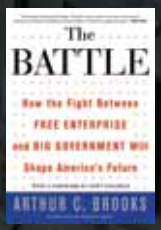
American Outlook

Fall 2010

Governing Matters: The Indiana Model

Also in the issue:



- Arthur Brooks introduces *The Battle*
- Bill Bennett on America as "Last Best Hope"
- U.S. Senator Richard Lugar on Africa

Susan Stinn

Sagamore Institute Moves to the Historic Levey Mansion

Perched at the corner of Meridian and 29th Streets in downtown Indianapolis, the historic Louis H. Levey Mansion serves as an ideal vantage point for Sagamore Institute to conduct its work as a think tank in America's Heartland.

Originally built in the early 20th century by Indianapolis businessman Louis H. Levey, the mansion remains an integral part of what is today known as Historic Square. The legacy began when Mr. Levey joined his illustrious neighbor, Charles W. Fairbanks, in hosting such luminaries as Fairbanks' former boss, President Teddy Roosevelt.

President Teddy Roosevelt

Louis H. Levey

Charles W. Fairbanks

Reagan and the Midwest

Reagan Library

RONALD W. REAGAN

100th

CENTENNIAL CELEBRATION

1911 2011

AT EUREKA COLLEGE

National Conference to Highlight Reagan's Midwestern Years

January 14 & 15, 2011

Ronald Reagan's alma mater, Eureka College in Eureka, Illinois will host several noted authors and scholars from around the United States at a Ronald Reagan-themed academic conference on January 14-15, 2011. The "Reagan and the Midwest" conference will explore how growing up in America's Heartland during the Depression era influenced Reagan's formative years.

The event in 2011 will be part of the Eureka College Ronald Reagan Centennial Celebration to observe the 100th anniversary of Reagan's birth.

Conference participants will include former U.S. Attorney General Edwin Meese III, author Fred Barnes, former Illinois Governor Jim Edgar and scholar Martin Anderson. General Meese was among President Reagan's longest serving senior staff members and Anderson co-edited several books of Reagan's writings, including *Reagan, In His Own Hand*.

The conference also will include the presentation of papers by scholars who will discuss the historical and social context of Reagan's life in the Midwest and at Eureka College. The academic session will be chaired by renowned historian Douglas Brinkley, who also was editor of *The Reagan Diaries*.

The conference is open to the public. For more information, call (309) 467-6301 or visit **reagan.eureka.edu**.

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Sagamore Institute
Innovative Ideas. Real Results.

Sagamore Institute is an Indianapolis-based nonpartisan research group—or "think tank"—that brings policymakers and practitioners together to turn ideas into action.

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In Prospect

Jay F. Hein

Welcome to the relaunch edition of *American Outlook*, a national public policy journal rooted in America's heartland. Our geography provides a clear line of sight to innovative solutions being hatched to combat our nation's most stubborn problems. Opposite the conventional wisdom prevailing in Washington, D.C.'s power corridors, our writers pay more attention to common sense and first principles in the subjects they address.

Further, our operating platform is aligned with Sagamore Institute's core beliefs in human dignity, the power of free markets, the pro-social role of religion in society, and individual freedom. We believe that public policy belongs to all the public—not just those who occupy elite corridors—and that citizens should be the centerpiece of public life.

Now a word about our history. Sagamore Institute was founded in 2004 to continue the think tank franchise established by Hudson Institute during its 20-year residency in Indianapolis. While here, Hudson began publishing *American Outlook* in 1998 and ceased publication in 2005. With recommencement under Sagamore, readers will have access to the full collection of past issues as well as each future edition at www.americanoutlook.org.

The 2010 national elections will be remembered for the debut of the Tea Party formed in reaction to the Obama administration's prodigious government spending and far-reaching policies. Yet the subjects of our cover story—Mitch Daniels and Steve Goldsmith—disclaim the "for or against government" disposition in favor of an uncommon blend of libertarianism, business-savvy, and performance-oriented public administration. In short, they want less government but the government that remains to be better, smarter and faster.

Now Indiana governor and New York City deputy mayor respectively, Daniels and Goldsmith share a remarkable intellectual consistency formed in their common experience in the Indianapolis, Indiana reform laboratory. The partnership began when Daniels was a corporate executive at Eli Lilly & Company and chair of then-Indianapolis mayor Goldsmith's efficiency commission. The gains that Goldsmith helped the city achieve in the mid-90s represent the same targets he is enlisting a new crop of Hoosier business leaders to help him achieve at the state level today. Mitch Daniels also occupies a special place in Indianapolis think tank history thanks to his service as Hudson Institute president from 1987 to 1990.

I am grateful to the collection of writers who honor us by contributing essays to this volume. Former U.S. education secretary and renowned author William J. Bennett powerfully depicts the importance of students learning American history and conversely warns us that democracy is in peril when they don't. Because too many students populate the latter category, Dr. Bennett has written an engaging set of textbooks to breathe life back into its study. Sagamore Institute was privileged to serve as a think tank partner to this effort through the exemplary efforts of senior fellow Rex Bolinger.

American Enterprise Institute president Arthur Brooks inaugurates our inquiry into the 21st-century economy by presenting the thesis of his best-selling new book defending the free market system. Dr. Brooks' provocative and persuasive argument is that free enterprise is more than a money conversation. The system itself is based on values that define a particular belief in the ingenuity of people more than the impersonal and often stagnating transfer of wealth. U.S. Chamber of Commerce corporate citizenship chief Stephen Jordan takes the baton from Brooks to enunciate what it takes to pursue an innovation economy.

Sagamore senior fellow Amy Sherman anchors the economic conversation by explaining how charities ameliorate any injuries incurred by those left outside capitalism's winner circle. She places her assertion in the context of a renewed emphasis on thrift and the advance of social entrepreneurship that transforms the poor into winners-in-the-making through cutting-edge financial literacy training. This blending of business solutions and social aspirations will be a theme regularly revisited in future editions of *American Outlook*.

On the international front, U.S. senator Dick Lugar and Sagamore senior fellow Alan Dowd explore America's role in the fast-changing world. Senator Lugar's essay is an adaptation of remarks that he delivered to Sagamore on the strategic importance of Africa. Dowd describes the debate taking place between the NATO secretary general and representatives of the 28 nations that form its membership. With the prevailing mood favoring military disengagement in Afghanistan, Dowd warns of a two-tiered alliance segregating those willing to fight from those who are not.

The original Reform Club, London, England, c. 1915

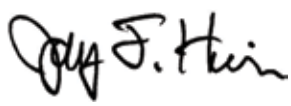
I am especially pleased to welcome S. T. Karnick to these pages. Readers of *American Outlook* will fondly recall Karnick as the founding editor of the magazine in 1998 and shepherd of all 26 issues produced during Hudson Institute's seven-year publication era. He was joined by Hudson president Herb London in conceiving of the journal and making it one of the nation's most compelling meeting places for culture, politics, and policy. Karnick, London, and new Hudson president Ken Weinstein—all of whom I was privileged to count as colleagues at Hudson—served as gracious and strategic allies during the transfer of *American Outlook* to Sagamore earlier this year.

Karnick's essay, "Big Government, Big Problem," delivers a bookend to the fiscal parsimony exhibited in the Daniels-Goldsmith feature. His website (www.stkarnick.com) and other writings serve as a modern day version of The Reform Club, London's renowned gathering of classical liberals in the 18th century. His writings illuminate the liberal mind in perpetual search for the balance between freedom and order, a state of which he claims the good society must always aspire to.

You will find such aspiration in all future editions of *American Outlook*, as well. Our writers will range from economists to politicians and from academics to nonprofit and business leaders. Yet this assembly, while so divergent in their work-a-day roles, will be resonant in their advocacy for policy, practice, and private behavior that advances the American Founders' vision for ordered liberty.

Such pursuit has been at the heart of our national conversation since the nation's founding. We are a nation of liberty, possessing respect for the rule of law and reliance on its citizens to do the heavy lifting of democracy. Indiana Wesleyan University (IWU) provost David Wright addressed such themes at a National Press Club event recently cosponsored by IWU and Sagamore Institute. Dr. Wright's essay concludes this journal by summarizing his conference remarks, including a quote from St. Augustine on the role of higher education in building informed citizens, "That's what universities do, after all: they teach us how to read."

Think tanks are sometimes known as universities without students. Sagamore Institute accepts this function with humility. It is a terrific honor to educate the public about matters that impact their lives and to suggest pathways to greater human flourishing. The pages of *American Outlook* will be our primary vehicle to carry forth this mission. We are grateful to our readers for their trust and interest.



Governing Matters

Mitch Daniels and Steve Goldsmith Usher In a New Competency Era

By Jay Hein

Seven minutes. It was astounding when Michael Phelps and his American freestyle relay team broke the seven-minute mark to win the gold at the 2008 Beijing Olympics. But it seems simply unbelievable that a patron could enter and exit their local Bureau of Motor Vehicles (BMV) within the same time frame. Yet, that is how fast many Hoosier motorists are cruising through their visit to the BMV.

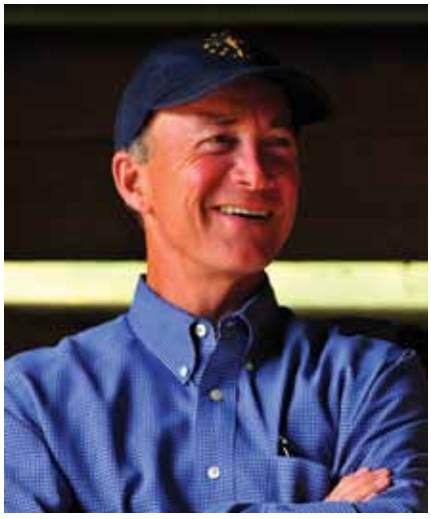
Welcome to Mitch Daniels' Indiana. Upon becoming the state's 49th governor in 2004, Daniels has demonstrated that governing is an evidence-based and measurable science in contrast to the abstract art of campaigning. The media loves to paint colors around the political mosaic of personalities as well as the parlor games featuring who is up or down. Opinion polls suffice for substance in these portraits. But few articles get written about the average wait time at the BMV, one of many performance indicators stipulated and monitored personally by Indiana's governor.

Admittedly, too few political leaders care about such mundane matters either. But Mitch Daniels is not your average politician. His RV- and Har-

ley Davidson–fueled campaigning across the state of Indiana was indeed colorful. As chronicled on MitchTV, he could be seen in search of the state's best tenderloin sandwich while bunking at average citizens' homes in small hamlets.

Once in office, the politicking quickly gave way to governing. Among his disturbing findings was a state BMV that was disdained by the public it was intended to serve, compounded by fraudulent practices and widespread mismanagement. No one was minding the store. Customer service quality was not measured and there were no reports of wait time averages, because such things were not recorded. They are now.

Mitch for Governor


Mitch Daniels

Following the old maxim that "you can't manage what you can't measure," Daniels began business process reengineering at the BMV that clocked the initial average wait time at 40 minutes. With that number now resembling Olympic speed levels, customer satisfaction registers a whopping 97 percent. It actually makes you wonder what's wrong with the other 3 percent.

Upon receiving the top award from the national association of motor vehicle administrators—the state's second such award in three years—Governor Daniels commented, "You are the first repeat winner of this award in its history. Your transformation of the Indiana BMV from the 'worst to best' motor vehicle agency in North America is one of the greatest public sector success stories we've ever seen."

Mitch Daniels is a conservative's conservative. Yet members of his party are better known for opposing government rather than great public sector success stories. A close examination of Daniels' ideas, as well as his intriguing history of partnership with former Indianapolis Mayor and government reform guru Steve Goldsmith, sheds light on what might well become the 21st century governing model. It's an Indiana success story rooted deeply in principles and achieving a government that is better, faster, and cheaper.

The *M* in OMB

Making government work better is the reason Mitch Daniels and the White House Office of Management and Budget (OMB) were made for each other. Most observers, if they're aware of the OMB at all, understand it to be the budget agency. Indeed, its staff assists the President in preparing the federal budget each year.

But the larger portion of its responsibilities resembles such things as evaluating the effectiveness of policies, programs, and procedures for all of the President's cabinet agencies. This, of course, dovetails with formulating spending plans and the budget work but also stretches into the realm of legislation, rule making, and program design.

Its director therefore must be the White House's top policy wonk while also its sternest budget hawk. He must have the vision to understand how to move the President's agenda and the discernment to understand what is necessary rather than simply a nice thing to do. It requires diplomacy in saying "No" to friends within the administration and the resolve in saying "No way" to spending threats from the other end of Pennsylvania Avenue (i.e., Congress).

Mitch Daniels earned wide praise in fulfilling all dimensions of this job while serving as President Bush's OMB director (2001–2004). He also displayed some of the personality that Hoosiers would later discover on the campaign trail and in the Indiana state capitol. To soften expectations among his administration friends courting OMB for pet projects, Daniels attempted to have the Rolling Stones' "You Can't Always Get What You Want" playing for callers on hold.

Sometimes his wit and parsimony would combine to strike in less congenial ways. Testifying before a congressional committee, Daniels' impatience with their spending pleas boiled until he exclaimed that Congress's motto must be "Don't just stand there, spend something."

Daniels sought to disprove the Washington mind-set that more government spending equals more results by establishing the first-ever White House accountability system for all agencies under its purview. Called the President's Management Agenda (PMA), the system sought to improve management of programs to achieve desired results with the same productivity gains and cost savings enjoyed by the private sector.

In July 2001, President Bush directed Cabinet secretaries to designate a chief operating officer (COO) responsible for day-to-day administration of their respective agencies and reporting outcomes of the PMA to the OMB. These agency COOs formed a President's Management Council to build a community of management leadership that fosters mutual learning, problem solving, and innovation transfer.

It matters little what is drawn up in the corporate suites, or said on the campaign trail for that matter, if corresponding action does not follow suit.

Such design work could be attributed to Daniels' experience as aide to Richard Lugar, first in the Indianapolis mayor's office and later in the U.S. Senate. Or to his service as President Reagan's political director, which enabled him to gain insight into all levels of government. In these combined roles throughout the 1970s and 1980s, he had built policy and advanced legislation. However, it was the place he worked in between the Reagan and Bush administrations that Daniels himself cites as his best preparation for governing: Eli Lilly & Co.

Daniels served as part of Lilly's top brass, first as president of North American Operations and then as senior vice president for Corporate Strategy and Policy. In the parlance of popular management theory, he learned that execution is an essential extension of strategy. It matters little what is drawn up in the corporate suites, or said on the campaign trail for that matter, if corresponding action does not follow suit.

It was during this time at Lilly that Daniels served as chairman of Indianapolis Mayor Steve Goldsmith's revolutionary managed competition initiative. This endeavor fused together, for the first time in his career, the threads that animate Daniels' political philosophy of classical liberalism with his pragmatic governing style. An adherent of what is known as the Austrian School of Economics, Daniels has long drawn upon the likes of Friedrich Hayek to understand government's limits and often its unintended consequences.

He turns to the writings of Milton Friedman to express the power of free markets and competition as a preferred mechanism for human flourishing. In a revealing interview with Jonathan Rauch (http://fivebooks.com), Daniels explains that he believes,

…in limited government, but within that sphere of things that government does, we believe government should do them as well as possible. We've done everything we can think of to implant the accountability that's not really there. Government is a monopoly and we know how monopolies mistreat their customers and overcharge them because of the absence of competition.

These words echo the dean of the Austrian School, Ludwig von Mises, who said, "In public administration, there is no connection between revenue and expenditure . . . there is no market price for achievements." Mises' words accurately reflected the emerging welfare state of his day, yet it did not anticipate the Indianapolis experiment a half century later.

The City Model: Better, Faster, and Cheaper

Steve Goldsmith was elected mayor in 1992 following 32 years of Republican mayoral predecessors, a remarkably lean city government, annexation that increased the city's population by a quarter, and the addition of a $1 billion United Airlines maintenance facility. In other words, the prevailing mood was likely more steady as she goes rather than a sense of urgency for change.

However, the city also had $1.1 billion in unfunded infrastructure needs and increasing competition from the suburbs for jobs. Goldsmith often stood at his 25th floor office window envisioning dollars floating out of the city toward the doughnut counties. He refused to raise taxes, seeing that this would only drive away more jobs and skilled

workers, a vicious cycle experienced by many urban centers in the 1990s.

Instead, he campaigned on a platform of privatization and managed competition to achieve budget savings. This followed the example of the Reagan-era Grace Commission, which was aimed at cutting waste and fraud as well as the government process improvements later made popular by the book *Reinventing Government*. The book's authors David Osborne and Ted Gaebler advocated a new public management whereby officials viewed citizens as customers and streamlined old programs into market choices.

Upon taking office, Goldsmith's focus on privatization was upgraded to a comprehensive effort to replace the large, centralized, command-and-control bureaucracy with a nimble, entrepreneurial model featuring competition and accountability. To help him in this task, the mayor established a Service, Efficiency, and Lower Taxes for Indianapolis Commission (SELTIC) chaired by then-corporate executive Mitch Daniels and comprising eight other entrepreneurs and 100 public-private volunteers.

