Components of Democracy and Their Impact on Everyday Life

Panel Chair: Frank Atkinson, Chairman, McGuire Woods Consulting

Rule of Law: The Hon. Malfourd Trumbo, Judge, Circuit Court of Virginia
Free Markets: Prof. Karol Boudreaux, GMU/Mercatus
Representative Government: The Hon. John Hager, Former Lt. Governor of Virginia

CHIP MANN: That was a certainly a lively discussion and we are taking into consideration the fact that you all want to ask more questions, so we’re letting all the presenters know that you do have that desire and we’ll try to make sure that we accommodate you.

This panel is going to discuss the rule of law and we’re going to talk about it from a perspective of every-day contact with institutions that reflect the rule of law and one of those is the courts. The other one is politics and then the third one is commerce. The chairman of this panel is Frank Atkinson. Mr. Atkinson is an attorney and he is the Chairman of McGuire Woods Consulting and also a partner at McGuire Woods law firm in Richmond. He was a member of Governor Allen’s cabinet. He sits on the Board of Trustees of the Jamestown Yorktown Foundation and we talked earlier about the Jamestown 400th Commemoration Commission. He was the Chairman and he’s a good friend.

Another good friend is The Honorable Malfourd Whitney Trumbo, otherwise known as Bo. Bo served a term in the Virginia House of Delegates and several terms, three terms, in the Virginia State Senate. He’s also a member of the Jamestown 2007 Steering Committee, the Jamestown Yorktown Foundation and was also on the Federal Commission for Jamestown.

Karol Boudreaux who I had the pleasure of meeting today is a senior research fellow at the Mercatus Center at George Mason University where she was the Assistant Dean for the University of Law and she’s a senior research fellow focusing on Enterprise Africa, a research project that investigates and analyzes enterprise-based solutions in Africa. She taught at Clemson University.

And finally is our good friend The Honorable John Hager, former Lt. Governor of Virginia. John was the Assistant Secretary of the Office of Special Education and
Rehabilitative Services at the U.S. Department of Education. As I said, he was elected by the people of Virginia to be Lt. Governor and he was also Chairman of the Republican Party of Virginia, so I know that you are pleased to have these folks here. If you’d give them a warm welcome, we’d appreciate it. [applause]

FRANK ATKINSON: Good morning. We’re going to begin a conversation and going to allow lots of time to focus on the things that you all would like to talk about. We’ve got a very broad topic. The rule of law, in its broadest sense is really as broad or broader than the concept of democracy and the words get thrown around loosely, but what we’re really talking about is the glue that holds together all of these interrelated institutions and you’ll be talking about various ones throughout the day and during your time here. We will on this panel as Mr. Mann said focus on, first, politics, the political process, representative government, and we’ve got a real-life practitioner and very successful one at that in Governor Hager to talk to us about that and then we’ll move from there to Judge Trumbo and talk a little bit about the role of the independent judiciary in enforcing the rule of law and then we’ll hear from Dr. Boudreaux and have a conversation that she’ll lead on the whole question of commerce and economic liberty, private property and the whole matter of exchange between people that is a critical aspect of any functioning society and a core principle or idea that is safeguarded by the rule of law.

We begin in a context and I did not have the benefit of hearing Secretary Eagleburger’s comments due to my own late arrival, but I’m sure he touched on the notion that we are in society and we are surrendering our natural liberty or a portion of it in order to be part of a society of ordered liberty and within that framework, as I say, the rule of law, the notion that laws rather than the whims or caprice or even the informed decisions of people, rather that the law is paramount, that the people have mechanisms for altering the law, but that institutions are erected that protect the ability of people to work within a system of fair rules, rules that ensure that fair play, rules that create an environment that allows commercial activity, rules that create an environment and mechanism for people to choose their own leaders, rules also that protect the rights of identified minorities from oppression through the political process as a result of majority rules.

Our whole notion in this country of the Bill of Rights and constitutionally protected liberties that constitutions around the world have recognized that people need to govern but that the majority rule can be as tyrannical if left unchecked as a rule by a despot, a dictator or a monarch and so the rights of the minority and the notion that there’re certain rights that are not surrendered but in fact the system of ordered liberty exists to protect is a core principle that then underlies the notion of an independent judiciary that is comprised through the political process, through a legal process, but that remains independent of it enabled to act as a fair judge, a neutral judge, an arbiter of what the rules mean, so with that overview, what we’d like to do today is we’ll hear first from Governor Hager, as I said; then from Judge Trumbo; then from Dr. Boudreaux who’ll have some initial comments. I will have some questions and things to trigger some follow-up on some of the points they make, but then the bulk of our time we’ll look
THE HONORABLE JOHN HAGER: Thank you, Frank. I’ve got the exciting part to talk about because I get to talk about the people, about representative government which to me is the whole basis of our system in this country and a system that has stood the test of the time probably as well as any throughout the world. While it’s not perfect, it is our system and it seems to have worked rather well.

Our Constitution asserts that all power is inherent in the people, so in talking about representative government, I’m going to sort of go through five points and, first, is what does it mean to represent people. Now, a representative of the people is someone who has been elected by the people and elected in a free and open election. That’s the basis, so what does it mean to represent them. It means that you speak for them, that you’re their proxy, that you act for them, that you listen to them, that you in essence are them in our system and so when you represent the people, you become them. Otherwise, sometimes, they’ll throw you back out or you won’t continue to do the job that they expect and want you to do.

Our government is instituted for the common benefits of our people and for their protection and security and people in the community that are part of what is being represented have the ability to change and alter or abolish if they’re not satisfied with their representation, so that’s what elections are all about and so representing the people is that you are speaking for them, you’re acting for them, you are them, so that’s what it means to represent people.

Now, how important in this system is citizen engagement, that the people are actually actively involved. Well, our government is of the people, by the people, and for the people and so the people have a responsibility as well to be involved and democracy will not last unless we have people that are truly engaged. If they’re apathetic, they’re indifferent, if they are under-represented, under-involved, we will fall, we will fail and so we’re probably not going to fail from a revolution, we’re going to fail from apathy, we’re going to fail from them not being engaged, so citizen engagement is their voice in this whole concept of representative government.

I think John Kennedy said it well—we the people are the boss and we will get the kind of political leadership, be it good or bad, that we demand or deserve and so it is up to the citizens to be involved. They generate the ideas. They also generate the money to support our politicians and our political system. They are the support and the system that’s operated over a long period of time depends on not just the people voting, but the people being involved and supporting those who they elect.

