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"Ideas Move Nations"

How conservative think tanks have helped to transform the terms of political debate

by **Gregg Easterbrook**

As recently as 1950 Lionel Trilling could proclaim, as if it were incontestable, that American Conservatives had no ideas, only "irritable mental gestures." Today, though many conservatives remain irritable, ideas they possess in abundance. Conservative thinking has not only claimed the presidency; it has spread throughout our political and intellectual life and stands poised to become the dominant strain in American public policy. While the political ascent of conservatism has taken place in full public view, the intellectual transformation has for the most part occurred behind the scenes, in a network of think tanks whose efforts have been influential to an extent that only now, five years after President Reagan's election, begins to be clear.

Conservative think tanks and similar organizations have flourished since the mid-1970s. The American Enterprise Institute (AEI) had twelve resident thinkers when Jimmy Carter was elected; today it has forty-five, and a total staff of nearly 150. The Heritage Foundation has sprung from nothing to command an annual budget of \$11 million. The budget of the Center for Strategic and International Studies (CSIS) has grown from \$975,000 ten years ago to \$8.6 million today. Over a somewhat longer period the endowment of the Hoover Institution has increased from \$2 million to \$70 million.

At least twenty-five other noteworthy public-policy groups have been formed or dramatically expanded through the decade; nearly all are anti-liberal. They include the Cato, Manhattan, Lehrman, Hudson, Shavano, Pacific, Sequoia, and Competitive Enterprise institutes; the committees on the Present Danger, for the Survival of a Free Congress, and for the Free World; the institutes for Foreign Policy Analysis for Contemporary Studies, and for humane Studies: the centers for Study of Public Choice, or the Study of American Business, and for Judicial Studies; the Political Economy Research Center; the Reason Foundation; the Washington, American, Capital, and Mountain States legal foundations; the Ethics and Public policy Center; the National Center for Policy Analysis; the National Institute for Public Policy; and the Washington Institute for Values in Public Policy.

Today conservative commentators have their liberal counterparts outgunned by a wide margin. Conservative thinking has liberal thinking outgunned as well. In vigor, freshness, and appeal, market-oriented theories have surpassed government oriented theories at nearly every turn. This feat has been accomplished in the main by circumventing the expected source of intellectual developments--the universities. Conservative thinkers have taken their case directly to Congress, the media, and the public--to the marketplace of ideas.

THE NEW NEW CLASS

Think tanks are an American phenomenon. No other country accords such significance to private institutions designed to influence public decisions. Brookings, the progenitor of think tanks, began in the 1920s with money from the industrialist Robert S. Brookings, a Renaissance man who aspired to bring the new discipline of economics to backwater Washington. During the New Deal the Brookings Institution was market-oriented--for example, it opposed Roosevelt's central planning agency, the National Resources Planning Board. Only much later did the institution acquire a reputation as the fountainhead of liberalism.

Through the 1950s and 1960s, as Americans enjoyed steady increases in their standard of living and U.S. industry reigned over world commerce, institutional Washington came to consider the economy a dead issue. Social justice and Vietnam dominated the agenda: Brookings concentrated on those fields, emerging as a chief source of arguments in favor of the Great Society and opposed to U.S. involvement in Vietnam. In the Washington swirl where few people have the time actually to read the reports they debate, respectability is often proportional to tonnage. The more studies someone tosses on the table, the more likely he is to win his point. For years Brookings held a monopoly on tonnage. Its papers supporting liberal positions went unchallenged by serious conservative rebuttals.

Though the force of liberal ideas grew during the Great Society, few liberal think tanks were founded. During this period young men and women on the make in Washington formed consulting companies. Federal consulting was a growth industry, because by hiring consultants agencies could evade Civil Service ceilings and expand even as their official size remained the same. The first big consulting boom was in poverty-fighting. When the environment became the hot issue, many poverty consultants switched to that field. Energy was the next bankable issue, with a related boomlet in Arab studies.

But consultants with liberal backgrounds were ill equipped for a transition to the hot issue of the late 1970s, the economy. And as the conceptual emphasis changed, so did the money flow. Poverty, the environment, and energy were fields in which consultants generally argued for increased government authority: the bureaucracy was happy to fund such thinking. Most economic research, however, called for reduced government involvement. Funding for that would have to come from somewhere else.

Together with Washington commentators and regulators, liberal consultants were condemned during the 1970s by conservative intellectuals as representing a "new class" of overeducated spongers who performed no productive labor but merely issued edicts regarding the labor of others, while living comfortably off the surplus. With each passing year, warnings about the new class went, the proportion of talkers to doers would increase, and the prestige of talking rather than doing would grow, until U.S. society became so top heavy that paralysis set in.

As the 1970s progressed, a core of politically active conservative intellectuals, most prominently Irving Kristol, began to argue in publications like *The Public Interest* and *The Wall Street Journal* that if business wanted market logic to regain the initiative, it would have to create a new class of its own--scholars whose career prospects depended on private enterprise, not government or the universities. You get what you pay for, Kristol in effect argued, and if businessmen wanted intellectual horsepower, they would have to open their

pocketbooks.

Traditionally, corporate philanthropy had been directed either toward charity or toward independent organizations like the Ford, Rockefeller, and Carnegie foundations. Pressured by the media and by academics to make gestures of broadmindedness, businessmen seemed to feel that they could gain social approval only by sharing their proceeds with credentialed intermediaries who would use the money to fund attacks on capitalism. Paying to have oneself attacked was a kind of corporate ablution.

The rise of Nader's Raiders and similar public-interest groups--which achieved remarkable results, considering how badly outgunned they were--brought a change in business thinking about money and public affairs. So did the frustration felt by oil companies, which were being fattened by rising prices but dreamed of being fatter still if federal regulations were abolished. They were willing to invest a sliver of their riches in changing Washington's mood.

In 1977 Henry Ford II angrily resigned from the board of the Ford Foundation, saying that he was fed up with its anti-capitalist output. Many companies started political-action committees and created "corporate foundations" whose giving habits were tightly controlled by management. And a handful of wealthy right-wing foundations representing Richard Mellon Scaife, Joseph Coors, and the Olin Chemical and Smith Richardson pharmaceutical fortunes began to dedicate themselves to influencing politics. Just as liberal analysts had once discovered that they could do well billing the government to advocate government expansion, so conservative thinkers now saw an attractive opportunity to take business funds to advocate government contraction.

In 1973 two young congressional aides, Edwin Feulner and Paul Weyrich, quit their jobs to start the Heritage Foundation. Three years later a longtime Brookings fellow, Ernest Lefever, started the Ethics and Public Policy Center. In 1977 a group of libertarians started the Cato Institute. The Committee on the Present Danger was founded nine days after Carter's election. The Center for Strategic and International Studies, which had existed quietly since its creation in 1962 by David Abshire, a retired Army officer (now ambassador to NATO), sensed its moment. Liberal consultancies had found their causes in poverty, energy, and the environment; the new think tanks would find bankable issues in the windfall-profits tax, the SALT II treaty, the nuclear freeze, Star Wars, industrial policy, and comparable worth.

