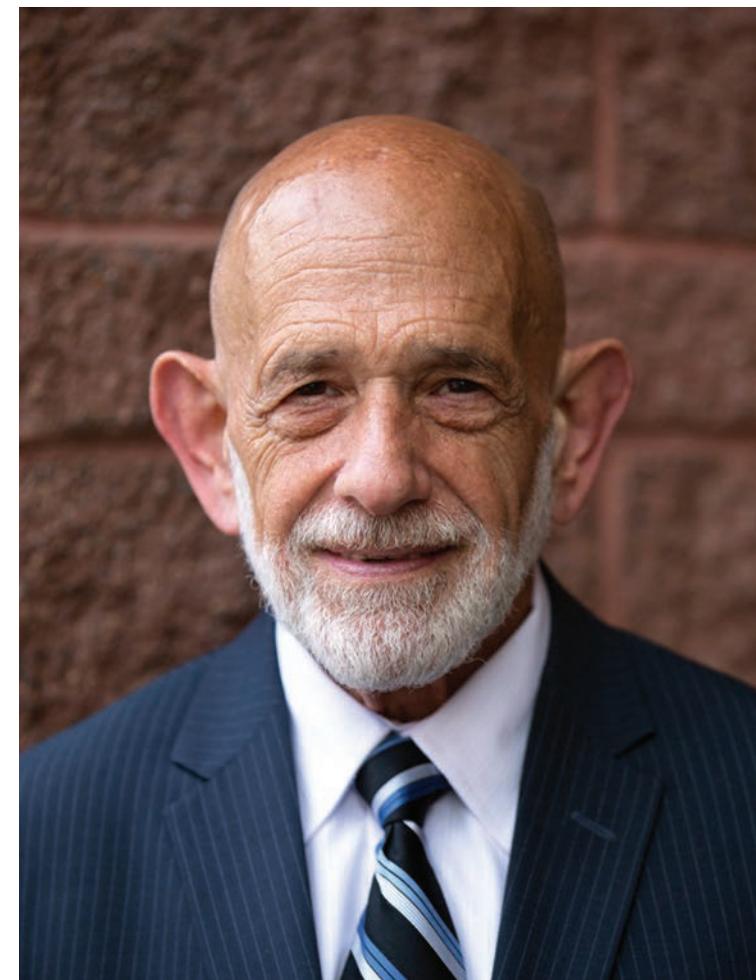
“It’s nearly impossible to overstate the profound impact Bob has had on the Cato Institute,” said Peter Goettler, Cato president and CEO. “His service has been key to Cato reaching higher and higher levels of performance, while his generosity has been extraordinary. And his friendship has meant so much to many of us.”

In 1996, Levy applied to work at Cato’s Center for Constitutional Studies. He had sold his successful financial services business, earned a law degree while in his 50s from George Mason University—graduating as class valedictorian—and clerked for two years on the US District Court for the District of Columbia and the US Court of Appeals for the District of Columbia Circuit.

He was offered a position as a legal expert at Cato, and from that day forward, Cato and Bob Levy were synonymous.

By the time Levy began working at Cato, he was already a longtime Cato Sponsor, but he believed he could make the biggest impact on the future of liberty by working alongside Cato’s legal scholars.

“Cato always operated outside the political process, addressing issues rather





Bob Levy outside the Supreme Court in 2008 after the landmark case *District of Columbia v. Heller*, which affirmed that the Second Amendment protects an individual's right to keep and bear arms.

than candidates or campaigns. And it was always consistent—never compromising on its advocacy of limited government, individual liberty, and the rule of law. Those characteristics are what make Cato successful, and I knew that's where I wanted to learn and apply my law degree," Levy said.

In his first few years at Cato, Levy became a prominent figure in a widely publicized legal battle: the global tobacco settlement of 1998 in which tobacco companies paid out \$365 billion. The payment was supposedly to reimburse for smoking-related illnesses and deaths, but it was partly in exchange for a shield from antitrust litigation. Through widely disseminated studies, testimony,

media appearances, and op-eds, Levy educated the public and policymakers on how the settlement benefited tobacco companies by protecting them against competing startups while ultimately shifting the cost to smokers—the very people it was intended to help—by allowing the major tobacco companies to raise the price of cigarettes without fear of competition.

Despite negative feedback from some in the tobacco industry and threats to withdraw support from Cato if Levy persisted in criticizing the settlement, Cato's CEO at the time, Ed Crane, declared that Cato would provide public commentary on the litigation regardless of the effect on donations to the Institute.

"That's just one example of Cato's consistency and independence," Levy said. "So many think tanks find themselves compromised by financial repercussions, but Cato has never succumbed to that problem." In 2002, Levy embarked on a historic battle to defend the constitutional right to bear arms.

Joining with Cato's now senior vice president for legal studies Clark Neily and local attorney Alan Gura, Levy began planning a lawsuit to strike down the handgun ban in Washington, DC. Levy called the law "an outright prohibition that transparently violates constitutional guarantees." His self-financed Second Amendment lawsuit faced considerable opposition, but ultimately Levy's insight and commitment led to the landmark 2008 case *District of Columbia v. Heller* in which the US Supreme Court established that the

Constitution protects an individual's right to keep and bear arms.

