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As American as Bavarian Cream Pie

BY NEAL McCLUSKEY

You could be forgiven for thinking that first God created public schools, and then, seeing that they were good, let them create the United States.

The basic story is familiar: The pilgrims landed in the New World and set up schools to educate all children. Soon, everyone in America recognized the enlightenment of public schooling and erected their own systems, wiping out ignorance, teaching all children how to live in a free society, and giving even the poorest kids unprecedented upward mobility. Finally, as time went on and immigrants flooded in, the public schools not only taught all children the skills they needed for life success but gently melded disparate ethnic and religious groups into a unified, American whole.

That compelling narrative is used to explain the epic purpose of public schooling and demand continued fealty to it. It's also a myth that undergirds a fundamentally flawed—and un-American—institution, twists historical truth beyond recognition, and is rooted in the conviction that freedom can only be granted to adults if the state indoctrinates the children.

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NEAL McCLUSKEY is the associate director of Cato's Center for Educational Freedom and author of *Feds In The Classroom: How Big Government Corrupts, Cripples, and Compromises American Education*.



Yon Goicoechea, leader of the student movement that defeated President Hugo Chávez's authoritarian referendum, was awarded the 2008 Milton Friedman Prize for Advancing Liberty at a gala dinner at the Waldorf-Astoria Hotel in New York on May 15. Above, he meets the next morning with Rose D. Friedman, a member of the International Selection Committee for the Friedman Prize, who wears a T-shirt featuring the symbol of the student movement, a white hand for nonviolence. **PAGES 3-7**



BY DAVID BOAZ

“The scope and power of government tend to expand in times of war.”

Editorial The Costs of War

War is the health of the state, Randolph Bourne wrote in 1918. But James Madison had warned us of that as early as 1795: “Of all the enemies to public liberty, war is perhaps the most to be dreaded because it comprises and develops the germ of every other.”

It’s evidently a lesson that must be learned and relearned. We’re learning it again as the war in Iraq slogs into its sixth year. And we should keep it in mind as we consider new military interventions.

Even before the Iraq war began in March 2003, there was much discussion of its costs. President Bush’s economic adviser, Lawrence Lindsey, suggested that a war might cost \$100 billion to \$200 billion. He was fired. Defense Secretary Donald Rumsfeld, asked about outside estimates that the cost could reach \$300 billion, responded, “Baloney.”

In fact, costs have far exceeded those estimates. The Congressional Research Service now estimates that we have spent about \$656 billion on the Iraq war, and the Congressional Budget Office projects that funding for Iraq, Afghanistan, and the “Global War on Terror” could reach as much as \$1.7 trillion for FY2001–FY2018, with the large majority of that for Iraq.

So the Bush administration made its case for the invasion on the basis of flawed claims about weapons of mass destruction and dramatically underestimated costs. That is a pattern of behavior in government that is hardly confined to military undertakings. The Bush administration threatened to fire the chief Medicare actuary if he released his findings on the cost of the prescription drug benefit before Congress voted on the bill. And of course the cost projections made when Congress created Medicare in 1965 were just as wrong; in 1994, the former chief actuary of Social Security found that Medicare had cost 165 percent more than estimated.

But the costs of war cannot be reckoned in dollars alone. There are also the deaths of more than 4,000 American soldiers, and a much larger number of Iraqis. Because our medical technology has dramatically improved, we save the lives of far more wounded soldiers, allowing them to return home severely disabled.

Moreover, as Robert Higgs wrote in *Crisis and Leviathan*, the scope and power of government tend to expand in times of war or other national “crises,” real or imagined. Government spending soars during wartime, then falls back, but never to a level as low as before the war. World War I gave us industrial planning, Prohibition, drug laws, and our first real taste of the federal income tax. Every war, including this one, brings a shift of power to the executive branch and restrictions on civil liberties.

Since September 11, we have been reminded of the dangers to liberty and limited government that accompany national emergencies. Just two weeks later, Justice

Sandra Day O’Connor warned, “We’re likely to experience more restrictions on our personal freedom than has ever been the case in our country.” Within weeks Congress passed the USA Patriot Act, which was largely a law enforcement wish list that had been previously rejected by Congress, in some cases repeatedly. Dressed up as a patriotic response to a terrorist attack, it passed without any serious debate.

Not everyone was unhappy about the prospect of government growth. Sen. Charles Schumer (D-NY) declared that “the era of a shrinking federal government is over. . . . The American people are willing to cede more authority and dollars to Washington.”

And indeed President Bush declared in the months after 9/11 that the federal government would fund local police and fire departments and that farm subsidies were essential because “it’s in our national security interests that we be able to feed ourselves.” Everything from peanut subsidies to steel protectionism sailed through Congress in a frenzy of “emergency spending.” The federal budget began to soar, and most of the new spending was not for defense or homeland security.

More than seven years later we’re still at it. Brian Riedl of the Heritage Foundation reported in July that Congress had used yet another war emergency bill to create a permanent new entitlement for veterans, projected to cost \$52 billion. Regardless of the entitlement’s merits, he noted, creating it within an emergency bill prevented congressional committees from properly scrutinizing the bill, led Congress to bypass its “pay as you go” rules, and prevented any direct vote on a major new policy.

When some people complained about the threats to civil liberties and limited government after 9/11, Attorney General John Ashcroft had a blunt response: “To those who scare peace-loving Americans with phantoms of lost liberty; my message is this: Your tactics only aid terrorists.” Most politicians fell into line.

These days, President Bush, Sen. John McCain, and Sen. Barack Obama are all insisting that it would be unacceptable for Iran to develop nuclear weapons. Terms like “all options are on the table,” “unacceptable,” and “everything in my power” are clearly intended to warn Iran of the possibility of a major military action. That would put U.S. troops into a continuous swath of territory from the Jordanian border to the Pakistani border—and maybe beyond.

Before we launch another large-scale military excursion, we should carefully ponder the costs: in blood and treasure, in surveillance and wiretapping, in higher taxes and bigger government, in yet more power for the imperial presidency.



THE
MILTON
FRIEDMAN
PRIZE FOR
ADVANCING LIBERTY

THURSDAY, MAY 15, 2008
THE WALDORF-ASTORIA
NEW YORK CITY

"The only way to overcome poverty—the great enemy of Latin America—is through liberty."



on Goicoechea, leader of the student movement in Venezuela that successfully prevented Hugo Chávez from seiz-

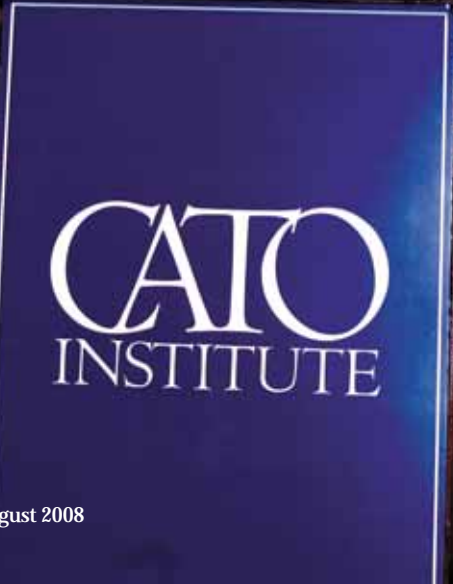
ing broad dictatorial powers in December 2007, was awarded the 2008 Milton Friedman Prize for Advancing Liberty.

A 23-year-old law student, Goicoechea emerged as a national figure in early 2007, when the Venezuelan government refused to renew the broadcasting license of RCTV, the nation's largest private television station. In a dramatic appearance before the National Assembly in June 2007, and through petitions to the government and legislature, he worked to expose the increasing civil rights violations taking place throughout the country. Throughout 2007 he organized more than 40 student movement protest marches, averaging 80,000 participants.

In August 2007 Chávez proposed a constitutional referendum that would further cement his power by ending presidential term limits, limiting central bank autonomy, and strengthening the state's ability to interfere with property rights. In response, Goicoechea and the Venezuelan student movement stepped into action, engaging in massive protests in Caracas and the countryside and, notably, monitoring polling stations to ensure that all votes were counted. In a result that shocked Chávez and world observers, and proved that a formidable constituency opposed to Hugo Chávez's plans for "21st century socialism" existed, the proposed constitutional referendum was defeated by 51 percent of Venezuelan voters on December 2, 2007.

