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Conservative State Think Tanks

The Left tries to shut them down because they're winning

By Stephen Moore

If you've ever wondered why conservative policy ideas triumph more often at the state level than they do in Washington, here's one explanation: the rising influence of free-market-oriented think tanks in the states.

Take the momentous victory last month in Chattanooga, Tenn., where workers at a Volkswagen plant rejected the United Auto Workers' bid to represent them. This victory didn't come about by chance. The Beacon Center, an advocacy group for conservative policy in Tennessee, played a key role in the battle. Beacon held town-hall forums — one of which I participated in — making the commonsense case to community leaders, the media, and VW workers that inviting in the union would put this fast-growing southern town on the path toward becoming another Detroit. The failure of labor bosses to win the VW vote and establish a foothold in the South is due at least in part to the Beacon Center's successful campaign to educate the public.

Today there are more than 60 of these mini think tanks in the country — one operating in just about every state capital. Beacon in Tennessee, the Illinois Policy Institute, the Show-Me Institute in Missouri, the James Madison Institute in Florida, and many others like them market and help implement conservative solutions to a range of thorny policy problems, from failed schools to traffic congestion.

Naturally, the Left wants to muzzle these groups, in much the same manner that they have proposed new IRS rules in an effort to shut down conservative 501(c)(4) social-welfare groups. Leading the left-wing charge are two groups, Progress Now and Center for Media and Democracy (CMD), that try to bully corporate supporters — including Kraft Foods, Google, and Microsoft — into pulling their funding from the conservative “stink tanks,” as the attack dogs charmingly call them.

Here we go again. This is the same intimidation tactic that George Soros-sponsored groups use to pressure Fortune 100 companies into withholding donations from the American Legislative Exchange Council (ALEC), a national network of 2,000 conservative state legislators. The left-wing groups are also issuing Freedom of Information Act (FOIA) requests in at least five states to obtain think-tank donor lists. They also want legislators to disclose any and all communications with ALEC or state think tanks — as if they were drug runners. On November 13, CMD released a report charging that a “web of right-wing ‘think tanks’” act as “extreme pressure groups” by “orchestrating extensive lobbying and political operations to peddle their legislative agenda, all while reporting little or no lobbying activities.” The groups are hired guns for big-business interests, CMD claims, and are funded with “dark money,” which it defines as undisclosed contributions from anonymous donors, including those who have “deep ties to

the Koch brothers.” The goal is to shut down or shut up these conservative think tanks because they pose a growing threat to unions and leftist governance.

For the past dozen years, these conservative research groups have not only proliferated from coast to coast, they have also racked up stunning policy victories, especially in red and purple states. Disclosure: Over the years I have spoken at conferences held by many of these groups, and some of them have published my work. And why not? The Goldwater Institute has been instrumental in bringing school choice to nearly 20,000 students in Arizona, making the state a national model for education reform; the Texas Public Policy Foundation has inspired the booming Right on Crime movement, which cuts incarceration costs by strengthening alternatives to jail time, such as probation and treatment, for non-violent drug users; and last summer, two think tanks in North Carolina, the John Locke Foundation and the Civitas Institute, helped push through the biggest income-tax cut in the state’s history.

But what sent the Left into anger-management therapy was a startling win last year by the Mackinac Center, a think tank in Michigan, the birthplace of unionism in America. Through effectively presented research and diligent legwork, the group persuaded Lansing lawmakers to pass a right-to-work law in the Wolverine State. The Left never saw it coming.

Late last year, the unions took it on the chin again, when the Independence Institute’s \$100,000 campaign convinced Colorado voters that a union-sponsored ballot initiative to raise taxes by \$1 billion to pay for schools would be money wasted and would wreck the state economy. The Left spent \$10 million to \$12 million, but voters agreed with Independence and rejected the initiative by a margin of nearly two to one.

A few years ago, a George Soros employee told me off the record that it would cost the Left up to \$1 billion to match the infrastructure and intellectual credibility of these free-market-oriented conservative outfits — quite a compliment given that many of these state groups still operate out of cramped offices in shopping malls, on shoestring budgets of \$4 million or less. In most states, conservative think tanks are at a distinct fundraising disadvantage because most take not even a dime of government money, whereas the leftist groups they battle are generally funded through tax dollars and union dues (which are collected even when the individual taxpayer or union member opposes the aims of the groups).

