



ED CRANE

“The major address that the Republican presidential aspirant George W. Bush gave last week was, well, Clintonesque.”

PAGE 2



DREW EDMONDSON

“The last thing I want to see is a DEA agent standing between me and my doctors.”

PAGE 14



NADINE STROSSEN

“The central objective of the Establishment Clause is to protect individual religious liberty and freedom of conscience.”

PAGE 15



November/December 2005

Policy Report

Vol. XXVII No. 6

Rich Is Beautiful

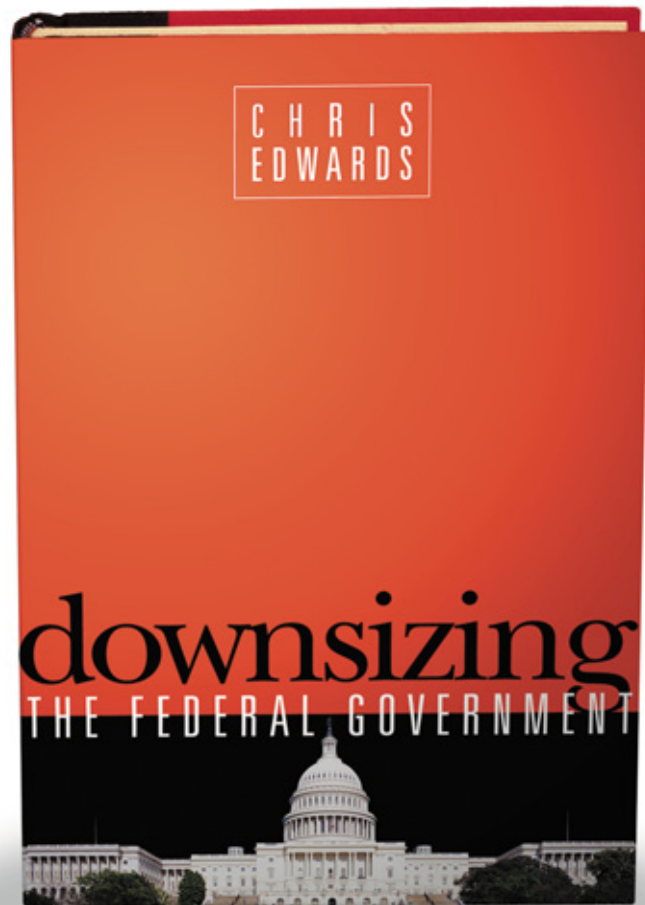
BY RICHARD D. NORTH

Wealth, lots of it and widely available, is lovely and good. Mass affluence has been desired for centuries and is desired now, where and when we have it, and even more when and where we don't. Yet it has few defenders. Most right-wingers take it as self-evident that wealth is good and haven't bothered with the idea that it might be a problem. The left used just to dislike the way wealth was created and spread but has now outflanked the right with new charges.

A recent spate of leftish books, and the Zeitgeist of liberal opinion, has it that capitalism has invaded our minds and made us live a life that is driving us half mad. Capitalism is, of course, trying to get us to be avid consumers, but the real harm caused to modern people stems from the “anxiety industry” and its new branch office, the “status anxiety industry.” Those industries come from a pseudo-dissident culture, which denigrates nearly everything that is valuable, including mass affluence, wealth creation, and the political and legal structures that help create wealth and preserve many other

CONT'D ON PAGE 9

RICHARD D. NORTH, media fellow of the Institute of Economic Affairs in London, is a former columnist for the Independent and the Sunday Times and the author of Rich Is Beautiful: A Very Personal Defence of Mass Affluence (Social Affairs Unit, 2005).



The federal government is headed toward a massive financial crisis thanks to endemic overspending and looming future entitlement costs. Luckily, says Cato director of tax policy studies Chris Edwards, we don't need such a big government. We can streamline federal spending, cut unconstitutional programs, and plan for future needs without busting the budget. **MORE ON PAGES 3 AND 5**

The Clintonesque George Bush

By Edward H. Crane

President Bush has spent the past six years advancing an agenda of bigger, stronger, and more intrusive federal government. Many fiscal conservatives have lately expressed surprise or disappointment in the Bush administration's willingness to abandon the Republican Party's small government principles. However, Cato president Ed Crane saw it coming even before Bush was elected. Like the Clintons before him, then-Governor Bush made "strong and active" government intervention the centerpiece of his platform. This prescient op-ed appeared in the *New York Times* on August 4, 1999.

WASHINGTON
Bill Clinton's impact on the American polity was never more evident than in the major address that the Republican Presidential aspirant George W. Bush gave in Indianapolis last week. The speech was, well, Clintonesque.

A Cato Institute analysis in February of President Clinton's January State of the Union Message counted some 95 separate proposals for Federal action, ranging from "rapid response teams" when local businesses close to demands that local school districts adopt Federal "discipline policies."

Governor Bush's speech was by no means as sweeping as that of our undisciplined President, but in at least one important aspect it was remarkably similar: both speeches were utterly casual in their assumption that virtually any problem confronting the American people is an excuse for action by the Federal Government.

Thus, Governor Bush proposed in his Indianapolis speech Federal efforts to deal with the children of prisoners, after-school activities and "maternity group homes," while calling for major Government financing of local religious and charitable organizations.

The Framers of the Constitution, of course, had quite another vision in mind. Governance, in their scheme of things, was to take place at the state and local levels. The national Government was "delegated" certain limited powers, primary among them national defense and, with the passage of the Civil War amendments, the protection of our civil liberties. So that there would be no confusion, the 10th Amendment made clear that powers not granted to the Federal Government were to be reserved to the states or to the people.

Financing maternity group homes was not part of the scheme.

Governor Bush's speech also included elements that could have come straight out of the Progressive Policy Institute, the think tank of the so-called New Democrats. The bible of the New Democrats is "Reinventing Government," written by David Osborne and Ted Gaebler. The authors state that they "believe deeply in government," while admitting that it can be a bit ham-fisted in

dealing with social problems. So, they set out to design a government that works more like the private sector, which is a neat trick if you can pull it off.

Which they don't. But the book is an intelligent effort to do so. It's full of market-oriented jargon, "seed money" projects, incentive programs, plans to persuade "various interest groups to embrace common goals and strategies." Underneath it all, however, is a desire to define those "common goals" at the Federal level.

"Those who steer the boat have far more power than those who row it," they write. "Governments that focus on steering actively shape their communities, state and nations. They make more policy decisions. They put more social and economic institutions into motion. Some even do more regulating. Rather than hiring more public employees, they make sure other institutions are delivering services and meeting communities' needs."

All of which is pretty much what George W. Bush spoke about in Indianapolis. In calling for Federal financing of local social programs, the Texas Governor sounded the New Democrat theme: "It will be government that directs help to the inspired and the effective." His call for a "compassion capital fund" that would "identify good ideas transforming neighborhoods and lives and provide seed money to support them" could easily have been written by David Osborne.

In fact, Mr. Bush's speechwriter appears to have been moonlighting for Hillary Rodham Clinton. In a June speech in Paris, Mrs. Clinton took direct aim at the Goldwater-Reagan wing of the Republican Party, complaining that "there are those... who insist on assaulting government, who claim that if we would only abolish or severely weaken it that everyone's freedom and prosperity would blossom." This, she said, "is a very mistaken notion."

George W. Bush agreed in his talk, ridiculing those with a "destructive mindset: the idea that if government would only get out of the way, all our problems would be solved. An approach with no higher goal, no nobler purpose than 'Leave us alone.'"

Never mind the Clintonesque dissembling in both statements: Those Americans who desire far less government don't want to "abolish" it, nor do they claim that "all our prob-

lems would be solved." The significance here is that both Hillary Clinton and George W. Bush are taking aim at the same people for the same reasons. And the similarities don't end there.

Hillary: "We need strong and efficient governments... that are able to empower citizens." George W.: "Government must be carefully limited — but strong and active and respected within those bounds."

The latter statement is defining for the Eastern Establishment of the Republican Party. In the tradition of Nelson Rockefeller, George Romney, Bob Dole and Governor Bush's father, George Bush, these Republicans pay lip service to "limited government" to keep the conservative-libertarian majority of the party on board, but then govern with "strong and active" intervention.

One wonders, for instance, just what "bounds" Governor Bush has in mind, given the role he sees for the Federal Government in supporting maternity group homes.

The straightforward attack by Governor Bush on the Goldwater-Reagan wing of the Republican Party in his Indianapolis speech is, in fact, an attack on Steve Forbes and Dan Quayle, who best represent that tradition among the Republican Presidential hopefuls. Given the absurd campaign contribution limits, the handiwork of Common Cause, the attack is primarily focused on Mr. Forbes, who is the only candidate with the resources to seriously challenge Mr. Bush.

The task for Mr. Forbes, who carries the Reagan mantle, is to expose George W. as, if not a New Democrat, an Eastern Establishment Republican in good standing. That won't be easy, as the Governor has surrounded himself with conservatives, a few former Reagan advisers and even a libertarian or two, perhaps to limit scrutiny of his actual agenda.

But that agenda was on display in Indianapolis last week, and it ought to give pause to those limited-government Republicans who truly want to put an end to Bill Clinton's political legacy. □

Edward H. Crane is the president of the Cato Institute.

New book proposes \$300 billion in reductions

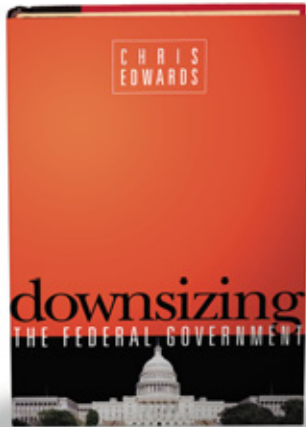
How to Cut Federal Spending

President Bush's tax cut is not actually a tax cut; it's a tax delay. By dramatically increasing spending and making promises for even more spending on long-term programs like Medicare, Bush has dramatically raised the taxes that future generations will have to pay long after he has left office. Chris Edwards, director of tax policy studies at the Cato Institute, warns that such fiscal irresponsibility is unsustainable. In his new book, *Downsizing the Federal Government*, Edwards outlines a program-by-program reduction in the size of government that will reduce the tax burden, streamline government operations, and encourage long-term fiscal growth to keep the economy strong.

Total government spending at all levels currently consumes 31 percent of the nation's economy. Edwards's book details how the New Deal set in motion a cycle of encroaching government regulation of the economy, and lawmakers now use any excuse to demand new powers and increase spending. In nearly all cases, unnecessary spending is a result of Congress's stepping outside its constitutionally prescribed powers, which limit its functions to such matters as national security, justice, minting money, and establishing trade with foreign nations. Congress rarely cuts a program no matter how ineffective or costly it may be. The good news, however, is that Americans don't actually need most of the programs the government is mismanaging.

