



## LOBBYISTS

### Cato Institute

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*A wise and frugal government, which shall leave men free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread it has earned - this is the sum of good government.*

*-Thomas Jefferson*

Welcome to the Cato Institute, America's most dedicated defender of individual freedom. Founded in 1977, the Cato Institute is a 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's mission is to increase the understanding of public policies based on the principles of limited government, free markets, individual liberty, and peace. In short, libertarianism suggests that individuals should be allowed to live their lives as they so choose, without the influence of a higher order (i.e. the government), so long as their actions harm no one else's liberty. However, where one's own liberty ends and another begins is often a contentious gray area, particularly for the architects of American foreign and domestic policy. Toward that goal, the Institute seeks to involve concerned 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 and uses a variety of means to originate, advocate, promote, and disseminate applicable policy proposals that promote free, open, and civil societies in the United States and throughout the world. 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. In doing this, the Institute is publically critical of US policy through a libertarian, small-government perspective. Significant policy conferences are held throughout the year, and major papers are published three times a year in the *Cato Journal*.

**treatise**—a written work dealing formally and systematically with a subject.

In order to maintain its independence, the Cato Institute accepts no government funding. Instead, it is a nonprofit, tax-exempt, educational foundation. Contributions come 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 con-



trary, 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 city where there is no shortage of supply of or demand for intelligent new ideas, Cato stands out as the leader of libertarian thought.

## What is Libertarianism?

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. Jeffersonian philosophy is often contrasted with that of Alexander Hamilton, the first US Secretary of the Treasury, who advocated for a larger, more powerful federal government, particularly in terms of economic affairs.

This vision looks to the future with optimism and excitement, eager to discover what great things individuals will accomplish in the coming century. Market liberals appreciate the complexity of a great society; they argue 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 purports 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 these cherished values, both in our own country and around the world.

## Important Issues

### *Net Neutrality*

Adam Thierer, director of telecommunications studies at the Cato Institute, sees calls for **net neutrality** regulation as "unjustified" and says, "There is no evidence that broadband operators are unfairly blocking access to websites or online services." Given the uncertainty of future technologies and operators, Thierer argues that the government has no reason to preemptively regulate the Internet industry. Thierer also believes that network operators "have property rights in their sys-

**entrepreneurship**—*the act of founding, organizing, and operating a business or businesses, taking on greater than normal financial risks in order to do so.*

**net neutrality**—*the principle advocating no restriction by Internet service providers or governments on consumers' access to networks that participate in the internet.*

tems that need to be acknowledged and honored,” and they should reserve the right to package their features and services to customers as they see fit. He worries of the potential “gaming” of the regulatory systems, so that firms could actually use these regulations to their advantage and hurt their competitors. Worse, according to Thierer, neutrality legislation “would encourage more FCC [Federal Communications Commission] regulation of the Internet and broadband markets in general.”

### *Charter Schools*

As **charter schools** represent part of the Republican effort to introduce the free market into the educational sphere, the Cato Institute tends to view charter schools in a favorable light. That being said, the Cato Institute is convinced that, in its current state, the charter school system is far from being a truly free marketplace for education, and thus has suggested some reforms. Some of the more modest reforms that Cato has proposed to make education more competition-based include increasing competition for charter school authorizers and abolishing limits on the number of charter schools that can be opened. In addition to these modest reforms, though, the Cato Institute has also proposed the establishment of a Public Education Tax Credit, which would allow families to direct part of their tax contributions toward their children’s education. Shifting control over educational spending away from the government to individual families, the Public Education Tax Credit epitomizes Cato’s economically conservative stance toward education.

**charter school**—*a school that receives public money but is not subject to some of the rules, regulations, and statutes that apply to other public schools.*

### *Health Care Reform*

Alan Reynolds, a senior fellow with the Cato Institute, has criticized the premise that it is important to provide health insurance for routine measures. He also questions whether subsidizing health care would increase demand and thus increase prices. Moreover, the Cato Institute firmly opposes a mandate that all citizens must have health care coverage, believing it to be a limitation on people’s basic freedoms. Distrusting the efficiency of government programs, the think tank supports market-based solutions rather than President Obama’s 2009 health care reform bill.