When plum positions started going to them, conservatives discovered that the new class wasn't so bad after all. Norman Ture, one of the original supply-siders, supported himself through the late 1970s by taking donations for his Institute for Research on the Economics of Taxation. While Ronald Reagan was composing his first cabinet. Ture wrote a paper for the Heritage Foundation advocating--in the best new-class style--the creation of a new government post, that of Treasury Department undersecretary for tax policy, and, after some assiduous circulating of the paper with resume attached, landed the job for himself. Following the change of administrations in 1980 some conservatives found think tanks useful vehicles for advancing their ideas and their careers. Colin Gray, a nuclear hard-liner known for a Foreign Policy article titled "Victory Is Possible," failed to land a top position at Defense or the National Security Council, so he started the National Institute for Public Policy, which produces studies on beam weapons and other Star Wars components. Meanwhile, the major conservative think tanks hardly had to chase money: it was brought to them eagerly.

WARMING THE IDEAS

"Historically, conservatives in the United States have come across as racists and know-nothings," Michael Horowitz, who did work for AEI and Heritage in the late 1970s and held a high position in the Office of Management and Budget before being nominated to a federal judgeship, told me. "It was essential to create a moral and intellectual basis for conservative beliefs which had its own vision and wasn't just a reaction against liberalism."

To a point this image problem was inevitable. The slogans of capitalism (Every man for himself, and Don't expect any favors) sound horrible, while the usual effects (prosperity and freedom) are terrific. The slogans of socialism (Everybody is equal, and We'll look after you) sound stirring, while the usual effects (stagnation and statism) leave something to be desired. For conservatism to capture the intellectual market it would have to sound like more than the nay-saying of wealthy old white men. It would have to speak, as liberalism did, of a better future.

A turning point for the movement's world view was George Gilder's *Wealth and Poverty*, funded through the new think-tank network and published just as Reagan won in 1980. In the book Gilder argued for tax cuts, a long-standing conservative cause. But rather than employ the traditional negative line (which boils down to "Get your hands out of my pockets"), Gilder stood the argument on its head. Adam Smith, he said, had it wrong. Capitalism isn't a voodoo through which many selfish acts inexplicably advance the whole. It's a magnanimous organism in which everybody wants the best for everybody else--since, after all, one person cannot prosper selling his product unless many others are prosperous enough to buy. Big tax cuts, Gilder said, will trigger an outburst of altruism.

Gilder may or may not have been right, but he had found a whole new vocabulary for market thinking, one that was progressive and kind-hearted rather than dour. In the late 1970s Jeane Kirkpatrick had written, "Sometimes Republican speakers communicate a warmer concern for fiscal abstractions than for any other subject and sometimes Republican audiences respond like a group of accountants who can conceive no greater good than a balanced budget." How quickly and how completely the priorities would be reversed! Conservative theorists would lose all interest in mere fiscal abstraction, such as the federal debt (Heritage's *Mandate for Leadership*, Volume II, wouldn't use the word deficit until page 219), while learning to frame their ideas in terms of the "greater good." By 1985 the Ethics and Public Policy Center would hold a conference on the underclass at which the speeches would be focused entirely on market mechanisms to help the poor. Not once were welfare queens or ghetto Cadillacs, the sort of small-minded crotchets that would have dominated a similar conservative conference a decade ago, even mentioned. Conservatism, by acquiring a positive vision, had become warmer.

HOUSING THE CONVERTS

All movements treasure converts, and the growing conservative think tanks became instruments for the care, feeding, and display of theirs. AEI was home to Kirkpatrick, Michael Novak, Ben Wattenberg, and others who wasted no opportunity to point out that they had switched sides. Ernest Lefever, of the Ethics and Public Policy Center, and Max Kampelman, the general counsel to the Committee on the Present

Danger (now a special arms negotiator), had been conscientious objectors during the Second World War. Charles Murray, whose *Losing Ground*, a critique of social spending, was written for the Manhattan Institute, is a former Peace Corps volunteer and the child of a factory worker. Thomas Sowell, Glenn Loury, and Walter Williams, all rising conservative theorists, are black, which qualifies them as converts regardless of when they began thinking in market terms.

The more spectacular the conversion the better. Michael Horowitz began an article about his: "I am Jewish, was student body president at City College of New York, taught civil rights law in Mississippi during the sixties, now grieve at the loss of Al Lowenstein, the remarkable friend who most taught me to care about the political process. The best man at my wedding was a Democratic Congressman with a 100 percent ADA rating." Just as a former drunkard who beat his wife and stole from the collection plate will be the star of any revival meeting, so reformed liberals became the headliners at many conservative get-togethers. Conservatives wanted to win not just elections but hearts and minds.

For public-policy impact, intellectuals and journalists make prime converts, because there is nothing (at least nothing obvious) in it for them. All manner of lobbyists, some even lapsed Democrats, were running around Washington preaching capital formation and market magic, but who believed them? They were fabulously paid to read their lines. Public-interest advocates and liberal academics often had more standing on Capitol Hill than corporate vice-presidents, precisely because they made relatively little money and did not gain personally from the outcome of political decisions. By establishing think tanks, conservatism could acquire the same sheen of detachment. The beauty of it all was that thinkers come cheaper than lobbyists.

AEI, Heritage, and CSIS became exceptionally press conscious. Any time the elite media mentioned a Heritage or Cato study, the movement would score points in heaven. Think-tank managers who swore oaths in private about the liberal biases of the big media nevertheless found themselves longing for their stamp of approval.

Understanding that many reporters hunger to feel important, the new think tanks courted and flattered reporters in a way Brookings never had, inviting them to conferences not as observers but as participants. Catering to the journalists' convenience, they sent reams of information free (Brookings, the old profiteer, actually charged for its work) and provided messenger service for reporters on deadline. Having an impressive AEI study hand-delivered to a reporter while its Brookings counterpart was lost in the mail was often half the battle for a mention in a news column. Also, it helped that most conservative think tanks prefer writing that makes for pleasant reading and vivid quotation to dense academic prose. Someone snowbound in a mountain cabin would far rather find back copies of AEI's *Regulation* (with headlines like "Curse of the Mummy's Tomb") or Heritage's *Policy Review* than the soporiferous Brookings Review.

As the new think tanks have grown and the quality of their work has improved, members of the Washington press corps have become more dependent on them, more likely to quote AEI than puzzle out a topic on their own--which, of course, fits the plan quite well. Once journalists began paying attention, they served as an important cross-check of developing theory. To play in *Newsweek* or on CBS, an idea had to be phrased in the new good-for-society terms. In turn, a favorable mention in the media was taken as proof that a conservative proposal had so much power that even liberals were forced to acknowledge it.

STAR ATTRACTIONS

Jeane Kirkpatrick became the greatest think-tank discovery. Only Reagan himself was received with more enthusiasm at the 1984 Republican Convention. A former professor at Georgetown University, a board member of the Committee on the Present Danger, and (to the everlasting embarrassment of CSIS, which is affiliated with Georgetown) a fellow at AEI, she wrote a much discussed article for Commentary magazine, "Dictatorships and Double Standards," in 1979. Kirkpatrick ridiculed Carter's decision not to reinforce the Shah and Somoza in their waning hours. We shouldn't be so choosy about our allies, she declared. This one article propelled Kirkpatrick to national prominence--the academic's most deeply cherished fantasy. Since then there has been a scramble among the new think tanks to link their names to Kirkpatrick's. She has been featured at forums sponsored by Heritage, CSIS, the Ethics and Public Policy Center, Hoover, and others, all of which display her photograph prominently in promotional literature. When Kirkpatrick returned to AEI last year, the institute's Foreign Polity and Defense Review devoted its back cover to a full-page announcement.

