

A WORD FROM THE PRESIDENT**A Bow to Hundreds and Thousands**

If all goes according to production plans, you'll receive this new and improved American Experiment newsletter shortly before our 2009 Fall Briefing with Steve Forbes—at which time we'll officially start celebrating the Center's 20th anniversary. (Anyone who recalls how we didn't hold our first event—an all-day conference on reducing poverty with the likes of Linda Chavez and Charles Murray—until early 1990 is a poor sport.)

As part of the year-plus party, we will release a commemorative publication that has grown in concept and girth since Chairman Chuck Spevacek first said it shall be. I don't want to tease too much of it here, but suffice it to say it was both a job and joy to go through two decades of files tracking down key publications, events, and other pivotal moments. It's amazing how long-dormant memories can be triggered by the rhythms of a few words or sentences. It's also amazing—albeit

senior-moment sobering—how asleep memories sometimes barely wake up. "It sounds vaguely familiar, but did I really write that?"

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One of the features of the 20-year review will be highlights from each of our first score of years. Here's a portion, for example, from 1992.

**Mitch Pearlstein**

The Center holds its first Annual Dinner, with former education secretary Bill Bennett. Vin Weber speaks at a special Breakfast Forum the morning after Bill Clinton's presidential victory on the question, "What's Next for Conservatism?" It will be the first of many Center-sponsored appraisals of conservatism and its prospects in coming years. A Luncheon Forum panel considers whether "Middle-Class Values" are "Cultural Impositions or the Only Real Way Out of Poverty?" American Experiment publishes the first of several analyses of the compatibility of free markets and the environment: "How Government Turns the Learning Curve from Green to Brown," by columnist Warren T. Brookes.

Another section will contain especially on-target excerpts from Center studies, essays, and columns. Here's climatologist John Christy, in 2007.

Michael Crichton famously said, "Consensus is not science." In regard to the climate, you often hear, ►

◀ “consensus says this,” or “consensus says that.” Yet if you have to vote on it, that’s not science—that’s political activity. We know what science is: All science is numbers. Lord Kelvin told us that a century and a half ago. You measure something, you put it into a number, and then you know something about your subject. My favorite author [P.J. O’Rourke] said this: “Some people will do anything to save the earth—except take a science course.”

A third component (there will be about a half-dozen, including a good-sized essay by me) will be an impressive wall-to-wall listing of the 750 or so people who have written for the Center, or who have spoken at an event, or who have served on at least one of our Minnesota

Policy Blueprint task forces, a series going back to 1998 which has examined virtually the whole of state government through conservative and free market prisms, making hundreds of recommendations in the process. As you might imagine, a significant number of these men and women—on various sides of various aisles—have written or otherwise contributed many times.

A proper and concluding bow here, after previewing the above salute to hundreds, is to similarly and ardently thank many *thousands* of additional good friends who, with faith and generosity, have made American Experiment—not merely a place or play-er—but a major and lasting Minnesota institution. ■

STATE BUDGET FOCUS

“Watershed Escapes” Required

At the end of the 2009 session, Governor Pawlenty announced a real jaw dropper. With budget negotiations going nowhere in the legislature, he decided to go it alone and cure the remaining \$2.7 billion imbalance through the unallotment process.

Writing in the *Star Tribune* in July, Mitch Pearlstein defended unallotment as a prudent way to keep Minnesota prepared to face longer-term shortfalls. He argued that “the prudence of unallotment ... has less to do with any current need for belt-tightening and more with an impending boomer-based mess that will be much harder to fix than anything underway now.” Indeed, with even more demanding budgets to come, it’s essential to keep spending and taxes in check today. And, given the gridlock and the tax increases passed in the House and the Senate, Tim Pawlenty’s vetoes and unallotments were, Mitch wrote, “the only means of keeping lids sealed in this part of the country, in regard to both spending and taxes.”

While unallotment made the best of a bad situation, it was far from being the preferred end to the session. As all lawmakers know, Minnesota is facing severe budget shortfalls for as far as economists can project. Ideally, lawmakers would have faced squarely both current and future shortfalls. Instead, they delayed tough but inevitable choices to a future year.