Edward Reed, Office of the Mayor

Former Indianapolis Mayor Stephen Goldsmith (left), with New York City Mayor Michael Bloomberg (right)

The SELTIC leaders understood that privatization without a competitive environment would create minimal and unsustainable results. They created competition through efforts such as KPMG's Activity Based Costing tool that compared in-house services with private firms. This practice corresponded with Goldsmith's "yellow pages" test, which stipulated that a market existed whenever several local private companies could be identified performing duties similar to city government operations. SELTIC invited American Federation of State, County and Municipal Employees (AFSCME) public service worker union representatives to join staff at training sessions building performance-based measures into budgets and the contract bidding process.

This process is reminiscent of my dealings with the City of Amsterdam during the same period. I served as a welfare policy assistant to Wisconsin Governor Tommy Thompson during the mid-1990s. Intrigued by the success of our reforms, the mayor of Netherland's largest city sent his senior counselor to observe our policies and programs. The counselor explained that Amsterdam would never privatize its social services system, but they could easily replicate our performance measures. In Milwaukee, we demonstrated that performance incentives increased output and outcomes for private agencies and government operations alike.

Steve Goldsmith's Indianapolis reforms were spectacularly successful. Between 1992 and 1997, the city subjected more than 70 city services to managed competition, resulting in $230 million in savings. The city's budget was reduced by 7 percent achieved in part by a 40 percent reduction in employees (excluding police and fire personnel). Property taxes were cut four times and $750 million was made available for investment in streets and parks.

Such success soon turned into headlines. More than 3,000 government leaders, academics, and others made visits to Indianapolis to investigate the strategies themselves. Columbia and Harvard were among the prestigious academies writing case studies on the Indianapolis competition model. Goldsmith himself described the strategies in a book entitled *The Twenty-First Century City: Resurrecting Urban America*. He was recruited by Harvard's Kennedy School where he led the Innovations in American Government Award program and other efforts, including the "Better, Faster, Cheaper" partnership with *Governing* magazine.

In mid-2010, New York City mayor Michael Bloomberg tapped Goldsmith to serve as his Deputy Mayor of Operations. In essence, Bloomberg has asked Goldsmith to run the city's operations in pursuit of the same outcomes as he achieved in Indianapolis. When observers immediately assumed that this meant privatization, Goldsmith was

quick to point out that emphasis on privatization was a misnomer. Rather, he said, "We ran public-private partnerships and competitions. We helped our unions bid against the private sector, and more often than not, public sector unions won." He expressed no reflexive preference for the private sector but an appreciation of its systems and how they can improve efficiency in city government.

The State Model: Acting at the Speed of Business

Mitch Daniels possesses a similar aversion to the privatization label. In a speech to the 2009 Bradley Symposium, Daniels said,

"I've never used the *p* word. To use it suggests that you started with an ideological purpose and then bent events to shape it. No! We harvested close to $4 billion without raising taxes a penny or borrowing a penny, and it's all being reinvested in the future of our state. It was a fabulous success. But we presented it as a practical solution to a very real-world problem, the infrastructure shortfall shared by every state."

The $4 billion he is referring to is a result of what others call the largest privatization of government service in American history. Indiana earned the label "Crossroads of America," thanks to more than a dozen highways that crisscross the state. One such road, the Indiana Toll Road, is a 157-mile stretch in the northern part of the state that Mitch Daniels leased to a Spanish-Australian consortium for an eye-popping $3.8 billion. The sum was seen as extravagant when it was announced, but it's almost an inconceivable amount given the worldwide economic turmoil over the past two years.

Nonetheless, the toll road lease was so controversial that it almost cost Daniels his reelection in 2008. His favorability plunged to 37%, and he was unable to keep his Republican majority in the Indiana House. It seems hard to fathom the opposition now. The toll road was losing money, and the state reaped more in upfront interest during the lease's initial months than the road itself cleared for the state in the past 50 years. As a result of the deal, Indiana is able to pay for 200 projects previously in limbo. Daniels called bill the "greatest jobs bill in a generation."

Borrowing from his own experience as City of Indianapolis SELTIC chair, Governor Daniels formed a Government Efficiency Commission comprising the state's new crop of business and civic leaders. They have spread across the state government, questioning why things are being done as in the past and how they can be done faster and cheaper.

This is not an academic exercise. When Daniels took office in 2004, the state was $200 million in debt with a $700 million structural deficit. Six years later, the state enjoys a billion-dollar surplus and the first two balanced budgets in nearly a decade. This success has not gone unnoticed. Standard & Poors awarded the state its first AAA bond rating, notably earned while neighboring states like Illinois were going bankrupt. This led *Forbes Report* to list the state as number one in the Midwest for business climate, and numerous similar rankings have placed Indiana on the "best places to do business" map.

"[The toll road] harvested close to $4 billion without raising taxes a penny or borrowing a penny, and it's all being reinvested in the future of our state. It was a fabulous success. But we presented it as a practical solution to a very real-world problem, the infrastructure shortfall shared by every state."

Governor Daniels achieved this remarkable turnaround by making fiscal discipline and managerial excellence his raison d'être. Such behavior was not the result of a fad or to score political points, nor was it even a reaction to the severe distress his state was experiencing. Rather, running a tight ship is simply what makes Mitch Daniels, er, Mitch Daniels.

Drawing upon his experience as an Eli Lilly & Co. executive, he learned that every great business has a clear goal that employees can understand and embrace. Immediately upon election as governor, he made raising the state's per capita income the State of Indiana, Inc.'s number one goal. The new governor carefully explained to each of his agency heads that their success would be determined by how well

their departments improved Hoosier salaries.

This jobs focus was easily applied to the newly formed cabinet-level economic development agency (see next section) of course, but less obvious agencies had the same measuring stick. Take the Environmental Protection Agency (EPA), for example. Governor Daniels did not ask the "enviros" to lessen standards in deference to business but rather to simply expedite their rulings. Previous administrations allowed rulings to take more than two years, which caused great uncertainty and terrible delays in business operations. Daniels understood that business would benefit from quick ruling (up or down), and thus he required the EPA to report its progress in reducing lag time.

To build the "best sandbox in America" for business growth—the only sure route to increasing wages—the Daniels administration has worked aggressively to get the state's fiscal house in order and to reengineer government to operate at the speed of business.

Getting Hoosiers' Fiscal House in Order

The Daniels administration has cut more than $250 million in unnecessary spending and saved another $190 million by privatization and renegotiating the previous administration's contracts. This is simply the blocking and tackling of governing, albeit with a bit of flair. When asked by state bureaucrats for permission to build a new parking garage to house the expanding state fleet, Daniels had staff place a penny on the vehicles' tires. When dozens of the cars still had the pennies months later, not only did the agency not get their garage, but they were forced to sell the unused cars.

Reducing head count is the surest route to reduced spending and sustainable budget management. Governor Daniels has cut staff to 1970s levels, yet surveys indicate improved customer service.

As one of his first actions in office, Governor Daniels created the public-private Indiana Economic Development Corporation (IEDC) to bring jobs to the state. He installed himself as chairman and hired one of the state's leading businessmen as director. He also hired the cofounder of Vera Bradley, one of the state's great business success stories, to serve as head of the Commerce department.

This effort and these leaders insisted that the state would operate at the speed of business in pursuit of new jobs and attracting business from just across the state line, as well as from Asia and points between. In just its first year, IEDC completed more transactions than the previous two years combined and followed up the next year by becoming the only state in the nation to land three high-profile automotive investments: Toyota, Honda, and Cummins. The state is now seeking investments by automakers and others in its alternative energy sector.

To build the "best sandbox in America" for business growth—the only sure route to increasing wages—the Daniels administration has worked aggressively to get the state's fiscal house in order and to reengineer government to operate at the speed of business.

The state of Indiana contributed one president, four vice presidents, and several other nominees for presidential tickets during the five decades following the Civil War and bridging the 19th to 20th centuries. Simply put, the state was a critical junction on the electoral path to the White House during the rise of the Industrial Era.

At the dawn of another century, and its accompanying Information Age, Mitch Daniels and Steve Goldsmith represent another set of Hoosier politicians ushering in a new political dynamic: the competency era.

Jay Hein is president of Sagamore Institute, which he founded in 2004. From August 2006-August 2008, he served as deputy assistant to the President and director of the White House Office of Faith-Based and Community Initiatives. Earlier in his career, Hein was a welfare reform policy advisor to Governor Tommy Thompson of Wisconsin from and director of civil society programs at the Hudson Institute.

8 Questions for Mitch Daniels

By Ryan Streeter

Indiana Governor Mitch Daniels has garnered a lot of national attention recently as more commentators talk up his prospects for a 2012 White House bid.

Most portrayals of him have focused upon his unconventional appeal. His lack of ideological sharp elbows combined with a nearly chronic obsession with parsimony has made him a subject of political intrigue —he's just not like other political creatures. Newsweek's feature on Daniels described his "reality-based conservatism" as a "model of post-Reagan, post-Dubya, post-Obama governance." *Politico*, quoting a Daniels friend, noted that his "sober sensibility" is a part of his appeal. He was a frugal cost-cutter before it was cool, and now it's paying him dividends.

And then there's the fascination with Daniels' unlikely attributes. The *Politico* article called him "a balding, blunt, unprepossessing, listed-at-5-foot-7 policy wonk," and Andrew Ferguson's *Weekly Standard* feature described an unlikely telegenic appeal highlighted by a "public-golf-course casual" style of dress and an accent with the "rounded tones of Tennessee and Georgia . . . stomped flat by the adenoidal twang of Central Indiana." *The Economist* wrote that "he has a familiar post-partisan sheen, not unlike a certain former senator—though he is more conservative, shorter and much balder."

These and other articles on Mitch Daniels have also all highlighted the Governor's regular-guy appeal and efficacy as a public executive: they feature his Harley rides and stops in run-of-the-mill diners, as well as his decisive cost-cutting measures and businesslike attention to increasing Indiana's economic viability.

But what's inside the man? Other than a *Five Books* article highlighting literary influences, not much has been done to give the public a peek inside Mitch Daniels' head. So, to partially remedy this deficit, I asked him eight questions in a brief (efficient, very Mitch-Daniels-like) conversation.

Q. *Who is your political hero and why?*

A. Winston Churchill, without a question. There are multiple reasons why I am such a big fan of his. Churchill biographer William Manchester once wrote that Churchill had his own internal gyroscope. He didn't tack to public opinion. He spoke from his conscience and from his deep study into history, events, and how things work. He was open-minded and flexible, very practical, not blindly ideological. He had enormous courage, which really enabled all of his other virtues to stand out so prominently, and he did his own writing and his own thinking. In other words, he didn't need his own handlers like so many political leaders today. He is one of the best examples we have of a leader in both action and words.

Q. *What is the first political memory you have that had an impact on your political and policy views?*

A. I would say the Goldwater campaign in 1964. He spoke so clearly about freedom and liberty. As a teenager—even though my thoughts weren't well-formed—that really spoke to me. Those fundamental values have been an enduring factor in my views of what politics and policy are all about.

Q. *You've recently discussed elsewhere a short list of books that were essential in shaping your thinking. What about people? Who have been the most important individuals in shaping how you think and act?*

A. The first person who comes to mind is Senator Richard Lugar. He's been a senator for such a long time now that people forget he really made his mark early on as the mayor of Indianapolis. He was a terrific executive, and as he used to say, his main job was turning "India-No-Place" into a viable and competitive city. He was an equal opportunity Republican, in contrast with those who want equality of results. I was attracted to his idealism and the obvious fact that he was a Republican in motion, in action. Even though I was young and hadn't worked out what I thought about everything, I found that his principles were mine—and I found them very energizing. He was in those days incredibly inspiring to be around. And so I found myself identifying with him and his ideas as a result.

Second, I have to say Ronald Reagan. I worked for him, and there's really no way to emerge from that experience without having been affected significantly and without having learned a lot about what matters.

And then third, I'd say Milton Friedman. I got to know him somewhat, but mainly he influenced me through his books, which I've mentioned elsewhere. He was indispensable for understanding the underpinnings of a free society and what progress looks like when you truly care about preserving liberty and opportunity.

Q. *Why are you a conservative, or if you like, why are you a Republican?*

A. I generally try to stay away from introducing myself with labels and the like—not because they are inaccurate, but because we're trying to unite as many people as possible in what we're doing in Indiana. Labels often drive people apart. But if I drill to the bottom of the issue of why I hold the views that I do when it comes to important policy decisions, it is about the fundamental belief in the primacy of individual liberty and dignity. I suppose I got a lot of that at church early on and from the sources and influences I mentioned earlier.

Government is there to protect the freedom of individuals so they can make of their lives what they can. There is presently a huge contrast between those who share this view and those who prevail in national political leadership at the moment. Some of us believe government exists to protect the important parts of life—enterprise, private associations, families, each individual—so they can flourish. People should be able to make of their lives what they wish, to get on and get ahead in life in accordance with their hopes and plans. When a government makes that harder for people in the

name of some other set of objectives, it has overstepped its proper role.

Q. *Was there anything in particular about your tenure in the Reagan White House that prepared you for what you are doing now or has had a lasting impact in other ways?*

A. There are so many things I could talk about, but I'll isolate two in particular. First, watching him as President really reinforced for me the idea that if you get the opportunity to have public responsibility or hold public office, you should play a big game. Public leaders should always have the long-term future of those they serve at the forefront of their minds. They need to concentrate on those big ideas and goals and recognize that they can't do everything. This seems like an obvious point, but in truth lots of people don't get it. Reagan was great in this regard. He took the long view and focused on the big things that America needed at the time.

The Indiana State Capitol Building

Second, and I've quoted him a lot on this, he would encourage us to remember that we have only opponents, not enemies. He learned how to turn the other cheek and never lost sight of the fact that we are all in this together – as Americans. He would never stoop to the level of personalizing things, even if his opponents were doing it to him. It's really important never demonize groups or people in political life, and he led by example in this regard.

Q. *How would you characterize the contribution of your experience as an executive in the private sector to what you are doing now as Governor?*

A. When people ask me about the experience that has contributed most to what I do now, they typically think I'm going to mention some aspect of my time in the public sector. But my longest stint anywhere was in private business, and this has by far made the biggest impact on me.

So for instance, we try to operate as any business would by having a central objective that all aspects of the enterprise serve. For us in Indiana, that objective is raising the net disposable income of all Hoosiers. We have all done all we can to orient all of our action toward this goal. Up and down the state government, we have found ways to implement business practices in order to stretch dollars, and at this point, we've saved hundreds of millions of dollars this way. The best businesses are organizations of people that are led in a way that gets large numbers of folks doing their best possible work. I've learned a lot about this the hard way. We're doing our best to make sure the State of Indiana operates like a business in this regard.

I should also say a few words about my time in the private sector at Hudson Institute. At the time, it was

Mark A. Lee: Great Exposures

the home of contrarianism. The time spent reading and hanging around with that gang helped me think in "a perpendicular direction." That is to say, once something was assumed to be true, it probably wasn't true anymore. Conventional wisdom was to be doubted, and we were committed to following the data where it led and to be hardheaded about approaching all problems and issues that way. The theme of the early Hudson Institute years was to think long-term and to believe that humankind will always solve its problems if it is free to do so.

Q. *What were the best and worst things about being Director of Office of Management and Budget (OMB)?*

A. The best thing was simply a chance to serve the country at that level. The job touches everything: the full range of federal dollars, all government regulations, and the management of all aspects of government. And of course, my time there was all the more significant since I was there during such a momentous time: 9/11 and all that followed. The worst part was being away from home. *Not the politics of Washington?* No, being away from home was much worse than that. Politics in Washington, despite the reputation, is not all it's made out to be. I remember sitting one night with a prominent businessman who put it well. He said, "people in business are tough, but they're not mean; people in Washington are mean, but they're not tough." I think that about sums it up.

Q. *About the Oaks Academy in Indianapolis, the private school you were instrumental in helping start and on whose board you served for a while—how did being involved in that affect you?*

A. The Oaks Academy experience came about pretty simply at first: it was an example of the idea, "when in doubt, do the duty nearest you." Getting involved civically and in good causes is as good for you as it is for those you assist. When I sat at the 10th anniversary of the Oaks Academy, it was very emotional. The place is full, 336 kids—all of them go on to college. As I've said before, it was the most important thing I've ever been involved with.

Sagamore Institute is honored to welcome Ryan Streeter as a distinguished visiting fellow and director of fiscal studies. In this role, Streeter is leading a new research project that will seek to change the national debate surrounding federal, state and local government spending. Streeter's work will be shaped by his recent service as a White House policy aide as well as his service at Legatum Institute, a London-based free market think tank.

Ryan Streeter is a distinguished visiting fellow and director of fiscal studies at Sagamore Institute. Streeter also serves as editor of www.ConservativeHome.com.

Better, Faster, Cheaper: The New Government Imperative

By Jayson White

Grim doesn't even begin to describe the fiscal nightmare at all levels of government. The silver lining? The daunting fiscal reality is forcing a reexamination of every aspect of public sector operations.

Governor Mitch Daniels' and Mayor Stephen Goldsmith's long-standing conviction that government can achieve better results for less is gaining momentum, fueled in part by a partnership between Harvard Kennedy School's Ash Center and *Governing* magazine through the "Better Faster Cheaper" blog on Governing.com.

Founded by Goldsmith as an outgrowth of the Center's "Innovations in American Government Awards" program, "Better, Faster Cheaper" (BFC) highlights cost-saving, quality-boosting initiatives at the federal, state, and local levels. The website captures innovative best practices at a time when demand for public services already exceeds the capacity of taxpayers to pay.