There have been many discoveries besides Kirkpatrick. Christopher DeMuth, Reagan's first-term "deregulation czar," won his post on the strength of a series of articles in Regulation on cost-benefit analysis for federal safety rules. Lawrence Korb, formerly an assistant secretary of defense, was an AEI fellow who wrote a paper that Frank Shakespeare--an influential, behind-the-scenes conservative who would later become the chairman of Heritage--showed to former National Security Advisor Richard Allen, who in turn gave it to Reagan. In 1980 Regulation's editors were Murray Weidenbaum and Antonin Scalia. Weidenbaum became the first Reagan chairman of the Council of Economic Advisers, and Scalia was named a federal appeals judge.

Martin Anderson, Reagan's domestic-policy adviser until 1982, came from Hoover. James C. Miller III, Reagan's first Federal Trade Commission chairman and now the administrator of the Office of Management and Budget, came from AEI. James Watt, the former secretary of the interior; William Bennett, the secretary of education; John Svahn and Marshall Breger, presidential assistants; William Niskanen, a former member of the Council of Economic Advisers (now the chairman of the Cato Institute); Chester Crocker, an assistant secretary of state; Kenneth Adelman, the director of the Arms Control and Disarmament Agency--this is a far from complete list of think-tank alumni who took prominent roles in the Administration.

What follows is a discussion of four of the leading conservative think tanks: the American Enterprise Institute, the most nearly centrist of the new tanks; the Heritage Foundation, the one with the most influence in the Reagan Administration; the Center for Strategic and International Studies, the toniest; and the Cato Institute, which takes market thinking further than any of the others--to that point on the continuum of opinion where right becomes left.

AEI

Without AEI, Reagan never would have been elected," an informed white House official says. "AEI made conservatism intellectually respectable." This is perhaps true--and is also a sore point with the New Right, the name usually given to the extremist side of Reagan's political support. Because the American Enterprise Institute pre-dates the New Right and has become, through its success, part of permanent

Washington, New Right conservatives hold it in suspicion. When The Washington Times, the movement's Pravda, ran a wall-poster-style chart of major conservative organizations, AEI was not included.

AEI was founded in 1943 by Lewis Brown, an industrialist who hoped to match the influence of Robert S. Brookings. In its early years the institute was transparently a mouthpiece for big business. Serious work at AEI did not begin until a man named William Baroody took charge, in 1954. Baroody restructured AEI to resemble Brookings, with fellows given wide latitude and expected in return to produce the sort of work usually described as "major." AEI as a result is more scholastic in tone than the newer think tanks, more concerned with propriety and dignified behavior. "We aim to be in the mainstream," says William Baroody, Jr. who has run the institute since his father died, in 1977. In addition to Kirkpatrick, Novak, and Wattenberg, AEI lays claim to Gerald Ford, Arthur F. Burns, Philip Habib, the Congress specialist Norman J. Ornstein, the legal expert Bruce Fein, the Harvard scholar James Q. Wilson, and the economist Herbert Stein.

Most of AEI was rooting for George Bush in 1980, and though alliances gracefully shifted as the primaries progressed, AEI doesn't subscribe to "the movement," as, say, Heritage does. AEI has been critical of the MX missile, and attacks on the Reagan deficit that Rudolph Penner made as a fellow seem to have helped him win his current post as the head of the Congressional Budget Office, traditionally a Democratic enclave.

AEI was the first think tank to discover the power of taking ideas directly to the public, bypassing the formal big-university filtering system. In 1975, when AEI was still small, it began to distribute op-ed articles written by its adjunct scholars. Then it started to send free taped commentaries to radio stations--now a practice of many think tanks--and later packaged a television show.

Around the time of the Carter-Ford election, when conservative money was beginning to flow, AEI sharply increased its roster of resident scholars--thinkers physically located in the Washington office, as opposed to adjunct scholars, whose main jobs are elsewhere--and gave them impressive, academic-sounding titles, such as the George Frederick Jewett Scholar in Public Policy Research (this is Michael Novak's position). "My father always said we would need to achieve a critical mass of people in the city"--people available to meet with congressmen and reporters, and press home conservative views--Baroody, Jr., told me. Such a mass would also make a pool of ready candidates for appointment to Administration positions.

A primary objective of all think tanks, regardless of ideology, is to be employment agencies for Presidents, in order both to influence policy and to crown the organization with prestige. Getting a high-level job "is what you live for in a think tank," says Lawrence Korb, formerly of the Defense Department and now an executive of Raytheon Corporation. "Talk centers on it obsessively." Korb notes that think-tank personnel make good appointees partly because they are eagerly available. "All you have to do to move from AEI to the Administration is walk across the street," he says. "You don't have to move your family to D.C., because you're already there. You don't have to give up a good job you might not get back, because the think tank will always take you back. You don't have to put your assets into some kind of complicated trust, because if your background is academics, you don't have any assets. And a businessman or lawyer coming into government usually has to make a financial sacrifice. To someone from academia, on the other hand, \$60,000 [the typical pay for high-level appointees] is a raise."

Essential to all think tanks are events at which donors rub shoulders with Washington personages. The less such events seem like fundraisers, and the more like Meet the Press, the better. Each summer AEI stages a World Forum, hosted by Gerald Ford, in Vail, Colorado, for chief executives of corporations that make contributions. In December it holds a Public Policy Week, during which the institute's offices are converted into a sort of intellectual theme park. In 1984 the week was topped off by a "gala Public Policy Dinner" at which Reagan addressed 1,200 guests in evening clothes. Lesser luncheons and breakfasts are held almost continually: conservatives seem to think best while eating. Even the Ethics and Public Policy Center, with a staff of just sixteen, in 1984 held one "major" conference and two medium ones, a black-tie dinner, a reception in the Capitol building, eight "dinner seminars," many luncheons, and a breakfast at which Representative Jack Kemp and National Security Advisor Robert McFarlane spoke.

Like most think tanks, AEI raises money each year; only Brookings and Hoover have substantial endowments. AEI drew 51 percent of its \$12 million budget for 1985 (up from \$4 million a decade ago) from corporate donations, the highest corporate support percentage of the major think tanks. The institute has twenty-seven trustees, most of them executives of corporations that are donors. Fourteen of the twenty-seven are from defense contractors, drug companies, or banks--businesses with a special interest in government decisions. An advocate of relaxed antitrust laws, AEI notes in its current annual report that "the wave of corporate mergers led to a reduction of more than \$100,000" in its support last year, because several friendly companies were gobbled out of existence.