"Every step of the way, Bob's influence and support was there. The case never would have happened and never would have been successful without his participation," Neily said.

Levy's influence is felt throughout the libertarian world through his leadership on several boards, his significant philanthropy, and his collegiality—a trait that draws people to him and unites communities of liberty-lovers. Within the ecosystem of liberty organizations, the entry point for many is through a relationship with Bob Levy.

Aptly, the legal center where Levy initially applied for a job in 1996 now bears his name—the Robert A. Levy Center for Constitutional Studies—following a generous anonymous contribution made in his honor in 2017.

Beyond devoting much of his life and career to Cato's mission, Levy recently created a transformational planned gift that ensures his—and Cato's—legacy will live on for many years to come.

"It's an honor to work with such an accomplished community of Sponsors dedicated to the principles of individual liberty, limited government, free markets, and peace," Levy said. "Our future is bright. Cato's impact is increasing every day, and our mission to promote human freedom is crucial." ✦

For more information on Cato's Legacy Society, please contact Brian Mullis at bmullis@cato.org or visit [Cato.org/plannedgiving](https://cato.org/plannedgiving).

Freedom to Farm: Lessons from New Zealand

By Paul Best

Farmers in New Zealand thrive without the subsidies, tax incentives, tariffs, and other measures that distort the agriculture industry worldwide. US lawmakers should take note as the Farm Bill's expiration nears.

Debate will heat up in the coming months over the Farm Bill, a gargantuan piece of legislation renewed every five years that determines everything from food assistance for low-income Americans to the numerous programs that support the agriculture industry.

Subsidies, tariffs, and other protectionist policies have long aided American agriculture, though this is not a uniquely American phenomenon. Governments around the world shell out roughly \$630 billion a year for their domestic agriculture industries, a level of spending that has roiled markets, trade negotiations, and policy debates for decades.

One exception to this trend—and an example that lawmakers in the United States should heed as the Farm Bill's expiration nears—is New Zealand, which abruptly cut all subsidies to farmers in 1984.

The Kiwi Way

In the '60s and '70s, New Zealand's government implemented a bevy of subsidies, price supports, tax incentives,

and other distortionary measures for agriculture, along with tariffs and other protectionist policies to prop up domestic producers. Farmers derived about 40 percent of their income from government support by the early 1980s. The agriculture industry stagnated as a result.

In a 2017 policy review, New Zealand's Ministry for Primary Industries detailed the many unintended consequences of insulating agriculture from market forces. Farmers misallocated resources and made decisions based off maximizing subsidy revenue instead of adjusting to consumer preferences and other market signals. Environmentally harmful practices were normalized as farmers brought highly erodible ground into production that wouldn't make sense to farm without aid programs. Subsidies were capitalized into land prices, locking out younger and beginning farmers trying to break into the industry. Productivity flatlined as farmers had no incentive to innovate.

Facing a budget crisis, New Zealand's government slashed government spending across the board in 1984, eliminating almost



New Zealand farmers received subsidy payments per head of sheep in the early 1980s, leading to a "skinny sheep" era characterized by overstocking and other inefficiencies. After those subsidies were cut, sheep numbers more than halved, but farmers still produced just as much meat due to increased productivity.

all subsidies for the agriculture industry while also reducing tariffs and other protectionist policies.

"I don't think they had a vision of eliminating subsidies producing an innovative, dynamic industry. It was a matter of necessity for New Zealand. We were going broke. The subsidies were costing the economy so much. And it wasn't just agriculture—we had protectionism across the board in so many other industries," Lockwood Smith, a lifelong farmer who spent three decades as a member of the New

Zealand Parliament, told the Cato Institute in a policy investigation published earlier this year. "The New Zealand economy was absolutely stagnating."

The reforms immediately saved taxpayer dollars, but agriculture productivity also shot up as farmers streamlined their operations, reduced their use of subsidized fertilizers, and shifted production to meet demands from the market.

Perhaps the best example of subsidization's distortionary effects lies in New Zealand's "skinny sheep" era, which



North Dakota farmer Gabe Brown cut himself off from all subsidies several years ago—a decision that he partly credits for the success of his 5,000-acre farm.

refers to the explosion of flock numbers to over 70 million sheep in the early to mid-1980s. Because subsidies were based off the raw number of sheep in a flock, farmers were incentivized to have “excessively high stock numbers and a ‘slash and burn’ mentality,” according to a report prepared for the Ministry for Primary Industries.

Flock numbers immediately started to decline after subsidies were cut, with just 26 million sheep in New Zealand today. Despite that, production and meat exports have remained steady, owing to improvements in breeding for larger carcasses, increased lambing percentages (lambs born per ewe), better farm management, and other productivity increases.