Goldsmith, on leave as a professor at Harvard Kennedy School and now serving as deputy mayor of New York City, says,

> *There is a hunger out there for ideas on how to create public value and reduce costs. Good government advocates have been urging reform for a long time. But things are different now. Governments are facing the unavoidable fiscal reality that incremental improvements aren't sufficient. Public officials of each party are looking at transforming operations. Where in the past with more robust growth officials could tolerate inefficient government operations, today any inefficient activity brings with it a target of opportunity.*

BFC is led by Executive Editor John O'Leary, former chief human resources officer for Massachusetts and the coauthor of the *Washington Post* bestseller *If We Can Put a Man on the Moon: Getting Big Things Done in Government.* O'Leary's recent research and writing has focused on breakthrough innovations that have proven effective in radically reducing costs, including the use of social media tools and process reengineering.

The BFC website is dedicated to aiding such a transformation by sharing ideas and working to create an expectation of innovation among leaders and citizens alike. Contributors include John Kamensky and Jonathan Breul of the IBM Center for the Business of Government and William D. Eggers of Deloitte. "Without question, this is an exciting time for government innovation," says O'Leary. "At Harvard Kennedy School, we are in the middle of a movement that is sweeping the country. It can be challenging for governments, but those who thrive are those who accept the challenge head on."

The BFC approach isn't just about exploiting technology to make governments better or faster at doing the same things government has always done; it is as much—or more—an attempt to rethink the fundamental goods that public leaders are seeking to deliver. BFC government isn't merely about efficiency—it's about effectiveness, which means asking the fundamental questions about the public purpose being served by every government activity.

For example, when grappling with the problem of homelessness, for some time New York City saw itself in the business of operating homeless shelters.

This meant their goal was to create more shelters, which needed more money and also had the perverse result of doing little to reduce homelessness. Once they reset their mission to reducing homelessness, the city shifted their focus to earlier intervention and supportive housing, thus reducing the problem and helping more people less expensively.

"Understanding what public value you are trying to deliver should always be the first step," says Goldsmith. "Once that 'Why?' question is answered, a variety of BFC tools can help innovative public leaders rethink the 'how' of service delivery." The following BFC tools break down the silos within government and the artificial boundaries among government, nonprofit, and private providers:

- Embracing competition/outsourcing/public-private partnerships
- Leveraging technology
- Changing incentives for producers (rewarding results, not effort)
- Changing incentives for consumers (driving desired behaviors)
- Governing by network (leveraging private sector, philanthropic, nonprofit, citizen volunteers, etc.)
- Using Gov 2.0/Web 2.0 tools (data transparency, wiki-government, "crowdsourcing," and other new media tools)
- Changing the rules of the game and revitalizing the productive capacity of government by altering the framework in which public action occurs

Goldsmith's 2010 book *The Power of Social Innovation* looks at how these tools were altering the landscape in the area of social services. Serving as deputy mayor under New York Mayor Michael Bloomberg allows Goldsmith to put these academic insights into practice. "None of this matters if it doesn't produce real results for citizens," says Goldsmith.

Mitch Daniels and Steve Goldsmith have long demonstrated a passionate commitment for government that delivers great service at an affordable price. As the BFC blog on Governing.com documents, governments across the country are just now embracing these innovative tools for delivering great service for less.

Jayson White works at the Ash Center for Democratic Governance and Innovation at Harvard Kennedy School managing the Urban Policy Advisory Group.

About Better, Faster, Cheaper

Presented by Stephen Goldsmith, Professor of Government, Harvard Kennedy School (on leave), and launched under the auspices of the Ash Center for Democratic Governance and Innovation, Better, Faster, Cheaper provides essential content for anyone who cares about public sector innovation.

The site includes contributions from some of the best thinkers and practitioners working in the field today.

From public works and infrastructure to social services and the environment, this site offers ways to improve services and lower costs. It captures the latest in cutting-edge technology, innovative policy approaches, and creative partnerships between government and the private sector.

Better, Faster Cheaper is the among the latest projects for Professor Goldsmith, who currently serves as deputy mayor of operations for New York City and is a former two-term Mayor of Indianapolis. As Director of the Innovations in American Government Program, Professor Goldsmith has been covering ideas that make a difference, and this site will build on that work. Geared toward an audience of state and local officials, mid-level managers, public employees, vendors, good government groups and interested citizens, the site encourages the active participation of readers.

Contact Us:
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HARVARD Kennedy School
ASH CENTER
for Democratic Governance and Innovation

Learning from the Laboratory of Fiscal Reform

The Bradley Working Group on State Finances met in Indianapolis on October 26, 2010, as a joint effort between the Bradley Foundation and Sagamore Institute to gather together some of the nation's brightest minds on state economic and fiscal issues.

Why?

Because the majority of U.S. states are in a financial mess.

Susan Stinn

Members of the Bradley Working Group convened at Sagamore Institute to develop recommendations for better state fiscal policy.

The group met with leading officials in Governor Daniels' administration to learn from the Midwest's laboratory of fiscal reform: Indiana. Under Governor Daniels' leadership, the state has generated hundreds of millions of dollars in savings through competitive outsourcing and aggressive cost-cutting, all of which were well underway before the financial crisis of 2008. As a result, Indiana has weathered the crisis better than most states, many of which suffered as a result of the bureaucratic profligacy that often overtakes a government when times are good. The rating agencies have rewarded Indiana with its first AAA rating, making it just 1 out of 11 states in America to meet the high standard.

In its general discussion, the group focused on identifying the main sources of states' fiscal crises and then turned to some potential solutions that policy makers and private sector leaders could consider adopting.

Key insights that emerged from the day:

Policy makers in Washington and at the state level need to understand the roles that spending and debt play in states' fiscal conditions. There is a lot of focus on debt these days, but in many cases, the bulk of states' fiscal problems stems from out-of-control spending more than from debt.

We need policy makers to adopt a principled resistance to the "bailout temptation." The idea that the federal government may need to bail out large troubled states such as California and Illinois receives more support from policy makers and advisers across the ideological spectrum than one might think. Given that spending is at the heart of so many states' poor fiscal conditions, state bailouts would reward profligacy and set a dangerous precedent.

Incentives need rewiring across the board. For instance, states would do well to consider constitutional spending caps, and the federal government should ensure that no stimulus funding goes to public payroll support. Any stimulus funding should, in fact, have more rather than fewer strings

Susan Stinn

The group also met with Mitch Daniels to discuss his monetary philosphy and policies. Pictured above: Bradley Foundation representatives Michael Hartmann (left) and Dan Schmidt (right) with Daniels (center).

Susan Stinn

Sagamore fellow Ryan Streeter (center) led the group discussion.

attached to the use of the funds to ensure that taxpayer dollars go to productive activity. Too many states are hardwired to increase spending on nonproductive objectives.

Policy makers need to understand how municipal debt practices have changed and to be open to a range of possible reforms. While states have begun using debt for such activities as budget deficit support and other nonproductive activity, we have also seen an explosion in foreign investment in state and local debt. The federal government's behavior suggests that it will treat foreign-held state debt as a "too big to fail" issue and intervene when states run into trouble. Without a statutory ban on such bailouts and other reforms, investors will continue to treat such debt as backed by the U.S. government.

Finally, the growing curse of state pension dysfunction cries out for reform. As mentioned above, spending is a greater threat to long-term state sustainability than debt in most cases. The flawed assumptions on which pension benefits are calculated as well as the outdated policies that govern payments to retired workers all need reform, not just as a matter of modernization but as an economic growth issue. Unreformed pension policy will increasingly be directly related to credit rating downgrades, business flight, and population outmigration.

Sagamore Institute, under the direction of Ryan Streeter, will continue this effort in collaboration with working group participants.

Bradley Working Group on State and Municipal Finance

Ryan Streeter, facilitator
Distinguished Nonresident Fellow, Sagamore Institute

Josh Barro
Walter B. Wriston Fellow, Manhattan Institute

Joe Bast
President, Heartland Institute

Stephen Entin
President and Executive Director, Institute for Research on the Economics of Taxation

Nicole Gelinas
Searle Freedom Trust Fellow, Manhattan Institute

Michael Hartmann
Director of Research and Evaluation, The Lynde and Harry Bradley Foundation

Jay Hein
President, Sagamore Institute

Joe Henchman
Tax Counsel and Director of State Projects, Tax Foundation

Michael LaFaive
Director, Morrey Fiscal Policy Initiative, Mackinac Center for Policy Research

Christopher Papagianis
Managing Director and Policy Director, e21

Neil Pickett
Director of Health Policy Research, Clarian Health

Chuck Preston
Program Officer, Lilly Endowment

Daniel Rothschild
Managing Director, State and Local Policy Project, Mercatus Center

Christopher Ruhl
Director, Indiana Office of Management and Budget

Mark Schill
Managing Editor, Praxis Strategy Group's NewGeography.com

Daniel Schmidt
Vice President for Program, The Lynde and Harry Bradley Foundation

Fred Siegel
Senior Fellow, Center for Civic Innovation, Manhattan Institute

Bret Swanson
President, Entropy Economics

Jayson White
Manager, Urban Policy Group, Ash Center for Democratic Governance, Kennedy School of Government, Harvard University

Jonathan Williams
Director, American Legislative Exchange Council's Tax and Fiscal Policy Task Force

AMERICA: THE LAST BEST HOPE

By Dr. William J. Bennett

The great American historian David McCullough recently testified to a terrible secret about what is happening in America's classrooms. While we hear much about how U.S. students are falling behind the rest of the world in math and science competency (and that is indeed alarming enough), McCullough pointed out that students fare even worse in American history education—more than 50 percent of our nation's high school seniors are functionally illiterate in American history. As inheritors and protectors of this country, this is a shame for them and a concern for the future of our Republic. That is why I have written a series of textbooks called

America: The Last Best Hope. How can we ask the next generation to fight—and possibly die—for a country they do not know? We are, right now, making aliens of our own citizens.

Where and when your past is denied to you, especially a past that is the second greatest story ever told and the greatest political story of all time, making home-grown aliens is exactly what we are doing. As a great Eastern European intellectual once said, "The American Revolution is the only revolution that did not betray the hopes of its children." Instead, though, today, our entire system of education is denying the story of the American Revolution, and everything that came after it, to its own children.

The problem is precisely this, and it is not our children's fault. Our country's adults are expected to instill a love of country in its children, but the greatness and purpose of that country are mocked by the chattering classes: Newspaper columns and television reports drip with a constant cynicism about America while doubts about her motives on the world stage are the coin of the realm. Too many commentators are too ready to believe the worst about our leaders and our country, and our children's history books — and even some of the teachers — close off any remaining possibility of helping children learn about their country.

When was the last time you caught your son or daughter staying up past bedtime reading a history textbook by flashlight under the covers?

Many of our history books are either too tendentious, disseminating a one-sided, politically correct view of the history of the greatest nation that ever existed; or worse, they are boring, providing a watered down, anemic version of a people who have fought wars at home and abroad for the purposes of liberty and equality, conquered deadly diseases, and placed men on the moon. As McCullough put it, to make our story boring, to water it down, is nothing less than an intellectual crime.

Am I asking that we paper over our black eyes and birthmarks? Of course not. Have we done terrible things? Absolutely. Are there great stains on this history? Yes, indeed. But overall, if you judge a country as you judge a man—in the totality of its actions—I believe it is as Lincoln said shortly after Antietam: "We shall nobly save or meanly lose this last best hope of earth."

It was Daniel Patrick Moynihan who introduced me to the U.S. Senate hearing considering my merits to become chairman of the National Endowment for the Humanities. Listen to what this

Celebrating American Ideas

On March 25th, 2010 Sagamore Institute hosted its first annual "Celebrating American Ideas" gala. Former Secretary of Education and renowned author **William J. Bennett** gave a rousing keynote address on the American idea of democracy and the role that rests upon the shoulders of citizens to learn our nation's history in order to define and defend our freedom. This essay published in *American Outlook* is taken from the speech he gave at the gala and provides an overview of his hugely successful three-volume narrative history textbook, *America: The Last Best Hope*.

In addition to highlighting Bennett, Sagamore awarded its first **Celebrating American Ideas Award** to the **Navajo Code Talkers**, a group of Native American sheepherders and farmers who transformed their ancient language into an indecipherable military code during World War II and played a unique role in bringing the Allied forces to victory.

Navajo Code Talkers, American Heroes

Japanese intelligence experts broke every code the U.S. forces devised in WWII, until a small band of modest Navajo sheepherders and farmers transformed their ancient language into an indecipherable military code. They wanted to defend their land, their people, their country.

It all started with an idea by Phillip Johnston who was a World War I Veteran and the son of a missionary. He was reared on the Navajo reservation and spoke Navajo fluently. Johnston recognized the language had the potential to be an indecipherable code: it was an unwritten language of extreme complexity with no alphabet or symbols.

Answering Johnston's call, a small band of Navajos became U.S. Marines. The code they designed is the most successful ever invented in U.S. military history and it was used to transmit secret communications in the Pacific theater from 1942-1945. Major Howard Connor, declared, "Were it not for the Navajos, the Marines would never have taken Iwo Jima.

What started as patriotism ended in heroism. Their unbreakable code transformed the course of modern history, saving countless lives and hastening the end of WWII.

LJ Seidman Photography Ltd.

wise old American statesman had to say about his country: "Am I embarrassed to speak for a less than perfect democracy? Not one bit. Find me a better one. Do I suppose there are societies that are free of sin? No, I don't. Do I think that ours, on balance, is the most incomparably hopeful set of human relations the world has? Yes, I do. Have we done obscene things? Yes, we have. How did our people learn about them? They learned about them in television and in the newspapers."

These words form the introduction to my first volume on American history. We tell the story of America and we tell it truthfully. I am very proud that the reviews of my book, all across the political spectrum, have concluded that they tell America's history in a fair way. But the main object of my texts was not to avoid causing a food fight at the annual gathering of history teachers, but rather to not write another history of the United States that is so dreadfully boring.

Again, this is the most exciting story ever told in political history, and it is sadly ironic that most of our books are painful to read. Said another way, when was the last time you caught your son or daughter staying up past bedtime reading a history textbook by flashlight under the covers?

I spent a lot of time in this book on Frederick Douglass, who is largely unknown to too many children, including and especially, black children. This is an incredible guy who wrestled his overseer to the ground and escaped to Massachusetts. A man who climbed through windows of the White House to visit presidents. A man who refused a bid for president himself, so he could support Ulysses S. Grant.

Douglass was a man who argued with Elizabeth Cady Stanton and Susan B. Anthony when they challenged by saying, "Why aren't you supporting us the way we are supporting you?" His response: "Because they are not lynching you. Your time will come, too, but ours has a prior claim." What an interesting debate between a vigorous, strong, and eloquent black man with a couple of very persuasive women.

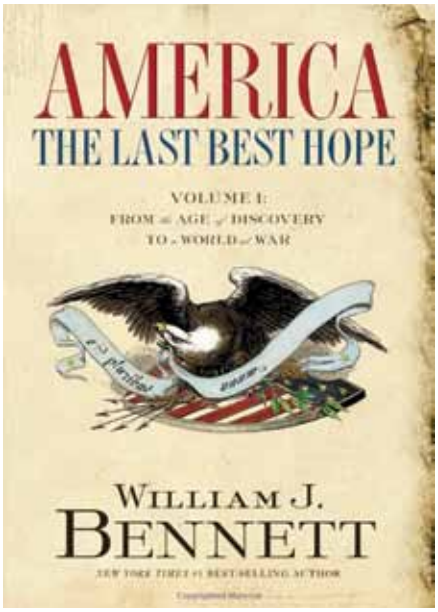
My favorite Douglass story, which I tell in the book, should be irresistible to any boy: Douglass bought a first-class ticket on a Massachusetts train only to have the conductor come through with two of his heavies and say, "You've got to get out of the first class section, it's not for you." Douglass wrestled with the two enforcers, as well as the conductor, before finally losing and was thrown off the train. But when he gathered himself on the platform, he was holding the seat. Curious bystanders approached him, and he simply stated, "I paid for this seat and I am taking it with me." This is a great story and a wonderful way to start talking about all that happens before him and after him, as well as his debates with Lincoln. Yet, this is a great story, and a great man, that is simply absent from our history books.

People need to understand that this country is a hopeful one. We must give an honest account of it of course, and then each of us must make it our own.

Here's another one: The pope recently visited Washington to a warm reception, but that would not have been the case had he arrived 225 years earlier. As commander in chief of the Continental Army, General George Washington firmly ordered his soldiers not to celebrate "Pope's Day." Was this Washington's early attempt to separate church and state? Hardly. It had become a New England tradition to set afire effigies of the pope, and (yes, it gets worse) they were filled with live cats whose screams were said to be those of the popes from their demise. Washington knew that the Continental Army swarmed with Roman Catholic soldiers, and he wisely put an end to such bigotry. He not only put an end to Pope's Day in the military, he put an end to Pope's Day in America.

It was also Washington who recognized the Hebrew congregation of Newport, Rhode Island. This was the first time a public official publically recognized the equality of the Jews in the Commonwealth.

