

THE HERITAGE LECTURES

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Ideas,
Think-Tanks and
Governments

By Edwin J. Feulner, Jr.



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IDEAS, THINK-TANKS AND GOVERNMENTS
Away from the Power Elite, Back to the People
by
Edwin J. Feulner, Jr.

I am going to talk about ideas, think-tanks and governments, but I think you will see that what I am really talking about is change--innovation. Not sudden changes, but gradual changes in intellectual discussions, in public policy debates, in power structures, in governments, and ultimately in the way we are governed. Of course, all of this change ultimately depends on ideas, and on the power of ideas.

We often hear about how policy is influenced by the "vested interests," but ideas are more powerful in the long run. John Maynard Keynes (not an economist I quote frequently) once said,

I am sure that the power of vested interests is vastly exaggerated compared with the gradual encroachment of ideas....It is ideas, not vested interests, which are dangerous for good or evil....Mad men in authority who hear voices in the air are distilling their frenzy from some academic scribbler from a few years back.

But where do these ideas come from, and how do they influence the policymakers?

Ideas like Supply Side economics, privatization, enterprise zones, and the flat tax are produced by individuals first--the academic scribblers, as Keynes would call them. Milton Friedman and Stuart Butler in the United States and Madsen Pirie in the United Kingdom, for example, explain, and expand the ideas. But, it takes an institution to help popularize and propagandize an idea--to market an idea. Organizations like the Institute for Economic Affairs or the Adam Smith Institute in London, my own Heritage Foundation in the United States and the Centre for Policy Studies and the Centre for Independent studies here in Australia host conferences, lectures and seminars and publish policy reports, books and monographs to popularize an idea. Through "outreach" programs an institution can

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promote an idea on a continuing basis and cause change. But this takes time.

Procter and Gamble does not sell Crest toothpaste by taking out one newspaper ad or running one television commercial. They sell it and resell it every day by keeping the product fresh in the consumer's mind. The institutes that I mentioned sell ideas in much the same manner.

Let me give you an example of how Heritage was active in the selling of the idea of "Supply Side Economics." About six years ago editorial writers at the Wall Street Journal started introducing some new ideas in economic thinking which became fashionably known as "Supply Side Economics." While working at the Wall Street Journal, talking to people like Congressman Jack Kemp and Senator Bill Roth and working with other outside economists like Dr. Norman Ture, people like Bob Bartley, Paul Craig Roberts and Jude Wanniski began the Supply Side economic revolution. At Heritage we were active in bringing ideas concerning Supply Side Economics to the attention of opinion leaders in Washington.

Together with the Institute for Research on the Economics of Taxation (the only Supply Side economic "think-tank" in Washington) we produced a book titled, Essays in Supply Side Economics which laid out the theoretical case for Supply Side Economics. We co-hosted a conference to introduce the publication and discuss the ideas that were put forth in the book. The conference was attended by 400 congressional aides, Members of Congress, Administration officials, professors and representatives from the media.

Through the book and the conference we provided evidence that reducing government barriers to productivity and growth and restoring incentives leads inevitably to a stronger, healthier economy. As Supply Siders and Monetarists have shown, individuals are fully cognizant of the real effects of government action and adjust their economic action accordingly. Therefore, by lowering the tax burden and restoring incentives we alter the choice between saving and consuming and between work and leisure.

Through the discussion of the relationship between government policy, incentives, and economic performance we attempted to clarify how government actions interact with the economy. And, we made significant inroads in the myth that Supply Side theory was dreamed up while economist Arthur Laffer was doodling on a cocktail napkin.

After the conference we followed up with copies of the books. The press was sent an appropriate press release and summary: "Op-Ed" columns were crafted from some of the chapters and were printed by newspapers all around the country. All in all, we emphasized not only the production of a scholarly work, but also the marketing of the finished product to our target audiences.

But it takes time for an institution to reach this stage of development, to become credible and for their ideas to filter into and redirect the policy debates. And most importantly, it takes time for a new school of thought to cause change.

Like the Fabian Movement in Britain, America's conservative movement took some thirty years to move into its dominant position in the public policy mainstream. But, unlike the organized and concerted Fabian Movement, our conservative movement began as the work of isolated, individual scholars. Even today, modern "conservatism" displays various disagreements in areas of public policy such as the role of labor unions, a proper foreign policy for the United States, the importance of social issues and the best monetary policy for the nation. But, overriding these differences is the commitment to a free society. Conservatives are committed to greater freedom of choice for the individual and an expansion of the range of choices available.