This delay was not for want of ideas. The Minnesota Budget Solutions Coalition identified \$6.6 billion in savings through a number of strategies to reduce spending, including eliminating or cutting programs, reducing pay, selling public property, merging programs to gain efficiencies of scale, and repealing unfunded mandates. With this coalition of conservative groups working on the spending side, American Experiment offered recommendations focused on economic growth. In *Preparing for an Even More Demanding Future*, Peter Nelson evaluated ▶

◀ the governor's budget and outlined 25 budget recommendations aimed at advancing four objectives: promoting job growth, expanding economic freedom, bringing balance beyond the biennium, and obtaining more value from government services.

By focusing on spending reductions and economic growth, these reports highlight ways to resolve Minnesota's long-term budget problems without raising taxes. Indeed, we will need a heavy helping of both spending reductions and economic growth if we hope to avoid

taxing the competitiveness out of our economy even more than our state and local governments already do.

To quote Mitch's column again: "The deluge is coming; watershed escapes are required." The recommendations referenced above are just the sort of "watershed escapes" Minnesota lawmakers need to consider in the 2010 session. Promoting these and devising additional escapes are American Experiment's highest priority for the coming legislative session. ■

How Technology Will Liberate Learning from Politics and Unions

The accentuated aim in St. Paul these days, as well as in 49 other capitals around the country, is figuring out how to simultaneously improve public services while cutting expenses. Given deep and lasting economic problems, it's hard to conceive of any sensible person disagreeing with the goal, and in fact, I don't know of anyone, regardless of party, who does. The mega-tonnage rub, of course, is figuring out improvements which are not only fundamentally sound but also politically feasible.

Enter an American Experiment Luncheon Forum this past summer on the increasing role and importance of technology in education in which one of the breakthrough points made is that just because teacher unions—the most politically powerful force in all of U.S. education—are instinctually opposed to increased educational choice, that doesn't

mean they have the wherewithal to retard it's benign spread forever.

Actually, what political scientists Terry M. Moe and John E. Chubb argued is that however teacher unions may try to resist technology's ever-expanding role in education—and the consequent ways customized computer learning will lead to enhanced quality and lower costs—they will fail. It's a persuasive and hardheaded (which is to say, anything but naïve) argument, described in full in their important new book, *Liberating Learning*. Here's a quick slice of how Professor Moe, who teaches at Stanford, summarized the dynamic. The question on the table was why the National Education Association and the American Federation of Teachers "won't just block technology" in the same way they have blocked decades of attempted reforms.

EVENT HIGHLIGHTS

"The unions," he said, "can block proposals in politics, but they can't really stop technology from shaping our society, from shaping our attitudes, from shaping what parents and kids want, from giving rise to entrepreneurs all over the place who are developing new things for education and pursuing them in various ways. So as a result, technology is going to seep into the system. It's going to seep in slowly because the unions are trying to block it, but it is going to seep in."

MP

The printed entirety of Drs. Moe and Chubb's July remarks to an American Experiment audience will be released shortly. The event can also be heard online at AmericanExperiment.org. ■

HEALTH CARE FOCUS

Federal Health Changes Threaten Minnesotans' Health Care and Finances



Peter Nelson

Though American Experiment focuses on Minnesota policy issues, it's impossible for us to ignore the health care bills taking shape in Congress. The Obama-backed bills moving forward in the House and Senate pose serious threats to Minnesota's health care system and finances.

ard Burr (NC), Rep. Paul Ryan (WI), and Rep. Devin Nunes (CA)—and the Republican Study Committee's Empowering Patients First Act. Anyone who claims that there's no comprehensive conservative health reform alternative hasn't read these bills. Unlike ObamaCare, each of these bills bend the cost curve by equalizing the tax code, promoting competitive insurance markets, reducing frivolous lawsuits, and reforming Medicare's payment structure.

Public plan would cripple competition

The most severe threat is a Medicare-style public health plan. Liberals claim that it will increase competition. Quite to the contrary, inclusion of a public health plan is far more likely to eliminate competition. Writing in the *Wall Street Journal*, Scott Harrington—a professor at the Wharton School of the University of Pennsylvania—states unequivocally that “a public plan would inexorably crowd out private plans, leading to a single-payer system.” Whatever innovation, cost control, and patient choice that exists today would fade as this single-payer system takes hold.

A public plan option is not the only threat. Other initiatives—such as a federal insurance exchange, minimum benefit requirements, and employer and individual mandates—would also extend the government's control over our health care decisions.

