

Freedom at 36,000 Feet

July 4, 2023

Intended for perusal by friends of Atlas Network, this document has been compiled during long flights with the goal of entertaining and informing you, whether you're in the air or on the ground. It's an assortment of observations about the freedom movement and world events with firsthand accounts from my most recent travels.

WHY I'M OPTIMISTIC ABOUT BRAZIL

There's an old joke about how Brazil is "the country of tomorrow ... and it always will be," alluding to regularly dashed hopes of people who see the unrealized potential of Latin America's most populous country. Last year's re-election of the leftist Lula as president, after he served years in jail for corruption, reinforced this idea that Brazil is prone to shoot itself in the foot.

But I have high hopes for the country after my April visit to Porto Alegre for the largest annual meeting of Instituto de Estudos Empresariais (IEE), where I was invited to launch the Portuguese version of my *Liberalism and the Free Society* book (first published in English in 2021). IEE's structure is genius. It consists of people under the age of 35 who compete to join what is part social club (valuable networking) and part educational experience (requiring intensive study and discussion of classical liberal texts). IEE hosts this annual event that brings together some 4,000+ people. After three decades, IEE has created a flood of successful leaders in business and policy who are well-versed in sound economics.

Some of these "IEE graduates" were involved with the previous administration of Bolsonaro (oft seen as "Brazil's Trump") and some had kept their distance, but there seemed to be very little in-fighting. Brazil's liberty movement looks to a future where common-sense economics might be championed more consistently alongside classical liberal values.

Two leading governors, who appeared at the conference—Romeu Zema from Minas Gerais and Eduardo Leite from Rio Grande do Sul—seemed to be bright lights for the future.

Use the QR code below to explore online materials I mention in this doc!



In the meantime, our partners in Brazil keep focused on meaningful incremental changes. We have celebrated Instituto Liberal de São Paulo's "Liberdade para Trabalhar" ("freedom to work") project that's removed barriers to employment in 52 municipalities, and Livres' work to end a government monopoly in sanitation and water treatment (ushering in private investment that has provided cleaner water and taxpayer savings). I think the can-do attitude of so many young Brazilians in

the liberty movement comes from their participation—during college or even younger—in the anti-corruption protests that brought down the Dilma government in 2016.



Some of you longtime Atlas Network supporters may recognize this photo from a *Freedom's Champion* article seven years ago.

Brazilian protesters had “Mais [More] Mises, Menos [Less] Marx” as a rallying cry. This is a good reminder that social movements are built over time; one success can lead to others down the road.

ON JIMMY LAI RECEIVING CATO’S FRIEDMAN PRIZE

Back in 2002, the Cato Institute began their tradition of awarding a biannual Milton Friedman Prize to a person who made a huge contribution to freedom. My late mentor, John Blundell, accepted the first award on behalf of Peter Bauer, a pioneering development economist who died just days after being notified of winning the prize. Bauer had seen, earlier than anyone else, how foreign aid strategies suffocate enterprise, which is of course the true source of “sustainable development.”

There have been many deserving prize-winners since Bauer, but—in my estimation—none more deserving than the 2023 winner, Jimmy Lai, whose success as an entrepreneur and bravery as an advocate for liberty is beautifully documented in *The Hong Konger*, a documentary by the Acton Institute that is now available in full online. (Use the QR code on page 1 to access a link to the film.) All the winners following Bauer were able to attend Cato’s celebration in person, until last month, because—of course—Jimmy Lai languishes as a political prisoner. Jimmy has come to personify resilience against an increasingly aggressive force for evil in the world: the Chinese Communist Party. Jimmy stands for our values with grace and with courage.

I had the honor of meeting Jimmy two decades ago (when he was part of the Friedman Prize judging panel that selected Peter Bauer) at a small dinner at Peking Gourmet in my hometown of Falls Church, Virginia. One of the highlights of my professional career was interviewing Jimmy for our virtual Liberty Forum during the COVID year of 2020, just before he faced the trial that put him in jail.