Permit me a brief digression to define the term conservative. As I use it, the term "conservative" has actually become more of a shorthand label for a broad philosophical movement in the United States. This movement has come to include: traditional conservatives, New Right conservatives, neoconservatives and libertarians.

Traditional conservatism stresses the primacy of individual freedom, the economic merits of free enterprise, the importance of limited government and the need for a strong national defense. In philosophical terms, traditional conservatism rests on a respect for tradition and custom, affirmation of religious principle, the rule of law, and belief in constitutional processes.

Neoconservatives are generally individuals formerly associated with the political Left, who became disenchanted with the breakdown of order and other social malfunctions under liberal auspices. Neoconservatives tend to stress the importance of tradition, institutional stability and the rule of law. They are staunchly anti-Communist, but their view of free enterprise ranges from mildly supportive to overtly hostile. Irving Kristol's definition of neoconservatives is: "Liberals who have been mugged by reality."

New Right conservatism identifies itself as a "morally-based conservatism" and concerns itself mainly, but not entirely, with social issues--options in education (vouchers and tuition tax credits), voluntary school prayer, busing, pornography, abortion, and job quotas. Libertarians tend to emphasize freedom over order. Their debates tend to focus on economic questions. The free market and the individual reign supreme in a minimalist state. Pornography, drugs, and even defense are issues left to the individual. And then, of course, there is one of my favorite recent additions to the conservative lexicon, the "neo-Neanderthal." This name has a fresh ring to it--and suggests that one was right from the start.

In the U.S. it took 30 years for these "conservative" ideas to move into the mainstream. The conservative movement in America began as an intellectual movement about 1950 with the publication of works such as Richard Weaver's Ideas Have Consequences, Russell Kirk's The Conservative Mind, and William F. Buckley's God and Man at Yale. In the early 1950s there was only one free-market oriented journal of any influence (The Freeman). Since that time a dozen or more conservative journals have joined the public policy debates...with Heritage's own Policy Review jumping in, in 1977.

Over the past thirty years, we have seen a gradual change in the perception of conservatives and conservative ideas across America. Conservatives were once seen as wedded to "stale old ideas" from the past. We were "opposed to change" our critics charged. We were considered "irrelevant" by the "opinion-makers" in the media and the powerbrokers in the Senate and the House of Representatives. Now, many of those same Senators and Congressmen have entered involuntary retirement. And, many of the ideas discussed on the pages of those conservative journals have become policy in the Reagan Administration and for the Democratic Party Opposition.

We saw that the strength of President Reagan's 1980 and 1984 election victories surprised many members of the U.S. media, the Washington power elite and many foreign observers. In 1980 these observers claimed that the Reagan victory was merely a repudiation of the Carter Administration's ineptitude; they claimed it was a victory of a personality. But, this overlooks the conservative Republican victory of the Senate and the power of ideas.

Ronald Reagan appealed to traditional values and individual freedom and responsibility, and according to the polls there was an increase in the number of individuals identifying themselves as Republicans and conservatives. The 1980 Republican platform endorsed enterprise zones, free trade, tax cuts, economic growth, income tax indexation and the Republicans won the votes.

1980 soon became known as the campaign of ideas; President Reagan spoke of winning a battle of ideas, and the Republican Party became the party of ideas. By the summer of 1984, even Walter Mondale's Issues Director for the 1984 Presidential campaign was quoted in the New York Times Sunday Magazine (July 15, 1984) as saying: "Ronald Reagan won [in 1980]...on the strength of ideas....He had a vision of the future, and the Democrats didn't...."

New York's Democrat Senator Daniel Patrick Moynihan was even more blunt in his assessment. He said, "The Republicans simply left us behind. They became the party of ideas and we were left, in Lord Macaulay's phrase, 'the stupid party.'" "There were ideas over there," said Moynihan, "so who ends up running the country?"

Politicians who know how to use ideas, that's who. The end product of government is laws--and laws emerge from ideas."

It is important to keep in mind that the President and the majority of the Senators and Congressmen are elected not because they are Republicans or Democrats, but because they share a vision with the majority of the voters of what the government should be doing for them; how they are best represented; and what the national government's policies should be.