“The efficiency of our sheep industry doubled,” said Gavin Forrest, who worked on his family’s farm in New Zealand in the 1980s before leaving to take a job with the

advocacy organization Federated Farmers. “The number of animals you have on a property is not necessarily a determination of how efficient and how much you’ve produced. You can have too many animals.”

A Century of Subsidies

Agriculture subsidies have shifted over time in the United States. The government’s first interventions in the industry in the 1920s were followed by the original Farm Bill in 1933, the New Deal–era Agricultural Adjustment Act, which paid farmers to take land out of production in order to reduce the food supply and increase commodity prices. Various subsidies and price support programs followed over the decades, with the government making direct payments to farmers starting in the 1990s. In 2014, direct payments were replaced by the Agricultural Risk Coverage (ARC) and Price Loss Coverage (PLC) programs, which distribute

funds to farmers based on the difference between an average reference price and the market price for a commodity.

Subsidized crop insurance is now the largest aid program, at a cost of \$17.3 billion in 2022. The government pays about 62 percent of the premiums for plans that farmers purchase from private insurance companies, amounting to a record \$11.6 billion in 2022. The remaining costs come from the government’s share of underwriting losses and payments that the government makes to insurance companies to administer the program.

Unlike ARC and PLC, crop insurance subsidies have no annual payment limits, allowing aid to accrue to the largest farms. A Government Accountability Office report last year found that only 1 percent of policyholders received about 22 percent of all premium subsidies.

In Cato’s policy investigation earlier this year, farmers shared complaints about crop insurance subsidies and other aid programs that are similar to the problems New Zealand was facing four decades ago. Subsidies distort planting decisions by incentivizing farmers to grow a select few crops for which there is readily available insurance. The environment suffers as farmers expand operations on erodible ground that wouldn’t make sense to farm without subsidized insurance policies. While farmers in the United States are affected by agriculture subsidies, they are even more pernicious for farmers in developing countries who cannot compete with artificially low prices. US cotton subsidies, for instance, decreased world cotton prices by about 12 percent

in the mid-2000s, hurting the incomes of cotton producers in West Africa and other developing regions.

With the Farm Bill expiring later this year, lawmakers have the chance to rethink the billions of dollars doled out annually to farmers. New Zealand showed that it’s possible to have a thriving agriculture industry without government intervention. And some Americans, such as North Dakota farmer Gabe Brown, already thrive while abstaining from all subsidy programs.

“My safety net is the resiliency built into my soil. My safety net is the health of the operation. My safety net is the fact that I don’t rely on only one or two commodities to make my income. We have 17 different enterprises on our ranch now,” Brown, who phased out all subsidies on his 5,000-acre farm about a decade ago, previously told the Cato Institute. “So I’m resilient—our ranch is resilient—because of the diversity and because of the health of the ecosystem. That’s very liberating. It’s a good feeling.” ♦



Scan the QR code to the left with your phone’s camera to view the visual feature “Freedom to Farm without Subsidies.”



The Institutionalization of Racism: Contemporary DEI's Effect on Higher Education

By Erec Smith



Impassioned debates about diversity, equity, and inclusion (DEI) have erupted across the United States in recent years, taking center stage in Congress, corporate boardrooms, college campuses, and countless other venues.

As a rhetoric professor and former diversity trainer, Cato Institute research fellow Erec Smith has firsthand experience with the ways that contemporary DEI rids individuals of their agency and needlessly divides Americans along arbitrary lines. Smith testified before the House Subcommittee on Higher Education and Workforce Development on March 7, arguing that most DEI programs perpetuate the very racism they are nominally fighting against. Below is a lightly edited transcript of Smith's prepared remarks.

DEI is built on a foundation whose very mission is to perpetuate racism. Contemporary DEI is not an extension of the civil rights movement. It is undergirded by a quasi-Marxist ideology called “critical social justice.” The primary tenet of critical social justice is this: The question is not “Did racism take place?” but rather “How did racism manifest in that situation?” So, according to critical social justice, racism is always already taking place. There is no need to think for oneself; the narrative—one of perpetual oppression—does the thinking for you.

Another underlying concept of critical social justice is prescriptive racism: the prescribing of certain values, attitudes, and behaviors onto someone based on race. To

shirk these values, attitudes, and behaviors is to be inauthentic, to not be a true member of a particular racial group.

Questioning of this ideology is considered proof of your racism.

I have many stories to tell, but I will share one that illustrates these concepts and the general absurdity of critical social justice.

A prominent figure in my field, which is rhetoric and composition, wrote a mass email requesting that people boycott an academic organization because he and others experienced racism during a committee meeting.

However, neither he nor anyone else would explain what happened.

I wasn't going to boycott an influential academic organization based on incomplete information, so I asked a simple question: What happened? For this I was vilified by colleagues of all colors and accused of perpetuating white supremacy. Merely asking the question—“What happened?”—was considered a form of racism. With critical social justice, an accusation of racism cannot be questioned; remember, the question is not “Did racism take place?” but rather “How did racism manifest in that situation?”