Edwards differentiates among programs that are actively harmful to soci-

ety and should be abolished, those that should be the province of state and local governments or private interests, and those that are wasteful or corrupt and in need of reform. He targets dozens of federal programs for cuts, including the National Zoo, subsidies for farmers and other businesses, federal micromanagement of education, passenger rail service, and nationwide television and radio broadcasting. He also finds massive redundancy in federal grants to states, foreign aid, homeland security, and programs designed to help the poor. He estimates that his proposals would save more than \$300 billion each year.



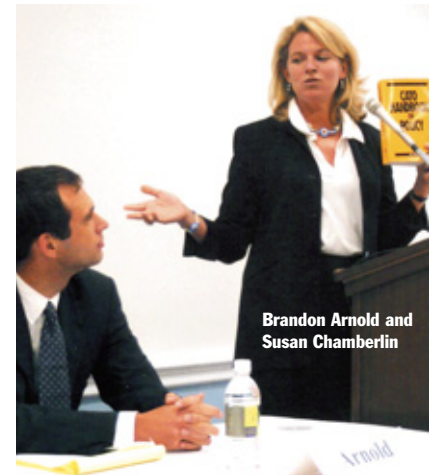
The need for reform is more urgent than ever because the government owes billions of dollars in Social Security and entitlement payments to the next generation of retirees, but no money has been saved to pay those costs. Spending cuts would help balance the budget, lower taxes, and allow the private sector to more efficiently provide the services Americans really need.

Congress has a habit of responding to bad government programs with more money and more government programs. As Edwards's comprehensive reform plans demonstrate, the problems of government are often better solved by emulating the private sector. If a program doesn't work, shut it down; if it's worth doing, someone else will do it better.

***Downsizing the Federal Government* is available for \$20.00 at www.catostore.org or by calling 800-767-1241.**

NEWS NOTES

Brandon Arnold has been named director of government affairs at the Cato Institute. He worked previously as a budget analyst for Citizens for a Sound Economy, as a legislative assistant for House Judiciary Committee chairman F. James Sensenbrenner Jr., and most recently as a legislative assistant for Maryland governor Robert Ehrlich. He will work with Cato's vice president for government affairs Susan Chamberlin, who has assumed additional management responsibilities at the Institute.



Brandon Arnold and Susan Chamberlin

Jerry Taylor, director of natural resource studies, has been named a senior fellow. He will continue to write about energy and environmental issues as well as other policy topics.

Justin Logan has been promoted from research assistant to foreign policy analyst.

NEWS NOTES CONTINUED ON PAGE 19

Did Big Government Return with Katrina?

Cato Scholars Take on Government Failure, Spending Splurge



“The cash needed to support the armies of compassion is great,” President Bush told the American people in a televised speech on September 15, and government agencies have been taking full advantage of our compassion for the victims of Hurricane Katrina to start spending it. Cato Institute scholars are now asking why the federal government should be spending that cash, where it will come from, and how to ensure that it is spent wisely.

Cato Institute scholars have appeared on radio and television and in print media to discuss the government’s role in disaster relief and how tragedies like this may be avoided in the future. After *Wall Street Journal* columnist David Wessel announced that Katrina had killed small government, Cato chairman William Niskanen demonstrated that disaster relief was simply the latest in a long line of big government programs advanced by the Bush administration. In a September 20 article for the *American Spectator*, Niskanen detailed how other Bush administration priorities—such as military



Cato chairman William A. Niskanen tells the House Energy and Commerce Committee on September 22 not to impose controls on rents or prices in the wake of Katrina.

spending, expansion of entitlements, and federal oversight of education—have caused the federal budget to balloon in size. If we hope to curb wasteful spending, he argued, we must tackle the country’s long-term financial concerns instead of using a natural disaster as a convenient explanation for the problem.

What is worrisome, however, is increasing federal control over infrastructure projects, such as the New Orleans levees, that could be better managed by state, local, and private interests. In the

“Allocating resources to those who value them most is one very important reason why our economy outperforms economies where resources are allocated by political action.”
— JERRY TAYLOR

Washington Times, Chris Edwards, Cato’s director of tax policy studies, called for the federal government to return such projects to those who understand the unique needs of local communities. In the *Chicago Sun-Times* and several international newspapers, Cato executive vice president David Boaz compared President Bush to Franklin Delano Roosevelt, a president who believed that all problems could be solved with more federal spending. Boaz suggested that massive federal spending would be less necessary if years of dependence on government programs had not “so destroyed wealth and self-reliance in the people of New Orleans that they were unable to fend for themselves in a crisis.”

Director of budget studies Stephen Slivinski pointed out on CNBC and MSNBC and in the *Washington Times* that members of Congress can use infrastructure and relief bills to hide pork projects for their own districts, just as they did in the post-9/11 relief projects. He wondered how much of the hundreds of billions of dollars President Bush has promised to hurricane victims will actually reach them and how much will end up benefiting the constituents of powerful members of Congress.

Many Americans also believe that the federal government should have mobilized National Guard and other military forces to maintain order in the wake of Katrina. But as Cato senior editor Gene Healy explained on ABC’s *World News Tonight* and PBS’s *NewsHour with Jim Lehrer*, the military may not be used to maintain order or perform police func-



As Katrina relief bills soared toward \$200 billion, Cato’s Chris Edwards (below center) joined senators including John McCain and Jim DeMint at a September 15 news conference to call for offsetting spending cuts. Above, McCain holds Edwards’s new book *Downsizing the Federal Government* as he waits to speak.



tions except in very limited circumstances. Senior fellow Patrick Basham, appearing on National Public Radio, predicted significant political fallout at all levels of government from questionable decisions made as Katrina progressed.

How did Katrina wreak such destruction so quickly? Patrick Michaels, senior fellow in environmental studies, was featured on Fox News and CNN to discuss hurricanes and global warming, disputing the notion that stronger environmental laws would prevent natural disasters. In response to claims that Katrina doesn’t justify rapidly rising oil prices, Cato’s director of natural resource studies Jerry Taylor defended so-called price gouging in the *National Review* and on CNBC and Fox News’s *O’Reilly Factor*. Prices will rise in times of crisis, he wrote, and those higher prices are a sign that the market is working well. “Allocating resources to those who value them most is one very important reason why our economy outperforms economies where resources are allocated by political action.”

President Bush has applauded the American people for their compassion, generosity, and strength of spirit in the wake of this year’s devastating hurricane season. However, the government seems unwilling to trust that Americans will take care of one another in the absence of massive and inefficient government assistance. As Cato director of health and welfare studies Michael Tanner wrote in the *Christian Science Monitor*, we must decide “what should be the role of government and what should be the responsibility of the incredibly generous American people.” ■

Forums on education myths and Republican pork

Medicaid's Looming Budget Disaster

◆ **September 7:** Most Americans assume that if they become disabled or elderly and need medical care, the government will pay for it. However, Stephen A. Moses, president of the Center for Long-Term Care Reform, argued at a Cato Policy Forum on “Medicaid and the Long-Term Care Crisis—Who Should Pay?” that Medicaid’s involvement in long-term care has led to sharp declines in the accessibility, quality, and availability of vital long-term nursing care. Medicaid pays less than the cost of providing such care but discourages recipients from supplementing the payments with their own money, which leads to low-quality, hard-to-find care for those who need it most. Vincent J. Russo, former president

of the National Academy of Elder Law Attorneys, explained that the government intended Medicaid as a way for seniors to get necessary care without losing their savings. Both agreed that Medicaid should be a safety net for the truly needy and that Congress should provide tax incentives for healthy young Americans to insure themselves against long-term care needs.

◆ **September 8:** “Does Private Education Work for the Poor?” At a Cato Institute Conference, education experts and professional educators from developing countries met to discuss the secret success of private schools for some of the world’s poorest children. James Tooley of the University of Newcastle (UK) recounted how public officials in Nigeria, India, China, and other poor countries either deny the existence of private schools for the poor or belittle the strides they have made educating poor children. Tooley and Peter Woicke, former head of private-sector development at the World Bank, lamented rich countries’ reluctance to support successful private school efforts abroad because of political concerns about school choice. Those schools, which educate a large number of poor children not counted in UN estimates of how many children are in school, are helping to make the Millennium Development Goal of universal primary education attainable, said Olanrewaju Ademola Olaniyan of the University of Ibadan, Nigeria. Indian high school principal Reshma Lohia described a thriving private school scene where she competes with seven other high schools for students

and teaches in three languages at a cost of only £3 to £5 per month. Alice Chitumba Pangwai of Zimbabwe runs three schools, all of which offer scholarships to poor children and a student-teacher ratio half that of the local public schools. All of the school proprietors described harassment and demands for bribes from government officials who feel threatened by the success of private education for the poor.

◆ **September 9:** While 45 billion Americans are suffering from untreated pain, the Drug Enforcement Administration is threatening the doctors who try to help them. At a Cato Conference, “Drug Cops and Doctors: Is the DEA Hampering the Treatment of Chronic Pain?” Center for Practical Bioethics president Myra Christopher said that pain is the most common reason for seeking medical treatment but that fear of prosecution for doing their jobs is discouraging doctors from becoming pain management specialists. Richard Payne, M.D., a board member of the American Pain Foundation, detailed how the persecution of pain doctors makes treatment less available to Americans who need it, especially poor and elderly patients who have fewer provider options. Linda Paey recounted the story of her husband Richard, a paraplegic currently serving a 25-year sentence because Florida drug laws left him with no legal way to get the medication he needed to relieve intractable pain. Dr. Frank Fisher told the story of his exoneration in three separate trials, pointing out that DEA rules require doctors to view all of their patients as potential drug addicts and encourage the use of more dangerous medications instead of safe, effective opioid treatments. The panelists—including former prosecutor Drew Edmondson, president of the National Association of Attorneys General—agreed that the DEA must provide clear guidelines for the use of painkillers so that doctors can feel safe treating patients without fear that they will be punished for doing their jobs.