AEI has a new headquarters building (about half of which it plans to lease) under construction on Pennsylvania Avenue, halfway between the White House and the Hill. "The historic Pennsylvania Avenue location, Washington's corridor of power, will enable our scholars and fellows to interact more readily with key policy makers," an AEI publication reads. Aside from suggesting a picture of scholars poised on the roof, arms outstretched like antennae to receive emanations from Congress and the executive, this invocation of a large new building, and the commitment to the future that it represents, shows that AEI does not expect government to wither away. "Very little of our output involves calls for the abolition of government agencies," says Walter Olson, an AEI fellow.

HERITAGE

"We're not here to be some kind of Ph.D. committee giving equal time," says Burton Pines, a vice-president of Heritage. "Our role is to provide conservative public-policy makers with arguments to bolster our side. We're not troubled over this. There are plenty of think tanks on the other side."

Although Heritage officially calls itself "nonpartisan" (tax laws require this charade), in practice it is actively aligned with the Administration. Just after the 1980 elections Heritage published a thousand-page book called *Mandate for Leadership* which contained an elaborate series of policy recommendations for nearly every federal agency. When Reagan was re-elected, Heritage issued a successor volume; the pair are popularly known as *Mandate I* and *Mandate II*.

Probably no other documents have been as widely circulated in Washington during the past five years as *Mandate I* and *Mandate II*, and by any standard they are impressive. Each reflects a detailed understanding of how the federal government actually works (as

opposed to how it officially works) and addresses the sort of questions that are short on media appeal but critical in Washington: how to motivate the bureaucracy, how to get bills through committee and so on. Recommendations range from the hard-to-dispute (greater competition in health care) to the intriguing (private management of wilderness areas, and "transportation enterprise zones") to the suspiciously pro-regulatory (a requirement that U.S. attorneys file "victims impact statements") to calls for that Washington perennial the presidential commission. There are discussions of government offshoots as obscure as the Federal Financing Bank Advisory Board and the Interagency Coordinating Council.

Heritage also produces a blizzard of lesser materials: more than 200 books, monographs, and legislative analyses in 1984, and numerous "executive memos," many labeled "RUSH!" Just how much of Heritage's advice is actually taken by the Administration is hard to judge. Heritage likes to assert that 60 percent of the policy recommendations in Mandate I were adopted, but it's impossible to say how many of the developments for which it claims credit would have happened anyway. For instance, Heritage associates itself with the idea for Star Wars, because the book *High Frontier*, by the retired general Daniel Graham, was released under its auspices in 1982; but pressure for a space defense program had been building quietly in many Washington quarters for several years. In other cases Reagan's action went beyond what Heritage advised. Mandate I said that the mission of the Community Services Administration should be "redefined." In his first budget David Stockman abolished the CSA altogether (one of the few government-program terminations that Reagan has actually carried out).

At one time Heritage had an image as a warren of loonies. But by 1985 even *The Washington Post* was treating it with respect. One reason for this grudging acceptance is that the warming trend in conservative theory has reached Heritage, too. Since Reagan's election Heritage publications have rarely employed New Right rhetoric and have been surprisingly quiet on "social agenda" questions. Mandate II contained only a single paragraph on school prayer--making the nebulous recommendation that Reagan publicize the efforts of the states to restore public praying--but offered eighteen pages on the Department of Commerce. Paul Weyrich, a founder of Heritage, resigned from it in 1975 in order to start the Committee for the Survival of a Free Congress, which is now closer than Heritage to Jesse Helms and Jerry Falwell. Many Heritage analysts are uncomfortable with these cable-TV style conservatives, in part because some items on their wish list are unconstitutional and in part because the anti-intellectual hostility that animates the far right is as likely to find its target at Heritage as anywhere else.

In fact, when reading studies like the Mandate volumes, one gets the feeling that Heritage is trying to calm down its own constituency as much as to flay the liberals. Sections patiently explain why even the President can't just shut down whole agencies or cancel programs overnight. Having preached for some time that "if only we had the White House there'd be a few changes around here," organizations like Heritage now need to produce convincing reasons why many of the promised changes haven't been made. There is a more immediately practical consideration here too. If government actually did wither away, Heritage fellows would be out of jobs. Donors must be gently given to understand that the touch is going to be put on them far into the future.

The foundation's office is on capitol Hill, and this choice of location is significant. Being on the Hill allows Heritage to woo the young staff aides in Congress, the ones who will someday occupy heavy-hitting positions downtown. Almost every day Heritage holds an event at

which food is served--cold cuts and beer being reliable bait for young staff. It also hosts biweekly networking sessions called the Third Generation Lectures, which consistently draw a hundred or more Hill staffers.

Heritage fellows are expected to get out of the office and work the congressional committees. By doing this kind of grunt work--the kind that more self-important think tanks shun--Heritage keeps a step ahead of the news and avoids depending heavily on the kind of official statements that are impressive from afar but bear little relation to what's really going on. Most of its leading thinkers--Dinesh D'Souza, Stuart Butler, Milton Copulos, Anna Kondratas, Adam Meyerson, Phil Truluck--are young and not yet names. "I worry about losing the courage to send a twenty-seven-year-old in to brief a senator or testify about a Heritage position," Burton Pines says. "If we started hiring older people with safe, established reputations, we would lose our cutting edge." Heritage's young Turks make more mistakes than the cautious, experienced analysts at AEI, but they are also willing to take chances on ideas that have not been sanctioned by the capital's mentioning apparatus. Their pay is good but not grand--the development of conservatives willing to pursue something other than money being, perhaps, the most significant sign of changed times in institutional Washington.

Heritage has a media strategy similar to its personnel policy: it goes after the little fish in the press as well as the big. "During the time the elite media was ignoring us, we discovered that there are 1,600 dailies and weeklies around the country," Pines says. "Statistically, most people don't get their news from the big media; they get it from little papers." So Heritage began to send copies of its studies topped by press releases in what Pines calls "easy-to-read form specially designed for reporters and editors," to the small papers. Each study mailed, Heritage found, produces 200 to 500 stories. Often the press release is published verbatim. When the story comes in, Heritage sends a copy of the clipping to the congressman in whose district it appeared.

Preaching government contraction has helped Heritage expand rapidly. Its largest source of money--providing at least \$5 million over the past decade--has been Richard Mellon Scaife, a great-grandson of the banker Thomas Mellon. From a personal fortune estimated at \$150 million Scaife gives about \$10 million annually to conservative causes through the Carthage, Allegheny, and Sarah Scaife foundations. The next largest conservative donor, the Olin Foundation, gives about \$5 million annual to various causes, while the Coors and Smith Richardson foundations each give about \$3 million a year.

Scaife cultivates a secretive demeanor and refuses to speak to reporters. When Karen Rothmyer, a contributing editor of the *Columbia Journalism Review* and the author of what is now the standard work on Scaife, approached him for an interview, Scaife assailed her with a volley of obscenities. Scaife's name rarely appears in Heritage promotional literature, though there are frequent references to Joseph Coors, an affable person associated with a high-quality yuppie product.

Unlike AEI, which received about \$500,000 in federal grants last year, and CSIS, whose budget is roughly 15 percent federal, Heritage takes no government grants. It draws by far the highest proportion of general public support, getting about a third of its budget from small donors. Heritage receives major donations from its trustees Shelby Cullom Davis, a wealthy New York financier, and the one time New York gubernatorial candidate Lewis Lehrman (who, despite having his own, competing think tank, was the head of a recent Heritage fund drive), the Reader's Digest Association, and many corporations, primarily oil

and defense firms. Recently it has amassed its first endowment, for an Asian Studies Center. Several conservative think tanks are active in Asian affairs, because Taiwanese and South Korean industrialists are big givers acutely concerned with Washington access.