UNLOCKING CHATGPT FOR LIBERTY

It's risky to write anything predicting the future of ChatGPT (or other large language model [LLM] technologies), since we've only had a few months to play with it—and since smart people disagree about whether it presages a productivity boom or the end of humanity!

I do worry about building up the muscles of Big Tech firms that have been cavalier about individual rights and much too cooperative with illiberal governments. But I am also skeptical about a Buckleysque strategy of “standing athwart history, yelling Stop.” The genie is out of the AI bottle, and we better learn how to use it for good.

One area of promise: in the recent past, some Atlas Network partners reduced opportunities for government corruption by digitizing bureaucratic processes. It is possible that we could do this on steroids with ChatGPT. What a boon it could be to simplify processes for interacting with governments so they actually serve citizens' needs ... and to massively reduce the headcount of these bureaucracies in the process. This could improve the ratio of “people creating wealth” in the private sector to “those drawing on that wealth” via government wages and pension benefits.

I'll be curious to learn your thoughts about ChatGPT. Are you using it? Or more broadly, how are you thinking about generative artificial intelligence on a wider scale? Our team at Atlas Network is exploring its application, *although with a bright line around services that rely on access to proprietary Atlas Network data*. I'd urge friends of Atlas Network to be cautious about what you share with ChatGPT. As you explore how to leverage its capabilities, stay aware that what you entrust to ChatGPT is not kept private.

THIS COMING WEEK AT FREEDOM FEST

Atlas Network will have a strong presence at FreedomFest this coming week in Memphis. It is a large (2,000+ attendees) and diverse crowd that shows up at FreedomFest, and our main stage will see Tom Palmer, Magatte Wade, and me making the case that Atlas Network is akin to “The Anti-Davos.” Yes, we have a global outlook and love capitalism, but—unlike the elitists that aspire to direct the global economy from the top down—we work smartly, from the bottom up, with local champions of our values.

Also at FreedomFest, we have a session about the ways freedom is being advanced by decentralized tech using blockchain, and we will screen a short film that documents the impact of our partner in Burundi. Centre for Development and Enterprise Great Lakes was able to make it vastly easier to register a business. Our film, *Papa Coriandre*, provides an inspiring example of what happens when driven entrepreneurs are welcomed into the formal economy. (Again, use the page 1 QR code to access the link to this short film.)

Finally, at FreedomFest we will announce a new class of Smart Bets grantees. Our Smart Bets program puts a spotlight on 10 great organizations that punch above their weight. If you want

to take a “mutual fund” approach to supporting a stronger liberty movement, you can invest in this program to help us channel financial support, advisory services, and special opportunities to groups that we predict will generate high ROI for liberty. Look for a press release coming out on July 13!

ROXANA NICULA

The most recent Smart Bets class includes an organization in Spain, the Foundation for the Advancement of Liberty, which is led by an inspiring woman named Roxana Nicula who was born in communist Romania. Our team just published a short profile of Roxana, and there I learned for the first time of the role Roxana’s grandmother played in sparking her appreciation for private property and the institutions of freedom.

Roxana was 15 when the dictator Ceaușescu fell and her family could reclaim property stolen under communism. She remembers her grandmother’s barefoot return to their fields of sunflowers—kneeling down and kissing the ground. One of the great joys of working at Atlas Network is becoming friends with people like Roxana, who help me not take for granted the freedoms we enjoy.

WHAT I SAW IN LEBANON

Another outstanding group that we’ve nurtured through our Smart Bets program is the Lebanese Institute for Market Studies (LIMS). I recently visited Beirut and Tripoli for three LIMS events. I spoke at a dinner for Lebanese media that showcased new online tools developed by LIMS to provide an independent source of economic data and analysis. Founder/CEO Patrick Mardini gave a demonstration of how the data sets and graphing tools can compare the plausibility of competing theories about the cause of Lebanon’s severe financial crisis.