My third point is how do you identify political leadership. Now, there’s a quotation that describes the Center for Politics who is sponsoring this conference and that is that “politics is a good thing.” That’s Larry Sabato’s— He established that as a famous quote. Politics is the lifeblood of democracy. That’s another famous quote, so political
leadership requires a lot of sweat and blood and tears, as we say. It is about hard work and many times combative type work and organization, but this should be important and appreciated by a free people. Political leadership comes not only from this hard work but from taking chances, from being willing to have the guts to make decisions and to take a stand and to truly represent the people. If you’re not willing to do that hard work or you’re not willing to take those risks, you probably will not become a successful political leader. It’s sort of an art and a science as we say. Political leaders are those rare individuals, many times very intelligent, hopefully honorable, and I think in the vast majority of cases, honorable, not only intelligent but effective in decision making, effective in their ability to do the job and politicians evolve over their careers and a person must be a politician first before they can become a statesman and so politics is sort of the glue that keeps the whole system going and political leadership is something that’s developed, in my opinion, over a period of time and you identify political leaders by their visibility, by their decisions and by their actions.

Fourth is how do you hold them accountable? How do you hold our representatives accountable? Well, obviously, you communicate with them. And today we have all forms of communication with the new electronic types of communication. In Congress, they get thousands of phone calls a day. They get email messages. They get text messages. They get a few letters still. We still have the mail, but it is about communicating with them. That’s sort of the first step in holding them accountable. The next step in my opinion is to sort of scare them and say, well, we’re not going to [represent] you unless you do this and you’re trying to influence and obviously the next step after that is to vote them out through the next election; if you’re not satisfied with your representation, you vote for the other person, so elections are not only about affirming people, they’re about rejecting people, and then those rare circumstances where we have malfeasance or other acts, a person can actually be thrown out of office during their office. That’s pretty rare. So, to me, accountability really starts with communication, that the people rise up and say we agree or we don’t agree with whatever the subject is, whatever the issue is and so accountability is important and politicians are always aware of accountability and that’s why they go back to their districts and try to live among the people and listen to them, so that they can be accountable and can do the job.

And lastly, the notion of elections being sort of a controlled revolution— It’s an interesting concept. Elections are the idea of negating the existing situation and that this right of revolution is inherent when people decide through facts or through perception that they are opposed to an idea or to an individual in elective office, it’s a natural right for them to do something about it, to relieve themselves, if you will, of the oppression, so elections represent our type of revolution in this country. The way you change is you go through the electoral process and that person is removed. Voting is the basic, most basic essential of citizenship and as I say, it’s both a selection and a rejection because you have a winner and a loser and the winner may be the incumbent or it may be a challenger and that’s this system continues to play out each four years for president, each six years for our senators in Washington, each two years for our congressmen in Washington, each four years for our governor in Virginia, each four years for our
senators in Virginia, each two years for our delegates in Virginia. Sometimes in local elections, each year, but the idea is the people then are able to control this through throwing the person out or keeping the person, so the idea of representative government is pretty exciting.

Now, politics is, as I say, the way people form up to be more effective in this system and we have two main political parties in this country—the Democrats and the Republicans. From time to time, we’ve had strong independent movements, but none have ever become as effective as those two main parties in spite of some of the problems they’ve had and often at the local level, people have independent representation rather than the political party being involved. So, people get involved in the political parties and that’s part of this whole idea of citizen engagement and being involved.

Well, I hope that’s given you a little overview of our version of representative government. We’ll be glad to answer any questions as we go through, Frank, to learn a little bit more about the system.

FRANK ATKINSON: Thank you, Governor. We’ll go on to Judge Trumbo and talk some about the rule of law in the judicial context, the courts.

THE HON. MALFOURD TRUMBO: One of the problems that you’re going to have today is I used to be a politician and so I apologize for that upfront, but now I sit on a local court. I’m what they call a circuit court judge and so I sit and hear trials every day and they’re the criminal trials, they’re the civil trials, they’re all every-day life is what I see in court. It’s not the appellate. The Supreme Court of Virginia hears those cases and they don’t hear the evidence. They hear the evidence in the form of the file, but I hear the testimony, so the first thing I think I need to talk about is what is law in the first place.

You probably heard a little bit about it and I know if Chip Mann has anything to do with it, you have heard a lot about Jamestown and you’ve got to remember that Jamestown being 400 years ago, that’s still not the beginning because those folks had to come from somewhere, plus you’ll hear from Chief Adkins later on and he was here before they got there or his folks were, so what you have to do is recognize—I heard some of the questions earlier and all this is an evolution. There are no right answers. There’s no wrong answers. It’s all an evolution and let me kind of give you a personal example.

When I grew up, my daddy and momma were right strict. My life was black and white, you know, either you do it or you don’t do it, there’s no ifs, ands or buts. That’s the way life is. Well, when I went to college, then all of a sudden I got away from them a little bit and I’m not going to say anything about what all I did, but I will say that things loosened up a little bit and it wasn’t so black and white anymore. There was a little bit of gray. My daddy used to always say the more you learn, the more you realize you don’t know a damn thing, and so I started learning and I questioned some things, but by the same token, there was a little bit of gray but there wasn’t a whole lot. Then I
went to law school. All of a sudden, when you get to law school, not only is it gray and you can kind of bend it and mold it and just kind of do the things you need to do to, as they say zealously represent your client within the bounds of the law, and then I really went bad and became a politician.

For 14 years in the Commonwealth of Virginia, I helped with Governor Hager here make the laws of the Commonwealth of Virginia and then I finally realized there are no laws, all right? Now, you think about that. Because you can change them every time and as some would say, every time— No one’s life, limb or property is safe as long as the General Assembly’s in session, all aright, so as long as they’re in session, who knows what they’re going to do and so that’s the problem that you have.

Not only is it an evolutionary process, at the same token, it can change in our system and to be honest with you, that ain’t a bad thing. And I apologize for my English. I come from the mountains of Virginia and I live in a little town that has 300 people in it and everybody knows me and I know them and I got to behave myself, all right, so this is the kind of the way we talk back home.