CSIS

The Center for Strategic and International Studies, like Hoover at Stanford, is a conservative policy center attached to a generally liberal university (in this case, Georgetown). Unlike Hoover, CSIS is located well away from the parent campus: its offices on K Street, Washington's legal row, have the aspect of an investment banking firm.

Perhaps because of its emphasis on international affairs CSIS is the most aristocratic of the think tanks, and the most ceremonial. Big names abound. Henry Kissinger, Zbigniew Brzezinski, and James Schlesinger are "senior scholar-statesmen in residence." Other CSIS names are Thomas Moorer, a former chairman of the Joint Chiefs of Staff; Ray Cline, a former deputy CIA director for intelligence; the authors Walter Laqueur and Michael Ledeen; the military analyst Edward Luttwak; and the economist Paul Craig Roberts. The most recent CSIS annual report resembles a social directory, listing a sixty-five person advisory board, a fourteen-person executive board, a twenty-seven-person international research council, staff and a hundred scholars. The 1984 report listed 578 CSIS forum participants, plus more roundtables, symposia, and colloquia than any one person could ever attend. It also managed to drop Kissinger's name thirty-four times.

Because CSIS is heavy with people who would accept only top positions, it sent few into the Reagan Administration--Chester Crocker, the author of the Administration's "constructive engagement" policy toward South Africa, is its only prominent alumnus. Big names mean big overhead: Kissinger, Brzezinski, and Schlesinger have separate suites, perhaps to keep their ego fields from interacting. The big names are expected to "bring money with them" (to use the think-tank argot), raising a portion of the overhead from foundation contacts or on the cocktail party-circuit. A recent CSIS newsletter noted, "James Schlesinger...met with senior leadership of Texaco Inc. to discuss a number of defense and energy policy issues and to share a personal perspective on contemporary geopolitics.

Geopolitical perspectives are also shared at the annual shoulder-rubbing roundtables that CSIS holds in Washington, Dallas, Houston, and Miami (additional events in Los Angeles and Chicago are planned). Entree to such occasions generally requires about a \$5,000 donation. The chief executive officers of large corporate donors received a "high-level CSIS briefing" in Washington for the second Reagan inauguration (whenever CEOs come to town, they expect important sounding things to do), and CSIS stages a prestigious annual retreat in Williamsburg, Virginia, similar to AEI's Colorado gathering.

CSIS's output in the press and on TV is second to none. "We had more than 2,500 media appearances in 1984, and it's going to add up to more in 1985, because Beirut has been a big story and we have most of Washington's world-class terrorism experts here," William Taylor, the executive director of CSIS, told me recently. He handed over a copy of the center's media guide: "When a big story breaks, this is a media bible." The guide is cross-referenced and includes the home phone numbers of several CSIS officers who run an "alert system." If an important international story develops at night or over a weekend, CSIS fellows call in to the office, forming a duty rotation of experts

available for interviews and television appearances.

CSIS thus performs a valued service for the major media, creating instant access to former officials who are presumed to have inside information. Some of the media return the favor: The New York Times and NBC News are among CSIS's financial supporters. Brzezinski, Cline, Laqueur, the retired CIA director Richard Helms, a retired chief of staff of the Army, General Edward Meyer, and others make up the center's Steering Committee on Terrorism, as if CSIS itself had something other than words to steer. (Committees are a favorite think-tank gambit for lending the appearance of formal policy-making responsibilities. After Reagan's re-election the Hudson Institute announced a Committee on the Next Agenda composed of many prominent names. This committee earned the president of Hudson, Thomas Bell, lunch at the White House and a photo opportunity with Reagan, but compared with the thoughtful Mandate II its report was a comic book. The thirteen single-spaced pages of generalities advocated for example, "a national commission to report on the quality of family life" and the creation of yet another government post, for a cabinet-level "broker" who would "play an important coordination function in government" by reconciling "overlapping defense, foreign, economic and trade areas"--which sounds suspiciously like what the President is supposed to do.)

CSIS also performs a valued service for the State Department, staging forums for visiting diplomats whom the department doesn't quite know what to do with (whenever foreign leaders come to town, they too expect important-sounding things to do) and sometimes conducting semi-sanctioned negotiations that avoid the tortuosities of official government contacts. A CSIS team preceded Reagan on his visit to China.

Both Taylor, the executive director and Amos Jordan, who has succeeded David Abshire, the founder, as president, were once Army instructors at West Point. Nevertheless, CSIS has not refrained from criticism of the military. Senior Fellow Edward Luttwak's recent *The Pentagon and the Art of War* is scorching; CSIS's most successful project in 1984 was a study, signed by six of the seven living former secretaries of defense, calling for reform of the Joint Chiefs of Staff. The test of this study's success is that it made Navy Secretary John Lehman--whose service would stand to lose in most JCS reform plans--furious. Melissa Healy and Michael Duffy reported in *Defense Week* a trade newsletter for the defense industry, that Lehman worked behind the scenes to block the CSIS report.

Scaife--who was also unhappy about the Joint Chiefs of Staff study--is CSIS's biggest donor, having given at least \$7 million in the past decade. (CSIS and Georgetown raise funds separately; there is some hostility between the center and the school, mainly because CSIS fellows can make twice as much as Georgetown professors while being spared the drudgery of correcting blue books.) Other important donors include the Ford, Rockefeller, MacArthur, and Noble foundations; the Prince Charitable Trust; Hallmark Cards, Inc.; eleven defense contractors; and Sheikh Salman al Hethlain and Prince Turki bin Abdulaziz (CSIS has a "Middle East" project, appealing to Arab-American interests, and also a "Near East" project, of more interest to pro-Israel groups).

CATO

Last June, on a day when savings accounts in Maryland were frozen because the state's private deposit-insurance company had collapsed, the Cato Institute held a Capitol Hill forum to advocate that private

deposit-insurance companies replace the Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation. "It is my belief that consumers would be willing to give up their federal guarantees in return for deposits backed by triple-A corporate bonds," Catherine England, a Cato analyst, declared. Senior staffers from the Joint Economic Committee, the Treasury Department, the Federal Trade Commission, the Office of Management and Budget, and other agencies had come to listen.

In a sense, no one took the session seriously. At a time when banks were teetering, the political prospects of abolishing federal deposit insurance were slim to nonexistent. Yet in another sense there was great interest, as the attendance showed. Cato is in the vanguard of market thinking, and Washington is as fascinated today by market theories as it was twenty years ago by big-government theories. During the forum Bert Ely, another Cato speaker, said that banks could protect their deposits through a system of self-insurance. An official from the Farm Credit Administration rose to protest: that was the way that FCA affiliates had been insured, the system hadn't worked, and Cato was "completely ignoring the real world." To a libertarian this is not necessarily an insult.