In accepting the award, Goicoechea pointed to a new way forward for Venezuela and Latin America, one that bucks an unfortunate trend in Latin America: "We cannot be defined by dictators anymore," he said, and thanks to the work of young people like Yon, such a future is a possibility.

Cato Institute president Edward H. Crane welcomes some 600 friends and supporters to the biennial dinner for the Milton Friedman Prize for Advancing Liberty.



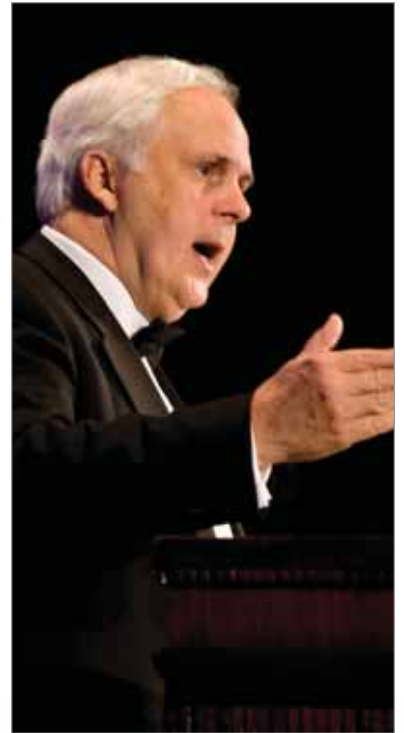
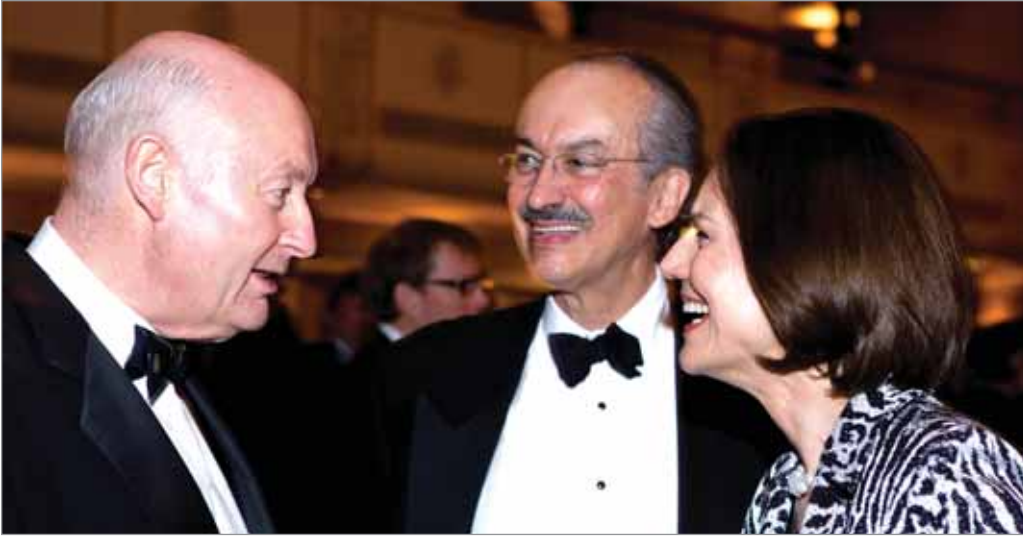


Established in 2002 and awarded every two years, the Milton Friedman Prize for Advancing Liberty is presented to an individual who has made a substantial contribution to advancing human liberty. The 2008 Friedman Prize was presented to Yon Goicoechea at a gala dinner at the Waldorf-Astoria in New York City on May 15.

More than 600 Cato Sponsors and friends attended. These included (opposite page, descending): Fox News analyst Andrew Napolitano and Cato Sponsor Giovanna Cugnasca; Cato Club 200 members Bill and Holly Byrd, with daughter Brittany; Peruvian writer and former presidential candidate Mario Vargas Llosa, here pictured with members of the Venezuelan student movement; Cato Club 200 members Julie Planck and Chuck Albers with Cato senior fellow Johan Norberg and his wife Sofia Nerbrand.

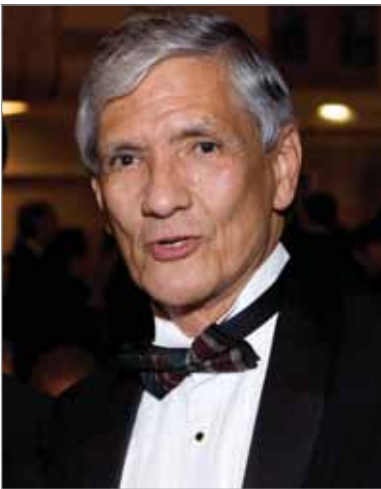
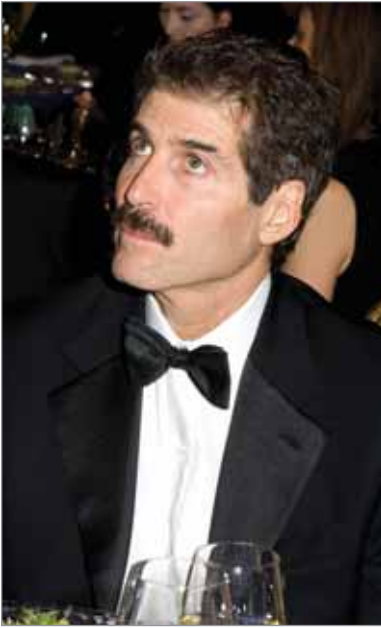
(This page, from top) Ed Crane, founder and president of the Cato Institute, served as master of ceremonies. Mary Anastasia O'Grady, seated with Crane, would later in the night present the award to Goicoechea. A member of the editorial board of the *Wall Street Journal*, O'Grady recognized Goicoechea's important role early on, once characterizing him as "arguably President Hugo Chávez's worst nightmare." Harold Ford Jr., former Tennessee congressman and current chairman of the Democratic Leadership Council, introduced the evening's keynote speaker. Other attendees included Cato chairman William A. Niskanen and wife Kathy, and Amnesty International USA board member Shahram Hashemi with student activist Desiree Ficula.

Attendees were treated to a video retrospective of the story of the Friedman Prize. The first recipient was the late British economist Peter Bauer (2002), who stood virtually alone for many years as a critic of state-led development policy, with its emphasis on



Waving the Venezuelan flag and their white hand T-shirts, members of the Venezuelan student movement join Yon Goicoechea on the dais after his acceptance speech.





central planning and external foreign aid. Economist and author Hernando de Soto (2004), tireless crusader on behalf of poor people and property rights, also received the prize. The next winner was Mart Laar (2006), former Estonian prime minister, who led his country out of the Soviet Union and into the European mainstream, liberalizing the economy and establishing it as the “Baltic Tiger.” A second video showcased Goicoechea and the student movement’s opposition to Hugo Chávez. In the video, Vicente Fox, former president of Mexico, said the award was “a victory for the Venezuelan people.”

Guests came from around the globe to congratulate the young man who stood up to the strongman in Venezuela. (Opposite page, top left) Michael Walker, founder of the Canadian free market think tank the Fraser Institute, chats with former Mexican finance minister Francisco Gil Díaz and wife Margarita White. (Middle left) Foreign aid critic William Easterly, with wife Elizabeth Dalton, meets with African documentary filmmaker June Arunga. (Opposite page, top right) Cato board members Howard Rich, chairman of Americans for Limited Government, and Jeff Yass, managing director of Susquehanna International Group.

(Opposite page, middle right) Fred Smith, Cato board member and CEO of FedEx, gave a keynote speech reminiscent of the late, great economist Julian Simon, the former Cato senior fellow who stressed that human ingenuity is our scarcest and most valuable resource. Global warming, the rallying cry of those who seek to institute greater government control over the economy, will be a thing of the past thanks to humanity’s entrepreneurial and technological capacity, he predicted.

ABC News anchor John Stossel (top left) and Cuban exile Armando Valladares (middle left) join the crowd as Goicoechea received the Friedman Prize. Amid rousing cheers from the tables where 30 Venezuelan students were seated, Goicoechea accepted the award as a “prize for the youth.” Backing up words with deeds, he asked the Venezuelan students attending that night to join him on stage to accept the prize “in the name of hope, in the name of the future, and in the name of opportunity.” Then he held the Venezuelan flag aloft and the Venezuelan students joined him by holding up colored T-shirts. The T-shirts feature a white handprint, the student movement’s symbol of nonviolence. Goicoechea and the student movement received a standing ovation from the assembled guests.