Another story involves two professors who always allow their black students to write in black vernacular (or African American Vernacular English, aka Ebonics). However, the students' refusal to do so because they were there to learn standardized English was seen by these professors as a form of self-hatred and internalized racism.

One rhetoric professor (and a self-proclaimed Marxist) went as far as to say these students were being “selfish” and “immature” for wanting to write in

standardized English because that would just perpetuate a status quo of whiteness. As black students who wanted to write in standard English, they shirked the attitudes and values those professors prescribed to them as black students. Their desire to write in standard English was treated like a kind of pathology.

Whenever I hear stories like this, I always say the same thing to myself: Thank God these weren't my professors when I was in college. I would have been steeped in negative emotionality and learned helplessness. If I'd had hopes and dreams, I would not have had the courage to chase them.

I know some people out there are trying to do DEI in a way that does not assume racism at all times, does not prescribe behavior based on race, and does not shirk critical thinking to abide by a narrative. But those doing DEI undergirded by critical social justice—and there are many—are not fighting racism. They are perpetuating racism.

I don't know if you've all noticed yet, but I'm black, and I'm against DEI. Why? Because I really like being black. And this ideology is infantilizing, it is anti-intellectual, and since I am a mature intellectual person, it doesn't align with me. I am too good for contemporary DEI, and so are many others. ✦

ABOUT THE AUTHOR

Erec Smith is a research fellow at the Cato Institute, an associate professor of rhetoric at York College of Pennsylvania, and the cofounder of Free Black Thought, a nonprofit dedicated to highlighting viewpoint diversity within black communities. His primary work focuses on the rhetorics of anti-racist activism, theory, and pedagogy, as well as the role of rhetoric in a free, pluralistic, and civil society.

Cato's Most-Viewed Web Pages (and Why They Matter)

By Joshua Hardman

Cato's website is a one-stop shop for a range of policy analyses, op-eds, event livestreams, and blog posts that offer libertarian solutions to our most vexing problems. Check out our biggest hits from the past year.

German philosopher Hannah Arendt wrote in the early 20th century, "Truthfulness has never been counted among the political virtues, and lies have always been regarded as justifiable tools in political dealings."

A single nugget of truth can catch the eye of thousands when falsehoods are so prevalent. Cato's reputation for principled research, and for telling the truth as we see it regardless of political expediency, attracts more than 11 million visits to its websites annually.

These were some of the most visited articles, studies, and publications on Cato's website in the past year that cut through the polarization and noise to convey important facts and insights.

Sweden during the Pandemic: Pariah or Paragon?

Johan Norberg, a senior fellow and author of *The Capitalist Manifesto*, demonstrated how Sweden's approach to the pandemic—largely staying open as other countries shut down—resulted in a more resilient economy, less learning loss for children, and fewer excess deaths than any European country. Yet there remains a common perception that Sweden's deference to voluntary adaptation resulted in disaster. Nearly 60,000 people have read the online version of Norberg's August 2023 Policy Analysis, "Sweden during the Pandemic." His research was seen by thousands more in *The Atlantic*, in the *Boston Globe*, on AOL.com, and more.

Fentanyl Is Smuggled for US Citizens by US Citizens, Not Asylum Seekers

Immigrants are a convenient scapegoat for America's fentanyl crisis. In 2023, 39 percent of Americans and 60 percent of Republicans incorrectly believed that "most of the fentanyl entering the US is smuggled in by unauthorized migrants crossing the border illegally." Now, when you perform Google searches such as "immigrants fentanyl," director of immigration studies David J. Bier's blog posts are among the top hits, including "US Citizens Were 89% of Convicted Fentanyl Traffickers in 2022." The blog post was seen more than 100,000 times in the past year and his writing on fentanyl was cited nearly 40 times on television, including by eight members of Congress during hearings and interviews.



“Congress increasingly evades spending limits by using emergency spending designations for nonemergency expenses. By 2029 we will have the highest debt-to-GDP ratio in our country’s history: 106 percent, reaching 181 percent in 2053.”

Curbing Federal Emergency Spending

Congress has a spending problem, and Cato is showing how it can help kick the habit. One reason the federal budget is ballooning is that Congress increasingly evades spending limits by using emergency spending designations for nonemergency expenses. The office of Sen. Rand Paul (R-KY) included a chilling spending chart from Romina Boccia, director of budget and entitlement policy, and research associate Dominik Lett, in its latest “Festivus Report” on federal spending. The chart, Figure 3 in Boccia and Lett’s January Policy Analysis “Curbing Federal Emergency Spending,” demonstrates our debt trajectory. By 2029 we will have the highest debt-to-gross domestic product ratio in our country’s history: 106 percent, reaching 181 percent in 2053. Sen. Paul’s account on X has nearly 200,000 followers, and Cato shared the policy analysis with 1,800 Hill staffers.



Scan the QR code on the left with your phone’s camera for access to these articles and more on Cato.org.

