

**A REPORT
OF
THE
NATIONAL
COMMITTEE
FOR
RESPONSIVE
PHILANTHROPY**



**\$1 BILLION FOR IDEAS:
CONSERVATIVE THINK
TANKS IN THE 1990s**

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TANKS IN THE 1990s**

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About NCRP

Founded in 1976, the National Committee for Responsive Philanthropy is committed to making philanthropy more responsive to people with the least wealth and opportunity, more relevant to critical public needs, and more open and accountable to all, in order to create a more just and democratic society. This mission is achieved through: (1) Promoting a new vision of philanthropy, (2) Critiquing and reforming philanthropy, (3) Developing and shaping new philanthropic resources and institutions, (4) Promoting progressive policy and advocacy by nonprofits and foundations, and (5) Building a movement for a "new philanthropy." To receive more information about NCRP's programs, publications and membership, please contact NCRP at 2001 S Street, N.W., Suite 620, Washington, D.C., 20009 • Phone: (202) 387-9177 • Fax: (202) 332-5084 • Email: info@ncrp.org • Website: www.ncrp.org

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Foreword

As the conservatives in the House of Representatives lick their wounds from their Senate Impeachment battle, and political reporters around the country write about the amazing support for a tarred and feathered President, many will begin to think that the conservative public policy revolution started by Barry Goldwater and Ronald Reagan has finally run its course. Not that the days of tax and spend liberal public policy are back again. But, at least, that the conservatives' grip on shaping and legislating public policy issues may be on the wane.

If history is any guide, nothing could be further from the truth. The seeds of Ronald Reagan's electoral victories in the 1980s were sown after Goldwater's substantial defeat in his run for President in 1964. Conservative true believers did not retire from politics after the Goldwater debacle, they regrouped and sought both new candidates for public office and new ways to affect public policy through creation of a new breed of think tank. By the time Reagan was ready to run for President, the Heritage Foundation, founded in 1973, started preparing a blueprint for change should Reagan succeed. Heritage's report was wildly successful in focusing the Reagan Administration's attention on which New Deal and Great Society programs to slash, gut or totally eliminate.

Recently the *Washington Post* reported on its nationwide poll which asked the question, "How much of the time do you trust the government in Washington to do what is right?" Two-thirds of the respondents said, "Only some of the time" or "None." *Post* columnist David Broder also reports that "every survey shows greater public trust in local and state governments than in Washington." It never used to be like this. These numbers have been heavily influenced over the past three and a half decades by the steady and increasing onslaught of right-wing criticisms of the federal government, stimulated in large part by the effective work of the growing conservative think tank establishment.

After the creation of Heritage, many additional conservative think tanks were organized to focus on national and international public policy issues, plus dozens more were organized as state or regional think tanks. This report, *\$1 Billion for Ideas: Conservative Think Tanks in the 1990s*, identifies and describes key policy and operational foci of 20 top conservative think tanks working the national and international scenes.

Adam Meyerson, Vice President of Heritage Foundation, anticipating the 25th anniversary of Heritage last year, gloated that "Any conservative who is depressed by (the state of big government today) needs his or her head examined...The era of big government really is over ideologically if not structurally....Even most liberals have lost faith that a large central government in Washington is the answer to the great...crises of our times..."

Liberals, progressives, centrists too – all need to become more conversant with the echo chamber that modern-day think tanks represent for conservative policy promotion, the multi-faceted operations they employ to reach the opinion leaders in the nation and overseas, and the growing influence of these architects of public policy regardless of how the political cards now look. We hope this report will help to provide an essential education.

Robert O. Bothwell
President
National Committee for Responsive Philanthropy

Introduction

Ideas are the very stuff of politics.

—Deborah Stone

Whoever decides what the game is about also decides who gets into the game.

—E.E. Schattschneider

How the national debate is framed, and what options are put before the public, can be more important ultimately than the immediate choices made. The framing defines the breadth of the nation's ambitions, and thus either raises or lowers expectations, fires or depresses imaginations, ignites or deflates political movements.

—Robert Reich

Long before Richard Weaver's *Ideas Have Consequences* was first published in 1948, an appreciation was growing of the role that ideas play in the nation's political life. As many have noted, ideas matter in a variety of ways. They can and do serve as the flagships of ideological and intellectual movements. They can help create new social understandings of old issues. They can weaken existing political coalitions or pave the way for the formation of new ones. And they can also provide lawmakers and others with the architectural frameworks within which to build policy agendas and justify governing decisions.

In fact, the more fundamental changes in American politics may not be in election results, but rather in the rise and fall of different ideas and their attendant policy agendas. Given this, significantly more attention needs to be directed to the issue raising, issue framing and issue suppression process in American politics today. How is it that some ideas become public ideas, or politically influential, while others do not? How are issues defined for public attention, framed in policy terms or suppressed in public policy debates? How do nonprofit research and advocacy organizations frame issues in the marketplace of ideas? And what role does private money play in supporting ideas and helping to set the agenda of American political life?

On the premise that ideas and the institutions that promote them matter, this NCRP report focuses attention on the top 20 conservative policy institutions of the 1990s. Included among them are some of the most powerful and well known institutions operating in the nation's capital today. The Heritage Foundation, the Cato Institute and the American Enterprise

Institute have become veritable household names to those even remotely familiar with conservative think tanks' ascendant role in structuring the nation's political conversation. Given their unflinching commitment to the marketing of their policy products and the sophistication of their political communications, their brand name status should not be surprising. This report, however, also focuses needed attention on seventeen additional, lesser-known think tanks whose work promotes the same broad ideological themes and whose activities buttress those of "star" institutions like the Heritage Foundation.

The rising influence of numerous smaller conservative think tanks has been a notable development during the 1990s. Together, these and other conservative policy groups have been able to define policy issues and approaches for public attention, skillfully using mainstream and alternative media outlets to create a powerful echo effect in and beyond the nation's capital.

In focusing on the operating philosophies and policy activities of 20 top national conservative policy institutions, *\$1 Billion for Ideas* builds on two earlier NCRP research reports that examined the burgeoning of state-level conservative think tanks (1991) and the funding side of the conservative political renaissance (1997). The latter report documented the grantmaking strategies of 12 ideologically conservative foundations, concluding that their philanthropic investments contributed in substantial ways to building and sustaining an intellectual and activist infrastructure on behalf of conservatives' anti-government and unregulated markets agenda.

This report picks up the threads of that analysis to provide an expanded and more detailed analysis of 20 leading conservative think tanks.

Summary of Findings

The top 20 conservative think tanks studied in this report are:

- ◆ American Enterprise Institute
- ◆ American Legislative Exchange Council
- ◆ Atlas Economic Research Foundation
- ◆ Cato Institute
- ◆ Center for Strategic and International Studies
- ◆ Citizens for a Sound Economy
- ◆ Competitive Enterprise Institute
- ◆ Empower America
- ◆ Employment Policy Foundation
- ◆ Ethics and Public Policy Center
- ◆ Family Research Council
- ◆ Free Congress Research and Education Foundation
- ◆ Heritage Foundation
- ◆ Hoover Institution
- ◆ Hudson Institute
- ◆ Manhattan Institute
- ◆ National Center for Policy Analysis
- ◆ National Center for Public Policy Research
- ◆ Progress and Freedom Foundation
- ◆ Reason Foundation.

Based on a review of their annual reports, websites, policy products and other publicly available information, the following findings stand out:

1. *Expenditures by the 20 institutions examined was \$158.1 million in 1996. This amount was a significant increase from 1992, with many organizations more than doubling their budgets over the four-year period. To put this figure in perspective, the Republican Party raised and spent \$138 million in "soft money" contributions in 1996, \$20 million less than the 20 policy groups profiled here.*
2. *Partial data from 1997 indicates that spending by center-right and far-right think tanks continues to grow rapidly, suggesting that the 1990s has been a period of continued institution-building by political conservatives. Overall spending by these institutions between 1990 and 2000 is likely to top \$1 billion.*
3. *Early generous support by conservative foundations and wealthy individuals has enabled many of these institutions to develop impressive fund raising apparatuses, allowing them to diversify their funding bases and attract even higher levels of donor support. Many of the institutions examined now receive as much as two-thirds of their funding from individual and corporate supporters.*
4. *A number of smaller and relatively new conservative think tanks have risen to new positions of visibility in recent years. While the five largest and most well-known policy institutions (the Heritage Foundation, Hoover Institution, Center for Strategic and International Studies, American Enterprise Institute and Free Congress Research and Education Foundation) expended half of the \$158 million total, the remaining \$80 million was spent by 15 smaller policy organizations working to advance core elements of the conservative agenda.*
5. *Conservative policy organizations continue to promote a highly ideological world view, working on multiple policy fronts to privatize the public sphere and elevate the market as the prime mechanism for social arbitration and resource allocation. These policy groups have pushed aggressively to privatize Social Security and Medicare, loosen laws governing workplace safety and the rights of workers to organize, roll back environmental and consumer safety regulations, cripple the ability of nonprofit organizations to engage in public policy debate and advocacy, privatize systems of public education, and pare back the scope, size and cost of government in numerous other areas. They also saw their long-standing crusade to end the federal welfare entitlement come to fruition in 1996.*
6. *Conservative policy groups have shown increasing sophistication in waging high-intensity battles over extended periods of time, better coordinating their activities with lobbyists in the private sector, political operatives in Washington and the states, and activists at the grassroots. Major policy battles between 1993 and 1996 over telecommunications and health care have taught these institutions important lessons and helped them to refine their advocacy operations. Many operate like "extra-party" organizations, adopting the tactics of the permanent political campaign by incorporating a fund raising arm, a lobbying arm, a policy analysis and development arm, a public relations arm and a grassroots mobilization or constituency development arm.*

7. *The structure of political opportunities continues to advantage conservative policy entrepreneurs. Contributing factors include the continued demobilization of large swaths of the American electorate, the decisive role that special interest money plays in national politics, the media's political importance, the transformation of political parties from citizen mobilization vehicles into top-down fund raising machines, organized labor's declining ability to help set broad national budget and policy priorities, the single issue focus of many liberal and left institutions, and their failure to develop and communicate to the American electorate an overarching public philosophy for the country.*
8. *There is no mainstream or left-of-center parallel to the critical mass of conservative policy institutions currently operating in the United States today. Conservative policy institutions tend to be multi-issue organizations with multi-million dollar budgets, powerful corporate boards, and significant media access. They work along dual tracks, promoting a broad public philosophy while tying specific policy initiatives to it. They also tend to pursue bold structural reforms with the potential to change both the substance of policy and the rules of the political game for decades to come.*

Expanding the Influence: Conservative Think Tanks in the 1990s

Think tanks are shaping the attitudes of American voters and altering the context in which they consider issues. What they do best can be described as contextual politics.

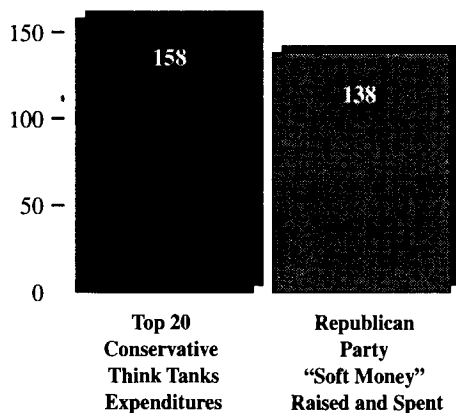
—John Saloma

While other 'traditional' think tanks cling to the notion that their work will leave its imprint on Washington through a process of osmosis, Heritage efforts are deliberate and straightforward.

—Heritage Foundation Annual Report

There can be little doubt that conservative policy institutions have played a pivotal role in shaping the framework of national deliberations. With some of the most well-known of these institutions moving into their third or fourth decade of operations, and with many new and small institutions rapidly gaining strength, conservative think tanks today have become a permanent part of the nation's political infrastructure. In 1996 alone, the top 20 conservative think tanks spent \$158 million — the bulk of it provided by corporations and foundations.

Conservative Think Tank Expenditures Compared to Republican Party "Soft Money," 1996
(\$ in millions)



Source: Jill Abramson, "'96 Campaign Costs Set Record at 2.2 Billion," *New York Times*, November 25, 1997, p. A18

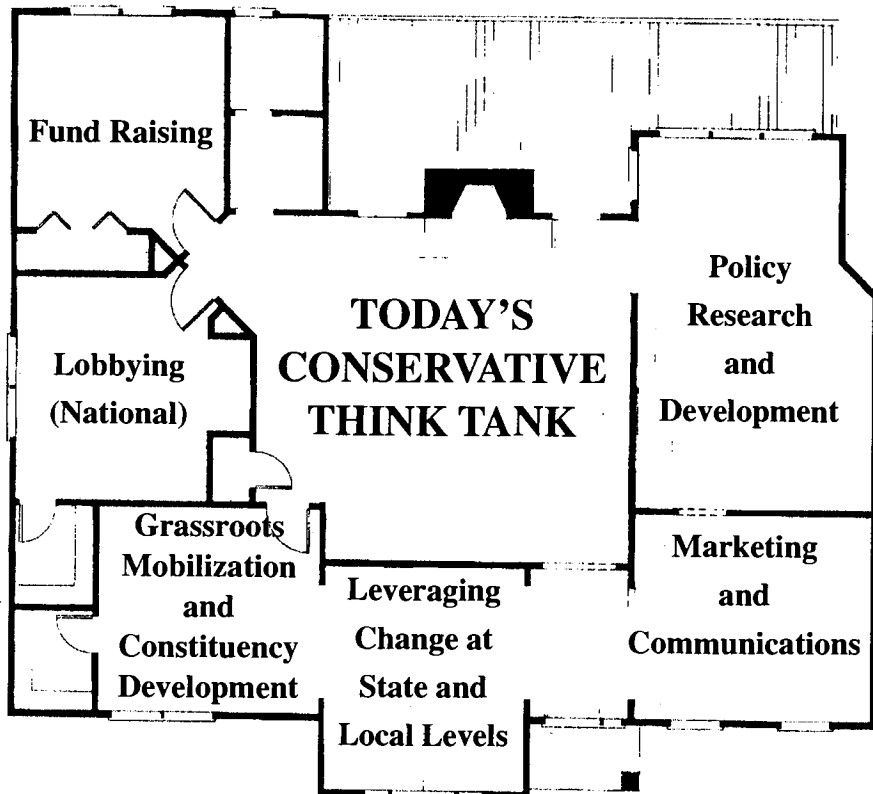
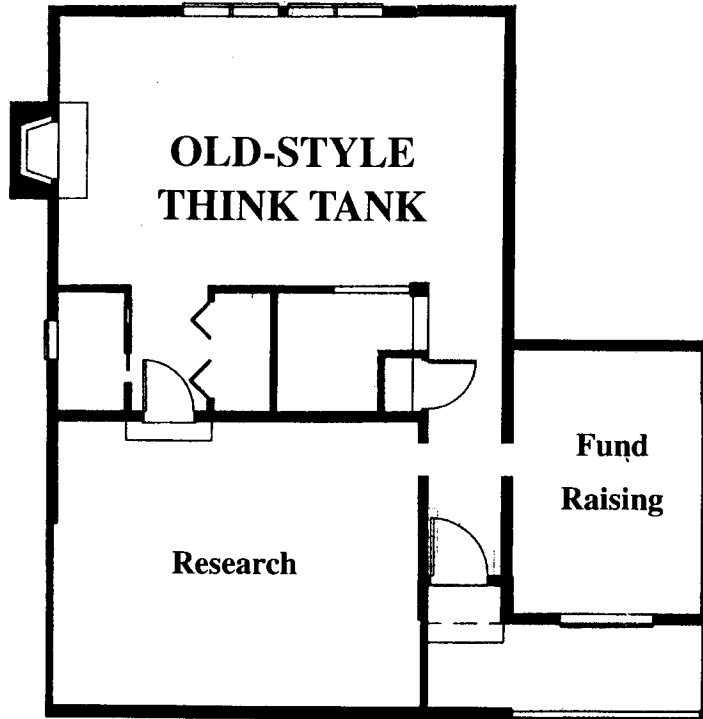
1996 Budgets of Top 20 Think Tanks

Organization	Budget (in millions)
Heritage Foundation	\$28.7
Hoover Institution	19.5
Center for Strategic International Studies	14.0
American Enterprise Institute	13.0
Free Congress Research and Education Foundation	11.5
Family Research Council	10.2
Citizens for a Sound Economy	10.0
Cato Institute	8.0
Hudson Institute	6.5
American Legislative Exchange Council	5.0
Progress and Freedom Foundation	5.0
Manhattan Institute	5.0
National Center for Public Policy Research	4.0
Reason Foundation	4.0
Empower America	3.8
National Center for Policy Analysis	3.2
Competitive Enterprise Institute	2.5
Atlas Economic Research Foundation	2.3 ('94)
Ethics and Public Policy Center	1.1
Employment Policy Foundation	0.8 ('94)

Prepared by NCRP

To put this in perspective, the amount that conservative think tanks expended in 1996 was \$20 million *more* than the total amount of "soft money" raised and spent by the Republican Party in 1996.