Specifically, he showed how the country’s severe inflation closely tracks expansion of the money supply, whereas there’s no correlation between inflation and the trade deficit (the focus of attention of political parties advocating for more protection of local industries at the expense of consumers). It’s an elegant tool that complements the active presence LIMS has on very popular Lebanese news programs. Strolling through the streets with Patrick Mardini, he was repeatedly recognized by fans of his common-sense commentaries on the nightly news.

LIMS also convened workshops for people aspiring to political office at the municipal level. I was impressed with how LIMS helped find common ground for addressing very practical challenges: unreliable electric services and poor waste management. There are many contentious topics in Lebanon, of course, but Patrick kept the conversation on track. “We’re not talking about that; we need to focus on why the garbage is uncollected on our streets.” By the end, LIMS was able to read back to the group a couple dozen ideas that had been generated by the group and accepted by the group without objections. This became the basis for an action plan to be implemented by people who very likely disagree on other topics. Inspiring to see!

POLICY WINS IN EUROPE

Members of our Atlas Club receive a monthly video briefing on what is being accomplished by think tank partners you support via Atlas Network. Are you enjoying these? (If you've missed these in the past, search your email for a message from my colleague Chad Goote titled "Your June Atlas Club Briefing.")

The Lebanese Institute for Market Studies, mentioned above, was one of the stories that appeared in the video we produced at the end of May. (LIMS achieved some concrete steps in the direction of dollarization, to provide Lebanese citizens relief from runaway inflation.)

Also, the video highlights the work of our partner, the European Policy Information Center (EPICENTER), to address Europe's cost-of-living crisis. This awareness campaign generated local policy reform initiatives, which resulted in positive policy changes in France, Italy, and Romania.

The project was recognized with our Europe Liberty Award, which was given out as the grand finale of our Europe Liberty Forum in Prague. EPICENTER Director Adam Bartha appears at right, flanked by me and Atlas Network Board Chair Debbi Gibbs.



ONE MORE TRIP TO TELL YOU ABOUT... VISITING PRÓSPERA IN ROATAN, HONDURAS

"Free enterprise zones" have existed in different forms for years and take inspiration from cities like Hong Kong and Singapore that thrived under rules that encouraged trade and enterprise. In my early days at Atlas Network (1998), I traveled to Iceland as part of a project that would have created a zone for regulation-free tech innovation at a decommissioned military base. This didn't come to fruition, but the free-zone idea has gained lots of momentum, and Próspera might be the most advanced of these projects. Indeed, it claims to be the largest free jurisdiction in the world with 1,000 acres on the tropical island of Roatan off the coast of Honduras. I visited in April.

Próspera has now raised about \$100 million from investors betting on ROI from 1) real estate appreciation (as with a REIT, the value of the land increases when it's home to productive people and enterprises); 2) venture portfolio (Próspera lures companies to its free city by explaining the regulatory arbitrage that can accelerate their success, and by making equity investments); and 3) the governance model itself. Próspera Inc. is like a software company—legally distinct from the initial Próspera property in Roatan—which hopes its "code" can be used in the future for many other free cities. The project remains at an early stage, but there's a

lot of activity going on: real estate development, a gene therapy company, even a Bitcoin café that opened during my stay.

Próspera operates thanks to a provision in Honduran law (abbreviated ZEDE) that offered 100% control over commercial and civil law, as well as enforcement (but not the content) of criminal law within the geographic boundaries of their free zone. The big question now is whether the experiment can survive a left-wing government (elected last year) that has repealed the enabling legislation and has expressed the intention of killing Próspera as a project.

Próspera's leadership counters that the original enabling law gave permission to operate for 50 years, and that this became embedded into the Central American Free Trade Agreement and therefore cannot be undone without paying a multi-billion dollar fee in the agreement. How this would be adjudicated (or not) remains mysterious to me, but the spirits of those working day-to-day on the project are not dampened. They contend that 1) it was inevitable that Próspera would face a legal challenge, and if (they say "when") it survives this test, the political risk question will be settled; and 2) the Zelaya administration depleted its political capital very quickly through cronyism and nepotism, so it's much easier now for the opposition to hang together and protect Próspera. Time will tell how this plays out, but count me cautiously optimistic. I'd be happy to make introductions to leadership at Próspera if you're interested in learning more.

