

# Midland Daily News

## Right-of-center guru goes wide with gospel of small government

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N.Y. Times News Service

**BOWLING GREEN, Ky.** — Lawrence W. Reed is one of those people with so much passion for an unusual line of work that he invented a new occupation, and it has helped shape the conservative movement from here to the Himalayas.

Reed runs a conservative think-tank school. Twice a year, ideological allies from across the globe travel to his program at the Mackinac Center for Public Policy in Midland, Mich., to study the tricks of the idea-peddling trade. Policy institutes have been central to a national organizing strategy that has long won the political right a reputation for savvy, and state-level versions are growing in number and clout.

In labeling the institutes (and himself), Reed prefers the term “free market” over “conservative,” since most of the groups stress economics over social issues.

Advocating for causes like lower taxes, less spending and school-choice plans, the organizations have offered conservatives a base of influence independent of electoral politics. Indeed, after the Republican losses in the midterm elections, many conservatives said this carefully tended world — of think tanks, single-interest groups, foundations and publications — was vital to the movement’s revival.

### Spreading the word

Reed has nurtured so many state policy groups that he has been called the movement’s Johnny Appleseed. But a competing metaphor is sometimes invoked, that of the restaurant chain. His school is part of an extensive system of support, a national back office of sorts, that allows even policy novices to produce abundant, salable fare.

Consider the experience here in Kentucky, where the Bluegrass Institute for Public Policy Solutions has made

enough noise for the state’s largest newspaper to dub it a “conservative propaganda mill.” Its founder, Christopher J. Derry, was a sales executive with no public-policy background when he attended Reed’s school three years ago. He left with access to everything from off-the-shelf speeches and papers to management software.

“This is like a franchise,” Derry said. “I saw that I could recreate what the other state groups are doing.”

No one is more central to this replicating effort than Reed, who combines libertarian ardor with a demeanor so earnest it approaches guilelessness. He said he first felt called to “the liberty movement” as a 12-year-old watching the “The Sound of Music,” and was a high school sophomore when he burned his first Soviet flag.

He blames the Republican losses in last week’s election on their failure to cling to their small-government philosophy and argues the drift shows the need for groups like his. “This underscores the importance of investing in ideas first and foremost, because politicians will almost always disappoint,” Reed said.

### From Michigan to Mongolia

As a full-throated advocate of capitalism — the jagged, creative-destructive kind — Reed says he is used to being called a corporate apologist who would despoil the environment and afflict the poor. But Reed says he sees himself as a defender of free markets and free men, claiming among his major role models Thomas Clarkson, a 19th-century British abolitionist whom Reed regards as the world’s first think-tank entrepreneur. “Clarkson championed our movement’s overarching principle: if there’s anything certain in human affairs, it’s that liberty will prevail,” he said.

From Midland, Reed runs Mackinac, the largest of

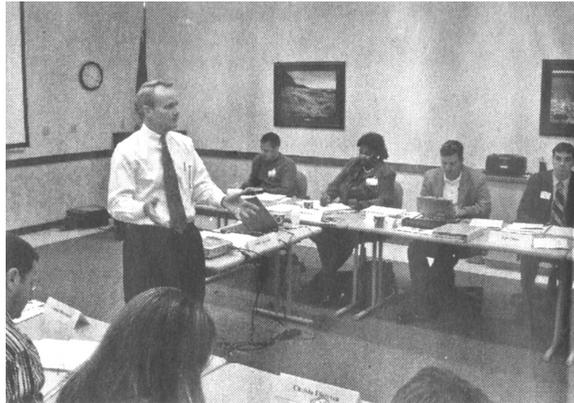


Photo courtesy of Mackinac Center for Public Policy

Lawrence W. Reed, president of the Mackinac Center for Public Policy, addresses state think tank leaders at the Mackinac Center's Leadership Conference.

the right’s state-level think tanks. The center started its training program eight years ago, and it has alumni in nearly every state and 37 countries, from Uruguay to Nepal. Among them was a Mongolian who went on to become that country’s prime minister, putting his free-market training to work by privatizing the national herd of yaks.

When the Mackinac Center was founded in 1987, there were just three other conservative state-level think tanks. Now there are 48, in 42 states, joined in an association called the State Policy Network. At least three former presidents are now in the House of Representatives, including Mike Pence of Indiana, Jeff Flake of Arizona, and Tom Tancredo of Colorado, all Republicans.

### Some of the accomplishments

Collectively, the groups have advocated for cuts in health and welfare programs, constitutional limits on state spending, and expanded school-choice programs. They have opposed what they call burdensome health, safety, and environmental regulations and increases in the minimum wage.

In Colorado, the Independence Institute has been a

leading force behind a constitutional spending cap called the Taxpayer Bill of Rights. In Arizona, the Goldwater Institute has championed a school-choice law that sends 22,500 children a year to private schools. The Texas Public Policy Foundation helped pass a law to end what the group said were excessive lawsuits.

“In terms of generating and popularizing ideas, I think they’ve been very effective,” said Carl Helstrom, executive director of the JM Foundation, one of the movement’s major donors.