Even though Ronald Reagan won the "battle of ideas" at the ballot box, and he may have a clear vision of what he would like to achieve while in office, he cannot carry out his reform plans without support in the Congress, which in turn is based upon support in the public at large. And this is why the "battle of ideas" often referred to in a campaign is waged on two political fronts: electoral politics and policy politics. The latter is my specialty and is, in my opinion, the more important of the two.

Policy politics is concerned with what happens between the election, the gradual changes. Policy politics is watching your elected officials perform in committee and on the floor of Congress or Parliament. It is holding them accountable and trying to influence them.

Heritage and other think-tanks are the practitioners of policy politics. We help to translate the works of academics into background papers, issues briefs, monographs, journal articles, congressional testimony and conference topics. We bring ideas into the public policy arena to try and influence public policy. The name of our business is influencing policy--causing change.

Our Left-liberal counterpart, the Brookings Institution, a famous private think-tank in Washington, produces books and journals and performs an invaluable personnel function for the liberals: it acts as a revolving door for individuals to come and go from administrative agency to think-tank to agency, to media, back for a sabbatical at Brookings and finally into a high-level policy-making position in a sympathetic administration. It allows the key thought leaders of the Left-liberal establishment to keep their team together in months or years of exile. When the White House calls, as it often did in the Carter Administration, they are ready to step into jobs they have been preparing for while in the wilderness.

The American Enterprise Institute performs a similar function for Republican Administrations. Those associated with AEI who have served in the Reagan Administration include: Ambassador Jeane Kirkpatrick, the new Office of Management and Budget Director James Miller, and Ambassador and former Federal Reserve Chairman Arthur Burns. After leaving the White House President Ford joined AEI as a

Distinguished Fellow, and even your former Prime Minister, Malcolm Fraser, is associated with AEI.

Heritage is not as active in this role. Instead, we initiated and we specialize in the area of quick-response public policy research and in marketing the academic works for public policy consumption. We try to bring together the different views of conservatism that I mentioned by providing the "flame for the moths to gather around," as one of your own Liberal Right think-tanks was recently described.

Ten years ago Heritage itself was little more than an idea. I had been Chief of Staff for a Republican Congressman and witnessed numerous cases where vital studies concerning pending legislation arrived on our desks the day after a key vote. One particular case came up in 1971 involving the SST--the supersonic transport. This was an issue which divided the conservative Republicans in Congress. On the one hand it could be argued that the government should get involved in the development of the SST because the technological spin-offs would benefit the military. And on the other hand, it could be argued that if there was indeed a market for such a plane, the private sector would produce it to meet the needs of the market.

Debate was heated, votes were cast, and on the day following the vote an excellent study arrived on my desk which thoroughly laid out these arguments. It defined the debate, but it was one day late. I immediately called up the President of this organization to praise him for this thorough piece of research and ask why we did not receive it until after the debate and the vote. His answer: they did not want to influence the vote. That was when the idea for The Heritage Foundation was born.

Early on we decided that if our think-tank were to have any influence in the "battle of ideas"--if we wanted to cause changes in policy--we must settle on a few operating principles. First and foremost, the product must be available in a timely fashion. It does no good to publish an incisive report the day after the debate and vote or the day after the decision has been made in the Administration. For example, thirty-six hours after the Administration's FY86 budget was released, Heritage released a fifty-page analysis which we were told the White House and the Office of Management and Budget found more useful than OMB's own Guide.

The second principle that we agreed on when Heritage was established is what I call the "briefcase test." The study should be as brief as possible. Arguments should be concise and clearly presented. Because of the vast number of issues addressed in Congress, there is a desperate need for concise studies which cut through the rhetoric and lay out the arguments to help members of Congress make informed choices on the issues before them. For this reason, we try to limit our Backgrounders to ten pages--a document which stands a much greater chance of being put into a briefcase and

read before the debate than a book which generally ends up on a bookshelf. We have even come up with an "urgent" format--the Executive Memorandum. This series outlines an argument in its briefest form--one sheet front and back--and is written, printed and hand-delivered to the concerned Washington offices in 24 hours, often all the time available before a crucial decision is made.

The third principle is that the product must reach the right people. We spend quite a bit of time updating and refining our lists of Congressional and Administration aides. We try to ensure that the assistant handling welfare reform does not receive a paper on military reform. Not only does this save our resources, but it ensures that Congressional and Administration aides know that the Heritage item is something which can help them to perform their job.