WHAT'S HAPPENING IN CHILE

In October 2019, I was shocked by riots that triggered an effort to rewrite the Constitution of Chile, the country that had shown, better than any other in Latin America, how economic freedom reduces poverty. Would a country that exemplified the benefits of free society values lose them?

The Chile story had always been complicated to tell, as the positive economic reforms that began in 1974 occurred in the wake of a coup d'état by a military general who murdered key parts of his opposition. Many Chileans will point out that it's disingenuous to simplify this story into one of good guys vs. bad guys, given violent elements in the regime that was overthrown. But classical liberals need to be careful: when we cheer Chile's economic successes, our ideological opponents want to conflate this with cheering Gen. Pinochet's human rights abuses.

Those who would use an anti-Pinochet narrative to turn Chile back toward socialism nearly succeeded in recent years with a young left-wing President Boric backing a new constitution. Happily, in 2022, the proposed constitution was rejected in a referendum by a sizable majority. Opposition was especially strong among the poor and among indigenous groups for whom the Left had presumed to speak. Just this past May, an even bigger blow was struck to Boric's dreams of upending Chile's capitalism-friendly institutions. As a result of the election in May, a majority of those tasked with drafting a new constitution come from right-of-center parties with sound views on economics. Among them are veterans of Atlas Network partners and programs.

Our partners in Chile deserve enormous credit for their educational efforts to sensitize groups, too often neglected in the past, to what could have been lost if the first constitutional reform had been passed.

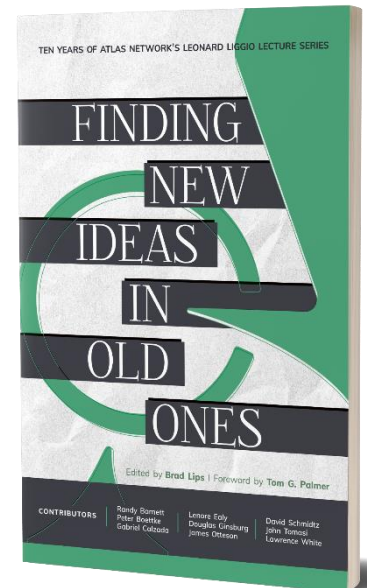
To get a deeper appreciation of the economic freedom miracle that happened in Chile and the threats it has recently faced, I'd recommend a new book by our friend Sebastian Edwards, *The Chile Project: The Story of the Chicago Boys and the Downfall of Neoliberalism*. Use the QR code to find a link to where you can order it and also links to videos our team produced several years ago with interviews of those behind the reforms that increased prosperity in Chile.

HAPPY FOURTH—AND FIFTH—OF JULY

I'm putting finishing touches on this letter so it can be sent on July 4, a day that always fills me with gratitude for those who were willing to risk it all for freedom—their lives, fortunes, and their sacred honor.

I also find myself full of gratitude on July 5—the birthday of the late Leonard Liggio, my colleague at Atlas Network until his death in 2014. It was once said, "If Hayek was the architect of the modern liberty movement, Leonard was its builder." He had an encyclopedic knowledge of history and a gentle demeanor that allowed him to work productively with anyone with an interest in freedom.

Earlier this year, I edited a book, *Finding New Ideas in Old Ones*, based on the first decade of our Liggio Lecture program, with contributions from Randy Barnett, Judge Doug Ginsburg, James Otteson, and other excellent scholars in the classical liberal tradition. I loved this project, and I'm sure you will love the book; you can tell each contribution was crafted with great affection and respect for our dear friend Leonard.



ADAM SMITH

July 4 makes me think of 1776. That year evokes not just the Declaration of Independence but also *The Wealth of Nations* by the great father of economics, Adam Smith, whose 300th birthday just took place on June 16.

