



NISKANEN
C E N T E R
C O N S P E C T U S

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The Niskanen Center is a libertarian 501(c)(3) organization that works to change public policy through direct engagement in the policymaking process: developing proposals, mobilizing other groups to support those proposals, promoting them to legislative and executive decision makers, building short- and longer-term coalitions to facilitate joint action, establishing strong working relationships with allied legislative and executive branch actors, and marshaling the most convincing arguments and information in support of our agenda.

Libertarians have a vision of policy change, but no theory about exactly how it will occur, much less a means or mechanism for executing policy changes. The Niskanen Center's focus on *policy change* complements the work of existing libertarian organizations, which are primarily engaged in other activities such as analyzing or criticizing policy, changing public opinion, and electing libertarian-leaning politicians.

The Niskanen Center prospectus provides an outline of why a new libertarian organization is necessary and how the Niskanen Center plans to go about its mission. This conspectus goes into greater detail on those matters.

“VISION WITHOUT EXECUTION IS HALLUCINATION.”

- Thomas Edison

THE LIBERTARIAN PROBLEM

Despite having invested tremendous time, energy, and resources in achieving political change, libertarians have produced little *policy change*. Of the 509 significant domestic legislative policy changes since World War II, more than half (265) expanded government while only four percent (20) contracted government.¹ When policymakers act, they have, on balance, acted to expand state power.

To the extent that it is articulated, the current strategy pursued by libertarian organizations is premised on the belief that putting external political pressure on Washington will eventually produce policy change.² Accordingly, libertarian efforts are almost all designed to produce such pressure, beginning with publishing supportive scholarly work to influence public opinion and ending with the election of friendly politicians.

Yet electing friendly politicians has accomplished little. Consider the 2000 elections, which gave Republicans control of the House, the Senate, and the White House. These ostensibly conservative Republicans went on to enact the largest federal intervention in education since 1965 (the No Child Left Behind Act) and the largest expansion of Medicare in history (the Medicare Prescription Drug, Improvement, and Modernization Act). Domestic spending

meanwhile grew faster during the Bush administration than under any president since Lyndon Johnson.

Surprisingly enough, there is nothing unusual about this story. Academics who have performed regression analyses find little relationship between the extent or direction of policy change and changes in public opinion or electoral outcomes. If public opinion truly drove public policy, trade policy would be more protectionist, foreign aid would not exist, there would be more restrictions on abortion, a higher minimum wage, more generous unemployment benefits, tighter corporate regulation, and a more progressive income tax.³

REGRESSION ANALYSES FIND LITTLE RELATIONSHIP
BETWEEN THE EXTENT OR DIRECTION OF POLICY
CHANGE AND CHANGES IN PUBLIC OPINION
OR ELECTORAL OUTCOMES.

A review of the published case-studies examining 790 significant policy change events over the past 70 years likewise finds little relationship between external pressure on politicians and policy change. Political scientist Matt Grossmann concludes from that literature:

1 Matt Grossmann, *Artists of the Possible: Governing Networks and American Policy Change Since 1945* (Oxford University Press, 2014).

2 Within the political science community, this is referred to as "majoritarian electoral democracy theory." For an overview of the evidence for this theory, along with the evidence for the main contending theories of policy change - "elite theory," "majoritarian pluralism," and "biased pluralism" - see Martin Gilens and Benjamin Page, "Testing Theories of American Politics: Elites, Interest Groups, and Average Citizens," *Perspectives on Politics*, Fall, 2014 (forthcoming).

3 Martin Gilens, *Affluence & Influence: Economic Inequality and Political Power in America* (Princeton University Press, 2012) and Matt Grossmann, *Artists of the Possible*. Regressions by Gilens, however, find that public opinion does have a statistically significant impact on legislative activity during presidential election years, although not during other years.

No matter the issue concern, institutionalized entrepreneurs coalescing and compromising within government institutions are the key components of policymaking. I find no issue areas where policy outcomes are primarily a product of public opinion, media coverage, or research trends. Insular policymaking via cooperation among political officials and interest groups is not merely a type of political conflict; it is the typical form of policymaking across the issue spectrum.⁴

Despite empirical evidence to the contrary, many find it hard to accept the proposition that lawmakers are largely unconstrained by public opinion. But voters know or care very little about what goes on in Washington (much less in their state capitals).⁵ Furthermore, what few opinions they hold are infirm and incoherent, which helps explain why a question about whether the government should censor pornography, for instance, can produce either 80 percent opposition or 65 percent support depending upon how the question is phrased.⁶ Finally, voters readily defer to a small number of prominent lawmakers and elites and can be easily induced to abandon one position for another. Just before President Nixon's

surprise announcement of executive action to impose wage and price controls in the summer of 1971, for instance, only 37 percent of Republican activists supported wage and price controls. After Nixon's announcement, however, 82 percent of Republican activists supported them.⁷ Public opinion is so shallow and fickle that the political class is seldom seriously disciplined by it.

Changes in public opinion force politicians to change not their policy choices, but how they frame their policy choices.⁸ Lawmakers further placate public opinion with symbolic legislative gestures, which are usually taken as real and significant by voters.⁹

Policymaking is an insular business driven by Washington insiders.¹⁰ These insiders work most effectively through distinct governing networks composed of long-serving legislators, executive branch actors, and prominent interest groups. Governing networks are joint engagements in policy entrepreneurship, specialized in behind-the-scenes dealmaking, coalition building, regularized cooperation, and a commitment to "the art of the possible." Nothing else can overcome the difficulty associated with building the political majorities and super-majorities in multiple governing venues

4 Matt Grossmann, *Artists of the Possible: Governing Networks and American Policy Change Since 1945*.

5 Bryan Caplan, *The Myth of the Rational Voter: Why Democracies Choose Bad Policies*, New Edition (Princeton University Press, 2008).

