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**The States:
The New Policy
Battleground**

By Don E. Eberly



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The Heritage Foundation
214 Massachusetts Avenue, N.E.
Washington, D.C. 20002
U.S.A.
202/546-4400

The States: The New Policy Battleground

By Don E. Eberly

I would like to speak today about the renaissance that is taking place in conservative politics in America at the state and local level. It is an honor for me to represent the dozens of talented young policy entrepreneurs who are in the vanguard of this important movement. In dozens of states from coast to coast, new and innovative approaches to advancing policy change are being successfully deployed, often in inhospitable settings.

Having been away from Washington now for several years, I could not be more optimistic about the future. Naturally, I wish we could go farther, faster. But I believe it can be said that the state-level policy movement is conservatism's real growth sector, and it is development about which we can all afford to be bullish.

As John Naisbitt emphasized in *Megatrends*, all important trends are bottom-up, not top-down. It is interesting that many of the new ideas being generating today are coming out of those "Laboratories of Democracy" – state governments – or at least find their applications there. To cite just two examples, the public schools of choice movement was born at the state level, and privatization is finding its greatest application at the municipal level.

Naisbitt said: "In cities and states, in small organizations and subdivisions, we have rediscovered the ability to act innovatively and to achieve results." A related trend, he said, is a shift away from reliance on institutional solutions and hierarchical structures toward more on self-reliance and empowerment. This describes the social revolution that is beginning to sweep America's heartland.

At the state and local level, where government is closest to the people, evidence of this new approach to problem solving abounds, whether it is in the form of self-help initiatives in depressed neighborhoods, site-based management of schools, local crime-watch groups, or volunteer action against homelessness. The fact is that while people want solutions to problems – even government solutions – they also recognize that most solutions emanating from Washington have not worked. This means that, if the conservative movement truly wants to connect with the American people, it will have to become far more decentralized.

REAFFIRMING STATE AND LOCAL GOVERNMENTS

I must confess to having come a long way in my own thinking about state-level policy. It is easy to consider state legislatures as little more than obscure outposts of the federal system and to typecast state and local elected officials as minor league players who are simply biding their time until their turn arrives to move up.

Don E. Eberly is President of The Commonwealth Foundation for Public Policy Alternatives, Harrisburg, Pennsylvania.

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While it is true that, for some, experience in state government is a valuable source of training for federal political careers, it would be a mistake to view states merely as the federal government's farm teams. The vast majority of office holders at the state and local level are there because they have given up on Washington and believe they can be more effective where they are.

So state governments are important in their own right, and if we are going to advance our political and policy goals, we must gain a greater appreciation of the inherent value of conservative leadership within precisely this sector of the federal system which, because of persistent deficits and Ronald Reagan's New Federalism, has suddenly become more important. There are strong policy reasons as well as strong political arguments for building at the state and local level.

THE POLITICAL IMPORTANCE OF BUILDING AT THE STATE AND LOCAL LEVEL

On the political level, there is a myth that remains deeply imbedded in our thinking — it is that by taking over the national government, particularly the White House, we will control the country. In reality, the change we seek will not be achieved unless we control territory at the grass-roots level.

One of the more vivid memories of my days in Washington was witnessing Congressmen (often Republicans) pleading with the White House to back off from sensitive domestic program cuts because of intense heat back home. I also witnessed the critical defeats of the Grove City bill and Judge Bork's nomination because Senators did only what they were expected to do: listen to people back home. Our ideas and plans in Washington were no match for grass-roots power back home. Liberals had an organizational infrastructure that could produce real people to demonstrate in the Senators' back yard; we conservatives did not.

Though the need to build a comparable conservative organizational base at the state level should appear obvious by now, our natural instincts are still to focus on leadership and solutions at the top. How else can you explain the fact that, out of a national GOP budget in 1988 of \$140 million, a grand total of \$1 million was spent on local party business. We should not be surprised that Republicans control both chambers in only eight legislatures out of fifty. The reapportionment battles that will commence shortly will determine whether the Republican party has any chance of controlling the U.S. Congress before the turn of the century.