Yes, Javier Milei Really Is a Libertarian

Lazy reporting around the world conflated Javier Milei, Argentina’s new president and a genuine classical liberal, with illiberal leaders such as Jair Bolsonaro, Geert Wilders, and Donald Trump. Cato’s analyses of Milei and his free-market reforms have received nearly 50,000 views on its website since his historic run. Several Cato scholars, including distinguished senior fellow David Boaz, vice president Ian Vásquez, policy analyst Daniel Raisbeck, and fellow Gabriela Calderon de Burgos, have also written about Milei in the *Washington Post*, *Reason*, *Quillette*, and other news outlets. Milei cited Argentina’s preeminent classical liberal economist and Cato adjunct scholar Alberto Benegas Lynch Jr. during his speech in Davos (watched by millions) and has promoted multiple Cato blog posts and articles to his 2.5 million X followers. In June, Milei and other leading classical liberals will convene in Buenos Aires for a conference cosponsored by Cato, “The Rebirth of Liberty in Argentina and Beyond.”

What Would a US War with China Look Like?

Whether and to what extent the United States should use military force to defend Taiwan against a Chinese invasion have become prominent questions in Washington. Xi Jinping’s US visit in November 2023 increased attention on the issue, as he and President Biden attempted to restore lines of communication that China severed the previous year in response to then House Speaker Nancy Pelosi’s visit to Taiwan. One of the 10 most-viewed pages on Cato.org in 2023 was senior fellow Doug Bandow’s “What Would a US War with China Look Like?,” which was originally published in 2022 and has since received 100,000 views. It is essential that Americans have a clear view of the dangers and costs of a US-China war over Taiwan, which would not be easily contained and could lead to nuclear warfare, Bandow argues. Cato’s foreign policy scholars are ensuring that policymakers and the public alike have all the facts when considering potential action. ♦

EVENTS



Taiwan's Urgent Need for Asymmetric Defense

Justin Logan (far left), Cato's director of defense and foreign policy studies, and senior fellow Eric Gomez (far right), showed why Taiwan's military is not prepared for a Chinese invasion, and what the United States can do to help buy Taiwan time. They were joined by Michael A. Hunzeker (middle left), an associate professor at George Mason University, and Alex Velez-Green (middle right), a senior policy adviser at the Heritage Foundation.



Political Legacies of Islamic Law in the Middle East

Mustafa Akyol (left), Cato senior fellow, hosted Duke University professor Timur Kuran (center) for a discussion of Kuran's new book, *Freedoms Delayed*. He focused on the persistent impact of Islamic law on civil, political, and economic liberties in the Middle East. John O. Voll (right), Professor Emeritus of Islamic History at Georgetown University, critiqued Kuran's theses with Akyol.



Biden's Foreign Policy

Justin Logan (far left), Cato's director of defense and foreign policy studies, invited Chris Miller (far right), former acting US secretary of defense, to join him in conversation with *Politico* reporter Alex Ward (middle left) about Ward's new book, *The Internationalists: The Fight to Restore American Foreign Policy after Trump*. Emma Ashford (middle right), senior fellow at the Stimson Center, also commented on how history may view the Biden administration's foreign policy.



The Future of Online Speech

The *NetChoice* cases heard by the Supreme Court will have a significant impact on the future of free speech online. Steve DelBianco (right), president and CEO of NetChoice, joined Jennifer Huddleston (left), Cato's senior fellow in technology policy, and a packed panel of other experts to discuss the implications of these cases on the First Amendment in the digital age.



The Impacts of DEI

Sen. Eric Schmitt (R-MO, middle) discussed diversity, equity, and inclusion (DEI) initiatives with Erec Smith (right), Cato research fellow, and Maria Sofia (left), manager of government affairs. DEI efforts have complex impacts on education, government and society. They considered how policymakers should approach DEI, a phenomenon that has complex and far-reaching impacts on education, government, and society.



Jawboned: The Film Premiere

The latest documentary from FedSoc Studios, *Jawboned: Miss Information vs. Free Speech*, investigates the distinctions between notification, persuasion, and unconstitutional government coercion of social media platforms. Cato adjunct scholar Will Duffield (far right) and former Cato legal associate Nicole Saad Bembridge (middle right) discussed the film with David Inserra (far left), Cato's fellow for free expression and technology, and Matt Wood (middle left), who directed the film.

EVENTS



Showcasing Education Entrepreneurs

Colleen Hroncich (far left), a policy analyst in Cato's Center for Educational Freedom, hosted five education innovators for a celebration of the diverse learning options they have created for their communities and a review of the challenges government placed in their way. They represent the changing, and exciting, education landscape fueled in part by Cato's scholarship.