Cato was once close to the Libertarian Party, whose presidential candidate managed to win one percent of the vote in 1980. The Libertarian Party believes that government should go away, period. Its candidate in 1984, David Bergland, vowed to abolish the CIA, the FBI, the IRS, Social Security, and public schools. If citizens wanted national defense, he said, they could band together and contract for it voluntarily.

That was too much even for Cato. It continues, however, to say that almost all government regulation should end; that in an information-rich society like ours, consumers exert enough pressure on industry through their buying habits to prevent abuses, and to the extent that they fail to exert pressure, that's their problem. Cato wants a phased withdrawal of U.S. troops from Europe and South Korea, and an end to other entangling alliances. Government, in its view, should exist only to provide police protection, enforce contracts, and repel invasions. Cato's hero is Friedrich Hayek, who won the Nobel Prize for economics in 1974 and is the godfather of the "Austrian school," dear to the hearts of many on the right. Hayek recently attached his name to Cato by becoming a senior fellow, the institute having campaigned long and hard to get him. Hayek proposes abolishing the uniform national currency and instead using private-label money issued by business. "What is so dangerous and ought to be done away with is not government's right to issue money but the exclusive right to do so and their power to force people to use it and accept it at a particular price," he has written.

In summary form, this sounds like a crackpot idea. It's not, although neither is it practical--and that sums up much of libertarian thinking. As a logical exercise one can imagine competing "brands" of currency driving monetary exchange values to a perfect level and increasing economic efficiency. In the real world, where people's hopes and fears add non-logical considerations, private currency might spawn catastrophe. Still, speculation about such matters can result in smaller insights that are applicable under real conditions. An example is the work for Cato done by Peter Ferrara, an attorney, who proposes that Social Security be replaced with a form of private super-IRA accounts. The plan has faults, but it is the kind of not-so-crazy-as-it-sounds idea that may ultimately inspire practical change.

Libertarianism springs from the American West: Cato, the Pacific Institute, and the Reason Foundation, all libertarian, were all started in

California. On its good side libertarianism reflects the dream of the American West of the individual above all, with society constantly forming and reforming itself to reflect individual aspiration. Culturally, the eastern United States is Europe transplanted, with many Old World habits and class expectations continuing to operate at a subtle level. The West is the world made new, and its residents need not honor what they left behind. Here, though, is libertarianism's bad side--a desire to renounce all social obligations and live as if the United States had no poverty and no enemies.

Cato gets the largest portion of its \$1.3 million annual budget through Charles Koch, the son of a Kansas oilman, who has given around \$5 million to libertarian causes and it has also received significant support from his brother David, the Libertarian Party's vice-presidential candidate in 1980. Other donors include Shelby Cullom Davis, several oil and chemical firms, and the American Broadcasting Company. Scaife is a major sponsor, but he insists that his money be spent only on economic studies, not on international affairs, because Cato favors reduced military spending. Cato is the only one of the new think tanks to have no major defense contractors among its supporters.

The chairmanship of Cato was assumed last year by William Niskanen, a former member of the Council of Economic Advisers. Niskanen entered the libertarian hall of fame when, in 1980, as director of economics at Ford Motor Company, he was fired for publicly opposing the company's campaign for quotas on imported cars, which he said would only hurt consumers.

THE GOOD OLD DAYS

Intellectually, it is always easier to be the party out of power, and conservative think tanks often exhibit a certain nostalgia for the good old days, when Carter was President and taking the blame. Indeed, their work sometimes gives the impression that he is still President.

Failures of federal agencies to reduce regulation are decried as though Reagan did not now control the agencies. Recent issues of Heritage's Policy Review have declared that a government agency director is "judged by the standard of whether what he does corresponds to the conventional (liberal) wisdom" and that "one faces intellectual ostracism for uttering the words 'Cold War.'" (A mantra popular among conservative intellectuals is the sentence that begins with a phrase like "No one dares say...") A Policy Review critic called the book *I, Martha Adams*, in which Russian troops invade the United States and slaughter millions, "a conservative's dream novel." An article by Midge Decter, the head of the Manhattan-based Committee for the Free World, announced, "As a society we do not even any longer have the moral courage to cast out in horror--a horror we all feel--the child pornographer, the pedophile, the committer of incest. We hem and haw and let the courts decide." Unless Times Square is a microcosm of middle America, this last is as far out of touch with the nation's political mood as the left ever strayed. And by the way, aren't courts supposed to determine the punishment for crimes?

It's good business for conservative think tanks to suggest that even after five years of a strong conservative President, a Republican Senate, and a popular conservative mandate, liberalism is still secretly controlling Washington. Foreign affairs are the focus of many such complaints: liberals are somehow preventing bomber pilots from spotting terrorists; many of the new think tanks have demanded full economic sanctions against Libya, even as lobbyists for U.S. oil companies, which continue to operate there, have petitioned the Administration for more trade freedom.

Perhaps the climactic moment of conservative nostalgia for the days when somebody else was to blame occurred last May. The Shavano Institute, a think tank affiliated with Hillsdale College, in Michigan--which is to the right approximately what Antioch is to the left--held a Washington conference. Kirkpatrick was the featured guest. Frank Shakespeare who was serving as chairman, had helped arrange \$45,000 in federal funding--the type of self-serving use of public money that drives conservatives wild when liberal groups are the beneficiaries. The purpose of the conference was to prove that the United States and the Soviet Union are not "morally equivalent." The idea that they are equivalent carries no weight in the United States except with fringe groups, but does have some respectable backing in Europe. All the heavy artillery of conservatism was there, and the participants were speaking to their own.

The writer Tom Wolfe kicked off the event by saying, "I want to congratulate you all on the courage that you've shown in coming here," as though secret-police agents were circulating in the audience, jotting down names, when in fact attendance was a career plum. Joseph Sobran, an editor of National Review, suggested that nefarious forces were blocking the production of anti-Communist movies, adding, "Sometimes I wonder if there's some sort of ideological Hays Office operating in Hollywood, protecting the viewing public from the indecorous manifestations of the Cold War mentality." The conference was held two weeks before the premiere of Rambo.

The secretary of education, William Bennett, said, "Much of what goes on in the American classroom today is expressly designed to prevent our future intellectuals from telling the difference between American and Soviet values." Irving Kristol complained that PEACE has become "a Stalinist word" and that it has "acquired such momentum that no one dares come out and speak against the use of the word peace. He then dared, objecting to the name of the Peace Corps.

Michael Novak predicted that "over the next five years the greatest historical expansion of Soviet power beyond the postwar boundaries of the USSR is likely to be attempted." (What, then, did the Reagan defense buildup accomplish?) Tom Bethell, a former AEI fellow and a writer for The American Spectator, said that "the ideology which undergirds the American press is congruent with, in some sense, the ideology of the Soviet Union" (though "to make any such observation is a complete violation of etiquette") and that "we do not hear...any explicit discussion of the socialist ideology and we certainly do not find any criticism of it in the news" -which requires one to exclude from "the news" the papers with the largest and second largest circulations in the country, The Wall Street Journal and USA Today.

Arnold Beichman, a Hoover fellow said that "we are debating and negotiating among ourselves while the Soviet Union need debate nothing, protected as it is by a powerful liberal-left phalanx in the American media, the academy, the professions, and above all in the Congress of the United States." R. Emmett Tyrrell, the editor of The American Spectator, declared that the rock singer Madonna wore funny clothes because she was "influenced by American liberalism."