Robert A. Levy of the Cato Institute and William H. Mellor of the Institute for Justice discuss their new book, *The Dirty Dozen: How Twelve Supreme Court Cases Radically Expanded Government and Eroded Freedom*, at a Cato Book Forum. By misinterpreting key cases, the Supreme Court has been complicit in the undermining of the Constitution and the consequent radical growth of government, said Mellor.



Ted Galen Carpenter, author of *Smart Power: Toward a Prudent Foreign Policy for America*, discusses U.S.-China relations at a Capitol Hill Briefing.



Cato officially launched its Brazilian language platform OrdemLivre.org at Brazil's Liberty Forum. Tom G. Palmer, OrdemLivre.org editor Diogo Costa, and translator Magno Karl manned a booth at the event, which had 6,000 attendees.



SEN. JUDD GREGG (R-NH), here joined by Cato's DANIEL T. GRISWOLD, called on Congress to raise the cap on H-1B visas at an April Cato Capitol Hill Briefing. H-1-B visas allow U.S. employers to employ foreign guest workers temporarily, often in cutting edge fields such as engineering and technology. The 65,000 visas allotted for the fiscal year 2009 were gone within a few days—six months before the fiscal year even began. Daniel T. Griswold pointed out that one-quarter of all engineering and technology companies launched between 1995 and 2005 had at least one key founder who was foreign, including Google, Sun Microsystems, and Intel. Those companies produced \$52 billion in sales and employed 450,000 workers in 2005. Griswold, a leading figure in the debate over immigration reform, said expanding green card programs is another good way to help the American economy.

APRIL 2: Let Failing African Governments Collapse: A Radical Solution to Underdevelopment

APRIL 9: America's Drive for Energy Independence: Fueling the Oil Price Boom?

APRIL 11: Trade-Offs: Why the Colombia FTA Should Pass Regardless of TAA

APRIL 16: Markets vs. Standards: Debating the Future of American Education

APRIL 17: Highly Skilled Immigrants: Opening the Doors to Prosperity

APRIL 23: *Bush's Law: The Remaking of American Justice*

MAY 1: *Nudge: Improving Decisions about Health, Wealth, and Happiness*

MAY 5: Is the Grass Really Greener? A Look at International Health Care Systems

MAY 6: *The Dirty Dozen: How Twelve Supreme Court Cases Radically Expanded Government and Eroded Freedom*

MAY 8: *Taxation in Colonial America*

MAY 8: *Ain't My America: The Long, Noble History of Antiwar Conservatism and Middle-American Anti-Imperialism*

MAY 13: Georgia's Transformation into a Modern Market Democracy

MAY 14: *The Rise of the Conservative Legal Movement*

MAY 15: Whatever Happened to Medicare Reform?

MAY 16: Learning the Right Lessons from Iraq

MAY 21: The One-Drop Rule in Hawaii? The Akaka Bill and the Future of Race-Based Government

MAY 27: Relief from Gridlock: Surface Transportation Reauthorization in 2009

MAY 28: The Housing Crisis: Causes and Cures

MAY 29: *Occupational Hazards: Success and Failure in Military Occupation*

MAY 29: Carrots and Sticks: Evolving U.S. Economic Policy toward China

MAY 30: China's Rise: Is Conflict Unavoidable?

Find more information about events in Ed Crane's bimonthly memo for Cato Sponsors. Audio and video of most Cato events can be found on the Cato Institute website. Visit www.cato.org and click the Events tab.



“Government has every incentive to ration care for the sick and lavish attention on the healthy.”

—REGINA HERZLINGER
at a May Capitol Hill Briefing



At a Cato Capitol Hill Briefing in May, JERE KRISCHEL of the Grassroot Institute of Hawaii said that unlike their representatives in Congress, most Hawaiians oppose a bill that would grant special privileges and immunities to “native” Hawaiians.

“Highly decentralized, largely private colonial education worked very well.”

Continued from page 1

Getting the Facts Straight

Despite its falsehood, there is a good reason many Americans accept the assertion that government schooling is the foundation of national freedom and unity: it's what they've been taught. Until the 1960s, the story of American education was self-servingly written by professors of education for whom, as historian Bernard Bailyn explains: "History was not simply the study of the past. It was an arcane science that revealed the intimate relationship between their hitherto despised profession and the history of man."

To capture the reality of American public schooling and its role in shaping the nation, it's critical to understand two things: first, the facts concerning how education was actually delivered at different periods in the nation's history—especially its colonial, founding, and early national eras—and second, the motives that have driven many public-schooling champions.

So, is the history of American education really just a long series of public schooling victories over private ignorance? Hardly.

It is true, as public schooling advocates are quick to point out, that authorities in colonial Massachusetts passed laws requiring that all children be educated and that communities provide the means to teach them. In 1642, colonial leaders mandated that all families provide basic reading, religious, and civic education for their children, a statute that was ultimately mirrored in several other colonies. Five years later, Massachusetts enacted the "Old Deluder Satan" Act, which required that all towns with 50 to 99 families retain someone to teach children reading and writing and that all with 100 or more establish grammar schools.

Those acts certainly introduced compulsory education through government, but in at least two respects their requirements were very different from those of public schooling today. First, the education to be provided was not expected to be free; the Old Deluder Satan Act stipulated that

teachers could be paid "by the inhabitants in general" or by "the parents or masters" of children using the school services. Second, in Puritan Massachusetts education had an explicitly religious aim, whereas in modern public schools religious instruction is impermissible.

More important than the specific components of Massachusetts's early schooling measures were their actual effects. Although colonial authorities tried to force towns to maintain schools, publicly provided education simply could not compete with more basic priorities like shelter, food, and defense. Moreover, the classical curriculum that colonial leaders wanted children to learn was too impractical to sustain popular support. Still, formal education went on. While municipalities ignored grammar schooling requirements, a wave of private and public writing schools swept over the colony, and other private options with much more practical bents blossomed. With the arrival of the Revolutionary War, support for Massachusetts grammar schools dissolved entirely.

And of course, when we discuss the foundation of the United States, we are talking about much more than Massachusetts.

The middle colonies—New York, New Jersey, Pennsylvania, and Delaware—were much more ethnically and religiously diverse than Massachusetts, featuring Dutch, German, English, French, Irish, and other often isolated, homogeneous communities. As a result, those colonies saw even greater educational variety. Communities often established their own, church-related schools. Colonists consumed a great deal of home and private schooling. And, perhaps in greatest contrast with the public schooling myth, the middle colonies saw the creation of numerous for-profit schools as towns became bigger and better able to sustain education markets.

In the South education was also highly varied, and highly private. Wealthier southerners would often send their children to England for education or have them tutored at home, while colonists of more modest means often had access to schools run by charitable organizations, "free schools" endowed by wealthy benefactors, and "old field schools" established by communities on fields exhausted by tobacco production.

In the end, highly decentralized, largely private colonial education worked very well, especially considering that America was essentially a wilderness and Americans pioneers. By the drafting of the Constitution, an estimated 65 percent of free America males were literate, a very high number by European standards.

Through roughly the 1830s the structure of education remained basically unchanged, even as Americans fought a revolution, drafted and ratified the Constitution, and forged a new nation. True, there were proposals for significant government provision of schooling in those years, but they were neither the norm nor successful. The Land Ordinance of 1785 did set aside acreage in western territories "for the maintenance of public schools," and Thomas Jefferson proposed a public schooling system for Virginia and even some federal education involvement. But the Land Ordinance's dicta were largely ignored, and neither Jefferson's Virginia public schooling nor federal education plans were enacted.

At least one likely reason there was little change was that American education continued to work. By 1840 about 90 percent of white adults were estimated to be literate, and Americans were consuming education at high rates.

It was not until Horace Mann became the first secretary of the Massachusetts Board of Education in 1837—more than six decades after the establishment of an independent nation—that significant efforts to collectivize American education gained traction, a reality that alone dispels the notion that public schooling, as politi-

“After Mann’s crusade, public schooling’s indoctrination mission became even more central.”

cal scientist Benjamin Barber has put it, is the “foundation of our democracy.” Moreover, even after Mann began his crusade, movement toward centralized, compulsory education was slow.

