

CATO  
INSTITUTE

CATO INSTITUTE 2015 ANNUAL REPORT

# Table of Contents

PAGE 2  
MESSAGE FROM THE PRESIDENT AND CHAIRMAN

PAGE 6  
IMPACT

PAGE 8  
BUILDING THE CENTER FOR MONETARY AND FINANCIAL ALTERNATIVES

PAGE 12  
REFORM & ALTERNATIVES

PAGE 18  
PROGRESS AT THE SUPREME COURT

PAGE 24  
MOVING TOWARD SENSIBLE POLICIES AT HOME AND ABROAD

PAGE 30  
LIBERTARIANISM.ORG AND HUMANPROGRESS.ORG

PAGE 31  
THE HUMAN FREEDOM INDEX

PAGE 32  
OUTREACH, EDUCATION, AND EVENTS

PAGE 34  
*THE LIBERTARIAN MIND*

PAGE 35  
CATO BOOKS AND EBOOKS

PAGE 36  
CATO STAFF

PAGE 39  
FELLOWS AND ADJUNCT SCHOLARS

PAGE 41  
FISCAL YEAR 2016 FINANCES

PAGE 42  
INSTITUTIONAL SUPPORT

PAGE 43  
CATO CLUB 200

PAGE 44  
IN MEMORIAM: ANDREW COULSON

INSIDE BACK COVER  
BOARD OF DIRECTORS



“Everything that is really great and inspiring is created by the individual who can labor in freedom.”

—Albert Einstein

# Message from the PRESIDENT and CHAIRMAN



PETER GOETTLER  
PRESIDENT



ROBERT A. LEVY  
CHAIRMAN

Cato is a strong and indispensable voice for liberty, and the Institute's activity and output ensured that this was as true as ever in 2015. The power of ideas is central to Cato's work and mission. The intellectual rigor of our scholarship, animated by our liberty-focused philosophy, and the Institute's long-standing commitment to principle and nonpartisanship, remain critical ingredients that drive Cato's policy impact. And technology continues to amplify this impact, as the reach of our digital media efforts achieved new highs in 2015—with this growth accelerating as the calendar turned to 2016. Always important, we believe that Cato's principled analysis and advocacy are particularly so when the bluster and demagoguery of the political cycle hits a fever pitch. Our surging online traffic in recent months is a reflection of that.

In the economic arena, our experts on government spending and tax policy were in great demand to analyze and comment on the various tax-reform and other proposals floated in the presidential race, and Cato's "Fiscal Policy Report Card on America's Governors" received heightened attention. Cato's Herbert A. Stiefel Center for Trade Policy Studies was a key player in debates over Trade Promotion Authority, the Trans-Pacific Partnership, and the Transatlantic Trade and Investment Partnership. And in its first full year of operation, the Center for Monetary and Financial Alternatives generated prodigious output and activity that underlined the economic risks and threats to liberty inherent in the Federal Reserve and our fiat money system. This is a critical first step in moving us toward a monetary system based on freedom and markets.

Brink Lindsey's work on "regressive regulation" highlighted government policy that reduces economic growth and mobility, exacerbates income inequality, and falls disproportionately on lower- and middle-income Americans. At least two areas on which Brink has focused began to receive more scrutiny on the left: Paul Krugman wrote in the *New York Times* about the regressive impact of land-use regulation, and the White House released a report discussing the negative effects of occupational licensing.

Cato continued to be a vigorous defender of civil liberties. Our scholars Julian Sanchez and Patrick Eddington were prominent voices in the debate over government surveillance and the defense of the Fourth Amendment, while our Project on Criminal Justice continued to steer


public opinion against police militarization and the drug war. Senior Fellow Jim Harper again played a key role in blunting implementation of the REAL ID Act, which the Department of Homeland Security pressured states to implement in the fall. "Your papers, please" is a repugnant notion at odds with the most fundamental values of America—but implicit in the national ID law. Our goal is to continue to fight—and win—this battle.

We are also advancing the moral and philosophical arguments for liberty. Our first two *Libertarianism.org* "guides" were completed. The guides are online courses aimed at young people, but relevant and available to all. They debuted to a large and growing audience, along with our Cato Audio iPhone app, as part of the Dunn Libertarian Leadership Project. To date, an additional 11 guides are in development, of which at least 4 will be introduced in the coming year. These provide a unique educational platform that makes a compelling case for liberty, limited government, and free markets.

The leadership transition at Cato has been accomplished smoothly. The standards of excellence and principle long safeguarded by Co-founder and President Emeritus Ed Crane continue to be hallmark attributes of the Institute, and we're committed that this remain true. Throughout the leadership transitions from Ed, to John Allison, and now Peter, the steady hand of Executive Vice President David Boaz has played a critical role in ensuring that the quality and integrity of Cato's scholarship has maintained the highest possible standards. David has been a major contributor to Cato's success and to the broader liberty movement, and for this we all owe him a tremendous debt of gratitude.

The leadership change has also provided us the opportunity throughout the past year to meet with so many of Cato's Sponsors—an exceptional group who generously provide the resources that make the Institute and its work possible. The thousands of individuals who contribute to Cato are passionate about freedom and committed to ensuring that future generations enjoy the blessings of liberty, unencumbered by an overreaching state that seeks to control their lives. This is Cato's optimistic vision for the future, and it would be unimaginable without the Institute's longstanding partnership with its Sponsors. We will continue our diligence and dedication to seeing this vision realized.

“Cato is a strong and **INDISPENSABLE** voice for liberty, and the Institute's activity and output ensured that this was as true as ever in 2015.”



“People often wonder what it means when someone describes himself or herself as a libertarian. David Boaz does a superb job of explaining the ideas that animate an important philosophical tradition, and he does it with passion. For anyone interested in politics, this is a valuable resource and a well-written book.”

—FAREED ZAKARIA ON *THE LIBERTARIAN MIND: A MANIFESTO FOR FREEDOM*  
CNN, FEBRUARY 22, 2015

The year 2015 was one of innovation, in everything from transportation to medicine. Companies like Lyft and Uber freed thousands of drivers and customers from the taxi cartel, while medical advances led to a continuing decline in mortality rates the world over. After recent breakthroughs, 3D printing may soon be able to build human organs, potentially saving countless lives. Silicon Valley startups took exciting new steps in private space exploration, while Amazon is already deep in plans to deliver orders by drone to your doorstep in minutes. Developments in nanotechnology could soon provide clean drinking water to millions of people in need.

In his famous essay “Why I Am Not a Conservative,” F. A. Hayek called “fear of change” the most radical difference between the “conservative,” as he defined it, and the liberal. The classical liberal embraces evolution and change, while the conservative lacks faith in the self-regulating, innovating forces of the market and would rather submit to government power than risk a bold change in favor of liberty. “So far as much of current governmental action is concerned, there is in the present world very little reason for the liberal to wish to preserve things as they are,” he wrote. “It would seem to the liberal, indeed, that what is most urgently needed in most parts of the world is a thorough sweeping away of the obstacles to free growth.”

The Cato Institute has long been the think tank of entrepreneurialism, applying the values that drive innovation to policy—whether developing free-market monetary policy alternatives to central banking, proposing new ways to cut the size of government, crafting strategies to replace risky and counterproductive interventionism with a prudent foreign policy, or compiling the first-ever *Human Freedom Index* to effectively measure freedom across the globe. And in the realm of policy, just as in the market, the fruits of Cato’s entrepreneurial approach are plain to see.

## IMPACT

The Cato Institute is uniquely positioned to advance well-reasoned, objective research and analysis through its diverse portfolio of communications channels and highly anticipated events, which are often livestreamed or archived for those who cannot attend in person. By strategically leveraging technology, Cato is proactively expanding its outreach globally and connecting its ever-growing audience.

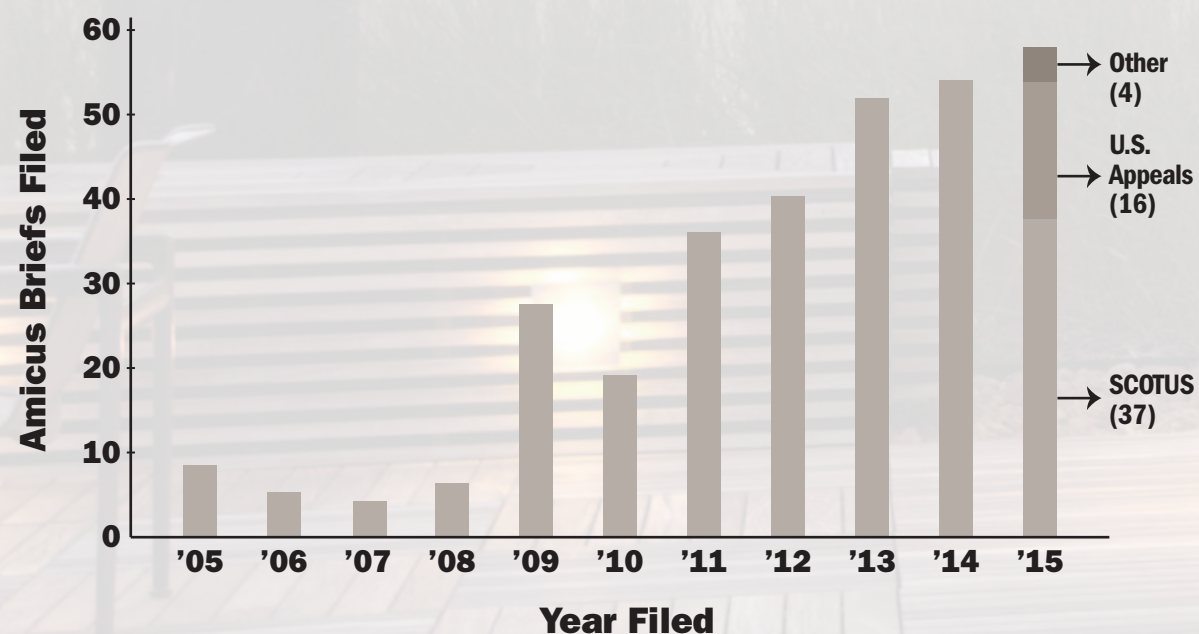
In 2015 Cato has seen dramatic increases in traffic to its websites and social media channels as represented in the graph below. PDF downloads of Cato articles, analysis, and reports jumped remarkably, from 3.3 million in 2014 to over 8.6 million in 2015.

Over the past 10 years, Cato has become very active in the courts at all levels, with 57 briefs filed in 2015. Events also played an important role, with city seminars, retreats, policy forums, and other activities taking place across the country where like-minded friends came together to discuss the ideas and vision on which Cato was founded.