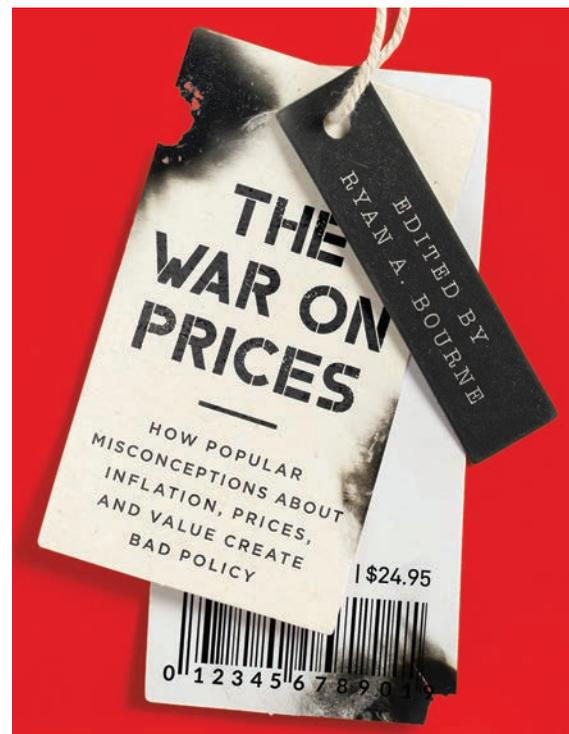
Social Security Symposium

As we approach the 90th anniversary of the US Social Security program in 2025, and as the program's trust fund is projected to be depleted by 2033, we find ourselves at a critical juncture. Romina Boccia, Cato's director of budget and entitlement policy, gathered a diverse group of experts and policymakers to tackle this problem, including Sen. Bill Cassidy (R-LA, pictured).



View all past and upcoming Cato events at cato.org/events or scan the code to the left with your phone's camera.

PUBLICATIONS

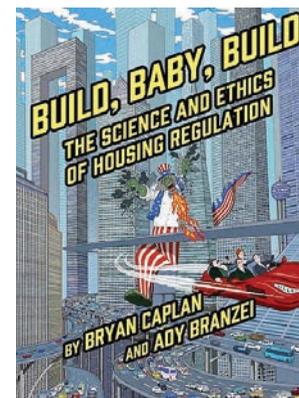


The War on Prices

Was inflation's recent spike exacerbated by corporate greed? Do rent controls really help the needy? Are US health care prices set in a Wild West marketplace? Top economists debunk many popular misconceptions about inflation, prices, and value in this new volume edited by Ryan Bourne, Cato's R. Evan Scharf Chair for the Public Understanding of Economics.

"The United States and indeed most of the world is coming off a major bout of inflation. Fallacies have been multiplying in the media and from commentators. Ryan Bourne has edited a new volume . . . that sets the record straight. Here is your go-to book on rising prices, price controls, and other government policies toward prices."

—Tyler Cowen, Holbert L. Harris Chair of Economics at George Mason University and founder of Marginal Revolution



Radical Housing Deregulation

In this exciting new graphic novel, economist Bryan Caplan makes the economic and philosophical case for radical deregulation of the housing market, freeing property

owners to build as tall and dense as they wish. *Build, Baby, Build* combines classic animation with careful interdisciplinary research to demonstrate the countless benefits of deregulation, such as increased social mobility, reduced inequality, lower crime, and more.

"Bryan Caplan and Ady Branzei have written a fantastically accessible and fantastically fun book explaining why housing is so expensive in the US . . . It is a perfect book for your 17-year-old daughter or your 70-year-old uncle, for intro econ students or Nobel laureates, and for everyone in between."

—Ed Glaeser, Fred and Eleanor Glimp Professor of Economics and chairman of the Department of Economics, Harvard University



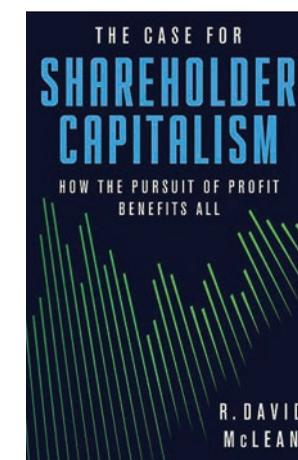
Discover the World's Heroes of Progress

The health and wealth of the modern world rests on the shoulders of dozens of unsung heroes whose work has saved millions, if not billions, of lives. Despite their contribution to improving humanity,

few people know the names of these 65 pioneers. *Heroes of Progress* by Alexander Hammond seeks to rectify this.

"Making an inspiring case for progress at this time of skepticism and historical ingratitude is no easy feat. Yet, by relentlessly outlining the extraordinary ability of individuals to shape our world for the better, Alexander Hammond does just that."

—Steven Pinker, author of *Enlightenment Now: The Case for Reason, Science, Humanism, and Progress*



Against ESG Dogma

Shareholder capitalism is increasingly criticized, especially with the popularization of concepts like environmental, social, and governance investing and stakeholder capitalism. Finance

professor David McLean argues that corporate social responsibility, while well intentioned, shouldn't replace the democratic process in policymaking and can lead to unintended consequences.

"David McLean offers a full-throated defense of shareholder capitalism by drawing on historical insights from notable economists . . . and linking them to current real-world examples. This highly readable book compares the shareholder capitalism approach to the stakeholder capitalism approach to dispel common misinformation, misconceptions, and fallacies about both."