ObamaCare does not bend the cost curve

And then there's the cost. Cost estimates range from \$600 billion to \$2 trillion over the next ten years. But, as Mitch Pearlstein explained in a recent column, “taxpayers should view reform's spending projections with a healthy distrust.” Looking back, Medicare and Medicaid cost projections consistently miss the mark by billions of dollars. Even the Congressional Budget Office admits that none of these bills will bend the cost curve.

Conservative alternatives

There are alternatives. I'm particularly impressed by two Republican bills, the Patients' Choice Act—sponsored by Sen. Tom Coburn (OK), Sen. Rich-

A Minnesota perspective

American Experiment's Minnesota voice adds an important perspective to the federal debate. For example, we released a report in September that clarifies how the Mayo Clinic fits in Minnesota's health care system and that it may not be the low-cost panacea that President Obama so often cites. More recently, recognizing that a state-based insurance exchange may not be necessary in Minnesota, we proposed that health insurance premium accounts may be a better, less-intrusive alternative to the exchanges found in almost every federal proposal.

What's next

So, where are we headed? That's hard to say. Prognosticating is nearly impossible because discontent remains heavy across so many issues. Despite the passage of a bill in the House, Democrats remain split over taxing high-priced health plans, Medicare payment reform, Medicaid expansion, abortion, illegal immigrants, the public plan, and the lack of real cost control. In fact, Sens. Amy Klobuchar and Al Franken signed letters in July and October strongly challenging the way Medicare payments and Medicaid expansion shortchange Minnesota. Also, Sen. Joe Lieberman threatened to block a vote on the Senate health bill if it includes a public plan option.

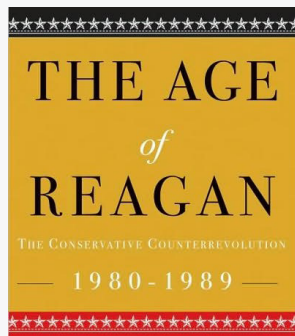
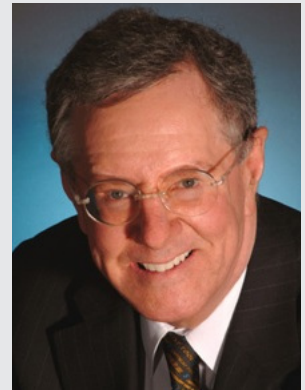
All of these controversies continue to delay a final bill and political observers now predict that President Obama won't see a bill on his desk until next year. To leave you with a positive spin, that just gives more people more time to understand just how bad the bills cooking in Congress will taste. ■

• UPCOMING EVENTS •

2009 Fall Briefing with Steve Forbes . . . and Kick-off to American Experiment's 20th Anniversary

When: Tuesday, November 17, 2009 • 7:00 p.m.
Where: Orchestra Hall, Downtown Minneapolis

Reserve a row or seat at AmericanExperiment.org or contact Shanna Woodbury at Shanna.Woodbury@AmericanExperiment.org



Luncheon Forum on The Age of Reagan with Steven Hayward

Steve Hayward—one of the conservative movement's most talented, prolific, and broadly gauged scholars—will discuss the just-released and concluding volume in his more-than-decade-long-project on Ronald Reagan.

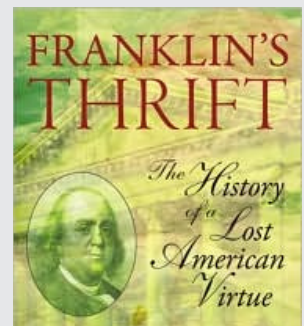
When: Tuesday, December 8, 2009 • 12:00 - 1:30 p.m.
Where: Hilton, Downtown Minneapolis

John Brandl Salute with Barbara Dafoe Whitehead

Cosponsored by the Caux Roundtable, Citizens League, Growth & Justice, and the Minnesota Free Market Institute, in collaboration with the Humphrey Institute.

Historian Barbara Dafoe Whitehead will discuss her new book, *Franklin's Thrift: The History of a Lost American Virtue*.

When: Thursday, February 18, 2010 • 4:00 p.m.
Where: Cowles Auditorium, Humphrey Institute, University of Minnesota



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You can find the audio from our most recent events directly on our home page at AmericanExperiment.org. Click through to our "Event Archives" for a complete list of recordings. Audio can be streamed or downloaded as MP3s.