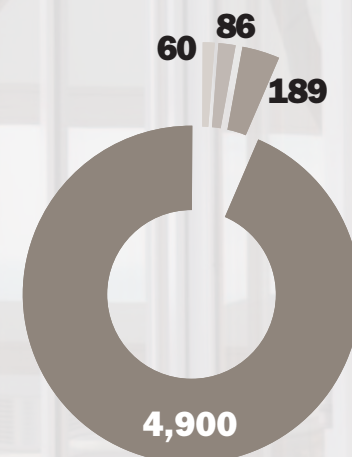
## Increase in Social Media Engagement from 2014 to 2015



## Briefs Filed 2005–2015



## Students



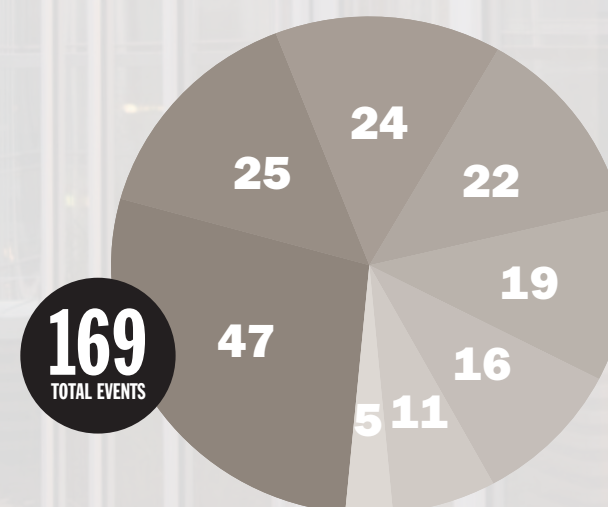
4,900 Students in Cato Outreach Programs

189 Cato University Participants

86 Interns

60 Students in Cato University in Latin America

## Events



47 Policy Forums

25 Capitol Hill Briefings

24 Congressional Testimonies

22 Book Forums

19 City Seminars/Retreats

16 Conferences

11 Special Events

5 Sponsor e-Seminars

## Online

11,790,572 WEBSITE VISITS

8,649,800 PDF DOWNLOADS

548,275 FACEBOOK INTERACTIONS

135,161 TWITTER INTERACTIONS

## News & Print Media

1,727 TELEVISION & RADIO HITS

1,487 BLOG POSTS

944 OP-EDS

## Publications

61 REGULATION MAGAZINE ARTICLES AND BOOK REVIEWS

47 CATO UNBOUND ESSAYS

31 CATO JOURNAL ARTICLES

25 REGULATION MAGAZINE FEATURE ARTICLES

25 RESEARCH BRIEFS IN ECONOMIC POLICY

18 POLICY ANALYSIS STUDIES

15 CATO JOURNAL BOOK REVIEWS

14 CATO BOOKS AND EBOOKS

14 CATO SUPREME COURT REVIEW ARTICLES

11 WORKING PAPERS

6 DOWNSIZING GOVERNMENT ESSAYS

6 ISSUES OF CATO POLICY REPORT

4 ISSUES OF CATO'S LETTER

2 ECONOMIC DEVELOPMENT BULLETINS

“I think we can do better than the Federal Reserve. . . . We should be exploring alternatives that could do better, instead of dismissing that entire inquiry as something that should be only of interest to people on the fringe.”

—GEORGE SELGIN



CATO  
INSTITUTE



## BUILDING THE CENTER FOR MONETARY AND FINANCIAL ALTERNATIVES

Over the past century the power of the Federal Reserve has expanded. The result: an increasingly centralized and bureaucratic American monetary and financial regulatory system. As George Selgin wrote on Cato’s blog, there is a “dire need for an organization devoted to taking alternative monetary systems seriously.” Since its inception last year, Cato’s new Center for Monetary and Financial Alternatives has risen to meet that need, with the goal of building the intellectual foundation for a free-market banking system.

In its first full year, the Center has begun to prosper, under the leadership of numerous distinguished scholars, including Director George Selgin, one of the founders of the Modern Free Banking School; Adjunct Scholar Kevin Dowd, the author of the highly acclaimed *Measuring Market Risk*; Jerry L. Jordan, the former president of the Federal Reserve Bank of Cleveland and member of President Reagan’s Council of Economic Advisers; and Senior Fellow William Poole, the former president and CEO of the Federal Reserve Bank of St. Louis.

In June the Center hosted its second annual Financial Regulation Conference, “Capital Unbound: The Cato Summit on Financial Regulation,” during which experts like Commissioner Michael Piwowar of the Securities and Exchange Commission and Commissioner J. Christopher Giancarlo of the Commodity Futures Trading Commission examined the current state of U.S. capital markets regulation. “Unfortunately, the federal reaction to the financial crisis has been to double down on many of the distortions that drove it,” Mark Calabria, Cato’s director of financial regulation studies, said in his opening remarks.

The Institute’s 33rd Annual Monetary Conference—which featured prominent speakers such as St. Louis Federal Reserve Bank president James Bullard, Richmond Federal Reserve Bank president Jeffrey Lacker, and Stanford economist John B. Taylor—drew an audience of over 200 Hill staffers, journalists, financial industry members, and the public. In keeping with the center’s innovative mission, the conference focused on the theme

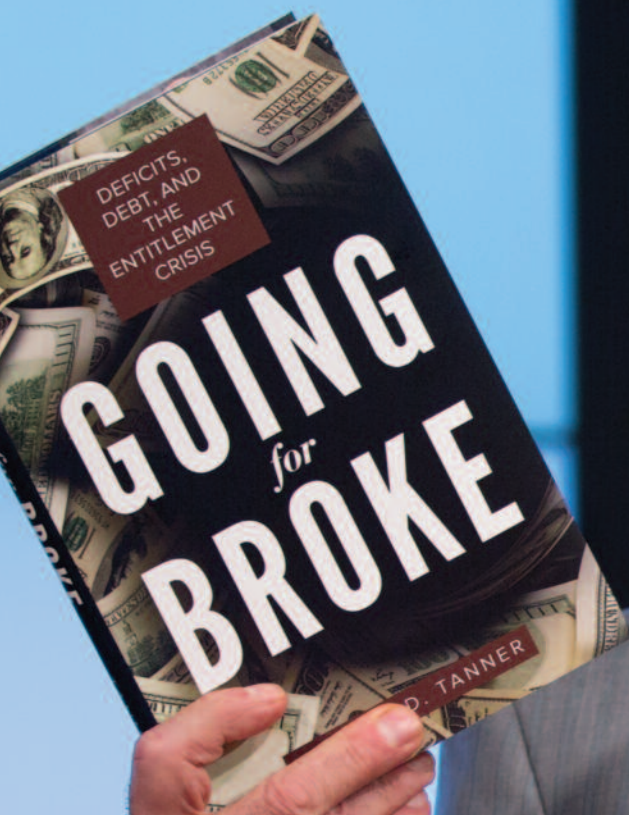
“Rethinking Monetary Policy.” Claudio Borio of the Bank for International Settlements, whom *The Economist* has called “one of the world’s most provocative and interesting monetary economists,” proposed challenging some of the most deeply held beliefs of monetary policy. Rep. Bill Huizenga (R-MI), who chairs the House Financial Services Subcommittee on Monetary Policy and Trade, called for legislation requiring the Fed to adopt an explicit policy rule. “The Fed ultimately must be accountable to the people’s representatives, as well as to the hard-working taxpayers themselves,” he said.



**TOP LEFT:** Vice President for Monetary Studies **James Dorn** who organizes this annual monetary conference, addressed the audience. **BOTTOM LEFT:** Stanford economist **John B. Taylor** spoke at the conference, highlighting the problems caused by capricious monetary policy and arguing instead for rule-based monetary policy legislation. **TOP RIGHT:** **Mark Calabria**, Cato’s director of financial regulation studies, spoke at Cato’s 33rd Annual Monetary Conference. **BOTTOM RIGHT:** **Rep. Bill Huizenga (R-MI)**, who chairs the House Financial Services Subcommittee on Monetary Policy and Trade, discussed his legislation to reform the Federal Reserve and adopt an explicit policy rule.

“No meaningful effort to control the size and cost of the federal government can occur without dealing with entitlement spending, in particular by restraining and reforming Medicare, Medicaid, and Social Security.”

—MICHAEL TANNER



## REFORM & ALTERNATIVES

Many Americans are under the impression that the famously generous European welfare system is much more extravagant than anything the United States would dare try. But as senior fellow Michael Tanner recently warned, in at least one respect, “The United States is becoming the real welfare state.”

According to a 2013 Cato study of U.S. welfare benefits, America sits in the middle of European Union countries analyzed—just above France, and just below Sweden. And in some U.S. states, like Hawaii; Washington, D.C.; New Jersey; and California, welfare recipients could even receive higher benefits than in most European countries. And that’s excluding Medicaid.

In his book *Going for Broke* Tanner writes that the story of the European Union should serve as a cautionary tale. The U.S. national debt recently topped \$18 trillion and is projected to reach \$26.5 trillion within 10 years. “The instability being seen in Europe today presents the likely endpoint for the United States,” he cautions, “unless we are able to put our economic house in order.”

The American welfare system isn’t just wasteful—it’s also ineffective when compared to private charities, which are generally better able to address individual needs and help the poor gain independence. Tanner’s continued research into and advocacy for private alternatives to government welfare provide a truly innovative free-market solution to the current system. In March the Institute held a special half-day conference at Columbia University devoted to exploring private alternatives to welfare—like the Doe Fund, a highly successful private program in New York that provides temporary employment, and then helps participants transition to outside employment and housing.

A crucial part of Cato’s mission is to make the complex policy issues involved in economic reform accessible to citizens and policymakers. Some of the most pressing questions about global economies—whether governments are spending beyond their means, for example, and if so by how much—concern what economists call “fiscal imbalance.” Although this is a concept familiar to economists, it can often be difficult for non-economists



to appreciate. In “Fiscal Imbalance: A Primer,” director of economic studies Jeffrey Miron provides a clear introduction to the key principles of fiscal imbalance for those who are “interested in understanding the true state of government financial health but puzzled by apparently conflicting claims about whether the major economies are going bankrupt.” Achieving this understanding will be crucial to reining in spending. As Miron writes, “The fundamental economic reality implied by fiscal imbalances is that the ‘rich’ economies are not as rich as they would like to believe; they are planning far more expenditure than they can afford.”

The bloated welfare system isn’t the only challenge facing the U.S. economy. Since the Great Recession of 2008–2009, the economy has grown at a sluggish pace—the slowest expansion since World War II. “If you could wave a magic wand and make one or two policy or institutional changes to brighten the U.S. economy’s long-term growth prospects, what would you change and why?” Vice President for Research Brink Lindsey posed this question to 51 prominent economists and policy experts for his ebook *Reviving Economic Growth*. Their ensuing essays, originally published as entries in Cato’s online forum of the same name, constitute an innovative “brainstorming” session from an eclectic group of contributors, featuring libertarian, progressive, and conservative perspectives. “By bringing together thinkers one doesn’t often see in the same publication,” writes Lindsey, “my hope is to encourage fresh thinking about the daunting challenges facing the U.S. economy—and, with luck, to uncover surprising areas of agreement that can pave the way to constructive change.” A second ebook, *Understanding the Growth Slowdown*, examines whether the U.S. economy’s disappointing recent performance is the “new normal”—and if so, why. Policymakers are already taking note—a recent White House report on occupational licensing reform cited both an essay from Lindsey’s growth forum and an entry in Cato’s monthly online magazine, *Cato Unbound*.