### *Offshore Drilling*

Cato concludes that if the cost of environmental damage does not exceed the revenue potential offshore drilling can take in, then offshore drilling is worth exploring. This **externality**-based approach, in which environmental damage is looked at as merely an externality of drilling that can be counteracted with money, has received much criticism from environmental organizations, including Greenpeace and the World Wildlife Fund. Based on the US Energy Information Administra-

**externality**—*a cost or benefit, not transmitted through prices, incurred by a party who did not agree to the action causing the cost or benefit.*

tion's (EIA) analysis, if there were no offshore drilling restrictions, the global oil supply would increase by one-tenth of 1%, and with this increase in supply, markets would expect to see a decrease in global crude oil prices by a mere one-fifth of this 1%. Because the EIA's predictions are based on assumptions of increased future oil prices and an uncertainty in the quantity of oil that is actually in these offshore areas, the Cato Institute takes caution in jumping to conclusions.

### *Biofuel and the International Food Crisis*

Cato mostly opposes the increased use of ethanol and other **biofuels**, and moreover, government interference with energy markets. Pointing to research-based doubts of the "renewable" qualities of ethanol, Cato declares that investing in other alternative fuels would be more productive and that previous government mandates and subsidies have only backfired and heavily contributed to rising food prices. Cato reasons that mandates will inevitably increase prices in the short-term and produce uncertain, unpredictable results on a longer time-table (on the scale of ten years). Ultimately, according to Cato, the market should be allowed to dictate the solution to the debate over ethanol and other current energy problems.

**biofuel**—*a fuel composed of or produced from biological raw materials.*

### *College Endowments*

Cato's Neal McCluskey dismissed Senator Chuck Grassley's (R-IA) push for higher **endowment** spending as "great grandstanding" for political favor, but a non-issue in comparison to federal subsidies to higher education. According to McCluskey, the real problem is not universities holding onto endowment dollars, but the federal government subsidizing higher education costs with taxpayer dollars. With tuition being split between families and the government, parents find themselves with a smaller bill, consequently allowing universities to raise the price tag of a four-year degree (allegedly until families cannot, once again, afford their portion and the government steps in for more). Cato agrees that perhaps the universities should spend more, but more importantly, that the government needs to spend less.

**endowment**—*the total value of an institution's financial investments.*

### *The War on Opium in Afghanistan*

Ted Galen Carpenter, vice president for Defense and Foreign Policy Studies at the Cato Institute, has expressed the view that anti-drug efforts may undermine the more important NATO campaign against al Qaeda and the Taliban in Afghanistan. He believes that the current US prohibitionist strategy is giving rise to very lucrative black markets that make opium more attractive to farmers than other crops. He expresses fear that anti-drug measures may drive warlords and farmers into efforts against the US and increase the number of supporters of US terrorist adversaries. On behalf of Cato, Carpenter contends that

drug war is not the right policy to deal with the situation in Afghanistan. Instead, he proposes drug legalization as a viable solution to the problem and considers that the fight against Islamic terrorists should be the priority of American foreign policy towards Afghanistan, not the War on Opium.

#### *US Aid to North Korea*

In an opinion article for the Institute, Ted Galen Carpenter, vice president for Defense and Foreign Policy Studies, states, “The United States should put a ‘grand bargain’ on the table. Washington should agree to a nonaggression pact and full normalization of diplomatic and economic relations with Pyongyang in exchange for the simultaneous implementation of a fully verifiable agreement (including a rigorous inspections system) to end North Korea’s nuclear program.” Cato argues that economic sanctions have had an abysmal track record of effectiveness, and North Korea does not remotely fit the profile of a regime that could be receptive to sanctions. Since North Korea has indicated a desire for normal political and economic relations with the US, the US should be flexible in its approach to diplomacy.

#### *The Weaponization of Space*

The Cato Institute sees no reason for the US to project its power by means of National Missile Defense (NMD) throughout the globe. Though Cato does believe the government has a responsibility to keep the United States safe from ballistic missile attacks, the Institute contends that any further extension of those capabilities can only serve to further US interventionist policies and as such, should be rejected.