These are great and important things, and our kids need to know them. And they will listen if we trade boring memorization of sterile historical dates with the vitality of these stories. One of ways I illustrate the youthfulness of the American Experiment is to note that we have lived longer under our form of democratic government than any people in the history of the world, yet we are still a very young country. Consider this: as a young boy, Oliver Wendell Holmes met veterans from the Revolutionary War; as an older man, he hired Alger Hiss to work for him. Alger Hiss died just over ten years ago. That is the reach—and youth—of this great nation. The extent of this one man's arms stretch from beginning to end of our youthful American history.



There is a joke I tell in the book about an Englishman who went to the British Museum and requested a copy of the French constitution. The clerk replied, "I'm sorry, sir, but we don't keep periodicals here." We do better here, of course. Yet we are not much past the preface and early chapters of our own story. We have done a lot, but there is much more of our story and it is today's students who will have teach it to those who usher in the 22nd century. It is such inspiration that caused me to write the book. It was written out of a certain sense of romance for this country. It is the case that dreams do come true here. Some don't, but many do.

It was also written to correct the record on a number of fronts. And it was written ultimately to counter the cynicism. There is just too much cynicism on the right and the left. This is dangerous because, as Oscar Wilde said, "Cynicism corrodes." People need to understand that this country is a hopeful one. We must give an honest account of it, of course, and then each of us must make it our own.

When I became secretary of education, the best piece of advice I got was from my wife, who formerly taught elementary and special education. She told the nation's schools' chief, "Don't just stand there and make pronouncements. Find out what you're talking about first, now that you're in the cabinet." I said, "Why should I be different than the other guys?" And she said, "You're the secretary of education. Do your homework."

She then instructed me to go into classrooms, ask teachers if they will let me teach a class, and get a teacher's evaluation from the kids and their parents. My retort—"Elaine, I am the secretary of education for the United States, I do not do retail, I do wholesale"—was met with a retort of her own. The daughter of a good businessman, she said, "Do good retail, and you will do better wholesale." So off I went to 130 classrooms as a way of paying honor to the teachers and to learn firsthand their challenges and aspirations.

These teachers, students, and parents taught me a lot, especially as I engaged them in civics and American history. For example, I like to challenge seventh graders with this question about the Declaration of Independence: "Which is the most important of these words, 'We hold these truths to be self evident' or 'that all men are created equal?'" Or I'd ask an eleventh grader to pick two or three of the Federalist Papers they deem most important. Upon finishing a Federalist Papers lesson in California, a young woman raised her hand and said, "You really love this country, don't you?" I said "Yes, I do." She asked me why, and I told her that it's a long and complicated story, but this is a country unlike any other—where dreams really do come true.

But to live that dream, to know what hope we convey, and to teach it from generation to generation, we must describe it, appreciate it, and learn to fall in love with it all over again. Thankfully, historical amnesia still has a cure. Let us begin the regimen now.

William J. Bennett is the author of many books, such as The Book of Virtues *and his three-volume history textbook* America: The Last Best Hope. *During the 1980s, Dr. Bennett served as the chairman of the National Endowment for the Humanities and as U.S. secretary of education. Dr. Bennett is now the Washington Fellow of the Claremont Institute.*

Expanding Peace and Opportunity in Africa

By Senator Dick Lugar

The following is an adaptation of a speech delivered by U.S. Senator Dick Lugar at Sagamore Institute on Thursday, October 21, 2010.

In recent years there has been expanded recognition in our country and in our state of Africa's relevance to our national security. We see more clearly in the post-September 11 world how our own well-being is connected to progress on the African continent. Americans are coming to understand that a stable and prosperous Africa can better cooperate on a range of shared concerns, from weapons proliferation and terrorism, to environmental challenges and contagious diseases.

Beverly Saddler

Senator Lugar co-introduced the Energy Security Through Transparency Act (2009) which increases transparency on dollars spent in Africa and reduces the possibility of corruption.

Partnering with Africa

In 2004, Congress passed a bill that I had introduced to expand the Africa Growth and Opportunity Act, known as AGOA. An additional extension of AGOA was signed into law in 2006. Thanks to AGOA, the African textile industry now employs tens of thousands of workers. Moreover, non-oil trade between the United States and Africa has expanded significantly. AGOA provides a framework through which African businesses can more easily develop partnerships with U.S. companies. Ultimately, the goal should be to fully integrate Africa into the global trading system.

Disclosing Payments

In 2009, with Senator Ben Cardin, I introduced the Energy Security Through Transparency Act. This bill requires all foreign and domestic companies traded on American exchanges to disclose every payment they make to government officials for oil, gas, and mining. Our bill became law last July. It will bolster transpar-

ency surrounding billions of dollars in payments to resource-rich countries in Africa and beyond that are home to more than half of the world's poorest people. As resource companies disclose payments to countries for leases, drilling rights, and other considerations, it will be far more likely that these funds will be used to fight poverty, spur development, and fund legitimate government operations rather than to line the pockets of corrupt public officials.

The passage of this law complements the good government objectives of the Millennium Challenge Corporation, which was established at the initiative of President Bush in 2003. This new approach to assistance prioritizes funding for developing countries that are making improvements in economic reform, promotion of the rule of law, and anticorruption measures.

A stable and prosperous Africa can better cooperate on a range of shared concerns, from weapons proliferation and terrorism, to environmental challenges and contagious diseases.

Developing Vaccines

In 2003, Congress passed legislation to fight the most serious health crisis facing Africa: the HIV/AIDS pandemic. According to the Office of the Global AIDS Coordinator, the President's Emergency Plan for AIDS Relief, known as PEPFAR, has directly supported life-saving antiretroviral treatment for more than 2.4 million people. They represent more than half of the estimated four million individuals in low- and middle-income countries on treatment. Before the program began in 2003, only 50,000 people in all of sub-Saharan Africa were receiving life-saving antiretroviral drugs. Today, five times that many are being treated in Kenya alone, and more than ten times that original figure are being treated in South Africa.

In 2008, I joined with other members of Congress in crafting a bipartisan reauthorization of the program. The bill preserved the best aspects of the original legislation and provided flexibility to address each country's epidemic without a "one size fits all" approach. Ultimately, the goal is to move the program from emergency status to country ownership and sustainability. Because Africa cannot treat its way out of the disease, the 2008 bill continues to emphasize prevention programs. A big part of prevention is encouraging medical research on developing better drugs and, ultimately, a vaccine.

We are closer than ever to developing effective vaccines for malaria, tuberculosis, and HIV/AIDS. Around the world, there are multiple human trials demonstrating the potential for an effective malaria vaccine. Malaria is not only a major killer in developing countries, it also is a contributor to poverty. A reduction in malaria will increase economic growth in developing countries by diminishing the number of workdays lost to the illness or to caring for an afflicted family member. We have already seen examples, such as Zambia's sugar industry and Ghana's gold industry, where productivity has increased in concert with reduced malaria infection rates.

This summer at the HIV/AIDS conference in Vienna, Austria, reports emerged of clinical trials for an antiretroviral microbicide that showed moderate success against transmission of HIV. Researchers believe that this indicates that an AIDS vaccine is more viable than originally thought. The advancement of a vaccine could make the hope of an AIDS-free generation a reality.

Boosting Food Productivity

One area of the African economy that is showing insufficient progress is food production. A dangerous confluence of factors, including volatile energy costs and increasing water scarcity, threatens to severely limit food production in Africa, even as population levels increase.

The problem in Africa reflects broader global trends. Between 1970 and 1990, global aggregate farm yield rose by an average of 2 percent each year. Since 1990,

however, aggregate farm yield has risen by an annual average of just 1.1 percent. Equally troubling are sharp cutbacks in research into new technologies, farming techniques, and seed varieties that could increase yields, cope with changing climate conditions, battle new pests and diseases, and make food more nutritious. In addition, the trade policy of both developed and developing countries has too often focused on protecting domestic farmers, rather than creating well-functioning global markets.

The food production problems in Africa have been exacerbated by sharply declining donor investment in agriculture in recent decades. Donor aid to the African farm sector plunged from $4.1 billion in 1989 to just $1.9 billion in 2006. In 2007, rich countries devoted a mere 4 percent of their foreign assistance to agriculture. Africa's per capita production of corn, its most important staple crop, has dropped by 14 percent since 1980.

These trends have troubling implications for national security and global stability. Hungry people are desperate people, and desperation can sow the seeds of radicalism. Without action, the frequency and intensity of food riots may increase. We almost certainly will have to contend with mass migration and intensifying health issues stemming from malnutrition.

Beverly Saddler

President Jay Hein greets Senator Dick Lugar to the podium at Sagamore Institute's Levey Mansion.

The United States' greatest contribution, however, will come from the energy and compassion of individual Americans who understand that Africa is not an abstraction of poverty, disease, and conflict.

With these factors in mind, Senator Bob Casey and I introduced the Global Food Security Act of 2009, which would make long-range agricultural productivity a top development priority. The bill did not pass in this Congress, but it has served as a practical starting point for those who agree that food security should play a much larger role in our national security strategy.

The United States' greatest contribution, however, will come from the energy and compassion of individual Americans who understand that Africa is not an abstraction of poverty, disease, and conflict. Throughout the United States and here in Indiana, groups are deeply engaged in Africa, performing life-saving services and strengthening the bonds between our nation and the people of that continent. Many of the best innovations in development and global health have germinated out of private missions to Africa.

The next decade must show how the United States worked in partnership with African nations to expand peace and opportunity. We must continue to draw wisdom and strength from each other's endeavors, and look forward to celebrating together the many achievements in Africa that are to come.

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The BATTLE

By Arthur C. Brooks

In my book *The Battle*, I make a claim that can sound a little bit jarring to many ears: America is in a new culture war. This is not the culture war of the 1990s over God, and gays, and guns, and abortions. It's not, as many people in Washington, D.C. would have you believe, a war between Democrats and Republicans. This is a struggle between two visions of America's culture—the vision that says America is based on the culture of free enterprise versus the vision that says America needs to progress to European-style social democracy.

Now, when I say "free enterprise," I am referring to a system in which rewards and consequences of actions are determined by market forces and entrepreneurship. When I say "social democracy," I am talking about a large and growing government, managed economy, and a focus on the goal of greater income equality. Reasonable people can disagree about which is the right system for our country.

This is a struggle between two visions of America's culture: The vision that says America is based on the culture of free enterprise versus the visions that says America needs to progress to European style social democracy.

What I assert in my book is that we are in the middle of a culture war to decide which of these cultural visions should prevail.

Among Washington's chattering classes, there is real confusion about what's going on in Middle America today. "What to make of all these Tea Party protests?" they ask. "Why are people getting so wrapped around the axle about a little change in policy here, a little increase in tax rates for a few people there?" The answer is as profound as it is simple: It's about culture.

It's not just me saying that we're in a new culture war. This is a view shared by none other than the President of the United States himself. Here's a quote from President Obama's commencement address at Arizona State University on May 13, 2009: "You're taught to chase after all the usual brass rings. You try to be on this 'Who's Who' list or that Top 100 list. That has been

part of our culture for far too long. Let me suggest that such an approach won't get you where you want to go; it displays a poverty of ambition." Note that Mr. Obama is talking about changing our *culture* (to no longer pursue "the usual brass rings" of success) rather than just changing our economy. Not everybody grasps this fact. Instead, they consider the administration's policies today as part of an economic argument, an assortment of details about how we're going to conduct business. But the President of the United States is not pretending any such thing. He believes we need to change our priorities, our very way of thinking in America.

What might the Founders say about the "economics and culture" question? Let's turn to Thomas Jefferson, who in 1787 said this: "A wise and frugal government which shall restrain men from injuring one another, which shall lead them otherwise free to regulate their own pursuits of industry and improvement, shall not take from the mouth of labor the bread it has earned." Why should government not take bread from the mouth of labor that earned it? Because doing so would be economically inefficient? No, but because Jefferson believed "it is necessary to close the circle of felicities." In other words, to take the bread from the mouth of the labor that earned it would make us a less happy nation. Thomas Jefferson understood, as did the other Founders, that how we earn our daily bread and the prosaic details of our daily lives is central to our culture.

Jefferson and Obama would disagree strongly about the *desirability* of free enterprise—but would agree completely on its cultural centrality. Many Americans today appear to agree that the free enterprise system is fundamentally cultural. The Tea Party movement, for instance, is based on rebellion against government intrusions into the economy, including bailouts and ballooning debt.

The Nation Speaks

Remember Scott Brown's election victory in Massachusetts in December 2009? Brown won the vacant seat that had been held for more than 40 years by the late Senator Ted Kennedy—and he did it on a platform that made the *moral case* for capitalism. "What made America great?" he asked the Massachusetts electorate. "Free markets, free enterprise, manufacturing, job creation. That's how we're going to do it. Not by enlarging government."

Extraordinary! This was not a politician who was saying "a chicken is in every pot." This was a politician who was saying the government is putting too many chickens in too many pots. He was making an ethical case for the free enterprise system—and won.

So which culture do Americans prefer? The culture desired by our current leaders, whose policies are taking us in the direction of European social democracy? Or a culture based on traditional free enterprise? That's an empirical question, and we can turn to the data for a definitive answer.

In March 2009, the Pew Research Center asked a large

On Happiness and Earned Success

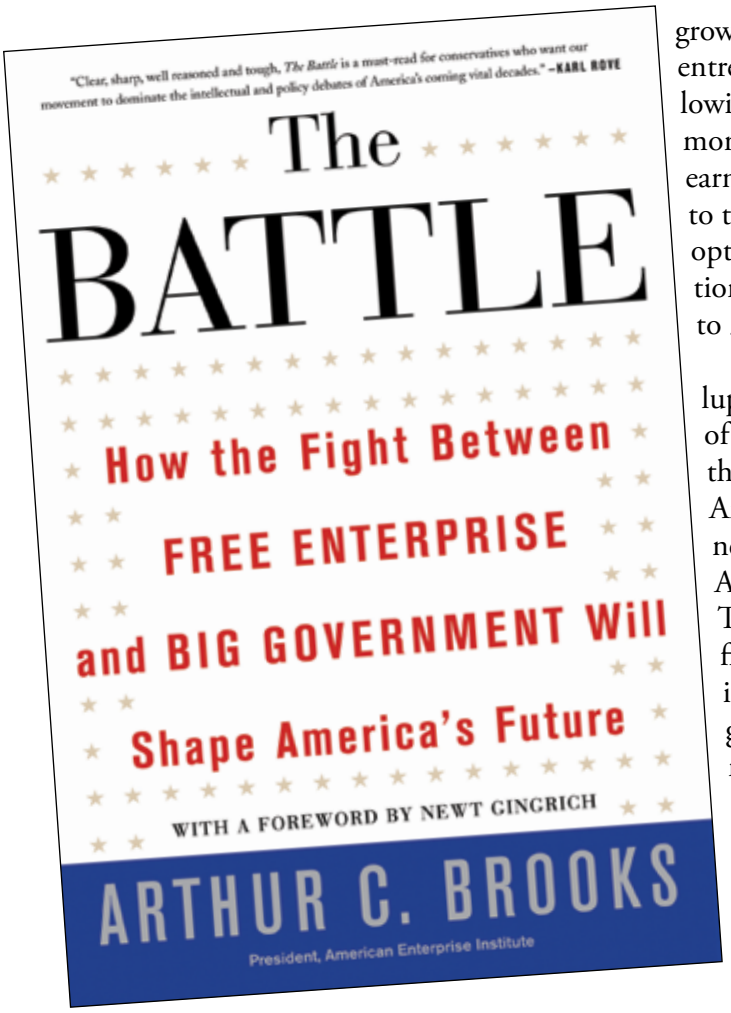
Earned success means the ability to create value honestly–not by winning the lottery, not by inheriting a fortune, not by picking up a welfare check. It doesn't even mean making money itself. Earned success is the creation of value in our lives or in the lives of others. Earned success is the stuff of entrepreneurs who seek explosive value through innovation, hard work, and passion. But it isn't just related to commerce. Earned success is also what parents experience when their children do wonderful things, what social innovators feel when they change lives, and what artists feel when they create something of beauty.

People who believe they have earned success–measured in whatever life currency they want–are happy. They are much happier than people who don't believe they've earned their success. . . In a country like the United States where people are above the level of subsistence, a poor man who believes he has successfully created something of value will be much better off than a rich man who has not earned his success. The big problem is not that unhappy people have less money than others. It is that they have less earned success.

group of Americans the following question: "Do you believe that free markets are the best way to organize the American economy, despite severe ups and downs?" Seventy percent of Americans said *yes*, 20 percent of Americans said *no*, and 10 percent said *didn't know*. In January 2010, Gallup asked whether people had a positive image of the free enterprise system: 86 percent said *yes*.

Free enterprise is popular in America. But redistribution—a central facet of social democracy—is immensely *un*popular. The Ayres, McHenry, and Associates, Inc., polling corporation asked whether respondents believed government policies should (a) promote fairness by narrowing the gap between rich and poor, spreading the wealth, and making sure that economic outcomes were more equal, or (b) promote opportunity by fostering job growth, encouraging entrepreneurs, and allowing people to keep more of what they earned. Respondents to that survey chose option (b) over option (a) by 63 percent to 31 percent.

No matter how you asked the question, the results are stubbornly consistent: America is in fact a 70-30 nation in favor of free enterprise.