And so what you end up having then is looking at the history. I brought along with me the Declaration of Independence. Something you may not have heard of, the Articles of Confederation which was the precursor to the Constitution and then the Constitution and if you look back at the laws and which we are now living by, some would say those were the beginnings and I would say, no, they’re not because even before that, there was such a thing and in Great Britain, it was called the Magna Carta and so that started thinking about people, just them having the rights above the monarchy or at least in conjunction with the monarchy. Then what happens— Then you say, well, people came over here and all of a sudden they had the Declaration of Independence. No, they didn’t. In the process of having the Declaration of Independence, people started thinking on their own and they started creating what they called Committees of Correspondence and I don’t know if you remember that. Those were the precursors to the Constitution because they would correspond with each other throughout the colonies in the United States and they would disseminate information and ideas and all of a sudden, then you come into the Declaration of Independence.

You need to read this thing. Now, Secretary Eagleburger went over it, but you need to read this thing because what this thing is is not only what he said, but what is really scary is they didn’t want to do it. If you read it, it says “prudence indeed will dictate that Governments long established should not be changed for light and transient causes.” You don’t do it because you want to do it. So then it talks about we need to explain why we’re doing this, so the latter part of it talks about the king of England. He has refused his assent to the laws, the most whole and necessary for the public good. He has forbidden his governors to pass laws of immediate and pressing importance, all these things. And they set out what this king had done. That’s why they’re doing what they’re doing. This isn’t simple stuff but by the same token, it’s people’s lives they’re dealing with.
So then you start talking about how once you had the Constitution— In all honesty, I tried to do my homework. I read some of the folks’ comments that you all—I’ll tell you up front and I apologize—I cannot pronounce your name. That’s why I go by Bo. Just call me Bo and everybody’ll know who you’re talking about, but if you look at the Articles, some of your indications that somebody had talked about whether or not confederacy is a possible compromise. The United States tried it. After the Declaration of Independence, and before the Constitution of the United States, the Articles of Confederacy—it didn’t work for us. That’s why they had the Constitutional Convention.

This isn’t something that just happens overnight. Once again, it evolved. In our Constitution, we created three separate branches of government. I’ve worked in two of those branches and Governor Hager here was in the third branch and that’s the executive branch. I’ve been in the legislative branch and now I’ve been in the judicial branch and the creation of those three branches— Frank was talking about the important of the independence of that judiciary is so important because the independence of the executive branch is so important. The independence of the legislative branch is so important. Why? Because nobody, I don’t care who they say, know everything. Now, they’ll tell you they know everything, but they don’t. Each one of those branches acts as a counterbalance to the other to make sure that one doesn’t go amuck. For example, who in the world said that the judiciary had the right to say that the legislative branch had passed something inappropriate, against the law, or that the executive branch did something against the law. If you notice, in the Constitution, it’s not there.

One case, Marbury v. Madison decided that we’re going to have an independent judiciary, that it’s going to overlook all these other things and we’re going to determine whether or not it’s appropriate to our laws and to our Constitution. The judicial branch, the very first appellate court, decided to do that. Now, what is agreed upon right off? It was not. You think the president of the United States wanted that to happen, his powers taken away? I think it was Andrew Jackson that actually told the Supreme Court Justices the heck with you, I’m president, I can do anything I want to do. I think it was. I may be wrong.

[FRANK ATKINSON]: You’ve passed your law, now enforce it.

THE HON. MALFOURD TRUMBO: That’s right. You’ve made your law, now enforce it. So, now it’s a situation—the importance of those independent, not just judiciary, but the branches] to use that knowledge base that they each have is extremely important.

I will also tell you that on a day-to-day basis, the kind of cases, and I’m going to calm down a little bit. I’ve done my little— I got your attention. From a day-to-day basis, it’s extremely important that I as a judge do not get involved in making laws any more. That’s their business. That’s not my business anymore and that’s one of the most difficult things. In all honesty, I will tell you as a judge that was in the legislative branch, sitting there, seeing these people litigate their issues and I go why don’t you just do this or that, [not B] or whatever. It is very important that I put that in the back of my
mind, not even think about it. Know what the laws of the Commonwealth of Virginia are and know what the laws of the United States are and know what the Constitutional implications are and what the case laws are, and make a decision based upon the law, period, because sometimes when I make that decision or other judges make that decision, the legislative branch goes, oh, my God, well, I didn’t know we did that. We need to change that. Or the executive branch says I didn’t know we did that, we need to change that, so that adds impetus to once again follow the importance of each one of these processes.

So, when we start looking at these things, I want you to remember one thing. Well, more than one thing or I wouldn’t say it. It’s an evolution that no one knows everything even though I will tell you why I ran for office. I will tell you I know everything, but now I know I don’t. That’s because my wife told me that more than anything else, but by the same token, when you get into the judiciary— Example: the other day I had a case that was a very important case to the locality that I live in and it was very important because it dealt with the county that I live in, the government of the county that I live and I had to make a determination of whether or not that government had made an improper purchase. Did they purchase something that wasn’t favorable to everybody? You know, you have to bid on these things. You just can’t say I want my buddy to have this. That’s against the law. I had a case come in and that was the issue. Somebody asked me, are you going to recuse yourself? Can you sit on that case? And I said, yes, I can sit on that case because why else have a judge here that knows everybody, knows everything, and can’t forcibly put that out of his mind and do what’s right, so I made the first determination on— I won’t get into that because it’ll take us three days to explain it, but I made a decision. Later on, because other people saw what was going on, they asked to enter the case. When I saw that they had asked to enter the case, I had the attorneys come in and I said, ladies and gentlemen, I recuse myself right now. I cannot hear this case because I’m fearful that there will be some sort of appearance of impropriety and that’s it. And that’s the important thing that the independent judiciary— In order to maintain its respect and integrity, that’s what it has to do and I’m going to give it to her in just a second. I’m going to say one thing. I’ll blend over; you get on mine, and if you do tough, I don’t—

PROF. KAROL BOUDREAUX: And you haven’t represented me.

THE HON. MALFOURD TRUMBO: That’s right. I haven’t represented you. Why is all this important. Earlier there was a question of do we have to fight, do we have to kill, do we have to do all these things. The importance of all this is one word:
stability. Stability. If people think that they have a stable government, that they have a stable society, then they can invest their money. If they think that they know the rules of the game, they know what the rules are and they can create the society they need to create within those rules. If they don’t know what the rules are and it’s not stable, that’s when you start shooting people because there’s no other alternative to do it. Think about that and I’m going to leave you with one other thing. You are in the middle, from what I can tell. I tried to read as much about your society as I could. Don’t know, don’t pretend to know, won’t tell you I know, but you need to know something else. You are in the middle, I think, of a very important time in the lives of your country.