Not all news on the economic front is dim. The so-called “sharing economy” is on the rise, with companies like Uber, Airbnb, and TaskRabbit revolutionizing the way we do business. While some policymakers are already itching to regulate these ventures to “level the playing field” with their traditional competitors like hotels and taxis, Policy Analyst Matthew Feeney mounts a robust defense of the benefits these companies provide. As Feeney argues, policymakers *should* level the playing field—but by deregulating traditional competitors. “Sharing economy companies have highlighted the overly burdensome nature of many of the regulations that govern transportation, accommodation, and other industries,” he writes in



**TOP:** As a participant in a two-part panel discussion on the Federal Reserve’s emergency lending power and the legislative efforts underway to reform it, **Sen. Elizabeth Warren (D-MA)** critiqued “too big to fail” and joined Sen. David Vitter (R-LA) in outlining their proposed Bailout Prevention Act of 2015. **BOTTOM:** Vice President for Research **Brink Lindsey** spoke at a Hill briefing titled “Low Hanging Fruit Guarded by Dragons: Reforming Regressive Regulation to Boost U.S. Economic Growth.”





**TOP:** (Left to right) **Mark Calabria**, Cato's director of financial regulation studies, **Ylan Mui** of the *Washington Post*, **Marcus Stanley** of Americans for Financial Reform, and **Phillip Swagel**, a former Treasury official and a professor at the University of Maryland, discussed the Federal Reserve's rescue authority and how it should be reformed. The panelists explained the Fed's problematic interpretation of the Dodd-Frank Act, which attempted to curb the Fed's unbridled discretion, but which the Fed has since interpreted as essentially allowing them to proceed unchecked. **BOTTOM:** At the annual "Libertarian State of the Union," Director of Tax Policy Studies **Chris Edwards** provided his insight on the current state of affairs in tax policy issues.



*Cato Unbound*. "The forces of a free market, not regulatory bodies, should decide which providers survive and which ones fail."

Cato's director of tax policy Chris Edwards made waves in Washington with his report on federal pay, revealing that in 2014 federal workers earned a stunning 78 percent more, on average, than private-sector workers. "The federal government has become an elite island of secure and high-paid employment, separated from the ocean of average Americans competing in the economy," Edwards wrote. The reception to his report prompted the *Washington Post* to proclaim that, "After a three-year lull, the war between fiscal conservatives and federal employees and their allies in Congress over whether civil servants are overpaid is heating up again, thanks to a new study from the Cato Institute."

Meanwhile, Cato scholar Jason Bedrick triumphantly declared 2015 "The Year of Educational Choice." The numbers certainly back him up—according to his tally, 2015 saw 8 new educational choice programs implemented in 7 states; 13 expanded educational choice programs in 9 states; and multiple victories against legal challenges to school choice initiatives. Bedrick's enterprising efforts and analysis played a vital role in implementing New Hampshire's scholarship tax credit program, despite repeated attempts to shut it down—including a governor's veto, a repeal fight in the legislature and a lawsuit that went to the state's Supreme Court in 2014. His work on educational savings accounts, a free-market approach to education being adopted in multiple states, is a model example of successful public policy innovation. "ESAs represent a move from *school* choice to *educational* choice because families can use ESA funds to pay for a lot more than just private school tuition," Bedrick wrote. "Parents can use the ESA funds for tutors, textbooks, home-school curricula, online classes, educational therapy, and more."

**BOTTOM:** President **Nancy McLemon** from the Organization for International Investment and President **Susan Danger** of the American Chamber of Commerce to the European Union joined **Dan Ikenson**, Cato's Herbert A. Stiefel Center for Trade Policy Studies director, for "An Examination of the Economics, Geopolitics, and Architecture of the TTIP" last October.



## PROGRESS AT THE SUPREME COURT

The stakes were high in the most recent Supreme Court term: Obamacare in *King v. Burwell*, same-sex marriage in *Obergefell v. Hodges*, and environmental regulation in *Michigan v. EPA* were just three cases with far-reaching implications for liberty. “Despite the highs and lows of the term,” wrote Senior Fellow Ilya Shapiro, “when the dust cleared, there was one aspect of continuity that’s particularly gratifying. . . . Cato continued its winning streak in cases in which we filed amicus briefs.”

Among the winning cases: *Michigan v. EPA*, in which the Court halted the Environmental Protection Agency’s power grab and ruled that they cannot simply ignore costs when developing emissions regulations; *Horne v. Department of Agriculture*, in which the Court granted California farmer Martin Horne victory over the Raisin Administrative Committee (a New Deal-era agency charged with arbitrarily deciding how many raisins are allowed to be on the market—and, before this case, allowed to seize surplus raisins from farmers without compensating them); and, of course, the victory for marriage rights in *Obergefell v. Hodges*. Cato was the only organization in the country to support the challenges both to state marriage laws in *Obergefell v. Hodges* and the IRS rule on the Affordable Care Act in *King v. Burwell*.

The Court’s disappointing decision in the Obamacare case was certainly a blow for liberty. But director of health policy studies Michael Cannon, who has been dubbed “Obamacare’s single most relentless antagonist,” has not given up. Prior to oral arguments in *King v. Burwell* in March, the *National Law Journal* named Cato’s amicus brief, written with constitutional scholar Josh Blackman, its “Brief of the Week.” *The Week* described Cannon as “Obamacare’s fiercest critic” in July 2015. In the wake of the ruling, Obamacare remains deeply unpopular with the American people. As Cannon wrote in the *Washington Examiner*, “Even in defeat, *King* threatens Obamacare’s survival, because it exposes Obamacare as an illegitimate law.”

“A society that cannot tolerate differing views—and respect the live-and-let-live principle—will not long be free,” Center for Constitutional Studies director Roger Pilon wrote in the *Wall Street Journal*. Yet religious liberty and free speech came under assault this year, both in the United States and throughout the world. The Obama administration continued its efforts to



“When the people are demanding government accountability and an end to unconstitutional actions of various kinds, and anger is afoot, real anger at where the political class is taking us, it’s more important than ever to remember our proud roots in the Enlightenment tradition.”

—ILYA SHAPIRO



**TOP:** Cato senior fellow **Jim Harper** speaks on Capitol Hill, where he briefed the audience on the Transportation Security Administration's continued failure to follow legally required administrative procedures for implementing their invasive scanning and searches. **BOTTOM LEFT: Daniel Schuman**, the policy director for Demand Progress, spoke at Cato's Second Annual Surveillance Conference, where he discussed how to "smarten up" Congress about national security. **BOTTOM RIGHT: Lisa S. Blatt**, a partner at Arnold & Porter LLP, spoke at Cato's annual Constitution Day conference, where she discussed the upcoming Supreme Court term.

force religious groups like the Little Sisters of the Poor to provide contraceptives to their employees against their conscience, while Christian bakers were fined \$135,000 for declining to bake a cake for a gay wedding. "Freedom of association—the simple idea that people are free to associate, or not, as they wish—certainly isn't what it once was," wrote Pilon.

The brutal attacks on the *Charlie Hebdo* offices in Paris over the cartoonists' depictions of the prophet Muhammad ignited a wave of hostility to free expression. Standing bravely against this hostility was Flemming Rose, the editor of the Danish newspaper *Jyllands-Posten*, whose 2005 decision to publish cartoons of the prophet Muhammad sparked a violent international uproar. The Institute, which published Rose's highly acclaimed *The Tyranny of Silence* last year, has since appointed him an adjunct scholar in appreciation of his continual efforts to promote liberal values and freedom of speech, even in the face of great adversity and violence.

Meanwhile, the death of Freddie Gray while in police custody rocked the city of Baltimore, setting off waves of protests and calls to curb police brutality. The Baltimore riots, along with several other high-profile cases of possible police brutality, have shed a painful light on civil liberties issues the Cato Institute has been decrying for decades.

Among these is the problem of police militarization. During the riots, the sight of local police wielding militarized tanks and weapons alarmed onlookers across the nation. In October, the White House put new limits on the Excess Property Program, or 1033 Program, by which the Pentagon had transferred millions of dollars worth of surplus military weapons and equipment to local law enforcement agencies. Reform of 1033 is an issue Cato's Project on Criminal Justice has been advocating since at least 1999. Radley Balko's 2006 Cato White Paper, "Overkill: the Rise of Paramilitary Policing," and his groundbreaking 2013 book, *The Rise of the Warrior Cop*, were also instrumental in bringing police militarization to public attention.

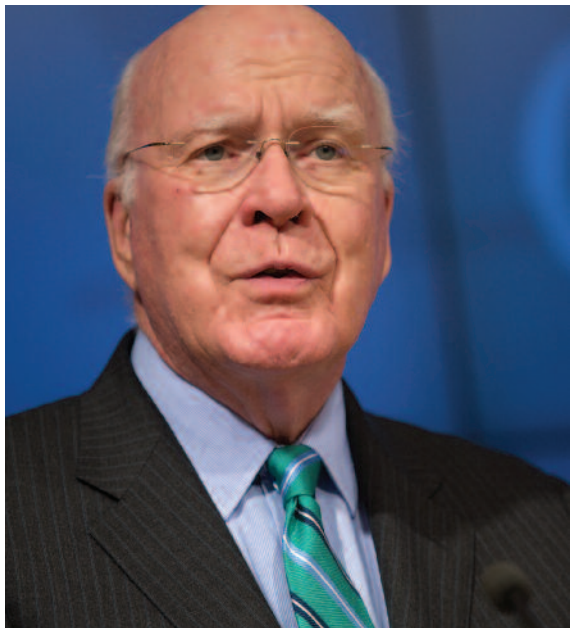
PoliceMisconduct.net, the Institute's innovative project to supply hard data on police impropriety, also saw a successful year, being cited by the *Washington Post*, the *Wall Street Journal*, *The Economist*, ABC News, the *Atlantic*, and *Frontline*. As Project on Criminal Justice director Tim Lynch said, "We are simply trying to create a ruler with which we can measure police misconduct, so that people can determine for themselves if it's really a problem."

Although Cato is happy to see so much attention being paid to criminal justice issues, one danger of public attention is the sudden urge to "just do

“The only right we do not and should not have **IN A LIBERAL DEMOCRACY** is a right not to be offended.”