#### *Colombian Free Trade Agreement (FTA)*

The Cato Institute has extended its support for the Colombia-US FTA. It contends that approving a **free trade agreement** with Colombia is about supporting a market democracy in a region where liberal values are under attack. It is about being a reliable partner in turbulent times. It is also about building long-lasting institutions for economic prosperity and democracy for millions of Colombians. Yes, it is true that Colombia is a nation torn by civil conflict and vicious violence. However, under the leadership of former president Álvaro Uribe, the country underwent remarkable improvements in most socioeconomic indicators. Former president Uribe invested a lot of his political capital in reaching an FTA with Colombia’s closest ally. While the Cato Institute acknowledges that Colombia is a violent country in general, the reduction of union members’ murders under President Uribe’s watch serves as one of several signals that Colombia is trying to stabilize. It is the responsibility of the US to support its potential economic partner.

**free trade agreement**—an agreement eliminating tariffs, import quotas, and preferences on most goods and services traded between two nations.

### *The Age of Biofuels*

Scholars at the Cato Institute disagreed with former President George W. Bush's opinion that ethanol could solve virtually every economic, environmental, and foreign policy problem on the horizon. Instead, they concluded that the production of ethanol is enormously expensive and wasteful. They were quick to point out that if all the corn produced in America during 2007 were dedicated to ethanol production (a meager 14.3% of it was), US gasoline consumption would drop by a modest 12%. For corn-ethanol to completely displace gasoline consumption in this country, we would need to appropriate all US cropland, turn it completely over to corn-ethanol production, and then find 20% more land for cultivation on top of that for food needs. Cato also points out the flaws of ethanol subsidies. According to a 2005 report by the Department of Agriculture, a gallon of corn ethanol costs an average of \$2.53 to produce — several times what it costs to produce a gallon of gasoline. Without the subsidies, costs would be even higher. Essentially, the Institute argues that if ethanol has commercial merit, it should not require a government subsidy. More importantly, Cato disagrees with the notion that ethanol is a renewable fuel. According to a recent study in 2007, only 5-26% of the energy content of ethanol is “renewable.” The balance of ethanol's energy actually comes from the staggering amount of coal, natural gas, and nuclear power necessary to produce corn and process it into ethanol.

### *Lobbying Reform*

The Cato Institute holds that lobbying is a vital part of American politics, and that lobbyists often promote the interests of the American people that would otherwise be forgotten. Cato even supports lobbyists of big corporations, because they fight to lower taxes for these billion-dollar corporations, which is actually a good thing “because the corporate tax is a smoke screen that hides \$200 billion in taxes from the workers, consumers, and shareholders who implicitly pay it.” The Cato Institute supports the conservative stance that citizens and respective organizations are at liberty to expend their resources as they see fit, particularly if they are seeking to protect important rights and freedoms. Lobbying is an important way for civilians to get involved in the political process.

### *Housing Crisis*

The Cato Institute argues that the decline in the housing industry is a natural part of the business cycle, as all industries that go through periods of appreciation inevitably must also go through periods of decline. In a recent article titled, “The Housing Crisis: Maybe We Should Do Nothing,” the Institute argues that although there may have been

**mortgage**—a conveyance of property used to secure a monetary loan that becomes void upon payment or performance according to stipulated terms.

some mistakes on the part of **mortgage** lenders, particularly in the sub-prime mortgage market, which represents over 70% of foreclosing properties, the primary mistake was that monthly payments were not high enough to cover for the risk in lending money to borrowers. Furthermore, Cato points to government intervention as a solution that may just prolong the situation further, similar to the ways the Japanese government tried to rehabilitate its struggling economy in the 1990s, only to lead to a decade of economic stagnation.

Though Cato recognizes the need for greater government intervention in the financial crisis due to the severe lack of credit in the market, the organization opposed all “bailout” efforts of the government and instead favored several alternatives. Cato believes that a superior approach would have been to insure **mortgage-backed securities** and inject capital into banks to resolve the crisis. However, now that bailouts have been passed over the past few years, the think tank sees the best course of action as being the purchase of mortgage-backed securities for their true value. Cato believes that the fundamental problem in the crisis is that the securities are undervalued in the market due to the risk associated with them. However, if the government is able to make a correct determination of the securities’ actual value and purchase them at that level, then uncertainty will be removed from the market and the invisible hand of economics will work to stabilize the situation. As an added benefit, if the US government uses the bailout funds to purchase the securities for their true value, then the effort will cost the taxpayers nothing. However, the problem still remains of ascertaining the true value of the securities, and many economists argue that it will be inevitable for the government to buy the securities at a loss to keep financial institutions solvent.