6 Robert Erickson, Norman Luttbeg, and Kent Tedin, *American Public Opinion*, 3rd Edition (Macmillan, 1988). Gilens (in *Affluence & Influence*) cites a few additional examples of the same phenomenon. For instance, 64 percent of Americans in one poll thought that the government was spending too little on "assistance to the poor" but only 22 percent thought too little was being spent on "welfare." In another survey, two-in-five said the government should "not allow" public speeches against democracy but only half of that number felt that the government should "forbid" the same. And while 64 percent of Americans in another survey supported a program that would reduce unemployment from 10 percent to 5 percent even if it caused higher inflation, only 46 percent supported the same program when it was described as increasing employment from 90 to 95 percent.

7 John Zaller, *The Nature and Origins of Mass Opinion* (Cambridge University Press, 1992).

8 Lawrence Jacobs and Robert Shapiro, *Politicians Don't Pander: Political Manipulation and the Loss of Democratic Responsiveness* (University of Chicago Press, 2000) and Christopher Ellis and James Stimson, *Ideology in America* (Cambridge University Press, 2012).

9 Murray Edelman, *The Symbolic Uses of Politics*, 2nd Edition (University of Illinois Press, 1985).

10 This is the central claim of "elite theory" in political science. For an academic summary of elite theory, see Louis Schubert, Thomas Dye, and Harmon Zeigler, *The Irony of Democracy: An Uncommon Introduction to American Politics*, 16th Edition (Wadsworth, 2014). A recent empirical test of the various theories of policy change by political scientists Martin Gilens and Benjamin Page (Op. Cit.) - the first empirical analysis of its kind - found strong support for elite theory and little for contending policy change theories.

necessary to produce significant policy change.

Libertarian investments in changing the political terrain are not pointless. Public opinion and the ideological makeup of Congress certainly make some policy changes easier to execute than others and establish the boundaries of what is possible. But those boundaries are broad and elastic. A favorable political terrain is part of the political context that enables productive patterns of insider cooperation to emerge, but it has proven to be neither a sufficient nor even a necessary condition for policy change.

Both theory and practice tell us that libertarian investments in policy change will simply not pay off until they are accompanied by engagement with Washington insiders.¹¹ As political scientist Matt Grossmann notes:

The policymaking system does not respond like a pendulum, moving left and right in response to public opinion and election results. Policy output is not a simple function of the partisanship or ideology of legislators, presidents, or judges. The conservative or liberal nature of policy advancement is not well predicted by the parties in control of government, the median ideology of policymakers, or liberal or conservative trends in the American public. Likewise, the total amount of significant policy produced by government is not especially responsive to ideological polarization, divided party government, or the rise of new presidents or new parties. Models of policy output and ideological direction based on those variables do not fit the historical data since 1945, even accounting for inertia from one year to the next.¹²

11 Libertarian optimism that a tide of libertarian-minded young voters will soon transform American politics is likely misplaced. According to a recent Pew survey, “Millennials” strongly support increases in business regulation and wealth redistribution; more so than any other generational demographic. See Pew Research; Social & Demographic Trends, “Millennials in Adulthood,” March 7, 2014. For online commentary regarding this data in light of libertarian optimism, see Jonathan Chait, “No, America is Not Turning Libertarian,” *New York*, August 7, 2014, and Chait, “How Libertarians Snookered *The New York Times Magazine*,” *New York*, August 13, 2014. While public sentiment overall is trending in a somewhat libertarian direction, the public still supports more rather than less government and support for government will likely increase again when Republicans recapture the White House. See James Stimson, *Tides of Consent: How Public*

Opinion Shapes American Politics (Cambridge University Press, 2004). The public mood data examined by Stimson is regularly updated at <http://kelizabethcoggins.com/mood-policy-agendas/>.

12 Matt Grossmann, *Artists of the Possible: Governing Networks and American Policy Change Since 1945*.

HOW ADVOCACY ORGANIZATIONS INFLUENCE PUBLIC POLICY

A mountain of evidence from detailed case studies and empirical investigations finds that non-profit policy advocacy organizations play a major role in policy change.¹³ Influential political actors (former Senator Jim DeMint and former White House chief of staff John Podesta being the most recent examples) often move into advocacy organizations to better advance their policy agendas.¹⁴ Politicians commonly bemoan the political influence of opposition policy advocacy organizations and carefully cultivate relationships with friendly advocacy organizations.

Policymakers pay attention to – and are thereby influenced by – issue advocacy organizations primarily for five reasons:¹⁵

1. Issue advocacy organizations are political barometers for elected officials. It is sometimes unclear to politicians whether a prospective policy change will prove salable to important constituencies. To the extent that issue advocacy groups represent the perspective of important constituencies, their attitudes toward proposed policy changes provide useful information about how voters may react to prospective legislation and regulatory initiatives. Moreover, given that public opinion is driven by elite cues, support from well-respected advocacy organizations assists politicians in mobilizing support or neutralizing opposition to policy changes.¹⁶

2. Issue advocacy organizations are wellsprings of fresh, attractive, well-vetted reform ideas and policy innovations. Politicians value new, attractive policy ideas because they have