Alas, the Left’s attacks are already drawing some blood. Two think tanks, the Buckeye Institute in Ohio and the Commonwealth Foundation in Pennsylvania, are currently under audit by the IRS, and groups in other states are girding for a similar assault. Predictably, the media have dutifully echoed the Left’s litany of allegations. Relying heavily on the views of Lisa Graves, the director of CMD, Jane Mayer argued in *The New Yorker* in November that the state think tanks are nothing more than mouthpieces for big business and Wall Street. “The think tanks are less free actors than a coordinated collection of corporate front groups,” she claimed. Equally alarming to Mayer, they are supposedly masterminded by the State Policy Network (SPN), a coalition of state think tanks. “Far from being independent,” the state think tanks “have promoted . . . the same carbon-copy claims, identical language, and distorted statistics . . . [and] are intensely subservient to the wishes of the most powerful few,” she wrote, quoting Graves.

The complaint here is that conservative state groups are borrowing reforms that have worked in one state — in welfare, pension, or education policy — and using them to improve policies in other states. The scoundrels. As Tracie Sharp, who runs SPN, tells me: “This is precisely what state think tanks are supposed to do and why they are so effective at solving problems.” What the Left calls distortion — the statement that lower-tax states have stronger economies than do higher-tax states, for instance — is in fact observable reality. And what Mayer finds sinister is the American concept of federalism, whereby states learn from one another what works and what doesn’t. In private industry, this is called “best practices.”

The “dark money” claim, propounded by *Mother Jones*, among others, is even more baseless. It’s also toweringly hypocritical. Wherever they fall on the political spectrum, 501(c)(4) tax-exempt social-welfare groups are not legally required to list their contributors publicly. When I contacted CMD and the Center for American Progress, which are hollering for disclosure of right-wing “dark money,” they were not willing to reveal their own lists of donors. Graves grew tongue-tied when asked during a press conference about contributions CMD had received from George Soros and his foundation. She admitted the group had received funding but wouldn’t divulge how much. When Soros gives hundreds of millions to the Left, it’s an act of goodwill, but when Charles and David Koch fund right-wing groups, it’s corporate tyranny? I asked Jon Caldara of the Independence Institute whether his group receives much Koch money. His reply: “Well, we sure wish we did.” Evidently the Koch network has not yet penetrated everywhere.

The original hero and funder of the conservative think-tank movement in the states was neither of the Koch brothers, despite their ubiquity in the leftist media. It was the late Thomas Roe, a successful South Carolina businessman who invested seed capital in the 1980s and ’90s to get fledgling free-market groups off the ground. He described these entities as “foot soldiers in the war of ideas” and believed they could counter the taxpayer-funded, largely left-wing research churned out by universities and the union-funded “studies.”

The state think-tank leaders all laugh at the idea that they are puppets of the Kochs or of the State Policy Network. Anyone who believes that has never met these think-tank presidents. The groups are fiercely independent entities, sometimes excessively so. “Top-down management is the Left’s standard model of operation, not the Right’s,” Tillman tells me. “We practice what we preach: local control and decentralization.” This goes a long way in explaining why the Left has failed so starkly to duplicate the success stories that are widespread in the state-think-tank movement.

As for lobbying, many of the more successful conservative groups spend up to 20 percent of their budget on it, which is permitted under federal tax law — in their case, they spend this money to promote free-market legislation. “We’re in the business of winning, so, yes, we engage in lobbying activities, and proudly,” says Independence’s Caldara. “By the way, we got this idea from the leftist groups that have been lobbying for years.” One could make a strong argument that tax-exempt social-welfare groups should not be able to lobby. The unions and other left-wing organizations, though, are reluctant to call for changes in the tax rules because they know the reforms would probably shut down many of their own strong-arm lobbying activities.

The good news is that no matter how much money George Soros keeps throwing at the cause of government expansionism, it's doubtful the Left will come close anytime soon to duplicating the committed donor base, strategic leadership, and overall policy clout of the conservative think tanks in the states. "Liberals have until recently tended to ignore us," says the unflappable Tracie Sharp. "But now they're coming after us pretty aggressively — we must be winning," she shrugs. They are, primarily because their ideas actually work. That's the real reason the Left thinks these free-market groups "stink." And why conservative donors should double down in funding them.

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