If current trends continue, spending by the top 20 conservative think tanks will total more than \$1 billion for the decade of the 1990s. The enormous resources that have been placed at their disposal have enabled them both to win the policy battles of the movement and to focus energy on identifying and framing key issues for future attention. This agenda-setting role is an important function in a media-dominated political system in which the ties between people, parties, politics and policy have become increasingly frayed.



Conservative Think Tanks and the New Politics

The conservative policy establishment is today perhaps the key generator and purveyor of *public* ideas. From the time when the Heritage Foundation published its massive (and detailed) policy blueprint on the eve of the Reagan presidency to the more recent public relations campaign on behalf of Social Security privatization, conservative policy groups have demonstrated the seriousness of their political and policy commitments. Their policy leadership has set new markers for political debate, finding effective ways to reframe key social issues and developing common themes around which to mobilize public opinion and activist constituencies. Most notably, their overtly ideological approach to public policy has underpinned efforts to present a broad framework for thinking about American life. That framework pits government against community, market against state, prosperity against regulation, taxpayers against tax receivers, workers against the unemployed, and the advocates of meritocracy against those of special preference. It also asserts that government has crowded out private sector initiative, suppressed the charitable impulse, fostered an unhealthy dependency, created or inflamed racial tensions and reduced local initiative-taking and creative problem-solving.

The ideological approach of conservative think tanks sharply differs from the more genteel operating style of earlier policy organizations. The country's earliest think tanks, including the Russell Sage Foundation (1907), the Twentieth Century Fund (1919) and the Brookings Institution (1916), emerged in the first two decades of the twentieth century. All embodied the beliefs of both progressive era reformers and the scientific management movement that expert knowledge and social science methods, when properly and efficiently applied, could pave the path to social progress. These early policy groups focused on the resolution of specific problems and operated within a technical framework. As historian James Smith has written, the early think tanks represented "one of the most distinctive ways in which Americans have sought to link knowledge and power."

During the 1970s and 1980s, however, conservative think tanks reinvented the think tank concept. Rather than approaching policy as a pragmatic or technocratic enterprise, conservative policy institutions have regarded the policy process in ideological and political terms. Where the older

think tanks were knowledge-based, focused on the resolution of specific problems, the new conservative think tanks were guided by moral precepts and received truths. Their political project was restorative in nature, aimed at placing key ideas and long-standing principles above empirical science in guiding national policy. That is why a liberal operating in a pragmatic think tank tradition might well say, as President Kennedy did in the 1960s, that domestic issues "relate not to basic clashes of philosophy or ideology but to ways and means of reaching common goals," while conservative political leaders like Richard Viguerie assert that "we don't need new ideas nearly as much as we need new techniques to spread tried and true ideas."

By the mid-1980s, the new ideological approach of conservative think tanks had begun attracting attention. Journalistic and academic observers began to report on the rise and political significance of Washington's new think tank establishment. Sydney Blumenthal, then a political reporter for *The New Yorker*, argued in a 1987 book that "a conservative New Class has institutionalized a particular mode of ideological politics," while political scientist David Ricci observed that "Conservatives enlarged the think tank business while openly assuming that such institutes were not places where people developed new ideas but where they advanced a truth already known."

A full appreciation of their policy influence, however, must begin by noting that conservative policy institutions like the Heritage Foundation and the Cato Institute emerged at a time when structural changes in American politics and the economy expanded opportunities for wealthy interests to pursue their policy preferences, while narrowing them for those at the bottom half of the nation's income and opportunity scale. One such change is the country's shrinking electorate. For more than thirty years, voter turnout has steadily declined, with fewer citizens turning out to vote in 1996 than at any time since 1924. As is well known, this decline has been disproportionately concentrated among lower income constituencies, deepening the class skew in American voting patterns.

Another change concerns the way in which political parties function in American politics. Fifty years ago, political parties were organized from the bottom up, functioning fairly

effectively to link grassroots politics and interest groups to national policymaking. This was because the national political parties drew their strength from party organizations at the state and county level. State and local party leaders nominated candidates, raised and deployed resources and helped to organize get-out-the-vote drives that placed them in direct contact with local constituencies. Their centrality to the political process and their role in candidate selection, fund raising, and constituency mobilization worked in policy terms to tie electoral coalitions to governing coalitions.

Today, this is no longer the case. While locally elected officials may still be tied to local political clubs and constituencies, they and their supporters now play a significantly reduced role in state and national politics. New electoral technologies, changes in how presidential candidates are nominated, and campaign finance reforms have furthered the decline of political parties. Increasingly, national party organizations are no longer federations of state and local party organizations with ties to the grassroots, but top-down fund raising machines. National and state party organizations have increasingly relied on direct-mail fund raising; media-savvy political consultants have replaced state and local party leaders; and advertising strategies have replaced get-out-the-vote drives.

The unhappy result of these and others changes has been a troubling disconnect between people and politics and a growing imbalance between private power and public purpose. Particularly at the national level, but also increasingly at the state and local levels, advertising has become a dominant political motif, with big donor money driving much of the political process. Even many so-called "grassroots" organizing efforts are increasingly coordinated out of Washington, D.C. in a top-down fashion.

Other developments, such as labor union decline and economic globalization, have interacted with political party decline and electoral demobilization to reinforce these nega-

tive trends. Labor unions, for example, have lost much of their ability to serve as an effective counterweight to big business in the setting of broad national policy priorities. Today, only 14% of the labor force is represented by unions, down from 35% in the 1950s. Despite the renewed attention that labor is paying to workplace organizing, the actual number of American workers represented by unions declined by 200,000 last year. Globalization has also hurt organized labor by reducing its bargaining power, both in the workplace and in policy arenas. At the same time, the country's on-going and uneasy transition from an industrial to a post-industrial society has produced anxiety among American workers who've seen their wage and benefit levels stagnate or decline over the past two decades. The political right has not been shy to play to this anxiety, tying the economic insecurity of many Americans to a larger narrative about the failures of big government, extolling the virtues of unregulated markets and attacking government spending and regulation at every turn.

Conservative think tanks thus emerged at a time when various changes combined to give a decisive advantage to well-financed actors skilled at operating within media-driven political debates. As this report will show, conservative think tanks have taken effective advantage of the changing structure of political opportunities and the ways in which politics is now organized or conducted, particularly at the national level, but also at state and local levels. Partly as a consequence, many conservative ideas that were once outside the mainstream of political debate in the 1970s and 1980s have become central to policy discussions in the 1990s. In many cases, private interests who stand to gain from these shifts have heavily underwritten the work of conservative think tanks.

The remainder of this report presents a detailed analysis of the ways in which these institutions operate, where they get their funding, how they are governed, and the links that exist between conservative think tanks and other elements of what has been called the "conservative labyrinth."

Think Tank Operations

In *The Nature and Origins of Mass Opinion*, John Zaller argues that if the public is robbed of an ability to choose between grand political narratives, then it can do little more than follow the elite consensus on how best to address



“The unique thing we have done is to combine the serious, high-quality research of a ‘traditional think tank’ like the Hoover Institution or the Brookings Institution with the intense marketing and ‘issue management’ capabilities of an activist organization.”

**Stuart Butler
Vice President, Heritage Foundation**

key public issues or challenges. Conservative think tanks have consistently acted on that insight, working to shape elite consensus by focusing on broad policy frameworks, launching vociferous critiques of “liberal” policy approaches and seeking an almost wholesale repositioning of national policy boundaries. Indeed, the words of Stuart Butler, currently a vice president of the Heritage Foundation, express the modus operandi of a growing number of conservative policy institutions. He stated that “The unique thing we have done is to combine the serious, high-quality research of a ‘traditional think tank’ like the Hoover Institution or Brookings Institution with the intense marketing and ‘issue management’ capabilities of an activist organization.” The operating strategy that guides the majority of institutions ana-

Policy Research

lyzed in this report can be broken down into three main categories: policy research, marketing and public communications and grassroots mobilization.

Conservative think tanks have played an especially visible and critical role in the transformation of America’s public policy agenda by advancing new intellectual frameworks to justify paradigmatic change, by translating broad ideological concepts into detailed policy blueprints, and by legitimizing conservative ideas with expert voices and research products. Different conservative think tanks have been pursuing common areas of research for a decade or more, promoting and advancing the same themes through varied policy proposals. One result of these ongoing efforts is that a spirited intellectual community has been striving for years to develop a comprehensive conservative story, working out the kinks in such core concepts of the story as privatization and deregulation, sharpening its resonance, and agreeing on ways to tell this story in unison. In this environment, previously fringe or extremely ideological ideas — researched and elaborated upon by teams of analysts and endorsed and promoted by multiple policy experts — have percolated into the mainstream of political debate.

Since 1994, conservative think tanks have scored major political and communications victories in five critical policy areas: welfare, Social Security and Medicare, deregulation and the environment, taxes, and education.

1. Welfare. Long running conservative efforts to abolish the federal welfare entitlement came to fruition in July, 1996 when President Clinton signed a bill that eliminated the Aid to Families with Dependent Children (AFDC) program. Few public policy debates have more vividly demonstrated the influence of conservative think tanks or illustrated their long-range strategic approach to reframing policy discussions.

Beginning in the 1970s, conservative think tanks, policy journals and public intellectuals played key roles in fundamentally altering the terms of the welfare debate. *The Public Interest*, a neo-conservative journal published by Irving Kristol, began publishing critiques of the AFDC program and other redistributive programs. Arguments varied from the relatively progressive view — articulated by Nathan Glazer, that work needed to be made more attractive than non-work through the introduction of health insurance, extra vacation time and unemployment insurance — to the increasingly punitive stance that welfare needed to be reduced because it undermined the work ethic and encouraged immoral behavior. In the Heritage

Foundation's *Policy Review*, conservative economist Walter E. Williams argued that government anti-poverty programs had created an African-American and Latino underclass and, further, that these populations would fare better in socioeconomic terms if markets were given freer reign. *Reason*, the magazine of the Reason Foundation, joined this growing chorus to suggest that government interventions on behalf of the poor did more harm than good by encouraging unemployed fathers to leave their families and avoid work. And Martin Anderson of the Hoover Institution published an attack on the concept, then in political circulation, of a guaranteed income, based on the same premise that government redistributive programs reduce work incentives.

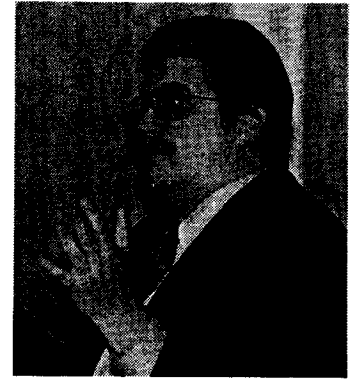
These and other critiques sought to reframe AFDC and other redistributive programs as counterproductive to their stated social aim of improving the lives of the poor. These programs were depicted as immoral by punishing the industrious, rewarding the indolent and encouraging deviant social behaviors like illegitimacy. Still, it was not until the early 1980s that such critiques were brought to their logical conclusion by Charles Murray, who advocated the complete abolition of the AFDC program in his 1984 book, *Losing Ground*. Heavily supported by the Manhattan Institute and later by the American Enterprise Institute, Murray came to play a pivotal role in developing and legitimizing a viewpoint that had previously been far outside the mainstream of American policy debates. Needless to say, abolition of AFDC was a very far cry from Nathan Glazer's earlier policy prescriptions to make work more attractive than welfare by increasing wages and benefit levels.



Charles Murray

Political events in the 1990s demonstrated the efficacy of conservative reframing strategies. The wholesale attack on a federal welfare entitlement by credentialed "experts" in multiple forums helped to push the boundaries of the welfare debate significantly to the right. At the same time, conservative think tanks devoted great energy to developing detailed policy blueprints for dismantling AFDC and devolving federal welfare responsibilities to the states. Following the 1994 Congressional elections, conservative think tanks exploited their close ties to conservative Congressional leaders to emerge as major policy players. The welfare legislation ultimately signed by President Clinton

in 1996 was shaped with significant input from analysts at these institutions. Most influential in this regard was Heritage senior policy analyst Robert Rector. The co-author of Heritage's influential 1995 attack on Federal social policy, *America's Failed \$5.4 Trillion War on Poverty*, Rector worked closely with key Congressional officials throughout 1995 and 1996. He was joined by other policy staff of AEI, Hudson Institute, Cato and other conservative think tanks. Cato's director of health and welfare studies, Michael Tanner, produced a volume entitled *The End of Welfare*, which fleshed out popular conservative ideas for fully replacing government poverty programs with a network of private charities.



Robert Rector

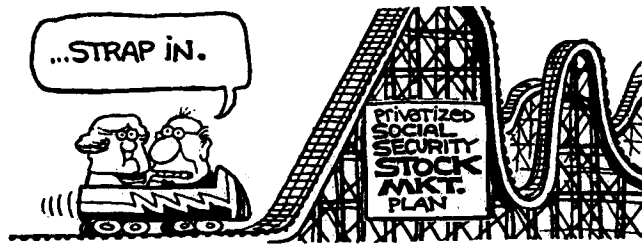
In 1997 and 1998, conservative think tanks were closely involved in attempting to influence the implementation of the welfare reform legislation at the state level, involving themselves in battles over such matters as whether workfare recipients should be entitled to minimum wage and allowed to unionize. The Hudson Institute's Welfare Policy Center, for example, has played a growing role in offering advice and technical assistance to city and state governments. Many conservative policy analysts have recommended changes to the welfare legislation that would impose harsher work requirements and reduce waivers. The Employment Policy Foundation contributed to the welfare implementation debate with studies that argued against heavy government investments in job training and against laws that insisted that workfare recipients receive the minimum wage. In the running battles over reform implementation at the state level, conservative think tanks have sustained their dual emphasis on the macro and micro issues — hammering home big picture themes related to personal responsibility, while also presenting in-depth and often technical proposals aimed at shaping evolving welfare policies at the state level.

2. Social Security and Medicare. Political conservatives have mounted an extraordinary campaign to replace both Social Security and Medicare with privatized systems. Like welfare, this campaign flows from a deep-seated aversion to government efforts that have social protection as a core objective. As the most visible legacy of the New Deal/Great Society era, it should not be surprising that Social Security and Medicare have come to arouse such conservative

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ire. Conservative think tanks have played a central role in this campaign, developing a multi-faceted and long-term strategy to place privatization on the national agenda, change the climate of public opinion and pave the way for the introduction of quite radical policy reforms. First, they have sought to undermine public support for these programs by emphasizing their fiscal unsustainability. Second, they have proposed partial privatization plans which would end the participation of most working Americans in public entitlement programs for the aged and leave behind bare-bones, means-tested programs.