You need to read one other thing dealing with the Declaration of Independence at the very end. At the very end and this is how these people ended this Declaration of Independence and “for the support of this Declaration, and with a firm reliance upon the protection of divine providence, we mutually pledge to each other our lives, our fortunes and our sacred honor.” They gave their lives, their fortunes and their sacred honor for this thing. I will tell you I believe—I cannot remember exactly. I think every one of them died a pauper. Thomas Jefferson founded the University of Virginia, died a pauper. The Commonwealth of Virginia had a lottery to try to raise money so he could keep his house. If that’s what you want to do, recognize what these people did.

PROF. KAROL BOUDREAUX: Well, as you can see, it’s a great pleasure to be on a panel with Governor Hager and Judge Trumbo and we can see why you were a representative of the people of the great state of Virginia.

THE HON. MALFOURD TRUMBO: The Commonwealth of Virginia.

PROF. KAROL BOUDREAUX: The Commonwealth of Virginia. I’m a northerner. So, it might seem a little strange to you to have somebody speaking about commerce on panel on the rule of law but I’d like to make a somewhat radical statements that you cannot have a rule of law unless you have a system in which markets are relatively free to flourish and I’m going to talk to you about why I think having functional markets is an essential foundational institution for a free and a prosperous society, for a society also that’s peaceful and that provides stability to the citizenry of that country and I think there are a couple of reasons why markets, relatively open markets, I would say free markets, why free markets are essential for promoting peace, prosperity and stability and there’re these three and this will be painting with a very broad brush, as we say in the United States, but I think that we can explore some of these issues in the question and answer period, but I have three reasons why I think they’re an essential foundational institution.

No. 1—you will not have economic growth. You will not have broad-based economic growth unless you have relatively free markets and by relatively free markets, I don’t mean completely unregulated markets, but what I really mean is the opportunity for citizens at every level of the society to engage in entrepreneurial opportunities, to be able to identify and pursue opportunities that they recognize as being potentially
profitable within their sphere and then having the ability to grow businesses where it’s appropriate, so if you’re in a society, for example, where entrepreneurial opportunities are limited to the elite or where it’s very difficult for people at the lower end of the economic spectrum to access finance or to be able to license a business or to be able to grow a business because they face problems related to corruption, you’re not going to have broad-based economic growth in that society. What you’re inevitably going to have is elites controlling the marketplace, limiting the ability of all citizens to be entrepreneurial and limiting the ability of those who are especially entrepreneurial to grow businesses that are going to provide stable jobs in the formal sector for their fellow citizens, so the first way: having freer markets is important to promote economic growth and what we know from economics, the economic literature, is that economic growth is more likely to occur or it’s correlated to the ability of societies to trade openly and to trade relatively freely, so open markets, trading with your neighbors; in your case, trading with India, the rest of South Asia, looking to the west, trading with African countries, looking to the east, it is probably an important strategy for you.

But, of course, the other thing that I think is important and I think a lesson that oftentimes is overlooked when people talk about why is economic growth essential, it’s essential to have economic growth in a society that supports broad-based entrepreneurship at all levels because you need a middle class. You do not need a society where you have a small group of very wealthy elite individuals and a huge group of very poor, disenfranchised, disempowered people who feel constrained, who cannot flourish, who feel like they have no opportunity to better their lives or see the lives of their children bettered. One of the wonderful things about pursuing a system that promotes entrepreneurship is that you grow a middle class and what we see over and over again is that once people enter a middle class, if they’re in a society that has not developed a strong rule of law, they’re the people who will begin demanding reforms that’ll support a rule of law, so whether this happened in the Middle Ages in Europe, whether it’s happening today in China, it’s the middle class who’s oftentimes newly empowered people, traders, people who are engaged in merchant activities; it’s merchants, traders who are looking for freedom in a variety of ways. They’re looking for freedom to trade but they’re also looking to have their personal liberties guaranteed and we see this reflected in documents that you would all be familiar with because you’re all from an Anglo— In your case, an Anglo-Sri Lankan legal tradition, but that legal tradition of protecting personal liberty oftentimes was pushed forward by traders who wanted the freedom to do business but who also wanted their freedoms, their lives protected through legal means, through legal norms, whether they were formal legal norms or whether the society eventually developed in a way that had relatively strong informal norms.

Judge Trumbo said he wouldn’t behave in particular ways in his small community because you just wouldn’t do it. You would behave honorably because it’s important in that small community to behave honorably. Those sorts of informal social norms are very important in all societies but then having them translated into more formal legal rules and legal norms is also important and, again, I’m going to make the argument that the middle class is often the key element in society to getting those norms translated into
legal rules, but, thirdly, I hope this is actually the most useful insight that I’ll bring to you. I think it’s the case that when a society has a relatively open market system, when there are strong protections for and support of entrepreneurship at all levels of the society, when it’s a fairly liberal economic environment, markets actually provide a very strong impetus for people to work together. People who may not want to work together, people who may hate each other, oftentimes will find ways to work together in a freer and more open economy, so although I haven’t worked in Sri Lanka, I’ve done a fair amount of work over the last several years in Africa and in just a moment, I’m going to tell you a story about Rwanda and how economic liberalization in Rwanda has helped to bring Hutus and Tutsis together in ways that I think are very powerful and very meaningful, but before I get to the Rwanda story, I just wanted to quickly suggest, okay, economic freedom is probably an important component.

I’m going to say it’s the third leg of the stool we’re talking about today. If you visualize a three-legged stool with the seat, three wooden legs coming down, and that’s the rule of law. You want some stability. You want that seat to be stable because what’s going to rest on that seat, the governance of the society rests on that stool. One leg of the stool is having a participatory democracy that’s truly open, truly fair. Another leg of the stool might be the more traditional kind of rule of law questions that actually I think all of us are lawyers, that lawyers traditionally think about which Judge Trumbo was talking about having an independent judiciary, applying the law to all equally, not having arbitrary law making, but let’s say that third leg of the stool is having an open economy that allows for opportunity or creates opportunity for all people within the society.

How do you get there? How do you get to that more open, in a way more equitable economic system and there’re a couple of strategies that a country can pursue and U.S. future leaders would be in a position to think about these strategies so an obvious strategy that economists are going to talk to you about is opening your society to greater trade with other countries so lowering trade barriers, whether those are tariff barriers or non-tariff barriers. Importantly, rationalizing your regional trading agreements so trading agreements that you’ve entered into. Oftentimes, these can be conflicting. Oftentimes, they create rules that are quite difficult to follow. You may have one set of rules related to tariff regimes in one trading arrangement. You might have different rules in a different arrangement. It leads to confusion and makes it very hard for businesses to do business in a cost-effective way. It raises the cost of doing business.