### Steadfast or extreme?

Some critics say the groups’ support for unfettered markets promotes a form of social Darwinism.

“Their philosophy encourages selfishness and greed,” said Iris J. Lav, who runs the State Fiscal Analysis Initiative, a network of 29 liberal state-level groups organized in part as a countervailing force. “If you have problems, they don’t care — just too bad.”

Greed is the rare accusation that rankles Reed.

“They think if you’re pushing free markets there must be something in it for you,” he said. “It speaks to their ignorance.”

### Reed’s background

Reed was raised in western Pennsylvania, where his father ran a plumbing-supply store and both parents ignored politics. The persecution of the von Trapp family in “The Sound of Music” grabbed his attention; the Soviet invasion of Czechoslovakia, in 1968, sent him running to his first protest. He was 14.

After earning a master’s degree from Slippery Rock State University, in Pennsylvania, he taught economics at Northwood University in Midland, but academia left him restless, he said. In 1982, Reed, then 29, unsuccessfully ran for Congress and got to know an ambitious state senator named John Engler.

Both were Republicans who thought Michigan needed its own version of the Heritage Foundation, a Washington policy institute that was influencing the Reagan presidency. A few years later, when such a group formed, Engler helped recruit Reed to run it.

With \$20,000 in seed money, the Mackinac Center was started in 1987 as a bare-bones affair, but quickly proved troublesome to Gov. James J. Blanchard, a Democrat. The Mackinac Center warned that one of Blanchard’s signature programs, the nation’s first prepaid college tuition plan, would need a state bailout. Amid fears about its financial health, the program soon suspended enrollment.

After Engler unseated Blanchard in 1990, Mackinac had a friend at the top. Acting on the center’s advice, Engler sold a state-owned insurance company for \$250 million. But when Engler

## See page A5 for an opinion piece written by the Mackinac Center's Lawrence W. Reed.

created tax breaks to lure businesses to Michigan, Reed, clinging to his free-market views, attacked them as "corporate welfare."

The Mackinac Center has often battled the Michigan Education Association, a teachers union. When the union opposed privatizing support services, like school meals and security, a Mackinac employee monitored the union parking lot and discovered that it used private contractors like the ones it was opposing.

"We don't just write papers, we do stakeouts," Reed said.

### Role models in Washington

Many of the state-level groups were inspired by larger Washington counterparts, like the Cato Institute and the Heritage Foundation. While there are no formal ties, many informal bonds have been formed through overlapping donors, revolving employees, and occasional joint projects.

A key supporter of the state-level movement was Thomas A. Roe, a South Carolina industrialist and Heritage Foundation donor who founded the South Carolina Policy Council, and helped finance the other state-level groups. Roe died in 2000, but the Roe Foundation gives each of the 48 groups annual grants of from \$15,000 to \$30,000.

With a budget of more than \$4 million and a staff of 32, the Mackinac Center is more than five times bigger than the average state-level institute, some of which consist of

little more than a guy and a fax machine. Most groups do not disclose donations they receive.

To maximize the groups' clout, Roe encouraged them to share their work, and a culture of mutual aid has taken hold. "There's a joke that you don't have to reinvent the wheel, you can steal somebody else's wheel and use it," said Helstrom, the JM Foundation executive.

Derry, of the Bluegrass Institute, has taken that advice to heart. He was working at an asset management firm in 2003 when a Bowling Green tax increase got under his skin. A few months later, he was sitting in Reed's school, wondering whether to quit his \$400,000 job to launch a shoestring policy group.

"You're going to have to decide what's more important," Reed said as the course wound down. "Making a lot of money or championing liberty."

"I was hooked," Derry said.

Reed has a standard speech he calls the "Seven Principles of Sound Public Policy." Derry added the words "for Kentucky" and took it on the fundraising trail.

The Evergreen Freedom Foundation, in Olympia, Wash., is known for its guide to paring state budgets. Derry distributed it under the Bluegrass name.

A Maryland paper on excessive lawsuits, republished in North Carolina, gained a third life as "Preparing for Tort Reform in Kentucky."

"People were so helpful, I couldn't believe it," Derry said. "It jump-started me by a couple of years."

### Comrades in arms

Depending on one's perspective, the Bluegrass Institute view of liberty can seem either steadfast or extreme. Walking to his car after a recent event, Jim Waters, the policy director at the institute, mentioned how he had recently survived a head-on collision thanks to his car's airbags. A few moments later, describing the institute's priorities, he said the Bluegrass Institute was fighting tougher seat belt laws, which he called an intrusion on liberty. Car safety laws "did save my life," he conceded when asked about the apparent contradiction.

At an institute event in Bowling Green, one member of the audience chided the group for opposing efforts to ban smoking in restaurants. "I watched my mother die of cancer," the audience member said.

"We hate smoking as much as you do," Derry replied. "But we hate government even more."

True to his promise of ongoing help, Reed made a two-day visit to Kentucky last year. Speaking to potential donors in Louisville, he likened Derry to Benjamin Franklin.

After the event, Derry marveled once more at all the support he had gotten.

"You're our comrade in arms," Reed said.

"It's about liberty," Derry replied.