Sack, *Star Tribune*

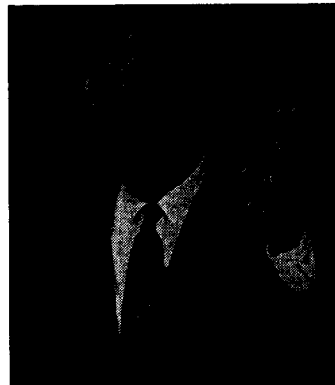
In effect, conservative think tanks have aimed to do away with universalist entitlement programs that have created common cause between the poor and the middle class. As Senator Trent Lott (R. MS) explained the strategy on Medicare to Clinton political advisor Dick Morris in 1995, "When they have only the sick and the old and the poor in traditional Medicare and everybody else in private insurance through MSAs [medical savings accounts], Medicare will be a welfare program." On Social Security, the strategy is nearly identical: to create a system of private retirement accounts for most Americans while retaining a minimum program of public benefits which only the poor would receive. If this strategy succeeds, the political implications would be far-reaching. Remaining public assistance to the aged would become far more vulnerable to political attack because, like AFDC, it would be received by poor Americans who typically wield little political power.

National Center for Policy Analysis

The amount of work that conservative policy institutes have put into developing the MSA concept in recent years has been extraordinary. The National Center for Political Analysis has played a major role in developing MSAs and popularizing them on Capitol Hill. Its research efforts include paying for the development of a sophisticated econometric model for analyz-

ing the future costs of entitlement programs for the elderly. Many other organizations have also worked on this issue over the past decade. Cato has been developing market-based approaches to controlling health care costs since the 1980s, and refined many of the ideas that later were incorporated into the MSA concept. Recent Cato studies have sought to rebut claims that the introduction of MSAs and a phasing out of Medicare would undermine health care protections for the elderly poor. Heritage introduced a plan in 1996 that would revamp Medicare and introduce a new market-oriented approach. This plan drew on work in the health care area that Heritage had been promoting since 1989. While conservatives did not succeed in implementing their more radical plans for Medicare, the introduction of Medicare+Choice in the Balanced Budget Act of 1997 was seen by conservatives, quite openly, as the entering wedge for converting Medicare into a system of private accounts and competing for-profit health plans.

Medicare has remained a fiercely contested issue during 1998 and early 1999, and debate on the issue has moved noticeably to the right as plans for the partial privatization of Medicare have gained adherents in Congress. Thus, for example, Sen. Phil Gramm (R. TX) introduced a bill that would create Personal Retirement Insurance for Medical Expenses (PRIME) that reflected many Cato ideas for privatizing Medicare. Meanwhile, new initiatives that might extend the benefits of Medicare have become more difficult to sell on Capitol Hill. When President Clinton proposed allowing Americans



Sen. Phil Gramm (R. TX)

between the ages of 55 and 64 to buy into Medicare, thus extending insurance options for a group that often cannot buy affordable insurance in the private market, his proposal ran into major opposition in Congress — with conservative think tanks providing much of the analysis for why the idea was undesirable.

For conservative think tanks, privatizing Social Security has been a long-time goal. Moving this idea, previously a fringe position, into the mainstream of political debate has been one of the most notable conservative achievements of the 1990s. Conservative think tanks with major projects in this area include: Cato, which is spending some \$3 million on a multi-year Project on Social Security Privatization and considers this its number one issue for the late 1990s; Heritage, which



“We have advocated a number of measures which would move toward privatizing the entire Social Security system, but the political climate in Washington has delayed any serious discussion of these measures.” (1985)

**Ed Feulner
President, Heritage Foundation**

debate: it proposed using money from the federal budget surplus and any tobacco settlement to aid the transition to a retirement system based on private accounts. The National Center for Public Policy Research also contributed to the debate, devoting substantial space on its heavily traveled webpage, Capital Link, to Social Security privatization. The Institute for Research on the Economics of Taxation received grant money to hold a series of briefings for leaders in the financial industry about the Social Security crisis. The Employment Policy Foundation was a relative late-comer to the Social Security debate, but in 1997 and 1998 produced several publications advocating privatization. Even the Competitive Enterprise Institute, mainly focused on environmental issues, got into the debate with its own website advocating Social Security privatization.

The origins of the current Social Security campaign can be traced back to 1983, when Heritage vice president Stuart Butler

produced nearly a dozen papers on this subject in 1997 and 1998; Citizens for a Sound Economy, which is spending several million dollars advocating a privatized Social Security system; and the Center for Strategic and International Studies, which supported a national retirement commission that has proposed partial privatization of Social Security.

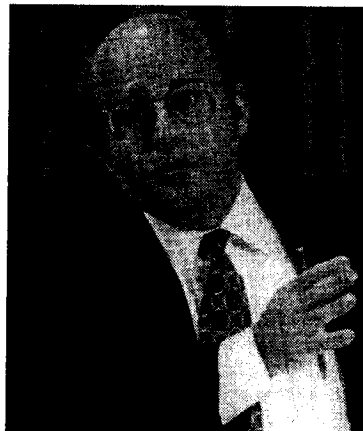
While the major conservative think tanks did much of the most substantive research and analysis favoring Social Security privatization, smaller institutions played an important role in echoing and, in some cases, refining the case for privatization. Publications by National Center for Policy Analysis stressed the merits of privatization, and NCPA added its own twist to the

and analyst Peter Germanis wrote an article outlining a “Leninist strategy” to dismantle Social Security. Butler and Germanis put forth a plan for guerrilla warfare against the current Social Security system and the coalition that supports it. That plan suggested: 1) reassuring elder Americans that privatization proposals would not affect current benefits; 2) constantly attacking Social Security’s weaknesses; 3) researching and developing a privatized alternative to Social Security; 4) convincing younger people that Social Security was untenable in the long run and that a privatized system was preferable; and 5) cultivating allies in the private sector, such as financial compa-

nies and banks, that would gain from privatizing Social Security.

All of these tactics have been employed by conservative think tanks in recent years. While many experts believe that the projected shortfalls in Social Security may not materialize if economic growth remains strong, or could be closed by modest long-term adjustments to the program, conservative think tanks have relentlessly stressed that Social Security faces a deep crisis that can only be averted by dramatic and systemic reform. These think tanks have also released data criticizing various aspects of the Social Security program, including its alleged poor rates of return for blacks and Hispanics.

At the same time, conservative policy analysts have devoted enormous energies to putting forth detailed plans for privatizing Social Security.



“What was unthinkable in mainstream politics just a few years ago — the privatization of Social Security — is now highly popular at the grassroots. Every day brings more establishment and institutional support for the idea as well. Moreover, this mushrooming support is coming from across the political spectrum.”

(1997)

**Peter J. Ferrara
Associate Scholar, Cato Institute**



Michael Tanner

For example, Cato's state-of-the-art website on Social Security, operating since 1995, contains a large number of studies that outline in detail how Social Security might be privatized and what the benefits would be. Central to these plans are private retirement accounts that workers would deposit money into instead of paying payroll taxes. These accounts would be managed by workers themselves,

aided by financial firms. *The Wall Street Journal* has called privatizing Social Security "the biggest bonanza in the history of the mutual fund industry." Not surprisingly, the work of conservative think tanks on this issue has been generously supported by private interests which would directly gain from privatization. In 1996, Michael Tanner, Cato's director of health and welfare studies, said: "We're receiving support from the financial community, from the investment community, from the insurance community."

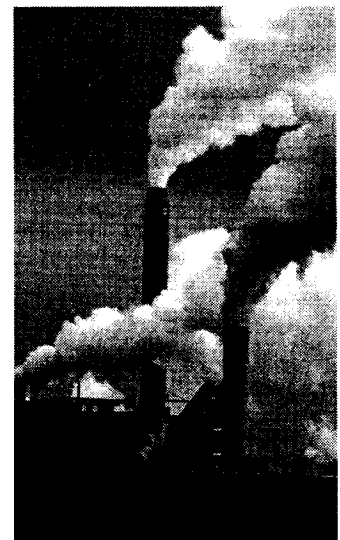
3. Deregulation and Environment. Reducing government intervention in the private sector is a central goal of all conservative think tanks, and in 1996, enormous policy resources were focused on deregulation efforts, with particular attention given to paring back the regulations that protect the environment, govern the telecommunications industry and insure the safety of the nation's food and drug supply. In pursuit of these goals, conservative think tanks have depicted government regulations as the products of misguided public policy or excessive bureaucratic meddling, as wrenches thrown into the gears of the free market, and as red tape that disproportionately hurts small businesses and average Americans. They have mounted enormous communications efforts to vilify and caricature three federal agencies: the Environmental Protection Agency (EPA), the Food and Drug Administration (FDA) and the Occupational Safety and Health Administration (OSHA). At the macro level, conservative think tanks have refined and sought empirically to support their claims that regulation dampens economic growth. At the micro level, they have mapped out detailed agendas for rolling back the federal regulatory apparatus in specific policy areas.

In 1996, two smaller think tanks, the Reason Foundation and the Competitive Enterprise Institute (CEI), generated numerous studies in the environmental area. Reason, which takes an aggres-

sive and effective communications stance, published more than a half dozen calls for less environmental regulation with such titles as "Punitive Damages and Environmental Law: Rethinking the Issues," and "Environmental Enforcement: In Search of Both Effectiveness and Fairness." CEI's environment staff also produced numerous studies attacking government policies on endangered species, property rights and the environment, and calling for massive transfers of Bureau of Land Management holdings to the states. CEI also continued various other deregulation programs that included calls for overhauling the FDA, rethinking insurance regulation, and revising antitrust laws.

Three other small think tanks which focused heavily on regulatory issues in 1996 were the National Center for Public Policy Research, the Progress and Freedom Foundation, and the Employment Policy Foundation. During 1996, NCPPR put out 17 editions of its newsletter on regulatory affairs, *Relief Report*. Each newsletter hammered home a different version of the same theme: government red tape was strangling American free enterprise. The Progress and Freedom Foundation focused on electricity deregulation and also lobbied for measures to weaken the FDA. In each case it put forth reform measures that would greatly benefit private corporations. The Employment Policy Foundation argued against regulation in the workplace aimed at protecting the health of workers. It targeted substantial fire on OSHA. EPF also sought to weaken the federal labor laws governing union organizing.

Joining in the broader fight to reduce public oversight of private sector activities, the larger think tanks pursued even more ambitious agendas in the area of deregulation during 1996. Congressional debate on telecommunications legislation early in the year led conservative think tanks to a major focus in this area. Heritage produced a multi-part series on telecommunications deregulation, designed clearly to explain to policymakers the many complex issues involved from a conservative perspective. Cato's telecommunications and technology program proposed such measures as abolishing the Federal Communications Commission and privatizing the electromagnetic spectrum. On the more scholarly front, the American Enterprise Institute continued a book se-



ries on telecommunications deregulation and hosted conferences on the subject.

Conservative policy positions were reflected in the Telecommunications Act of 1996 passed early in the year. Following the passage of that legislation, conservative think tanks turned their attention to policy research and advocacy aimed at influencing the on-the-ground implementation. Citizens for a Sound Economy devoted substantial energies to this area, the culmination of an eight-year effort to overhaul Federal law in ways that would benefit its major corporate contributors. CSE experts testified before Congress and wrote policy papers that were widely distributed on Capitol Hill. CSE also hosted five conferences in Washington on telecommunications policy, bringing in regulators, legislators and academics from around the country.

4. Taxes. In a context where the U.S. taxes its citizens less than any other western democracy, many of the conservative think tanks put forth detailed proposals in 1996 for reducing taxes and stepped up this work in 1997 and 1998. In particular, conservative policy analysts have played an instrumental role in developing and promoting the case for a flat tax, a proposal which would effectively reduce taxes on wealthier Americans and one which previously had few proponents in Congress. The legitimization of this idea is a classic success story in the making for conservative think tanks. In the past, the flat tax had floated around the edges of the policy world as a rather vague idea. Through the expenditure of considerable analytic resources, conservative policy institutions fleshed out the flat tax concept, producing detailed data which contended that a flat tax would have a positive fiscal and economic impact.

The Flat Tax It Works for Everyone!

Citizens for a Sound Economy has focused major energy in this area, mounting a multi-year \$2 million campaign to strengthen support for the flat tax. CSE became the leader of the Alliance for Tax Reform, a coalition that sought to get every 1996 Congressional candidate to pledge support for tax cuts. All of this work helped put the flat tax on Congress' agenda, getting it a serious hearing before relevant committees, and also helped push the idea into Republican primary politics. Meanwhile, Cato's work on taxes focused on replacing the federal income tax with a flat-rate sales tax. Here, too, an idea only crudely elaborated in the past was extensively developed through economic and fiscal analyses.

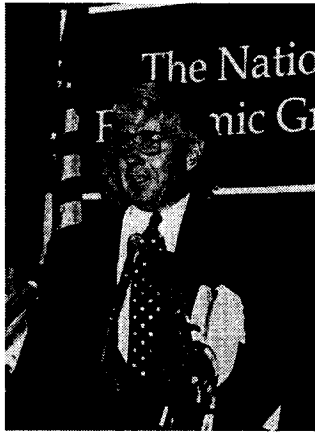
Heritage also produced several publications advocating the flat tax in 1996, including a paperback book distributed to over one million Americans that argued in detail how the flat tax would promote more jobs and higher growth. In addition, Heritage research papers analyzed the impact of flat taxes on a state-by-state basis, again with the contention that a flat tax would spur widespread economic growth, more than offsetting any loss of revenues.

CBO for the GOP

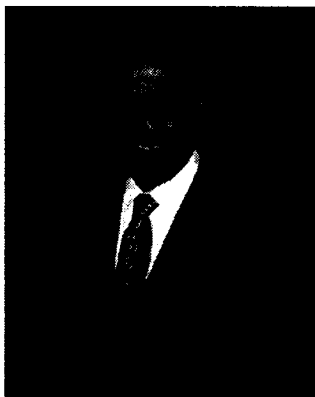


The research capabilities of conservative think tanks are enhanced by strong in-house computing and communications resources that link analysts to electronic data bases and to each other. The Heritage Foundation has been the leader in this area, investing heavily in technology that can improve its policy research. In 1995, Heritage acquired a supercomputer — the Viper 1000 — capable of analyzing economic and social databases as fast as the Congressional Budget Office and the Office of Management and Budget. This computer has allowed Heritage rapidly to issue comprehensive analyses of various tax and budget plans. Heritage's Data Analysis Center has also launched long-term projects for building various data bases and econometric models that can be drawn upon to analyze specific issues. In Stuart Butler's words, Heritage's goal is to become the "CBO of the conservative movement." The analytic capabilities of Heritage have made it an increasingly important ally for Congressional conservatives who rely on the organization to provide detailed economic analyses of various legislative proposals.

Other examples of think tank influence on tax issues in 1996 came when both Empower America and the National Center for Policy Analysis effectively promoted a 15 percent across-the-board tax cut. As co-chair of Empower America, Jack Kemp had long used the organization to advance his agenda for lowering taxes, including proposing the flat tax. His place on the 1996 GOP presidential ticket gave him, and the tax ideas of Empower America, new visibility. While NCPA developed the 15 percent cut idea in detail, Kemp and other Empower America members like William Bennett played a critical role in getting presidential candidate Bob Dole to support it. (Kemp set aside his personal preference for the flat tax.) NCPA has also worked hard for further cuts in the capital gains tax, co-publishing with the U.S. Chamber of Commerce a "Strategy for Growth," a package of five different tax cuts that became the basis for several bills in Congress.



Jack Kemp



Bob Dole

Other efforts to promote cuts in the capital gains tax included the release of a 1995 study that purported to show that families in the bottom 20 percent of the income distribution would gain proportionately more than higher income families. During 1997 and 1998, conservative think tanks continued their offensive with a range of tax proposals, including attempts to repeal estate taxes, further analyses in support of a flat tax, suggestions for generous child tax credits, and plans for major tax cuts that would capitalize on projections of Federal budget surpluses. With its extensive analytic resources, the Heritage Foundation has performed a particularly important service to conservative leaders in Congress in working out the complex details of various tax cut options.

5. Education. A decade ago, market-based approaches to education reform were discussed only at the margins of mainstream political debate. Today, they are central to that debate, and conservative think tanks during the 1990s have played a key role in achieving this transformation of the education agenda. In this

area, as in others, conservative think tanks have combined long-range arguments for paradigmatic change with nuts-and-bolts analyses advancing specific components of their policy agenda. Much of this work has been devoted to making the case for school vouchers, linking this issue with broader arguments about the superiority of market mechanisms over public institutions.