◆ **September 9:** Medicaid was created in 1965 to provide medical care for the poorest Americans; today it costs about \$3,000 per household per year and covers many



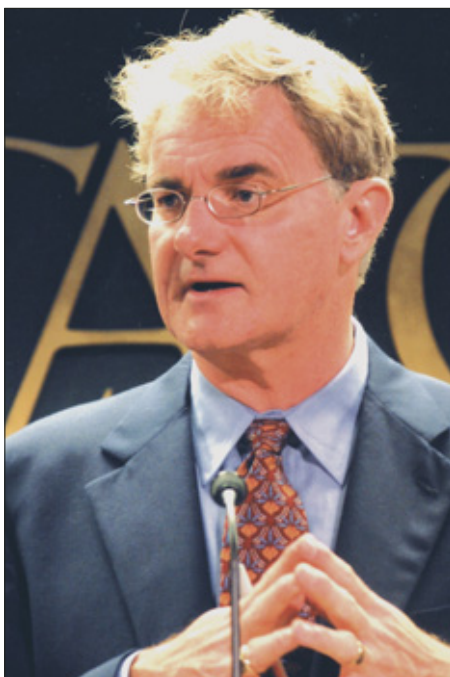
At Cato's September 8 conference, "Does Private Education Work for the Poor?" Alice Chitumba Pangwai discusses the political harassment of three schools she runs in Zimbabwe.



Roger Pilon tells the House Agriculture Committee on September 7 that private property needs legislative protection after the Supreme Court's *Kelo* decision “removed what little remained of the ‘public use’ limitation on government's eminent domain power.”

people who have the ability to pay for their own care. At a Hill Briefing on “Medicaid: When to Apply the Brakes,” Cato senior fellow Jagadeesh Gokhale said that high-income recipients take advantage of liberalized eligibility criteria to drop private insurance coverage in favor of government support. Stephen A. Moses of the Center for Long-Term Care Reform explained that 25 percent of Medicaid recipients account for two-thirds of its costs because they need expensive long-term nursing care and are allowed to shelter their assets to avoid paying for their own care. Many Medicaid recipients could be eligible for private insurance according to Michael Cannon, Cato’s director of health policy studies, who said that Medicaid creates a perverse incentive for recipients to remain impoverished to keep their coverage. Reforms to Medicaid, the panelists agreed, should require recipients to find alternative insurance if they can get it and to pay for their own care when they are able.

◆ **September 13:** Opponents of school choice



At a September 27 Book Forum Ron Bailey, author of *Liberation Biology*, warns that government must not be allowed to control new reproductive or life-extending technologies.

Cato president Edward H. Crane talks with Rep. Mike Pence, chairman of the Republican Study Committee, at a Cato reception for outgoing federal election commissioner Brad Smith.



claim that the U.S. public education system needs more money and more attention and that vouchers will make public schools worse. At a Cato Book Forum for his new book, *Education Myths: What Special-Interest Groups Want You to Believe about Our Schools—And Why It Isn’t So*, Jay P. Greene presented data indicating that public schools have shown little or no improvement in the last 30 years despite dramatic increases in spending and programs to help high-risk students succeed. Howard Nelson of the American Federation of Teachers pointed out that spending as a percentage of U.S. gross domestic product has not increased and suggested that more resources to pay teachers and lower class sizes have been proven to affect achievement. Greene responded with evidence that increased spending in poor districts has not helped achievement, but districts with meaningful school choice do see improvements.

◆ **September 16:** An estimated nine million people currently live in the United States as undocumented immigrants. At a Cato Hill Briefing, “*Bordering on Failure: How to Fix Our Broken Immigration System*,” Cato’s director of trade policy studies Daniel Griswold suggested that current immigration policies waste valuable law enforcement resources without providing any meaningful protection against criminals who cross the U.S. border to do harm to Americans. The U.S. Citizenship and Immigration Service devotes money and time to apprehend-

ing undocumented immigrants working low-skill jobs that American citizens don’t want, which shortchanges programs designed to capture terrorists and other criminals. Griswold recommended a reform program that would allow current residents to legalize their status and give law enforcement more resources to protect against actual threats to our national security.

◆ **September 21:** The Cato Institute celebrated Constitution Day this year with a conference on “*The Supreme Court: Past and Prologue—A Look at the October 2004 and October 2005 Terms*.” In a discussion of federalism, George Mason University law professor Todd Zywicki was cautiously optimistic about the ability of the next Supreme Court to rein in federal Commerce Clause power. Roger Pilon, director of Cato’s Center for Constitutional Studies, warned that the Court moved further from the first principles of the Constitution in the 2004 term by allowing the government to encroach on the rights to property, self-defense, and privacy. The criminal code is similarly overreaching; acts that most people would not consider crimes are criminalized, which makes the law nearly impossible to follow, said criminal attorney Harvey Silverglate. U.S. Attorney Rod Rosenstein and Tim Lynch, director of Cato’s Project on Criminal Justice, discussed whether mandatory minimum sentencing helps avoid arbitrariness and prejudice in sentencing or gives too much discretion to unaccountable

Continued on page 8

EVENTS *Continued from page 7*

prosecutors who decide what charges to file and whether to offer plea bargains. Jonathan Adler, professor of law at Case Western Reserve University, outlined cases on the Court's 2005 docket that will implicate constitutional rights to free speech, privacy, contract, and religion.

◆ **September 22:** Bradley A. Smith was unique among federal election commissioners because he was not a campaign finance lawyer and did not have ties to either political party. At a Cato Policy Forum, “**Mr. Smith Leaves Washington,**” Smith compared his tenure at the FEC to the world of *Alice in Wonderland*, where words mean the opposite of what they seem to mean and everyone believes lots of impossible things. He recounted his efforts to loosen restrictive campaign finance laws that encroach on the free speech and privacy rights of Americans who involve themselves in politics. Rep. Mike Pence (R-IN) commended Smith for starting a national debate about the parameters of freedom.

◆ **September 23:** In the last decade of Republican Congresses, spending on earmarked pork projects has grown tenfold. At a Cato Hill Briefing, “**The Republican Pork Explosion,**” Chris Edwards, Cato's director of tax policy studies, said that earmarked spending entrenches federal power by rewarding already powerful politicians and usurping the rightful role of state and local officials

and private actors. Steve Ellis of Taxpayers for Common Sense detailed the explosion of federal defense earmarks from 12 in 1970 to 2,671 in 2005 and suggested that if the Army Corps of Engineers had not been ordered to work on pork projects, it might have been more prepared for recent weather emergencies. Tom Schatz, president of Citizens Against Government Waste, suggested that taxpayers must demand that new spending be offset by rescission of current spending in order to avoid tax increases or deficits in the future.

◆ **September 26:** The United Nations has lately embarked on a campaign to improve both its image and its effectiveness in addressing international problems. Cato's director of foreign policy studies Christopher Preble spoke at a Cato Hill Briefing, “**United Nations Reform: Beyond the Blame Game,**” about the contradictions between respecting nations' sovereignty and protecting the rights of people living under widely disparate regimes that the UN must resolve in order to present effective solutions to the world's problems. The UN, Preble said, was originally designed to prevent conflicts between the world's great powers, and it must now adapt to address today's pressing issues, including poverty, trade, and terrorism. If the United Nations is to survive, it must reassure nations that their sovereignty will be protected while acknowledging that the United States and other nations have the right to intervene without UN approval to protect their own national security.



On September 22, Cato senior fellow Jagadeesh Gokhale tells the Senate Subcommittee on Financial Management that the Medicare prescription drug entitlement will require transfers of \$18.2 trillion from general tax revenue—on top of Medicare's existing \$50 trillion revenue shortfall.

◆ **September 27:** In the near future, parents will be able to determine before their children are born not only whether they will be healthy but also their intelligence, gender, athletic ability, and other genetically determined traits. At a Book Forum for *Liberation Biology*, author Ron Bailey of *Reason* magazine warned that allowing government, rather than individuals, to control new reproductive or life-extending technologies gives a frightening amount of power to people who would restrict individual reproductive choices in the name of public policy or egalitarianism. Mark Sagoff of the University of Maryland warned that although new cures for disease are uncontroversial, bioethicists have legitimate concerns about technologies that alter natural human development. Bailey responded that other countries are already making breakthroughs in stem cell and other research that the U.S. government is attempting to restrict. The question is, not whether those advances will occur, but when and who will control them. ■



Election lawyer Cleta Mitchell, outgoing FEC commissioner Brad Smith, and Cato president Edward H. Crane talk at a September 22 reception, “Mr. Smith Leaves Washington.”

“Mass affluence has democratized the range of mistakes that people can make. They can do more good, be more creative, more generous —and they can be the opposite of all that on a larger scale.”

RICH IS BEAUTIFUL *Continued from page 1*

important liberties. One of its dislikes is globalization. (I say “pseudo-dissident” because these critics are at the heart of academia and journalism; they are as much a part of the mainstream, mortgage-holding, pension-owning mass affluent as the rest of us.)

The pseudo-dissident culture almost always misses the point. It is, of course, itself a globalizing force (for good or ill), since liberalism of any kind (even bad liberalism) is a universalist creed. In rather the same way, anti-commercialism is condemned by modernity to deploy the tools it affects to hate. The anti-globalization author Naomi Klein, for instance, wants to be a world influence; she desires to be globalized and probably does not disdain to be affluent and so has submitted to becoming a brand in herself. But more interestingly, she does not mention that the anti-establishment crowd has always had brands and has been brilliant at promoting them. It does seem fair to say that self-promoting, or promoted, heroes—especially cult heroes—get discussed and presented as life-enhancing in the special brand way. It is not merely the merit of their work that gets promoted but something more luminous, too. Cult figures such as Byron, Che Guevara, and Dylan are just as iconic as Coca-Cola and probably more powerful. So, in his day, was my own hero, Erasmus.

Old Complaints in New Clothes

To be sure, elements of the old socialist complaints remain, dressed up in new clothes. Accordingly, modern working methods oppress in modern ways; even now wealth is being spread poorly; the rich are now too grossly rich; a new crass materialism—“trash affluence”—has dumbed us down. But the really modern left has a wholly new, modern complaint of a completely different order. The new beef is that the mass affluent have had their brains bent.

This new version of Marxist “false consciousness” means, one supposes, that the mass affluent do not know that they do not like their lives; they do not notice that they are bamboozled into consuming and cannot exercise their democratic power to achieve the leftward drift in society that liberals desire.

The new critics of wealth and of mass affluence stress the vulnerability of us all in the face of the very social machinery—the capitalism and industrialization and the power structures—that has enriched us. Some suggest that we have sacrificed too much to satisfy man’s ancient urge to be rich and that “the system” has blinded us to its depredations as it half delivers on its promise to enrich us but actually enslaves us. Above all, they say, we are self-enslaved by materialism and ambition.