Results from Gallup in the middle of 2009 revealed that 76 percent of Americans say business is the source of America's strength. This is a notable finding, considering we had just gone through the most severe downturn in 50 years and the fact that malfeasance and greed were cited on the front page of every newspaper as reasons why America was in so much trouble.

No matter how you ask the question, the results are stubbornly consistent: America is a 70–30 nation in favor of free enterprise.

. Now, compare this to our European friends. Here's a question that a lot of international surveys ask: "Do you believe that the government should redistribute more income from rich to poor?" If you ask Americans this question, about 33 percent say *yes*. If you ask Spaniards, 80 percent say *yes*. That, in a nutshell, tells you the *cultural* difference between the two nations.

This difference has been playing out in protests on the streets of Europe and America. But note who is protesting in America, and who is protesting in Europe? In America, Tea Partiers have been protesting government's encroachment on the free enterprise system. They're objecting because the government is spending too much money in bailing out too many people. Why have people been protesting on the streets of Greece and elsewhere in Europe? They're protesting because the government is not giving them enough stuff; in the face of the worst economic, perhaps existential, crisis in decades, government won't pay off the lavish pensions the people feel entitled to.

Seventy percent of popular opinion in favor of free enterprise in America is a strong majority. So why does it appear the 30 percent are in charge? In fact, in my view the 70 percent haven't been in charge for a very long time.

Consider the most recent Republican administration,

voted into power by many of the 70 percent. On its watch, we saw 55,000 spending earmarks, none of which were vetoed by President Bush. In addition, the administration advanced the largest expansion of entitlement spending in American history in Medicare Part D, as well as a 50 percent increase in the size of the U.S. Department of Education.

Here are two strategies I would recommend to the 30 percent coalition if it wants to change American culture for good. The first is to increase the percentage of Americans who pay nothing for the running of the state, particularly *young* Americans. In other words, make sure that a bigger and bigger percentage of our citizens have no skin in the game at all. Right now, 38 percent of working Americans have no federal income tax liability. By January 2011, when the current administration's tax reforms come into play, the number of people who have zero federal income tax liability will increase to 47 percent—and it's only going north from there. There's no reason to think that that this trend will ever change, unless we fundamentally transform our tax outlook.

What do Americans think of this state of affairs? Two-thirds of us believe that participating financially in the tax system is part of what it means to be a citizen. It engenders a sense of responsibility for people's actions. It helps us all remember that government isn't free.

The second strategy that will change America for good is to elevate the public sector over the private sector. A great way to accomplish that objective is to pass out a lot of government jobs. The Bureau of Labor Statistics recently reported that only two sectors in the American economy have unemployment rates below 6 percent: unpaid labor (volunteers) and government workers. Last year, the federal government created 13,000 new jobs, and it doubled the number of federal jobs that pay $100,000 or more. Today, the average government worker earns $71,000 a year. The average private sector worker earns $41,000 a year.

On Free Enterprise and American Identity

When we reduce the idea of work to nothing more than a means of economic support, we strip it of its transcendental meaning in our lives. When we talk about business only as an economic engine, we forget that it can and should represent our values and give us a way to improve our world. And when we talk about entrepreneurship as nothing more than a method to attain economic growth, we miss what truly drives entrepreneurs and what (for the time being at least) makes America culturally different from the other nations of the world.

—Arthur Brooks in describing *The Battle*

The Route to Happiness: Earned Success

Why does the 30 percent coalition believe that the free enterprise system is bad for America? They believe that free enterprise does not redistribute wealth enough in society—and that's bad for America because greater redistribution makes for greater happiness. According to this view, if we simply equalize incomes more, we would have a better, fairer, happier society.

There is data to support such a redistributionist view of the world. The General Social Survey conducted by the University of Chicago in 2004 showed that people who earn $75,000 or more are twice as likely to say they're very happy people as people who earned $25,000 a year or less. Every source of survey data available shows that in any particular community, people who are richer are always on average happier than people who are poorer. It doesn't matter if the whole community is rich or if the whole community is poor.

The belief that income inequality is due to factors besides merit is widespread among political progressives. For example, I asked the following question in a 2005 survey at Syracuse University: "Do you believe that hard work and perseverance can overcome disadvantage in life?" Ninety percent of lower-income conservatives said *yes*. Among upper-income liberals, only two-thirds said *yes*.

In other words, a third of rich liberals believe that hard work and perseverance cannot

overcome disadvantage in this country. They believe that the American Dream is a false promise. Fairness, to them, requires income redistribution. And because the deck is stacked against the poor, taxing the rich is no longer just about getting enough money to pay for government. It's about making society fairer, more equal, and more just.

Now that's a pretty logical conclusion to come to. It's also elegant and simple, and it has motivated generations of political progressives here and around the world. But it's wrong, because it misreads the data and it misunderstands the human heart. It's wrong because it leaves out the key variable of our work motivation and life purpose—a variable called "earned success."

Money doesn't matter, absolutely or relatively, when people are asked about the success they think that they are earning and the value they're creating with their lives.

By earned success, I mean the willingness and ability to create value in your life or in the life of somebody else. When we measure earned success, we find that differences in income no longer explain difference in happiness. Money doesn't matter, in absolute or relative terms, when people are asked about the success they think they are earning and the value they're creating with their lives.

Here's an illustration of the importance of the concept of earned success. Imagine I asked you how successful you feel in your profession? About half of Americans say they feel very successful or completely successful in their work lives. Now take two people who are precisely the same demographically—the same religion, the same sex, the same age, the same region of residence, the same number of kids—and both of them say they feel very successful in their professions. But one earns eight times more than the other. They will be equally likely to say that they are very happy people. Remarkably, the entire impact of money is wiped out when people perceive high levels of earned success.

So what about the corollary? This notion of earned success may be well and good, but what about *unearned* success (or at least unearned money)? Maybe it's just as good to get a windfall, such as inheritance, than to earn it yourself.

Survey data reveal that recipients of inheritance money experience euphoria for a short period of time, but that it's soon replaced by lingering doubts. Guilt over unearned success is a recipe for insecurity and unhappiness. The same applies to a welfare check or other government transfers—and especially to winnings from the lottery. Unearned income does not bring lasting joy. The only joy that's attached to income comes from earned success, and the joy is because of the success itself, *not* because of the money.

So what does all of this imply for the notion of redistribution as a means to a better, fairer, happier America? Simply put, redistribution won't get you there. Income inequality per se doesn't cause unhappiness, and income redistribution per se will not increase our level of flourishing. In fact, spreading money and not earned success around actually attenuates the ability, willingness,

and incentives for people to earn their success.

Here's the great paradox of redistribution: While it seeks to increase happiness by spreading money around, it really delivers unhappiness because people have less of an incentive to earn their success. That's why I believe that the free enterprise system is not just an economic alternative. The free enterprise system, which matches skills and passion so people can earn their success, is a moral imperative. It's a positive moral good and not just an economic alternative.

The research shows that it doesn't matter if your earned success is denominated in dollars or something else. In my previous book *Social Entrepreneurship*, I explored this phenomenon. I discovered a whole class of people who didn't have any money to speak of but were really entrepreneurial in the nonprofit sector. Guess what? They were very happy because they were earning their success in explosive rewards that were not counted up in green pieces of paper. Rather, they were getting counted up in the number of souls saved or kids who can read or parks cleaned up. They were counting their rewards in a different denomination, and that's earned success too.

So remember—when we talk about earned success, we're not just talking about money. As a matter of fact, we're not talking about money at all. This is really what our Founders meant when they said that we had the inalienable right to pursue our happiness. We pursue our happiness by living in a system that guarantees the freedom we have as Americans to earn our own success.

Our ancestors did not come to this country because it offered greater government redistribution programs than their home country.

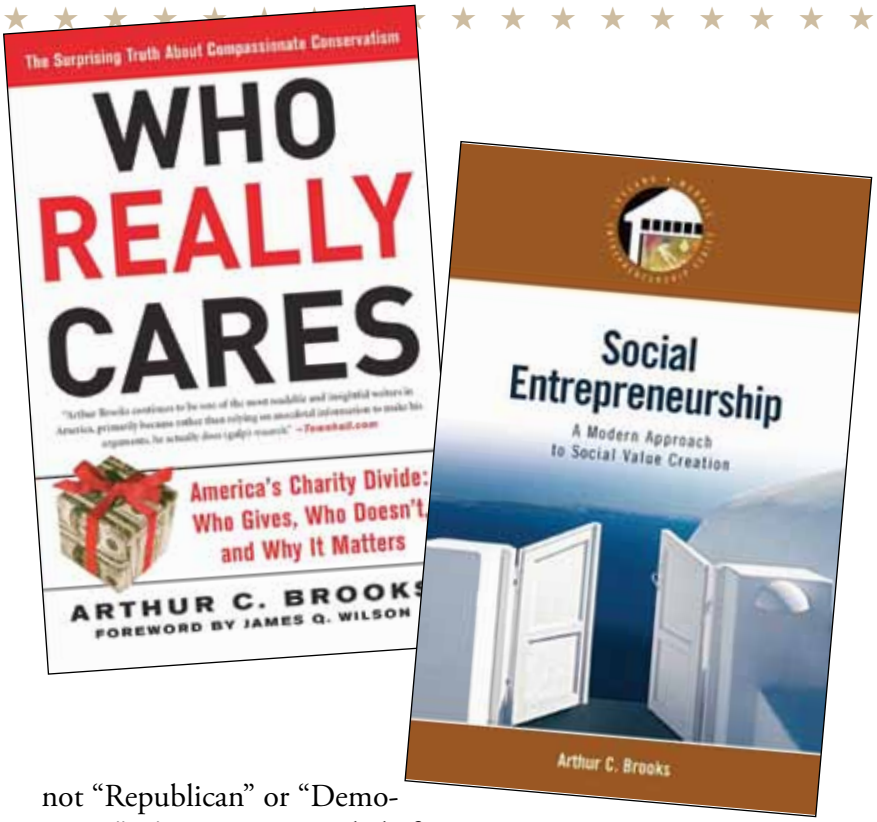
How We Can Win the Battle—and Why We Must

There are three things we can do to fight for the free enterprise system, to engage in *The Battle* (the title of my book). The first is simple—and that is to live according to our principles: to work, to create wealth, to be employed joyfully, and to pass up the government dole. These are ethical propositions. And they reinforce the system that we cherish.

The second way that we fight the battle is by getting involved in the public policy process. The grassroots activities that we see today are an indication that Americans are recapturing a sense that their culture is at risk. But this grassroots activity desperately needs an "intellectualization." It needs robust ideas and involvement with policymakers, holding them accountable when they say they're changing our economy while actually they're changing our culture. It also means getting involved with organizations that have dedicated themselves to this fight.

The third "battle plan" is to make sure we don't lose any more arguments about the free enterprise system. And the way to do that is to get the facts right. Here are the three big things we need to know:

1. The free enterprise system is a mainstream value, a 70–30 belief. It's not just a right-wing thing, not part of the conservative movement, and



not "Republican" or "Democratic." It's a mainstream belief and we have to stand up for it as such.

2. The primary case for the free enterprise system is cultural, not economic. When we get backed into a corner and say that the reason we like free enterprise is because it's economically efficient, that's when we start to lose the argument. The stakes are so much higher than economic efficiency. We have to focus on what the system really means for helping people earn their success.
3. Don't give ground on the fairness question. Over and over again, we've heard the administration argue for more and more redistributive public policy. We've been told that what we really need is a sense of "fairness and balance in our economy." Well, the data tell us that most Americans see fairness as a system that rewards hard work, merit, and excellence, and penalizes free-riding and corruption. That's actually a pretty good definition of the free enterprise system.

If you work harder than your neighbor and you retire with the same amount of resources, that's actually not fair—it's unfair according to most Americans. If you pay your mortgage, even though it's underwater and your neighbor walks away without recourse, that's not fair—it's unfair. We need to take back the entire concept of fairness. Most of our ancestors did not come to this country because it offered greater government redistribution programs than their home country. They came because this country offered the opportunity to earn success and real fairness at the same time.

Here's why I believe the battle is really worth fighting. What we care about in the free enterprise movement is not just efficiency and money. What we care about is happiness and human flourishing. Those are the ideas on which our country was founded. Free enterprise is the best system to allow the most people to achieve the most earned success—and it's this system that has set more people free and improved more lives than any other.

The free enterprise system has led to an unimaginable world of prosperity, as people around the globe have sought the fruits of our system. Then they shared their own earned success via amazing advances in science and medicine that we never would have seen had people not been able to enjoy the rewards of their ingenuity. The education of millions of children, the end of tyrannical and collectivist regimes, and the spread of democracy—these are the fruits of the American free enterprise system.

In my view, free enterprise is the most profound expression of American values and one that has radically transformed the world over the past 200 years. There are Americans fighting and dying today for these values. And it's my view that it's the very least we can do to stand up for these values here at home.

Arthur C. Brooks is president of the American Enterprise Institute. This essay is adapted from a Bradley Lecture he delivered at AEI upon the release of his newest book, The Battle *(visit http://www.arthurbrooks.net).*

Fifty Years of Affirming the Ideal of Individual Liberty

Liberty Fund was founded in 1960 by Pierre F. Goodrich, an Indianapolis businessman and lawyer, with the mission of encouraging a deeper understanding of the requisites for restoring and preserving the ideal of a society of free and responsible individuals. Upon his death in 1973, Mr. Goodrich left most of his estate to the foundation for the purpose of exploring the many dimensions of liberty. Fifty years after its founding, Liberty Fund remains uncompromisingly committed to individual liberty in all of its dimensions.

Pierre F. Goodrich

A man of extensive intellectual interests, Mr. Goodrich reflected deeply upon the human condition, and his philosophy guides the foundation. He observed that human beings are far from perfect and have only a partial understanding of their own nature and their own places in the world. Institutions, as creations of imperfect humans, are necessarily fraught with imperfections as well. Mr. Goodrich was particularly concerned with the corrosive nature of power and the intellectual hubris among those office holders; these things, he thought, created pretensions of certainty about the nature of the world and tempt leaders to advocate preposterous and dangerous "solutions." This abuse of reason yields restrictive institutional arrangements that concentrate political and economic power. Such concentrations invariably erode liberty itself and the moral values necessary for the exercise of individual liberty.

The responsible course of action in an imperfect world, Mr. Goodrich believed, consists of making those choices that favor liberty from among the imperfect options available. He thought that a commitment to liberty in all its dimensions (among them intellectual, religious, economic, and political) offers the best chance to fragment and decentralize power and to release individual, creative potential. Moreover, he saw individual liberty as necessarily entwined with individual responsibility, and he thought that bearing the consequences of one's choices is an essential dimension of the exercise of liberty.

Liberty Fund is an educational foundation, reflecting Mr. Goodrich's belief in the centrality of education. He understood learning as an ongoing process of discovery, not limited to traditional institutional settings or to specific ages. Education, in his view, is a lifelong responsibility of each individual. Education in a free society also requires a dialogue centered in the great ideas of civilization, for critical readings of the great ideas of the past can help illuminate what liberty means today.

Stimulating conversations about liberty has been the mission of Liberty Fund for the past fifty years. Today, the foundation continues Pierre Goodrich's vision by hosting conferences that facilitate the full and open exchange of ideas in a roundtable format, by publishing classic books on themes relating to human liberty, and by maintaining the Online Library of Liberty website—a collection of electronic volumes by authors from ancient Sumeria to the present day.

Stagnant State or Innovation Nation?

By Stephen Jordan

Sometimes politics is a muddle, but we are fortunate that the past two years have helped clarify the choices we face as a nation for our future development. On the one hand, there are those who think that progress would be to embrace more statism along the lines of the European social democratic experiment. On the other hand, early adopters across the country are promoting an embryonic "Innovation Nation" agenda. I would submit that increasingly. the statist approach will give way to these new solutions that are meeting success in many communities across the country.

In some ways, the Obama administration is behind the times. In its effort to embrace statist solutions, it is failing to appreciate how many countries are suffering difficult transitions away from the statist model right now. France, Greece, Germany, and Spain have all been paralyzed recently by various strikes. Greece's sovereign debt is now rated at junk bond levels. What countries like Portugal, Ireland, Iceland, Greece, and Spain, the so-called PIIGS, have discovered is that redistributionist policies are ultimately unsustainable. As Margaret Thatcher famously said, "socialism works until the government runs out of other people's money."

Innovative Policies

As the United States has racked up significant debt with a "stimulus" that in effect has massively increased public sector employment, while the private sector has stagnated, it is easy to see why consistent majorities have felt like the country is on the wrong track. We know what we don't want.

However, who is articulating what we want to

be? Who is providing a vision of the future that we want to proceed toward, rather than run away from? An alternative view of the future is emerging in various places around the country. Cities and regions are growing because they are implementing innovative policies. These include:

If you cut taxes, you enable existing businesses to hire more people or reduce their prices, but you don't necessarily create new business.

1. *Investment in knowledge capital*. Many companies that I work with believe that this is one of the reasons why North Carolina has evolved so dramatically over the last 50 years. The Research Triangle Park initiative, early childhood initiatives, competitive school reform, teacher training, and incentives to embrace higher education have transformed the productivity of the region.

2. *Investment in connectivity*. Hartsfield airport in Atlanta has become the busiest airport in the country. Memphis has become a major logistics hub. Their economies have changed, not just because they are seen as destinations, but because they are seen as connected.