The final operating principle is that, of course, the product must be credible. Because we are a tax-exempt educational research institute, not a lobbying group, we are free to express our views as outspokenly as we want. Some of the ideas we have targeted recently and have had an impact include: privatization, UNESCO, and the Strategic Defense Initiative.

Privatization moves the private sector into the process of providing services in order to eliminate or reduce government monopolies. Englishman Madsen Pirie of the Adam Smith Institute recently toured Australia speaking about privatization. Dr. Pirie spoke of the British experience of privatizing 22 government-owned entities, including: British Telecom, Jaguar, English Channel Hovercraft, British Aerospace and the National Bus Company.

Privatization has also worked in public housing. The British have sold council houses to their tenants at a 20 to 50 percent discount off the market value of the home. Not only does getting these houses off the government rolls reduce the cost to the government and therefore the taxpayers, but along with the selling of public housing we have witnessed an interesting sociological change take place. When the new owners get an equity stake in maintaining the property, housing projects become neighborhoods and neighborhoods become communities. People take an interest in their home--gardens are planted, neighbors become more vigilant, and vandalism and crime decrease.

We at Heritage are working closely with the U.S. Department of Housing and Urban Development and with the Congress to launch privatization pilot projects and legislation to promote privatization, and last September, Congressman Jack Kemp of New York introduced the Urban Homesteading Act.

In education, our analysts have been strong supporters of tuition tax credits on the theory that choice and diversity is what we need in

education rather than monopoly. Earlier this month, the U.S. Secretary of Education announced his intention to introduce legislation supporting education vouchers for the educationally disadvantaged.

In Social Security, we have advocated expanding Individual Retirement Accounts whenever possible. These tax-deductible contributions to savings accounts gradually make government Social Security a smaller and smaller component of people's retirement income. Also, we have advocated a number of measures which would move toward privatizing the entire Social Security system, but the political climate in Washington has delayed any serious discussion of these measures.

Beyond Social Security, housing and education we are exploring ways to privatize mass transit, air traffic control, AMTRAK, the postal service and other areas where the government sector has been the monopoly provider of these services. Privatization provides for greater choice of services in these areas at a reduced cost. And, with budget battles raging in Congress, privatization is one of the very few methods of cutting the budget which actually could develop a positive constituency. The fact is, we are now working from our agenda instead of the traditional Left-liberal agenda. We have been able to change the focus of debate on these major public policy issues involving billions of dollars and practices of the last 25 years.

The second area where we have had an impact that I would like to mention is the United Nations. Senator Moynihan, whom I mentioned earlier, also served as U.S. Permanent Representative to the U.N. from 1975-76 and later wrote a book detailing his experience at the U.N. which he titled, A Dangerous Place. In 1982 we began to see what Senator Moynihan meant.

With a budget of \$4 billion--one-quarter of which the U.S. pays--50,000 employees, 159 nations represented--many with populations not much larger than this gathering--we asked what do we have to show for it? Resolutions denouncing Israel, Capitalism, the U.S. and the West. So, we formed a United Nations Assessment Project at The Heritage Foundation.

We now have two analysts, one research associate and a senior fellow, former U.S. Alternate Representative to the U.N. for Political Affairs, Charles Lichenstein. (Your own former Ambassador to UNESCO, Owen Harries, joined Heritage as a Distinguished Fellow from September 1983 to December 1984 to work on our U.N. Assessment Project.)

Because of the number of complaints about UNESCO in our initial meetings with U.N. experts, UNESCO was considered a high priority project. Upon examination, we found UNESCO to be a wasteful, bloated bureaucracy which spent more on administration than on education, science and culture. It was biased against the U.S., the West, free

enterprise, ruled by a Third World majority, and dominated by the Soviet Union and radical socialist states.

We published six Backgrounders from October 1982 to December 1983 documenting our observations with examples, numbers, names, UNESCO official resolutions and excerpts from their publications. Widespread press attention, luncheons, seminars, and workshops were organized to complement our publications. We involved the key participants of the policymaking process: Members of Congress, their staffs, Administration officials, press and representatives of organizations interested in the United Nations. Then, lo and behold, the mounting data began to change public opinion. In fact, because of UNESCO's earlier attempts to impose a system of international quasi-censorship, the U.S. press was unusually critical of this particular U.N. agency. With a change in public opinion, we began to see a whole new series of policy options open up.

