

FEATURES

In no country in the world has the principle of association been more successfully used or applied to a greater multitude of objects than in America.

—Alexis de Tocqueville

THINK TANKS IN ACTION

BY JO KWONG

Have you ever been frustrated by crime, traffic, local educational policy, health care, taxes, welfare, or runaway state spending? If so, you might consider investing in your local state-based free market think tank—or at least checking out how they have been tackling these and other issues in your state.

Approximately 40 of the U.S. states are home to at least one state-based think tank. These non-profit organizations are devoted to making the world a better place by promoting free markets and limited government. Their impact is making a difference.

Consider education, for example. For decades, we've witnessed increasing state spending on education and declining results from students. Part of the problem is rooted in accountability. It is often difficult to get unbiased, comparative information about school performance. But several think tanks have created “report cards” that evaluate regional schools giving taxpayers an idea of how their money is being spent and what it's buying in terms of results.

The Independence Institute of Colorado was one of the first institutes to produce comparative data on school performance in the early 1990s. According to the institute's president, Jon Caldara, “The governor liked the idea so much he created a state school report card system modeled after the institute's project.” Now there are more than 100 such programs, including the nationally acclaimed Report Card for Parents, published by the Georgia Public Policy Foundation. Local administrators now know someone is watching and that local taxpayers have access to information. It makes a difference.

But accountability is only one piece of the puzzle. We also need alternatives for students



who are assigned to failing local schools. School vouchers have long been trumpeted by free market think tanks as one such alternative by providing families with a “ticket” to go to schools outside their local boundaries. Here again, the Independence

Institute focused its efforts. Colorado became the first state in the country to pass an educational voucher bill at state level, liberating 20,000 students from schools that do not meet their needs.

The Mackinac Center was the first organization in Michigan to call for the creation of charter schools. These schools are independently managed public schools that have the freedom to organize around a core mission, curriculum, theme, or teaching method. As a result of Mackinac's pioneering efforts, Michigan now has 180 charter schools.

Similarly, the Cascade Policy Institute in Oregon organized the state's first public meetings about charter schools in 1993 and published model charter school legislation for lawmakers that inspired Oregon's charter law in 1999.

The Pioneer Institute, which has been leading the charge for charter schools in Massachusetts for over a decade, created the Massachusetts Charter School Resource Center to provide services to charter schools around the nation. The Center also promotes broad public understanding of charter schools, producing a variety of publications for policy makers, opinion leaders, charter school leaders and supporters, and the general public.

Aside from championing specific ideas, sometimes think tanks produce research that debunks ill-conceived “conventional wisdom.” For example, the Pacific Research Institute's “California Index of Leading Education Indicators”

revealed the ineffectiveness of the bilingual education program. “Ron Unz, a Republican candidate for governor in 1994 and a multimillionaire software developer, found this information so astounding that he designed Proposition 227 which substantially ending ineffective bilingual education in California,” explains PRI’s president, Sally Pipes.

These free market think tanks work to help all of us live in a healthier and more prosperous society. Among their many issues areas, none are more thankless than reducing government spending and limiting tax increases. While those who receive government spending come out in droves to support their entitlements, rarely are those affected by broad-based taxation so organized. Thus the need for think tanks.

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Many tanks, for example, review state and local budgets line by line to offer recommendations to save money for the taxpayers. Such is the case in Michigan. “Facing a budget deficit of \$1.7 billion upon taking office this past January,” Mackinac president Larry Reed said, “Michigan’s new governor and legislature needed good ideas to solve the problem.” The Mackinac Center produced a line-item-by-line-item analysis of every single state department, recommending nearly \$3 billion in spending reductions. The analysis was widely cited by legislators, newspaper editors and cabinet officials as being very influential in the final resolution. Thanks in part to these efforts, spending cuts—rather than tax increases—were the principal vehicle for balancing the budget.

But the think tanks do more than number crunch as they review state budgets. The organizations also educate the public about the broader role of government. The Evergreen Freedom Foundation created its Stewardship Series specifically to help with the process of building state budgets around a defined set of core governing functions. It asks: What is the role of government? What are the essential services government must provide to fulfill its purpose? How will we know if government is doing a good job? What should all of this cost? How will budget cuts be properly prioritized? Its

Stewardship Project Handbook helps taxpayers determine whether their elected officials are truly serving the public interest.

The Goldwater Institute in Arizona helped taxpayers both save money and boost public safety through its recent study on the of private fire services versus municipal fire departments. “Published while the Scottsdale City Council was campaigning to terminate the city’s contract for private services, the study led voters to roundly defeat the plan for a city fire department,” says Goldwater president Darcy Olsen. Taxpayers in California benefited when a research paper published by the Pacific Research Institute on the potential job loss from a proposed sales tax on Internet purchases led to Governor Davis’s veto of the bill.