13 *How Think Tanks Shape Social Development Policies*, James McGann, Anna Viden, and Jillian Rafferty, eds. (University of Pennsylvania Press, 2014), Matt Grossmann, *Artists of the Possible*, Kublay Yado Arin, *Think Tanks: The Brain Trust of U.S. Foreign Policy* (Springer Fachmedien Wiesbaden, 2013), Andrew Selee, *What Should Think Tanks Do? A Strategic Guide to Policy Impact* (Stanford Briefs, 2013), Thomas Medvetz, *Think Tanks in America* (University of Chicago, 2012), Matt Grossmann, *The Not-So-Special-Interests: Interest Groups, Public Representation, and American Governance* (Stanford University Press, 2012), Matt Grossmann, "Interest Group Influence on U.S. Policy Change: An Assessment Based on Policy History," *Interest Groups & Advocacy* 1:2, pp. 171-192, 2012, Donald Abelson, *Do Think Tanks Matter? Assessing the Impact of Public Policy Institutes*, 2nd Edition (McGill-Queen's University Press, 2009), Andrew Rich, *Think Tanks, Public Policy, and the Politics of Expertise* (Cambridge University Press, 2004), *Think Tank Traditions: Policy Research and the Politics of Ideas*, Diane Stone and Andrew Denham, eds. (Manchester University Press, 2004), James McGann and R. Kent Weaver, *Think Tanks and Civil Societies: Catalysts for Ideas and Action* (Transaction Books, 2002), Paul Burstein and April Linton, "The Impact of Political Parties, Interest Groups, and Social Movement Organizations on Public Policy: Some Recent Evidence and Theoretic Concerns," *Social Forces* 81:2, 2002, Diane Stone, "Think Tank Transnationalization and Non-Profit Analysis, Advice, and Advocacy," *Global Society* 14:2, 2000, Frank Baumgartner and Beth Leech, *Basic Interests: The Importance of Groups in Politics and Political Science* (Princeton University Press, 1998), Diane Stone, Andrew Denham, and Mark Garnett, *Think Tanks Across Nations: A Comparative Approach* (Manchester University Press, 1998), *Capturing the Political Imagination: Think Tanks and the Policy Process*, Diane Stone,

ed. (Frank Cass, 1996), James Q. Wilson, *Political Organizations* (Princeton University Press: 1995), Paul Sabatier and Hank Jenkins-Smith, *Policy Change and Learning: An Advocacy Coalition Approach* (Westview, 1993), and James Smith, *The Idea Brokers: Think Tanks and the Rise of the New Policy Elite* (Free Press, 1991).

14 John Podesta's rationale for leaving politics to start the Center for American Progress (CAP) is representative of how seriously Washington insiders take non-profit advocacy. In a speech announcing his move to CAP, Podesta said, "The rise of the machinery of ideas on the right has been impressive. People have noticed it, and we have talked about it. But we haven't really found the vehicles to compete with what's coming at us." Going back to Barry Goldwater, Podesta said, conservatives "built up institutions with a lot of influence, a lot of ideas. And they generated a lot of money to get out those ideas. It didn't happen by accident. And I think it's had a substantial effect on why we have a conservative party that controls the White House and the Congress and is making substantial efforts to control the judiciary." Matt Bai, "Notion Building," *The New York Times*, October 12, 2003. It's worth noting that Bill Clinton used similar rhetoric to promote the Democratic Leadership Council during his political career.

15 The explanations that follow are taken from the literature cited above regarding the influence of advocacy organizations in the policymaking process.

16 John Zaller, *The Nature and Origins of Mass Opinion*.

utility in political campaigns. But it takes knowledge, intellect, creativity, and time to produce good policy ideas. There are, after all, only so many Daniel Patrick Moynihans in American politics. As one prominent political science textbook puts it:

*Congress seldom initiates changes to public policy. Instead, it responds to policy proposals initiated by the president, executive, and interested nongovernmental elites. The congressional role in national decision making is usually deliberative: Congress responds to policies initiated by others.*¹⁷

Issue advocacy organizations are organized, first and foremost, to produce politically attractive ideas, and they have done that job so well that politicians frequently outsource policymaking to friendly issue advocacy organizations.¹⁸

3. Issue advocacy organizations facilitate the creation of politically useful coalitions that are crucial for policy change. Given the many procedural choke-points that allow political minorities to frustrate majorities in the course of passing legislation, issue advocacy organizations help politicians by building broad coalitions of policy actors to embrace favored policy changes. Politically engaged advocacy analysts are among the most sophisticated, adroit, and motivated policy “salesmen” in Washington. The marketing strategies crafted by policy advocates are also greatly valued by politicians because

they are readily appropriable for electoral benefit.

4. Issue advocacy organizations are the main sources of policy-relevant academic work in Washington. Issue advocacy analysts render academic theories, scientific paradigms, and peer reviewed empirical work digestible for non-academics, prime that work in a manner most useful to policymakers, and engage in the intellectually demanding, labor-intensive process of sorting the good academic work from the bad, the policy relevant work from the esoteric, and the politically friendly research from the unfriendly.¹⁹ Strong academic work is useful for politicians because it is a powerful source of political ammunition and, moreover, steers policy actors from bad ideas that might do them discredit.

5. Issue advocacy organizations save policymakers a tremendous amount of time. Policymakers do not have the time to comprehensively research the topics they must address. By marshaling large, interdisciplinary, full-time research teams, issue advocacy groups provide useful, reliable, policy-relevant research and analysis to political actors. To control the manner in which an issue is framed and understood is to control the subsequent nature of the political debate.

Other non-governmental policy actors – autonomous academics, trade associations, business groups, unions, and lobbyists of

17 Louis Schubert, Thomas Dye, and Harmon Zeigler, *The Irony of Democracy: An Uncommon Introduction to American Politics*, 16th Edition.

18 President Reagan, for instance, famously passed out the Heritage Foundation’s *Mandate for Leadership* at his first cabinet meeting in 1981. By the end of the administration’s first year in office, 60 percent of that book’s 2,000 policy recommendations were being implemented. The Congressional wing of the GOP similarly outsourced to the Heritage Foundation its legislative agenda over the past several decades. Heritage’s recent move away from productive engagement with Washington insiders, however, portends an end to that relationship. The Democratic Leadership Council played a similar if somewhat less important

role in the Democratic Party during the Clinton administration. Regarding Heritage, see in particular Molly Ball, “The Fall of the Heritage Foundation and the Death of Republican Ideas,” *The Atlantic*, September 25, 2013., and Lorelei Kelly, “Kelly: DeMint’s Departure is Just the Beginning,” *Roll Call*, December 18, 2012.