VINTAGE AMERICAN EXPERIMENT

The very first “occasional paper” American Experiment ever published was the keynote address at our very first conference ever, by Chester E. Finn, Jr. The title of the conference (held in St. Paul on April 4, 1990) was “The New War on Poverty: Advancing Forward this Time.” The title of Dr. Finn’s speech and subsequent essay was “Ten Tentative Truths.” Here’s what Pulitzer Prize-winning columnist William Raspberry wrote about it in the Washington Post and many other newspapers in August of 1990.

Disastrous Behavior

by William Raspberry

Washington Post, August 8, 1990

You won’t envy the assignment given Chester “Checker” Finn by a Minneapolis-based outfit called Center of the American Experiment: “What ought society do when families crumble, and what ought government do when children are endangered?”

But you might find yourself wishing that our social policy leadership, public and private, had the insight to see (and the guts to say) what Finn has said.

If there is a theme to Finn’s response, a paper he modestly labeled “Ten Tentative Truths,” it is that most of the awful things that happen to those who constitute the American “underclass” are less the result of inadequate government intervention than of their own disastrous behavior and that no government policy or program will do much good unless we can somehow induce them to change their behavior.

For instance: “We must steel ourselves to speak the truth in public places about social norms that we know to be good for children and about the malign consequences of deviating from those norms.... With rare exceptions, two-parent fami-

lies are good for children, one-parent families are bad, zero-parent families are horrible.

“We know that a well-functioning society must condemn behavior that results in people having children who are not prepared to be good parents. I find it astonishing that, in the face of that knowledge, today we seem to attach more opprobrium to dropping out of school, experimenting on a cat or uttering nasty remarks on campus than we do to giving birth to what not so many years ago were called ‘illegitimate’ children.

“I am making a point about morality, yes, but the larger point is about honesty: Children fare better in some circumstances than in others, and no decent society will remain silent when it comes to pointing out which circumstances are which. We do this not because we enjoy sermonizing, but because if we really care about ‘at-risk’ children, we need to help people understand—and internalize—the behavioral norms that make for environments in which children thrive. ...

“To acknowledge this is not enough. We need to teach it, preach it, to persuade people of it. It’s a whole lot more important to the society’s future than stopping smoking or lowering cholesterol levels or recycling aluminum cans.” ►

◀ Yes, Finn, former assistant secretary of education under William Bennett and now on the faculty of Vanderbilt University, is a conservative, and so is Mitchell Pearlstein, his former colleague and founder of the American Experiment, who gave him the assignment.

But his analysis transcends the usual liberal/conservative classifications and zeroes in on what all of us—at least in our private thoughts—know to be true.

For instance: “I just don’t see expansions of the earned income tax credit [a favored conservative approach] making people significantly less apt to shoot one another with assault rifles. ... Economic measures may deal with dollar poverty, but economic incentives cannot be counted on to alter antisocial behavior. ... I believe we need to promulgate—and then enforce—a doctrine of accountability, for parents as well as for their children. We need to be ready to impose real, material consequences on adults when they or *their children* deviate from behavioral norms.”

The need, says Finn, is for a new emphasis on the development of “social capital”: the availability of caring and trustworthy adults, the establishment and enforcement of community norms, protection from outside dangers as well as the predations of peers.

And while it is usually better to improve the situation within a child’s family—with money, parent-education and job-training program—Finn insists that we have to recognize that it is sometimes in the society’s interest to remove children from their homes, not just in temporary foster-care arrangements, but permanently. “When a family is in a condition of melt-down, our priority must be to help the children. Parents do not always know best, and their interest is not always foremost.”

It’s impossible in this short space to summarize Finn’s paper (available for \$2 from the American Experiment, 45 S. 7th St., Minneapolis, 55402) except to say that he is talking about far more than income-transfers and educational reform. He is talking about what is, in fact, an unattended national crisis:

“I am talking about kids who are at risk of a great deal more than not learning enough math, science, history and geography. They are at risk sometimes of life and limb, of body and soul, of spirit and morality, of abandonment and abuse, of drugs and poverty, of neglect and crime and prison—and of reproducing under circumstances that make it likely that their progeny, too, will be at risk in the same ways, only perhaps worse.” ■



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