In addition to using the education debate to promote market ideology, conservative think tanks have jumped into the controversies over national education standards and testing with an eye toward linking these issues with broader ideas about limiting the powers and reach of the federal government.

Likewise, the ongoing efforts of conservative think tanks to expose and combat the alleged "PC" orthodoxy on America's college campuses has been part of a larger campaign to depict liberal academics in a negative light — in this case as intolerant and extremist. Finally, some think tanks have been involved in hands-on experiments in school reform.

Specific projects undertaken by conservative think tanks in 1996 included analyzing and promoting the Milwaukee school choice program, developing a ballot initiative for California that would allow school vouchers, advocating privatization of school operations such as cafeterias, janitorial services and buses, compiling data on the effectiveness of charter schools, and developing plans to increase local and parental control over schools and reduce the Federal government's role in this area.

In education, as in other areas, smaller conservative think tanks have played a growing role in the 1990s in echoing, amplifying, and sometimes refining key conservative arguments. Here, as elsewhere, the conservative policy infrastructure demonstrated one of its greatest strengths: providing a multiplicity of credentialed experts who put forth similar viewpoints. Smaller conservative think tanks contributing to the education debate during the 1990s have included: The Reason Foundation, which produces work on school contracting and other aspects of privatization; Empower America, which gives an institutional home and staff support to William Bennett, one of the right's leading crusaders on education; the National Center for Policy Analysis, which puts out policy briefs supporting school choices, attacking teachers' unions, and opposing new public spending on schools; and the Manhattan Institute, which provides analytical support in favor of vouchers.

Among the larger conservative think tanks, the Hudson Institute has been especially energetic in its efforts to shape the national dialogue on education reform. Hudson runs the Education

The National Center for Policy Analysis: An Organizational Profile

The work of the National Center for Policy Analysis is illustrative of the way that even a smaller and less visible conservative think tank outside Washington can effectively inject ideas into the national debate. Based in Dallas with an outpost in Washington, NCPA in 1998 was a \$5 million-a-year organization with a mission to "promote private alternatives to government regulation and control." Its policy activities are wide-ranging, encompassing Social Security, taxes, health care, education, welfare, crime, the environment and regulatory reform. NCPA also works on state and local issues, working through a 40 think-tank-network, known as the State Policy Network, to promote NCPA ideas.

NCPA's website indicates its strong activist orientation to policy change. Noting that unread or unnoticed studies represents failure, NCPA reports that it aggressively markets its products to maximize their impact by:

- Targeting key political leaders and special interest groups concerned with specific issues.
- Using an integrated marketing approach that exploits every print and electronic medium, including the Internet.
- Testifying before Congress and holding regular briefings for Congressional aides.

NCPA has thus poured out a steady stream of studies and briefing papers on topics ranging from health care to global warming to school choice to FDA reform. Typically taking ultra-conservative positions, NCPA has advocated such ideas as privatizing Social Security, forcing parents to buy health insurance for their children, and harsher treatment for convicted criminals. Despite its Dallas location, NCPA has cultivated a strong presence in Capitol Hill and regularly sponsors policy briefings to legislators and staff. Its relations with conservative Texas legislators such as House Majority Leader Richard Armey and Republican Senator Phil Gramm are particularly strong.

NCPA played a key role in during the idea of Medical Savings Accounts (MSAs) in Congress. It advocated using the MSA concept through economic analysis that purported to show that MSAs if widely implemented would produce cost savings and cost containment. During the 104th Congress, such savings accounts were the centerpiece of a bill to reform government Medicare and Medicaid health insurance programs. With the Clinton Administration, the bill was initially shelved and its inclusion in MSAs in a final bill would have to pilot program to test the benefits of MSAs. NCPA's efforts to get MSAs included in the final bill were rewarded when the bill was signed into law. MSAs in the final bill were known as Patient Protection Accounts and many of its ideas incorporated into health care legislation introduced in early 1998 by House Ways and Means Chairman Rep. Bill Archer.



Rep. Bill Archer (R-Tx)

Other NCPA ideas, such as replacing welfare with tax credits for charitable organizations that help the poor, were reflected in about a half dozen bills introduced by conservative legislators in the 104th Congress. In addition, NCPA senior fellow Bruce Bartlett reportedly played a key role in conceiving the 15 percent tax cut proposal put forth by presidential hopeful Bob Dole in 1996.

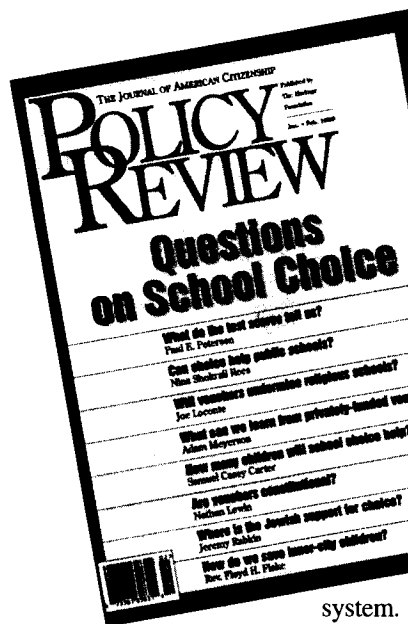


Pete du Pont

NCPA proudly reports that its contributors get "the very highest return on their investment" and points to the fact that its revenue base has grown at an annual rate of 20 percent. This makes NCPA one of the fastest growing think tanks of the 1990s, with its budget increasing from \$1 million in 1990 to \$5 million in 1998. This revenue has assisted NCPA to be even more aggressive in its public profile and policy advocacy. The organization sponsors two of its own syndicated columnists, Pete du Pont, who also serves as NCPA's Policy Chairman, and Bruce Bartlett. It publishes a bimonthly *Executive Alert* that summarizes "the best research from the entire public policy community" and maintains an online version available free to all those requesting it.

Excellence Network, a program that analyzes different reform efforts. It also developed a project called the Modern Red Schoolhouse, which trains teachers and administrators to run schools according to a design developed by Hudson Institute staff.

Beyond policy work aimed at systemic change, conservative think tanks repeatedly entered national education debates in 1997 and 1998, particularly on the issue of national testing, where they put forth work opposing the Clinton Administration's proposals.



Conservative publications such as *Policy Review* and *City Journal* also published strong and often politically motivated attacks on teachers' unions in the past several years, developing the case that these organizations are one of the principal obstacles to improving America's public school system. These arguments often

found their way into the political arena, where they were trumpeted by Republican politicians such as former New York Senator Alfonse D'Amato.

Marketing and Communications

The Heritage Foundation, the Cato Institute and the American Enterprise Institute have set a clear operational standard regarding the promotion of public ideas to journalists, policymakers and other key constituencies in and beyond the Washington beltway. That standard has been based on their recognition that analysis and ideology are linked and that those who stick to developing solutions within a technocratic framework will fall to the political wayside in the nation's larger policy game. It is a standard that many conservative policy groups now emulate. During the 1990s, the newer and smaller conservative think tanks have showed themselves to be particularly adept at the public relations game.

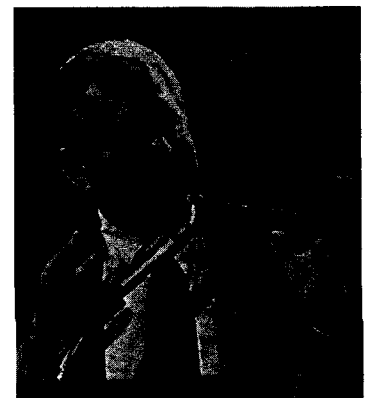
In undertaking such work, conservative policy institutions have demonstrated an acute understanding of how to move policy ideas in the current political environment. First and foremost,

they have understood how nearly any idea can gain credibility if it is repeated often and loudly enough by policy entrepreneurs. Ironically, growing societal distrust of all kinds of institutions and authorities has made it easier for public policy experts motivated by ideology or self-interest to popularize empirically unfounded arguments [see box on "The Power of Anecdote" page 23]. In complex policy debates, both elite and general audiences are apt to throw up their hands in despair when confronted by conflicting data or complex technical arguments. In such situations, the side with the loudest megaphone — the most timely and well-publicized studies, the most visible and media savvy experts, the most frequent reiteration of the same assertion in different forms — often achieves the upper hand in a policy debate.

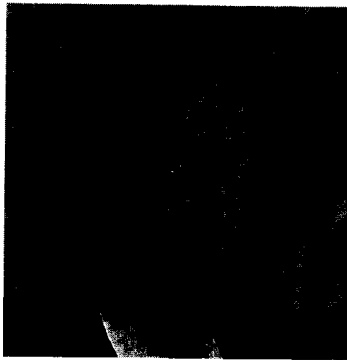
During the 1990s, many new conservative policy ideas — for example, the flat tax and Social Security privatization — have been repeatedly promoted through an enormous number of detailed studies, a barrage of articles and op-ed pieces and media appearances, and in varied public settings, including Congressional hearings, televised policy forums, and conferences.

The growth of the conservative policy infrastructure, with many new and smaller think tanks arriving on the scene in the 1990s, has meant that an ever more diverse array of institutions is putting similar views into the debate. A newspaper reporter who doesn't feel comfortable citing Heritage or Cato yet again, can now turn to more than a dozen other, less familiar institutions to get a similar viewpoint. Overall, the marketing success of conservative think tanks has stemmed as much from the sheer intensity and volume of their efforts as from anything else. In a society saturated with information and expert analysis, conservative think tanks wield great influence simply by being the source of a large portion of available information and analysis on any given public policy issue.

The loudness of the conservative megaphone is complemented by how well it is aimed, and here is where conservative think tanks have been most innovative during the 1990s. With growing sophistication, they have strategically marketed their ideas to elite audiences of policymakers and opinion leaders. They have understood, at a time of growing public disengagement from political life, that the influence of elite actors is growing and no

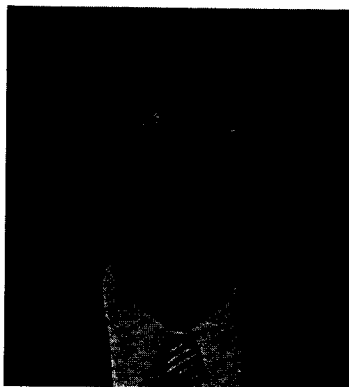


William Bennett



Robert Bork

effort should be spared to shape their thinking. In many cases, successfully framing the elite debate on a given issue assures dominance of policy discussions at all other levels. Indeed, major policy decisions can and have been made with little or no input from the general public and in the absence of any significant counter-mobilization or airing of opposing viewpoints.



Dinesh D'Souza

The marketing efforts of conservative think tanks take several forms. At the most basic level, many policy analysts in these organizations devote as much time to promoting their research as to producing it. Major conservative luminaries such as William

Bennett, Robert Bork, Charles Murray, and Dinesh D'Souza, lecture frequently around the country and make numerous media appearances. Indeed, the distinguishing characteristic of life in a think tank — as opposed to a university — is that policy experts have the time to pursue such activities. Freed from the burdens of teaching and administrative work, they are available for fielding phone calls from journalists, giving radio and television interviews, testifying before Congress, writing op-ed pieces, and lecturing.



COMPETITIVE ENTERPRISE INSTITUTE

While the communications staffs at conservative think tanks work to facilitate these contacts, policy analysts are expected to cultivate their own relationships with journalists, members of Congress and their staff, and others in key audiences. Each of the policy experts at Competitive Enterprise Institute, for example, is considered to be an “issues

manager,” meaning that they are supposed to build coalitions with others in Washington, including players in Congress, to push forward proposals favored by CEI.

1. Targeting Policymakers. Heritage, Cato, and more recently, the Family Research Council and the National Center for Policy Analysis, are institutions that have been particularly aggressive in their outreach efforts to policymakers. Heritage’s government relations team keeps in constant contact with key legislators and staff in Congress, organizes numerous briefings for Congressional officials, and often hand delivers Heritage publications to key leaders. As Heritage president Ed Feulner has said, “Heritage is totally involved in the policy process.” After the 1994 conservative takeover of Congress, Heritage and Empower America jointly sponsored a three-day orientation for new members of Congress. Heritage held more than one hundred briefings for members of Congress and Heritage analysts testified over one hundred times before Congressional committees during the first 100 days of the 104th Congress. Capitol Hill was also flooded with Heritage briefing materials, including *Mandate for Leadership IV: Turning Ideas Into Action*, a comprehensive blueprint for a Congressionally spearheaded conservative policy revolution.



Ed Feulner and Newt Gingrich

To maintain its presence on Capitol Hill, Heritage also hosts a monthly meeting for conservative Congressional staff known as the Montpelier Society and, late in 1996, played a major role in creating the “Renewal Alliance,” a biweekly meeting of lawmakers and staff working on cultural and economic issues.

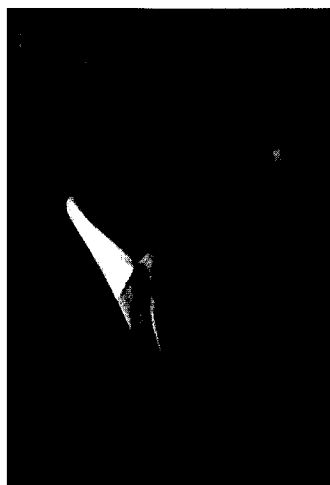
Given Heritage’s influence with conservatives at the grassroots and its long-standing role as an ideas factory for conservative policymakers, it’s no surprise that top conservatives lawmakers often cultivate Heritage as much as Heritage cultivates them. After the election of 1994, for example, Newt Gingrich gave his first major policy address to a group from Heritage.

Cato’s efforts have been largely patterned on the Heritage model, and in recent years this institution has dramatically raised its profile on Capitol Hill. While few, if any, members

of Congress embrace Cato's entire libertarian agenda, which includes legalizing drugs, Cato's detailed plans for reducing the size and role of the Federal government have made it a major player. During 1996, Cato experts testified dozens of times before Congressional committees and Cato hosted numerous Policy Forums on the Hill. Cato also held a dinner for 40 members of Congress to press its agenda of privatizing Social Security.

The Family Research Council has also come to wield new influence on Capitol Hill, aided by a growing budget which leaped from \$10 million in 1996 to \$14 million in 1997. FRC government relations staff have worked closely with Congressional staff to shape legislation on such issues as preventing same-sex marriage, banning abortion, removing pornography from military bases, and advocating tax breaks for families. Gary Bauer and others from FRC regularly testify before Congressional committees. Just as importantly, Bauer has gained influence by showing his ability to mobilize FRC's vast membership in support of both particular politicians and policies. In a 1997 *Weekly Standard* article entitled "Bauer Power," Fred Barnes wrote, "Bauer increasingly strikes fear in the hearts of Republican leaders."

Another conservative policy institution with a considerable influence in Congress is Citizens for a Sound Economy.



Rep. John Boehner (R. OH)

During the mid-1990s, CSE cultivated close ties with House Majority Leader Richard K. Armey, House Republican Conference Chairman John Boehner of Ohio, and Senator Paul Coverdell of Georgia. After conservatives captured the House in 1994, CSE leaders regularly attended meetings of the elite Thursday Group, a weekly strategy session hosted by Boehner and Coverdell that included business lobbyists and conservative activists.

The *National Journal* stated in 1996: "The group's grassroots muscle has been instrumental in the current Congress in generating support for key provisions in the Contract With America." CSE worked particularly closely with Armey in 1995 to mobilize support for the flat tax. In addition, all of the many policy papers that CSE publishes annually are distributed to every Congressional office.

On a smaller scale, lean and agile think tanks like the Competitive Enterprise Institute strive relentlessly to get their work into the hands of policymakers. "Ideas don't jump out of books on their own — they have to be hand-carried," explained Fred Smith, founder of CEI. "The politicians are generally too busy to read; they don't have time to become expert on much of anything. So my idea for an aggressive policy group was to hand-carry the ideas to the politicians in forms that were bite-size."