19 Policy actors gain an additional service from friendly think tanks engaging in academic arbitrage; the screening of ideologically reliable researchers from the ideologically unreliable. This is important because ideologues rarely, if ever, trust research coming from hostile sources. Accordingly, research from ideologically hostile sources must either be validated by ideologically friendly sources in order to be taken seriously or discarded as not politically useful.

all stripes – compete with issue advocacy organizations in the provision of the above services, but they have historically fallen short. The aforementioned published histories on policy change deem issue advocacy organizations as influential in 33.8 percent of the examined policy changes. Business interests, on the other hand, were deemed influential in only 19.8 percent of the examined cases, academics in 10.6 percent of the cases, professional associations in 6.6 percent of the cases, and unions in 6.2 percent of the cases.²⁰

EXAMPLES OF ADVOCACY INFLUENCE

A review of the published case studies regarding policy change finds that issue advocacy organizations exercised important influence in 55 percent of all the significant legislative policy changes over the past 70 years. Policy advocacy groups were found to be more successful at influencing legislation when they work with Washington insiders than when they don't. "Most frequently [22.2 percent of the time], a specific organization was referenced for developing a proposal or for their work on behalf of policymakers," finds Grossmann. "On other occasions, a broad coalition was involved in promoting policy change." Congressional lobbying, as employed

by policy advocacy groups, was cited as a factor in policy change 16.1 percent of the time. Surprisingly, constituent pressure driven by policy advocates was only cited as an important factor 9.4 percent of the time; the publication of policy reports 9.1 percent of the time; public protests 2.9 percent of the time; and "resource advantages" 1.7 percent of the time.²¹

The near irrelevance of "resource advantages" deserves special attention.

Monetary advantages on one side of a policy issue, the other key factor that scholars typically investigate as a determinant of interest group influence (see Baumgartner et al, 2009), was almost never mentioned by policy historians as an important determinant of interest group influence. PAC contributions also were rarely mentioned. These findings confirm those of a previous meta-analysis of case studies on interest group influence (Burstein and Linton, 2002). Advocacy groups were also seen as more influential than business interests, professional associations or unions, even though they are less numerous and have fewer resources.²²

Some of the many examples of the decisive influence wielded by policy advocacy organizations over the past 20 years include:

20 Matt Grossmann, *Interest Group Influence on U.S. Policy Change: An Assessment Based on Policy History*.

21 Ibid.

22 Ibid.

THE AFFORDABLE CARE ACT (2010) – The main pillars of President Obama’s Affordable Care Act were first crafted and put into political play by the Heritage Foundation in its 1989 book titled *A National Health System for America* and in subsequent policy papers and lectures.²³ The Heritage plan emerged full-force, however, in 1993 as the GOP alternative to the health care plan forwarded by the Clinton administration. Heritage subsequently played an instrumental role in promoting those reforms in Massachusetts and worked closely with Mitt Romney to incorporate them in what became known as “RomneyCare.”²⁴ Had it not been for the politically successful implementation of RomneyCare, it is doubtful that the Obama administration could have passed a comprehensive health care bill in its first term.²⁵

THE SURGE IN IRAQ (2007) – Faced with a deteriorating military situation in Iraq, the American Enterprise Institute’s (AEI) foreign policy department forwarded a proposal for a major increase in ground troops and a renewed military offensive, a plan that came to be known as “the surge.” The AEI report was adopted almost without change by the Pentagon.²⁶ General David Petraeus freely conceded AEI’s role in crafting Iraq war strategy, calling their report “One of those rare think tank products that had a truly strategic impact.”²⁷

BUSH FOREIGN POLICY (2001-2008) – Upon taking office, the Bush administration turned to various neoconservative policy institutes and took their foreign policy blueprints as their own. “Rebuilding America’s Defenses,” a 76-page report published in September 2000 by the Project for a New American Century (PNAC), provided the intellectual and policy architecture that subsequently characterized American foreign policy. Although at the time the report was issued, George W. Bush was campaigning for a “humble” foreign policy that eschewed unilateralism and resisted unnecessary entanglements and engagements abroad, his advisors were persuaded to take him in a different direction and they chose their policy direction – and succeeded to a large extent – due to the influence of the PNAC.²⁸ The PNAC’s power was quickly noted in Washington:

By the time George W. Bush entered the Oval Office, it had become Washington’s worst kept secret: a small think tank with modest resources, but powerful connections to key members of the Bush team, was rumored to have developed a comprehensive foreign policy for the incoming administration ... the heir apparent was PNAC, a neoconservative think tank whose foray into the policy making community in 1997 sparked considerable interest among, and support from, several high-level policy-makers, including Dick Cheney, Donald

23 James Taranto, “ObamaCare’s Heritage,” Wall Street Journal Online, “Best of the Web Today,” October 19, 2011, Avik Roy, “The Tortuous History of Conservatives and the Individual Mandate,” Forbes Online, February 7, 2012, and Michael Cooper, “Conservatives Sowed Idea of Health Care Mandate, Only to Spurn It Later,” *New York Times*, February 14, 2012.

24 Video of the bill signing ceremony in Massachusetts where praise and credit from Romney to Heritage and from Heritage to Romney can be found at Igor Volsky, “6 Years Ago: Heritage Foundation Praised Romneycare for Building ‘Patient-Centered’ Health Care Market,” ThinkProgress, April 12, 2012.

25 John Kingdon, *Agendas, Alternatives, and Public Policies*, 2nd Edition (Longman Classics in Political Science, 2011).

26 Frederick Kagan, “Choosing Victory: A Plan for Success in Iraq,” Phase I Report, American Enterprise Institute, January 5, 2007, Phase II Report, April 5, 2007, “No Middle Way: A Challenge of Exit Strategies from Iraq,” Phase III Report, September 6, 2007, and “Iraq: The Way Ahead,” Phase IV Report, March 24, 2008.