For those who are deeply concerned about the U.S. House, there is no getting around the fact that, because of the gerrymandering of districts, we simply will not have power on the national level until we declare war on state legislatures. I do not know about you, but if I were given a choice between having the Presidency or instead, controlling the Congress, two-thirds of all the seats in state legislatures, and the vast majority of City Council and County Commissioner seats, I would gladly give away the Presidency.

THE POLICY REASONS FOR BUILDING AT THE STATE AND LOCAL LEVEL

On a policy level, it is a simple fact that state policy decisions will increasingly help shape our national destiny. Thanks to the large deficit in Washington, much of the pressure to expand government will be felt in the coming years at the state level. The deficit is accelerating the trend of shifting more authority back to the state level, which will continue

to make the actions of state legislatures far more important. In 1950, total state and local government tax revenues amounted to \$20.2 billion, or 7 percent of GNP. Today state and local taxes in America total \$600 billion or 15 percent of GNP, representing over one-third of the entire tax burden on the American people.

With states exercising greater power in the economy, any action of a state legislature in the area of fiscal, tax, or regulatory policy will have far-reaching effects on the decisions of business. In a global economy, in which billions of dollars in capital flows across state and national boundaries in a matter of seconds, carrying with it productive capacity and jobs, states will have to ask how their economic climate compares with that of Hong Kong, Singapore, or South Korea. Many states still are not accustomed to thinking in these terms, which means that greater disparities will emerge between those states whose economic house is in order and those whose are not.

Infinite Demands vs. Finite Resources. The greatest challenge in the coming years, therefore, will be to give the people the government services they need at dramatically lower costs. Forgive me for citing an unusual source, but I think former Governor Richard Lamm said it very well: “We are sailing into a new world of public policy, a world as strange and new as Columbus discovered. It is a world where infinite governmental demands have run straight into finite resources.”

He added that most of our institutional memories and political culture come out of the 1960s and 1970s when the U.S. had the industrial world’s highest productivity growth rate and was doubling its wealth every 30 to 40 years. Today we have the lowest rate of productivity growth in the industrial world, and it now would take approximately 130 years to double our national wealth.

Lamm argues that the next governmental revolution will be a revolution of helping Americans “adjust to the realization that the economy of the country cannot carry the expectations we have built up in our citizens.” He says, if we are to meet public needs, governments – federal and state – will have to “rethink what they do and how they do it.” Frankly, I think this former liberal governor has articulated the opportunity that is ours, as conservatives, to meet. This is particularly true at the state level where perhaps the most acute pressures for spending increases will be faced. States will also be the battleground for some of the most intense battles over social policy as well, whether it concerns tackling environmental pollution and waste, reforming education, controlling crime, coping with AIDS, or curtailing abortion.

State-level policy leadership deserves to be made a higher priority. We must recognize state governments for what they are: important sources of innovative problem solving in America. While many conservatives accompanied Reagan to Washington (with all too many staying), a quieter revolution was being born at the state level by a crop of creative governors such as Dick Thornburgh, John Sununu, and Lamar Alexander. These governors summed it up well: “If Reagan Stage One was an end to the smothering excesses of government from Washington, Reagan Stage Two is a new beginning for creative excellence in government closest to the people.” Though many of these governors have moved on, the positive trend continues.

ADAPTING TO THE STATE POLICY ENVIRONMENT

To meet the opportunity effectively at the state level, we are going to have to accept a greater diversity of approaches and priorities within our movement. The conservative

movement in Washington has concentrated largely on limiting government. The challenge at the state level will focus on matching a commitment to fiscal restraint with a strong determination to make government work.

The American people want cities and towns that are well managed, police and prison systems that protect, schools that teach, and roads and infrastructure that get us safely and efficiently where we want to go. Our citizens at the same time want their trash cheaply and efficiently removed and their environment protected from the waste overload, all with strong, decisive action. These are real functions that all people, regardless of their philosophical leanings, want to see effectively performed by a competent government, and conservatives have got to figure out how to offer it.

Offering Alternatives. State-level policy organizations succeed when they supply real solutions to real problems. The full title of my policy organization is The Commonwealth Foundation for Public Policy Alternatives. We are not for the abandonment of public policy. We are for supplying policy solutions that are cheaper and better. And we have offered alternatives to the minimum wage, competitive contracting of government services, new solutions to poverty, education reform, and more.