But also thinking about how can the economy be modified. How can national level regulations be modified to make it easier to do business and so those of you who are interested in economics will be familiar with the World Bank’s Doing Business Project which has been going on for a number of years now and ranks all countries around the world in terms of how easy is it for people within this society to do business and the rankings look at things like how many days does it take in Sri Lanka to register a piece of property. The longer it takes and the more steps that one has to actually go through in order to register that property means it’s more costly for people to do business within that environment. Every time you have a step that you have to go through to register a
piece of property, there’s probably an opportunity for somebody on the other side of the transaction to benefit. Either an official can ask you to provide a bribe or cannot maybe come out and ask you to provide a bribe, but can hold up the paperwork and sometimes whether it’s purposefully asked for or just implied, you may have to pay a little bit of money to push your case forward so in Sri Lanka, there are a set of changes, regulatory changes, that could be made that would make it easier for people to do business, to expand trading opportunities.

When it’s easier to do business, when you’re not spending a bunch of money complying with regulatory requirements, you have more assets as a business person available to invest back into your business, to hire people, to grow your business, to pursue opportunities that you see on the ground and what do we know about all societies around the world? We know every society is entrepreneurial. It’s not the case that the United States is especially entrepreneurial and Sri Lanka isn’t. Sri Lanka is filled with entrepreneurial individuals. Sir Lankans who are outside of Sri Lanka are exceptionally entrepreneurial. What a country needs to do oftentimes in order to really boost that commercial leg or support that commercial leg of the stool is to make it easy for the people who are already there, already talented, already creative, to do what they naturally want to do but they have difficulty doing in a particular legal framework because regulations make it difficult for them to do the business that they can do.

So, let me very briefly tell you the story of Rwanda because I think— I hope that it resonates with you and I hope there are some lessons to be learned. The thing that most of us know about Rwanda if we know anything is the story of the genocide from 1994. In 1994, 800,000 people, plus or minus, were murdered by their neighbors in the course of a hundred days. The violence was directed at the minority group within the country, the Tutsis who had been the political leaders of the country. Really not so much the political leaders but favored by the Belgian colonists. After the Belgians left, it was the majority group, the Hutus, who took control of the government. There had been a series—— There had been cyclical large-scale violence in Rwanda before 1994 but in 1994, there was this massive violence, very fast, very dramatic, covered the whole country. The economy contracted by 50%. Millions of people were displaced. Huge amounts of property damage. In addition to the really very difficult-to-quantify loss of life that had happened, so people had lost family members, literally hundreds of thousands of people ended up in jail after the genocide, so that the government that took over, the Kagame government which is still in power— First, it was the National Unity Government. Then it shifted to the current government.

When that government took power, think about what they faced. In some ways you’ll sympathize with what this government faced. It faced a situation where a huge number of the citizenry had left the country. There was tremendous amounts of damage to physical property but also to families and the kinds of psychological damage that goes along with that, but the government had to keep going. Rather than being a completely failed state, it needed to do something so it took them a couple of years but they looked around and said what can we do, what do we have that we can really capitalize on in order to start to showing products, in order to pay our debts, in order to rebuild our
society. It turns out what Rwanda has is coffee. You have tea; Rwanda has coffee. They have tea, too, actually, so they were advised to shift from producing low grade coffee to think about how could we produce high grade coffee, specialty coffee, where we could make a real—jumpstart the incomes of people who are growing the coffee. Coffee’s all grown by small holder farmers, people who have not been to high school. They have very little education. They own very small—they don’t even own—they live on very small plots of land, but the government realized if we could support the development of an industry of the specialty coffee industry, we could probably cash in on new interests around the world in drinking better quality coffee so people like Mr. Adkins and I— I love coffee so I would go out and I might spend $10.00 a pound on a really good pound of coffee and the Rwandans had some advisors telling them, look, there’s these crazy Americans like Karol over on the other side of the ocean and she’s going to fork out 10 bucks for a pound of coffee if you can get her a good quality pound of coffee.

The long and short of it—a whole new industry has developed in Rwanda, the specialty coffee industry. Rwandans grew coffee before the genocide, all the commodity grade level. Today, they’re growing specialty coffee. Some of the coffee is selling for $3.50 to $4.50 per pound. That’s about average for the specialty coffee in Rwanda. The people who are growing that coffee that’s selling for $3.50 a pound six years ago were selling coffee for 80 cents a pound, so think about how their incomes have changed over the course of the past six years. It’s a dramatic increase of small holder farmers who on average make $250.00 a year to see their income from a cash crop rise like that, but that’s not the best benefit. That’s a great benefit. There’re 500,000 families in Rwanda involved in growing specialty coffee. They’ve seen their incomes approximately double over the last six years because it’s a new effort.

Here’s the great thing about it. The government, when it took over, when it realized that coffee could be an important component for earning export revenue, liberalized the coffee sector. The sector had been heavily controlled by the government before the genocide which meant the government bought all the coffee, the government set the price for the coffee. The government required everybody to grow coffee whether you wanted to or not. All those rules and regulations were dismantled. The market was opened up, competition was introduced so there’re multiple buyers for coffee beans now and importantly, people were allowed to freely contract with buyers from the United States, Asia and Europe.

What happened when that change took place in the legal framework? What happened is that I’ve only seen [Darsani]—So what happened is Darsani and I, assume we’re small holder farmers in Rwanda and we have coffee in our fields because we had to have it there. It had to be there under the old law and Darsani and I, let’s say that we’re both Tutisis in Rwanda and what’s happened to us is that our husbands were killed in the genocide and our fathers were probably killed and our sons were probably killed. There are not a lot of men. Rwanda, by the way, has the highest level of female parliamentarian participation in the world. Darsani and I are left with our coffee beans and the two of us and maybe we have little children who weren’t killed, maybe not. We
know we have an opportunity to get into this market but we can’t do it on our own because it’s just the two of us, so what do we have to do. We looked to our neighbors who are the other ladies in the front row and let’s say they’re all Hutus and we say to them— And their husbands aren’t there either because they’ve either fled the country because they were combatants or they’re in jail, so we’ve got a group of five widows. They’re called coffee widows—five widows on the same hill in Rwanda—and we say to each other, I don’t like you, __________. Your husband killed my husband or killed my father and he probably did. Her husband probably came in and killed my husband, but I know I need to feed my children and I know you need to feed your children and the only way we’re going to do it is if we work together and what’s happened in Rwanda is that, first, with the impetus of women acting together, cooperatives were formed, the government has supported the growth of cooperatives and working together, women have been able to pool their assets, pool their abilities, pool their resources which is the coffee beans, benefit from economies of scale and jointly get together and contract with buyers from overseas. It’s really quite a tremendous story and what’s happened we’ve discovered by doing some research in Rwanda is that over time __________ and I working together in the cooperative are willing to reconcile with each other in an informal way. We see each other every day during the coffee harvest season. We work next to each other on the sorting tables and on the drawing tables and slowly, slowly over time, over the course of these couple of years, we see each other not as enemies as much anymore, but we see each other as sharing a joint goal and the joint goal is a very heady in a way joint goal. What’s the joint goal? We need to make a living. We need to make a living. We need to make a living. We need to make a living. We need to feed our kids. We need to get clothes on our children’s backs and that shared experience of having a common goal, of working together to create the best coffee product we can, working together to try to always get better contracts for our product seems to be bringing people together in Rwanda in a meaningful way.