27 David Petraeus, “The Surge of Ideas,” AEI Online, May 6, 2010.

28 Stefan Halper and Jonathan Clarke, *America Alone: The Neo-Conservatives and the Global Order* (Cambridge University Press, 2005), John Micklethwait and Adrian Wooldridge, *The Right Nation: Conservative Power in America* (Penguin Books, 2004), and Kubilay Yado Arin, *Think Tanks: The Brain Trust of U.S. Foreign Policy* (Springer Fachmedien Wiesbaden, 2013).

*Rumsfeld, Paul Wolfowitz, Scooter Libby and Jeb Bush.*²⁹

But PNAC did not have the foreign policy domain during the Bush years entirely to itself. Immediately after 9/11, Deputy Defense Secretary Paul Wolfowitz asked Christopher DeMuth, president of AEI, to form a working group to advise the administration on how to conduct the forthcoming “war on terror.” The confidential report that followed provided the architecture for the administration’s subsequent policies and, in particular, the focus on Iraq that eventually led to war.³⁰ “It is difficult to ignore the important role the think tank president played in generating and disseminating ideas to the Bush White House,” writes Donald Abelson. “This would not be the last time AEI had a profound impact on helping the Bush administration manage the war on terror.”³¹ Kubilay Yado Arin agrees:

*The advocacy coalition neoconservatives have used their network of scholars, journalists, managers, bureaucrats, and politicians to convince the foreign policy novice George W. Bush of their plans for the reordering of the Near East.*³²

NO CHILD LEFT BEHIND ACT (2001) – Upon taking office, Vice President Dick Cheney hired the Heritage Foundation’s senior education analyst – Nina Shokraii Rees – to help draft the

president’s initial education reform proposal. The plan that emerged was based in large part on Heritage’s 1999 proposals for a “Super Ed-Flex” program and “The Academic Achievement for All Act,” legislative blueprints that were subsequently promoted in Heritage’s primer for the new administration.³³ Unsurprisingly, Heritage graded the initial White House plan for No Child Left Behind a B+, but became somewhat less happy as the bill was watered down in the course of legislative action.³⁴ Regardless, Heritage was instrumental in promoting passage of the law and bringing around conservative legislators from their earlier position – reflected as recently as 1996 in their national platform – to eliminate federal intervention in education altogether.³⁵

WELFARE REFORM ACT (1996) – While a number of libertarian and conservative scholars and organizations had long advocated for major changes in welfare programs, “The Heritage Foundation played a central role in the development of the 1996 welfare legislation,” concludes Mary Reintsma, an economist at Trinity Washington University:

In late 1993, Senators Faircloth and Talent approached [Heritage’s welfare analyst, Robert] Rector for advice on crafting welfare reform legislation. This collaboration resulted in the Real Welfare

29 Donald Abelson, “What Were They Thinking? Think Tanks, the Bush Presidency and U.S. Foreign Policy,” in *New Directions in U.S. Foreign Policy*, Inderjeet Parmar, Linda Miller, and Mark Ledwidge, eds. (Routledge, 2009).

30 Bob Woodward, *State of Denial: Bush at War, Part III* (Simon & Schuster, 2006).

31 Donald Abelson, “What Were They Thinking? Think Tanks, the Bush Presidency and U.S. Foreign Policy.”

32 Kubilay Yado Arin, “The Impact of Neoconservative Think Tanks on American Foreign Policy,” E-International Relations, May 26, 2014. This is also the position taken by Donald Abelson in “What Were They Thinking? Think Tanks, the Bush Presidency and U.S. Foreign Policy.”

33 *No Child Left Behind: The Politics and Practice of School Accountability*, Paul Peterson and Martin West, eds. (Brookings:

2003), Keith Nitta, *The Politics of Structural Education Reform* (Routledge, 2010), Nina Shokraii Rees and Kirk Johnson, “Why a ‘Super’ Ed-Flex Program is Needed to Boost Academic Achievement,” Backgrounder #1261, Heritage Foundation, March 5, 1999, and Nina Shokraii Rees, “Improving Education for Every American Child,” in *Priorities for the President*, Stuart Butler and Kim Holmes, eds. (Heritage Foundation, 2001).

34 Krista Kafer, “B+ for H.R. 1’s Education Reforms,” Backgrounder #1432, Heritage Foundation, April 23, 2001, and “Still Leaving Children Behind: The House and Senate Education Bills,” Backgrounder #1454, Heritage Foundation, July 3, 2001.

35 See, for instance, Maris Vinovskis, *From a Nation at Risk to No Child Left Behind: National Education Goals and the Creation of Federal Education Policy* (Teachers College Press, 2009), and *Saving Our Schools*, Kenneth Goodman, ed. (RDR Books, 2004).

Act of 1994, a piece of legislation that reflected Rector's primary concerns: controlling aggregate welfare spending; ending entitlements and establishing block grant funding; requiring work provisions, and, most importantly for Rector, focusing on illegitimacy as a cause of many social ills ... A substantial part of the Talent-Faircloth bill was subsequently incorporated into the Contract with America, including the illegitimacy provision, work requirements, limits on aggregate welfare spending and removal of entitlements and block granting of a number of welfare programs.³⁶

After the 1994 mid-term elections, Rector played a critical role in building a coalition of social and economic conservatives, which “made it difficult for politicians, especially Republicans, to ignore their demands.”³⁷ Rector also negotiated a compromise with Republican governors who were strongly opposed to the illegitimacy provisions of the bill, a compromise that “was brought about, to a large extent, by the increasing influence of the ideologically conservative interest groups in early 1995, under the informal leadership of Robert Rector of the Heritage Foundation.”³⁸ The bill signed into law by President Bill Clinton was, for the most part, written by a political coalition of Washington insiders, a coalition created and led by the Heritage Foundation.³⁹

GOVERNING NETWORK MODELS

Governing networks, which pick, shape, and push the political agenda, are the key to policy change, and advocacy organizations are an influential and important component of governing networks. Unfortunately, libertarian organizations have completely ignored those networks where their ability to influence public policy would be greatest. Liberals have succeeded, however, by concentrating their energies on the care and feeding of those informal institutions.