In many cases, personal ties between think tank leaders and Congressional leaders and staff are critical to the access of conservative policy institutions. For example, Jeffrey Eisenbach, head of the \$5 million-a-year Progress and Freedom Foundation, served as former director of GOPAC and is close to former Speaker Gingrich. For a long time, PFF sponsored a televised college course that Gingrich taught, along with a Gingrich television show on National Empowerment Television. PFF's research agenda has closely paralleled Gingrich's own legislative interests.

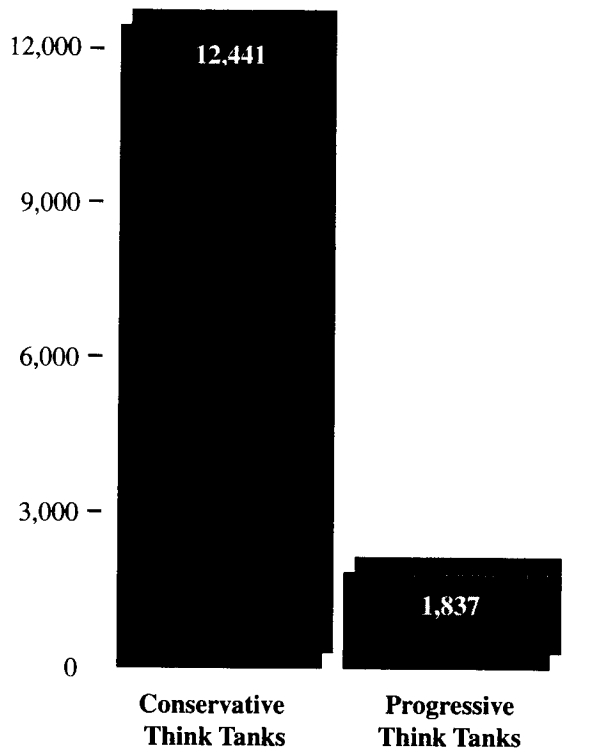
The tiny Alexis de Tocqueville Institution is another think tank which has been successful in cultivating ties with Congress. The group has systematically courted members of Congress, recruiting them to sit on a half dozen different advisory boards.

2. Targeting Media. In an era of media-driven politics and policy debate, conservative think tanks devote extraordinary energy to influencing the media. Their efforts in this arena have become ever more successful in recent years. One 1996 study found that centrist and conservative policy institutions were cited 12,441 times in major paper and broadcast media, compared to only 1,837 citations for progressive think tanks.

The Reason Foundation offers a telling example of how effective an aggressive communications strategy can be. With a \$4 million budget in 1996 and staff of less than 30, the Los Angeles-based Reason is a relatively small player in the world of conservative think tanks. But its marketing efforts have given it a high national profile. In 1996, the number of print articles citing the Reason Foundation or *Reason* magazine totaled nearly 1,700 — an increase of 500 citations from 1994. Reason editors and analysts also appeared on 228 television and radio shows and published scores of op-ed pieces.

The National Center for Policy Analysis is another small think tank outside Washington which has established a major presence in the media. According to NCPA marketing statistics, its ideas and activities are mentioned on average 11 times a day in newspapers around the country.

Think Tank Media Citations, 1996



Source: "New Survey on Think Tanks: Media Favored Conservative Institutions in 1996," *Extra!*, July/August 1997

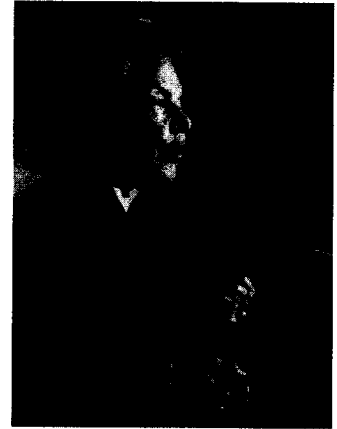
At the big conservative think tanks in Washington, media relations have been turned into a science and enormous resources have been devoted to harnessing advanced communications technology to this effort. Again setting a standard for others to follow, Heritage has invested most heavily in this area. "The Heritage Foundation is running the most effective media operation in American politics," concluded a recent report by Fairness and Accuracy in the Media. Talk radio has been a major area of Heritage focus for over a decade and Heritage has cultivated close ties with radio hosts across the country. Today, Heritage has not one, but two state-of-the-art radio studios in its Washington headquarters and during 1996 these studios were used for 71 live broadcasts. In addition, Heritage's Lehrman Auditorium is equipped with an advanced communications system that allows it to provide live feeds to radio networks, as well as support television broadcasting. The Family Research Council also has a major presence on



talk radio. Every day, FRC president Gary Bauer delivers a 90-second radio commentary that is heard on more than 450 outlets.

A number of conservative think tanks have made significant inroads in the area of television, and conservative intellectuals have become a dominant presence on national talk shows. AEI scholars act as hosts of several weekly public affairs programs, and are frequent guests on many others. Figures such as Ben Wattenberg, Jeane Kirkpatrick, Norman Ornstein, and Robert Bork have become virtual institutions in the world of television political commentary. Meanwhile, the Free Congress Foundation has created its own television channel, the NET Political NewsTalk Network. This major undertaking consumes much of Free Congress' \$10 million annual budget. In 1996, Free Congress' president Paul Weyrich commented that NET was at the forefront of the "battle to free our country from its most dangerous enemy, cultural Marxism, otherwise known as 'political correctness.'" To this end, NET devoted a whole week of programming in December 1996 to a "War on PC Week." Elsewhere, the large new Washington headquarters of the Family Research Council houses a sophisticated media center, and FRC has its own program on NET Political NewsTalk Network that highlights "pro-family" issues and reaches seven million households weekly.

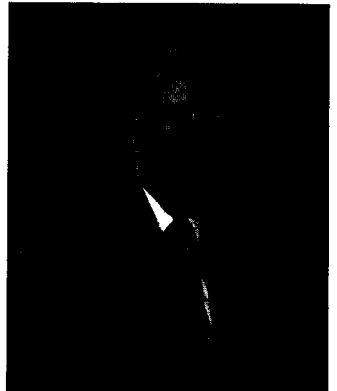
Beyond television and radio, during the 1990s conservative think tanks have stepped up their output of publications and briefing materials. Much of this work is geared toward influencing debates where Congressional legislation or executive action is expected in the near future. In 1996, Cato's policy staff produced 19 policy analysis papers and nine briefing papers — not to mention writing numerous op-ed pieces and articles, as well as appearing regularly to testify before Congress. A much smaller organization, the Competitive Enterprise Institute har-



Jeane Kirkpatrick



Norman Ornstein

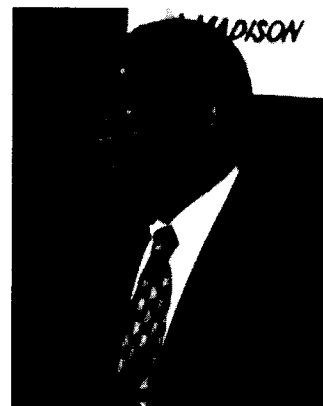


Paul Weyrich

nessed the energies of a 19-person policy staff to produce more than 15 policy publications in 1996 and a steady stream of op-ed pieces that called for less government regulation in a wide range of areas. The Heritage Foundation, with a 47-person policy staff working on nearly every issue that comes before Congress, produced some 200 papers in 1996. Citizens for a Sound Economy, with 23 staffers focused on policy research, put out more than 70 news releases and op-eds in 1996 (130 in 1995). The Family Research Council, growing rapidly during the mid-1990s, has poured new resources into this area, generating a steady stream of fact sheets, opinion papers, research reports, and policy briefs, including *Family Policy*, a newsletter which carries articles such as "Parental Rights: Who Decides How Children Are Raised?" Even the more scholarly think tanks like Hudson and Hoover have begun focusing more energy on shorter policy products. Hoover, for example, has a series called *Essays in Public Policy*, which provide Hoover-related authors with a means for quickly disseminating public policy analysis.

3. Internet Communications. Conservative think tanks have also invested heavily to promote their ideas over the Internet. Their web sites are some of the most extensive and heavily used sites in the entire public policy arena. The National Center for Public Policy Research, an organization with an otherwise low-

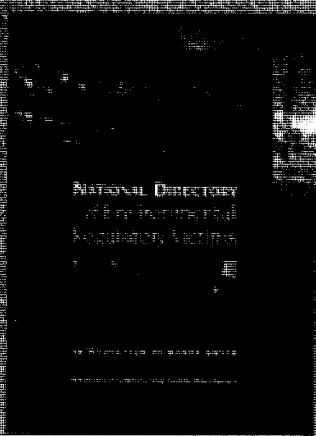
profile, runs an extensive web site that links together different conservative organizations and bodies of policy analysis. Heritage's web site is an electronic octopus that now has more than a half dozen separate sites dealing with various policy issues, a vast archive of publications, a large jobs bank, links to scores of other organizations, and video and audio clips that a user can play. Click on an icon, for example, and one can hear an excerpt from Clarence Thomas's speech to Heritage on "character." Heritage's web site gets more than 100,000 hits a day. In addition, Heritage runs list serve systems that automatically send its policy materials to tens of thousands of e-mail addresses. Finally, Heritage collaborates with the *National Review* to fund and manage Town Hall, a venture that *U.S. News and World Report* called the "premiere website on the right," and one that was logging 145,000 hits a day by early 1997. Cato's award-winning web site, unveiled in 1995, now includes live coverage of Cato policy events. Cato also maintains an extensive web site devoted to Social Security privatization.



Associate Justice Clarence Thomas

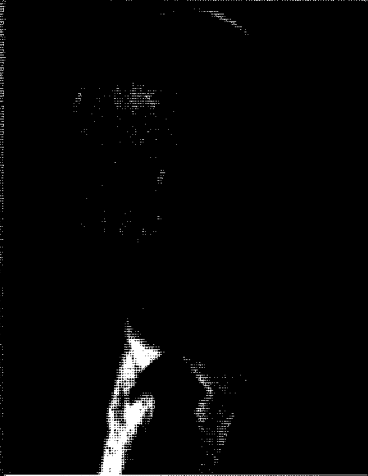
The Power of Anecdote

One effective tactic of conservative think tanks is to publicize their message in the form of stories about average Americans. For example, when brush fires destroyed homes in Northern California in 1992, the *Competitive Enterprise* (a little policy analysis for journalists) had many of the homeowners who had cleared flammable growth from around their homes, but were prevented from doing so by endangered species laws. The story got so much play that the GAO was asked to write a report on the issue. (The report disputed CEI's claims.) "One thing we seek is to give intellectual ammunition for the market advocates in a form they can use," CEI's staff once explained to *National Journal*. "We want emotional, visceral stories instead of doing dry economic analysis."



Citizens for a Sound Economy systematically publishes policy ideas that benefit various industries, but it has been successful at depicting itself as an organization focused on the plight of the little people. Thus, while its environmental educational campaign has been heavily subsidized by big business, CSE materials focus on how small business owners and average citizens are hurt by regulations such as the Superfund law. For example, a 1996 CSE video highlighted the plight of Barbara Williams, a restaurant owner in California who CSE claimed had been unfairly sued by the Federal government under the Superfund law. Likewise, CSE ran a television ad in 1996 about FDA reform which featured a woman who had to travel abroad to buy anti-seizure medications for her son. A recent publication of the Heritage Foundation is *Strangled by Red Tape: The Heritage Foundation Collection of Regulatory Horror Stories*. Heritage has distributed more than 400,000 copies of this so-called mini-book. The National Center for Public Policy Research also has published a *National Directory of Environmental Regulatory Victims*.

Killing Kyoto



“There are four possible benefits [of global warming]. The growth rate of plants would increase faster than anyone thinks possible. Agricultural growing regions would expand northward. There’d be a reduction in heating needs, which is more than the cost of cooling. And warm is healthy! People like warm places — where do we go to live when we retire? Do we go to Minnesota? No! We go to Florida.”

Fred Smith, CEI President

with a congressional source, for denouncing Clinton Administration policies on the issue. In the months before Kyoto, he wrote and released his book, *The Kyoto Myth: The Deal with a Double-Edged Sword*. From the title, it is clear why the Kyoto Agreement is a “Very Bad Deal.”

As the global warming debate has heated up in recent years, conservative think tanks have devoted substantial energies to disputing generally recognized scientific claims that the earth is warming, downplaying the negative effects of any warming that may be occurring, and highlighting the costs of responding to the crisis. These views have been marketed in the form of in-depth studies, policy briefs, Congressional testimony, op-ed articles, and radio and television interviews. The central message of this marketing effort is that global warming is an unproven theory, not a fact, and that no policy changes are needed at this time. This work reached a new level of intensity in the weeks leading up to the 1997 Kyoto summit on global warming and in the debate that has followed that event.

Conservative think tanks working on this issue include the Competitive Enterprise Institute, which has issued numerous press releases and policy briefs attacking the Clinton Administration’s attitude toward global warming. CEI has also produced a series of K-12 educational materials, hosted a major conference on the issue, and published a book. In 1997, CEI organized a “Global Warming Conference” in Washington, D.C., which was held at the same time as the Kyoto summit. The conference was held at the same time as the Kyoto summit. CEI has also published a book, *Global Warming: The Deal with a Double-Edged Sword*, and numerous articles in the United States.

Another example of the work done by conservative think tanks on this issue is the work of the Heritage Foundation. The Heritage Foundation has published numerous articles and policy briefs attacking the Clinton Administration’s attitude toward global warming. The Heritage Foundation has also published a book, *Global Warming: The Deal with a Double-Edged Sword*, and numerous articles in the United States. The Heritage Foundation has also published a book, *Global Warming: The Deal with a Double-Edged Sword*, and numerous articles in the United States.

The Heritage Foundation’s work on this issue was particularly significant because it was the first time that a conservative think tank had published a book on global warming. The Heritage Foundation’s work on this issue was particularly significant because it was the first time that a conservative think tank had published a book on global warming. The Heritage Foundation’s work on this issue was particularly significant because it was the first time that a conservative think tank had published a book on global warming.

Leveraging Change at the State and Local Levels

Many of the conservative think tanks located in or focused on Washington, DC also work hard to promote their policy ideas at the state and local level. These institutions understand that it is not usually enough to sway policy and media elites in Washington. They must also cultivate support for conservative policy ideas among grassroots activists and the general public in order to pressure legislators in Congress. At the same time, conservative policy strategists have focused on state and local arenas as part of their long-term goal of devolving federal responsibilities to government at these levels. This goal reflects both an ideological preference for decentralized power and the belief that government programs will be easier to curtail if they are managed by state and local authorities.

This infrastructure concentrates on several different tasks: recruiting and training citizen activists; providing organizational and fiscal support for state-level policy institutions, along with networks that connect these institutions with each other and with national organizations; and mounting large-scale efforts to mobilize grassroots support for specific policy battles. Of the 20 national policy institutions, seven maintain programs or activities related to building state-level policy change and constituency mobilization capacity. The historical neglect of state government by policy progressives, the general decline of social movements in the United States and the political disengagement of lower income constituencies has meant that the heavily funded, top-down organizing efforts of Washington-based policy institutions have met with huge success.

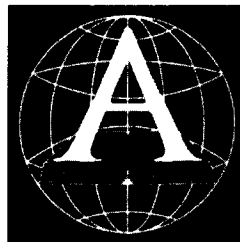
The Heritage Foundation has been a leading pioneer of the activist think tank model, and a cornerstone of its approach has been an ambitious grassroots membership program. This program serves dual purposes. Not only do the 200,000 individual members provide Heritage with a steady source of funds, they also give Heritage a large-scale grassroots audience for its policy materials and calls to action. All Heritage members are kept abreast of the Foundation's work and Washington policy developments through the mail. More interested Heritage members can sign up to receive automatically by e-mail Heritage briefs and policy reports. Heritage members are encouraged to get involved in local policy debates, as well as to make their voices heard in national debates through letter writing and calling in to radio programs.

