

# Cato Institute

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*“America’s Founders set forth a powerful moral vision of individual liberty, individual responsibility, and limited government – government limited to securing our rights.” – From Cato’s Letter, #13*



Harvard Model  
Congress Asia

## INTRODUCTION

Dear newest Cato Institute lobbyist,

Founded in 1977, the Cato Institute is a non-partisan, libertarian public policy research foundation headquartered in Washington, DC. The Institute is named for Cato’s Letters, **libertarian** pamphlets that helped lay the philosophical foundation for the American Revolution.

The Cato Institute seeks to broaden the parameters of the American public policy debate to encompass policy alternatives consistent with the traditional libertarian principles of limited government, individual liberty, individual responsibility, and peace. Toward that goal, the Institute seeks to involve concerned, intelligent members of the American population in discussions about public policy and the proper role of government. The Cato Institute operates an extensive publications program dealing with almost every area of public policy. Books, treatises, and short studies are commissioned to examine the federal budget, Social Security, monetary policy, natural resource policy, military spending, government regulations, NATO, international trade, and a number of other issues. Major policy conferences are held throughout the year, and major papers are published three times a year in the Cato Journal.

In order to maintain its independence, the Cato Institute accepts no government funding. Instead, it is a nonprofit, tax-exempt educational foundation. Contributions are received from foundations, corporations, and individuals. Other revenue is generated from the sale of publications. It does not lobby Congress in the same way that other lobbyist groups like the Sierra Club or Amnesty International do. On the contrary, it seeks to influence public policy by developing intelligent, insightful arguments based on libertarian theory and **disseminating** them through the press, the news media, and through direct testimony to Congress. In a country where there is no shortage of supply or demand for intelligent new ideas, Cato stands out as the leader of libertarian thought.

**Libertarian**—*One who advocates maximizing individual rights and minimizing the role of the state.*

**Disseminating**—*To spread abroad; promulgate*



## UNDERSTANDING CATO'S LIBERTARIAN APPROACH

The Jeffersonian philosophy that animates Cato's work has increasingly come to be called "libertarianism" or "market liberalism." It combines an appreciation for **entrepreneurship**, the market process, and lower taxes with a deep respect for civil liberties and skepticism about the benefits of both the welfare state and foreign military adventurism.

This vision looks to the future with optimism and excitement, eager to discover what great things women and men will do in the coming century. Market liberals appreciate the complexity of a great society; they recognize that socialism and government planning are just too clumsy for the modern world. It is — or used to be — conventional wisdom that a more complex society needs more government, but Cato also believes that the opposite is true. The simpler the society, the less damage government planning does. Planning is cumbersome in an agricultural society, costly in an industrial economy, and impossible in the Information Age. Today, collectivism and central planning are outmoded and backward; they impede, rather than promote social progress.

Market liberals have a cosmopolitan, inclusive vision of society. Cato's greatest challenge today is to extend the promise of political freedom and economic opportunity to those who are still denied it, both in our own country and around the world.

**Entrepreneurship**—  
The process of organizing, operating, and assuming the risk for a business venture.

**Budget Deficit**—*An excess of expenditures over revenues.*

## HOT TOPICS

### *Federal Spending*

One of Cato's major tenets is that government is a necessary evil and, as such, should be minimized whenever possible. Thus, Cato generally supports Republican economic policies of limited spending and limited taxation. President George W. Bush, Cato notes, has followed one of those policies, cutting taxes, in a manner not seen since President Reagan. Yet, President Bush has actually increased government spending to a record high. In order to successfully limit taxation, the government must limit spending so as not to run a **budget deficit**. Due in large part to the expensive wars in the Afghanistan and Iraq and the cost of rebuilding states affected by hurricanes in the fall of 2005, the US budget deficit for 2007 was \$747.1 billion, a statistic that Cato views as a terrible detriment to the nation.

Therefore, Cato vehemently supports reducing the federal budget. As Veronique de Rugy and Tad DeHaven argue, "Bush needs to veto bloated spending bills." Citing President Reagan, who vetoed 22 spending bills in his first three years in office, as an example, Rugy and



DeHaven maintain that large subsidy bills should be vetoed and rewritten with their economic effects considered. Too often, politicians concern themselves only with the short-term and not the long-term future of the nation. President Bush has been too willing to sign large subsidy bills, which create large national budget deficits that will not harm the nation until years down the road. Chris Edwards, Director of Tax Policy Studies for the Institute, notes that “federal spending has increased 45 percent over the last five years.” To combat this, Cato supports a cap for total federal spending. In general, the Cato Institute feels that it must fight for reduced spending by Congress and the White House.

**Medicare**—*A program under the U.S. Social Security Administration that reimburses hospitals and physicians for medical care provided to qualifying people over 65 years old.*

### *Foreign Policy*

The premise of Cato’s foreign policy position is that national security comes before all else and that America is a “constitutional republic, not an empire.” America is not the world’s police force and should not send troops to foreign nations unless there is a strong national security interest involved. Many people at Cato believe that although short-term goals may be accomplished by intervention in global affairs, the long-term effects of such actions will be far worse than these minute gains. For instance, Cato argues that United Soviet Socialist Republic’s invasion of Afghanistan in the 1980s and America’s subsequent support of Afghanistan resistance forces led to the rise of al-Qaeda years later, with drastic consequences for the US. Instead of military aid and support for militant groups within other nations, the US should focus on expanding free trade and cultural exchange and improving immigration policies. Cato believes that a focus on the positive aspects of the global community will lead to a more cohesive world.