In December of 1983 the United States Government officially served notice that it would pull out of UNESCO, and the U.S. General Accounting Office sent an audit team to Paris to find out just what UNESCO had been spending its money on.

The GAO found that UNESCO was grossly mismanaged. It had enormous power vested in one man, Director General Amadou M'Bow. Its governing bodies did not govern. There were no effective evaluating and coordinating systems. The programs had no clearly defined objectives and no target dates for completion. Hiring practices circumvented the organization's own regulations and undermined the professional integrity of the staff. There was little accountability for the money disbursed. There was an increasing concentration of staff at headquarters in Paris. Payments were being made in contravention of the organization's rules, and the recommendations of external auditors were repeatedly ignored. So, on December 31, 1984 the United States withdrew from UNESCO. Since that time, the United Kingdom and Singapore have served notice of their intention to withdraw, nine countries have demanded reform including Japan, Germany and Canada, and the U.S. has set up a UNESCO Reform Observation Panel to monitor the reform process.

The central role of The Heritage Foundation in all of this was well understood by UNESCO officials. They refused cooperation, information and even publications requests were delayed. We were openly denounced by U.N. officials in discussion with diplomats at the United Nations. And, your current Ambassador to UNESCO, Gough Whitlam, has acknowledged our role in a recent speech before the United Nations Association of Great Britain and Northern Ireland. He said:

The Heritage Foundation is a very influential, and to my mind, a very sinister, organization.

With our UNESCO project Heritage was able to help change the way the U.S. looked at the U.N. Of course, it did help that we had a sympathetic Ambassador and President who were willing to change. Ambassador Kirkpatrick once described this change as finally taking off our "KICK ME" sign. While that might seem like a humorous remark for an Ambassador to make, I can assure you it signified a very significant change in the way the U.S. reacted in the U.N.

Another issue that we have been very interested in recently is the Strategic Defense Initiative. A little more than three years ago it became evident to those of us at Heritage that our present strategic nuclear doctrine of Mutually Assured Destruction was just as its acronym claimed, "MAD." This strategy leaves us with the meager defense of threatened retaliation and has led us into an arms race with the Soviet Union.

At that time, we helped launch a project named High Frontier, headed up by General Daniel Graham, which laid the groundwork for future research on strategic defense within the government. In April 1982 the High Frontier group within Heritage released a study which concluded that the United States could, within a decade, deploy a defense capable of filtering out 95 to 98 percent of a Soviet first strike at a cost of less than \$20 billion. Since that time independent studies by the Pentagon, Boeing Corporation, and United Technologies have reached similar conclusions. And, in March of 1983 President Reagan proposed a major research program for space- and land-based ballistic missile defense systems.

Project High Frontier has become a separate public policy group which concentrates on supporting the Strategic Defense Initiative in the public debates. And since Heritage began work on strategic defense in 1982, we have released more than a dozen background studies, a monograph, two journal articles, and several "Op-Eds" which focus on various aspects of this exciting high tech defense.

We have found that with innovative alternatives like privatization and the Strategic Defense Initiative we are no longer reacting to an agenda set by the traditional "power elite"--Congress, the media and the Washington lobbyists. With innovative alternatives we can set the agenda. We can cause change.

In the case of our work on UNESCO, we have brought to light the abuses in a program which was previously thought sacrosanct. We have helped the change the focus of the debate. We are no longer discussing how much more we "rich" nations owe the "poor" nations, but questioning how effective are the programs we have provided to these nations? Are they, in fact, promoting education, science and culture in the case of UNESCO? And if not, what are the alternatives?

We have learned how to activate the ideas and policies necessary to move a society toward greater individual freedom. In short, we have learned how to cause change. We conservatives may have to work a

little harder to maneuver our ideas onto the policy agenda precisely because we are advocating change: a change in the power structure--away from the central government back to the people--way from the "power elites" back to the people. And this is not easy.

As Philip Ayres pointed out in a recent Quadrant article:

One of the more interesting ironies of our day is that those who have traditionally most professed to represent 'the people' are now, in the affluent Western democracies most distrustful of the people and, fortified with a large New Class element, most aloof from them, too.

I believe this move is understandable because the people have become distrustful of the power elites and the New Class. The people are tired of being "represented." They have found that they can make their own choices, and they have called for more responsibility and greater freedom. They have called for change. As conservatives we must continue to be innovative. We must build on our ideas, popularize them, and make them available to the people, for them to choose.

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