The Family Research Council, with several hundred thousand individual donors, takes an even more activist approach to

connecting people with policy. The bulk of FRC's budget is directed to grassroots education and policy work. Among other things, this money pays for sending over a quarter million copies of FRC's monthly publication, *Washington Watch*—a newsletter which looks at policy developments and also tells readers how they can influence the legislative process. FRC also runs an ambitious volunteer program. These volunteers, so called National Ambassadors, are tapped to distribute FRC materials to friends and co-workers, recruit new people to add to FRC's grassroots donor base, and write letters to public officials and newspaper editorial pages.



Long before the 1996 welfare reform bill turned over welfare programs to the states, conservative policy strategists had begun focusing enormous attention on building up policy expertise in this arena. During the 1980s and early 1990s, conservative foundations and corporate donors channeled new resources into state think tanks, creating 55 such organizations by the early 1990s (see NCRP's Special Report, *Burgeoning Conservative Think Tanks*, 1991). Heritage and other national think tanks, particularly the American Legislative Exchange Council (ALEC) and the Atlas Economic Research Foundation, provided significant guidance and support to these fledgling institutes.



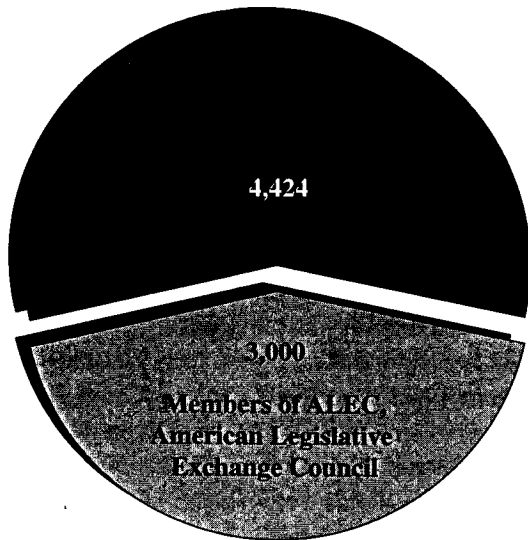
Atlas published a 60-page set of guidelines for how to develop new institutes. "A proliferation of local institutes will attract local or regional media which have maximum influence on local and national representatives and policymakers," the document stated.

Today, state-level conservative think tanks are better funded and more sophisticated than ever before. The most visible of these include the Heartland Institute in Chicago, the Commonwealth Foundation for Public Policy Alternatives in Pennsylvania, the North Carolina Center for Public Policy Research, and the Independence Institute in Colorado. Many of these organizations explicitly pattern their operations after Heritage, producing brief and easily digested materials and focusing heavily on marketing. The Heartland Institute, for example, produces a regular policy fax that goes out to every single state legislator in the country.

Beyond providing institutional models and advice for state-level think tanks, conservative policy institutes in Washington play a crucial role in supplying policy research to these

organizations and aiding their efforts to network with one another. The American Legislative Exchange Council, a \$5 million a year organization that has expanded rapidly during the 1990s, generates enormous quantities of state-level policy analysis. Much of this is in the form of model legislation, and ALEC's chief function is to disseminate this material to the state legislators who form its membership base and core audi-

State Legislators in U.S.



Sources: Teleconference with Nancy Rhyme, National Conference of State Legislators, Denver, CO; American Legislative Exchange Council, *Update '96: The Sourcebook of American State Legislation* (Washington, D.C.: American Legislative Exchange Council, 1996).

ence. Of the 7,424 state legislators across the country, nearly 3,000 are members of ALEC, including scores who hold key leadership positions. In 1995-1996, model legislation crafted by ALEC and introduced in state legislatures totaled 1,647 bills. Of these, 365 were enacted into law, a 22 percent success rate. All of this legislation emerged from task forces that include representatives from the private sector and much of it reflected the same anti-tax and anti-regulatory agenda that conservative think tanks have pushed at the national level. Beyond this direct outreach to legislators, ALEC serves as an important resource to state-level conservative policy institutes, supplementing their growing analytical capacities.

The Heritage Foundation's Resource Bank provides a critical networking forum for state-level policy activists. Founded in 1977, the Resource Bank connects a wide array of conservative organizations nationwide and its work has been particularly important for those working on state issues. In 1996, Heritage hosted its 19th annual meeting of the Resource Bank in Chicago, attracting nearly 300 conservative leaders. The two-day meeting outlined a long-term conservative strategy for devolv-

ing federal power back to state and local government. Through its Project on Federalism and the States, Heritage works to refine both the broad philosophical case for devolution and the tactics that are needed to make the shift happen. Thus, for example, the Project sponsored a June 1996 conference that brought together state officials to discuss concrete steps to "take back" power from the federal government.

Other national conservative think tanks have also turned their attention to state policy issues. The Family Research Council works with state-based Family Policy Councils and other local family activists, coordinating political efforts and plotting long-range strategy. Through a program for State and Local Affairs, FRC has sought to play a larger role in influencing state legislation related to its policy agenda. Free Congress Foundation is another organization with a growing program in this area. FCF operates a Center for State Policy which produces policy research and also assists with the NET television program "Ways and Means," a monthly



Free Congress
Foundation

hour-long show that often focuses on state and grassroots issues. The Hudson Institute's state policy work has expanded as well in the last few years, concentrating mainly on the area of welfare reform. In the wake of the 1996 welfare reform bill, the Institute's Welfare Policy Center has played a growing role in offering advice and technical assistance to city and state governments.

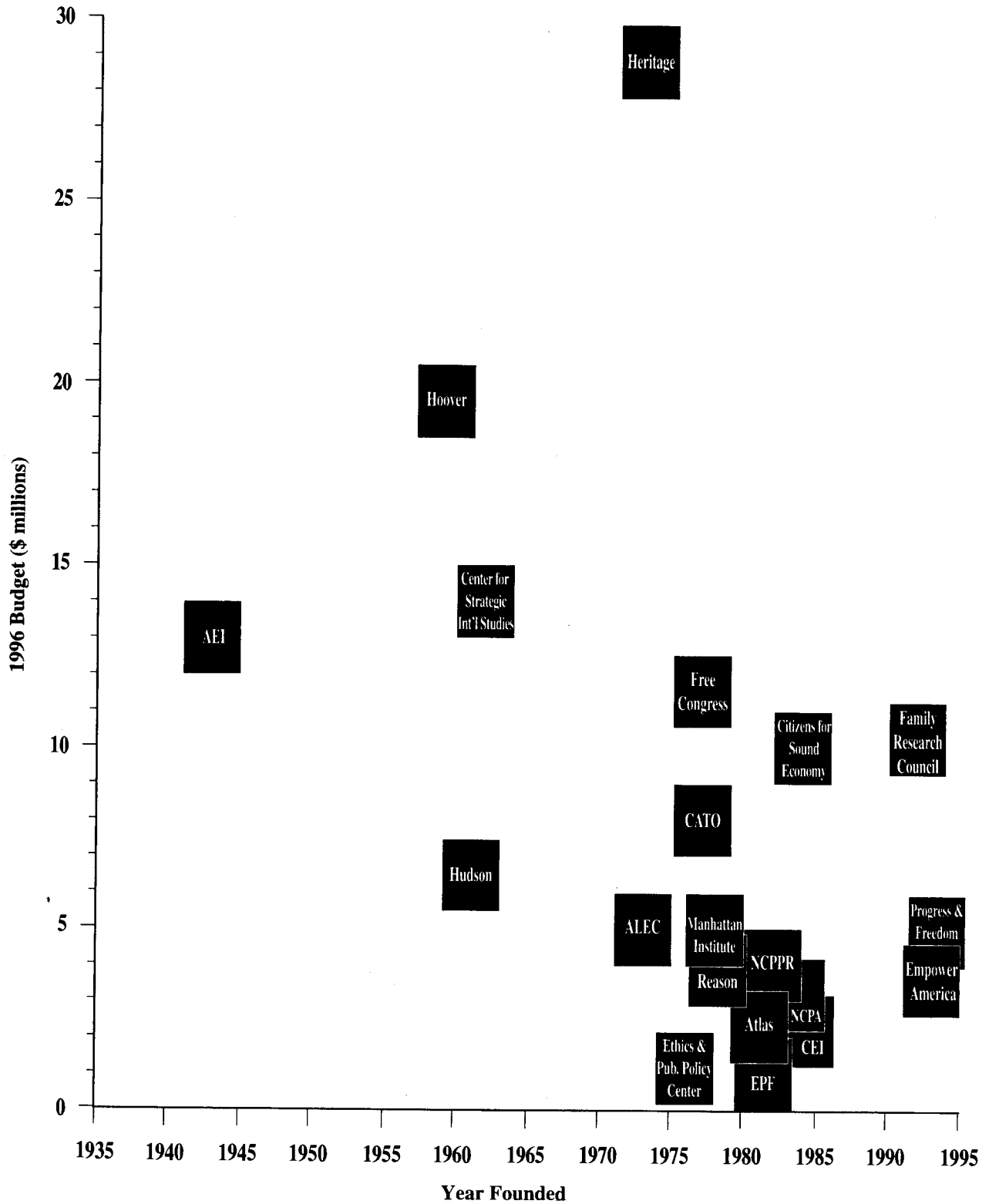
In addition to long-term efforts by conservative think tanks to build public support for a right-wing policy agenda and systematically press that agenda at the state and local levels, some of these policy institutions devote enormous energy to mobilizing the public during specific policy battles. The most visible organization playing this role is Citizens for a Sound Economy. Recently called a "Grassroots Goliath" by *National Journal*, CSE adroitly combines a policy research function with a state-of-the-art advocacy operation. Its mission is to "fight for less government, lower taxes and fewer regulations." Its strategy centers upon a handful of "campaigns," in which it seeks to educate and mobilize the public on selected policy issues with the goal of affecting legislative developments in Congress. CSE's most notable success was helping to torpedo the Clinton health care proposal in 1993-94.

During the Clinton health care initiative, CSE worked secretly and closely with top conservative lawmakers to derail proposals for universal health care. In addition to putting out a blizzard of briefing materials, CSE ran targeted media campaigns in the states or districts of key liberal legislators warning against “government controlled health care.” It churned out vast quantities of materials such as bumper stickers which warned of a health care bureaucracy which would have all the “compassion of the IRS” and the “service of the Post Office.” CSE’s Washington offices also served as the headquarters for the so-called No Name Coalition, a collection of private sector lobbyists determined to sink “ClintonCare.”



During 1996, CSE ran campaigns advocating telecommunications deregulation, tax cuts, the reduction of environmental regulations, and tort reform. It mailed out more than three million pieces of informational material, and ran 23 paid advertising campaigns, spending \$1.5 million for newspaper, radio, and television ads. In each issue area where it focused, CSE — heavily funded by businesses and trade groups — sought to reduce government intervention in the private sector. More recently, it has played a leading role in trying to shape public opinion on the global warming issue. State chapters both promote CSE’s agenda in state legislatures and help to orchestrate its national issue campaigns.

Think Tank Budgets vs. Year Founded



Means of Support

During the 1970s and 1980s, foundations, wealthy individuals and corporations invested heavily to reshape the strategic terrain on which the war of ideas is fought. Ideologically conservative foundations and wealthy individuals played an important early role. By awarding large and often unrestricted grants, they helped newly established institutions acquire an impressive capacity to enter the policy fray and to build early credibility with other, perhaps less ideological, donors from the business community. These advantages have tended to be cumulative — as these think tanks have acquired more public visibility, they attract a broader base of donors who perceive the value of having an activist infrastructure dedicated to shaping the climate of public opinion on a whole host of relevant policy issues, from tax policy to social security. The infusion of cash, in turn, fuels the ability of these think tanks to hire more policy staff, broaden their policy activities, increase their presence on Capitol hill, cultivate the media, mobilize grassroots supporters, and so forth. This leads to increased visibility for their ideas (or to increased public acceptance of them), representing a repositioning of the markers within which policy debate and decisionmaking occurs. With the center thus shifting right, the work of these institutions becomes more acceptable to mainstream donors, with the cycle continued.

It should not be surprising, then, to find that significant budget growth characterizes the development trajectory of many of the policy groups included in this report. In fact, the stream of money that began in the 1970s and 1980s appears to have widened into a gusher in the 1990s, helping both large and small conservative think tanks take full advantage of the new political opportunities represented by the 1994 Congressional elections. If current trends continue, conservative think tanks will spend more than \$1 billion during the 1990s. That money has allowed the major Washington conservative think tanks to expand their operations in significant ways. A prime example includes the Heritage Foundation's acquisition of a supercomputer that gives it an ability to analyze socioeconomic data as rapidly as government entities. It has also supported the rapid rise of many new conservative think tanks that began the 1990s as fledgling organizations. For example, the budget of National Center for Policy Analysis, \$1 million in 1991, had grown to \$4.3 million in 1997.

Money has come from three principal sources: foundations, corporations, and private individuals. While it is useful

to analyze these three funding sources separately, the distinctions between them are sometimes blurry. For example, publishing magnate Richard Mellon Scaife makes individual contributions from his own fortune, but also controls the Carthage, Sarah Scaife and Alleghany Foundations. Similarly, the funds which flow out the Koch family foundations come originally from Koch Industries, which also makes many direct gifts to policy organizations.

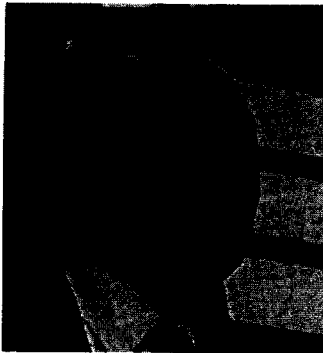


Richard Mellon Scaife

Foundations. As the 1997 NCRP report chronicled, a dozen or so small and medium size conservative foundations have played an increasingly pivotal role in funding the conservative policy infrastructure. They include: the Lynde and Harry Bradley Foundation, the John M. Olin Foundation the Koch family foundations, the Smith Richardson Foundation, the Sarah Scaife Foundation, the Carthage Foundation and the J.M. Foundation. These foundations awarded \$64 million from 1992 through 1994 to “multi-issue policy institutions with a major focus on shaping national domestic policy.” While substantial, these foundations have done more than simply write checks to conservative think tanks; they have also sought to provide strategic guidance to the conservative policy world by networking and exchanging ideas among themselves, convening thinkers to map out long-range funding strategies, and involving themselves in conservative think tanks’ policy campaigns. At the same time, these funders have not imposed excessive administrative burdens on the institutions they support. Instead of always linking their money to specific projects and constantly looking for new initiatives, conservative foundations have often shown a willingness to provide general and long-term support to right-wing think tanks.

While complete data on foundation support during 1996 for the 20 institutions surveyed in this report is elusive, there is every reason to believe that conservative foundations have continued to pour money into the conservative policy infrastructure. Some of the policy institutions included in this report appear to be far more dependent on foundation support than others. The Ethics and Public Policy Center, for example, has by far the highest level of

dependency, with nearly 70 percent of its revenues coming from foundations in 1996. The Heritage Foundation has one of the lowest, receiving only 21 percent of support from foundations. (At the same time, Heritage's \$6 million in foundation grants made it the single largest recipient in dollar terms.) For most conservative think tanks, foundation support is somewhere between these two extremes, and can vary from year to year.



Irving Kristol

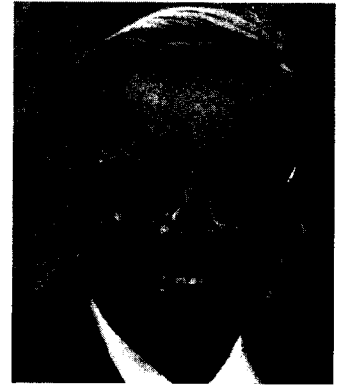
The role of the Olin, Sarah Scaife and Bradley foundations has been especially important in the development of the right-wing policy infrastructure. The Olin Foundation was an early player in this area, spending heavily to fund conservative think tanks in the 1970s. That support has endured over the past two decades. In particular, Olin has devoted significant resources to long-range efforts to cultivate conservative public intellectuals. Generous Olin research fellowships now support such conservatives as Irving Kristol, Dinesh D'Souza, and Robert Bork at AEI, and several fellows at Heritage, including William Bennett.