—Michael Piwowar, former commissioner of the US Securities and Exchange Commission

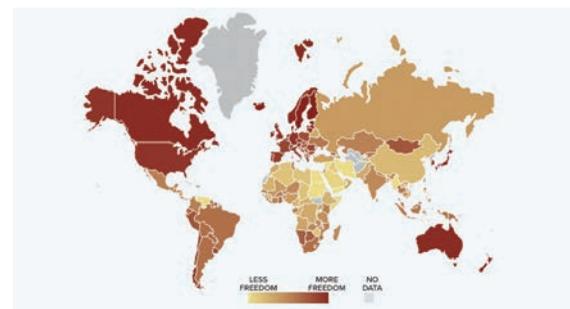
PUBLICATIONS

Human Freedom Continues Decline Worldwide

The *Human Freedom Index*, the most comprehensive measure of global human freedom, underscores the importance of Cato's global work and empowers people to compare their nations to others and to advocate for pro-liberty policies. The latest edition, copublished with the Fraser Institute, analyzes 86 indicators of personal and economic freedoms for 2021, the most recent year with sufficient data, finding that human freedom fell again in the second year of the COVID-19 pandemic.

The United States ranks 17th (far from the seventh place it earned in 2000), and Switzerland takes the top spot. The index tracks the decline of freedom in Hong Kong, as well as Argentina's sharp decline before the ascendance of Javier Milei, its new president.

"Global freedom hit a high point in 2007, followed by a slow decline until 2019. That period coincided with the aftermath of the global financial crisis and the rise of authoritarian populism and other forms of illiberalism around the world," explains Ian Vásquez, a coauthor and Cato's vice president for international studies. Then in 2020, as shown by Vásquez and his coauthors Guillermina Sutter Schneider, Fred McMahon, and Ryan Murphy, overall human freedom fell sharply as governments hastily curtailed individual freedoms in response to the pandemic.



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RECENT CATO STUDIES

Biden's Misguided Crackdown on Short-Term Health Insurance

Short-term limited duration insurance (STLDI) provides affordable, comprehensive coverage to millions who are ineligible for other options or find them unaffordable. The Biden administration proposed severe restrictions on STLDI in 2023 that would limit consumer choice and reduce the contract length of short-term, affordable plans on the market. Michael F. Cannon (pictured), Cato's director of health policy studies, makes the case that limiting STLDI would increase the number of uninsured and leave many patients with canceled coverage, lack of insurance, and avoidable health risks.



Survey: 46 Percent of Private Schools See Enrollment Rise

Demand for private schools has continued its rebound in the wake of the COVID-19 pandemic, according to a new survey from Emily Ekins (left), Cato's vice president and director of polling, and Neal McCluskey (right), director of Cato's Center for Educational Freedom. Forty-six percent of private schools that responded reported enrollment increases between the 2022–23 and 2023–24 school years, while 25 percent saw decreases and 30 percent reported no change. Ekins and McCluskey dissect these trends and the potential reasons for private school enrollment growth, from the pandemic to ongoing culture wars.



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By Ryan Bourne

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By John F. Early

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By Vanessa Brown Calder

Forced Choices: How Joe Harrison's Life Experiences Shaped His Libertarian Philosophy

By Brian Mullis

Joe Harrison wasn't quite a libertarian at 16 years old, but by then he was already drawing the ire of a labor union official. Soon after Joe began a new retail job, a surly man approached him, grabbed the shopping cart he was pushing, and demanded: "Get your apron off. Get out of here!" As it turned out, Joe had worked too many hours, according to the union labor rules—without even realizing he was union labor. Later that night he got a call from his manager explaining the rules against working too hard.

"That really disturbed me," Joe recalls.

A decade later, in 1963, Joe received another blow to his freedom to choose when he was drafted into the peacetime military as a 25-year-old with a new bride. Until then, Joe had been working in a high-tech job with complex computer systems.

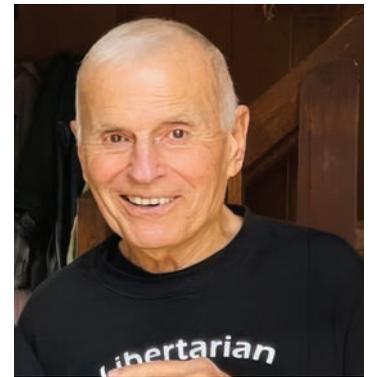
"The first computer I worked on had 400 vacuum tubes and went down into a nuclear submarine," Joe says. "And with my experience, after I was drafted, they made me a radio repairman."

Not only had he been forced into something against his will, but the government declined to even use his talents while he was there.

These events are connected to a question Joe has continued to ask repeatedly throughout his life, which speaks to his principled individualism: "Who decides?" If it's someone else making the choices for him, Joe, like many Cato Sponsors, becomes wary.

After serving in the military, Joe and his wife, Josephine, eventually moved to suburban Chicago, where they raised their three children. Joe became a civil engineer, graduating from the University of Illinois-Chicago. He designed storm sewers for

the City of Chicago and recalls the inception and design of the Deep Tunnel Project as a great achievement in his career.