3. *Investment in innovation and research and development* (R&D). Public, private, and community leaders are increasingly looking for ways to promote science, engineering, technology, design, and other disciplines that lead to breakthroughs, new markets, and other social benefits.

4. P*romotion of entrepreneurship and the development of small and medium-sized businesses*. What is fascinating about Phoenix and Los Angeles is not the fact that they have grown so rapidly over the past 20 years, it is that they are driven so much by new business and young business. 60 percent of all jobs in the United States are created by enterprises with 500 or fewer employees, and the success of the growing regions of the country is in part due to their hospitality to entrepreneurship and innovation.

5. *The alignment of individual benefits to individual effort as closely as possible*. Open-ended entitlements have been a particular thorn for many governments and old-line companies, but increasingly companies are transitioning to defined contribution plans and other mechanisms like annuities that tie institutional obligations to individual effort and don't overly burden future workers.

6. *Realignment of the relationship between the public and private sectors*. The new model is not to condemn the public or private sectors, or to confuse effective government with big government, but to identify the best roles for each institution. Innovative agencies are increasingly exploring how to structure markets to achieve desired goals, not participate in the markets.

7. *Promotion of human dignity, personal responsibility, and a culture of service*. In an era where a handful of individuals can kill thousands of people, cripple critical infrastructures, or jeopardize peace, it is a vital matter of public safety that personal responsibility is inculcated throughout society. Policy makers increasingly recognize the importance of creating reciprocal social bonds through volunteerism and public service.

No one has put all of these policies together, but many of them have coalesced in Indiana dating back to the time of Mayor Stephen Goldsmith. Today, many of these ideas are embodied by Indiana Governor Mitch Daniels, which is one of the reasons his potential as a presidential candidate in 2012 is generating interest in some nontraditional quarters.

This is a very distinct approach from the one pursued by both parties for the past decade, which has tended to focus on fiscal and monetary policy and state services. If you cut taxes, you enable existing businesses to hire more people or reduce their prices, but you don't necessarily create new business. If you invest in government interventions, you may prop up the housing market, but you also create barriers to entry for new solutions.

Rather than settling for marginal growth or the creation of bubble economies by the crude use of fiscal and monetary policy or promoting redistribution and stagnation through government intervention, the new emerging policy agenda focuses directly on promoting productivity platforms that spur new product development, connectivity, and technological improvements.

New Frontiers

There is another issue to consider. As a country, the United States has always done very well exploring new frontiers. In fact, almost every burst of disruptive growth in the United States has come about because of the opening up of some new frontier. Think about how the United States has grown by pushing against the western frontier or by embracing frontier technologies like the railroad, telegraph, and telephone, and reinvented these frontiers in the era of the automobile and the Internet.

We are now at the cusp of exploring five new frontiers: virtual, material, biological, environmental, and aerospace. The rapid evolution of the digital universe is incredible.

If you cut taxes, you enable existing businesses to hire more people or reduce their prices, but you don't necessarily create new business.

Nanotechnology is exploding as well, and with it the promise of whole new approaches to materials, construction, clothing, you name it. While some people worry about food security, some American companies are developing new approaches to farming and agriculture that improve yields and reduce blight. Under Armour, 3M, Intel, and Nike are just a few of the companies that are experimenting with smart fabrics, tapes, wafers, chips, wires, and other materials in apparel. Imagine fabrics that iron themselves out or repair themselves when they are torn. Telecommunications giants are already salivating at the prospect of self-healing networks.

Biology is also changing. As Joel Garreau reports in his book *Radical Evolution*, Defense Advanced Research Projects Agency (DARPA) is already experimenting with concepts that were once just the realm of science fiction, like telekinesis and self-healing. It boggles the mind, but as gene growth and cell regeneration technologies advance, we won't just have to worry about cloning, we will have to start thinking about the implications of extinct species being resurrected.

Environmental frontiers also have to be addressed. While much of the mainstream media is focused on carbon emissions, we have witnessed unprecedented costs due to natural disasters like Hurricane Katrina, the Cedar Rapids flood, and the wildfires of southern California. The Deepwater oil spill has underscored the need for us to accelerate research to speed up coastal remediation. We need to do a better job of figuring out how we coexist with our natural habitats.

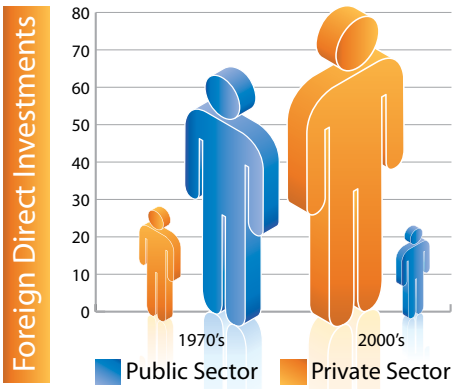
Aerospace is also a frontier that we need to reengage as the space shuttle program changes and private sector investment ramps up. The Boeing Dreamliner is being built from composites that were unimaginable 20 years ago. The X prize was developed to promote private sector investment in aerospace, and it is not hard to envision that space flight could radically change in the decades to come, with profound consequences for how our infrastructure is configured.

Political Paradigms and Change

But to really explore these new possibilities, we need to change our political frames of reference. This is easier said than done. Political frameworks are lagging indicators. Politicians get invested in particular political debates. They develop habits of mind. They poll certain issues and frame questions that work in certain ways. They develop "blind spots" that are hard to see because they are not trained to see them. It is hard to know when legacy systems that have worked well in the past start to become enemies of the future. Political paradigms can last a long time before they wear out.

But the facts are hard to ignore, and sooner or later our politics have to update to reflect our changed situation. It is hard to believe, but when President Reagan began his presidency, our GDP was roughly $3 trillion, and the federal budget was roughly $600 billion. Now, the federal budget is roughly $3 trillion, but our GDP is closer to $14 trillion. In 1980, we basically had three networks and PBS. Now, cable has more than 500 channels. Then, we were just learning about HIV/AIDS and personal computers. The Internet wasn't on anyone's radar. The Soviet Union was our biggest geopolitical threat; China and India were footnotes. The balance between the public and private sectors was slowly shifting, but through the 1970s, the public sector was the source of 70% or more of all foreign direct investment (FDI). Today, the private sector accounts for 80% of all FDI and climbing. The "BRIC" nations—Brazil, Russia, India, and China—are some of the principal magnets for foreign investment. Power in the United States has continued to decentralize with states like Texas, Oklahoma, and Tennessee as likely to be sources of new opportunity as New York or Washington. The ability of the private sector to mobilize capital, human resources, technology, and other assets has changed the equation between the public and the private sectors profoundly.

Big government is not the same as effective government. Henry Clay recognized this in the early 19th century when he first proposed the American system that promoted investments in infrastructure. Abraham Lincoln promoted the land-grant universities. Theodore Roosevelt began the process of preserving our environmental treasures. This new approach to government, the private sector, and civil society, while a departure from current practice, actually has significant ties to America's past. The idea that America was exceptional and that innovation was part of its fabric is part of this historical legacy.



History doesn't proceed in a straight path, but we can either embrace innovation or stagnate, and the latter option really doesn't mesh with the American character. If this analysis is correct, within the next election cycle or two, we may well see a transformative political figure emerge who will have a realigning impact similar to Reagan in 1980, FDR in 1932, Lincoln in 1860, Jackson in 1832, and Jefferson in 1800.

They will speak a new language that reflects the reality of the country at this time, and they will offer up a new vision, albeit rooted in our uniquely American heritage and character, that aligns with the opportunities and threats that so many of us already see developing. They will repudiate the "stagnant state" framework that we are currently in, and embrace the "innovation nation" framework that is both our legacy and our future. We are already seeing early adopters across the country. It is only a question of time before this approach becomes much more widespread.

Stephen Jordan serves as executive director for the Business Civic Leadership Center of the U.S. Chamber of Commerce.

Hope for a Better Economic Future: Some Thrifty Inner-city Kids Are Showing the Way

By Dr. Amy L. Sherman

Photos by StreetSchool Network™

Apparently there is a tiny silver lining in the gray cloud of the Great Recession. Americans are finally starting to save. In summer 2009, the Commerce Department reported that the U.S. personal savings rate stood at 5.7 percent. To the uninitiated, the number may sound unimpressive. But just a short two years ago, the savings rate was at *negative* 1 percent, at the time, the lowest it had been in more than 70 years.

Not only are Americans saving more—they're also spending less. In May, the Pew Research Center surveyed nearly 3,000 Americans. Sixty-two percent had cut back on household spending, and half reported that they've reduced

the debt they held on car loans, mortgages, and credit cards. As a University of California–Berkeley economics professor told the *New York Times* (April 10, 2009), this all implies "a re-emergence of thrift as a value."

If that's true, it's good news indeed. Thanks to the "New Thrift" project of the Institute for American Values, funded by Templeton Foundation and run by the Institute president, David Blankenhorn, we've learned a lot in the past couple years about America's historical commitment to thrift and the great good it brought society. With missionary zeal, Blankenhorn is trying to reinvigorate this forgotten virtue, publishing new books on thrift and calling for the reinstitution of National Thrift Week. That venerable tradition thrived from 1916 to 1966, starting each January 17th on the anniversary of Ben Franklin's birthday. Thrift Week promoted the disciplines of paying bills promptly and having a savings account, and encouraged people to follow a budget, invest wisely, pursue home ownership, and share with others.

While the news from Pew is encouraging, it remains to be seen whether healthier consumer habits by American adults will stick beyond the current economic squeeze. Two reasons augur against it. First, financial illiteracy and irresponsibility run very deep. For example, some 43 percent of American families spend more than they earn each year, per Michael Bohinc's article "Are You Financially Literate?" at ContractingBusiness.com (May 1, 2008). Credit card debt stands at a whopping $915 billion dollars, says Peter Gumball in "The $915 Billion Bomb in Consumers' Wallets" at YahooFinance.com. Personal bankruptcy is increasingly common, per BankruptcyAction.com. Wealthy, middle class, and poor adults have all engaged in unhealthy financial practices (though the practices look a bit different for each group). Second, some contemporary economists think Blankenhorn is wrong to push thrift. They're arguing that Americans need to spend their way out of the economic crisis, as can be seen in Blankenhorn's *Weekly Standard* article "There Is No 'Paradox of Thrift'" (June 15, 2009).

Encouraging Financial Literacy Among Youth

If today's adults don't change, real hope for America's long-term economic future may rest with the next generation. An initial look into its financial knowledge and practices is sobering, though. In its most recent biennial examination of high school seniors' financial literacy, the National Jump$tart Coalition reported a dismal showing: the average test score was 47.5 percent, a solid F. Meanwhile, college kids imitate their parents' bad habits. Half hold four or more credit cards, and according to a recent study by Sallie Mae, the average undergraduate carries $3,173 in credit card debt, as cited in Kathy Chu's article "Average College Credit Card Debt Rises with Fees, Tuition," USA Today (April 13, 2009).

We've learned a lot in the past couple years about America's historical commitment to thrift and the great good it brought society.

Responding to all this, some 38 states now have personal finance standards built into their state education systems. But only 13 states actually require students to take a personal finance course to graduate. The Council for Economic Education worries,

"these 13 states make up only 31 percent of the entire U.S. population, which means almost 70 percent of American K–12 students are not receiving the needed education in this important area."

The Obama administration has jumped on the financial literacy bandwagon. Obama's 2010 budget included $265 million in competitive grants to schools for "Effective Teaching and Learning for a Well-Rounded Education." The program defines a "well-rounded education" as including economic and financial literacy.

Ele:Vating Urban Youth

The invigorated attention to training up the next generation in fiscal savvy is welcome, and as the previous section indicates, necessary. An innovative, privately funded initiative to increase economic and financial literacy among inner-city youth that's been running since 2005 has demonstrated strong promise. Any new programs to nurture thrift and responsible money management should heed its lessons. Those lessons boil down to this: make it relevant, make it easy for teachers to implement, and make it fun.

Led by Street Schools Network (SSN), The Powell Center for Economic Literacy, and Sagamore Institute, the Ele:Vate project (Economic Literacy Education: Vital Asset for Transformation and Empowerment) is developing curriculum, training teachers, and implementing creative, interactive Web technologies to nurture good financial habits among K–12 students. Based on pre- and post-tests, the program has raised financial literacy scores among participating students by 26 percent on average.

From 2006 to 2008, the project focused especially on after-school programs and a few "street schools," small, private schools for mostly low-income, minority kids who are not making it in regular schools. Sagamore Institute led a demonstration project in five cities (East Palo Alto, Indianapolis, Memphis, Miami, and Richmond) that included more than 1,100 youth. Each participating school or nonprofit instituted *Economis*—an online virtual economy created by Central Ohio Youth for Christ—and

an accompanying age-appropriate curriculum of short lessons and games. Participating students receive personal debit cards synced with virtual online bank accounts. They earn currency for participating in positive activities such as tutoring, homework completion, or community service. A weekly paycheck—complete with FICA and other taxes deducted—is directly deposited into their accounts. Then they manage their resources: they can save, invest in CDs, build a stock portfolio, buy products online, or give to charity. *Economis* and its accompanying curriculum build life skills such as delayed gratification, budgeting, and saving.

Infusionomics is contributing to behavioral changes among students, as youth begin making better choices as they understand opportunity costs and the notion of long-term consequences.

"Before I learned the program, I used to spend money like crazy, like there was no tomorrow," admits Cameron Blevins, a sixth grader at Elijah House Academy in Richmond. "When I learned the program, I learned that you really do need money for other things, not just things you want. Because 'no' is an answer."

LaShanda Rorie, an *Economis* implementer in Indianapolis, reports that her high school youth find the program relevant. Following the lesson on the benefits of banking over using check-cashing stores, one teen girl came up to Rorie and said, "Thank you, I needed this."

At the Harambee Christian School in Columbus, the incentives provided by *Economis* have encouraged big changes. Ninety-five percent of the kids now turn in homework consistently. Students also earn points for good behavior in class. With far fewer disruptions, third-grade teacher Jim Flaherty estimates he has gained an average of 2.5 hours of instructional time each week. Principal Alex Steinman credits the program—plus some other curricular changes the school has implemented, as well as its dedicated teachers—for Harambee's impressive academic success. Some 88 percent of Harambee's students are low-income. Its neighboring schools serve a similar demographic. But while students in those schools typically perform at around the 20th percentile on the Metropolitan Achievement Test, students at Harambee routinely achieve above the 50th percentile (i.e., they score higher than about half of all students who take the test). "The virtual economic system at our school motivates and educates our students," Steinman affirms.

"Infusionomics"

The program has now expanded to additional schools in the SSN and has incorporated "Infusionomics," an effort to weave economic literacy principles throughout the mainstream curriculum. Coaches from SSN assist teachers in incorporating "key-

stone economic principles" (such as scarcity, opportunity costs, and "there ain't no such thing as a free lunch") into math, science, social studies, and language arts classes.

The emphasis on economics has led not just to new ways of talking by students, but to many creative, hands-on learning projects as well.

Powell Center director Jennifer Cornell leads the effort and reports that infusing the economic concepts into multiple subjects deepens students' comprehension and helps them see the principles as "relevant to their everyday world." Moreover, Cornell reports, Infusionomics is contributing to behavioral changes among students, as youth begin making better choices as they understand opportunity costs and the notion of long-term consequences.

Participating teachers say there is extra work in sowing the economic principles into their core subjects, but the approach works because they don't have to find extra instructional time for adding an economics class. "It's really difficult to manage the course of a week," explains Anita MacBain, principal at Logan Hope School in Philadelphia. "How do we add something in when we already have English, math, science, history, Bible, art, and gym? With Infusionomics, I can take it and 'web' it through the different curriculums."

Participating administrators also like the program because it fits with their aim of being "holistic" schools. "We're not just educating kids in reading, writing, and arithmetic," says Heidi Cate of the residential Lighthouse Academy in Grand Rapids, "but trying to help them understand everything that it takes to maintain their own lives—from laundry to balancing a checkbook to renting an apartment." At Rockville, Illinois' Lydia Academy, principal Mandy Ross works with tough Latino teens who have been kicked out of the Chicago public schools for truancy, drug use, or gang involvement. What attracted her to Infusionomics was the way the concepts spoke to daily realities and helped youth learn better decision-making processes. What she and teacher Travis Satterlee, both licensed social workers, saw in Infusionomics was "a lot of life skills that the kids need."

Regina Babb from Forest Park High School in Atlanta says she was "a little leery" about Infusionomics at first because she didn't know whether the teens would be able to relate to the concepts. But then she started hearing the students use the vocabulary; it "would just pop up" at different times. Once in a science class, a group of students had failed to bring in needed supplies. A better-prepared group, Babb says, "started considering sharing [their] resources, and they were discussing supply, demand, and scarcity. And just talking about, 'We have what you want. How badly do you want it?'"

The emphasis on economics has led not just to new ways of talking by students, but to many creative, hands-on learning projects as well. At Potters House elementary school in Grand Rapids, Michigan, for example, first grade teacher Beth Vander Kolk engages her kids in entrepreneurial ventures that incorporate lessons in math, language arts, and science. The students have run a major plant sale for the community and conducted an art auction that raised over $1,200 for charity. "The kids' parents have told me that their children talk

with them about earning, saving, and making choices," Vander Kolk reports. "These first graders see themselves as entrepreneurs and investors/risk-takers." Now outsiders view the youngsters in a new light, too, she says. "The community is looking at them not as needy kids but as kids stepping up to risk, save, and produce."