The Sarah Scaife Foundation, chaired by Richard Scaife, has played an equally instrumental role in building right-wing think tanks over the past twenty-five years. Scaife serves as vice chairman of the board of trustees of the Heritage Foundation and has put energy into turning that institution into the policy powerhouse that it is. The Bradley Foundation is a relative newcomer, but in the past seven years has become a major supporter of conservative think tanks. Headed by an intellectual and activist president, Michael Joyce, Bradley has channeled millions of dollars into conservative policy institutions and sought to coordinate and refine the broad vision underpinning the conservative policy world. In the early 1990s, for example, Bradley hired conservative strategist William Kristol to head an extensive project that brought together leading conservative policy thinkers to plot long-range strategies for moving America rightward. This project served an important function in helping to clarify the goals of the conservative policy establishment just as Bill Clinton was coming to power.

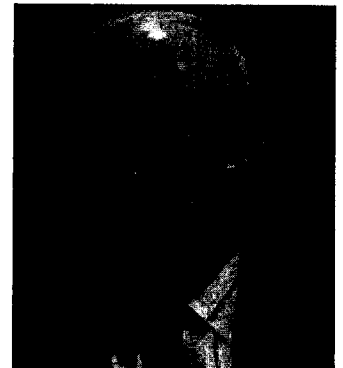
Corporations. Funding from corporations has become increasingly important to conservative think tanks during the 1990s and many private sector actors have developed a new

appreciation of the effectiveness with which conservative think tanks advance their interests. The groundwork for this funding stream was laid during the 1970s, when leading conservative thinkers — including William Simon, Irving Kristol and Michael Novak — argued publicly that donors needed to direct their contributions in ways deliberately intended to preserve a strong private sector and secure a limited social role for government. All three men played a strong role in proselytizing this view in the corporate world, seeking to open up new funding sources for conservative policy institutions. At the same time, think tank entrepreneurs like Edward Feulner of Heritage and Edward Crane of Cato moved adroitly to cultivate corporate allies. At nearly all the think tanks surveyed, corporate leaders make up the overwhelming majority of board members.

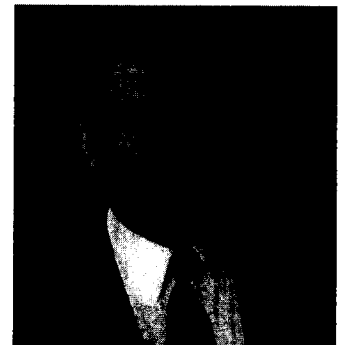
As with foundation support, the extent to which different think tanks rely on corporate support varies widely. The American Enterprise Institute and Competitive Enterprise Institute have two of the highest levels of corporate support, with both getting roughly 40 percent of their 1996 revenues from corporations. Cato also received major corporate support, although it does not release the exact percentage of its revenue that comes from this source. In 1996, more than 100 corporations contributed to Cato, including Bell Atlantic, Exxon, Microsoft, Phillip Morris, Citicorp, Netscape, R.J. Reynolds and General Motors. Conservative policy institutions with low levels of corporate support include Free Congress and Heritage, both of which received less than 10 percent of their 1996 revenues from corporations.



William Simon



Michael Novak



Edward H. Crane

In many cases, the lobbying priorities of major corporations closely parallel the research and policy agendas of conservative think tanks, and this parallel may explain the generous scope of corporate giving to them. The Employment Policies Institute (an entity distinct from the Employment Policy Foundation), for example, was started by a group of restaurant companies and most of its annual budget comes from corporate sources. EPI has produced studies opposing raises in the minimum wage and other policies which might benefit workers. Often, the link between the agenda of think tanks and corporate interests is more sporadic, tied to specific policies and projects. For example, in the mid-1990s, the Progress and Freedom Foundation launched a major project on restructuring the FDA. Financing this work was at least \$400,000 in contributions from drug, bio-technology and medical-device companies. Cato's Social Security privatization project has been underwritten by nearly \$2 million in corporate money, much of it from financial service companies which would directly benefit from privatization.

For corporations, the underwriting of conservative policy work offers substantial benefits not found in direct spending on lobbying or political contributions. In public policy debates heavily influenced by the media, scholarly experts and data-filled reports can legitimize certain viewpoints far more effectively than lobbyists. Also, while lobbyists typically focus most of their attention on influencing the legislative process, conservative think tanks focus their marketing efforts on many different elite audiences, as well as the public at large. In this way they can shape the national discussion over a given issue in a way that lobbyists cannot. The advantage of funding conservative think tanks over politicians is that these institutions are able to advocate policy views that have not yet won acceptance within mainstream policy circles.

With their pro-business outlook, many conservative think tanks are not shy about acknowledging their links to the private sector. For example, the Heritage Foundation's 1996 annual report states, "On a number of issues — such as health care, telecommunications reform, balancing the budget, and rolling back excessive regulations — Heritage works closely with business leaders to influence the Washington policy debate." Cato, which championed telecommunications deregulation throughout the mid-1990s, also proudly advertised the latest corporate heavy hitter to join its board of directors in 1997: Rupert Murdoch, the right-wing media magnate. Cato has also openly acknowledged the heavy extent to which corporations are underwriting its Social Security privatization project. ALEC's entire policy agenda, as noted earlier, is heavily

shaped by representatives from the private sector who participate in the various working groups that create ALEC's model legislation. Much of this legislation is designed to reduce government regulation and taxes that affect the private sector at the state level.

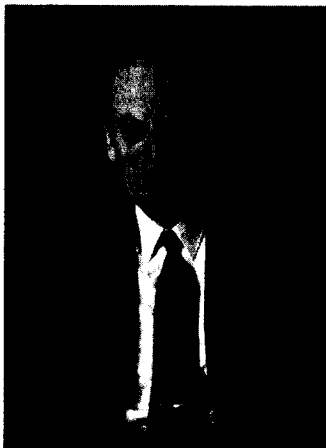
Perhaps no conservative think tank works more closely with private industry than Citizens for a Sound Economy. With a board comprised almost entirely of corporate leaders, CSE is essentially a think tank and advocacy organization for corporate America, often tailoring its policy campaigns to suit the needs of its donors. "They take major companies who want to get something accomplished but are not willing to have their names out front," John Motley, a lobbyist with the National Retail Federation commented in 1996. The Koch family, with major interests at stake in Congress, is one of CSE's largest contributors, funneling



**CITIZENS
FOR A
SOUND
ECONOMY**

as much as \$1 million a year into CSE's coffers, both through Koch-controlled foundations and direct gifts [see box]. Contributions from numerous other corporations and industry groups have helped make CSE one of the fast growing policy institutions in Washington. "They're a good example of how the process of having influence in Washington has evolved," a longtime conservative operative, Craig Fuller, told *National Journal* in 1996. "Organizations which can demonstrate their ability to impact opinion leaders and elected leaders by the work they do outside Washington are becoming increasingly valuable to industries wishing to effect national policy."

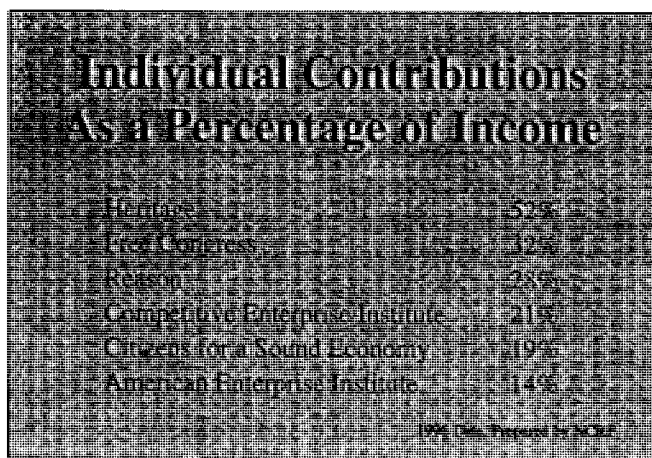
In 1996, CSE spent around \$5 million in a vigorous fight to roll back environmental legislation, concentrating fire on the EPA's Superfund, among other targets. It produced an educational "docu-video" and special 32-page glossy magazine attacking environmental regulations that it distributed to 300,000 people. To raise money for this effort, it turned to various corporations and trade groups with economic interests at stake in the regulatory fight. For example, the Alliance for Reasonable Regulation, an industry coalition affiliated with National Association of Manufacturers, kicked in \$100,000. CSE's other campaigns in the area of tort reform, insurance reform, telecommunications reform, electricity restructuring,



Robert H. Kriebie

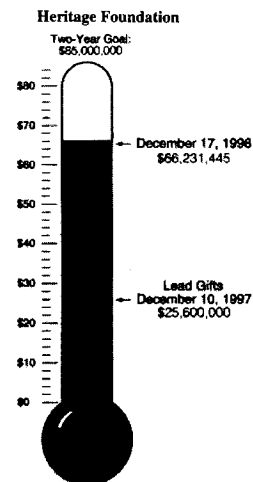
and FDA reform also advocated positions which closely reflected those taken by corporations with economic interests at stake.

Individuals. Wealthy individuals often play a critical role in sustaining conservative policy institutions. In many cases, they give extraordinarily large sums of money. At the Free Congress Foundation, the Kriebie Institute — a center devoted to influencing events in the former Soviet Union — has been kept afloat largely by Robert H. Kriebie, whose donations during the 1990s funded approximately 75 percent of the Institute's annual \$800,000 budget. At Cato, a core donor group of some 100 wealthy individuals provided critical financial support during 1996. At the Family Research Council, the recent building of an enormous six-story multi-million dollar headquarters in Washington was made possible by gifts from just two individual donors. The Heritage Foundation has historically benefited from the close and sustained involvement of extremely wealthy individuals who have made major donations and sought to persuade their friends to do the same.



These include Adolph Coors, Richard Scaife, Lewis Lehrman and Henry Salvatori, the California conservative. In 1991, Salvatori made a \$1 million gift to Heritage to fund fellowships for young academics and, in 1995, Salvatori permanently endowed a center at Heritage. A handful of less well-known individuals have also been extremely generous toward

Heritage. For example, in 1996 the Heritage Foundation received gifts of \$100,000 or more from four individuals. Heritage also has something called the Windsor Society, a group of 54 individuals who have pledged bequests to Heritage that total more than \$4 million. The scope of the financial resources available to Heritage was made dramatically clear in 1998, when the organization launched an effort to raise \$85 million over two years. By October 1, 1998, Heritage had already raised \$60 million.



Beyond cultivating major donors, a number of conservative policy institutes have been able to invest significant resources in building large bases of small donors. The Heritage Foundation boasts some 200,000 individual donors. The Family Research Council claimed 100,000 donors in 1996. Citizens for a Sound Economy claimed 250,000 contributors in 1996. All three of these organizations run aggressive direct mail and outreach programs to sustain and expand this funding base. As mentioned earlier, FRC sends out *Washington Watch* to a quarter million people every month, and CSE sent out more than three million pieces of mail in 1996. Heritage, which devoted 10 percent of its budget to fund raising in 1996, or some \$2.8 million, puts enormous energy into nurturing its membership base with direct mail, electronic list serves, and telephone contacts. At Heritage, as well as CSE and FRC, individual members are courted not simply for their contributions, but also because they can be mobilized to support the political agenda of these organizations through contacting Congress, attending events, and writing letters to newspapers. Available data from these institutions makes it difficult to determine whether the enormous amounts of money spent recruiting new members is recouped by the financial contributions of these members.



*Reason
Foundation*

Overall, the importance of individual contributions varies widely among conservative think tanks. The more scholarly

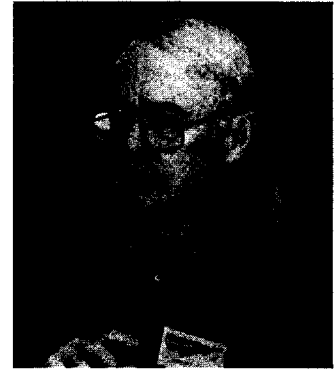
Governance

A distinguishing feature of the conservative policy infrastructure is that individual institutions do not exist in a vacuum. While conservative think tanks may be disparate in size and budget and focus, they also share certain common objectives and many are funded by the same small cadre of foundations, corporations, and individuals that have sunk hundreds of millions of dollars into the conservative policy world over the past two decades. Conservative think tanks network heavily with each other, collaborating on certain projects and frequently participating in the same events. At times, some of the leaders of these institutions have come together for sessions that develop long-term strategy.

There are no formal mechanisms governing the universe of conservative think tanks. However, there exists within this universe an elite that has played a major role in making strategic decisions. That elite includes the presidents or executive directors of the leading conservative foundations, major individual donors, the board members of think tanks, and those who lead the think tanks. In broad terms, the role of foundation leaders in shaping these institutions has probably been the most significant simply as a consequence of funding patterns.

The boards of directors for conservative think tanks play three major roles: helping to raise money, overseeing institutional goal-setting and management, and opening access to other centers of power in American society. More broadly, boards can be seen as signaling an organization's ideological allegiances and sense of priorities as to which societal interests it hopes to cultivate, as well as represent. All the 20 institutions surveyed had boards on which the majority of members were from the private sector. Typically, these individuals are top leaders in the corporate world. But frequently board members of conservative think tanks also include wealthy individuals who have played a major, long-time role in funding an institution. Despite the public policy focus of conservative think tanks, few of their boards include nonprofit policy experts or those with direct experience in government. Cato, for example, has 12 corporate leaders on its board and only one representative from the policy world. Cato directors from the corporate world include leaders from several industries that Cato policy proposals would directly benefit. Several directors are from financial industries, which clearly stand to gain much from Cato's efforts to privatize Social Security, and two are from the telecommunications industry, which has a major stake in

proposals to further deregulate the industry. Cato's board also includes Frederick W. Smith, chairman of Federal Express, one of the more anti-union companies in the United States. Even AEI, among the most scholarly of the large conservative think tanks, has 24 corporate leaders on its board of trustees and only one academic, James Q. Wilson. AEI does also have a council of academic advisors, but this body doesn't have any real institutional power.



James Q. Wilson

The extent to which boards are active in aiding or managing the institutions surveyed is difficult to determine, although clearly such roles vary. In terms of fund raising, the role of the board may be central or more informal. As mentioned earlier, Cato board member David Koch helped found that organization with his contributions and reportedly has channeled \$21 million to Cato since 1977 through his family foundations. Koch has played a similar role at Citizens for Sound Economy. AEI's board members are drawn from some of the largest corporations in America — and ones with major giving programs — including American Express, Coca-Cola, Proctor and Gamble, and the Dow Chemical Company. These alliances cannot hurt, and indeed may be critical to AEI's annual effort to raise more than a third of its budget from the private sector. At Heritage, board members regularly help to raise money, as when then-trustee Lew Lehrman managed a special fund raising campaign that raised \$10 million in celebrating Heritage's 10-year birthday. Four Heritage trustees also played a key role in putting up the capital needed to buy the new \$9 million headquarters for Heritage in the early 1980s.

The role that the boards of conservative think tanks play in connecting these institutions to other centers of power in American society is obvious in some ways and far less apparent in others. During recent policy battles over telecommunications, health care, and Social Security, conservative think tanks have coordinated their work with private sector efforts to influence public policy and these partnerships have undoubtedly been facilitated by having corporate representatives sitting on the boards of these think tanks. At the same

time, the precise nature and depth of this collaboration is difficult for outsiders to determine. Even murkier is the manner in which think tank board members, along with major donors, help secure a greater visibility for conservative ideas and experts in the media. For example, it is difficult to document the extent to which Rupert Murdoch's presence on Cato's board will translate into preferential treatment of Cato policy products or analysts in Murdoch-controlled media

outlets. Also unclear is the manner in which board members and major donors facilitate the access of conservative think tanks to conservative political leaders. In many cases, the same corporations and individuals who support conservative think tanks or sit on their boards are also major contributors to the GOP. Precisely how these overlaps translate into power relationships is difficult to document.