The most successful governing network in recent political history drove what historians call “the Long Great Society.” While often attributed to the 1964 Democratic electoral landslide, the flurry of Great Society initiatives began in 1961 even after Republicans, although narrowly losing the White House, gained twenty-two seats in the House and one in the Senate. The first Clean Air Act, the Civil Rights Act, the Food Stamp Act, and a major Keynesian tax cut were all passed *before* the 1964 election. By 1966, public opinion had turned decisively against the Great Society, but this had no detrimental effect on Washington’s political support for the Great Society agenda. By 1968, the Democrats lost fifty-two seats in the House, and eight in the Senate, and won only thirteen states in the presidential

³⁶ Mary Reintsma, *The Political Economy of Welfare Reform in the United States* (Edward Elgar, 2007).

³⁷ *The Promise of Welfare Reform: Political Rhetoric and the Reality of Poverty in the 21st Century*, Keith Kilty and Elizabeth Segal, eds. (Routledge, 2006).

³⁸ Mary Reintsma, *The Political Economy of Welfare Reform in the United States*.

³⁹ R. Kent Weaver, *Ending Welfare as We Know It* (Brookings, 2000).

election, yet the Great Society rolled on with ambitious new initiatives in environmental, health, labor, education, transportation, and urban policy. Only after the election of Jimmy Carter in 1976 did the governing network driving the Great Society finally come apart.

The sixteen-year run of the Long Great Society is illustrative of the independence of Washington insiders operating through governing networks. The Great Society was *not* a product of external political pressure and was not tamed by political pressure. In fact, it proved immune to public opinion and electoral defeats for about a decade. Its proponents thrived under two Republican administrations, and it collapsed even after Democratic electoral victories in 1976 gave its political allies the White House, a 61-38 majority in the Senate, and a 292-143 majority in the House.

Historians report that the Long Great Society was made possible by a “dense and eclectic network of reformers with impressive policy expertise, a bottomless agenda of proposals and demands, and ready access to government officials, congressional aides, and journalists.” This joint and sustained policymaking exercise across multiple issue areas was bracketed by less effective efforts by smaller, diffuse, and coreless governing networks isolated to single-issue concerns.⁴⁰

Conservatives have built their own cross-issue governing network around

the Heritage Foundation. Alas, many of Heritage’s successful forays into policymaking, such as passage of the No Child Left Behind Act and the health care reforms that found their way into Massachusetts state law and then into the Affordable Care Act – both now repudiated by the Heritage leadership – were policy changes that expanded state power.

*UNLIKE LIBERALS & CONSERVATIVES,
LIBERTARIANS HAVE MADE NO EFFORT
TO CONSTRUCT A GOVERNING NETWORK.*

Rather than strengthening its governing networks, however, Heritage is moving away from them: the well-publicized rupture between the Heritage Foundation and Congressional leaders in 2013, prompted in part by the activities of Heritage Action (the organization’s 501(c)(4) arm), suggests that Heritage is embracing the popular, yet ineffective, strategy of marshaling external political force to induce policy change.⁴¹

Unlike liberals and conservatives, libertarians have made no effort to construct a governing network. Engagement in the business of concrete policy change (that is, behind-the-scenes dealmaking, coalition building, and a commitment to “the art of the possible”) has been too rare, irregular, idiosyncratic, and underfunded to succeed.⁴²

40 R. Shep Melnick, “From Tax and Spend to Mandate and Sue,” in *The Great Society and the High Tide of Liberalism*, Sidney Milkis and Jerome Mileur, eds. (University of Massachusetts Press, 2005).

41 Molly Ball, “The Fall of the Heritage Foundation and the Death of Republican Ideas,” and Lorelei Kelly, “Kelly: DeMint’s Departure is Just the Beginning.”

42 The most significant libertarian effort at policymaking was the Cato Institute’s Project on Social Security Choice, launched in 1995. While in many respects an exemplary example of how a major advocacy organization can best go about promoting policy change, the effort ultimately failed because it gained insufficient support from important players in the governing network.

THE NEED FOR A NEW ORGANIZATION

There are four reasons why existing libertarian organizations are not well-suited to engage in governing networks, which is to say, not good at changing public policy.

FIRST, the skill sets found in libertarian institutions are different from those necessary to engage successfully in concrete policymaking. Those who excel at writing op-eds, appearing on political talk shows, producing intellectual ammunition for allies, promoting libertarian ideology, or assisting in electoral campaigns frequently lack the technical expertise necessary to engage effectively with deeply knowledgeable policy specialists of different ideological persuasions, draft legislation, or navigate the halls of Congress or key administrative agencies. Moreover, coalition building, dealmaking, and compromise in pursuit of the possible, rather than the ideal, require a temperament often lacking in the ideological warriors who heavily populate libertarian organizations.

SECOND, episodic and *ad hoc* engagement in policymaking – the current practice among some of the larger libertarian think tanks – usually occurs too late and too clumsily to have much of an impact. Advancing policy change requires a tremendous amount of time and energy. Unless an organization is relentlessly focused on changing public policy to the exclusion of all else, it is unlikely to play a role in the governing networks necessary for policy change.

THIRD, the coalition building and dealmaking required to produce policy change naturally constrain both the arguments and rhetoric that an advocacy group might employ about various policy initiatives and political actors. Difficult tensions would quickly arise within

an organization dedicated to rallying public support for radical policy reforms *and* to participating effectively in governing networks where actors have different priorities and beliefs. The maintenance of good working relationships with organizations and politicians who do not share the organization’s vision regarding ideal policy ends often demands some degree of self-censorship. Public and private gentility can be at odds with full engagement in “the war of ideas.”