### *Medicare*

As a libertarian interest group, Cato feels strongly that individuals have a right to spend their own money as they see fit. Though this applies in several different realms (e.g. taxes, social security, etc.), Cato feels that the US **Medicare** program threatens this important right. In recent years, Cato argues, Congress and the Medicare program itself have limited the freedom of Medicare beneficiaries to purchase medical services with their own money. This is tantamount to violating an individual’s right to privacy. Cato further argues that such limitations undermine a tool that could reduce the burden already imposed on taxpayers, and may deny care to Medicare beneficiaries outright. Moreover, Cato has scorned Canada’s universal healthcare system and cites that country’s own Supreme Court’s finding that imposing limits on a patient’s freedom to spend his/her own money can result in the denial of crucial and even life-saving medical services. Although the current



Medicare program is nowhere near Canada's nationalized coverage, Cato still is very resistant to imposing restrictions on Medicare beneficiaries when it comes to spending their benefits.

### *Social Security*

Few people argue that Social Security is not in need of reform. The surge in retirees in the near future of the **baby boom generation** will cause a surge in benefit payments from the system, and in just 15 years the system will be paying out more in benefits than it collects in taxes. By 2042 the so-called **Trust Fund** will be exhausted and Social Security will only be able to pay 73 percent of promised benefits to retirees. Though debate over whether reform is necessary is not heated, the type of reform that should be implemented is a very hot issue. The true libertarian view certainly does not coincide with the way the system is set-up now. That is, Cato doesn't support the inclusion of taxes from current workers' wages in a general fund, from which current retirees draw for their benefits. Libertarians focus on the individual's right and responsibility to provide for him/herself, which is why Cato has supported President Bush's private accounts plan. The transition costs to go from the current pay-as-you-go system to a private accounts system are estimated at around \$2 trillion. However, it has been estimated that it would take \$11.9 trillion to make Social Security sustainable during and after the baby-boomers collect their benefits. Cato recognizes the urgent need for reform in this area. Cato would support plans that tend to coincide with its libertarian views, such as a private account system.

**Baby boom generation**—*The generation of Americans who were born between 1940 and 1960, during a large, sudden population increase, or "baby boom"*

**Trust Fund**—*Property, especially money and securities, held or settled in trust, in this case held by the government.*

### *Privacy*

Cato believes that privacy is a product of personal responsibility and autonomy. Law has dual, conflicting effects on privacy. Law is essential for protecting privacy because it backs individuals' privacy-protecting decisions, but much legislation plays a significant role in undermining privacy. Indeed, the principal threats to privacy come from governments.

These threats fall into three classes. The first, government **surveillance**, is a profound and well-recognized threat to privacy. Governments also undermine privacy by collecting, cataloging, and sharing personal information about citizens for administrative purposes. Less acknowledged — but no less important — is the wide variety of laws and regulations that degrade citizens' power to protect privacy as they see fit.

Whether embodied in anti-privacy regulation, data collection required by all manner of government programs, or outright surveillance, the relationship of governments to privacy is typically **antagonis-**



**tic.** Privacy thrives when aware and empowered citizens are able to exercise control of information about themselves. Thoughtful policymakers should recognize the detrimental effects many programs have on consumers' privacy and respond with proposals that reduce the role of government in individuals' lives.

## CONCLUSION AND SUGGESTIONS FOR FURTHER RESEARCH

The task of representing Cato's views to congressmen and senators is not an easy one, and it will take a considerable amount of forethought and effort. A good place to do research is at the Cato Institute's website, at <http://www.cato.org>. Other information can be found at your local library or online, especially by using the Lexis-Nexis Academic Universe.

We wish you the best of luck in preparing for the conference. People often view the battle in Washington as one of politics, but we at Cato view things differently. We are soldiers in the war of *ideas*, constantly providing fresh concepts, thoughts, and solutions to the problems that plague our nation. As an advocate of the Cato Institute, you represent a way of thinking that differs sharply from that of both parties, but which has allies in both. You represent an economic philosophy based on free markets and free enterprise, a view that appeals to Republicans, while also advocating a social and foreign relations philosophy that appeals to Democrats. You endorse a set of policies that recognizes the power of the individual to help himself or herself, the power of markets to help everyone, and the power of government to hamper both.

How effective you will be as a member of the Cato Institute's lobbying staff is up to you. Decision makers in the House and Senate appreciate being provided with information. Intelligent arguments and well-researched presentations can easily sway a member who is on the fence. The best lobbyist is not the one who speaks with the loudest voice or knows the most people; rather, it is the person who provides new and insightful information. Cato implores you to carefully read and research your assigned topics. If you come to the conference armed with information to support Cato's cause, you will find yourself in a better position to help both the organization and society at large.

Libertarians throughout the past century have brought great change to our nation. For example, market economics was initially received skeptically, but is now a cornerstone of American thought. Rights-based democracies were once nothing more than a concept written in books, but now they are the standard against which all governments are judged. Thus, you are part of a rich history of libertarianism. As you testify before Congress, be mindful of the role that people of



your ideological stripe have played in making the world better. Be sure to research your topics carefully and to provide new material when you testify. Your positions on the issues are correct — all you need do is present them well. If you succeed in doing that, you will be not just a soldier in the war of ideas — you will be a victor.

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