Over the course of their 44-year marriage, Joe and Josephine were also business partners, before she lost her battle with breast cancer. The government made that devastating fight even worse by forbidding individual choice in Josephine's medical care. The Harrisons found that their desire to turn to medical marijuana as a potential source of relief from Josephine's sickness would make them criminals for simply doing what they felt was best for them.

"Government shouldn't be doing this to people who are hurting," Joe says.

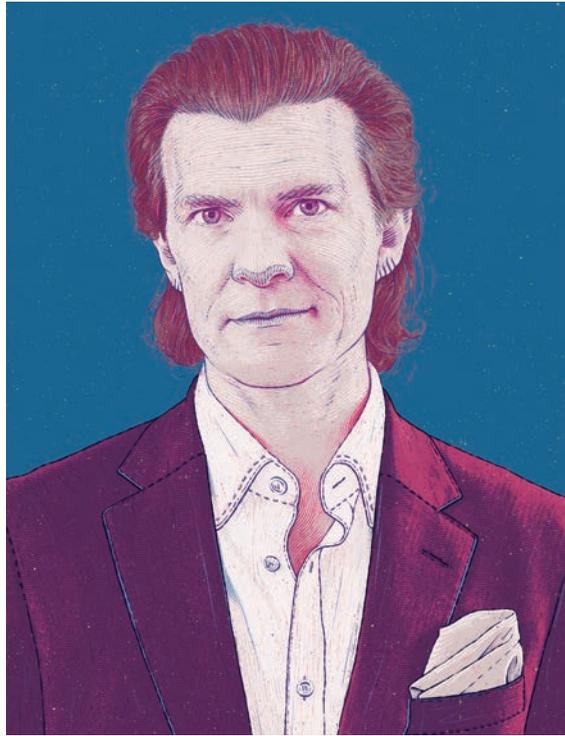
Joe is partnering with Cato to advance the philosophy of libertarianism and his belief in the dignity of the individual. In addition to his annual contributions to Cato, Joe named the Institute as the beneficiary of a specially created individual retirement account.

"I view this as an opportunity to make a significant contribution to our fight for freedom," Joe says. "I'm so proud and happy to support Cato's work." ♦

For information on Cato's Legacy Society, please contact Brian Mullis at bmullis@cato.org. To learn more about planned giving, please visit [Cato.org/plannedgiving](https://cato.org/plannedgiving).



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JOHAN NORBERG

Last Word: You're Wrong about Capitalism

By Johan Norberg

ILLUSTRATION BY BARTOSZ KOSOWSKI

“You stole it,” proclaims the titular character in *Indiana Jones and the Dial of Destiny*, referring to an invaluable ancient mechanism. “Then you stole it,” responds the villain. “And then I stole it,” intervenes Jones’s goddaughter before adding: “It’s called capitalism.”

That’s about as sophisticated an economic analysis as you might expect from Hollywood. However, social media and the social sciences rarely rise above comic book level.

Over the years, I have gotten used to facing the most bizarre associations when talking about free-market capitalism. I am not overly fond of the term “capitalism” myself—after all, it’s about exchange rather than capital—but I’ve realized that the term has staying power, and if we don’t fill it with meaning, others will.

Often “capitalism” is just a lazy invective for anything bad done by a powerful business (including corporate subsidies or eminent domain), even though the whole point of free-market capitalism is to deprive the powerful of monopolies and privileges through competition and free trade.

To some, capitalism simply signifies any economic phenomenon they find unreasonable and strange. Last month, I learned on X, formerly known as Twitter, that capitalism creates hunger because even

“As the Indiana Jones scene suggests, the most common misunderstanding is that anything related to greed is capitalism, even theft. But human greed is not new; property rights and voluntary exchange to channel it to creative and productive uses are.”

when food is on hand, “Capitalism demands we destroy it.”

The X post was in reference to a story of a Canadian milk farmer who had to dump 30,000 liters of excess milk at the end of a month. The reason? The government supply management system that regulates the price of milk sets a production quota for every single farmer and punishes them if they try to sell the surplus.

If this is laissez-faire, I’d hate to see a Soviet five-year plan.

As the Indiana Jones scene suggests, the most common misunderstanding is that anything related to greed is capitalism, even theft. But human greed is not new; property rights and voluntary exchange to channel it to creative and productive uses are.

As Communist Party bosses, Iranian Revolutionary Guard Corps leaders, and Chavist “boligarchs” reveal, greed is not in any way exclusive to free-market societies. North Korea is the world’s least market-based economy, but Kim Jong Un probably spends the most of any world leader on luxury goods, including Rolex watches, Mercedes limousines, and Hennessy Paradis cognac.

The difference is that to satisfy their greed, none of those leaders had to produce goods and services for others in exchange for all that bling. They stole it. (It’s called communism.) ♦

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“

**Peace, commerce
and honest friendship
with all nations;
entangling alliances
with none.**

”

— Thomas Jefferson in his first inaugural address
on March 4, 1801