Because it is state and local issues and needs that are the target of our concern, the state-level policy movement will consist of diverse elements and diverse approaches. Capital environments differ significantly from region to region. However, they also share certain common traits that make them difficult territory in which to work, and adjusting to this environment may be the best key to success.

David Kehler of the Public Affairs Research Institute summed it up well: "A state capital is a face-to-face setting where power is closely concentrated, where the roles of participants are largely fixed and personal connections are often of long standing, where the relative strengths of interest groups tend to remain constant over time, where ideas are less significant for their inherent merit than for who expresses them, where the executive branch is much stronger than the legislative branch, where the band of acceptable opinion on issues is narrow, where the press tends to focus more on the politics of a situation than on policy implications, where the number of access points at which policy development can be influenced is far smaller than at the federal level, where timing is important because major legislative action can occur quickly, where legislators receive little valid information on most issues, and where the principal source of liberal ideas is from public employee organizations and from within government itself."

The state-level policy movement, having to work in an environment less receptive to policies defined as "conservative," will often be more practical and less ideological than the national conservative movement.

A bottoms-up, non-hierarchical approach to social and political change will mean that approaches must be adapted. This also means that few will march in lock step with any national blueprint.

Let me turn now to some suggestions for assuring our success at the state and local level.

THE NEED TO BE ACTION-ORIENTED

I have no doubt that the new wave of activism that is taking place all across the country at the state and local level will bring positive long-term results to our movement. If there is anything that needs to be reinforced, it is our commitment to action. If I have a concern it is

that, while we have a well-developed appreciation of the power of ideas, we need to spend more time developing our ideas about power. It would be unfortunate if we failed to achieve our potential, if we permitted a commitment to policy to triumph over politics, if we allowed intellectual debate to substitute for political action.

Scoring Victories. We need to wage more than a battle of ideas – we need to wage war for the control of government. We must not be content to merely be one voice in the bleachers, while liberal interest groups and their elected allies govern. I want to see our team of city councilmen, county commissioners, state senators, and governors on the playing field, and I want to see them scoring victories. Of course, ideas are what made our movement great. They have transformed us from reaction to action. They equip us for governing. But by themselves, they do not give us the power necessary to govern. That must change.

Our movement, which was born in Goldwater's defeat and culminated in the smashing victory for Reagan in 1980, was a movement of people in action. Yes, it was a movement with solid ideas, but it was not solely intellectual. During the late 1970s, we saw the proliferation of national PACs, coalitions, grass roots action groups. And things happened. The ERA was blocked, the Panama Canal treaty nearly stopped, liberal Senators defeated, a conservative President elected.

With the political victory in 1980, the great age of think tanks dawned. We all admire the many successes during the Reagan years, and we are wise to model our efforts at the state level after the many effective programs in Washington. However, we must be careful not to believe that we will produce victory through think tanks alone. We can go through a lot of interesting motions – crank out a blizzard of policy reports, get some press coverage, and in turn raise more funds – but we must always ask ourselves what we are actually achieving in terms of real change.

The struggle today is not to win an intellectual debate. We have done that – liberalism has been intellectually dead for years. And that has not relieved the pressure for more government by liberal interest groups one bit.

INTEREST GROUPS AT THE FEDERAL AND STATE LEVEL

The reason that ideas alone are not sufficient in themselves is because interests – organized, narrow, special interests – are largely the driving force for much government action today. Many political philosophers throughout history have forewarned that democracy is in trouble when voters and their elected leaders discover they can vote themselves largess out of the public treasury. Tocqueville warned of Democracy feeding on itself – degenerating, like the democracy of ancient Greece, into clamoring mobs, voting themselves every favor, demanding greater rights and privileges for the few while overlooking duty to society. And if ever there was an enlightenment age in which men thought of the public interest or the common good first – this is not it.

Our nation's capital today is home to over 20,000 registered lobbyists, 4,000 associations, and 3,500 PACs, the vast majority of which are dedicated to the enrichment of a particular group at the expense of the general public. It is even worse at the state level, where government is often little more than a referee that oversees the contest between organized interest groups. In my state, the teachers, doctors, unions, and other professional associations and their PACs dominate, if not dictate, legislative policy in many important areas. A movement of ideas is no match for this organized interest machine. And our

inability to confront special interests with real grass-roots power undermines our leaders in Congress and in state legislatures.