—FLEMMING ROSE

something,” regardless of whether the costs and benefits of a particular strategy have been weighed. Amid frenzied calls to mandate body cameras with little thought to the potential legal and fiscal consequences, Cato’s Matt Feeney has stood out as the voice of reason. “By themselves, body cameras are not a police misconduct panacea,” Feeney wrote in a carefully researched study on the costs of body camera programs. “Police misconduct can only be adequately addressed by implementing significant reforms to police practices and training.”




**TOP LEFT: Sen. Patrick Leahy (D-VT)** spoke at Cato’s Second Annual Surveillance Conference, where he praised Cato for consistent advocacy on surveillance reform.

**TOP MIDDLE: Cato senior fellow Julian Sanchez** welcomed the audience to the conference, arguing that a system that permits private and secure communications is “an absolutely essential precondition for and component of human liberty.”

**BOTTOM LEFT: At a Capitol Hill Briefing** in the wake of the Supreme Court’s decision on *King v. Burwell*, Cato director of health policy studies **Michael Cannon** discussed the negative impact the decision will have on health care.

**RIGHT: Several recent high-profile cases of police brutality** have ignited a national discussion on policing and poverty. Cato policy analyst **Matthew Feeney** (right) spoke to audience members on Capitol Hill about how police should consider cost, effectiveness, and privacy issues before adopting popular body camera proposals as a solution to these problems.

A photograph of Chris Preble, a man with short brown hair, wearing a dark blue suit jacket, a white striped shirt, and a yellow patterned tie. He is speaking into a microphone at a podium. In the background, a screen displays text: "governments will take powers that it w ordinary".

“Americans want to be safe, prosperous, and free. Unfortunately, U.S. foreign policy over the last few decades has undermined our safety, cost trillions of dollars, and set back freedom at home and abroad. Cato scholars offer a different approach, one that calls on the United States to be an example for liberty at home, not its armed vindicator abroad.”

—CHRIS PREBLE

## MOVING TOWARD SENSIBLE POLICIES AT HOME AND ABROAD

Conflicts in Ukraine, Iraq, and Syria left many clamoring for the United States to perpetuate the risky and ineffective interventionist policies of the past. Cato instead pioneered ideas for a sensible and peaceful foreign policy. As Senior Fellow A. Trevor Thrall wrote on CNN.com, “After 9/11, Americans eventually realized that actions taken in the heat of the moment—like the Patriot Act or the invasion of Iraq—are very often actions that create lasting damage that cannot be easily undone.”

For years, the United States has entangled itself in diplomatic relationships with questionable allies, from kings in Saudi Arabia to dictators in Iran. As Senior Fellow Ted Galen Carpenter and Adjunct Scholar Malou Innocent demonstrate in their book, *Perilous Partners: The Benefits and Pitfalls of America's Alliances with Authoritarian Regimes*, many of these relationships have done far more harm than good—imposing massive costs, dragging the United States into conflicts that do not serve its vital interests, and opening up our country to accusations of hypocrisy when it props up cruel tyrants. “It is difficult to square the notion of allegiance to the values of peace, democracy, individual liberty, and the rule of law with the overthrow of democratically elected governments, the provision of financial aid and political support for corrupt autocrats, and in some cases, helping to install and sustain in power murderous sociopaths,” Carpenter and Innocent write. “Yet at times the U.S. government did all of those things.”

The federal government’s policy of spending lavish amounts on its allies reveals a shocking disconnect from the desires of the American people. According to a recent Chicago Council on World Affairs poll, “defending our allies’ security” ranked near the very bottom of a list of Americans’ foreign policy priorities. Yet the government spent around \$600 billion on defense in 2015, much of it devoted to reassuring our allies that we are ready and able to police the world for them. “It’s no wonder, then, that elites don’t want Americans to scrutinize our foreign policy more closely,” writes Vice President for Defense and Foreign Policy Studies Christopher Preble.

Security programs are often criticized on the basis of civil liberties abuses, but as long as Americans believe that terrorism is an “existential” threat, some will remain willing to overlook these abuses. In their book, *Chasing*



Former New Mexico Governor **Bill Richardson** spoke at Cato's conference "Fifty Years after Reform: The Successes, Failures, and Lessons from the Immigration Act of 1965."



Cato senior fellow **Jim Harper** spoke at a Capitol Hill briefing on E-Verify, its grave consequences for privacy, and its potential for turning into a national ID program.

*Ghosts: The Policing of Terrorism*, Cato's John Mueller, along with coauthor Mark G. Stewart of the University of Newcastle, take a less conventional approach, questioning the very premises of U.S. counterterrorism policies: Is terrorism truly a significant threat? Are most would-be terrorists actually clever and skilled enough to pull off an attack? And is it true that we can "never be safe enough"? They expose the underwhelming track record of the FBI's counterterrorism efforts, much of which revolves around "ghost-chasing." Ghost-chasing refers to the thousands of leads and tips investigated daily, and classified as "threats," despite the fact that only one in 10,000 is not a false alarm. The question, they write, is not whether any real terrorists exist—but whether the chase is worth the cost.

Fortunately, future generations may eventually turn away from these costly and ineffective defense tactics. The Millennial Generation now represents one quarter of the U.S. population. And when it comes to foreign policy, their views are markedly different than those of their parents and grandparents. In a Cato study, George Mason University professor A. Trevor Thrall and doctoral student Erik Goepner found that millennials perceive the world as significantly less threatening than their elders do, and are more supportive of international cooperation. They are much more likely to reject military force, and may, as the authors put it, have internalized a permanent case of "Iraq Aversion." This hardly guarantees a sound defense strategy—but it may lay the groundwork for a more peaceful and rational foreign policy in the future.

Perhaps no issue proved more contentious in 2015 than immigration, as millions of Syrian refugees fled their war-torn nation seeking safety. After the horrific Paris attacks, politicians and pundits began stoking fear of these refugees and demanding that we close our borders to them in the name of national security. Rather than blindly caving to these fears, immigration policy analyst Alex Nowrasteh stood out by analyzing the actual costs and benefits of admitting refugees and boldly refuting the myths being propagated about the refugee system.

While many claim that the government screening process for refugees is inadequate, Nowrasteh points out that our current system is "surprisingly good at keeping terrorists out"—involving a three-year process and multiple layers of vetting. "That doesn't mean the system is impenetrable," as he wrote in *Forbes*. "But in all cases the risk is very small."

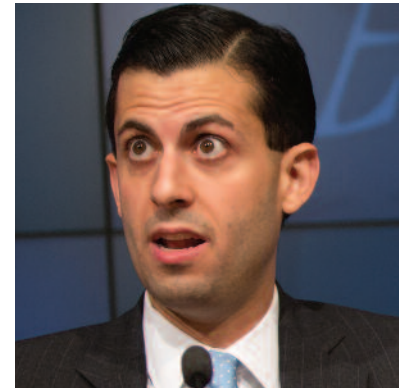
Others argue that Syrian refugees would end up on welfare and impose an undue burden on the American taxpayer. But, as Nowrasteh noted in the

*Washington Post*, this doesn't have to be the case—we can cancel welfare for them and allow private citizens and charities to sponsor their resettlement, as we did in the past for thousands of Jews fleeing the Soviet Union. "Refugees want safety, not handouts," Nowrasteh wrote. Immigrants come to America seeking the same liberty we so highly value. By thinking outside the box of government welfare, we can allow them the freedom to save themselves. Moreover, in addition to humanitarian concerns, proposals to halt immigration ignore the economic costs. As Nowrasteh has demonstrated, "An immigration moratorium will cost the U.S. economy about \$200 billion annually on net, even if it is successful at significantly reducing terrorism."

Another recurring concern for Americans is the issue of assimilation—many fear that immigrants will fail to culturally and politically assimilate, and will favor bigger government. But as Nowrasteh has effectively shown, these fears are unfounded. Poll data reveal that the political differences between immigrants and native-born Americans are extremely small—in most cases, so small that they are statistically insignificant. "Immigrants are rapidly assimilating into American political life without upsetting the current ideological and political balance," he writes.

Some propose to solve illegal immigration by mandating E-Verify, the electronic employment verification system intended to prevent unlawful immigrants from working in the United States. Nowrasteh and senior fellow Jim Harper have called attention to the dangerous consequences of E-Verify, which, in addition to being costly and ineffective, could end up temporarily blocking hundreds of thousands of American citizens from the workforce. In the end, it could even pave the way to a biometric identity system for all Americans—an outcome Nowrasteh and Harper call "anathema to American freedom."

Privacy and surveillance issues took center stage this summer as several Patriot Act provisions were set to expire and Congress engaged in a fierce battle over limiting National Security Agency spying, which eventually resulted in the passage of the USA Freedom Act—a reform bill first introduced at a Cato conference in 2013. That conference, hosted by Cato scholars Julian Sanchez and Jim Harper, was the first conference to facilitate a serious discussion on privacy and surveillance issues. This year, at the Second Annual Cato Surveillance Conference, Sen. Patrick Leahy (D-VT), an advocate of surveillance reform in Congress, praised Cato's role in continuously advocating for privacy rights. "I want to thank the Cato Institute," he said. "You worked very hard on this—when we had people starting to



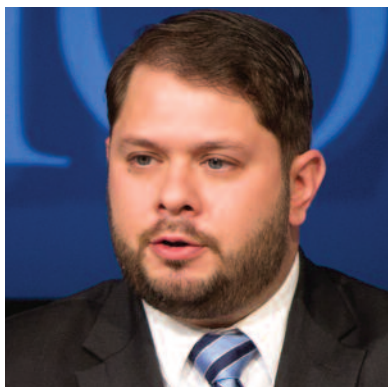
Cato immigration policy analyst **Alex Nowrasteh** organized the conference, which surveyed the history and impact of the Immigration Act of 1965 and considered what reforms need to be implemented today.



A discussion on the future of economic coercion, the limitations of sanctions, and the ways in which policymakers can mitigate them was led by Research Fellow **Emma Ashford** on the Hill last February.



Cato research fellow **Emily Ekins** discussed millennials' views on foreign policy, and whether they might be turning in a more libertarian direction on this issue.



**Rep. Ruben Gallego (D-AZ)**, whose parents were both immigrants, opened Cato's immigration conference, where he praised immigration as a means of economic growth.

back away, you helped give them courage.”

Bruce Schneier, the so-called “security guru” whom Cato’s Julian Sanchez described as “the closest thing the privacy world has to a rock star,” called ours the “golden age of surveillance.” Never has it been easier for the government to surveil us, nor more difficult to escape surveillance. And while the government downplays the importance of its access to citizen’s metadata, as Schneier observed, this data contains the most intimate details of our lives. “Metadata reveals who we are,” he said. “Google knows more about me than I know—because Google remembers better.”