In the beginning, centralization consisted primarily of putting small, neighborhood-based districts under municipality-level boards of education. The first compulsory attendance law was not passed until 1852 in Massachusetts, but with most children already going to school it was largely symbolic. And compulsory education did not become the national norm for several more decades: In 1890 the union had 44 states but only 27 with compulsory attendance laws, and it was not until 1918 that every state had joined in.

Despite the lagged completion of compulsory attendance, the administrative structure of modern public schooling had been cemented by roughly 1900, with top-down, bureaucratic control widespread. Even using that date instead of 1918 as the final nail in the coffin of decentralized, entrepreneurial education, however, it is clear that the country was not built on public schooling.

Public Schooling’s Un-American Ideals

But historical fact is really just half the story. When one looks at the motives of many pivotal public-schooling proponents, they are almost diametrically opposed to the nation’s truly fundamental ideal: the primacy of individual freedom as set forth in the Declaration of Independence and defended in the Constitution. The greatest proponents of public schooling were all too often driven by the patently un-American conviction that for adults to safely have freedom, the state has to indoctrinate them as children.

One of the earliest proponents of this view was former surgeon general of the Continental Army Benjamin Rush, who campaigned for public schooling in his home state of Pennsylvania. “Our schools of learning, by producing one general and uniform system of education, will render

the mass of the people more homogeneous and thereby fit them more easily for uniform and peaceable government,” Rush wrote in 1786. His sentiment was echoed by co-winners of a late-1790s American Philosophical Society essay contest on education. “It is the duty of a nation to superintend and even coerce the education of children,” wrote Samuel Harrison Smith, one of the winners.

Neither Rush nor Smith saw public schooling gain much traction in their day, but Mann’s crusade included their basic themes. Mann essentially promised that the common schools would transform the poor and immigrants from ignorant brutes into proper citizens. “In order that men may be prepared for self-government, their apprenticeship must commence in childhood,” Mann declared in his ninth annual report to the Massachusetts Board of Education.

As industrialization grew during and after Mann’s crusade, and as poor Irish Catholic and later southern and eastern European immigrants poured onto America’s shores, public schooling’s indoctrination mission became even more central. As Ellwood Cubberly, arguably the foremost voice in American education in the early 20th century, asserted, public schooling’s paramount mission was “to assimilate and amalgamate these people as a part of our American race, and to implant in their children, so far as can be done, the Anglo-Saxon conception of righteousness, law and order, and popular government.”

Cubberly’s insistence on assimilating and amalgamating, importantly, was not driven by some enlightened notion of public schooling as a ladder of opportunity. No, public schools existed to prepare poor children for what he saw as their preordained station in life. “We should give up the exceedingly democratic idea that all are equal and that our society is devoid of class-

es,” Cubberly wrote. “The employee tends to remain an employee; the wage earner . . . a wage earner.”

To these ends, public schooling advocates labored to take schooling control away from “lay” people by imposing “scientific,” bureaucratic control over schools. They also waged war on private schooling. In the late 1880s proposed legislation in Massachusetts would have required that local school committees inspect and approve all private schools, a scheme that portended doom for parochial schools set up to help Roman Catholics escape de facto Protestant institutions. At the same time, heavily German—and German-speaking—Wisconsin and Illinois passed laws requiring all students in private schools to be taught in English. Finally, in 1922 Oregon passed a law requiring all children to attend public schools, a law that the U.S. Supreme Court overturned in *Pierce v. Society of Sisters* on the seemingly forgotten grounds that “the fundamental theory of liberty upon which all governments in this Union repose excludes any general power of the state to standardize its children by forcing them to accept instruction from public teachers only.”

Today, public schooling continues to be defended on forced-unity grounds. Paul D. Houston, executive director of the American Association of School Administrators, has argued: “If common schools go, then we are no longer America. The original critical mission of the common schools was . . . to be places where the ideals of civic virtue were passed down to the next generation. They were to prepare citizens for our democracy. They were to be places where the children of our democracy would learn to live together.” Similarly, the Center on Education Policy has stated that public schooling must go on because of its “collective missions aimed at promoting the common good. These include, among others, preparing youth to become responsible citizens, forging a common culture from a nation of immigrants, and reducing inequalities in American society.”

Real Unity Isn't Coerced

As unlibertarian as forced assimilation is, can one at least say that public schooling has succeeded in taking diverse peoples and making them into a unified society?

As far as some parents may have wanted their children assimilated in precisely the way political leaders prescribed it, one could make that argument. But that isn't very far, and when parents haven't welcomed indoctrination—when they have wanted their children to learn about cherished values, traditions, and identities frowned on by elites—public schooling has regularly fostered conflict, not concord.

In 1844 Philadelphia, widespread violence left an estimated 58 people dead and hundreds wounded as Roman Catholics and Protestants fought over whose version of the Bible would be read in the public schools. In the 1880s, after Republican legislative majorities in Wisconsin and Illinois passed laws prohibiting school instruction in any language other than English, the GOP was turned out of office by angry German-speaking citizens. In the late 1960s and early 1970s, federal orders forcing racial integration sparked violence in places like Denver; Boston; and Pontiac, Michigan.

Today, following decades of district consolidation, the imposition of statewide curricula, and threats of national standards, all religious, ideological, and ethnic groups are forced to fight, unable to escape even into the relative peace of truly local districts. The result is seemingly constant warfare over issues such as intelligent design, abstinence education, multiculturalism, school prayer, offensive library books, and so on. When diverse people are forced to support a single system of public schools, they don't come together, they fight to make theirs the values that are taught.

Freedom Is the Answer

The tragedy of proclaiming state-run schooling crucial to unity is that it has the opposite effect. Recognizing this, however, makes the real key to unity obvious: end public schooling and return to public education, just as we had for centuries. Ensure that the poor can access education, but let parents decide how and where their chil-

dren will be educated.

Social capital theory makes clear that enabling people to freely choose with whom they associate is vital to both educational success and domestic tranquility. Sociologist James Coleman found that Catholic schools typically have much higher graduation rates than public schools, even after adjusting for students' socioeconomic status. Why? Because Catholic school parents, administrators, and students form cohesive communities with shared goals, norms, responsibilities, and trust—social capital—which enables them to focus efficiently and effectively on teaching kids and getting them to graduation. Public schools, in contrast, force disparate groups together, yielding bickering and lowest-common-denominator compromises, and replacing trust with efficiency-killing rules and regulations.

Data from sociologist Robert Putnam reveal a strong correlation between diversity, social capital, and academic outcomes. In his book *Bowling Alone*, Putnam reports a high correlation between states' standardized-test scores and social capital as measured by voluntarism, voting, social trust, and other variables. In a subsequent paper, Putnam finds a negative correlation between numerous communities' ethnic diversity and social capital. Finally, when one compares state diversity to social capital it also reveals a negative relationship, suggesting that diversity hurts unity and, at least under our current educational arrangement, academic outcomes.

So are we doomed to either war or separation? Not at all.

The way to achieve unity without war is to let people voluntarily come together in pursuit of their own self-interest. This is called "freedom," and it has been unifying people from America's earliest days.

Educational freedom can help it along. In the middle colonies, schools that respected group differences helped to integrate communities. In our own time, research suggests that school choice provides more meaningful integration than the forced togetherness of public schooling. In 2002, former Milwaukee school superintendent Howard Fuller reported that private schools participating in Milwaukee's

school choice program were more integrated than the city's public schools, and religious schools were the most integrated of all. In 1998 researchers Jay Greene and Nicole Mellow studied integration in randomly selected public and private school lunchrooms—where students choose with whom they sit—and found that nearly 64 percent of private school students sat in groups where at least one out of every five students immediately around them was from a different racial group, compared to only 50 percent in public schools.

It turns out that when they can choose, parents find schools—and other parents—that share their educational desires and values, and those shared interests often transcend things like race. Simply forcing people into the same building, in contrast, furnishes no ties that bind.

Of course, some may object that private schools cannot be trusted to form good citizens even if they are superior unifiers. But private schools do a better job of teaching civic values than public schools. Last year University of Arkansas professor Patrick Wolf reviewed 21 quantitative studies examining the effects of school choice on seven civic values and found that students in private schools displayed greater political tolerance, voluntarism, political participation, and other desired traits than their public school peers.