Children at Brinkley Heights School in northeast Memphis were running a pancake breakfast business when I visited there in April. Teacher Jennifer Combs coached the kids in understanding the business' start-up costs and the potential risks of investment, but the children themselves selected the products, cooked up the goods, and ran the cash register. Brinkley Heights principal Tim Cox loves *Economis* and Infusionomics because they are so hands-on. "It's great to explain to kids what they need to be doing and the choices they need to be making," he says. "But it's much better if you actually have a learning lab, something for them to actually participate in."

Cox chose to implement *Economis* and Infusionomics because his school is trying to help students escape generational poverty. "When I heard how the kids would be able to start learning basic economic and financial literacy skills, I just thought it was a great idea. It was exactly what we needed to be doing because I've seen families falling into the same things over and over. We were looking for ways to break the cycle."

During my visit, Cox and I drove about the neighborhood. Within two miles of the school, there are 13 payday lenders, six car title loan stores, three rent-to-own stores, and four pawnshops. Just up the street from the school sits Mo' Money Tax Services, which entices low-income parents with immediate tax returns,, but charges them exorbitant interest rates. "Close to 100 percent of our parents are negatively impacted by predatory lending practices," Cox says.

Changing Culture from the Bottom Up?

The Midwestern foundation underwriting Ele:Vate has a long-standing commitment to economic education, but its involvement with the street schools is a relatively new emphasis. "We believe access to economic knowledge is an inherent necessity for a strong society," explains one trustee. Now the Ele:Vate partnership has extended the foundation's reach, enabling it to "identify underserved populations that lack that knowledge."

Through Ele:Vate, more than a thousand youth in that underserved population are learning the habits of thrift, budgeting, and saving. Their practice of such behavior in the program's virtual economy is spilling over into their lives in the real world. As one parent put it to me, money from the tooth fairy is no longer burning a hole in her son's pocket—it's in his piggy bank. Another mom couldn't have been prouder of her fourth-grade daughter, who saved up for four months for a special purchase in the *Economis* store. Travis Satterlee boasted to me of how his two oldest students from Lydia Academy scored in the top 90th percentile on the National Financial Capability Challenge, a financial literacy exam from the U.S. Treasury Department.

Maybe the kids from the 'hood have something to teach the rest of us.

Dr. Amy Sherman is a senior fellow at Sagamore Institute and author of five books (including Restorers of Hope*). She also serves as a senior fellow for the International Justice Mission and on the Advisory Board of the Christian Community Development Association.*

Big Government, Big Problem

By S. T. Karnick

The rapid political changes of the past couple of years—from landslide rejection of Republicans to landslide rejection of Democrats—seem to have caught most mainstream analysts off guard. First, according to the conventional wisdom, the American people showed wonderful good sense, kicking out the hated George W. Bush. Then, just two years later, all was lost, as voters decisively turned away from the Democrats.

The key to understanding all of this is to look beyond partisan politics. In punishing the Republicans and then the Democrats, the public was reacting to the same thing in both cases: the rapid growth of government throughout the past decade, and a decreasing accountability of that government to the citizenry. The big-government spending spree of both the Bush and Obama administrations and the similar metastasis on the state and local levels transformed what was previously a political conversation into a fundamental, basically cultural dispute over the very role of government. The question became whether government should be about mandating the distribution of resources among the members of society or, on the other hand, creating a framework in which people are free to go about their business without coercion by others.

This argument played out amid an increasing political and cultural bifurcation of the nation into a bourgeois-liberal heartland and a high-population-density progressive enclave confined largely to New England and the West. This was made clear in the November 2010 elections, as a map of congressional results shows, and it seems likely that the nation's persistent economic problems will make this division even more acute in the coming months as fiscal pressures continue to undermine public confidence in government at all levels.

That was not the way the story was supposed to go. The Democrats, with the presidency and large majorities in both houses of Congress, were going to end the war in Iraq, pull the nation out of the recession, cut unemployment, reduce the federal budget deficit, raise housing prices and save people from foreclosure, radically reduce the number of people lacking health insurance, fix the nation's schools, pass a carbon dioxide emissions cap-and-trade bill that would avert catastrophic global warming, and heal the political culture through a devotion to reasoned debate.

The question became whether government should be about mandating the distribution of resources among the members of society or, on the other hand, creating a framework in which people are free to go about their business without coercion by others.

If that list sounds risibly extensive today, it was not presented as such at the time. On the contrary, the problems seemed solvable, as indeed they were. What went wrong was the assumption behind the proposed solutions. Reflecting the belief that government is best fit to decide the distribution of resources among the various members of society, the people were seen as the problem, and government was portrayed as the solution. Under the new regime, the inefficiency of a myriad of selfish, essentially ignorant decisions by individuals and businesses would be replaced by wise choices determined by highly qualified, credible experts and mandated by government.

For example, home ownership would be extended to nearly everyone by the government telling banks whom to give mortgages to, what rates to charge, and when foreclosures would or would not be allowed. And when that resulted in huge losses for the financial institutions, the government would bail them out with tax money confiscated only from the wealthy, and if that wasn't enough, it would print more money. Similarly, the high cost of health care insurance would be remedied by the government setting rational prices for medical services. Providers would be told what to charge for each service or procedure, insurance companies would be told what services they had to offer and at what prices, and individuals would be required to buy insurance so that there would be sufficient money to pay for everything. Any shortfall would be made up by—you guessed it even before they said

it—tax increases on the rich.

Thus the new administration and Congress implemented an extension and expansion of their predecessors' paternalistic big-spending policies. Federal spending has risen from $1.9 trillion in 2001 to a projected $3.8 trillion in 2011. In their first 20 months in power, the Obama administration and Democratic Congress increased the national debt by $3 trillion—compared with a rise of $4.9 trillion in the eight years of the Bush administration, according to the U.S. Treasury Department. The projected debt for 2012, Obama's fourth year in office, is $16.5 trillion—a $5.9 million increase in four years, an astonishing 57 percent hike in the national debt. State and local government spending has risen similarly, from $1.9 trillion in 2001 to $3.02 trillion in 2009 and a projected 3.42 billion in 2011. The result of all this spending: a nascent recovery was halted, the official unemployment rate is close to 10 percent, and Americans have openly begun to worry about being overtaken economically by China and India.

Again, it's important to note that this increase in the size of government transcended partisan divisions. Republicans squandered a fortune and were punished for it in the 2008 elections, and then Democrats sped up the growth of government and were similarly chastised two years later. The real division was not so much between the two political parties as between a large and expanding class of people receiving benefits from government and a shrinking class of people paying for it all. Last year 64.3 million Americans were dependent on government (meaning taxpayers) for housing, food, and health care, according to the Heritage Foundation's 2010 Index of Dependence on Government. And this was being paid for by a shrinking pool of people. In 2008, 43.6 percent of the U.S. population not claimed as dependents by other taxpayers paid no federal income tax, up from 14.8 percent in 1984.

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Scott Hodge, president of the nonpartisan Tax Foundation, was quoted in *Budget & Tax News* as saying his organization's studies "show the top 40 percent of income earners in America are sending $1 trillion to the bottom 60 percent of earners in the form of welfare programs, tax rebates, and the progressive tax code." These huge transfers of money from one citizen to another have done little good, if any, evidenced by the litany of problems that led to the ouster of the GOP in 2008 and the jettisoning of Democrats in 2010. In reality, the problems were being created by government, and the solution was not more government but instead to reverse the policies that had created them in the first place.

I'll give just a couple of examples. The high cost of health insurance is in large part a result of the rise of third-party payment, which prevents users of health care services from being affected by the costs of each particular service. That encourages prices to rise, and it's a result of the federal government's decision to allow tax-free health insurance but not tax-free treatment of all other methods of paying for health care. In addition, state governments mandate that all health insurance policies include coverage for a variety of expensive services and conditions advocated by special interests, hiking the costs to pay for them. And federal law allows states to prevent insurance policies from being sold across state lines, thus preventing competition. The result of all of this government intervention is rapid price inflation, making insurance unaffordable for millions of people.

The housing bubble was likewise caused by government. The federal government pushed banks to extend mortgages to people who were bad risks. The Fed pumped money into the economy, thereby raising housing values and making residential real estate a good investment, which pushed prices up further. State and local governments implemented restrictive land-use policies, driving housing prices still higher. All of that made

housing far more expensive than it was really worth, and unaffordable for many. That led to mass foreclosures, bailouts, and more money printing by the Fed. The problems continue because of such intervention by all levels of government.

The problems were real, but they were absolutely not the result of unfettered markets. There was no such thing in the first decade of the millennium. On the contrary, the nation's problems were actually being created by government. Big government thrives by promising enough people enough favors paid for by other people so that it can achieve voting majorities. Some people want, and get, a good deal more from government than they pay for, but multitudes more are required to support them through confiscated taxes. The latter are willing to put up with it as long as the amount of their coerced overinvestment in government is not too far above the benefits they perceive they're getting. They see it as their public duty, and they are perfectly willing to fulfill it.

However, when government takes a ruinous proportion of people's income and puts it to waste—exemplified by the bailouts, the health care takeover, protracted involvement in Middle Eastern politics, the threat of cap-and-trade, and so on—they see themselves as being exploited. Peter is no longer willing to be robbed to pay Paul. The public moves to vote the government out and replace it with people who they think are more likely to manage things such that the overall cost of government is less grossly out of line with the total perceived benefits.

The *Wall Street Journal* summarized the situation aptly after the election:

And while Mr. Obama has campaigned on the robust role government can play in people's lives, a majority of Tuesday's voters said government was doing too many things.

Yes, indeed, and the "too many things" the government was doing have been creating problems, not solving them. What the public has been clamoring for in the past two elections is a government that protects them from evils but doesn't attempt to run everybody's lives, one that isn't so eager to take money from a diminishing number of productive people and "spread it around" to others. It's that simple. And until such a government is in place, further political, social, and fiscal turmoil seems inevitable.

S. T. Karnick is director of research for The Heartland Institute and editor of The American Culture (http://culture.stkarnick.com).

NATO's Last Mission?

By Alan W. Dowd

Leaving Afghanistan now—or anytime soon—"would be a mistake of historic proportions," according to NATO Secretary General Anders Fogh Rasmussen, who warns that a precipitous withdrawal would pave the way for civil war, embolden extremists, and give al-Qaeda "a haven from which to plan terrorism attacks on a global scale." If Rasmussen has anything to say about it, "NATO will stay the course."

However, Rasmussen doesn't have the authority to force NATO to do anything its political leaders—all 28 of them—don't agree to do. And so NATO's commitment to, and footprint in, Afghanistan is starting to shrink. As several members of the alliance head toward the exit in 2011, now seems like an appropriate time to examine the causes and consequences of NATO's halfhearted intervention in Afghanistan.

Benchmarks

To be fair, every member of the alliance wants to leave Afghanistan. And after nearly a decade of warfare, nation building, and counterinsurgency, that's understandable. The problem is this: some NATO members are more concerned about getting out of Afghanistan than about what NATO leaves behind in Afghanistan.

Quitting Afghanistan without (1) weakening the Taliban insurgency to a level where it doesn't threaten the central government and/or (2) build-

ing up government forces to a level where they can smother Taliban flare-ups would have the same effect as what happened the last time the West abandoned Afghanistan. It pays to recall that after the defeat of the Red Army, Afghanistan was considered unimportant to the West—until September 11, 2001. "Failure would also damage the credibility of NATO," according British Defense Secretary Liam Fox. "We would be less safe and less secure, our resolve called into question and our cohesion weakened."

Regrettably, that's already happened. As of this writing, all of NATO's 28 members technically have troops in Afghanistan. However, several are token contingents—some in the single digits—that serve no military purpose. It's sad and a bit embarrassing that non-NATO members Australia, Georgia, and Sweden have more troops deployed than Belgium, Iceland, Luxembourg, the Netherlands, Norway, and Portugal—all founding members of the alliance.

Rasmussen once called the Dutch mission to Afghanistan "the benchmark for others." Sadly, that appears to be all too true now that the Dutch are withdrawing. Italy, for example, plans to begin pulling out its forces next summer. France wants to speed up the handover of its area of responsibility. And Canada will withdraw its combat forces by mid-2011. Although Canada will leave 950 military trainers in Afghanistan, the training mission "will occur in classrooms behind the wire on bases," according to Canadian Prime Minister Stephen Harper (CBC News, "Tories Confirm Afghan Mission Details," November 16, 2010).

Expressing support for NATO's mission actually cost Horst Köhler the Germany presidency. After Köhler benignly declared, "Military deployments are necessary in an emergency to protect our interests," he was forced by public pressure to resign as president (Judy Dempsey, "German President Quits over Remarks on Military," *New York Times,* May 31, 2010). It pays to recall that Köhler was talking about a nation-building operation authorized by the United Nations—an operation that began because Afghanistan spawned an armed attack against a NATO member. That attack led NATO to unanimously invoke Article V—the alliance's all-for-one collective defense clause—for the first time ever.

Pleading for the Fifth

Obviously, some NATO members don't take Article V as seriously as others. If they did, they wouldn't be quitting before completing the mission, and they wouldn't put limits on where their forces can go or what they can do to carry out the mission. Known as the "caveat" rule within NATO, this practice of permitting member states with military forces in Afghanistan to opt out of certain missions strikes at the very heart of the alliance's effectiveness and cohesiveness. After all, an ally that promises to help only when the guns are quiet, only where the scenery is serene, is not much of an ally.

Yet that is an accurate description of what some allies have done. Reuters reports that caveats have been used by Germany, Italy, and Spain to steer clear of Afghanistan's restive south. Others have played the caveat card to block the deployment of personnel near Pakistan. Denmark recently refused a request for additional F-16 jets. Equally troubling, Italy doesn't permit its fighter-bombers in Afghanistan to carry bombs, according to Reuters (October 13, 2010). German forces, until recently, were required to shout warnings to enemy forces—in three languages—before opening fire.

Finally, NATO members have repeatedly failed to deliver when it comes to troop deployments. In 2006, alliance members contributed only 85 percent of the forces pledged. In 2007, Canada threatened to withdraw its forces if other NATO members didn't pitch in more troops. And today, NATO's effort to build an Afghan security force is in jeopardy because the alliance is a thousand trainers short.

All of this has validated Washington's initial wariness about involving NATO in Afghanistan. Although America's very closest allies assisted in the early phases of the war in Afghanistan, it wasn't until 2003 that Washington enlisted NATO to take control of the UN-authorized International Security Assistance Force (commonly known as ISAF).

The United States kept NATO at arm's length at the outset of the war, largely because waging war by committee proved so difficult during the 1999 Kosovo campaign, which saw Greece and Italy call for bombing pauses, Germany publicly reject Britain's suggestion of a ground attack, France veto sensitive targets, and a British general openly disobey the American commander's deployment orders.

Consequently, as a NATO publication observed in 2002, "The United States did not have sufficient confidence in the alliance to give it a major role" in Afghanistan. This left some in Europe to conclude that Washington didn't take Article V seriously. More than eight years later, the feeling is mutual.

Two Tiers

"We must not—we cannot—become a two-tiered alliance of those who are willing to fight and those who are not," Defense Secretary Robert Gates warned last year, adding that such a development "would in effect destroy the alliance." But if the Afghanistan mission is any indication, the alliance is already two-tiered when it comes to commitment, with the Americans, British, and Canadians doing most of the fighting and dying. These three nations account for 81 percent of the NATO force in Afghanistan; the United States accounts for 71 percent, according to ISAF.

The alliance is also two-tiered when it comes to the assets needed to wage war in the 21st century. That's because the United States invests in defense. The rest of NATO, by and large, does not. As Gates observed at the National Defense University (February 23, 2010), while the United States spends about 4 percent of its GDP on the common defense—a GDP that is enormous relative to that of its NATO allies—only five NATO members muster the will to meet the alliance's set standard of investing 2 percent of GDP on defense. In other words, large countries such as Turkey (1.8 percent), Canada (1.3 percent), Germany (1.3 percent), Italy (1.3 percent), and Spain (1.2 percent) simply haven't lived up to one of the main responsibilities of NATO membership, according to NATO data (February 19, 2009). Even Britain, America's nearest technological peer within NATO, invested only 2.9 percent of GDP on defense in 2010.

That figure will plummet in the coming years, as Britain slashes defense spending. The British army is shrinking from 102,000 to 95,000, Britain's fleet of destroyers and frigates will be cut from 23 to just 10 ships, tanks and artillery are being slashed by 40 percent, and entire squadrons of warplanes will be retired. Britain and France are so focused on defense-spending cuts that they just agreed to alternate deployment of a shared aircraft carrier (John Burns, "British Military Expands Links to French Allies," *New York Times*, November 2, 2010).