DIRECTED CONCLUSIONS

"The whole transformation of conservative philosophy was really begun by just a handful of people," Michael Horowitz says, and he names Richard Larry, the grant director for the Sarah Scaife Foundation; Michael Joyce, the grant director for the Olin Foundation; and Leslie Lenkowsky, who once controlled grant awards for the Smith Richardson Foundation and moved to AEI after his nomination

as deputy director of the U.S. Information Agency fell through because he became embroiled in the conflict over the agency's blacklisting of liberal speakers. "They understood that just by funding a few writers and a few chairs they could make a breakthrough." Scaife and Olin are principal donors to Heritage, CSIS, the Ethics and Public Policy Center, Cato, the Institute for Foreign Policy Analysis, The American Spectator magazine, the Committee on the Present Danger, the Manhattan Institute, the Capital Legal Foundation, the Reason Foundation, and other new conservative think tanks and foundations. Walter Williams--whose recent book *The State Against Blacks* contains such nuggets as "Discrimination may be defined as an act of choice based upon utility maximization"--Irving Kristol, the conservative criminologist Ernest van den Haag, and Richard McKenzie, a rising young market economist affiliated with Heritage and Cato, all hold John M. Olin chairs at their universities.

The regularity with which the same thinkers' names appear on think-tank rosters is as remarkable as the regularity with which Scaife and Olin are listed as donors. Kristol, the editor of *The Public Interest* is also the publisher of the new neo conservative journal *The National Interest*, a member of the board of editors for *Regulation*, an AEI fellow, a Hudson fellow, and an adviser to the Lehrman and Manhattan institutes. Midge Decter is a Heritage trustee, an Ethics and Public Policy Center director, a member of the Committee on the Present Danger (CPD), a Hudson fellow, and an advisors-board member for *The National Interest*. Martin Anderson, of Hoover, is also a Hudson fellow, a Reason adviser, and a member of the board of the CPD. Michael Novak has affiliations with AEI, the CPD, the Institute for Foreign Policy Analysis, and Hudson; Ernest Lefever with the Ethics and Public Policy Center, the CPD, and Heritage; Thomas Gale Moore, of Hoover and recently named to the Council of Economic Advisers, with AEI, Cato, and Reason. James Buchanan, of the Center for Study of Public choice, is also an adjunct scholar at AEI and Cato, and an adviser to Hoover, Reason, and the Political Economy Research Center. The leaders of the three major conservative think tanks--William Baroody, of AEI, Edwin Feulner, of Heritage, and David Abshire, of CSIS--once served together as aides to Secretary of Defense Melvin Laird.

The recurrence of the same names makes it fair to ask if what appears to be a conservative intellectual groundswell is really just multiple manifestations of one phenomenon. Perhaps twenty years must pass before this question can be answered fully, but a reasonable guess is no. Since ideas run in cycles, an uprising against liberal theory was bound to occur someday (just as there will someday be a liberal revival in which some of the currently regnant conservative ideas are discredited). Equally important, during the 1970s millions of Americans came to the conclusion that liberalism was asleep at the wheel.

But now that conservatism is the fashion, the overlap of names and places suggests a society of like-minded people reinforcing one another's preconceived notions and rejecting any thinking that does not fit the mold--practicing what consultants call the art of "directed conclusions."

Cato, for example, flatly states that it will not release any study that calls for a government program. The institute's president, Edward Crane, says that he receives one or two commissioned reports each year that are "inconsistent," and he does not publish them. The analyst Jonathan Stein lost his job at CSIS several months after he published a book highly critical of Star wars, the study of which is worth millions to think tanks that toe the line. (CSIS denies there was any connection.) AEI has criticized Reagan Administration decisions, but

When I skimmed through its publications catalogue, I was hard pressed to find any title that looked as if it would upset a corporate sponsor--and the 1977 study "Lobbying: A Constitutionally Protected Right" probably did not damage that year's fund-raising campaign.

In 1983 Navy Secretary Lehman awarded management of the Center for Naval Analyses, a semi-independent organization similar to the Rand Corporation, to the Hudson Institute. This added \$17 million to Hudson's consolidated revenues. Hudson, for its part, named Lehman's friend Francis West a vice-president and put under him a project on a "history of the 600-ship Navy," the Navy Secretary's most treasured goal. On contract to Hoosiers for Economic Development, Hudson issued a report on whether acid rain is really a problem. Hudson's headquarters is in Indianapolis; Indiana is a producer of the sulfur-bearing coals that cause acid rain. Take a wild guess as to what the Hoosiers for Economic development study concludes.

The Heritage Foundation was among the first to notice the rising "military reform" movement (which is by no means anti-defense). In 1979 Heritage released a study endorsing military reform in general terms. Later it commissioned George W. S. Kuhn, a former Army captain, to write about the subject. Kuhn produced a report called "Ending Defense Stagnation," which was published as a chapter of the book Agenda '83, midway through the Mandate series. Kuhn's report named names of weapons that didn't work and military commands that were redundant. He concluded, "Increased spending is not buying improved strength."

Heritage management was initially enthusiastic about the study. A publicity blitz was mounted and copies were sent to the White House; there was considerable press coverage. Then the repercussions began. Casper Weinberger was infuriated, probably because the report struck too close to home (several of the weapons and practices Kuhn criticized have been canceled or modified in the years since). Weinberger ordered each of the four services to write rebuttals. Lehman--who had been a roommate of Edwin Feulner's in Georgetown--sent the Navy rebuttal and an angry letter to Coors, who in turn called Feulner. Publicity efforts for the study instantly stopped. Kuhn was given the silent treatment, and no further Heritage work. References to his study have disappeared, Kremlin style, from Heritage literature.

To replace Kuhn, Heritage hired Theodore Crackel, a recently retired Arms lieutenant colonel. According to Heritage sources, Crackel was chosen because it was believed that he would write nothing controversial: he was expected to produce ruminations about grand strategy, a general subject, without mentioning anything concerning money for specific contractors. To Heritage's dismay, Crackel proceeded to advocate reform of the Joint Chiefs of Staff, the other big taboo. Reportedly, Lehman went through the ceiling.

"There was pressure brought to bear to scuttle certain aspects of that story," Crackel, who now works for General Electric's military-planning division, told me recently. At first the report was to be published separately, but Lehman persuaded Feulner to withhold it, Crackel said. Eventually it was included as a chapter in Mandate II. "When it finally came out, Heritage made no effort to publicize it," Crackel said. "I had to call up newspapers myself to point out to them that it was in there."

While coming down hard on most government subsidies, Heritage has tiptoed lightly around the subject of the Synthetic Fuels Corporation. This federal agency is headed by Edward Noble, a trustee of the Samuel Robert Noble Foundation--which is one of Heritage's major

contributors, having given more than \$1.2 million. Mandate II contained a single paragraph criticizing the SFC; a thick Heritage book called *Free Market Energy* barely mentioned synfuels. In the spring of 1985, when abolition of the SFC began to seem likely (the House voted to terminate all synfuels spending, and Noble made an abortive attempt to award \$744 million in extra subsidies before his authority expired), Heritage issued a backgrounder on "salvaging the Synthetic Fuels Corporation." The two synfuels projects that would have received most of the extra \$744 million that Noble tried to confer are owned by Dow and Union Petrochemical. Both are listed by Heritage as "major" contributors.