These new critics bring a fresh vigor to the left’s hatred of neo-liberalism, which, they assert, allows capitalism to do its work too brutally. Neo-liberal capitalism, they assert, is vicious and brutal, as it sweeps virtue away in its quest for profit. Above all, it is efficient in its own interests, driving prices down and decency out. Very much is made, these days, of the supermarkets and their indifference to the farmer in their pursuit of cheap food. But I counter that this is an important example of a misreading of capitalism’s purposes. Capitalism has no interest in cheap food or in miserable producers. Capitalism, in the form of (some) supermarkets, simply recognizes that customers care about prices, not farmers. In the form of the boutique organics business, it recognizes that some people want something different, and it delivers that, too.

The big, newish, leftish thesis—articulated most clearly by the British journalist Will Hutton—is that modern capitalism creates staggering amounts of wealth, but the wealth accumulates in surprisingly few hands and makes surprisingly few of us happy. Neo-liberalism, it is claimed, has destroyed social—mostly mildly communitarian—values and thus vindicates a return to a largely leftward way of looking at society, after its apparent defeat in the “end of history” triumph of democracy and capitalism. Part of this criticism of modern economic life stems from a feeling that modern workers are exploited: overworked, insecure, and instruments of corporate needs rather than dignified partners in wealth creation.

A softer version of that has been adopted by Adair Turner, the erstwhile director of the Confederation of British Industry. That view is also reflected by several *Financial*

Times writers and the paper’s editorial pages. The new leftward view is not anti-capitalist in the way of “old” socialism. But it quite often renounces the “Third Way” accommodation between leftish politicians and their capitalist allies. Clinton and Blair were, according to this view, suckered by the capitalists into running the economy on free-market principles.

Defending Mass Affluence

I prefer an argument that acknowledges that Western capitalism is capable of improvement, as every human institution is. But the improvements are boring and minor, compared with the triumphs. The relatively unreconstructed capitalist Western societies are very far from brutal and preserve values that are useful. Those countries that aim to “soften” capitalism are welcome, of course, to their own views and styles, but they pay a price for them; and it’s a price not all of us want to pay. If you prefer Germany or Denmark to the Anglosphere, the EU now makes moving between the two as easy as it was centuries ago when globalization hadn’t been named but was—in the form of migration—readily available.

I like an argument that suggests that the West is just plain fortunate, and perhaps we in the Anglosphere are especially so, and that we will enjoy ourselves much more when we recognize it and are grateful for it. Lucky people ought to be gracious, and grateful, and if modern society has a failing, it is that we are not yet enjoined to be either. Our intellectuals, artists, and “role models” tend to line up with the complaint, not the celebration. The “problem” of wealth—perhaps especially in an age of mass affluence—is to remind ourselves that morals and manners matter as much as money.

I am very happy to believe that modern people have to assert a proper balance between getting and spending and their more private lives. I am even content to believe that many people deceive themselves as to their own real interests. But I assert that those are moral and aesthetic issues for individuals and that “the system” will respond perfectly well to them almost wherever they decide to go. We need to stop blaming capitalism for our own failures of character.

Continued on page 10

“We need to stop blaming capitalism for our own failures of character.”

RICH IS BEAUTIFUL *Continued from page 9*

Modern Westerners are richer than any people in history, by a long way. Their wealth has produced, and been the product of, extraordinary human advances in nearly every area that previous generations ever dreamed of, and in some areas they could not have conceived of. There is a problem with this affluence and these advances, and it is not often pointed out. For a couple of generations now, rather few people have faced any sort of moral challenge. Or better: rather few people have been aware that they face a moral challenge.

Mass Affluence and the Right

These reflections matter to right-wingers because it is we who insist that most problems in life are moral, not mechanical. Problems have to do with individuals, not societies. Whether people are rich or poor and what they make of either are personal matters. It happens that nearly every voice in democratic society clamors for wealth, which the right is rather good at producing. Where the having of wealth produces problems for people, the right is able to say—conscience free—“This is what you asked for, now you must make it work.”

The moral deficit of mass affluence arises because we have solved many of the problems that required people to be patient, courageous, forbearing, and generous in the face of poverty. Instead, we have a new problem: we need to be patient, courageous, forbearing, and generous in the face of affluence. In short, we have not made ourselves into morally worthwhile rich people. Our manners reflect this, of course.

We have democratized the old problem of advantage, and magnified it as well. Noblesse used to have to oblige, and now the masses ought to as well. Nobility was more common in the old aristocrats than is supposed, but—this being a vale of tears—very far from universal. Still, the modern problem is how to make the masses enjoy being aristocrats and deal beautifully with this new challenge.

All the possibilities enable us to aspire to and reach properly aristocratic qualities. We are not looking only for do-gooding modesty, for quiet niceness. We are looking for

grace and courage. People’s lives may seem very material, or very spiritual, aesthetic, or athletic, and they can still meet aristocratic high standards. The point is this: it is the richness of the responses we make to the extraordinary range of choices now before us that will mark us as civilized or trashy.

The free-market sort of liberal defends people’s freedom to do what they like unless it can be found to produce harm to others. We free-market types don’t mind if people harm themselves, though there may be some benefit in pointing out the risk to them. Wealth is what happens in free societies, and it’s best not to second-guess the vigor of the market that produces this wealth, or the human instincts by which people queue up to be wealth creators, whatever the cost they personally incur in their ability or failure to achieve their goal.

Actually of course, the right has its moralizers. The traditionalists are authentic right-wingers, and there is much in the world of mass affluence that worries them. Even the free-market liberal has a dilemma if what people want seems to be foolish or, if not positively bad, then uninspiring or disappointing. He may hold his nose, as the traditionalist does, but he knows he is committed to wealth creation, whatever its vulgarities. And it is the vulgarity, the carelessness, the joylessness of some aspects of mass affluence that are the core of the current writing about modern economic achievement.

The Left’s New Critique

The left often argues, of course, as though wealth were bad in itself. It is acquired by abusing the poor; and it is spent as though the poor did not deserve generosity more than the rich deserve extravagance. The greens add to those charges the crime of environmental destruction, or planetary abuse. Both the left and the greens made their charges before mass affluence made so many people into villains. Where once it was easy to criticize the rich for being nasty, that is much harder now that there are so many of us. It is bad form, and bad politics, to criticize one’s customer or constituents. So now the left’s criticism of mass affluence is that the people have been duped. In one criticism, we—the affluent

masses—have conned ourselves. In a rather commoner criticism, we have been duped by corporate power—and advertising.

In other words, where once one could dislike the rich—and even punish them politically—because they were wicked, or selfish, it is now necessary to see the affluent as being innocent, and perhaps even as victims. What a large change in so short a time: we have come to the point where we pity the affluent. The left is now not so much the scourge of evil, the corrector of wrongs, as the doctor to a sick society.

I offer a rightish account of wealth and mass affluence. Since they are here with us and have been produced by the mainstream world, the right’s old prejudice is to defend them. They are the product of people doing what they like (the libertarian strand) within an orderly society in which the rich flourish (the more traditional dimension). This is even more true now that so many are rich and many more are likely soon to be so. Yet more than that, it is not implausible to suppose that, within a century or so, the vast majority of people can be lifted out of material want.

The left dislikes mass affluence because it is a wickedness made general, and perhaps because it has robbed the left of much of its core support: the resentful poor of yore. There is a strand of right-wing opinion—the traditionalist right—that can find itself disliking mass affluence. That strand of thought has a stiff-necked view of society in which the masses (always disliked by many on the right) have proved they are no better at being rich than they were at being poor.

The “traditionalist” right is quite different from the libertarian. It likes a view of society in which change is relatively slow and traditions—even those that seem cruel—are preserved rather than junked. It is happy with hierarchy, and with the view that societies are at their best when there are few rich and many who are much less rich. The moralist Roger Scruton expresses that view: he sees something mystical and liberating in the disciplines of the old order of society.

Most conservatives see the point of liberty, the market, and personal responsibility. But the traditional right mourns the decline of old-style religion, ceremony, mystery, class. The progressive and libertarian

“The left dislikes mass affluence because it is a wickedness made general, and perhaps because it has robbed the left of much of its core support: the resentful poor of yore.”

right sees mass affluence as the benign product of an energetic free people working within a market economy, while the traditional right sees it as the mob getting it wrong again.

Most right-wingers are conflicted, of course. The pleasure of being on the right is that it provides equal license both for an authoritarian, traditionalist point of view and for a libertarian, progressive one. With respect to wealth, the traditionalist right-winger has the difficulty that he can hardly propose remedies for the crass affluence that worries him without abandoning core rightish values such as enterprise, wealth creation, and going with the flow. I understand and share the dilemma. So it is a particularly ripe pleasure to argue that mass affluence is highly defensible.

I can think the mass affluent misguided, and in many matters I do think they are. They are less than admirable, in my view, in finding amusement in soap operas. I cannot share their enthusiasm for SUVs (one of the few extravagances I have not myself owned). I find it very easy to inveigh against those lapses, and I often do. But I am not disposed to ban any of those things or to deprive people of the new affluence that has made those bits of consumption so easily available to so many. Besides, I recognize that there are intelligent people—better than me—who do not share my dis-

dain for any of them. These habits are—most of them—largely a matter of taste.

Mass affluence has many attractive features. And it is one of its merits—not a demerit—that it has democratized some very teasing problems about how to behave when one has advantages. Life is a Vanity Fair. As people’s opportunities increase, they become more interesting. Mass affluence has democratized the range of mistakes that people can make. They can do more good, be more creative, more generous—and they can be the opposite of all that on a larger scale. My defense is characteristically right wing in the sense that it does not expect people to be good or even perfectible. It does not altogether give up on the possibility of humans maturing, but reformation is perhaps too strong a word for what might happen to them.

So this defense supposes that realism is of immense importance as one approaches big moral questions. Human beings are wonderful: various, infuriating, and interesting. The left seeks its satisfactions in producing more policy to put right the faults in human society. The right does not wholly resist those virtuous moves (we have our moralists), but it notes that they go sour—especially when they do not recognize the great merit of human vigor and variety.

This defense does not merely insist that the present is rather good and that policy

to reform it may well backfire. It supposes that life is more interesting when as many people as possible do what they want, get what they want, and have to face the resulting challenges. I assert that the freedom part of that equation tends to produce well-being: so much is traditional to supporters of the free market. The last proposition is the peculiar bit: that the unfolding of challenges—their being met and failed—makes life worth living.

People choose the problems of being rich, and more would do so, given the chance. Very few people choose the problems of being poor.