I want to close by saying the key to this success story is that the liberalization in Rwanda affected all the farmers. It wasn’t a liberalization like privatizing an electricity plant that may only benefit a small group of elites. It was a government change that had the potential to benefit every member of society because virtually everyone in Rwanda is still a farmer and they’re still poor, so if you had the opportunity to go back to your country and identify economic liberalizations that could benefit people broadly, not a narrow group of people who have political power, but people, to put it kind of crudely, at the bottom of the economic barrel, that gives you an opportunity to bring those people together through commercial action and I think it’s bringing those people together through commercial actions that provides them with opportunities to flourish. That will allow your society politically to flourish as well.

FRANK ATKINSON: Well, let me thank all our panelists. Those covered very different topics in different ways, but three legs on the stool I think is a good way to think about and I want to go right ahead and open it up to questions, but make one observation about those presentations that I think is an important jumping off point and that is that in each of these situations, I think Judge Trumbo referred to the evolution of the American system. It’s not a static situation and you can’t just write it in a constitution or write a
set of rules. The rule of law of cannot create parchment barriers as James Madison referred to them and dismissed it and said that won’t work. What you need is a system and often it’s a system that not only permits tension but in fact utilizes tension in a favorable way and think about each of the contexts which have been talked about here. It’s not a question of whether you can have disagreement or tension. You’re going to have either competition or conflict and the question is how can you channel the energy and the varying interests of people and goals of people into a healthy kind of competition and look at each of the ways that was just talked about and how competition flourishes in those. In the political process we have competition between parties and between factions and interest groups, really a limitless array of people and interests and perspectives that can come into the political process, but they’re competing, right? They’re competing at election time and they’re competing and many times those interests are adverse to one another.

In the political process, the goal is not to eliminate competition, let’s all get together and sing the same song. It’s the question of how can we all get together and have people pursue their interests within a system of fair rules and produce outcomes that benefit society. And our premise is that through that competition of ideas and people, outcomes will be better for society.

And we looked at in the context in which Dr. Boudreaux just talked about it—what is the central dynamic in this exchange in terms of commerce. It’s the exchange of goods and building on your example, the coffee widows, are going to be competing with other coffee widows to produce the best coffee at the best price and the whole notion of markets is a competitive system in which people come into an environment characterized by fair rules and freedom to compete and they compete. They are pitted against one another. Sometimes in a robust market, they’re pitted against hundreds of thousands of alternative products and approaches and services, so competition is pervasive in that environment. Again, we’re not trying to make everybody sort of all sit down and use the same product, the old collective system, the Soviet style system of let’s have some real smart people figure it out for everybody and then everybody does the same thing. It’s quite the opposite.

And even in the court system where we’re talking about an independent judiciary that sits in judgment and good judges like Judge Trumbo don’t wade in and try to make the law, they try to enforce it. What mechanisms do they use to try to get at the truth? They use an adversarial system, either a plaintiff and a defendant in the trial, or a prosecutor and a criminal defendant in a trial, because we believe that human nature lends itself to competition and the question is not how to avoid it, how to avoid tension. How do you strengthen a muscle? You strengthen a muscle with tension. You exercise it and you use it and it’s that robust exchange of ideas and perspectives among people competing that produces positive outcome.

Madison had a wonderful quote. James Madison, one of many architects, but generally credited as the principal architect of the Constitution said if men were angels,
they wouldn’t need a government and I’m paraphrasing him, or if men were angels, you wouldn’t need to restrain government, but what is the challenge. Is the challenge is to frame a government that on one hand can control people and ensure fairness and enforce rules, but on the other hand, controls itself, is framed in a way that it doesn’t become an oppressive entity on its own and so that’s why we built in to the American constitutional system and a lot of constitutional system, the checks and balances that harness that tension, harness that competition and channel it in a favorable way that actually protects freedoms and so as you move out of this discussion into a discussion I think Dan Roberts is going to talk about federalism, that’s how we check power by having government at the federal, state and local level in this country in approaches to confederations may work well in certain systems. In fact, there’re examples around the world where they’re working well. We have that power divided in that way that sort of checks each other in a competitive way. We have the three branches that have been discussed checking each other—the executive, the legislative and the judicial.

And so as you move through this, the one common denominator that I would encourage you to draw from all of this discussion and keep in mind is that human nature is imperfect by definition. Our whole system was based on the sort of notion that man has not perfectable, that he’s full of all sorts of flaws, man and women, and that you have to design a system that takes into account that people are going to be capable of both vice and virtue and therefore harnesses those impulses because they’re inevitable, harnesses them within a system of fair play and creates a healthy kind of tension as opposed to the kind of tension and conflict that then boils over into people, as Judge Trumbo said, shooting each other, so that’s very much I think a jumping off point I think and a way to think about all these things in tandem. They’re very different parts.

They’re three legs of the same stool, but the stool analogy, if there’s a problem with it, is that it’s static. This is really a dynamic type of enterprise in which various interests in both structurally and individual parties, commercial, all the different ways that you can think of that people organize themselves or that people individually are motivated, this is a system of rules, the rule of law, that is designed to foster that type of competition and to allow it to flourish, and in the process, use that competition to restrain abuses that would jeopardize the system as a whole.

So, with that, let us throw it open for a question. You can direct a question to any individual if there’s something that they particularly had to say you want to follow up on.

**THE HON. MALFOURD TRUMBO:** While we’re doing that, Frank, and while we’re being recorded, my wife is perfect. I want that on the record. You got that. All right. I appreciate that.