State Schooling: What Could Be Less American?

We are told that state schooling is critical to American unity and freedom. Nothing could be further from the truth. Voluntary, largely private education was the norm as the American colonies grew into a free, strong nation. When public schooling did grow, it sowed conflict wherever there was not already unity. Perhaps worst of all, its greatest champions have been driven by the patently un-American conviction that for adults to be free, they must be indoctrinated as children.

Thankfully, the most truly American value—individual liberty—reveals the way forward. We must have educational freedom today, or we'll have neither unity nor freedom tomorrow. ■

The Real ID Rebellion

On May 11, 2008, the statutory deadline for compliance with the REAL ID Act passed without a single state meeting its requirements. Indeed, more than 17 states have passed legislation objecting to or outright refusing to implement REAL ID. Earlier this year, the Department of Homeland Security (DHS) handed out compliance deadline extensions for the asking, but state leaders from across the ideological spectrum refused even this small gesture of acquiescence. A REAL ID rebellion is under way, and at a May 7 Cato Policy Forum two of its leaders, Sen. Jon Tester (D-MT) and Gov. Mark Sanford (R-SC), offered insight into why REAL ID—and the de facto national ID card system it represents—is wrong.

SEN. JON TESTER: I want to make it very clear. Taking the needed steps to make this country safe from terrorism is very, very important. But it has to be done without trampling on our rights.

Because when our rights get trampled upon, the terrorists win. That's why I'm proud of the fact that Montana has been a leader in the REAL ID rebellion.

Montana's politics features a mix of prairie populism, tax-hating conservatism, and leave-me-alone libertarianism. Some folks even manage to be all of those things at one time. So getting a unanimous vote in the state legislature is a pretty rare thing. But that is what happened last year when 150 members—100 in the House and 50 in the Senate—joined the governor in opposing REAL ID. There were no votes in favor of REAL ID.

REAL ID is invasive, expensive, and an affront to all of those who cherish privacy rights. This law was written with no public input. No hearings, no debate, no amendments. The system of checks and balances that our Founding Fathers set up was missing in action. The first Senate hearing held on REAL ID finally occurred last year—more than two years after REAL ID became law.

In the three years since REAL ID was enacted, it has had all kinds of unintended consequences, and no benefit whatsoever

when it comes to making this country more secure. It is incredibly expensive and complicated. It is burdensome to states and individuals alike. And it is being implemented in a way that makes ordinary folks cringe.

The most recent charade only proves the point. States were forced to get around an arbitrary May 11 deadline to comply with REAL ID. Many states were deemed to be in compliance with REAL ID, even though they said they had no plans to comply. But some of the states resisted. Interestingly enough, many of those states have already taken steps to make their driver's licenses more secure—Montana and South Carolina among them. Still, they were threatened with retaliation for resisting DHS coercion.

The federal government set up a system that was designed with one thing in mind: using federal resources to bully states into going along with the program. For example, it took more than a month of legal wrangling with the federal government for the state of Montana to finally be able to send a letter to DHS. The state simply said it was not asking for an extension. DHS responded by say-

ing that it had no choice but to treat the letter like it was a request for an extension. This legal bobbing and weaving did nothing to improve our homeland security, and it will not.

By the time REAL ID is fully implemented it will be the year 2017. Sixteen years will have passed since that awful day when our nation was attacked on September 11.

That is a long time to wait for action on something that will not deliver a real security benefit.

In the meantime, the law already is causing massive headaches for the states. These troubles are a sign of things to come if we continue down the REAL ID road.

The states have no idea whether to go forward with building databases, redesigning driver's licenses, and training new DMV workers, which REAL ID requires. If they do in fact undertake these costly efforts, they do so with no guarantee that the federal government will compensate them.

Worse still, more expensive driver's licenses and more time waiting at the DMV line may be the least of our worries. Creating a national ID—and make no mistake, that is precisely what REAL ID will do—will open up countless opportunities for our personal information to be stolen or used in a way that we have not agreed to.

Most of the opposition to the cost of REAL ID has centered on the massive new unfunded mandate that it has placed on the states. But far more is at stake than dollars and cents. The REAL ID Act was yet

Sen. Jon TESTER

(D-MT) was elected to the Senate in 2006. Before that he served eight years in the Montana Senate where he rose to the rank of Senate president. Senator Tester realized the defects in the REAL ID law from the beginning. He was an original cosponsor of S. 717, the Akaka-Sununu legislation that would repeal REAL ID. Tester considers REAL ID a repugnant, costly, and unworkable system and another power grab by the "imperial presidency." Markos "Kos" Moulitsas, founder and proprietor of *Daily Kos*, a popular liberal weblog, calls Sen. Tester an example of a "libertarian Democrat," citing his support for reducing government regulation and the importance he places on local control of government.

another in a series of sweeping laws and programs that represent an invasion of privacy by the government that far exceeds anything that we've seen in a generation.

Since September 11 there has been a steady erosion of the privacy of ordinary citizens. First came the Patriot Act, which gave the FBI extraordinary powers to snoop on the private lives of all Americans. Then came REAL ID, followed by revelations of the president's secret domestic wiretapping program.

At their core, these efforts share a common origin—the arrogant and wrongheaded belief that the federal government knows best.

Ultimately, the failure of Congress and the administration to address the concerns that many states have or to respond to the commonsense objections of civil libertarians results in far more than just philosophical disagreement. In my view, these executive powers do long-term harm to our national security.

Just as the warrantless wiretapping issue has prevented Congress from enacting permanent legislation that allows the federal government to listen in on communications of interest outside the United States, so too has the REAL ID debate distracted us. It has distracted us from the obvious need for states to continue to improve the security of driver's licenses. It has distracted us from the real mission of preventing terrorism on American soil.

The threat of an attack is real, and we cannot ignore it. But make no mistake—the longer that REAL ID hangs around, the more of our homeland security resources it will consume.

I live 80 miles from the Canadian border, and I can tell you that we have major holes in our border security efforts. I'd rather have the federal government spend dollars on closing those gaps than on looking over the shoulder of the Montana DMV or creating a national database of American citizens.

I know this paints a pretty bleak picture of what's going on. But there is a little bit of

good news here. A growing number of folks—liberals, conservatives, and everyone in between—are finding their voice against these massive privacy violations. Although this administration may turn a deaf ear to the growing chorus of concerns, I think that Congress is increasingly receptive to our message—just in time, too.

In essence, the executive branch has swept a ton of power. Our Founding Fathers set up three branches of government; we



“I’m proud of the fact that Montana has been a leader in the REAL ID rebellion.”

need to respect those three branches of government. Our Constitution is important, and we need to live by it. As we move forward with the REAL ID program, they're going to hear a lot from me, and they're going to hear a lot from folks like Gov. Sanford. The big issue here is that we've got peoples' attention. People are starting to realize that this isn't healthy. And I think there are better solutions—better solutions that make this country more secure.

GOV. MARK SANFORD: I've got a *Chicago Sun-Times* editorial here that I think you'll find interesting. It's called "Repugnant National ID Card Looms Again." It reads, in part, "like a bad TV show gone into re-runs, the specter of a national ID card for every American is back again. Against a backdrop of anti-immigration rhetoric on the campaign trail, the Senate Judiciary Committee is considering sweeping legislation to develop a national electronic database." This editorial is from March 11, 1996.

The debate over whether or not to have a national ID card is not a new one. It took place in the 1980s, in the 1990s, and we're having it again in the 2000s.

But the debate over liberty versus security goes back further than that. You can look as far back as the Great Wall of China, which stands as a silent reminder of the fact that in asymmetrical warfare things constantly change.

REAL ID represents the Maginot Line of security measures in the 21st century, given the way the world is changing and the way that terrorists will always be asymmetrical in their attacks. Since I don't think it will do much in the way of security for reasons I'll outline later, when I look at REAL ID I focus especially on how it infringes on the liberty Americans hold so dear.

First, whether one is from the left or the right, the thing we can all agree on in the American system is that our ideas are debated, and through that Socratic process, we come up with ideas that ultimately work better than if they were just dictated. But this was a bill that fundamentally received no debate in the halls of Congress. It wasn't marked up in the Senate or House side. There have been more hearings—and there has been more debate in Congress—about steroid abuse

What is REAL ID?