Several partners of Atlas Network have celebrated this tricentenary in different ways, but I'll call your attention to *Reason* magazine's special issue on Adam Smith, which included eleven contributors providing commentary on their favorite Smith quote. Among them: James Otteson (the first "Liggio Lecturer" who appears in the *Finding New Ideas in Old Ones* book mentioned above), Veronique de Rugy and Bhuvana Anand (two former Atlas Network fellows who have gone on to do great things in the liberty movement), and our own Tom Palmer.

As you might imagine, almost all the quotes are pulled from *Wealth of Nations* or Smith's other classic, *Theory of Moral Sentiments*. Not so, for our ever-esoteric Dr. Palmer, who digs deep into Smith's lecture notes from March 1763!

SIR JOHN TEMPLETON

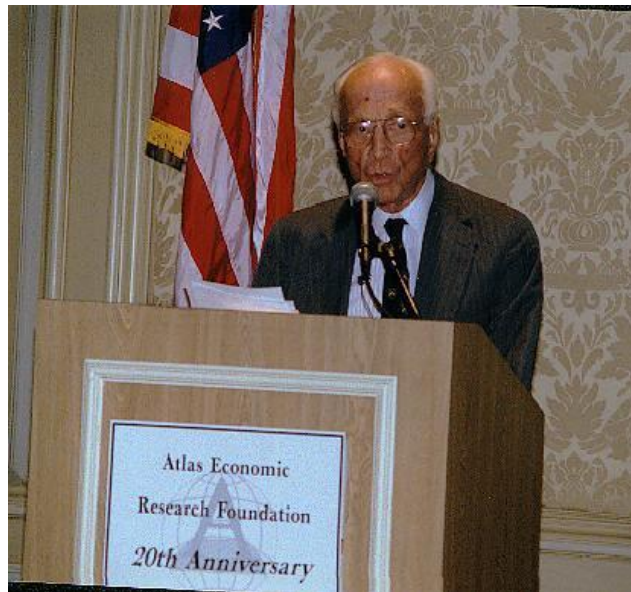
Members of the Atlas Network team recently came across a transcript of remarks that the late Sir John Templeton made at our organization's 20th anniversary celebration in 2001. I'll attach these to the end of this packet.

Sir John's incredible success as an investor came from sticking to his convictions about where value resides and being willing to be a contrarian. Tune out the noise. Focus on the big picture.

He did something similar with his philanthropy, and you'll see it in his attached remarks.

Like few others, Sir John could communicate under-appreciated truths and make them undeniable. He puts special focus on the tasks of demonstrating that free enterprise (or, his preferred formulation, "free competition") 1) serves the needs of the poor and 2) is compatible with, even conducive to, a virtuous society.

It's no coincidence that these themes remain central to the work of Atlas Network and our 550+ partner organizations. Sir John's philanthropic vision has helped us keep focus on how to win the moral high ground in the great debate between the top-down controlling mentality of statisticians and the classical liberal mindset that leads (in Sir John's words) to "continually opening wider the incentives for invention, efficiency, discovery—all of which result from free competition."



PARTING THOUGHTS

I hope you've enjoyed what I've collected in this first iteration of my personal newsletter.

In addition to the attached transcript of Sir John's 2001 remarks for Atlas Network, please do use the QR code on the front to access a web page with links to the other articles and videos that I've mentioned.

This month, our *Freedom's Champion* magazine will focus on grantees within the Smart Bets program mentioned earlier.

In September, you'll be able to join in an online "Pitch Competition" where you will help us select which Smart Bets groups will compete for a special prize at our biggest annual event: the Liberty Forum and Freedom Dinner. If you've never attended, you should. It's a blast to meet people from all around the world working for freedom. Please join us in New York City on November 15–16. Details and registration options are at AtlasNetwork.org.

One other item that you should have already received in the mail is an invitation to join our Fisher Legacy Society.

I'm touched by how many people see Atlas Network as one of the freedom movement's most important and most stable institutions and, therefore, have named Atlas Network as a beneficiary in their will. We like to recognize individuals making this choice as members of our Fisher Legacy Society. If you haven't considered this option, I hope you will.