**FRANK ATKINSON:** It was with your wife in mind that I said perfectability of man. I’ve been taught by Diane.
You were mentioning government and getting the people to that level of a peaceful coexistence but do we have the trust in the government how does the government convince them to that level convince them that economic development that this kind of achievement would be achieved. How did it happen anyway?

PROF. KAROL BOUNDREAU: At the end of the genocide which was in the summer of 1994, a National Unity Government was empowered in Rwanda and the National Unity Government was composed of Hutu politicians and Tutsi politicians at first and that government sat for five years, so it wasn’t an over-night process by any means. It was a five-year long process of people from the previous government working closely with people who were the new leadership in Rwanda, many of whom had come from out of the country. They were coming from Uganda actually; a group of Tutsis had left the country in 1959, settled in Uganda and it was many of those, the children of many of the people who went to Uganda who came back into the country fighting against the Hutu government in the early 1990s who formed together this National Unity Government and the National Unity Government was trying to establish very quickly its emphasis on reconciliation. There were concerns about the way the international court, the International Criminal Tribunal for Rwanda was eventually set up and so the Rwandan government hasn’t been so supportive of that, but overall the government has been very focused on reconciliation. How can we reconcile? What do we need to do to bring our people together, because the majority people were the perpetrators of the violence.

It’s not that every Hutu committed violence. Some Hutus were killed; some Hutus were certainly harmed by the violence. Many Hutus had intermarried with Tutsis so families were broken apart but the majority of the citizenry, the Hutus were the people who had perpetrated the violence and so they were the bad guys and it was the minority who came in and stopped the genocide and who now is governing the country. The country is governed by the Tutsis now and people don’t talk about that in Rwanda. In fact, you’re not supposed to talk at all about ethnicity anymore, so generating the kind of trust that would allow the country to pursue a set of policies focused on reconciliation took time. It was an evolutionary process, but that initial National Unity Government knew that the economy was an important part of the equation and that they had to focus on generating— They had to focus on doing business, making it easier to do business and finding means for the citizenry who were very poor, the vast majority of them, still very poor, for those people who get some money in their hands because if you don’t have money in your hands, people are oftentimes driven to desperate acts in order to help themselves and their families so the idea was we don’t want another bout of violence. We want to stop the cycle of violence. We believe if there’s some economic improvement, that along with more formal reconciliation efforts will help stop that cycle of violence.

THE HON. MALFOURD TRUMBO: Because we’re better than everybody else. I’m just kidding. [laughter] Please, I’m just kidding. When the colonies were forming, some
felt as though it was a philosophical standpoint, they were setting up a government that was— the government was set up to be a wealth for the entire state and so I think there were eight commonwealths and so in a general term, they were trying to publicize themselves as a common denominator for everyone and it’s more a term than it is meaningful anymore. We have 50 states. In Virginia, if you’re a legislator in Virginia, you tell everybody you’re part of the Commonwealth of Virginia because everybody has an opportunity and that’s what the press would say. It really has no meaning anymore.

_________ : [01:05:00 / _________ I do understand _________ we were talking about _________].

THE HON. JOHN HAGER: Well, yes, in fact, we have that situation all the time. Leadership is a very difficult word to define because there’s a lot of intangible qualities in leadership as well as those which you can identify and I think part of leadership is being able to include everyone, so to speak, and so you have to be able to listen to the minority in the same fashion as you listen to the majority and obviously you will pay perhaps more attention to the minority if they have more votes or more money or more whatever, but a big part of leadership is not leaving the minority behind but trying to give them a voice and, of course, they may be a growing part of the constituency and if they collectively get together, they could become very powerful as a voice in an election, particularly if you don’t have a good turnout in the election, so you don’t neglect the minority because the minority can become the majority. The minority deserves the same attention as anyone else. There again, like Frank says, it’s not a perfect system and the minority doesn’t always get their voice but maybe over time they can sell their case, but I think a good leader— A good politician is a good leader and a good leader listens to all their troops.

_________ : [01:07:09 / __________ some point of view __________ minorities
___________ selected by the _________ both of them _________ elected
set up around the leader _________ and now _________ so-called democracy
___________ solution to be agreed _________ Parliament _________ elected
___________ men and _________ so far _________ selected that, okay, you don’t need _________ and can do. I don’t think that _________ solution _________].

THE HON. JOHN HAGER: Well, I tend to agree with you the way you describe it. It doesn’t sound like it’s working very well. Obviously it’s one way to go about it. In this country, we have gone so far as to create through redistricting what we call majority and minority districts where for African Americans they try to cluster the districts so that they will have the majority voice and they give them districts. Therefore, they can freely elect someone to represent the minority, to represent them, their voice, in the Congress or in the General Assembly, so we have tried to deal with this question of how do you give the minority a better voice, not just a piece of a voice of someone elected, but their own voice and I think we’ve made some progress along those lines, although it can’t be a perfect system because the majority does rule.
THE HON. MALFOUD TRUMBO: Let me just interrupt there. I don’t know exactly the situation you’re talking about, but when I ran for the House of “Delegates, I ran against a 16-year incumbent, somebody who’d been there for 16 years. I had grown up and worked in the same district that he had. I was a Republican; he was a Democrat. The area was predominantly Democrat and I was a Republican but my father had been a high school principal, my mother taught, I used to teach. My brothers and sisters were involved in the community. Everybody knew the name and I as a minority Republican was elected. Did I go and tell them that I was going to be a Republican? I will tell you how I campaigned. I went door to door and they’d ask me—are you Republican or are you a Democrat? I’d say I’m a Virginian and by the time we finished that conversation, they’d forgotten the first question. When I went to Richmond, in all honesty, sometimes I didn’t do exactly what the Republicans wanted me to do. He’ll tell you that. Sometimes I didn’t do exactly what the Democrats wanted me to do, but every time I went home, I told them this: if you don’t like what I do, kick me out. That’s the way the system is and if I can be honest with you, I’m going to tell you I’m going to do this or I’m not going to do that because it isn’t worth it to me to go down there and play games and so that’s the kind of person I hope you would vote for.