REAL ID is a law that would make states issue driver's licenses according to federal standards and place driver information into national databases. REAL ID would make driver's licenses and ID cards have a machine readable component that would allow scanning of Americans' basic information whenever asked. REAL ID was passed in 2005 in unusual circumstances. It was attached to a military spending bill, and consequently passed without a hearing in the House of Representatives or the Senate. Want to learn more about REAL ID and other threats to privacy? Check out *Identity Crisis: How Identification Is Overused and Misunderstood*, by Jim Harper, director of information policy studies at the Cato Institute. It's available at www.catostore.org.

among baseball players than there has been on REAL ID and the de facto national ID card system that comes with it. And so, I think that this is a “process” question. Is it OK to append something as significant as REAL ID to a bill to help military personnel in the Middle East and tsunami victims in the Southeast? This question is especially important given the defeat of national ID card legislation in the 1980s and 1990s.

Second, this is the mother of all unfunded mandates. The National Conference of State Legislatures called REAL ID the “most egregious example” of unfunded federal mandates. You hear \$17 billion, you hear \$23 billion, and you hear the current revised number of \$9 billion in terms of how much REAL ID will cost the states. Whatever the number, we have a situation where the feds pay 2 percent and the states pay the other 98 percent. What if you went out to dinner with your friends and said, “I’m going to pick up 2 percent of the bill, you guys go out and pick up the other 98 percent—and I’m ordering for everyone”? That’s just not how it’s supposed to work, and Washington needs to know that.

Allowing the federal government to mandate state spending perpetuates out-of-control federal spending. Former comptroller general David Walker points out that the accumulated debt is basically \$50 trillion of contingent liability. That’s about \$450,000 per American household. We are getting to that tipping point, and the decline of the dollar says we are getting past that tipping point. Unfunded mandates allow the federal government to spend more than it already is by passing the bill to the states. So if you care about the nuts and bolts of Washington spending and how to reduce it, you should oppose REAL ID.

Third, I would point out that this is an unfunded mandate not just in terms of money, but in terms of time. In South Carolina, we have worked over the last couple of years to get wait times at the Department of Motor Vehicles down to 15 minutes. Marcia Adams, head of our DMV office, estimates that those lines will run one to two hours under REAL ID. Two hours is a lot of time. We all have but

so many hours here on earth. You can spend it with friends, you can spend it at work, you can spend it at play, or you can spend it at a DMV line.

Fourth, I would say REAL ID is another blow against the notion of citizens actively engaging their government. The First Amendment is very clear in guaranteeing to Americans the right to petition the government for a redress of grievances. There was not a caveat at the bottom that read,



“REAL ID represents the Maginot Line of security measures in the 21st century.”

“only if you’ve got a REAL ID card.” But because a REAL ID is required to get into federal buildings, for the first time in recorded history, citizens attempting to speak with their Congressman or Senator could be turned away if they don’t have their ID card.

Fifth, REAL ID is based on the presupposition that to err is not human. It sets up a system where all of our personal information is stored in one central location.

We all know that this idea of one-stop shopping for every computer hacker around the world is not a good idea from the standpoint of security. We believe the idea of having peoples’ information housed separately and independently in

50 different states would enhance security rather than detract from it.

And finally I would say this: because this bill was not debated there are a whole host of loopholes that render it ineffective and indeed the Maginot Line when it comes to security measures. REAL ID does not address foreign passports. It strikes me that the bad guy is not going to go through the REAL ID hoops when he can go to a third world country and pick up a passport there to come to the United States.

Never mind that the 9th Circuit Court recently came down with a ruling that said you don’t need any personal information to board a plane, all you need is a pat down search. So you’re telling me a bad guy is going to go through the hoops involved with REAL ID, when in fact our own court system says he doesn’t have to? REAL ID has lots of very serious faults and as a consequence deserves a serious debate in Congress. For an issue we’ve been confronting for 30 years now, that’s the least we could ask.

Thomas Jefferson had it right when he said “I would rather be exposed to the inconveniences attending too much liberty than to those attending to small a degree of it.” Liberty is the central ingredient to a republican form of government. It’s the central ingredient to making a free market system work. And it’s the key determinant in allowing citizens to achieve personal happiness. REAL ID flies in the face of great thinkers like Thomas Jefferson, as well as Locke, Burke, and Hume, who understood the central importance of liberty.

Gov. Mark SANFORD (R-SC) was elected South Carolina’s 115th governor in 2002 and was reelected in 2006 on his record as a budget cutter and school choice advocate. From 1995 to 2001, he served South Carolina in the U.S. House of Representatives, where he was known as one of the most libertarian members. This March, Gov. Sanford emerged as a leader in the REAL ID rebellion when he wrote Secretary Michael Chertoff a carefully considered, five-page letter declining to ask for an extension to comply with REAL ID, which he said his state had no intention of ultimately doing. Sanford argues that REAL ID will provide little in the way of security while significantly infringing on the liberty of Americans.

Regulation

In the Summer issue of *Regulation*:

- **Andrew P. Morriss** revisits the classic “Bootleggers and Baptists” theory of *Regulation*. Enacting a regulation typically requires a coalition of the self-interested “bootlegger” and the moralistic “Baptist.” In the classic example of Prohibition, the bootlegger seeks to rid himself of competition, but it is only through the publicly acceptable policy arguments of the Baptists that the alcohol ban is achieved. But according to Morriss, that “Bootleggers and Baptists” model needs significant revision in light of the late-1990s quarter-trillion dollar state tobacco settlement.

- Can carbon taxes stop global warming? **John V. C. Nye** of George Mason University says finding the optimal level at which to tax is going to cause problems, among a host of other headaches.

- In “What’s the Emergency?” the Mercatus Center’s **Veronique de Rugy** charts the skyrocketing price of supplemental spending bills, which have climbed from just \$13.8 billion per year (average) during the 1990s to \$120 billion in 2007.



the CATO JOURNAL

In the Spring-Summer edition of *Cato Journal*:

- Should libertarians reconsider their opposition to the euro? That’s what Italian economist and parliamentarian **Antonio Martino** says.

- **Fred Hu**, managing director of Goldman Sachs Asia, and **Yi Gang**, assistant governor of the People’s Bank of China, address Asia’s growing economic clout in an increasingly interconnected global economy in their contributions. Yi Gang, notably, says China will continue to use the U.S. dollar as its main reserve currency despite its decline.

- **Anna Schwartz** doesn’t mince words in her criticism of Paul Krugman’s pop economics.

- And finally, **Ben Bernanke**, chairman of the Federal Reserve, addresses the need for greater transparency at the Fed.

The essays in this issue of *Cato Journal* are based on speeches delivered at Cato’s 25th Annual Monetary Conference.



CATO@LIBERTY

Cato scholars’ freshest insights await you at *Cato@Liberty*, Cato’s flagship blog:

- Will Libertarian Party presidential nominee Bob Barr top a million votes in the upcoming elections? On the occasion of his nomination in May, executive vice president **David Boaz** wrote that he’ll only need to win a fraction of the 15 or 20 percent of Americans who hold broadly libertarian (socially liberal, fiscally conservative) views. But given Barr’s past opposition to gay marriage and reputation as a drug warrior, Boaz wonders whether he can win stricter libertarians to his side.

- Cato’s director of information policy studies **Jim Harper** updates readers on the state of REAL ID, which he charges amounts to a de facto national ID. Alaska is the latest state to say it will not comply with the act.

- Meanwhile, senior fellow **Daniel J. Mitchell** and vice president **Tom G. Palmer** have been actively making use of multimedia in YouTube presentations on the “Global Flat Tax Revolution” and the worldwide food crisis respectively.

- Adjunct scholar **Tim Lee** links to himself filling in at the *Atlantic* blog, where he has drawn a distinction between helpful patents—those that have clear boundaries and positive incentives for innovation as is the case in the pharmaceutical industry—and unhelpful, overly broad patents that hamper would-be innovators.