Still, the government is straining to grasp yet more surveillance power by requiring device manufacturers and telecommunications service providers to provide the government backdoor access to users’ encrypted communications. But as Senior Fellow Julian Sanchez has pointed out time and again, it is impossible to create a deliberate security vulnerability that only the government—the supposed “good guys”—can exploit. “The Founders understood that true security only comes from the establishment of absolute liberty for the individual—the certain freedom from arbitrary search and seizure, arrest, detention, coercion or death at the hands of the government,” Policy Analyst Patrick Eddington wrote in the *Huffington Post*. “Indeed, they used encryption to not only conceal their activities and intentions from British officials, but to maintain the security of their private correspondence on political and family matters as well.”

**T**he year 2015 was a dizzying one for trade policy. President Obama signed the Trade Promotion Authority (TPA) into law in June, paving the way to finish negotiating the Trans-Pacific Partnership (TPP) and, eventually, the Transatlantic Trade and Investment Partnership (TTIP). This is a momentous moment in international trade, and the question of whether to favor freedom or protectionism has been front and center in the public square.”

Throughout this tumultuous period, Cato’s trade experts played a crucial role in sifting through the implications of these deals and defending free market principles. Cato’s “Will the Transatlantic Trade and Investment Partnership Live Up to Its Promise?” conference, which was broadcast on C-SPAN, convened a wide range of distinguished speakers from across the political spectrum. Leading experts like former deputy director general of the World Trade Organization Harsha Singh, Swedish economist Fredrik Erixon, and the American University’s School of International Service’s Michelle Egan provided primers on the vast economic, political, geopolitical, and technical issues surrounding the negotiations.

With all these complex issues in play, large trade agreements may not necessarily be perfect. But an increase in free trade ultimately expands freedom and opportunities for Americans and improves economic growth. Unfortunately, too many people allow an “us versus them” mentality to cloud their perceptions of these agreements. As Dan Ikenson, the director of Cato’s Herbert A. Stiefel Center for Trade Policy Studies observed, “The spotlight on trade policy has generated much more heat than light. Misinformation abounds. Rationalizations masquerade as rationales.”

Cato has worked tirelessly to battle this misinformation and promote free and peaceful trade. The Center’s work was cited in places like the *Wall Street Journal*, which credited Adjunct Scholar Scott Lincicome with “demolishing” unfounded hysteria over trade promotion authority.

**A**nother tense subject of international negotiations this year was climate change, as world leaders gathered in Paris to discuss international agreements to limit carbon dioxide emissions. The climate change debate has grown incredibly hostile, with even those who only modestly dissent from alarmism being mocked and branded as “deniers.” As distinguished senior fellow and MIT scholar Richard Lindzen wrote in the *Wall Street Journal*, “Individuals and organizations highly vested in disaster scenarios have relentlessly attacked scientists and others who do not share their beliefs.”

The Cato Institute expanded its Center for the Study of Science last year to especially focus on the issue of climate change and provide a platform for scientific scholars to champion more innovative and level-headed approaches to environmental policy. The Center drew hundreds to its November conference, scheduled just before the gathering of world leaders to negotiate a climate change deal at the United Nations conference in Paris. Speakers at Cato’s conference discussed the potential implications of a global climate agreement, as well as the latest scientific developments in climate science.

When it comes to climate change, most people think there are two camps: either you acknowledge the existence of manmade climate change and consider it a dire global threat, or you deny it exists at all. But Cato scholars have long considered themselves part of a third group: the “lukewarmers.” In their new e-book, *Lukewarming: The New Climate Science that Changes Everything*, Pat Michaels and Paul C. Knappenberger present this overlooked view: “Lukewarmers believe the evidence of some human-caused climate change is compelling, but it is hardly the alarming amount predicted by models.”



At Cato’s conference on the Transatlantic Trade and Investment Partnership (TTIP), **Harsha Singh** of the International Center for Trade and Sustainable Development discussed the implications of the TTIP for the World Trade Organization and its member states.



**Souad Adnane**, a researcher at Morocco’s Arab Center for Scientific Research and Humane Studies, expressed hope that Muslim countries could soon embrace freedom by studying ancient texts on liberty that have been suppressed by authoritarian leaders.





## LIBERTARIANISM.ORG

Libertarianism.org has become a rich resource to promote the ideas of liberty, publishing regular podcasts and articles on both current events and classics of libertarian philosophy, from ancient Greek philosophers to Ludwig von Mises, Adam Smith, and Frederick Douglass.

The site's newly launched online video guides provide an innovative way to learn and interact with the history of libertarian philosophy, economics, and public policy. The guides feature short video lectures you can watch online, or download and listen to on the go. David Boaz presents the first guide, *Introduction to Libertarianism*. In just a few hours, he provides a substantive overview of all the essential concepts of libertarianism, including rights, individual liberty, and how markets work. Upcoming guides will present the foundational concepts of economics, an introduction to political philosophy, and a primer on libertarian public policy.



## HUMANPROGRESS.ORG

“Poverty is falling precipitously throughout the world,” HumanProgress.org editor Marian Tupy wrote in *National Review*. “Absolute poverty (i.e., people living on less than \$1.25 a day) has declined from 52.2 percent of the world’s population in 1981 to 14 percent today.” Yet all too often, this astounding progress—and its roots in economic liberty—go overlooked.

Launched in 2013 under the leadership of Marian Tupy, a senior policy analyst at Cato’s Center for Global Liberty and Prosperity, HumanProgress.org proudly showcases human development, providing an interactive resource for journalists, scholars, students, or anyone interested in data about the improving state of the world. On the site’s blog, Tupy and Managing Editor Chelsea German feature engaging ways to visualize the growth of prosperity in recent decades—the cost of a convection oven in 1979 versus 2015, for example (\$219.99 versus \$39.88) as well as the hours of labor required to buy them (34 versus 1.9).



HumanProgress



# THE HUMAN FREEDOM INDEX

A GLOBAL MEASUREMENT OF PERSONAL, CIVIL AND ECONOMIC FREEDOM

IAN VÁSQUEZ AND TANJA PORČNIK

CATO INSTITUTE | FRASER INSTITUTE | Friedrich Neumann STIFTUNG FÜR DIE FREIHEIT | IEA | THE INSTITUTE OF ECONOMIC ANALYSIS | VISIO INSTITUT

FRED MCMAHON, PROJECT EDITOR | INTRODUCTION BY DETMAR DOERING

## THE HUMAN FREEDOM INDEX

The *Human Freedom Index*, a report co-published by the Cato Institute, the Fraser Institute, and the Liberales Institut at the Friedrich Naumann Foundation for Freedom, is the first study to provide a broad measure of overall freedom around the world, including both economic freedoms and personal freedoms, rather than simply measuring individual aspects of freedom. The findings, which cover 152 countries for 2012, suggest that freedom plays a central role in human well-being.

# OUTREACH, EDUCATION, AND EVENTS

Cato events around the country helped increase visibility of Cato's ideas and inspired journalists, policymakers, students, academics, activists, philanthropists, and others in 2015. Highlights from the year include the Second Annual Cato Surveillance Conference, which welcomed a diverse array of experts: top journalists and privacy advocates, lawyers and technologists, intelligence officials, and those who've been targets of surveillance, followed by a special Crypto Reception, to teach attendees how to use privacy-enhancing technologies to secure their own communications. Cato's 33rd Annual Monetary Conference brought together leading policymakers and scholars to rethink monetary policy after more than six years of unconventional central bank policy following the 2008 global financial crisis. The 14th Annual Constitution Day Symposium was held in conjunction with the publication of the 14th annual *Cato Supreme Court Review*.



**TOP LEFT: Rep. Darrell Issa (R-CA)** came to Cato to record an episode of *Cato's Daily Podcast*, where he discussed encryption, Apple's battle with the FBI, "Operation Chokepoint," and other issues. **TOP RIGHT:** Cato's executive vice president **David Boaz** (left) moderated a Book Forum featuring **Michael Shermer** (right) and his book *The Moral Arc: How Science and Reason Lead Humanity toward Truth, Justice, and Freedom*. **MIDDLE FAR LEFT: Betsy Woodruff**, a political reporter at the *Daily Beast*, participated in the panel on millennials' foreign policy views. **SECOND FROM TOP, CENTER:** At a Cato policy forum, Senior Fellow **Johan Norberg** previewed his documentary film *India Awakes*, which describes how globalization and economic liberalization have led millions out of poverty in India in recent years. **SECOND FROM TOP, RIGHT:** Cato president and CEO **Peter Goettler** (left) met with Chinese liberals **Wei Jingsheng**, (far right) and **Xia Yeliang** (center). **SECOND FROM BOTTOM, RIGHT:** Cato's director of multimedia, **Caleb Brown** (left), interviewed **Fabio Ostermann** (right) and 19-year-old **Kim Katagiri** (center), both young leaders of the Free Brazil Movement which has drawn millions of Brazilians to protests in the past year. **BOTTOM LEFT:** Chinese activist **Chen Guangcheng** came to Cato to decry the Chinese government's rampant abuses of human rights. He denounced their authoritarian rule, while expressing hope that the Chinese opposition movement is growing every day. **BOTTOM SECOND FROM LEFT:** At a Policy Forum, "Millennials and U.S. Foreign Policy," panelists discussed a Cato study which found millennials may favor a more restrained foreign policy than their elders. **BOTTOM SECOND FROM RIGHT:** Senator **Jeff Flake (R-AZ)** spoke at 2015's Cato University, urging a limit to "runaway government." **BOTTOM RIGHT:** Cato senior fellow **Steve H. Hanke** (left) and vice president for monetary studies **James Dorn** (right) at a private Cato luncheon.

“*The Libertarian Mind* belongs on every freedom-lover’s bookshelf.”