Finally: please be in touch! Atlas Network is powered by the sense of community that exists among our stakeholders—people like you, who invest time and treasure in the important task of advancing freedom. I'd love to get your feedback on what excites you most about the challenges and opportunities in front of us.

With gratitude,

A handwritten signature in blue ink, appearing to read "Brad", with a stylized flourish extending from the end.

Brad Lips
Chief Executive Officer

Remarks by Sir John Templeton

Atlas Network's 20th Anniversary Program in September 2001

It's a privilege and a joy to be with so many friends—friends whose organizations our foundations have been contributing to for so very long. We admire you for your effective work in helping free enterprise to be a benefit all over the world.

To begin, let's think back. The idea has been going on since civilization started for thousands of years, that the government should be a dictatorship. Only very recently have we gotten away from the concept that everything should be determined by the king, or the emperor, or by the pope. Only now have we some freedom.

It was only two centuries ago, as you know, that the great book on this subject was written by Adam Smith called *An Inquiry into the Causes of the Wealth of Nations*. And now, only two centuries later—in our own lifetime, in fact—this great struggle between mental control from the top and freedom has been won. It's been won by freedom.

And the reason that it's been won in most of the areas of the world is the good work of people in the organizations represented here tonight. But, even today, among compassionate religious ministers and among scholarly academics, there remains some feeling that somehow top-down dictatorship from the government can enrich the poor. Also, there is a rather subconscious feeling that somehow free competition can lead to selfishness, not to ethics and spirituality.

It was over 20 years ago that my good friend, Sir Antony Fisher, the founder of [Atlas Network], helped me understand better the benefits for all people worldwide by keeping government very small, and by continually opening wider the incentives for invention, efficiency, discovery—all of which result from free competition.

I donate to [Atlas Network] as a way to help over 100—maybe they said tonight 150—other think tanks that are working all over the world to help people understand the great benefits of free competition. Invention is one of those benefits. Creativity is another. Those are stimulated and rewarded under free competition, which is a major reason why free competition enriches the poor. Likewise, freedom to change jobs enriches the poor.

... Let me take just a few minutes to point out some very obvious reasons why free enterprise is the best way yet invented to enrich the poor and also the best way yet invented to teach good character.

Let's study, quickly, just three clear comparisons among neighbor nations, one under socialism and the neighbor with free competition. The first, South Korea, whose standard of living is now over three times that of socialist North Korea, just since they separated less than 50 years ago. Secondly, Florida, which borders on Cuba, has over ten times the standard of living as the people in socialist Cuba. And third, Switzerland, whose standard of living is now over 20 times what it is in those countries that have remained socialist, such as Belarus and Ukraine.

Those are so clear and so obvious, but it is not yet widely understood by all of the clergy or all of the academics. And it's our job to help the academics see that free competition is on their side. They all want to help the poor. They all want to teach ethics, and free competition is their best tool. Just ask any people who vote for bureaucracy, as many do, why so many millions of poor people with experience under socialism now want to emigrate to the free nations. Whereas almost no one now tries to emigrate out of the free nations, and almost no one tries to immigrate into a socialist nation. Those things are so simple, so easy to put across, that I hope you will find ways to put them across practically to the academics and clergy.

Turning now to the evidence that free competition may be just as effective as religion in teaching ethics, take an example. Common sense will tell you that unless you treat your customer better than the competitor does, your customer will go to the competitor. Unless you treat your employees better than your competitors, they will go to your competitors. Unless you and your enterprise build a reputation for reliability and honesty, your customers will go elsewhere.

Better service to customers brings you more customers. Now, if those few concepts could be put across to the great minds of the world, in academia and in the clergy, it would be a huge advance for freedom, creativity, innovation in the world....

I hope to read more and more about the ways that each of you have found to help opinion leaders worldwide to understand that free enterprise does indeed enrich the poor and teach ethics....