This business of the voluntary is not a sure guide: it is not a sufficient or a necessary defense of something having virtue and value. And yet it is preferable to compulsion. And when it is proposed that people should be compelled to give up something they freely choose, the proposer had better be very sure of the benefits that will follow. In short, I want to go further down this road to affluence. To retreat seems counterproductive—and cowardly. The critics of this journey—those who want to stop the world and get off, and shove the rest of us off too—seem to me to be humbugs. They are mostly huge beneficiaries of the world about which they complain and have precious little idea how to improve the lot of those they affect to care about. ■



A once in a lifetime opportunity to advance the cause of liberty.

As a result of legislation passed by Congress late this year, you may be able to double your contributions to 501(c) 3 organizations such as the Cato Institute.

Under the legislation, this year only gifts made by qualifying individuals to organizations such as Cato may be deducted in an amount equal to as much as 100% of income. Consult your tax professional for advice about how this legislation would affect your tax situation. Or call Yana Davis at 202-789-5231 for referral to Cato’s tax counsel.

Gifts may be made by check and mailed to the Cato Institute, 1000 Massachusetts Avenue N.W., Washington, D.C. 20001. Or you may make a gift online at www.cato.org

Please take advantage of this “once in a lifetime” opportunity to further strengthen and advance the cause of liberty through a generous contribution to the Cato Institute.

CATO
INSTITUTE

Drug Cops and Doctors

How has the prosecution of the War on Drugs affected the medical community? On September 9, the Cato Institute hosted a conference, “Drug Cops and Doctors: Is the DEA Hampering the Treatment of Chronic Pain?” Dr. Linda Paey, whose husband Richard is currently serving a 25-year sentence for drug trafficking, asked why the medical community must look at pain patients as potential drug abusers first and suffering human beings only second. Professor Ronald T. Libby of the University of North Florida exposed the DEA’s manipulation of statistics to cover up its persecution of pain doctors. Drew Edmondson, attorney general of Oklahoma, discussed necessary reforms on the law enforcement side.

Linda Paey: My husband Richard is a World War II buff, and he loves stories about its heroes. He has given a lot of thought to the way he would behave in war, believing that someday he would face a crisis. In 1985 he was hit by a car and badly injured his back. He had two surgeries, one with metal implants. Those surgeries started a crisis of pain, a cycle that, at the time, we were totally unaware would continue. In fact, the doctors never told us of the possibility that he might not improve.

Richard was convinced, I think like many Americans, that with determination and strong will, he could conquer the pain. He sought out the doctors. He went through every treatment and modality that they suggested, and yet he failed over and over again.

Richard, like most pain patients, endured the degrading experience of visiting medical practitioners, emergency rooms, nurses, and doctors who, when we gave them information about his medical condition, didn’t believe us. We tried to tell them what medicines he was on and how he was feeling, but instead of being perceived as a suffering patient, Richard was judged on the basis of a checklist of suspicious behavior. The suspicion of addiction and diversion is so strong that medical professionals don’t hear the pain. They are listening only for signs that he might be an addict. He was hurt in 1985. This is not something new. I have been shocked to hear that so many other patients have the same experiences.

We rarely got care in emergency rooms. My

three small children and I would sit in the emergency room in the middle of the night for hours with my husband. Pain is not triaged very highly. I think it is a common belief in the medical community that a patient who takes high doses of medication for a long time must be addicted. But a chronic pain patient who has been suffering needs that medication.

I want the medical community to be more truthful. I visited many websites and pain treatment centers, and they all talk about multimodality treatment for pain. Combining different types of pain medication with physical therapy and other treatments sounds great, but doctors must acknowledge the place that opioids have. Patients do not seek them out, but some-



Linda Paey: “DEA officers put my husband Richard under surveillance, looking to see if he was diverting drugs. They found that he was not, but they pressed charges anyway.”

times, as with Richard, they are the only thing that works. The doctors told him that he couldn’t have more back surgery, and other treatments didn’t relieve his pain. He didn’t choose opioid therapy; it chose him.

Richard was determined to be productive. He could not sit for the bar exam in either New Jersey or Florida because he was taking Percocet. He has never been able to practice law. He tried to work twice but was unable to because of his pain.

We moved to Florida in 1994, and when Richard went to fill his prescriptions at the pharmacy, the local police and the DEA diversion officers decided that he was tak-

ing more than a normal amount of medication. They never talked to a specialist or a doctor or anybody about what they felt was ordinary or above normal. They put Richard under surveillance, looking to see if he was diverting drugs.

They found, after three months, that he was not, but they pressed charges anyway. They charged him with trafficking. In Florida, the state does not need to show that he distributed the drugs. It had only to show that he had obtained them fraudulently.

The police told Richard’s doctor that they had discovered a crime. They threatened him with a 25-year mandatory minimum sentence, warning him that if they couldn’t convict Richard, they would come after him. The doctor then said that the 166 prescriptions he had written for Richard were fraudulent, despite the fact that the pharmacist had confirmed the doctor’s authorization by phone before filling the prescriptions. And yet the doctor said he did not write any of them, so the police charged my husband.

Richard felt he owed it to himself and to other pain patients to fight the charges. He felt that if he didn’t stand up for his rights no one else would be able to stand up for him, and he felt certain that he would be acquitted. It took seven years and three trials before they convicted him and sent him to prison.

What has happened to Richard in this country, in my eyes, is shameful. The police and the DEA are picking on the most vulnerable citizens. They are spinning the facts in the courtroom. They called my husband a drug abuser, a drug addict, a drug pusher, and he has never been called any of those by any medical facility or any doctor.

When encountering a person taking large doses of painkillers, I hope that everyone, especially doctors, will err on the side of assuming the person is suffering rather than label him a drug addict. I believe that relieving pain should be prioritized over curbing diversion of drugs. It is not for anyone but the patient and his doctor to decide whether opioids are friend or foe.

Ronald Libby: For 20 years I have done research on a variety of topics, but nothing has personally affected me the way my scholarly research on pain has. All of us are per-

“It is not for anyone but the patient and his doctor to decide whether opioids are friend or foe.”

sonally affected by the persecution of doctors and sick patients. Everybody I know is personally affected by this.

One thing that has driven me in the research is the personal contacts I have had with desperate physicians. I have had calls at one or two o'clock in the morning from doctors pleading with me to explain what is happening to them, not understanding. One doctor, Ben Moore, called me many times, frantic, and in the end he committed suicide. I think most of us probably are aware of cases like that, and although objectivity and balance are important in scholarly study, such personal stories are too compelling to ignore.

The DEA frequently claims that doctors have nothing to fear from law enforcement, and I cannot understand why the media do not investigate those claims. The DEA released a press release in October 2003 titled “The Myth of the ‘Chilling Effect’: Doctors Operating within Bounds of Accepted Medical Practice Have Nothing to Fear from DEA.” The release says that, during the first 10 months of 2003, the DEA sanctioned—by which they mean arrested—fewer than one-tenth of 1 percent of registered doctors. On April 14, 2005, the DEA administrator Karen Tandy repeated that number, and DEA officials have continued to repeat it in the press. They basically say that the million doctors who legitimately prescribe narcotics to relieve patients’ pain have nothing to fear. She was speaking after Dr. William Hurwitz was sentenced to 25 years in prison for prescribing high doses of pain medication to patients who, without his knowledge, misused the drugs.

Is it true that the DEA targets only one-tenth of 1 percent of physicians? In 2003 the DEA arrested 34 doctors. There are 963,385 doctors licensed by the DEA, and about 800,000 of those are practicing. However, that number is misleading for two reasons. First, only a tiny fraction of doctors is willing to prescribe high levels of opioids for the relief of pain. Dr. David Haddox, vice president of health policy at Purdue Pharma, which produces OxyContin, estimates that only four or five thousand doctors in the country are prepared to write prescriptions for 150 milligrams or more of OxyContin a day.

Conservative estimates say that there are 30 million to 50 million sufferers of chronic pain, which is one doctor for every 6,000 pain patients. The average pain doctor has maybe 300 patients. Pain patients are very difficult to manage and require intensive attention, so there are not nearly enough pain doctors to handle the workload.

What few doctors there are tend to be concentrated in major cities. In Oklahoma there are 60 pain doctors listed, but 70 percent of them live in the two largest cities. If you do not live in Oklahoma City or Tulsa and need treatment, you may have to travel hundreds of miles to find a doctor who will treat you. Traveling a long distance to find a doctor to prescribe a con-



Ronald Libby: “The DEA carries out direct criminal investigations of between 15 and 20 percent of all pain management doctors, resulting in needless suffering of thousands of chronic pain sufferers.”

trolled substance is one of the red flags that law enforcement uses to decide whether patients are addicts and whether doctors are drug dealers.

The second reason the one-tenth of 1 percent estimate is flawed is that criminal investigations, not arrests, are the best proxy to use to evaluate the DEA’s actions. The DEA’s prescription drug diversion investigators do not have police powers and therefore cannot make arrests; they can only investigate cases of diversion and refer them to law enforcement agents who can make arrests. Doctors may have their assets seized, their practices shut down, and their reputations

ruined by DEA investigations that do not ultimately result in arrest and prosecution. In 2001 there were 861 criminal investigations of physicians. If we assume that there are 5,000 pain doctors who are prepared to use opioid treatment—and 5,000 is a generous estimate—861 of 5,000 is 17 percent. According to the DEA’s own data, 17 percent of physicians who prescribe opiates were investigated in 2001.

But even the 17 percent figure understates the full impact of the DEA’s actions. DEA diversion investigators work very closely with 217 local drug task forces. They provide financing and technical support, as well as records from the drug companies of prescribing physicians and pharmacies. The drug companies tell them which doctors are writing prescriptions for which drugs.

DEA information says that 56 percent of all criminal investigations of doctors are carried out by local and state law enforcement agents. Only 35 percent of doctors indicted between 1999 and 2005 were indicted by the federal government. The majority of those doctors were indicted by state and local authorities working in cooperation with the DEA.

The DEA’s insistence that it has a negligible impact on the prescription of pain medicine is a myth. The DEA carries out direct criminal investigations of between 15 and 20 percent of all pain management doctors. Still more doctors are implicated in investigations carried out by local and state task forces in cooperation with the DEA.

The effect of targeting physicians is to put pain medicine in the deep freeze, resulting in the unjust prosecution of doctors and needless suffering of thousands of chronic pain sufferers.

Drew Edmondson: Most people know how they would like their lives to end. They would prefer to die at home, free from pain, in the company of family and friends. Unfortunately, some 80 percent of us will in fact die in a hospital or nursing facility. We will die in pain that could be managed and is not being managed, and we will die isolated from family and friends.