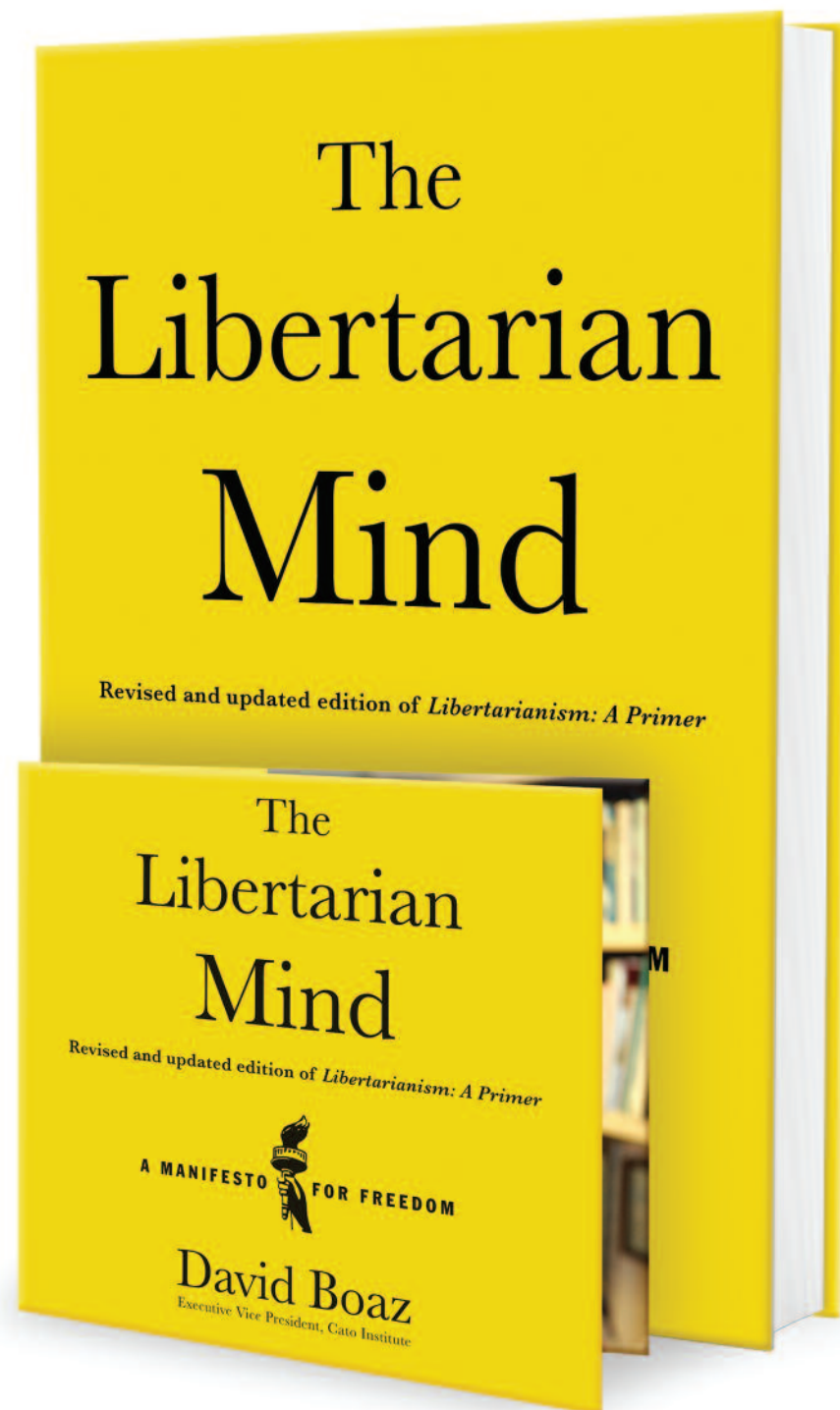
—SENATOR RAND PAUL

Who better to write a comprehensive guide to the history, philosophy, and growth of the libertarian movement than David Boaz, executive vice president of the Cato Institute? His *Libertarianism: A Primer* has, for more than 15 years, been a leading guide. Now, in *The Libertarian Mind*, published by Simon & Schuster, Boaz provides a revised and thoroughly updated version of his classic work.



“David Boaz’s book unites history, philosophy, economics and law—spiced with just the right anecdotes—to bring alive a vital tradition of American political thought that deserves to be honored today in deed as well as in word.”

—RICHARD A. EPSTEIN  
PROFESSOR OF LAW, NEW YORK  
UNIVERSITY SCHOOL OF LAW



## CATO BOOKS AND EBOOKS

### CORNERSTONE OF LIBERTY: PROPERTY RIGHTS IN 21st-CENTURY AMERICA

By Timothy Sandefur and Christina Sandefur

Now in its second edition, *Cornerstone of Liberty* has been fully updated and examines how dozens of new developments in courtrooms and legislatures have shifted the landscape of private property rights since the *Kelo v. New London* landmark decision.

### THE ECONOMIC FREEDOM OF THE WORLD 2015

(COPUBLISHED WITH THE FRASER INSTITUTE)

By James Gwartney, Joshua Hall, and Robert Lawson

The leading index, measuring the degree to which policies and institutions of countries are supportive of economic freedom and its cornerstones.

### THE END OF DOOM

(PUBLISHED IN ASSOCIATION WITH THOMAS DUNNE PUBLISHERS/MACMILLAN)

By Ronald Bailey

Many forecasts of impending environmental doom have been universally proven wrong. This book demonstrates, in its analysis of the future of humanity and the global biosphere, how those who have bet on human resourcefulness are nearly always correct and that many present ecological trends are solidly positive.

### GOING FOR BROKE

By Michael D. Tanner

An analysis of our growing national debt; its dire implications for our future; and effective reforms to Social Security, Medicare, and Medicaid that will improve our lives and prevent a fiscal meltdown.

### THE GRASPING HAND

(PUBLISHED IN ASSOCIATION WITH THE UNIVERSITY OF CHICAGO PRESS)

By Ilya Somin

A detailed study of one of the most controversial, unfortunate Supreme Court cases in modern times—the *Kelo* decision—that allowed the city of New London, Connecticut, to condemn

15 residential properties in order to transfer them to a new private owner.

### INDIVIDUALISM

Edited by George H. Smith and Marilyn Moore

A wealth of illuminating essays from the 17th to the early 20th centuries explaining and defending individualism, often from unusual perspectives. This anthology contains selections from well-known writers along with many lesser-known pieces—reprinted for the first time.

### THE LIBERTARIAN READER

(PUBLISHED BY SIMON & SCHUSTER)

Edited by David Boaz

*The Libertarian Reader* collects some of the finest libertarian writings ever penned. This is the first comprehensive anthology of libertarian thought published in one volume, covering such themes as skepticism about power, individual rights, free markets, voluntary and spontaneous order, international harmony, and the libertarian future.

### THE LOGIC OF THE MARKET

By Weijiang Zhang

The economic reforms and subsequent growth in China may be the most astonishing and hopeful event of our age. This work provides a unique perspective on China’s market economy, implementation of economic policies, and the potential for economic development.

### LUKEWARMING\*

By Patrick J. Michaels and Paul C. Knappenberger

An engaging and enlightening analysis of the science and spin behind global warming headlines, showing how climate change is real, partially man-made, but far less severe than catastrophic and implausible predictions would have us believe.

### PERILOUS PARTNERS

By Ted Galen Carpenter and Malou Innocent

American national interests can often require cooperation with repressive or

corrupt regimes. This book offers strategies that in the face of this, the U.S. can operate internationally in ways that do not decay or pollute American values.

### RENEWING THE SEARCH FOR A MONETARY CONSTITUTION

Edited by Lawrence H. White, Viktor Vanberg, and Ekkehard A. Köhler

Over 50 years ago, *In Search of a Monetary Constitution*, which focused on the need for constraints on the creation of money by the government, was published. This new collection of essays commemorates the book’s 50th anniversary by revisiting and reenergizing the public discussion on constitutional monetary reform.

### REVIVING ECONOMIC GROWTH\*

Edited by Brink Lindsey

Fifty-one contributors illuminate economic growth with their innovative answers to the following question: If you could make one or two policy or institutional changes to brighten the U.S. economy’s long-term growth prospects, what would you change and why?

### THE CATO SUPREME COURT REVIEW (2014–2015)

Edited by Ilya Shapiro

Analysis from leading scholars of key cases from the Court’s most recent term and a preview of the year ahead.

### UNDERSTANDING THE GROWTH SLOWDOWN\*

Edited by Brink Lindsey

How the disappointing performance of the U.S. economy in recent years—the slowest post recession expansion since World War II—may not be just a temporary setback after a severe downturn. It could be the “new normal.”

\*Ebook

# CATO STAFF

## EXECUTIVE

PETER N. GOETTLER  
*President and CEO*

DAVID BOAZ  
*Executive Vice President*

## CENTER FOR CONSTITUTIONAL STUDIES

TREVOR BURRUS  
*Research Fellow*

ANTHONY GRUZDIS  
*Administrative and Research Assistant*

RANDAL MEYER  
*Legal Associate*

WALTER OLSON  
*Senior Fellow*

ROGER PILON  
*Vice President for Legal Affairs and Director*

ILYA SHAPIRO  
*Senior Fellow and Editor in Chief, Cato Supreme Court Review*

JAYME WEBER  
*Legal Associate*

## CENTER FOR EDUCATIONAL FREEDOM

JASON BEDRICK  
*Policy Analyst*

ANDREW COULSON  
*Senior Fellow in Education Policy*

NEAL MCCLUSKEY  
*Director*

RACHEL REESE  
*Research Associate*

## CENTER FOR GLOBAL LIBERTY AND PROSPERITY

SWAMINATHAN AIYAR  
*Research Fellow*

GABRIELA CALDERON DE BURGOS  
*Research Associate and Editor, ElCato.org*

CHELSEA GERMAN  
*Managing Editor, HumanProgress.org*

JUAN CARLOS HIDALGO  
*Policy Analyst, Latin America*

ANDREI ILLARIONOV  
*Senior Fellow*

ALEX NOWRASTEH  
*Immigration Policy Analyst*

GUILLERMINA SUTTER  
*Research Assistant*

MARIAN TUPY  
*Senior Policy Analyst*

IAN VÁSQUEZ  
*Director, Center for Global Liberty and Prosperity*

XIA YELIANG  
*Visiting Scholar*

## CENTER FOR MONETARY AND FINANCIAL ALTERNATIVES

ARI BLASK  
*Administrative/Research Assistant*

MARK A. CALABRIA  
*Director of Financial Regulation Studies*

THOMAS CLOUGHERTY  
*Editorial Director*

JAMES A. DORN  
*Vice President, Senior Fellow, and Editor, Cato Journal*

THAYA KNIGHT  
*Associate Director for Financial Regulation Studies*

LYDIA MASHBURN  
*Manager*

GEORGE SELGIN  
*Director*

## CENTER FOR REPRESENTATIVE GOVERNMENT

EMILY MCCLINTOCK EKINS  
*Research Fellow*

JOHN SAMPLES  
*Vice President and Publisher*

## HERBERT A. STIEFEL CENTER FOR TRADE POLICY STUDIES

ANDREJ ARPAS  
*Research Assistant*

DANIEL J. IKENSON  
*Director*

SIMON LESTER  
*Trade Policy Analyst*

DANIEL R. PEARSON  
*Senior Fellow*

BILL WATSON  
*Trade Policy Analyst*

HUAN ZHU  
*Research Assistant*

## CENTER FOR THE STUDY OF SCIENCE

CHIP KNAPPENBERGER  
*Assistant Director*

PATRICK J. MICHAELS  
*Director*

JOSEPH VERRUNI  
*Project Manager*

## DEFENSE AND FOREIGN POLICY STUDIES

EMMA ASHFORD  
*Research Fellow*

TED GALEN CARPENTER  
*Senior Fellow*

TRAVIS EVANS  
*External Relations Manager for Defense and Foreign Policy Studies*

BENJAMIN H. FRIEDMAN  
*Research Fellow in Defense and Homeland Security Studies*

