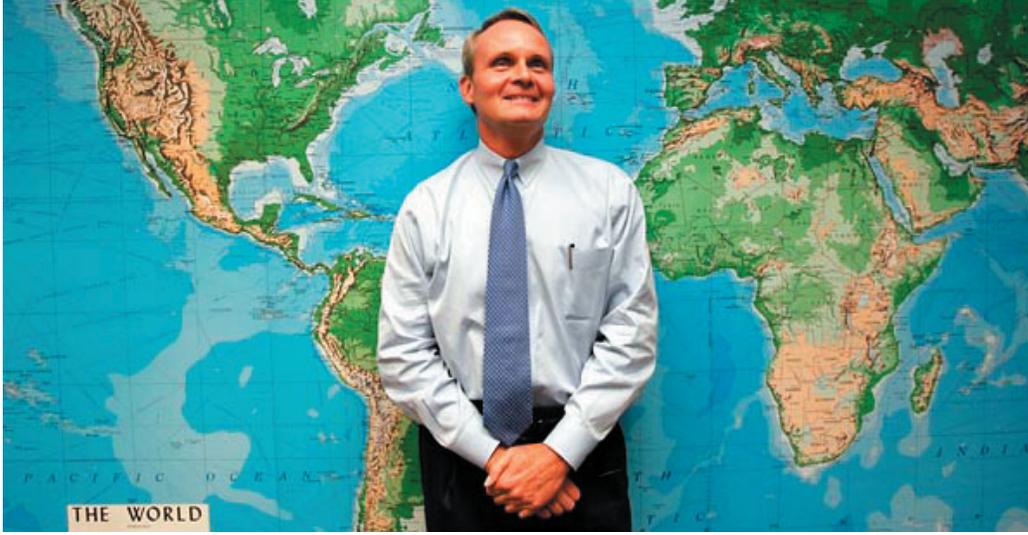


The New York Times



Fabrizio Costantini for The New York Times

THE TEACHER Lawrence W. Reed runs a conservative policy institute that claims acolytes from around the world.

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Preaching the Gospel Of Small Government

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Right-of-Center Guru Goes Wide With the Gospel of Small Government

By JASON DEPARLE

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.

Mr. Reed runs a conservative think

THE CONSERVATIVE REACH

First of two articles

The second article in this series will examine conservative foreign institutes, which have strengthened property rights in Peru, driven privatization of state assets in Egypt, battled unions in France and cut taxes in Lithuania.

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 right a reputation for savvy, and state-level versions are growing in number and clout.

Pushing causes like lower taxes, less spending and school choice plans, they 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 research organizations, single-interest groups, foundations and publications — was vital to the movement's revival.

Mr. 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 a 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 call it a "conservative propaganda mill." Its founder, Christopher J. Derry, was a sales executive with no public-policy background when he attended Mr. 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," Mr. 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 Mr. 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 attributes the Republican losses in last week's election to party's failure to cling to its 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," Mr. Reed said.

From Michigan to Mongolia

As a full-throated advocate of capitalism — the jagged, creative-destructive kind — Mr. Reed says he is used to being called a corporate apologist who would despoil the environment and afflict the poor. But 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 Mr. 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, Mr. Reed runs Mackinac (pronounced MAK-in-aw), the largest of the right's state-level policy institutes. 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 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 policy institutes. Now there are 48, in 42 states, joined in an association called the State Policy Network. At least three former Mackinac presidents are now in the House, Representatives Mike Pence of Indiana, Jeff Flake of Arizona, and Tom Tancredo of Colorado, all Republicans.

Collectively, the groups have pushed 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 labeling the institutes (and himself), Mr. Reed prefers the term "free market" over "conservative," since most of the groups stress economics over social issues.

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.

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

Mr. Reed.

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

Mr. 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.

Academia to Politics

After earning a master’s degree at Slippery Rock University of Pennsylvania, he taught economics at Northwood University in Midland, but academia left him restless. In 1982, Mr. 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, Mr. Engler helped recruit Mr. 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 Mr. 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 Mr. Engler unseated Mr. Blanchard in 1990, Mackinac had a friend at the top. Acting on the center’s advice, Mr. Engler sold a state-owned insurance company for \$250 million. But when Mr. Engler created tax breaks to lure businesses to Michigan, Mr. 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,” Mr. Reed said.

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. Mr. Roe died in 2000, but the Roe Foundation gives each of the 48 groups annual grants of \$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 larger than the average state-level institute, some of which consist of little more than a person and a fax machine. Most groups do not disclose donations they receive.

A Culture of Mutual Aid

To maximize the groups’ clout, Mr. 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 Mr. Helstrom, the JM Foundation executive.

Mr. 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 Mr. Reed’s school, wondering whether to quit his \$400,000 job to start a shoestring policy group.

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

“I was hooked,” Mr. Derry said.

He said part of the appeal was the network of groups ready to help. Three conservative foundations offered grants totaling \$80,000, but most of what Mr. Derry calls “franchise” help came in other ways.

Mr. Reed has a standard speech he calls the “Seven Principles of Sound Public Policy.” Mr. Derry added the words “for Kentucky” and took it on the fund-raising trail. The Evergreen Freedom Foundation, in Olympia, Wash., is known for its guide to paring state budgets. Mr. 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,” Mr. Derry said. “It jump-started me by a couple of years.”

The Bluegrass Institute quickly made a mark by fighting with the state’s governor, Ernie Fletcher, a Republican, over a tax plan he called revenue-neutral and Mr. Derry called a tax increase. To make a point about pork-barrel spending, his group sent an intern into the Capitol dressed like a pig.

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



Allen Bryant for The New York Times

ONE OF THE STUDENTS Christopher J. Derry of the Bluegrass Institute for Public Policy Solutions, which critics have called a “propaganda mill.”

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, an audience member chided the group for opposing efforts to ban smoking in restaurants. “I watched my mother die of cancer,” the person said.

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

The Bluegrass Institute has a budget of about \$400,000, but recently laid off a policy analyst, leaving a staff of five. Still, even critics say the group has leveraged modest resources into a growing presence.

“They get airplay,” said Susan Weston, a longtime advocate for Kentucky public schools. “They get their op-eds published. They’ve built an e-mail list.”

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

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

Mr. Reed said, “You’re our comrade in arms.”

Mr. Derry, replied, “It’s about liberty.”

Mr. Reed said, “This is a missionary movement.”

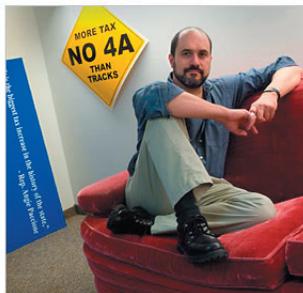
From Sea to Shining Sea

The conservative public policy movement extends into almost every state, where groups have opposed programs that include environmental protections and minimum wage increases.



Stuart Liett for The New York Times

Lynn Harsh of the Evergreen Freedom Foundation, in Olympia, Wash., known for its guide to curbing state spending.



Kevin Moloney for The New York Times

Jon Caldera, president of the Independence Institute, a Colorado group established after the Mackinac model.



Mark Graham for The New York Times

Brooke L. Rollins, president of the Texas Public Policy Foundation, which helped pass a law limiting lawsuits.



Erk Jacobs for The New York Times

Lovett C. Peters, a founding member of the Pioneer Institute for Public Policy Research, based in Boston.