Research from North Carolina’s John Locke Foundation delivered impressive results in exposing wasteful government spending, leading to state and federal investigations. One research series uncovered a complicated scheme in which a former state senator—now a congressman—received millions of dollars in state tax money for a nonprofit group he controlled. The institute’s study revealed how he used this taxpayer money to provide grants to his own church, political supporters (many of whom kicked back similar amounts to his campaign fund), and even his own mother. The state auditor and the FBI are now investigating possible violations of financial regulations, ethics rules, and civil and criminal laws.

The John Locke Foundation reported on another nonprofit that was authorized to spend hundreds of millions of dollars from North Carolina’s share of the national tobacco settlement. “The political back-scratching, wasteful spending, conflicts-of-interest, and strange grants—including one to help tobacco producers in the state, ironically—that the institute unearthed resulted in significant political fallout within North Carolina as well as national media attention from ABC News, *Time* magazine, CBS News, CNN, and other outlets,” reports foundation president, John Hood. Some related political machinations are now under federal investigation.

In each of these cases, the free market think tanks protect the rights of the people of the state—government workers, children, landowners, taxpayers, and others. The Sutherland Insti-

tute of Utah proposed the Voluntary Contributions Act that prohibits PAC money from being automatically deducted from state employee paychecks. That Act is now law. Sutherland also proposed a law that warrants be required to take children from homes on child welfare cases. That too, is now law.

As with most rights-based issues, benefits are achieved across the board when barriers to entry are removed. Consumers always benefit with lower prices and more choice, but, just as important, the dismantling of barriers opens up more opportunities for more people. Government-sanctioned taxicab monopolies have been a classic textbook case study for economic students for decades. Cascade Policy Institute published several reports about opening up Portland's taxi monopoly market, which had been controlled by four companies for more than two decades. As Cascade's president Steve Buckstein explains, "Under pressure, the city council finally opened the market to two new competitors. Portland's Mayor told me, 'We did what you wanted us to do.'"

More and more, free market think tanks are tackling the growing trend of using eminent domain—where the government takes someone's property for a "public use"—to help private individuals confiscate the private property of others. The Institute for Justice, a public interest law firm, published the first comprehensive analysis of this growing trend in *Public Power, Private Gain* by Dana Berliner, and "60 Minutes" ran a feature on IJ and its work in September. The Goldwater Institute recently took up the eminent domain torch in Arizona. Its policy paper "Eminent Domain Abuse in Arizona: The Growing Threat to Private Property" led the Arizona Legislature to enact a measure restricting municipal power to take private property for private gain.

Property rights and their impact on our surroundings came into play in a different way in New York. The Manhattan Institute promoted the "Broken Windows" concept of crime prevention policy in one of America's largest cities, contributing to unprecedented improvements in that city's crime rates. The theory, developed by criminologist George Kelling and political scientist James Q. Wilson, posits that broken windows and otherwise dilapidated environments give the impression that no one owns an area,

thereby attracting crime. The strategy, then, is to reduce crime by heavily policing the small quality-of-life misdemeanors that create an atmosphere of lawlessness.

The Manhattan Institute published an interview, conducted by Kelling, of New York's Transit Police Chief William J. Bratton about putting Broken Windows to the test in New York's subways. Impressed with Bratton's work in the subways, Mayor Rudolph Giuliani, who had attended a Manhattan Institute forum on Broken Windows, hired Bratton to be his Police Commissioner. As Tom Wolfe wrote, "The breathtaking decline in the crime rate that followed has become legend."

More recently, the Manhattan Institute made front-page news again—this time for putting dollar figures on the lawsuit industry. *The Washington Times*, *Economist*, and others cited the institute's findings that trial lawyers rake in \$40 billion annually, and that lawsuits—excluding tobacco settlement payments—cost over \$200 billion every year.

Though each of these organizations is an independent entity, they all share a philosophical perspective that champions limited government, free markets, rule of law, and individual rights. Simply put, they are making a world in which people are given the greatest latitude to decide what's best for them, free from unnecessary restrictions from the government. And, of course, each pursues their many activities without taking a dime from government, allowing them to speak freely and without bias. They deliver an impressive impact, in most cases on a shoestring budget, offering an attractive return for their donor investors.

In addition to these individual organizations, two umbrella organizations exist to boost the productivity of the think tanks. On the national level, the State Policy Network serves as the professional service organization for America's state-based, free market think tanks. On the international level, the Atlas Economic Research Organization promotes free markets through its network of institutes around the world. Both groups bring the think tanks together regularly to share best practices for this young and

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