**mortgage-backed security**—a financial security whose value and income payments are derived from cash flows from mortgage loans.

### *Relations With Cuba*

The Cato Institute points out that in the last decade, Cuba has made a great deal of internal economic progress. For example, small enterprises, foreign investment, and incentive-based agriculture are all blossoming in Cuba due to small economic reforms. The Institute argues that there is hope for progress in Cuba, but that the current US sanctions do nothing but provide the government with ammunition for vilifying the US and its ideals in Cuba. The sanctions have failed to force change in Cuba for almost fifty years now, so the Institute recommends that they be modified, if not lifted entirely. Cato argues that economic engagement with Cuba will be beneficial to Americans because it respects their right to trade with and travel to Cuba, while at the same time, it will help the causes of free enterprise and democracy in Cuba.

### *US Role in Darfur*

The Cato Institute argues that, based on the apparently poor out-

come of US intervention in Iraq, the US should not feel much pressure to intervene in Darfur. Although Cato lauds US efforts to aid peace-keeping missions like that of the African Union (AU), it states that there are other countries – such as Egypt, Chad, and Kenya – that have a more vested interest in Darfur and thus should be expected to send troops long before the US. The Cato Institute urges that the US to work with the UN to endorse a regional solution based on interventions in Sudan by neighboring African countries.

### *Transportation Security*

The Cato Institute strongly opposes any measures that would restrict the freedom of movement of American citizens. The Institute has harshly criticized airport security measures, arguing that they invade the privacy of passengers and that they provide no real security benefit. The Cato Institute is also critical of homeland security spending in general, calling increased spending on transit security, for example, little more than a "knee-jerk reaction" to bombings and other attacks against transportation systems that have occurred over the past decade.

### *Refugees*

The Cato Institute opposes the overregulation of immigration policy and sees increasing admissions as advantageous in both humanitarian and economic terms. Cato has called on the government to end the policy of refugee admissions allocations, or at the very least to raise the ceiling dramatically to over 100,000 per year. Cato feels that eliminating or increasing the total annual allocation will allow for greater admissions flexibility depending on changing world conditions. The think tank accuses the government of using the ceiling policy to intentionally decrease refugee admissions. It claims that increased national security concerns are not an excuse for the dramatic fall in actual admissions, since visa applications by refugees are among the most carefully inspected before approval.

### *Drilling for Oil in the Arctic National Wildlife Reserve (ANWR)*

The Cato Institute is typically against any legislation that limits resource availability or interferes with the free market system. Cato has expressed concern that high oil prices are hurting the US economy. Cato maintains that opening up ANWR for oil drilling would limit OPEC's monopolistic hold on the US oil supply; thus the group is in favor of taking such a measure. Cato argues that increasing domestic oil production invariably would increase competition and drastically reduce oil prices, thereby protecting US manufacturers and consumers. Cato adds that the revenue obtained from drilling in ANWR could even be put towards making new wildlife reserves in more easily accessible US lands.

**OPEC**—*Organization of Petroleum Exporting Countries; an intergovernmental organization comprised of twelve major oil-exporting member-states.*

### *Medical Privacy*

The Cato Institute disagrees with the notion that privacy rights are implicitly recognized in the Fourth and Fifth Amendments of the Constitution. Instead, Cato insists that a right to privacy can be derived from the **unalienable** right to property, as described in the Declaration of Independence. Following this idea, the Institute concludes that as long as patients submit their personal records freely to certain medical records programs, it is acceptable for these programs then to use that information in any lawful way. Since the current law does not prohibit these programs from selling patient health records, the companies administering these programs may do so unless the patient expressly denies that right.

**u n a l i e n a b l e** —  
*incapable of being  
alienated, surrendered,  
or transferred.*

## **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. It is most important for you to find articles and information on issues about which Cato feels strongly. This will help guide you in preparing testimony on specific congressional issues that arise at the conference. It is imperative that you arrive confident and prepared so as to best use your knowledge and expertise to lobby members of Congress to vote as you desire. In addition, you will later have access to an "Important Issues" update that will guide you through congressional briefings that are of interest to your work.

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 either major political party. 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 him 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 indecisive. 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 presented in a creative and new way. 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 a better place. 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 to do is present them well.

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