As the attorney general of Oklahoma, I began to ask why that gap between patients’

Continued on page 14

“More than 40 percent of nursing home residents are constantly in pain that has been reported and is not being adequately treated.”

POLICY FORUM *Continued from page 13*

wishes and medical practice exists. What are the barriers between what people envision for their end-of-life care and what is actually happening? We are all consumers of health care and, as consumers, we have the right to ask why our wishes are not being honored.

The 30 million Americans who are suffering from pain on an ongoing basis are spread throughout the 50 states. They are our constituents. They are all consumers of health care. They are in pain. That pain needs to be treated.

More than 40 percent of nursing home residents are constantly in pain that has been reported and is not being adequately treated. They are consumers of health care and have the right to demand treatment for their pain.

In 2001 a group of 21 health care organizations had been, in concert with the DEA, attempting to formulate a policy that balanced the necessity of combating diversion of controlled drugs with the necessity of adequately treating pain. The director of the DEA at the time, Asa Hutchinson, embraced the effort and joined in the public statement promoting the critical balancing act between pain relief and preventing abuse of pain medications. The DEA seemed prepared to assure doctors that writing a large number of prescriptions for high doses of medication would not by itself trigger an investigation.

In 2003 the National Association of Attorneys General adopted a resolution endorsing that balance between pain management and combating diversion. Forty-eight state attorneys general signed the resolution, agreeing to a uniform policy to balance combating diversion with effective pain management.

We were distressed, therefore, when the DEA appeared to change direction during the prosecution of Dr. William Hurwitz in Virginia. During that trial, the DEA withdrew from its website a series of frequently asked questions that explained to doctors how to comply with the rules enacted under the 2001 agreement. Suddenly, there was no guarantee that prescribing high doses of pain medication to multiple patients wouldn't spark an inquiry from the DEA.

The DEA issued an interim policy statement informing the medical profession that the agency could start an investigation based on just about any criteria it chose. As a matter of law, the DEA can use any criteria it

wants to decide what warrants an investigation, but it seemed to believe that the withdrawal of the 2001 guidelines and the issuance of that interim policy statement would not change the way doctors cared for their patients.

Doctors prescribe conservatively. If doctors have two treatment options, and one is more likely than the other to bring them under the scrutiny of law enforcement, they will take the route that is less likely to get them in trouble. Every hurdle that you add to the process of monitoring medical care will make getting treatment more difficult for some patients. When you have to write prescriptions in triplicate, patient care is affected. Doctors are less likely to prescribe a drug that requires additional effort



Drew Edmondson: “The undertreatment of pain is as much a departure from the standards of medical practice as the overtreatment.”

than some other drug that does not; that influences patient care. Doctors are making decisions based not on their best medical judgment but on the policy of a law enforcement agency in Washington, D.C., or Oklahoma City.

In January 2005 more than 30 state attorneys general wrote a letter to DEA administrator Karen Tandy stating their support for the balance between combating diversion and effective pain management and expressing concern about the changes in policy after the Hurwitz trial. We requested a meeting with her during our March conference in Washington, D.C., to discuss the formulation of a permanent policy statement. Administrator Tandy could not meet with us because she was presenting testimony to Congress to justify the budget of the

DEA. In the remarks that she made to Congress about the DEA's work in the previous year, she spoke only of indicting members of international drug cartels and breaking up distribution rings of drugs such as LSD. Nowhere did she mention the 42 doctors that DEA prosecuted in 2004. When we met with her in April, she was unable to assure us that the new policy would address our concerns.

In a press statement about the sentencing of Dr. Hurwitz, Tandy did reiterate her commitment to balance and say that ethical doctors should not have to worry about being prosecuted. Unfortunately, two days before, the DEA had issued a press release about the indictment of four people in Florida on charges related to pain medication. The press release trumpeted the \$5 million worth of assets the DEA seized, but there was no mention of balance. The medical community received no information about why that was an egregious case and why the rest of the doctors do not have to worry.

The message to pain management doctors is to be afraid. Be careful if you prescribe an opioid, because we are watching. Be afraid, because we will indict you. And that is, while sometimes necessary, the wrong message to send to the medical community if we care about the 30 million Americans who are in pain.

It is my opinion that the DEA should leave the regulation of physicians to the states. The states, in turn, should rely primarily on licensure boards to refer doctors, when necessary, for criminal prosecution instead of the other way around. Licensure boards should make better progress toward adopting the pain guidelines that were proposed in 2004, which state very clearly that the undertreatment of pain is as much a departure from the standards of medical practice as the overtreatment and that those two should be viewed as equally problematic by licensure boards reviewing the conduct of doctors.

I made a speech recently about pain management at a Washington, D.C., meeting of the American Medical Association. I told those doctors that I had been blessed in my life not to have suffered from major illnesses. But I know that the time may come when I will need serious medical treatment, and that I may well be in pain. And when that day comes, the last thing I want is to see a DEA agent standing between me and my doctors. ■

Nadine Strossen explores religious freedom

Legal Scholars Deplore Setbacks for Federalism

The Supreme Court's 2004 term included a series of setbacks for federalism that have left states and citizens wondering what powers the federal government might usurp next. At the Cato Institute's Fourth Annual Constitution Day Conference on September 21, Cato senior fellow Randy Barnett recounted how federalism has been transformed from a strict separation of state powers from federal powers into a small set of exceptions to the rule that the federal government has nearly unlimited powers. In recent years the Court seemed prepared to limit federal regulatory power, striking down federal gun regulations in *United States v. Lopez* and certain ambitious provisions of the Violence Against Women Act in *United States v. Morrison*. The 2004–05 *Cato Supreme Court Review*, released on Constitution Day, explains how those precedents were largely ignored in the last term, leaving many of our treasured rights vulnerable in the coming year.

Gonzales v. Raich—in which the Court ruled that the federal government can prosecute medicinal marijuana users whose in-state production of the drug is sanctioned under state law—was a major victory for federal power. Pepperdine University law professor Douglas W. Kmiec writes, "Federalism is frequently labeled a doctrine of convenience, but it cannot be assailed here that the Court elevated politics over principle." Kevin Newsom, solicitor general of Alabama, called the *Raich* decision a permanent change that cuts off the ability of state voters to use political persuasion to change legislation they oppose. That sort of decision, he said, leads

to political apathy because citizens assume that the federal government is managing even the smallest local decisions.

The Court deferred in several cases to the judgment of state and federal government officials, although that deference was not absolute. In *Castle Rock v. Gonzales*, the Court ruled that citizens do not have a right to police protection because law enforcement officials must have discretion to prioritize some cases over others. Roger Pilon argues that the Court has ignored *Gonzales's* rights under the first principles of criminal law, "having contracted instead with the state, her right to have government protect her—derived from her former right to protect herself—amounts simply to one of the 'privileges' of citizenship." In addition, attorney Daniel E. Troy criticized the *Johanns v. Livestock Marketing Association* decision, which upheld the congressional power to compel speech from commercial actors. However, in *United States v. Booker*, the Court denied Congress the power to set mandatory sentences for federal crimes on the basis of evidence not presented to juries. The director of Cato's Project on Criminal Justice, Timothy Lynch, criticized prosecutors for pushing more than 95 percent of defendants into waiving their rights to jury trials but gave "One Cheer for *United States v. Booker*" for strengthening the rights of those defendants who are tried by jury.

Nadine Strossen, president of the American Civil Liberties Union, delivered the annual B. Kenneth Simon Lecture to end the Constitution Day event. The Constitution's religion clauses, she said, are designed both to protect government from religious influence and to pro-



Nadine Strossen, professor of law at New York Law School and president of the American Civil Liberties Union, discusses religion and the Constitution as the fourth annual B. Kenneth Simon Lecturer at Cato's Constitution Day conference.

tect religion from the corrupting influence of government. She argued that the Establishment Clause exists, not to denigrate the importance of religion as an influence on society and government, but rather to protect individual liberty and freedom of conscience from majoritarian pressure. She likened the country's growing acceptance of government funds for religious activities to our increasing willingness to tolerate intrusive searches of our persons and property. Just as the government claims the power to invade people's privacy so long as we are all equally subject to such invasions, the government claims that it may fund religious schools, holiday displays, and charity programs so long as it does not single out religion for such funding. Strossen contended that if religion and government are to be protected from one another we must treat religion as a special case.

The *Cato Supreme Court Review* concludes with an outline of the Court's 2005 term. Other contributors to the book discussed the free flow of interstate commerce, electronic file sharing, and weighing American courts' powers against international treaties.

The *Cato Supreme Court Review* is available in paperback for \$15.00. It can be purchased in bookstores, at www.catostore.org, or by calling 800-767-1241. ■



Roger Pilon, who holds Cato's B. Kenneth Simon Chair in Constitutional Studies, welcomes the 2005 and 2002 Simon Lecturers, Nadine Strossen and Judge Douglas Ginsburg, to Constitution Day.

Capitalist countries don't go to war with each other

Economic Freedom, Prosperity, and Peace

“Democracies don't go to war with each other,” according to the old mode of social science.

However, in the 2005 edition of *Economic Freedom of the World*, Columbia University professor Erik Gartzke shows that free, prosperous countries avoid fighting, not because of their democratic ideals, but because in modern capitalist economies people can create new wealth more easily than they can steal it from their neighbors. According to Gartzke's data, economic freedom is 50 times more effective than democracy at lessening violent conflicts between nations.

The Cato Institute has teamed up with institutes in 69 nations to explore the beneficial effects of economic liberty in 127 nations. *Economic Freedom of the World*, written by James D. Gwartney of Florida

State University and Robert A. Lawson of Capital University, assigns nations scores in five major areas—size of government, property rights and legal structure, sound money, international exchange, and regulation—and then ranks them on the basis of their overall scores. The results are encouraging, suggesting that even repressive governments can and do take steps to free their economies, which drastically improves the lives of their people.

In the past 20 years, nearly every country measured in the annual *Economic Freedom of the World* survey has registered improvements. Nations as diverse as Bolivia, Iceland, Poland, and Zambia have shown significant progress in freedom of exchange,

taxation, secure private property, monetary stability, and legal protection of economic interests. While the nations at the top of the chart—Hong Kong, Singapore, the United States, New Zealand, Switzerland, the United Kingdom, Canada, and Ireland—have remained stable in recent years, Estonia and the United Arab Emirates have joined the top 10 for the first time this year, proving that former communist and autocratic states can reap the rewards of economic freedom.