ERIC GOMEZ  
*Research Assistant*

JOHN MUELLER  
*Senior Fellow*

CHRISTOPHER A. PREBLE  
*Vice President for Defense and Foreign Policy Studies*

BRAD STAPLETON  
*Visiting Research Fellow*

A. TREVOR THRALL  
*Senior Fellow*

## ECONOMIC STUDIES

JEFFREY A. MIRON  
*Director*

ERIN PARTIN  
*Research Assistant*

## HEALTH AND WELFARE STUDIES

MICHAEL F. CANNON  
*Director of Health Policy Studies*

THOMAS CAPONE  
*Research Assistant*

CHARLES HUGHES  
*Research Associate*

MICHAEL D. TANNER  
*Senior Fellow*

## LIBERTARIANISM.ORG

GRANT BABCOCK  
*Assistant Editor, Libertarianism.org*

EVAN BANKS  
*Multimedia Editor, Libertarianism.org*

ANTHONY COMEGNA  
*Assistant Editor for Intellectual History*

MARK MCDANIEL  
*AV Producer/Videographer*

AARON ROSS POWELL  
*Research Fellow and Editor, Libertarianism.org*

CRYSTAL ZHAO  
*Digital Marketing Manager*

## PROJECT ON CRIMINAL JUSTICE

ADAM BATES  
*Policy Analyst*

JONATHAN BLANKS  
*Research Associate*

TIM LYNCH  
*Director*

## REGULATION

THOMAS A. FIREY  
*Senior Fellow and Managing Editor, Regulation*

PETER VAN DOREN  
*Senior Fellow and Editor, Regulation*

NICK ZAIAC  
*Research Assistant*

## RESEARCH

DOUG BANDOW  
*Senior Fellow*

MATTHEW FEENEY  
*Policy Analyst*

GENE HEALY  
*Vice President*

JASON KUZNICKI  
*Research Fellow and Editor, Cato Unbound*

BRINK LINDSEY  
*Vice President for Research*

RANDAL O'TOOLE  
*Senior Fellow*

## TAX AND BUDGET STUDIES

CHRIS EDWARDS  
*Director of Tax Policy Studies*

DANIEL J. MITCHELL  
*Senior Fellow*

ALAN REYNOLDS  
*Senior Fellow*

## PRIVACY AND HOMELAND SECURITY

PATRICK EDDINGTON  
*Policy Analyst, Homeland Security and Civil Liberties*

JIM HARPER  
*Senior Fellow*

SCOTT PLATTON  
*Researcher*

JULIAN SANCHEZ  
*Senior Fellow*

## ADMINISTRATION

MICHAEL BOONE  
*Building Operations Manager*

DONALD BROWN  
*Facilities Coordinator*

DAWAINA CARTER  
*Facilities Assistant*

ROBIN CARTER  
*Receptionist/HR Assistant*

MARISSA DELGADO  
*Assistant Controller*

JON HEIMERMAN  
*Vice President/Chief Administrative Officer*

PAMELA HOOPER  
*Director, Human Resources*

KIMBERLY LEWIS  
*Accounting Coordinator*

YVETTE PANSELL  
*Human Resources Manager*

NIDIA REYES  
*Senior Accountant*

BETH SANTOS  
*Executive Assistant*

VALERIE USHER  
*Chief Financial Officer*

## COMMUNICATIONS

KHRISTINE BROOKES  
*Vice President for Communications*

CALEB O. BROWN  
*Director of Multimedia*

SARAH BRYANT  
*Senior Digital Marketing Manager*

CORY COOPER  
*Senior Producer/Videographer*

BRANDI DUNN  
*Senior Marketing Manager*

ROBERT GARBER  
*Director of Marketing*

JOHN GLASER  
*Media Relations Manager*

REENA KANKARIA  
*Media Relations Coordinator*

MATTHEW LEGO  
*Marketing Coordinator*

MEAGHAN LEISTER  
*Director of Broadcast and Production*

ALLISON MILLER  
*Director of Media Relations*

KAT MURTI  
*Senior Digital Outreach Manager*

ELEANOR O'CONNOR  
*Assistant Director of Marketing*

LESTER ROMERO  
*Multimedia Editor*

THERESA TERRIBLE  
*Multimedia Producer*

CLINT TOWNSEND  
*Marketing and Outreach Manager*

## CONFERENCE

LINDA AH-SUE  
*Vice President for Conferences and Events*

RACHEL GREENE  
*Conference Manager*

ELISSA HAGANS  
*Conference Registrar*

MACKENZIE JOHNSON  
*Conference Coordinator*

JOSÉ MEDINA  
*Conference Attendant*

SAMANTHA MCKENNEY  
*Associate Director for Conferences and Events*

SAMANTHA SUMMERS  
*Conference Assistant*

## DEVELOPMENT

TODD BOLICK  
*Executive/Development Specialist*

MEG GUEGAN  
*Director of Development Communications*

GRACE HOGAN  
*Executive Scheduler/Development Coordinator*

JENNA HUHN  
*Special Events Manager*

SALLIE JAMES  
*Director of Development*

DAVID KIRBY  
*Vice President for Development and Senior Fellow*

JENNA LINDLEY  
*Development and Event Assistant*

KARL MEISENBACH  
*Senior Director*

HARRISON MOAR  
*Director of Development*

BRIAN MULLIS  
*Manager of Sponsor Services*

GRETA PISARCZYK  
*Manager of Foundation and Corporate Relations*

BEN WYCHE  
*Research Manager*

## EXTERNAL AFFAIRS

HEATHER CURRY  
*Director of External Affairs*

PETER RUSSO  
*Director of Congressional Affairs*

MARIA VARGAS  
*External Affairs Coordinator*

## INFORMATION TECHNOLOGY DEPARTMENT

CALEN FRETTS  
*Web Applications*

SCOTT GAMMON  
*Data Entry Clerk*

JEREMY KOLASSA  
*Digital Projects Coordinator*

PETER LO  
*IT/Telecommunications Assistant*

JESSICA LUCAS  
*Junior Web Designer*

ANDREW MAST  
*Director of Web Communications*

SCOTT MORRISON  
*Manager of Web Technologies and Analytics*

DANA NOVINGER  
*Data Entry Clerk*

ALAN PETERSON  
*Director of MIS*

JOHN SZAMOSI  
*Web Technologies Associate*

DAVID TASSY  
*A/V Tech Coordinator*

JASON VINES  
*Senior Web Applications Developer II*

RACHAEL WOLFE  
*CRM Assistant and Database Specialist*

## PUBLICATIONS

ROSHNI ASHAR  
*Junior Graphic Designer*

PAT BULLOCK  
*Production Designer*

ANDY DAVIS  
*Print Center Manager*

KAREN GARVIN  
*Copyeditor*

BRENDAN O'HARA  
*Photography Manager*

MARIA SANTOS  
*Staff Writer*

DAVID LAMPO  
*Director of Publications*

MAI MAKLED  
*Senior Graphic Designer*

JON MEYERS  
*Art Director*

CLAUDIA RINGEL  
*Manager of Editorial Services*

## STUDENT PROGRAMS

MARK HOUSER  
*Student Programs Manager*

KATHRYN RANVILLE  
*Student Programs Coordinator*

## PRESIDENT EMERITUS

EDWARD H. CRANE  
*Co-Founder and President  
1977–2012*

# FELLOWS AND ADJUNCT SCHOLARS

## FELLOWS

JAMES M. BUCHANAN  
(1919–2013)  
*Distinguished Senior Fellow*

F. A. HAYEK  
(1899–1992)  
*Distinguished Senior Fellow*

RICHARD LINDZEN  
*Distinguished Senior Fellow*

JOSÉ PIÑERA  
*Distinguished Senior Fellow*

RONALD A. BAILEY  
*Media Fellow*

RADLEY BALKO  
*Media Fellow*

RANDY E. BARNETT  
*Senior Fellow*

IKE BRANNON  
*Visiting Fellow*

VLADIMIR BUKOVSKY  
*Senior Fellow*

LAWRENCE GASMAN  
*Senior Fellow*

STEVE HANKE  
*Senior Fellow*

JOHN HASNAS  
*Senior Fellow*

PENN JILLETTE  
*H. L. Mencken Research Fellow*

DAVID KOPEL  
*Associate Policy Analyst*

DEEPAK LAL  
*Senior Fellow*

ROBERT A. LEVY  
*Senior Fellow and Chairman*

JEFFREY MILYO  
*Senior Fellow*

JOHAN NORBERG  
*Senior Fellow*

GERALD P. O'DRISCOLL JR.  
*Senior Fellow*

P. J. O'ROURKE  
*H. L. Mencken Research Fellow*

TOM G. PALMER  
*Senior Fellow*

WILLIAM POOLE  
*Senior Fellow*

JIM POWELL  
*Senior Fellow*

NICHOLAS QUINN  
ROSENKRANZ  
*Senior Fellow*

WILLIAM RUGER  
*Research Fellow in Foreign Policy Studies*

VERNON L. SMITH  
*Senior Fellow*

TELLER  
*H. L. Mencken Research Fellow*

LAWRENCE H. WHITE  
*Senior Fellow*

CATHY YOUNG  
*Media Fellow*

GUILLERMO ZULOAGA  
*Fellow*

## ADJUNCT SCHOLARS

RAJSHREE AGARWAL  
*University of Maryland*

STUART ANDERSON  
*National Foundation for American Policy*

RONALD A. BAILEY  
*Reason*

DAVID BECKWORTH  
*Western Kentucky University*

TOM W. BELL  
*Chapman University School of Law*

ALBERTO BENEGAS LYNCH JR.  
*University of Buenos Aires*

LORENZO BERNALDO  
DE QUIRÓS  
*Freemarket International Consulting*

DAVID E. BERNSTEIN  
*George Mason University School of Law*

JOSH BLACKMAN  
*South Texas College of Law*

DONALD J. BOUDREAUX  
*George Mason University*

ROBERT L. BRADLEY JR.  
*Institute for Energy Research*

EDWARD J. CALABRESE  
*University of Massachusetts*

BRYAN CAPLAN  
*George Mason University*

JOHN H. COCHRANE  
*University of Chicago Booth School of Business*

ROBERT CORN-REVERE  
*Davis Wright Tremaine LLP*

TYLER COWEN  
*George Mason University*

W. MICHAEL COX  
*Southern Methodist University*

ANTHONY DE JASAY  
*Independent Scholar*

VERONIQUE DE RUGY  
*Mercatus Center*

KEVIN DOWD  
*Cass Business School*

GERALD P. DWYER  
*Clemson University*

ALAN EBENSTEIN  
*Santa Barbara, California*

BERT ELY  
*Ely and Company, Inc.*

ALEX EPSTEIN  
*Center for Industrial Progress*

RICHARD A. EPSTEIN  
*New York University Law School*

LOUIS FISHER  
*Constitution Project*

VANCE FRIED  
*Oklahoma State University*

ENRIQUE GHERSI  
*Lima, Peru*

EUGENE GHOLZ  
*University of Texas at Austin*

TYLER GOODSPEED  
*University of Oxford*

ANDREW M. GROSSMAN  
*BakerHosteler*

JAMES D. GWARTNEY  
*Florida State University*

WILLIAM HAPPER  
*Princeton University*

SCOTT E. HARRINGTON  
*University of Pennsylvania,  
The Wharton School*

ROBERT HIGGS  
*Independent Institute*

JEFFREY ROGERS HUMMEL  
*San José State University*