CATO | UNBOUND

True to its billing as “a state-of-the-art virtual trading floor in the intellectual marketplace, specializing in the exchange of big ideas,” the hypertext hallways of *Cato Unbound* have been abuzz with major, provocative topics:

- In April, *Cato Unbound* tackled public education in an issue titled “Can the Schools be Fixed?” **Richard Rothstein** of the Economic Policy Institute said that public schools aren’t as bad as we think, and U.S. economic competitiveness does not hinge on them, as some have contended. **Sol Stern**, senior fellow at the Manhattan Institute and former supporter of school choice, argued that market reform in education has failed to deliver on its promise and that school reform energies would better be directed toward curricular reform. **Michael Strong** countered that potential gains from curricular reform pale in comparison to what could be achieved through truly market-based education.

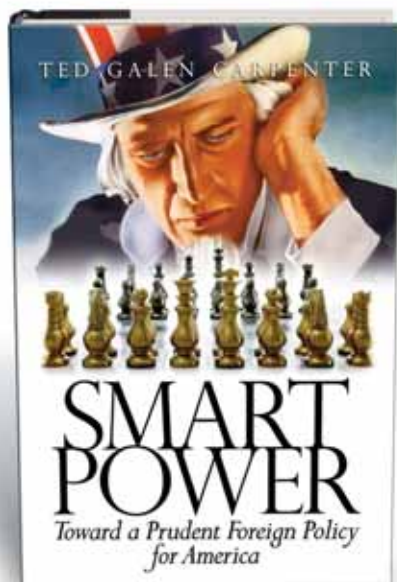
- In March, *Cato Unbound* tackled nationalism, asking “Patriotism: What Is It Good For?” According to lead author **George Kateb**, emeritus professor at Princeton University, not much. Kateb says would-be patriots should save their enthusiasm for their football team, because when directed at foreigners, it leads to imperialism.

- The February edition asked “Is Limited Government Possible?” **Anthony de Jasay** and **Randy E. Barnett** weighed in to say, “maybe.”

Subscribe to *Regulation* (quarterly, \$20.00 per year) or *Cato Journal* (three times per year, \$24.00) at www.catostore.org, or by dialing 800-767-1231. *Cato@Liberty* is hosted at www.cato-at-liberty.org, and *Cato Unbound* (monthly) can be found at www.catounbound.org.

A “crazy quilt of military interventions”?

New Book: Using U.S. Power Wisely



“*Smart Power* is simply superb. In an age of imperial folly and militarized illusions, Ted Galen Carpenter has been a voice of reason and good sense. In this impressive collection of essays, he surveys the wreckage of the Bush era and illuminates the way ahead.”

— ANDREW J. BACEVICH
Author of *The Limits of Power*

“O verthrow Saddam? Be Careful What You Wish For.” That’s the title of an op-ed by Ted Galen Carpenter published on January 14, 2002, fully 14 months before the invasion of Iraq. Although overthrowing a cruel dictator such as Saddam Hussein might be gratifying in the short run, wrote Carpenter, it would leave the United States responsible for the political future of a fragile, fractured nation in the longer run.

It wouldn’t be the first time Cato’s long-serving vice president for defense and foreign policy studies had proved prescient. In *Smart Power: Toward a Prudent Foreign Policy for America*, a compilation of Carpenter’s published writings, you’ll find that op-ed, along with articles following the invasion of Iraq calling for a prompt withdrawal, as well as pieces addressing foreign policy issues around the world, or as Carpenter puts it, the “crazy-quilt pattern of U.S. security commitments and military interventions.”

For Carpenter, “Smart Power” means reassessing those commitments in light of the core interests of the United States. That’s why Carpenter roundly critiques NATO, which has gone from a valuable security tool during the Cold War to an ever-expanding collection of protectorates.

Adding small former Soviet Bloc nations such as Slovenia, Slovakia, and Bulgaria does little for the U.S. global security position but creates the potential for headaches with Russia.

Similarly, Carpenter asks that foreign policymakers reconsider the United States’ security commitment to Taiwan. Our implicit defense commitment to the Taiwan has meant the nation has cut back on defending itself. It has also encouraged it to be provocative toward the mainland. The last thing the United States wants is to be dragged into another cross-Straits conflict.

“Smart Power” does not mean isolationism. Take, for example, Afghanistan, where Carpenter calls for the United States to redouble its efforts. For Carpenter, Iraq was a “distraction” as the United States sought to win the war on terror. Another distraction is the drug war in Afghanistan, where U.S. forces who ought to have been thwarting the resurgent al Qaeda are instead being asked to busy themselves destroying Afghanistan’s opium supply. In a desperately poor nation in which the United States greatly needs domestic allies to overcome al Qaeda, that’s not “Smart Power” at all.

Smart Power is available at www.catostore.org for \$24.95 (hardcover).

NEWS NOTES



KHRISTINE BROOKES has joined the Cato Institute as vice president for communications. She comes to Cato after nine long years of captivity at The Heritage Foundation, where she worked as director of media services. Kristine grew up in Idaho, where libertarians are more plentiful than cars, and worked as press secretary for Rep. Helen Chenoweth (R-ID) during the Republican takeover of Congress in 1995. She then worked for Rep. Mark Sanford (R-SC) as he fought for Social Security reform and smaller government.



BENJAMIN H. FRIEDMAN has joined the Cato Institute as research fellow in defense and homeland security studies. In that capacity he will focus on counterterrorism, homeland security, and the political economy of national security. Friedman is a PhD candidate in political science at the Massachusetts Institute of Technology.

Summer is here, and so is Think Tank Softball, a league that pits more than 30 D.C.-based public policy research organizations against one another on the grassy fields of the National Mall. The **CATO RUNNING DOGS** started their season hot, smoking the competition in the pre-season tournament Clash of the DC Think Tank Titans in May. While it was the Running Dogs’ big bats that earned them a lopsided 17-4 victory over the Brookings Institution’s RBIs, it was pitching and defense that carried the day in an 11-5 win over the Center for American Progress’s Left Fielders (who had defeated the Heritage Foundation’s Capitalist Tools earlier in the day). Cato senior fellow Daniel J. Mitchell batted a cool .800, and *Regulation* managing editor Thomas A. Firey maintained a sick 7.07 ERA over the course of the tournament.

Naomi Klein: Shockingly Wrong about Milton Friedman

Naomi Klein's *The Shock Doctrine* purports to be an exposé of the ruthless nature of free-market capitalism and its chief recent exponent, Milton Friedman. Klein argues that capitalism goes hand in hand with dictatorship and brutality and that dictators and other unscrupulous political figures take advantage of “shocks”—catastrophes real or manufactured—to consolidate their power and implement unpopular market reforms. Klein cites Chile under General Augusto Pinochet, Britain under Margaret Thatcher, China during the Tiananmen Square crisis, and the ongoing war in Iraq as examples of this process. But in “**The Klein Doctrine: The Rise of Disaster Polemics**” (Briefing Paper no. 102), Johan Norberg, senior fellow at the Cato Institute, says Klein's analysis is flawed at every level. Friedman's own words reveal him to be an advocate of peace, democracy, and individual rights. He argued that gradual economic reforms were often preferable to swift ones and that the public should be fully informed about them, the better to



prepare themselves in advance. Klein's historical examples also fall apart under scrutiny. She alleges that the Tiananmen Square crackdown was intended to crush opposition to pro-market reforms, when in fact it caused liberalization to stall for years. She also argues that Thatcher used the Falklands War as cover for her unpopular economic policies, when actually those economic policies and their results enjoyed strong public support. Klein's broader empirical claims fare no better.

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Markets for Organs

The number of patients with end-stage renal disease in the United States has grown, but the supply of kidneys has not kept pace with demand. In “**Organ Sales and Moral Travails: Lessons from the Living Kidney Vendor Program in Iran**” (Policy Analysis no. 614) Benjamin E. Hippen, transplant nephrologist at Metrolina Nephrology Associates and the Carolinas Medical Center, examines the one nation in the world that does not suffer from an organ shortage: Iran. Iran is the only country that permits, the sale of one individual's kidney to another suffering from kidney failure. Hippen recommends

repealing the portion of the National Organ Transplant Act of 1984 that prohibits the sale of organs. The savings that will likely accrue should be spent on long-term study and maintenance of the vendor system and on the creation of mechanisms to ensure fair trading in the United States.