Conclusions

For policy entrepreneurs on the right, the conservative takeover of Congress in 1994 provided a major opportunity to implement a political vision and related policy agenda on which they had worked for some three decades. Battling the Clinton Administration during 1993 and 1994 had energized their ranks and swelled their budgets, but working with the new Congress presented them with a chance systematically to transform America's public policy agenda. As this report has shown, that opportunity was not squandered. Since 1995, the national policy discussion in numerous areas has moved noticeably to the right. The federal welfare guarantee has been eliminated. Partial Social Security privatization, unthinkable a decade ago, is supported by numerous members of Congress, including some moderate Democrats. Sweeping telecommunications deregulation has been enacted. New tax breaks for the rich have been passed by Congress, with more proposed. Legislation authorizing school vouchers has been endorsed by the House of Representatives. Efforts to stem global warming have been slowed. The flat tax is now a proposal being seriously discussed by many in Washington.

It is impossible reliably to gauge the exact role of conservative think tanks in bringing about this rightward shift in American politics. Clearly, many other factors have been at work, including the changing political attitudes of the American public, the skill of conservative political leaders, and the well-funded lobbying efforts of a multitude of private sector interests. But to those who play or observe the Washington game, on both left and right, the influence of conservative think tanks is inescapable. Most impressive is the way in which conservative policy entrepreneurs have successfully won support for their grand story of American politics. If national politics can be seen largely as a contest of broad frameworks, there is little question that conservatives have won this game in recent years.

In 1993 and 1994, the ideological framework underpinning American public policy was in major flux. The Clinton Administration was vigorously putting forth a new story of public policy that combined elements of the traditional liberal agenda with centrist thinking. That story stressed the critical importance of fresh government initiatives to correct for market failures, as in the area of health care, and also to equip American workers to compete in the global economy through education and job training. While highlighting new arguments about personal responsibility and values, especially on the

issue of welfare, the Clinton Administration's story also reaffirmed the enduring value of long-standing government programs for assisting elderly Americans and protecting the environment. During 1993 and 1994, conservative leaders like Newt Gingrich were deeply concerned that the success of this story — and particularly the passage of a national health insurance program — would inaugurate a new era of middle class support for activist government.

But between 1994 and 1997, the Clinton Administration's fledgling grand story was effectively demolished as a basis for a public policy agenda. While the current political climate is often characterized as "centrist" in nature, such an assessment is deceiving, since the entire gravity of American politics has shifted radically to the right in recent years, delimiting a range of policy options that once occupied a central place in the political mainstream. Major new efforts to expand the role of government in order to solve social or economic problems appear to be virtually unthinkable, despite the strong economy and a budget surplus. At the same time, many government programs which were previously protected from political attack — most notably entitlements for the elderly and environmental protections — are now under legislative assault. Even as public trust for government has edged up slightly in recent years, the long-standing conservative crusade to discredit government as a vehicle for societal progress has come to fruition as never before. And even as market failures have become more evident in areas such as managed health care, housing, and in the growing ranks of the working poor, conservative arguments extolling the virtue of an unfettered free market have gained ever wider currency in national policy discussions.

Today, conservative think tanks are well positioned to help consolidate and extend the major conservative policy gains of recent years. In terms of research and advocacy, these think tanks have learned important lessons during the Clinton era about how successfully to move policy debates in a climate characterized by public disengagement from politics and the growing influence of special interest groups. In particular, they have perfected their strategies for building elite and public support for policy ideas through extended campaigns that reframe broad arguments, popularize specific blueprints for action, and mobilize grassroots support.

The infrastructure now in place to support these efforts is extensive. If current trends hold, it is likely that some of the

smaller conservative think tanks like NCPA, Reason, and the Competitive Enterprise Institute will expand into significantly larger institutions. Of special importance is the human capital that conservative think tanks have at their disposal. Over the past two decades, these institutions have nurtured a large class of professional conservative policy intellectuals and marketers that is not found elsewhere on the political spectrum. By giving particular attention to developing the careers of younger policy specialists, conservative think tanks have assured a large reservoir of new leadership that can guide these institutions into the 21st century. Currently, many of the top leadership positions in conservative think tanks are filled by individuals who played founding roles in these organizations during the 1970s and 1980s. As these leaders retire, they will likely be replaced by policy entrepreneurs who, if anything, are more ideologically aggressive and more sophisticated in the area of media technology.

Beyond its reservoir of human capital, the national conservative policy institutions are well endowed with allies in the state and local arenas, along with strong networks to manage these alliances. If conservatives can sustain the recent trend toward devolving federal responsibilities to the state level, these relationships will become ever more important for implementing long-term strategic efforts to reduce the size and scope of government. But even in the absence of further devolution, the growing sophistication with which national and local conservative policy activists coordinate their efforts is likely to yield rising dividends. Likewise, conservative think tanks can be expected to leverage the strengthened links that they have forged with the private sector during the 1990s, closely coordinating future policy campaigns.

In terms of resources, there is every indication that the funding stream that currently supports the conservative policy infrastructure will continue to grow. For the core group of foundations that have been heavily funding conservative think tanks in the past two decades, recent political developments have represented a major payoff of their long-term strategic investments. These funders can be expected to move with as much vigor in the future as they have in the past to assure the continuing transformation of America's public policy agenda. Clearly, as well, corporations have developed a new appreciation for the importance of underwriting policy work and their giving to conservative think tanks can be expected to continue. The passage of major campaign finance reform legislation would be sure to increase corporate funding of the conservative policy infrastructure as private sector actors redirect resources into other channels for influencing political developments.

Overall, the rising strength of conservative policy institutions is likely to reinforce trends towards a greatly narrowed public policy debate in the United States. At a time when national wealth and economic inequality are rising hand in hand, no real discussion is on the horizon for reviving the American ideal of shared prosperity. At a time of growing public disengagement from politics, there are few serious proposals under debate for strengthening America's impoverished democracy. And at a time of enduring racial problems in the United States, no major new initiatives to alleviate this blight on our society are under consideration. In all of these areas, finding solutions that would improve American life will not be easy. Unfortunately, as the conservative story becomes ever more influential, the search for such substantive solutions becomes an ever lower priority on the national agenda.

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Appendix: Reprint

THINK TANK WATCH

The Ever-Present Yet Nonexistent Poor

For Heritage's poverty expert, numbers mean what he says they mean

By Seth Ackerman

As a poverty specialist for the conservative Heritage Foundation, Robert Rector is one of the right-wing media machine's most prolific pundits. In 1996, the year of the welfare reform debate, he was cited in media outlets an average of more than 15 times a month (Nexis). Rector also feeds a vast network of right-wing talk-show hosts and syndicated columnists who pick up and broadcast his findings. Yet for all his influence, Rector's work is a mess of misleading statistics and specious arguments all contrived to accomplish a single goal: to cut spending on the poor.

In 1995, Rector testified before Congress that "since the onset of the War on Poverty, the U.S. has spent over \$5.3 trillion on welfare. But during the same period, the official poverty rate has remained virtually unchanged." Rector's figure—which he soon updated to \$5.4 trillion—is grossly misleading: It includes huge amounts of spending not directed towards families on welfare.

The Center on Budget and Policy Priorities calculated that approximately 70 percent of the federal spending that Rector classified as "welfare" went to households that did not receive Aid to Families with Dependent Children, the core welfare program in recent decades. Instead, most of the money went to non-AFDC households with elderly, disabled or "medically needy" individuals, as well as students and low-income workers—not groups most people would associate with "welfare."

Even if Rector's \$5.4 trillion figure were accurate, it would need to be put in perspective. Spending on "national defence" since 1964 overshadows even Rector's inflated "welfare" number, exceeding \$9 trillion at the time of Rector's testimony—and that figure

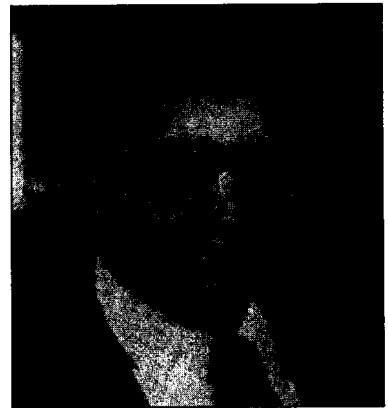
does not include spending on intelligence, foreign military aid and other military-related items.

Despite its flimsiness, Rector's charge echoed through the media. The *Los Angeles Times* published a column by Rector (7/11/95) making the \$5 trillion claim. He repeated the figure on a *PBS NewsHour* panel (12/26/95). Tony Snow picked it up in a column in *USA Today* (9/25/95) and Lin Bowles published it in a *Chicago Tribune* column (7/31/96). Syndicated columnist Walter Williams then placed it in the *Cincinnati Enquirer* (11/26/95) and *Dallas Morning News* (12/9/95), among other papers. The figure reappeared in the *Arizona Republic* this year in a news article about welfare fraud (4/19/98).

Erasing hunger

Despite his 1995 claim before Congress that 30 years of welfare spending had not reduced poverty, Rector has at the same time argued for years that poverty has fallen so steeply since the War on Poverty that virtually no one in America today is really poor.* This argument was enunciated by Rector in a 1990 Heritage Foundation "Background" titled "How 'Poor' Are America's Poor?" and Rector has updated the paper sev-

* Rector tries to reconcile these arguments by cautioning that "higher material living standards should not be regarded as a victory for the War on Poverty. Living conditions were improving dramatically and poverty was dropping sharply long before the War on Poverty began." But if these "dramatically" improved living conditions for the poor did not come from government programs, where did they come from? Certainly not from an improved job market; in January 1995, when Rector presented his testimony to Congress, jobs were neither better-paying nor more plentiful than they had been two decades earlier. The unemployment rate was a half-point higher than in 1973 and real hourly wages for the bottom tenth of workers were 12 percent lower.



Robert Rector of the Heritage Foundation. Rector has said he believes welfare policy should be guided by the apostle Paul's maxim: "He who shall not work shall not eat." (Talk of the Nation, 11/25/98)

eral times since then—always around the September release of the Census Bureau's annual poverty report. Rector's report is given a different name each time it's released—1998's version was called "The Myth of Widespread American Poverty"—but the content is virtually identical from one year to the next.

Rector writes in the 1998 report that "despite frequent charges of widespread hunger in the United States, 84 percent of the poor report their families have 'enough' food to eat; 13 percent state they 'sometimes' do not have enough to eat, and 3 percent say they 'often' do not have enough to eat." But his figures are taken from the "food sufficiency" portion of the 1988–1991 Health and Nutrition Examination Survey conducted by the Department of Health and Human Services, which is considered by many researchers to be an inadequate measure of hunger. He fails to mention in his report the authoritative 1995 Food Security Survey, performed by the Census

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Bureau on behalf of the USDA, which was designed to improve upon the old "food sufficiency" measure.

The Census study found that in addition to the 14 percent of poor individuals found to be hungry that year, another 25 percent of the poor were classified as "food insecure." That

means those households had a "limited or uncertain availability of nutritionally adequate and safe foods or limited or uncertain ability to acquire acceptable foods in socially acceptable ways." For example, 81 percent of respondents in households classified as "food insecure" said that sometimes in the past 12 months the food that they bought "just didn't last" and they "didn't have money to get more." Sixty-three percent said they could sometimes provide "only a few kinds of low-cost food to feed the children" because they "were running out of money to buy food."

Nationwide, 13.8 percent of Americans, poor and non-poor, were either hungry or food insecure—a number identical to the 13.8 percent poverty rate that year. In other words, while it is true that not every person counted as officially poor lacked food, for every officially poor person who *didn't* lack food, another (officially "non-poor") person did.

Curiously, despite his omission of the Census Bureau's more recent findings, Rector was not unaware of them; he refers to the Census Bureau study in a footnote. One can only wonder how Rector happened to come across the newer report while leaving out its salient findings.

The wealthy poor

Rector makes much of the fact that many poor people own cars. "Seventy percent of 'poor' households own a car; 27 percent own two or more cars." But Rector does not stop to consider that many of these households might need cars to get to their jobs. In fact, the 69.7 percent of poor households that Rector reports as having one or more cars in 1995 roughly mirrors the 61.4 percent of poor households with one or more workers in that year.

Rector has claimed that "poor Americans live in larger houses or apartments" than "the general population in Western Europe." Presumably as evidence of this assertion, he included in this year's report a chart titled "International Comparison of Living Space." However, what the chart actually compares is the average floor space per person in certain European cities, such as Paris and Athens, with the average floor space in all poor U.S. house-

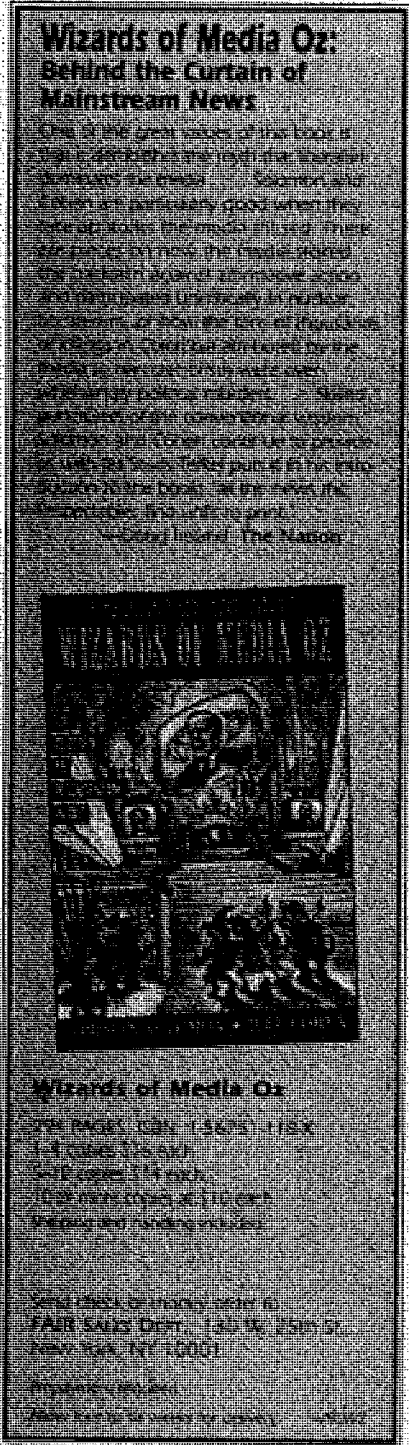
holds—22 percent of whom live in rural areas and 33 percent of whom live in suburbs. (Even with such an egregious bias, his numbers are underwhelming: The mostly rural and suburban homes of the U.S. poor are only about one-fourth larger than the average home in notoriously crowded Paris.)

The intent of Rector's dubious number-crunching was to make his point that "there is a huge gap between the 'poor' as defined by the Census Bureau and what most ordinary Americans consider to be poverty." He was more right than he knew. That same year, the National Opinion Research Center conducted a poll of "ordinary Americans" asking the question: "What amount of weekly income would you use as a poverty line for a family of four (husband, wife and two children) in this community?" The official poverty line for such a family that year was \$14,654 a year, or \$282 weekly. Sixty-four percent of respondents suggested a figure greater than \$282.

The following year, the Center for the Study of Policy Attitudes conducted a poll in which respondents were told the current poverty line and asked whether they thought the line should be "set higher, set lower, or kept about the same." Fifty-eight percent said the poverty line should be higher and 32 percent said it should be kept about the same. Only 7 percent said it should be lower. The respondents who thought the poverty line should be changed suggested an average level of \$19,400—more than \$4,600 higher than the actual level that year. (Given the percentage of "non-poor" people who have trouble buying enough food, this seems like a more realistic standard.)

All these flaws did not keep Rector's poverty "research" from being taken seriously by various media outlets—and not just by Rush Limbaugh (9/25/98). His most recent paper prompted a news article in the *Atlanta Journal & Constitution* (9/25/98) and columns in such papers as the *Kansas City Star* (9/26/98), *Christian Science Monitor* (10/7/98) and *Chicago Tribune* (11/25/98). ■

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