OPINIONS ABOUT BEST PRACTICES ARE TOO OFTEN INFORMED BY GUT FEELINGS, IMPRESSIONS, ANECDOTAL OBSERVATIONS, OR FAULTY ANALOGIES FROM THE BUSINESS WORLD.

FOURTH, and most importantly, no libertarian organization thinks deeply about or bases its theory of policy change on what the academic literature has to say about how policy change actually occurs. Most libertarian leaders are unaware or distrustful of academic work in this area coming from non-libertarian scholars. Opinions about best practices are too often informed by gut feelings, impressions, anecdotal observations, or faulty analogies from the business world. This problem is magnified by the fact that few libertarians have ever been involved in actual policymaking, so opinions are usually uninformed by experience. Accordingly, no libertarian institution has shown much interest in participating in governing networks, and there is no sign this will change in the foreseeable future.

Successful libertarian policy change requires a new institution dedicated exclusively to policy change.

THE NISKANEN CENTER'S ACTION PLAN

The Niskanen Center's immediate objective is to become an influential player in the existing governing networks of Washington. Our long-term objective is to create a new, stable, cross-issue governing network of libertarians in Washington.

Both theory and practice underscore that an organization's age, the scale of its operations, and the breadth of its policy agenda largely determine its policymaking influence. Secondary considerations include intellectual reputation and the ease with which an organization can be categorized.⁴³ The main challenge for the Niskanen Center is to establish and advertise those traits and characteristics as quickly as possible.

All of the prerequisites for policy influence can be procured with a robust financial launch. Although the most difficult hurdle to overcome is organizational age, the emergence of various new organizations over the past decade – such as the Center for American Progress (2003) and the New America Foundation (1999) – demonstrates that, with adequate financial resources, a new organization can become an influential policy player in relatively short order.

The following five observations inform our policy work:

- Governing networks are populated by relatively stable communities of policy-oriented legislators, presidential appointees, career civil servants, and somewhat close-knit, politically well-connected specialists: researchers, congressional committee staff, people in planning, evaluation, and budget offices, academics, and interest group analysts. These insiders determine which reform ideas live and which die. Accordingly, they are the main audience for the Niskanen Center's policy work.
- The generation of proposals and alternatives in the policy world resembles a process of biological natural selection. Ideas mutate and recombine, continuously confronting one another.⁴⁴ For this reason, the Niskanen Center will creatively engage and cooperate with – rather than dictate to – other actors in governing networks. Significant policy change usually requires bipartisan alliances and involvement by many non-ideological actors and interest groups. Without compromise to achieve positive policy change, no change is possible.
- While major changes in legislative or administrative policy are possible, they are rare. More typical are marginal policy changes that, cumulatively, often have major impact and help set the stage for more sweeping reforms down the road. The Niskanen Center will aggressively forward second, third, or fourth best reforms (as allowed by the political terrain) if they represent improvement over current policy while keeping an eye out for windows of opportunity for more sweeping change.
- Institutions that cover a broad range of policy issues are far more influential than single-issue or more narrowly focused organizations.⁴⁵ The Center will thus work in as many issue areas as resources allow.
- Media visibility is correlated with policymaking influence. There are over 1,600 advocacy organizations in Washington, and all aspire to influence policymaking. But few make the cut because policymakers' time and attention are limited. Policymakers take media visibility as an important indicator that an organization is an influential voice for the constituents or perspective they claim to represent.⁴⁶ Accordingly, the Niskanen Center will be a major presence in print, broadcast, and electronic media.

⁴³ Matt Grossmann, *The Not-So-Special Interests*.

⁴⁵ Matt Grossmann, *The Not-So-Special Interests*.

⁴⁴ John Kingdon, *Agendas, Alternatives, and Public Policies*, 2nd Edition (Pearson, 2012).

⁴⁶ *Ibid.*

The Niskanen Center will eventually have a robust presence in every policy debate of consequence, but we will begin work in five policy arenas of immediate importance to libertarians: liberalizing legal immigration law, replacing command-and-control greenhouse gas regulation with market-friendly emission controls, reforming the PATRIOT Act, improving U.S.-China relations by rethinking the anti-Chinese architecture of East-Asian foreign policy, and improving the cost-effectiveness and economic sustainability of federal entitlement programs.

The Niskanen Center will immediately become a player in governing networks by hiring policy analysts with strong, preexisting connections with legislative and policy insiders. This will greatly accelerate the time it would otherwise take to establish the Center as an important actor in public policy.

There will be no ideological litmus tests for staff hires. We will only require that policy staff share the Niskanen Center’s vision for policy change in the area for which they are hired to do work. This will greatly expand the labor pool available to the Center and make it easier to establish working relationships with non-libertarian actors in politics and public policy.

The Niskanen Center will hire staff with strong public policy, political, and communication skill sets. This will allow policy departments to flexibly respond to the ebb and flow of work demand. Even so, individuals equally strong in policy, politics, and communication are rare indeed and, regardless, there is merit to a division of labor. Accordingly, each policy analyst will be tasked with primary responsibility in one of four areas; public policy and academic analysis, politics and coalition building, state policy activity, and blog maintenance and media communications. The departmental director will be the policy analyst with the greatest degree of vision, leadership, and managerial talent.

INTERNAL WORK PRODUCT

The Niskanen Center will be primarily charged with engaging productively with the governing networks that dictate the nature and pace of policy change. We refer to that as “internal work product,” that is, work that is internal to those governing networks. The Center, however, will also engage in external work; that is, work that is external to those governing networks.