DAVID A. HYMAN  
*University of Illinois College of Law*

CRAIG D. IDSO  
*Center for the Study of Carbon Dioxide  
and Global Change*

MALOU INNOCENT  
*Philadelphia, PA*

JASON SCOTT JOHNSTON  
*University of Virginia School of Law*

KAY H. JONES  
*Zephyr Consulting*

JERRY L. JORDAN  
*Federal Reserve Bank of Cleveland  
(1992-2003)*

TERENCE KEALEY  
*University of Buckingham*

DANIEL B. KLEIN  
*George Mason University*

ARNOLD KLING  
*Silver Spring, Maryland*

MARTIN KRAUSE  
*University of Buenos Aires*

CHANDRAN KUKATHAS  
*London School of Economics*

CHRISTOPHER LAYNE  
*Texas A&M University*

JACOB T. LEVY  
*McGill University*

STAN LIEBOWITZ  
*University of Texas at Dallas*

SCOTT LINCICOME  
*White & Case LLP*

LOREN LOMASKY  
*University of Virginia*

ERIK LUNA  
*Washington and Lee School of Law*

WILLIAM J. LUTHER  
*Kenyon College*

JONATHAN R. MACEY  
*Yale Law School*

NED MAMULA  
*Middleburg, Virginia*

ROBERT McDONALD  
*United States Military Academy*

ROBERT J. MICHAELS  
*California State University at Fullerton*

ALBERTO MINGARDI  
*Istituto Bruno Leoni*

MARK MOLLER  
*DePaul University School of Law*

MICHAEL MUNGER  
*Duke University*

SAM PELTZMAN  
*University of Chicago*

TANJA PORČNIK  
*Vienna, Austria*

DAVID G. POST  
*Temple University Law School*

ALVIN RABUSHKA  
*Hoover Institution*

FLEMMING ROSE  
*Jyllands-Posten*

ROBERTO SALINAS-LEÓN  
*Mexico Business Forum*

RAZEEN SALLY  
*London School of Economics*

TIMOTHY SANDEFUR  
*Goldwater Institute*

ADAM B. SCHAEFFER  
*Evolving Strategies*

PEDRO SCHWARTZ  
*Universidad Autonoma de Madrid*

HARVEY SILVERGLATE  
*Zalkind, Duncan & Bernstein LLP*

JEFFREY A. SINGER  
*Valley Surgical Clinics, Ltd.*

ILYA SOMIN  
*George Mason University School of Law*

RICHARD L. STROUP  
*North Carolina State University*

DANIEL A. SUMNER  
*University of California, Davis*

SHIRLEY SVORNY  
*California State University at Northridge*

RICHARD H. TIMBERLAKE JR.  
*University of Georgia*

WALKER F. TODD  
*Chautauqua Institution*

JAMES TOOLEY  
*Newcastle University*

CHARLOTTE TWIGHT  
*Boise State University*

STEPHEN J. K. WALTERS  
*Loyola University Maryland*

GLEN WHITMAN  
*California State University at Northridge*

WALTER E. WILLIAMS  
*George Mason University*

LELAND B. YEAGER  
*Auburn University*

AARON YELOWITZ  
*University of Kentucky*

KATE XIAO ZHOU  
*University of Hawaii at Manoa*

TODD ZYWICKI  
*George Mason University School of Law*

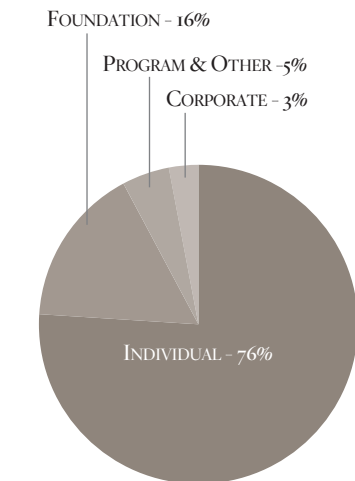
# FISCAL YEAR 2016 FINANCES

Cato's unaudited financial information for fiscal year 2016 (April 1, 2015, to March 31, 2016) is presented below. Operating income was \$28,626,000, and net assets finished the year at \$68,821,000. Program expenses made up 74 percent of operating expenses. The Cato Institute accepts no government funding. Contributions from individuals, foundations, and corporations make possible our ability to drive important policy debates toward limited government, free markets, individual liberty, and peace.

## OPERATING REVENUE

INDIVIDUAL.....	\$21,759,000
FOUNDATION.....	\$4,635,000
CORPORATE.....	\$854,000
PROGRAM.....	\$1,066,000
OTHER.....	\$312,000
TOTAL.....	\$28,626,000

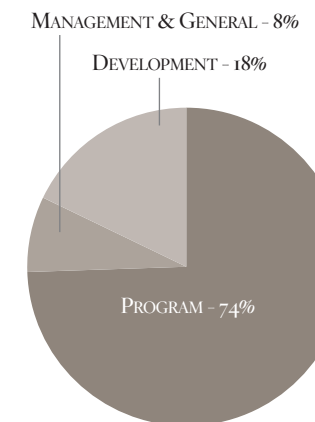
## OPERATING REVENUE



## OPERATING EXPENSES

PROGRAM.....	\$22,397,000
MANAGEMENT & GENERAL.....	\$2,308,000
DEVELOPMENT.....	\$5,369,000
TOTAL.....	\$30,074,000

## OPERATING EXPENSES



## ASSETS

CASH AND EQUIVALENTS.....	\$10,080,000
INVESTMENTS.....	\$20,922,000
FIXED ASSETS.....	\$35,688,000
OTHER ASSETS.....	\$4,443,000
TOTAL.....	\$71,133,000

## LIABILITIES AND NET ASSETS

LIABILITIES.....	\$2,312,000
NET ASSETS.....	\$68,821,000
TOTAL.....	\$71,133,000

On February 7, 2016, after a 15-month battle with brain cancer, senior fellow in education policy Andrew Coulson passed away. He is survived by his beloved wife Kay. Andrew was 48 years old.

Andrew's death is very sad news for everyone at Cato, but especially those of us at the Center for Educational Freedom, where Andrew was the director—and an almost impossibly sunny colleague—



IN MEMORIAM  
**Andrew Coulson**

for more than a decade. Coming from a computer engineering background, Andrew seized on education reform—and the need for educational freedom—not because he had spent a career in education, but because he saw a system that was illogical, that was hurting society and children, and that needed to be fixed.

And when Andrew wanted to fix something, he went to work.

Andrew hit the radars of everyone involved in education reform—especially school choice—with his 1999 book *Market Education: The Unknown History*, which captured exactly what he wanted everyone to know about education. For much of history, Andrew made clear, education was grounded in the free and voluntary interactions of teachers,

students, and families—and when it was, it worked better for everyone than the rigid, moribund, government-dominated model we have today.

Andrew was in the reform vanguard not just in laying out the historical, logical, and empirical case for truly free-market education, but also in determining how, practically, to do that. Andrew was perhaps the earliest and clearest voice calling for tax-credit-funded choice in preference to publicly funded voucher programs, which are themselves infinitely preferable to being assigned to a school based simply on your home address. Tax credit programs, he argued, would be more attractive—except to those who would lard regulations onto schools—by breaking the connection between state money and school choices. People would choose whether to donate to scholarships, and even to which organizations or schools such donations would go, rather than have the state hand out funds from all taxpayers.

Today, the wisdom of this choice mechanism has been borne out, with tax-credit-based programs having started later than vouchers, but now exceeding total enrollment by about 53,000 students. And enrollment through private educational choice programs of all types—vouchers, tax credits, and education savings accounts—has ballooned since 1999, when *Market Education* was published, from just a few thousand children to nearly 400,000.

That is tremendous progress. But as Andrew would be the first to proclaim, it is not nearly enough. Indeed, with an eye to pushing choice much further, before he died Andrew was putting the finishing touches on a documentary series vividly and humorously illustrating why we need educational freedom, and the great benefits even limited freedom in education has produced. We hope Andrew's labor of love will be appearing on television sets across the country in the coming months.

Andrew Coulson is no longer with us. Thankfully, his ideas remain, and they will always illuminate the pathway forward.

## BOARD OF DIRECTORS

AS OF MARCH 31, 2016

JOHN A. ALLISON  
*Retired President and CEO, Cato Institute*  
*Retired Chairman and CEO, BB&T*

K. TUCKER ANDERSEN  
*Director, Above All Advisors*

CARL BARNEY  
*Chairman, Center for Excellence*  
*in Higher Education*

BARON BOND  
*Executive Vice President,*  
*The Foundation Group LLC*

RICHARD J. DENNIS  
*President, Dennis Trading Group*

ROBERT GELFOND  
*CEO and Founder, MQS Management*

PETER N. GOETTLER  
*President and CEO, Cato Institute*

ETHELMAE C. HUMPHREYS  
*Chairman, Tamko Roofing Products Inc.*

JAMES M. KILTS  
*Partner, Centerview Capital Holdings*  
*Former CEO, The Gillette Company*

DAVID H. KOCH  
*Executive Vice President, Koch Industries*

JAMES M. LAPEYRE, JR.  
*President, Laitram Corporation*

ROBERT A. LEVY  
*Chairman, Cato Institute*

PRESTON MARSHALL  
*President and CEO,*  
*Rusk Capital Management*

NANCY M. PFOTENHAUER  
*President and CEO,*  
*MediaSpeak Strategies*

LEWIS E. RANDALL  
*Former Board Member,*  
*E\*Trade Financial*

HOWARD S. RICH  
*Chairman, U.S. Term Limits*

DONALD G. SMITH  
*President, Donald Smith &*  
*Company Inc.*

NESTOR R. WEIGAND JR.  
*Chairman and CEO, J. P. Weigand & Sons*

JEFFREY S. YASS  
*Managing Director, Susquebanna*  
*International Group LLP*

FRED YOUNG  
*Former Owner, Young Radiator Company*

FRANK BOND  
*Director Emeritus*  
*Chairman, The Foundation Group*

CATO  
INSTITUTE

1000 Massachusetts Avenue, N.W.  
Washington, D.C. 20001  
Tel: 202.842.0200 Fax: 202.842.3490  
[www.cato.org](http://www.cato.org)