I was in a small meeting one time in a little place and an issue came up and a lady who’s about 70 years old, a little lady, she says, well, don’t you have a conflict with that issue and I said, ma’am, I don’t think so, but if you can tell me what it is, maybe I know. And she says, well, didn’t you accept money from a PAC? Didn’t you accept $500.00 from a PAC that has to do with this issue? And I looked at her and I said, ma’am, were I to be a prostitute, it’d be an expensive one and $500.00 don’t make it. Now, if you see $25,000 going into my campaign, then talk to me because I’m [01:12:56 / at the beach], but $500.00 is not going to make it. And she looked up at me and said, okay, and I said, my philosophy was I don’t care who contributes to my campaign. They’re the one holding the dice because I’ve got too short a life to be playing those kind of games and I’ve got support from Republicans, I’ve got support from Democrats, but the main reason I got elected is because I was one of them and the labels didn’t make any difference. It’s how you’re going to represent those folk and if they want you, they keep you back. Now, the problem is your system may not have that flexibility. I don’t know, but—

PROF. KAROL BOUDREAUedes: I think for American actually we’re very unused to the Parliamentary system and the distinction between elections where you’re voting for a party and the party creates the list and the list has been— the people who are seated in government are the people coming off the list, is really very odd idea for us because Judge Trumbo was directly accountable to his constituency in ways that people who come off a list may not be and who are serving the party rather than their constituents and so for all the trouble that the American system has, one of the great virtues is that the elected representatives really do represent their constituents and the constituents will tell you when they don’t want you, they think that you’re serving— you’re ignoring minority needs or just serving the majority.

_________ ; [01:14:26 / __________]
PROF. KAROL BOUDREAUX: I’m going to assume that’s me. Capitalism hasn’t failed. Absolutely not. The answer is absolutely it is not the case that capitalism has failed. It’s the case that in some situations in the United States part of the problem is that we might have had excessive regulation in financial markets; in some cases, we might have had insufficient regulation in capital markets, but the idea that the market itself has failed to provide opportunities for the people of the United States and for people who were involved in global trading relations is not supportable, I don’t think. What we have seen is the result of experience of having centrally planned economies where there’s not a kind of organic evolutionary response to consumer needs and desires, that doesn’t support development of innovative ideas. This is a system that is not perfect. No system created by man is perfect, but it’s the system that has done more than any other system in the history of humankind to promote human flourishing and so does it need some additional regulations? Perhaps, in some areas. What it probably needs is a relatively rigorous and vigorous set of rules related to fraud that make it easy for people who are harmed to bring legal suit when they’ve suffered from a fraud or when they’ve been defrauded but the system has— I would go to my grave saying the system has not failed.

_________ : [01:16:18 / __________]

_________ : What was the question?

PROF. KAROL BOUDREAUX: Could there be a revision of communism? There certainly is sympathy for economic systems that have more government involvement. There’s sympathy in the United States today for what seems to me to be shocking levels of government involvement in the economy. So what happens in the United States and happens in lots of other places, there’s a problem, something goes wrong. We have a lot of people investing money in real estate. Many people lose money in the process of investing in real estate. There’re a whole series of assets that are seen to be bad assets and the answer when people suffer a harm in the United States is there needs to be a law to fix it, to prevent these harms from happening again in the future, but by creating a law and by creating a very elaborate legal scaffolding to deal with a problem that exists today, we oftentimes create unintended consequences and create a whole series of further problems in the future, so people who are supportive of markets would say, yes, it’s true, there’re been mistakes that have been made but what the market would do if it were left on its own would be to sort of self-correct. Banks would fail. That would be a problem, but people who can use those assets more effectively and more efficiently would take control of the assets. The assets aren’t going to disappear. Someone’s going to take them over and that would be better for the economy in the long term than having a very substantial government intervention that tries to redirect the way assets are used in the country. That’s my opinion.

_________ : [01:17:58 / __________]
THE HON. MALFOURD TRUMBO: Yes. It has a whole separate body of law, but it is— The legislature will create the laws that establish these agencies, administrative law, and so then they allow— In our system, they allow the agency to develop their rules that they are governed by. By the same token, those rules have to go thorough judiciary interpretation as well as anything else so, yes, it is a separate section of the rule of law.

FRANK ATKINSON: I’m told me have time for one more question by Mr. Mann and this gentlemen here has his hand up.

THE HON. MALFOURD TRUMBO: Which branch did you say dominates?

THE HON. MALFOURD TRUMBO: I don’t agree with your premise. I think that’s what you hear and I think that’s what is published but he’s one person. I don’t know if you heard about this. It’s called the bully pulpit, that everybody pays attention to the president. Do you even know who the Speaker of the House of Representatives is? You may know. I mean, I don’t know. Pelosi. Everybody pays attention to the president so he gets all the press or she gets all the press, anyway, and so I don’t necessarily agree with your premise. I will tell you that I think there’s a constant ebb and flow because sometimes you have stronger presidents than you have others, like anything else. I don’t necessarily agree with your premise, but I think that it’s valid to the point of saying at times you’ll have a strong president and weaker other branches and at other times, you’ll have a weaker president, if you will, because he’s providing greater latitude to the legislative branch.

THE HON. JOHN HAGER: Well, my answer would be very much like Bo’s. A lot of this is due to the media because of the perception that there’s more power or it is out of balance is because of the way the media blows it up and you read a version of it in the media and you get an impression or a perception that that’s the way it is. That’s not necessarily the way it is. It’s the way the media portrays it.

FRANK ATKINSON: In wrapping up, I’ll just make one concluding comment on that topic and that is in the area that you see the most as citizens of foreign countries is the area ______ powerful as it might seem [in the] international context, but [in dealing with] Iraq might not have not gotten a lot of publicity but the whole 2002 election _______ Iraq _______. Iraq was very much an issue in that election _______ so even that area I think the checks and balances are very vigorous. In fact, I think we’re going to see _______ over the next few months _______ a president even as popular as President Obama ______ have to deal with ______ own party of people who ______ power _______. We thank you all.
[THE HON. MALFOURD TRUMBO]: Governor Hager has to leave to do a radio show. He’ll be back. Chip, I’m going to ask you to do one thing in follow up. I know I’m talking too much. I’m not elected anymore, but Frank said something here that I’m going to give you homework. I used to teach, all right, so I’m going to give you your homework. I want you to read Section 9 of the U.S. Constitution. In that, you will see that Congress can pass no bill of attainder or ex post facto law. Section 9, the limits on Congress. It says no bill of attainder or ex post facto law shall be passed by Congress.

The AIG—they’re trying to do away the bonuses that the AIG folks got. They already have the bonuses. The bill of attainder says you cannot pass a bill that is directed toward one person or one group of people. Ex post facto law says you cannot retroactively attach a law. This is going to be a constitutional question. Watch how the United States handles it. [applause] [end of recording]