Facilitating the passage of legislation and intervention in administrative rulemakings is often an iterative, non-linear process. Even so, the Niskanen Center’s policy departments will engage in the following internal work activities:

IDENTIFY PARTIES IN GOVERNING

NETWORKS – Departmental staff will meet with key members of the executive and legislative branches as well as important corporate actors and NGOs to identify members of the governing network in their issue area. Departments will maintain a roster of those groups and individuals, which will include information about their policy positions and relative degree of influence. Similar investigations will occur in each state targeted by departments for policy engagement. Systematic identification of influential policy actors is common among business lobbyists. Political scientist John Kingdon has demonstrated that it is relatively easy to identify influential insiders in exactly this manner.⁴⁷

⁴⁷ John Kingdon, *Agendas, Alternatives, and Public Policies*, 2nd Edition.

PRODUCE MODEL LEGISLATION – Policy departments will draw from the intelligence gained in the surveys discussed above to draft model legislation to enact the most market-oriented reforms politically possible. Staff will then meet with members of the governing network to gauge their interest in our package of reforms and discern what terms and conditions might be necessary to bring them onboard. Discussions and negotiations will continue until a critical mass of support can be found for the department’s agenda.

COALITION BUILDING – The Niskanen Center will take the lead in building functional coalitions of reform advocates to achieve the critical mass of political support necessary to move reforms forward. Coalition activities will include joint letters, conferences, legislative briefings, and private meetings with legislators, agency administrators, White House personnel, and key committee staff. The objective will be to persuade lawmakers of the merits of the coalition’s position and energetically advocate for change with those parties that can influence the course of subsequent political events. Even during this era of Congressional gridlock, libertarian coalitions have proven capable of passing legislation of consequence.⁴⁸ The Niskanen Center will build upon those successes.

CONGRESSIONAL TESTIMONY – Although congressional testimony is primarily political theater, it is a measure of involvement and validation in policymaking. Invitations to testify demonstrate that key political actors are both aware of and respectful of an

organization’s work. Hence, the Center will make participation in Congressional hearings a top priority.

THE NISKANEN CENTER WILL TAKE THE LEAD IN BUILDING FUNCTIONAL COALITIONS OF REFORM ADVOCATES TO ACHIEVE THE CRITICAL MASS OF POLITICAL SUPPORT NECESSARY TO MOVE REFORMS FORWARD.

ADMINISTRATIVE RULEMAKING – Some of the most significant policy changes since World War II have come from administrative rulemaking. Invitations by agencies to comment on pending rules offer opportunities to influence final rules and to signal policy expertise and political engagement, both of which are required for policymaking within governing networks. Policy departments will accordingly take every opportunity to file comments in important administrative rulemakings.

OPPORTUNISTIC ENGAGEMENT – While each policy department will make passage of its package of vetted legislative and administrative reform proposals a top priority, staff will be alert for opportunities to engage constructively in related policy debates when other market-oriented reforms are possible. This will allow the Niskanen Center to strengthen its alliances within governing networks, increase its visibility with policy insiders, and exploit every opportunity to improve public policy.

⁴⁸ Jonathan Weisman, “Liberals and Libertarians Find Common Ground in the House,” *New York Times*, July 15, 2014.

EXTERNAL WORK PRODUCT

The audience for external work product is the same political and policy insiders who are the focus of the Center’s internal work product. Hence, the objective of external work product is not primarily to change mass public opinion (the purview of other libertarian think tanks and the main goal of their respective media operations). Rather, the objective is to establish credibility with knowledgeable policy insiders and persuade them to embrace the Center’s reform agenda. External work product will thus supplement internal work product.

DEDICATED POLICY BLOGS – The blogosphere has fundamentally changed the nature of intellectual dialogue in the United States. Bentley University economist Scott Sumner – the creator of the blog “The Money Illusion” (which is dedicated to making the case that the Federal Reserve should adopt nominal GDP targeting) – has demonstrated that an engaged and energetic blogging campaign can have a powerful influence among policy specialists and Washington insiders. Each policy department will use “The Money Illusion”

as a model for their own respective blogs (one distinct blog per department). Blog posts advancing the case for Niskanen Center policy – and parrying the arguments offered by critics and those trafficking in alternative perspectives – will be filed daily. Our objective is to host the most credible and influential blogs for political insiders trafficking in our areas of policy engagement.

THE OBJECTIVE IS TO ESTABLISH CREDIBILITY WITH KNOWLEDGEABLE POLICY INSIDERS AND PERSUADE THEM TO EMBRACE THE CENTER’S REFORM AGENDA.

POLICY PAPERS – Policy departments will publish brief, succinct, empirically-based issue papers. More extensive papers to provide the intellectual heft for the Center’s positions will be published in third party publications.

CONCLUDING THOUGHTS

Policy change is not a product of immaculate conception. It requires direct and regular engagement with lawmakers and other policy actors, coalition building, creative ideas, sound political strategy, patience, and hard work.

It is fitting, therefore, that we have named our center after William (Bill) Niskanen. Bill was a long-time friend whom we knew as chairman of the Cato Institute. Before his time at Cato, Bill was a defense policy analyst at RAND, director of program analysis at the Institute for Defense Analyses, assistant director of the Office of Management and Budget, professor of economics at the University of California at Berkeley, chief economist at the Ford Motor Company, professor of economics at UCLA, and a member (and, later, acting chairman) of the Council of Economic Advisers under President Ronald Reagan.

Bill was the personification of the qualities we embrace at the Niskanen Center. He was a principled libertarian, and an exemplary scholar who never let ideology or partisanship color his interpretation of facts and data. He was an idealist but, at the same time, a political realist with a burning desire to improve the state of affairs to whatever extent he could. He was a gentleman who could disagree without being disagreeable. And he was a man who earned great affection and respect from people across a wide range of governing networks in Washington.

We mean for the Niskanen Center to do justice to his name and invite you to join us.

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