Cars 1, Trolleys and Streetcars 0

City planners scrambling to stave off the threat of global warming have found another nonstarter. Rail transit—which includes streetcars, some types of trains, and trolleys—has consumed \$100 billion in city funds over the past 15 years. But in “**Does Rail Transit Save Energy or Reduce Greenhouse Gas Emissions?**” (Policy Analysis no. 615), Randal O'Toole, senior fellow at the Cato Institute, points out that rail transit does not operate in a vacuum: transit agencies supplement it with extensive feeder bus operations. Those feeder buses tend to have low ridership, so they have high energy costs and greenhouse gas emissions per passenger mile. When all of the energy costs are factored in, rail transit



in “**Does Rail Transit Save Energy or Reduce Greenhouse Gas Emissions?**” (Policy Analysis no. 615), Randal O'Toole, senior fellow at the Cato Institute, points out that

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lines use more energy per passenger mile than the average automobile.

United States Not Alone in Health Care Woes

Critics of the U.S. health care system frequently point to other countries as models for reform. The United States should follow the lead of those countries, the critics say, and adopt a national health care system. But in “**The Grass Is Not**



Always Greener: A Look at National Health Care Systems Around the World” (Policy Analysis no. 613), Michael D. Tanner, senior fellow at the Cato Institute, says that

nearly all health care systems worldwide are wrestling with problems of rising costs and lack of access to care. He shows that health insurance does not mean universal access to health care; that rising health care costs are not a uniquely American phenomenon; and that in countries weighted heavily toward government control, people are most likely to face waiting lists, rationing, restrictions on physician choice, and other obstacles to care. He also shows how countries with more effective national health care systems are successful to the degree that they incorporate market mechanisms such as competition, cost sharing, market prices, and consumer choice, and eschew centralized government control.

School Choice Research Earns “F”

Pressing questions about the merits of market accountability in K-12 education have spawned a large scholarly literature. But according to John Merrifield, professor of economics at the University of Texas-San Antonio and editor of the *Journal of School Choice*, much of that literature is of limited relevance, and some of it is misleading. In “**Dismal Science: The Shortcomings of U.S. School Choice Research and How to Address Them**” (Policy Analysis no. 616), Merrifield points out that the studies most widely cited in the United States used intense scrutiny

of a few small-scale, restriction-laden U.S. programs to draw general conclusions about the effects of “choice,” “competition,” and “markets.” The most intensely studied programs lack most or all of the key elements of market systems, including profit, price change, market entry, and product differentiation—factors that are normally central to any discussion of market effects. In essence, researchers have drawn conclusions about apples by studying lemons. According to the study, existing American school choice programs not only lack many or all of the key elements of markets, but are also capped at inadequately small enrollment levels to generate substantial market forces.

Rethinking U.S. Transportation Policy

Federal law requires metropolitan planning organizations in urban areas of more than 50,000 people to write long-range (20- to 30-year) metropolitan transportation plans and to revise or update those plans every 4 to 5 years. A review of plans for more than 75 of the nation’s largest metropolitan areas reveals that they do not make effective use of available resources to reduce congestion, maximize mobility, and provide safe transportation facilities. Randal O’Toole, senior fellow at the Cato Institute, writes in “**Roadmap to Gridlock: The Failure of Long-Range Metropolitan Transportation Planning**” (Policy Analysis no. 617) that these plans rely heavily on behavioral tools such as land-use regulation, subsidies to dense or mixed-use developments, and construction of expensive rail transit lines. Nearly 40 years of experience with such tools has shown that they are expensive but provide negligible transportation benefits. Long-range transportation planning necessarily depends on uncertain forecasts. Planners also set qualitative goals such as “vibrant communities” and quantifiable but incomparable goals such as “protecting historic resources.” Such vagaries result in a politicized process that cannot hope to find the most effective transportation solutions.

We’re No. 37?

The World Health Report 2000, which presents performance rankings of 191 nations’ health care systems, has been widely cited in public debates about how to reform the U.S. health care system. Those who cite the WHO rankings typically present them as an objective measure of the relative performance of national health care systems, but in “**WHO’s Fooling Who? The World Health Organization’s Problematic Ranking of Health Care Systems**” (Briefing Paper no. 101), Glen Whitman, an economist at California State University at Northridge, says the WHO methodology is fatally flawed. Suppose that a country provides everyone the same quality of health care. Then suppose the quality of health care improves for half of the population, while remaining the same for the other half. In other words, some people are made better off and no one is worse off. According to the WHO rankings methodology, the effect is ambiguous: the improvement in health outcomes would have a positive effect on the rankings, but the increase in inequality of health outcomes would in fact lower the ranking. Almost two-thirds of the weight in the WHO index goes to these distributional factors, which focus more on inequality than on the absolute level of care.

C A T O C A L E N D A R

7TH ANNUAL CONSTITUTION DAY CONFERENCE

Washington • Cato Institute
September 17, 2008

CATO CLUB 200 RETREAT

Kiawah Island, S.C.
The Sanctuary at Kiawah Island
September 18-21, 2008

LESSONS FROM THE SUBPRIME CRISIS

26th ANNUAL MONETARY CONFERENCE
Washington • Cato Institute
November 19, 2008

POLICY PERSPECTIVES 2008

New York • Waldorf-Astoria
November 21, 2008

“To Be Governed...”

SURPRISE!

Attendance at Nationals Park has fallen more than a quarter short of a consultant's projections for the stadium's inaugural year, cutting into the revenue needed to pay the ballpark bonds and spurring a D.C. Council member to demand the city's money back. . . .

“It appears now,” [Council member David] Catania wrote, “that [the D.C. government's economic consulting firm] may have seriously overestimated ticket sales, which represents a major portion of stadium-related revenues.”

—*Washington Examiner*, May 29, 2008

SO MUCH FOR THE PAST SEVEN AND A HALF YEARS

Fiscal conservatism is one of my defining issues for the remaining months.

—*President Bush to Neil Cavuto*, May 23, 2008

WHAT'S NEXT, COMPETING CHURCHES?

When a U.S. House candidate began peppering the area with red, white and blue signs a year before the Nov. 6 election, Botetourt County [VA] officials took notice. They dusted off a long-standing ordinance restricting the length of time that campaign signs can be erected, even on private property. . . .

“If we don't have some semblance of order, we'd just have a libertarian society where anything goes,” said Jim Crosby, a

longtime resident and former chairman of the Botetourt Republican Party.

—*Washington Post*, April 27, 2008

A SPECTRE IS HAUNTING THE GOP—THE SPECTRE OF FREEDOM

The greatest threat to classic Republicanism is not liberalism; it's this new brand of libertarianism, which is social liberalism and economic conservatism, but it's a heartless, callous, soulless type of economic conservatism.

—*Mike Huckabee in the Huffington Post*, May 26, 2008

YOUR TAX DOLLARS AT WORK

The District of Columbia has agreed to pay \$1.75 million to head off a lawsuit alleging that the city bilked the federal government out of money to educate children who didn't exist, the *Examiner* has learned.

For decades, District schools took in millions of dollars in grants to educate the children of migrant farmworkers and fishermen. But, as first reported by the *Examiner* in August, a 2005 audit discovered there were no such children in the system.

—*Washington Examiner*, April 22, 2008

OUI-HA!

Country and western has become so big in France that the country's bureaucrats

have decided to bring the craze under state control.

The French administration has moved to create an official country dancing diploma as part of a drive to regulate the fad.

—*The Times*, May 31, 2008

THE ERA OF BIG GOVERNMENT BEING OVER IS OVER

Federal, state and local governments are hiring new workers at the fastest pace in six years, helping offset job losses in the private sector.

Governments added 76,800 jobs in the first three months of 2008, the Bureau of Labor Statistics reports.

That's the biggest jump in first-quarter hiring since a boom in 2002 that followed the 9/11 terrorist attacks. By contrast, private companies collectively shed 286,000 workers in the first three months of 2008.

—*USA Today*, April 30, 2008

COLLECTIVIST CAREER ADVICE FROM THE MAN WITH THE \$1.75 MILLION HOUSE

You can take your diploma, walk off this stage, and chase only after the big house and the nice suits, but I hope you don't. . . . Because our individual salvation depends on collective salvation.

—*Barack Obama, Wesleyan University Commencement*, May 25, 2008

CATO POLICY REPORT

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The logo for CATO, featuring the word "CATO" in a stylized, serif font with a slight shadow effect.