Economically free countries have higher incomes, greater economic growth, and lower corruption. In addition, economic liberty can help stop child labor, raise life expectancy and literacy rates, and cut infant mortality. The authors conclude that all nations have the potential to enjoy wide-ranging rewards from economic liberty.

Economic Freedom of the World: 2005 Annual Report is available for \$22.95 in bookstores, at www.catostore.org, or by calling 800-767-1241. ■



New in Paperback from the CATO INSTITUTE

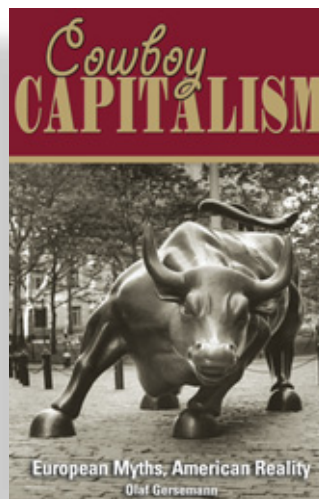


Meltdown: The Predictable Distortion of Global Warming by Scientists, Politicians, and the Media

BY PATRICK J. MICHAELS

“Patrick Michaels fully exploits his incomparable wit and credentialed expertise to dismantle the claim that catastrophic climate change is upon us. . . . The book is written for everyone who has a curious mind and a feeling that media-fed claims of the end of the world just don't add up.”

—John R. Christy,
Earth System Science Center at the
University of Alabama at Huntsville



Cowboy Capitalism: European Myths, American Reality

BY OLAF GERSEMANN

“This is a comprehensive, indeed truly encyclopedic, comparison of economic conditions and policies in the United States with those in Germany, France, and Italy. Gersemann, a German journalist based in the United States, provides detailed evidence to support his devastating rejection of common European fallacies about the American economy. A real treasure trove of thoughtful analysis.”

—Milton Friedman,
Nobel Laureate in Economics

Available in bookstores, at www.catostore.org, or by calling 800-767-1241.

Sick people die because organ donors aren't compensated

Regulating Your Finances and Your Organs

The Summer 2005 issue of *Regulation* focuses on harm to consumers caused by laws purporting to protect them from predatory advertising, insider trading, and water shortages.

The Supreme Court has ruled that the government may punish alcohol distributors who market their products to children. But as Professor Emeritus Jon P. Nelson of Pennsylvania State University demonstrates, the evidence that manufacturers are trying to sell to customers who can't legally buy their products is flimsy at best.

In the cover story, James C. Spindler of the University of Chicago Law School details how restrictive anti-disclosure rules lead securities analysts to act in their clients' best interests by colluding with the underwriters of the securities they analyze. Because they can't legally reveal certain information, analysts must deceive their clients in order to encourage wise investment choices.

Critics of direct-to-consumer pharmaceutical marketing are not measuring the benefits to patients of increased health information, according to Paul H. Rubin of Emory University. University of Arizona economist Gary D. Libecap argues that American cities are cheated out of their fair share of the

nation's water and that free markets in water would naturally correct the imbalance. Other articles discuss the costs of mercury regulation, the Strategic Petroleum Reserve, and licenses for panhandlers.

In the Fall issue of *Regulation*, George Mason University law professor Lloyd R. Cohen condemns the medical community's refusal to compensate organ donors in order to increase the supply of viable organs. The United Network for Organ Sharing prohibits the sale of human organs because it believes such payments would degrade the dignity of human life, but Cohen argues that allowing sick people to die when others could be persuaded to help them is a far greater offense.



The Environmental Protection Agency is not using cost/benefit analyses to determine the utility of proposed regulations, says EPA senior economist Alan Carlin, and then the agency blames such analyses when the rules don't work. At the American Medical Association, doctors are reporting that high malpractice costs are leaving them unable to do their jobs. A comparison of state liability laws by Katherine Baicker and Amitabh Chandra, economists currently doing research at Dartmouth Medical School, suggests that lawsuits are not the cause of rising health care costs and may actually improve patient care.

In other articles, authors discuss the utility of private homeowners' associations, the high cost of telecom regulations, and the job of the White House tee ball commissioner.

Subscriptions to *Regulation* are \$20.00 per year and can be purchased from the Cato Institute at 800-767-1241 or at the Cato online bookstore at www.catostore.org. *Regulation* articles can be found online at www.cato.org/pubs/regulation. ■

Better Education through Competition in *Cato Journal*

As millions of American children return to school, a special issue of *Cato Journal* (vol. 25 no. 2) explores how competition in the education industry would lead to better outcomes for students. Australian economist Mark Harrison shows how uncompetitive public schools disproportionately hurt poor children and how school choice could create a means of escape from poverty. Lisa Snell, director of education at the Reason Foundation, and John Merrifield, professor of economics at the University of Texas at San Antonio, each has an article on the need for specialized and experimental schools to meet the needs

of individual students and to serve as incubators for innovative teaching methods.

American universities are the best in the world, while our primary and secondary schools produce mediocre results; Ohio University professor Richard Vedder argues that the same principles of choice and competition that create quality higher education can help cure the ills of the K-12 system. Andrew Coulson, author of *Market Education: The Unknown History*, proposes a way to measure the effect of educational competition on school systems around the world, allowing American schools to determine which reforms work best to improve public schools.



One-year subscriptions to *Cato Journal* can be purchased from the Cato Institute at 800-767-1241 or at the Cato online bookstore at www.catostore.org for \$24.00. Articles are available online at www.cato.org/pubs/journal. ■

New studies on farm subsidies, Medicaid, and the security state

GROW: A Step toward Social Security Reform

This year Social Security will run a \$70 billion surplus, which, paradoxically, will create \$70 billion in new debt for the program. Congress will apply the surplus toward general government spending and give Social Security an IOU that will be repaid with higher taxes or more debt when current workers retire. Cato's director of health and welfare studies Michael Tanner proposes in "The Personal Lockbox: A First Step on the Road to Social Security Reform" (Policy Analysis no. 550) that Congress expand the Growing Real Ownership for Workers (GROW) Act to instead convert the surplus into personal accounts for workers to invest as they see fit. Tanner points out that legislators can currently hide their out-of-control spending by using Social Security funds instead of raising taxes or running up deficits. Using Social Security funds to create personal accounts would give workers the ownership and choice they deserve and make Congress more accountable for the money it wastes.



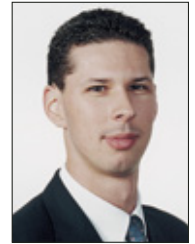
Michael Tanner

◆Need Nursing Home Care? Buy a Renoir
Millions of Americans will need long-term care in the coming years as the baby-boom generation ages. Stephen A. Moses, president of the Center for Long-Term Care Reform, warns in "Aging America's Achilles' Heel: Medicaid Long-Term Care" (Policy Analysis no. 549) that Medicaid must find some way to cut costs and encourage future generations to save for their own care or risk bankruptcy. According to Moses, current Medicaid rules allow many wealthy seniors to hide or divert their assets—often by making large gifts to family members, transferring assets to healthy spouses, and even purchasing extravagant luxury items such as cars and artwork—and qualify for social insurance programs that were meant to serve the needs of the very poor. Moses recommends reforming the system to require individuals to use their existing assets to pay for their own care, restoring Medicaid to a safety net for the poor and only the poor. Only by limiting benefits for the well-off, he says, will Medicaid be able to provide high-quality care to those who truly need it.

◆Reaping What Farm Supports Sow

Nearly one-third of farmers' income in OECD member nations comes from gov-

ernment subsidies rather than from sale of their products. In "Ripe for Reform: Six Good Reasons to Reduce U.S. Farm Subsidies and Trade Barriers" (Trade Policy Analysis no. 30), Cato scholars Daniel Griswold, Stephen Slivinski, and Christopher Preble discuss how farm supports harm both producers and consumers around the world. More than 100 million American households pay more for their food because price supports raise the cost of domestically produced goods and tariffs restrict the supply of foreign products. The authors argue that the costs of protectionist policies cancel out any benefit our expensive foreign aid programs provide. Propping up unprofitable American farms also increases pollution and prevents labor and resources from moving to more sustainable, higher-yield industries. American taxpayers will dole out \$26 billion in 2005, mostly to agribusiness corporations and wealthy farmers. Griswold, Preble, and Slivinski make the case that agriculture would be fairer and more profitable if government stopped trying to help farmers.



Stephen Slivinski

Cato Policy Report is a bimonthly review published by the Cato Institute and sent to all contributors. It is indexed in *PAIS Bulletin*. Single issues are \$2.00 a copy. ISSN: 0743-605X. ©2005 by the Cato Institute. •Correspondence should be addressed to *Cato Policy Report*, 1000 Massachusetts Ave., N.W., Washington, D.C. 20001. •WEBSITE: www.cato.org, call 202-842-0200, or fax 202-842-3490.

CATO POLICY REPORT

David Boaz..... *Editor*
David Lampo..... *Managing Editor*
Amy Phillips..... *Editorial Assistant*
Patricia Bullock..... *Production Designer*

CATO INSTITUTE

Edward H. Crane..... *President and CEO*
William A. Niskanen..... *Chairman*
David Boaz..... *Executive Vice President*
Ted Galen Carpenter..... *V. P., Defense & Foreign Policy Studies*
Susan Chamberlin..... *V.P., Government Affairs*
James A. Dorn..... *V. P., Academic Affairs*
William Erickson..... *V. P., Finance and Administration*
Brink Lindsey..... *V.P., Research*
Roger Pilon..... *V. P., Legal Affairs*

Scott Anderson..... *Controller*
Lesley Albanese..... *Director, External Affairs*
Virginia Anderson..... *Director, Web Services*
Brandon Arnold..... *Director, Government Affairs*

Radley Balko..... *Policy Analyst*
Doug Bandow..... *Senior Fellow*
Patrick Basham..... *Senior Fellow*
Michael F. Cannon..... *Director, Health Policy Studies*
Jamie Dettmer..... *Director, Media Relations*
Chris Edwards..... *Director, Fiscal Policy Studies*
Jagadeesh Gokhale..... *Senior Fellow*
Daniel T. Griswold..... *Director, Trade Policy Studies*
Marie Gryphon..... *Education Policy Analyst*
Jim Harper..... *Director, Information Policy Studies*
Gene Healy..... *Senior Editor*
Linda Hertzog..... *Director, Conferences*
Daniel J. Ikenson..... *Trade Policy Analyst*
Elizabeth W. Kaplan..... *Senior Copyeditor*
David Lampo..... *Publications Director*
Robert A. Levy..... *Senior Fellow, Constitutional Studies*
Timothy Lynch..... *Director, Criminal Justice*
Ashley March..... *Director, Foundation Relations*
Neal McCluskey..... *Education Policy Analyst*
Jon Meyers..... *Art Director*
Mark K. Moller..... *Senior Fellow*
Tom G. Palmer..... *Senior Fellow*
Alan Peterson..... *Director of MIS*
Evans Pierre..... *Director of Broadcasting*
Christopher Preble..... *Director, Foreign Policy Studies*
Alan Reynolds..... *Senior Fellow*
Claudia Ringel..... *Copyeditor*
John Samples..... *Director, Ctr. for Representative Govt.*