Permanent Constituency. You might think that our representatives, elected by the people, would take great offense at a system such as this which subverts the will of the people. On the contrary, at least where I come from, they have adjusted well to it. They may have been elected by a local constituency, but once they arrive in the capital, many newly elected legislators quickly discover that there is one constituency that really counts, and that is the permanent constituency that prowls the halls of the legislature seeking special interest favors. Legislators quickly realize that there are few real rewards for rocking this boat. In fact, if they play it right they can harvest enormous benefits from this special interest system, benefits that greatly enhance their reelection prospects. Today reelection money comes overwhelmingly from this system.

I want to applaud The Heritage Foundation for its excellent work on the permanent legislature. What few people understand is that, while the U.S. Congress has a return rate of 98 percent, the legislature in my state and others has a return rate of 99 percent. Were it not for deaths and retirement, we would have virtually a permanent ruling class. But I believe we are entering a new age of reform, and this time conservatives have the opportunity to lead it. If we succeed in changing the status quo I am describing, we succeed in undermining liberal power.

The key reason we are winning national elections but not changing policy is that we do not control real territory. Contrast that to labor unions, to use only one Democratic interest group as an example, who have dwindling numbers in the work force and no think tanks, but at least where I come from their influence politically is growing. They and their liberal interest group allies prefer to win battles the old-fashioned way – grass roots action. We may have the capacity to supply the ideas to govern, but they have the capacity to stop them. I would trade my power for theirs.

Importance of People. Ideas have consequences in government when one of two conditions exists: ideas have consequences when we have statesmen within the system who are willing to rock the boat and drive through change, or when ideas are connected with a constituency at the grass-roots level whose power to affect the job security of elected officials equals that of organized interests. In each case, people are involved, and if we have learned anything in recent years, it is that policy is people. Building and maintaining political power requires workers. The best idea, without a leader and without an organization to implement it, will rarely have major or lasting consequences in the modern bureaucratic state. It is millions of unelected, permanent bureaucrats who have a deep vested interest in the status quo.

Privatization will take root on a large scale when individuals who have a stake in contracting out – businesses, consumers, and taxpayers – get organized and politicians discover that it is more politically rewarding to satisfy the taxpayer than to appease disgruntled unions who resist competition.

Bob Woodson's positive agenda for urban America, based upon the ideas of community self-help and empowerment of the poor, is beginning to take hold now that poor people themselves are being enlisted in the fight against the power hungry social workers and self-serving welfare bureaucrats who have a vested interest in keeping the poor poor.

Public schools of choice, one of the best ideas of the day, and a powerful weapon to shake up the entire public education establishment will take root on a large scale when parents are more committed to getting it adopted than teacher unions are to stopping it.

Building an Arsenal. Ideas are ammunition, the bullets of a political movement, but let us not forget that to fire those bullets effectively we need a full arsenal of weapons at the state level, just as we needed them at the federal level. In Pennsylvania, we are trying to build that arsenal. We have organized a leadership team that is implementing a multifaceted organizational building plan called The Pennsylvania Plan, which consists of many of the same entities that have been used effectively in Washington. These entities include the Commonwealth Foundation, which is The Heritage Foundation equivalent, now two years old. After over a year of development work, we have just brought on line the Pennsylvania Family Institute, which might be compared to the Family Research Council here in Washington. We now have both economic issues and social issues coalitions on the state level that meet regularly and are developing agendas. An effort is also now being made to develop local coalitions. This September we had our first statewide conservative conference for local leaders and activists, patterned after C-PAC in Washington. The conference, which will become an annual event, attracted 320 people from all across the state and sent shock waves throughout the political establishment. We now have funding commitments to create a statewide 501(C)(4) citizens lobby, which will probably be operational in about four months.

During my Washington days, I was always curious as to why a man so powerful as former Speaker Tip O'Neill would frequently quote the late Mayor Richard Daley of Chicago when he said "all politics is local." I now understand. I believe we can and must build arsenals for political change – think tanks, citizens lobbies, coalitions, and PACs – at the state level all across America, and if we do, America will enjoy a genuine bottoms-up renewal. The ideas are ours, the opportunities are ours, the moment is ours.