It's easy to understand why Gates has warned of the "demilitarization of Europe." According to Gates, "Funding and capability shortfalls make it difficult to operate and fight together to confront shared threats." If you doubt this, look no further than Afghanistan. Most NATO members have to hitch a ride with the U.S. Air Force or rent Soviet-era transports to deploy to Afghanistan; they "are not trained in counterinsurgency," in the blunt words of Gates; and they lack helicopters to move across the mountainous country. In 2009, for instance, the Brits had just 30 helicopters to support their entire Afghan force of 9,100 troops (John Burns, "Scarcity of Copters Fuels British Debate over War," *New York Times*, July 16, 2009).

Great Expectations

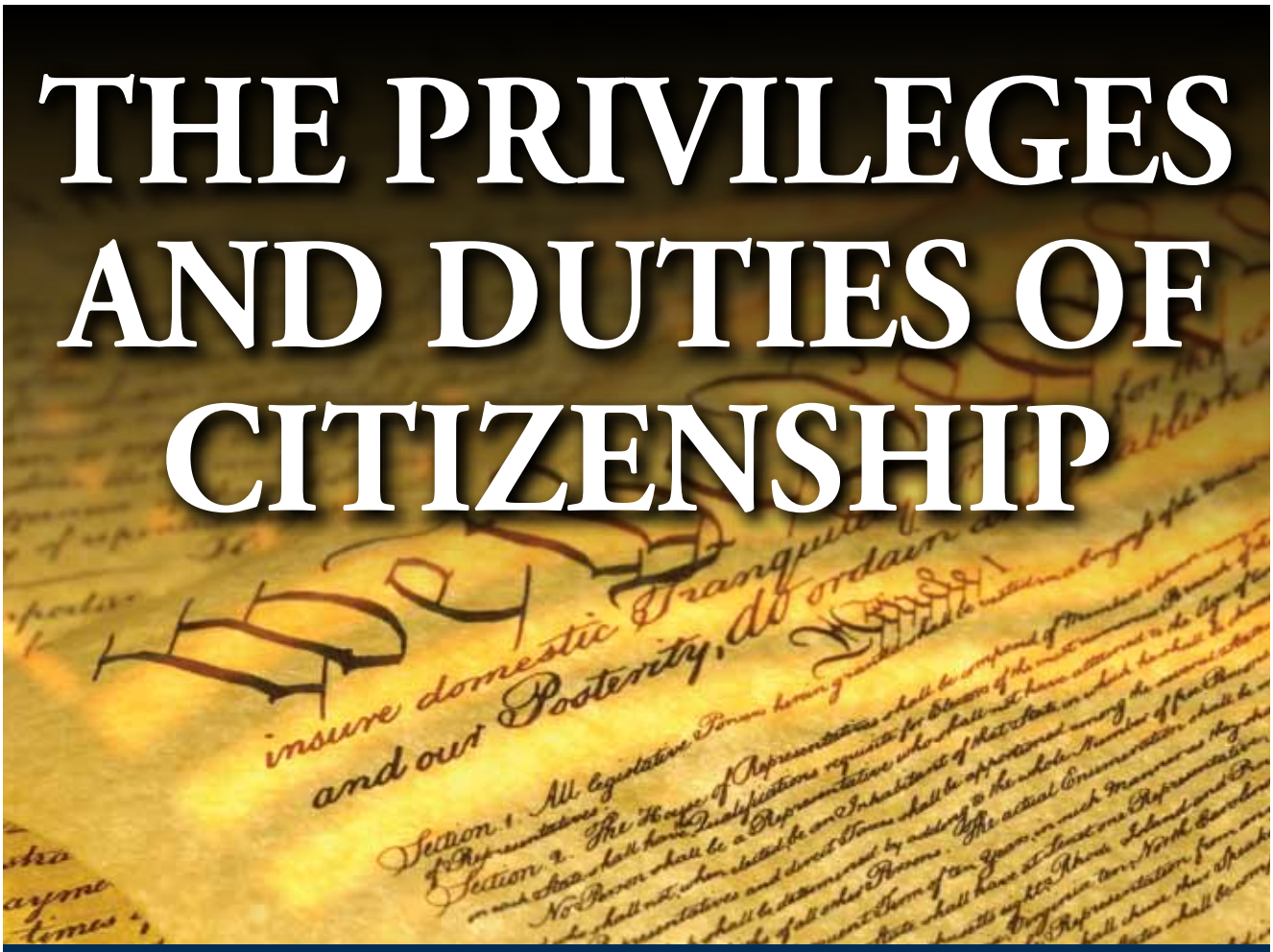
None of this is to say that NATO has outlived its usefulness. No matter what happens in Afghanistan, NATO will continue to fulfill its enduring, central purpose of defending the transatlantic community. Moreover, NATO represents a ready-made structure where Washington can build coalitions of the willing, a vital bridge to global hotspots, a force-multiplier for U.S. power. But given NATO's record in Afghanistan, it seems unlikely that the alliance will engage in this sort of mission—one that's so far from home, so open-ended and so seemingly unimportant to its European members—anytime soon.

Just as Kosovo exposed the technological and bureaucratic obstacles to waging war by committee, just as Iraq highlighted the dramatic differences in how Old Europe and the New World perceive threats, perhaps Afghanistan is teaching us that there are limits—time, geographic, political, economic—to what an alliance of 28 sovereign democracies can do.

As former NATO secretary general Manfred Woerner counseled at the end of the Cold War, "The United States should not expect others to deliver much."

Alan W. Dowd is a senior fellow with Sagamore Institute, senior fellow/senior editor with the Fraser Institute, adjunct professor at Butler University, and contributing editor of The American Legion Magazine, *where he writes "The Landing Zone" column.*

THE PRIVILEGES AND DUTIES OF CITIZENSHIP



By David Wright

Speech delivered on Thursday, October 21st, at a National Conversations keynote address in the First Amendment Room at the National Press Club. National Conversations is a joint venture between Indiana Wesleyan University and Sagamore Institute to convene national forums around the most significant issues of our day.

It seems fitting for a group such as ours to meet this evening in the First Amendment Room of the National Press Club. Two years after the creation of the U.S. Constitution, James Madison led the original U.S. Congress in crafting the First Amendment. They met in New York City beginning on March 4, 1789, to draft and approve what has become our Bill of Rights.

The process took months. The record shows a long list of proposed wordings for the first amendment.

On June 7, James Madison framed it as: "The Civil Rights of none shall be abridged on account of religious belief or worship, nor shall any national religion be established, nor shall the full and equal rights of conscience be in any manner, nor on any pretext infringed. No state shall violate the equal rights of conscience or the freedom of the press, or the trial by jury in criminal cases."

More than a month later, on July 28, a House Select Committee distilled it further: "No religion shall be established by law, nor shall the equal rights of conscience be infringed."

On August 15, Samuel Livermore suggested: "Congress shall make no laws touching religion, or infringing the rights of conscience."

Next, the House, moved by Fisher Ames, offered on August 20: "Congress shall make no law establishing religion, or to prevent the free exercise thereof,

or to infringe the rights of conscience."

The Senate version, offered on September 3, read: "Congress shall make no law establishing religion, or prohibiting the free exercise thereof."

Six days later, on September 9, they amended it to read: "Congress shall make no law establishing articles of faith or a mode of worship, or prohibiting the free exercise of religion."

Later, a conference committee suggested: "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof."

The House of Representatives accepted the final wording on September 4 of that year and the Senate on September 25. The states ratified it in 1791.

The language reads, as cited in Derek Davis's book *Religion and the Continental Congress 1774–1789* (Oxford University Press, 2000):

> *Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the government for a redress of grievances.*

With this amendment, in words unchanged for over 200 years, now the oldest continuously used national constitution in the world, the U.S. Congress enshrined five freedoms that are at the heart of our democracy: freedom of religion, freedom of speech, freedom of the press; freedom of peaceful assembly, and freedom to petition the government for redress of grievances.

It seems fitting, then, that a university—especially a university with the mission of Indiana Wesleyan University—should convene in the First Amendment Room to prepare for a discussion of one of our nation's most pressing current issues: the education of our children, our young adult and our adult citizens.

The U.S. Supreme Court Building in Washington, D.C.

As Thomas Jefferson once said, "A democracy cannot be both ignorant and free." Those of us who enjoy the benefits of democracy must also accept the privilege and price of that freedom. Perhaps the pinnacle of those obligations is reached when young men and women give their lives in military service to our nation.

But there are other obligations as well. And perhaps those obligations, in their own way, may be harder to sustain because they are more mundane. They must be lived out day by day amid the bombardment, not of guns and missiles, but of warring words and ideas and personalities.

Thomas Jefferson's remark reminds us that the freedoms we now enjoy, and the lifestyle we pursue, rest on the careful exercise of foundational principles and practices:

- The pursuit of truth through informed, disciplined discussion and debate;
- The presumption of mutual respect for our fellow citizens with whom we are engaged in that pursuit;
- The ability to make common cause even with those of different opinions, in pursuit of the good of our commonwealth; and
- Courageous action in the face of those who would deny or

destroy these freedoms by force, by intimidation or by deceit.

Our national discourse has become fractured and polarized. And yet we do not face more difficult challenges than our mothers and fathers faced before us. Nor does our body politic espouse more divergent or more strongly held opinions than our forebears encountered in their days. Out of their tumult, they created and nurtured a nation dedicated to democracy, to freedom, and to the highest ideals of human life. They built a nation that, despite its faults, became the destination for millions of the world's citizens who have aspired to freedom and opportunity. They laid the foundation for an economy that became the greatest the world has seen. They nurtured the creation of an educational system that became the envy of the world. They shepherded the creation of a society filled with great religious and charitable institutions that continue to serve the nation and the world.

The conditions we face today are not more difficult than those faced by our forebears. Our circumstances do not absolve us of the obligations of our citizenship. In fact, I believe we face today the necessary conditions for a new generation of greatness—greatness of spirit, of insight, and of action.

The University and the Public Square

Two years ago, I began to ask how a private university, one that publicly claims to be centered on the person and values of Jesus, might serve our society as we wrestle with the great questions and issues of our day. Our universities and colleges are some of the great treasures of our nation. They are widely viewed as our repositories of knowledge and insight. I have long favored Edward Shils' definition of our civic duty from *The Academic Ethic* (University of Chicago Press, 1983):

Indiana Wesleyan University

We face today the necessary conditions for a new generation of greatness—greatness of spirit, of insight, and of action.

> *Universities have a distinctive task. It is the methodical discovery and the teaching of truths about serious and important things . . . . There is abroad today a desire . . . to derogate or even to dissolve the idea that truths can be discovered and taught.*
>
> *Denial of the possibility of detachment, denial of the possibility of the disciplined and disinterested search for knowledge, denial of the possibility of objective knowledge, which is true independently of the passions or desires or "material interests" of the discoverer and transmitter have become more common in recent years in certain influential circles of academics.*

These are very old-fashioned opinions. Nevertheless, despite the epidemic *ennui* of spirit that surrenders truth to the passing fancies of private opinion, Shils reminds us that we are charged with the distinctive task of discovering and teaching truths about life's serious and important matters.

National Conversations

And this brings us to the project that is the reason for our gathering. This project sometimes appears to me to be a humble thing—to aspire to convene serious, disciplined, irenic conversations about the pressing issues of our day. But that is what we have set out to do. We seek to serve by

convening a series of civil dialogues about society's well-being. These dialogues reflect the service orientation of our university's mission, rooted in our loyalty to the person of Jesus.

Indiana Wesleyan University is a Christ-centered academic community, committed to changing the world, by developing students in character, scholarship, and leadership.

We are well aware that not everyone shares our particular motivation of loyalty to the person and values of Jesus. But we believe that the best interests of our community and of our nation are served when fellow citizens of differing but equally treasured motivations and opinions sit together to discuss difficult questions, and to discover the mutual ground that can yield fruitful solutions to vexing problems.

Christopher Whonsetler

Indiana Wesleyan provost David Wright

Our hope is that these National Conversations will both embody the best traits of our national character, and honor the One we take as our model of service to the world—that they will be incisive, penetrating, tough-minded, enlightening, and honest—but that they will also be hopeful, peace-making, fair-minded, respectful, and inspiring. We hope that our panelists and observers alike—and perhaps most important, our own students—may find in these National Conversations points of contact through which to make common cause, even amid differences of perspective and conviction.

In his wonderful book on the soul of the academic vocation, *Teaching as Believing* (Baylor University Press, 2004), Chris Anderson talks about teaching his students in a state university to read the works of the great Catholic theologian, St. Augustine. He says, "That's what universities do, after all: They teach us how to read." Each of us must learn to read the narratives of our own lives. We must learn to discern the meaning of the unfolding narrative of our national and global contexts. In this reading, we seek to understand the great issues that constrain our aspirations that overshadow our dreams, that call from us either great insight and heroism, or that drive us into withdrawal, strife, and despair. Our task is to learn to read the text of our days, and to order our personal and corporate worlds rightly on the basis of that reading. These are, it seems to me, the skills that enable the democratic discourse that lies at the heart of a great and free democracy. This is what we hope to enable, in some measure, through our National Conversations series.

Recently, in *Encountering Faith in the Classroom* (Stylus, 2008), Nancy Thomas and Ann Marie Bahr wrote,

Our task is to learn to read the text of our days, and to order our personal and corporate worlds rightly on the basis of that reading. These are, it seems to me, the skills that enable the democratic discourse that lies at the heart of a great and free democracy.

Higher education has been handed an opportunity to model exemplary practices in democratic discourse and social action, and in so doing, to demonstrate its worth to society in ways that go beyond facilitating economic and personal gain for individuals. Here is an opportunity, should [we] decide to accept it, to ponder anew fundamental questions about [our life together as citizens with our own convictions, our own needs, our own perspectives].

This is our aspiration for these National Conversations. Thank you for joining us in this venture of inquiry and of hope.

David Wright serves as provost at Indiana Wesleyan University. He previously served as dean of the School of Theology at Azusa Pacific University.

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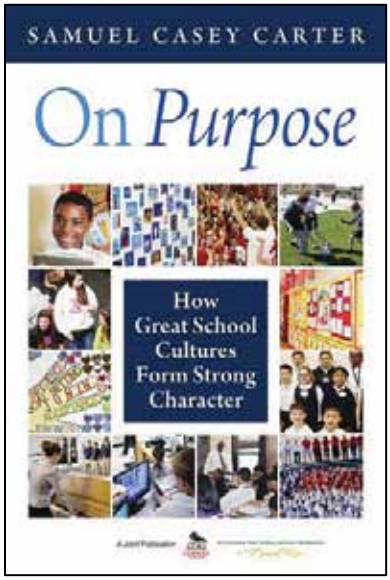

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Samuel Casey Carter

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Author of *Core Virtues*

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www.corwin.com

Samuel Casey Carter has recently joined Sagamore Institute's team as a distinguished visiting fellow. In this role, Carter is focusing on advancing educational leadership and a new culture of high performing schools. He also serves as a faculty member at Marian University's new Academy for Teaching and Learning Leadership.

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- Jerry Pattengale, Author of *Why I Teach* & *The Purpose-Guided Student* (McGraw-Hill, 2009, 2010); Co-Author, *Helping Sophomores Succeed* (Jossey-Bass, 2010); Exec. Dir. of National Conversations, Ass't Provost-Indiana Wesleyan University

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Panelists: (for bios see www.nationalconversatons.com)

- **Alan Bjerga,** President of the National Press Club; journalist at *Bloomberg News*; awards from the Overseas Press Club, the New York Press Club, the Society of American Business Editors and Writers and the North American Agricultural Journalists
- **Tim Elmore,** Author of *Generation iY* (2010), President of Growing Leaders
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- **Holiday Hart McKiernan,** Vice President, Operations and General Counsel, The Lumina Foundation
- **Rhonda Hustedt Jacobsen's** forthcoming book is entitled *The New Soul of the American University*, co-authored with Douglas Jacobsen. They also wrote *Scholarship and Christian Faith: Enlarging the Conversation* (Oxford, 2004) and *co-edited The American University in a Postsecular Age* (Oxford, 2008).
- **Jeremie Kubicek,** CEO of GiANT Impact, author of forthcoming book, *True Influence* (Simon & Schuster)
- **Gail Mellow, President,** LaGuardia Community College, "The World's Community College," on national PBS debate--financing higher ed.
- **Naomi Schaefer Riley,** Author of *God on the Quad* (St. Martin's, 2005), is a former editor at the *Wall Street Journal*, contributor to the *Washington Post*, *Boston Globe*, *New York Times*, *Chronicle of Higher Education* and *Books & Culture*. Her book *The Faculty Lounges and Other Reasons You Won't Get the Higher Education You Pay For* will be published by Rowman and Littlefield in the spring.
- **Deborah Santiago,** Co-founder and VP of EdExcelencia, former analyst at the Congressional Research Service and the U.S. Department of Education; author, "The Condition of Latinos in Education" (Change, 2003) "How Hispanics Pay for College" (IHEP, 2005); Student Aversion to Borrowing: Who Borrows and Who Doesn't (Institute for Higher Education Policy and EdExcelencia, 2008)
- **Mark C. Taylor,** Author of *Crisis on Campus* (Knopf—NYT sensational response); chair of department of religion, Columbia University
- **Lindsay Waters,** Author of *Enemies of Promise* (Prickly Paradigm Press, 2004), Executive Editor of Harvard University Press, Humanities
- **John Wilson,** Editor of *Books & Culture* and author and contributor to a wide variety of publications
- **David Wright,** Provost, Indiana Wesleyan University, founder of National Conversations