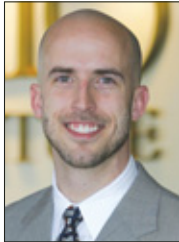
Stephen Slivinski..... *Director, Budget Studies*
John Tamny..... *Director, Development*
Michael Tanner..... *Director, Health and Welfare Studies*
Jerry Taylor..... *Senior Fellow*
Marian Tupy..... *Asst. Director, Global Economic Liberty*
Peter Van Doren..... *Editor, Regulation*
Ian Vásquez..... *Director, Global Economic Liberty*

James M. Buchanan..... *Distinguished Senior Fellow*
Earl C. Ravenal..... *Distinguished Senior Fellow*

Randy E. Barnett..... *Senior Fellow*
James Bovard..... *Associate Policy Analyst*
Lawrence Gasman..... *Senior Fellow in Telecommunications*
Ronald Ham..... *Fellow in Social Thought*
Steve H. Hanke..... *Senior Fellow*
John Hasnas..... *Senior Fellow*
Penn Jillette..... *Mencken Research Fellow*
David B. Kopel..... *Associate Policy Analyst*
Christopher Layne..... *Visiting Fellow, Foreign Policy Studies*
Patrick J. Michaels..... *Senior Fellow in Environmental Studies*
P. J. O'Rourke..... *Mencken Research Fellow*
Gerald P. O'Driscoll Jr..... *Senior Fellow*
José Piñera..... *Co-chair, Social Security Choice*
Jim Powell..... *R. C. Hoiles Senior Fellow*
Ronald Rotunda..... *Senior Fellow, Constitutional Studies*
Teller..... *Mencken Research Fellow*
Cathy Young..... *Research Associate*

◆What Is Seen and What Is Not Seen

Medicaid has grown to be the single largest program in state budgets, accounting for 21 percent of state spending, but states have only recently begun to examine whether they're getting their money's worth. In "Medicaid's Unseen Costs" (Policy Analysis no. 548), Cato's director of health policy studies Michael F. Cannon argues that the \$300 billion spent on Medicaid each year is not the best way to ensure medical coverage for the poor and the elderly and that unrestricted spending on Medicaid crowds out better alternatives. Medicaid also creates marginal incentives to remain in poverty since individuals who increase their incomes lose their health care coverage. A system of privately funded health savings accounts and supplemental vouchers for the poorest recipients, Cannon says, would allow Medicaid patients to choose their own insurance plans and work with their doctors to find the best treatment plans for their medical needs.



Michael F. Cannon

◆No More Aid, Please!

Whether or not they are willing to say so out loud, on-the-ground foreign aid professionals don't believe that aid has been effective. In "Time to Stop Fooling Ourselves about Foreign Aid: A Practitioner's View" (Foreign Policy Briefing no. 86), Thomas Dichter, a 40-year veteran development consultant, argues that monetary aid as a means of reducing world poverty cannot work and should be abandoned. The evidence shows that most aid disappears into corrupt regimes or is targeted to poorly planned projects that do not improve the quality of life of impoverished people. Only governments with low corruption and sound economic policies are prepared to use aid wisely, and Dichter maintains that well-governed countries can alleviate poverty without aid. Monetary assistance tends to produce dependence, and the organizations doling out the money measure their success by the number of projects they complete, not in actual improvements to quality of life. Lasting poverty reduction, Dichter says, takes time, and rich countries throwing money at the problem to alleviate their guilt over human suffering are not helping.

◆Exploiting the Fear Factor

Most Americans have come to accept intrusions into their daily lives as a necessary cost of fighting terrorism, but few have asked whether the sacrifices have made us safer. As *Washington Post* columnist Melanie Scarborough explains in "The Security Pretext: An Examination of the Growth of Federal Police Agencies" (Cato Briefing Paper no. 94), the need for rigorous defense against terrorism is used to justify expanding federal powers and budgets. Measures purported to protect the public—from restrictions on visitors to national parks, to abridgements of the free speech rights of political protesters, to invasive searches by the new Transportation Safety Administration—are rarely scrutinized to determine whether they meaningfully increase the odds of stopping or capturing terrorists. Scarborough says that Americans must accept the reality that terrorism can never be fully prevented and that new restrictions on liberty designed to protect national security must be scrutinized to determine whether their effectiveness outweighs their cost to liberty. ■

NEWS NOTES

CONTINUED FROM PAGE 3

TED GALEN CARPENTER, Cato's vice president for defense and foreign policy studies, is cited as an authority in the *Oxford English Dictionary* online.

The dictionary's definition of the term "moral hazard" includes citations of the *Quarterly Journal of Economics*, the *American Economic Review*, and a news story in the *Financial Times*, which reported, "Ted Galen Carpenter of the Cato Institute, a free market think tank, argues that a big financial bail-out would risk creating perverse economic incentives or moral hazard."

DAVID BOAZ'S *Libertarianism: A Primer* has been published in Mongolian by the Foundation of Liberal Economy (www.fole.mn).

DAN GRISWOLD, director of Cato's Center for Trade Policy Studies, undertook

a nine-day speaking tour of Australia in August. He discussed trade liberalization, multilateral agreements, globalization, and the costs of protectionism with audiences of academics, business leaders, senior government officials, students, and farm leaders. He gave the inaugural lecture for the Confucius Institute, a new Australian organization devoted to better understanding of China. A U.S. State Department report on the trip concluded, "Griswold was an excellent speaker who interacted exceptionally well with his audiences."



Griswold

Cato Calendar

Perspectives 2005

New York • Waldorf-Astoria
December 9, 2005

Speakers include Tucker Carlson and Frank Langone.

18th Annual Benefactor Summit

Phoenix • Royal Palms
March 1–5, 2006

Speakers include Janice Rogers Brown.

Milton Friedman Prize Presentation Dinner

Chicago • Drake Hotel
May 18, 2006

Cato Club 200 Retreat

White Sulphur Springs, WV
The Greenbrier
September 28 – October 1, 2006

Get more details at www.cato.org/events.

◆ **“Others”?**

The weighty issues addressed yesterday on the Mall . . . were on notebook paper, decorated with flags and hearts and represented the thoughts of 4,000 third- and fourth-graders from across the country. . . .

The students wrote of their hopes for a world without war, pollution or hunger. They wrote of helping the homeless. . . .

Thaddeus Cradle of Cleveland Elementary School in Northwest Washington asked for a recreation center where “people will help you with your homework.”. . .

Others addressed Bush as if he were Santa Claus.

—*Washington Post*, Sept. 16, 2005

◆ **Stick that in the \$200 billion**

Rebuilding arts organizations—from finding employment for the artists to replacing costumes—is a key component to revitalizing the decimated economies of the Gulf Coast, the chairman of the National Endowment for the Arts said yesterday.

“People have to recognize that the arts are a major industry and need to be at the table for the recovery plan,” said the NEA’s Dana Gioia. “There is no way for these local economies to recover unless we invest in the cultural life.”

—*Washington Post*, Sept. 13, 2005

◆ **Regulate it, subsidize it, anything but freedom**

Virginia traditionally has been the region’s wine country. Maryland has 16 wineries, compared with about 100 in Virginia. . . .

And Maryland state law bans shipments

directly to consumers. Montgomery [County]’s controls are even tighter: Wineries must sell to the county, which supplies restaurants and liquor stores. . . .

This year, the [Maryland] legislature appropriated \$100,000 for a task force to support wine marketing, education and research.

—*Washington Post*, Sept. 6, 2005

◆ **Aw shucks, no handouts here**

A television ad about the new Medicare prescription-drug benefit . . . is one of the earliest indications of the publicity barrage that will occur over the next several months. . . .

The effort to urge eligible Americans to sign up for the drug benefit recalls the campaign 40 years ago to encourage enrollment in the original Medicare program. Robert Ball, one of the fathers of the program, recalls mass meetings that were “part rallies and part information-giving,” including one that he says drew 10,000 people to Detroit’s Cobo Hall. The government mailed applications to everyone on Social Security rolls and civil-service retirement lists who was 65 or over, supplementing this with information from nursing homes, welfare rolls and tax records.

Going further, the government hired the National Council of Senior Citizens to go door to door to talk about Medicare and told the Forest Service to look for “people camping out in the woods,” says Mr. Ball in an oral history posted on the Social Security Administration’s Web site. . . .

After conducting its own research, the federal Centers for Medicare and Medicaid Services, which runs Medicare, posted “preferred terminology” on its Web site for insur-

ers and others about the drug benefit. It suggests that ads talking about drug plans use the verb “join” instead of “apply,” “enroll” or “sign up” (notwithstanding the message from the smiling pharmacist in the current TV ad). The reason: Polling and focus groups showed that words other than “join” conjured images of a “government welfare program,” says Kathleen Harrington, CMS’s director of external relations. “This cohort of people doesn’t want handouts.”

—*Wall Street Journal*, Aug. 5, 2005

◆ **Rent seekers gone wild**

The leading compromise in the Senate would drastically lower the top rate on inherited assets—to 15 percent from 47 percent. . . .

Further complicating the search for compromise are the efforts of the Association for Advanced Life Underwriting, whose members include estate planners who stand to lose a large piece of their livelihoods if the tax no longer looms at the end of life. The AALU hired two Democratic lobbyists, Jeff and Steve Richetti, who started an anti-repeal group called the Coalition for America’s Priorities.

The coalition has run newspaper and television advertisements in the states of senators whose vote on the inheritance tax is up for grabs. One newspaper ad pictures a woman in an elegant gown and reads, “The last thing a rich heiress needs is a one trillion dollar raise in her allowance.” The effort also is supported by nonprofit organizations, which fear that an end to the tax will dry up endowments that are often funded by inheritances.

—*Washington Post*, Aug. 12, 2005

CATO POLICY REPORT

1000 Massachusetts Ave., N.W.
Washington, D.C. 20001

ADDRESS SERVICE REQUESTED



Nonprofit Organization
U.S. Postage Paid
Southern MD
Permit No. 4205