Several conservative analysts to whom I mentioned these incidents answered by saying, Would Brookings in the 1960s have published a report attacking federal funds for mass transit or education? Perhaps not. But one side's mental blind spots hardly justify the other's.

LOOKING OUT FOR NUMBER ONE

A common complaint about Washington institutions is that no matter how well intentioned they are at birth, by adolescence they have learned to put self preservation ahead of purpose. Anti-poverty agencies provide nice livings for Ph.D.s and "service facilitators" but not much in the way of poverty reduction. Idealistic young lawyers come to town to file class-action suits and end up on K Street defending the Teamsters. Think tanks are established to fight the deficit and end up adding to it.

Since all the new conservative think tanks are nonprofit, donations to them are tax deductible--which means that each time their budgets grow, the federal debt grows as well. Inasmuch as most large individual contributors are in the 50 percent bracket, a \$100 donation to a conservative think tank costs the donor \$50 and the U.S. Treasury \$50. A \$100 corporate donation costs a company in the top 46 percent bracket \$54 and the Treasury \$46. The government, in effect, pays half the cost of condemning government spending. Nonprofit status also permits conservative think tanks to use federally subsidized postal rates.

Walking through the halls at Heritage and Cato not long ago, I had to remind myself continually that, as a reporter, I was the one who represented private enterprise. The new think tanks are tax favored. They make their money not by selling products but by taking gifts. A high percentage of their scholars began at tax supported universities, and the greatest aspiration for many is a government job. The major publications of conservatism--the think-tank periodicals, plus *Commentary*, *The Public Interest*, and *The American Spectator*--are produced by tax exempt foundations operating off the dole.

Tax preferences are another of those phenomena that people object to "in principle" when what they really mean is that they object to who gets the deal. Since the liberal think tanks make use of nonprofit status, it would be unreasonable to expect the conservative think tanks not to. But their philosophy might lead one to expect them to call for the abolition of this indulgence, as part of the general campaign to reduce the federal deficit and lower taxes. This they most definitely do not do. In fact, one Reagan initiative that many new think tanks have fought is tax reform--because, while helping most taxpayers, it would hurt them.

Reagan's tax manifesto of November, 1984, known as Treasury I, proposed cutting the top individual rate to 35 percent and the top corporate rate to 33 percent, which would have substantially reduced the basic tax burden but would have raised the effective cost of \$100

think-tank donations to \$65 for an individual and \$67 for a corporation. Treasury I would further have barred non-itemizers from claiming deductions for contributions and would have allowed itemizers to claim deductions only for gifts in excess of two percent of adjusted gross income (a level that few reach). These proposals were part of a plan to make taxes lower, simpler, and more neutral. The think tanks were not amused.

Heritage called on Reagan to stop "flirting with these 'flat' tax proposals" and instead seek gradual changes "over the next few years." The Heritage recommendations were written by Norman Ture, whose own Institute for Research on the Economics of Taxation receives more favorable tax treatment under the status quo. When the second Reagan tax plan, Treasury II, which did away with the two-percent floor and made other concessions to nonprofit organizations, was released last spring, Heritage fired off a RUSH! memorandum labeling the new plan "a clear improvement."

Those who don't like government may chortle at the idea of using tax preferences to support anti-government theorizing, but the practice is offensive for two reasons. First, if the ultimate goal is to reduce the portion of GNP consumed by government -a fine goal--somebody somewhere must agree to surrender his special favors and pay his own way. No matter how much is done to cut the budget, as long as net spending is in deficit every dollar deducted from one person's taxes must be added either to someone else's or to the debt. Second, by using tax preferences the think tanks are dodging the "true cost" test that they advocate everyone else undergo. If giving \$100 to thinkers creates \$100 worth of value in the form of profound opinions, press clips, or whatever, why shouldn't it cost \$100?

THE TERMS TRANSFORMED

Besides using up every conceivable variation on titles like "In Defense of a Free Market" and "Strategic Realities for the Eighties," what, on balance, have the new think tanks accomplished?

They've routed a generation of assumptions about government; today even Brookings's hottest scholar, Robert Crandall, is a market thinker. By and large the new conservatives have been graceful in victory--certainly more graceful than the liberal intellectuals who, during their heyday, in the 1960s, held the losing side in scalding contempt. They've created an intellectual competitor for the university system, which is good, and rendered it dependent on not offending corporate patrons, which is bad. They have produced a substantial body of worthwhile commentary but few true thunderbolts, considering the sums of money and time invested. "The really big ideas are not going to be funded," Kenneth Adelman says. He is both a think-tank alumnus and a paying customer of think tanks in his role as the director of the Arms Control and Disarmament Agency. "Think tanks are good at controlled studies of specific questions. But the really big ideas, the breakthroughs, come from outside the system. They pop up in journals written by someone you never heard of who had no outside help."

Perhaps the most lasting contribution of the new think tanks is that they have transformed the terms of public-policy debate. In politics, words are map coordinates that show on whose territory a battle is being fought. Whenever liberalism succeeded in defining its goals as the public interest, in opposition to the private interest, victory was near. To the extent that conservatism can now define its goals in terms of the greater good, it can win on merit what it could once win only by quantity of campaign contributions.

One example of the transformation of terms is that discussions of entrepreneurship are now conducted using words like spent and vision-glorifications, to be sure, but closer to the truth than some words of the 1960s, such as greed. Another example is the reaction to Charles Murray's *Losing Ground*, the Washington intellectual event of 1985. Murray's basic contention--that too much aid harms the poor--differs little from what George Gilder said in 1980 and Martin Anderson said in 1981. But Gilder and Anderson were mocked; Murray has been taken seriously. Now Glenn Loury and others have begun to say much the same thing without evoking a backlash--for example, that in public schools where the great Society prescription of admission formulas, lower standards, and due process has been administered, minority achievement has declined.

It may be that thinkers like Murray and Loury will ultimately be judged wrong. But the terms of debate will never again be the same. Government-imposed solutions will no longer automatically be considered to be in the best interest of the poor, leaving only the question, How much can we afford? Nor will market-mediated approaches automatically be considered apologies for the rich, leaving only the question, How much will we let them get away with?

Equally important--and here's the good part--transforming the terms of debate has transformed conservatives themselves. The great fear regarding "warmed" conservative philosophy is that it conceals a hidden agenda: nice new reasons to ignore the luckless and the left out replace the nasty old ones. There's an element of this especially in the Republican country-club set. But just as the new terms of political discourse make it harder to be a limousine liberal, they make it harder to be a troglodyte. Reagan himself, in discussing the issues, now uses a vocabulary entirely different from that of his campaign days. His mean little anecdote about vodka bought with food stamps has disappeared, and it's hard to imagine it making a comeback. Precisely because the new think tanks have raised the standard of conservative thinking, conservative ideas that are poorly thought through or merely selfish stand much less chance today than they did in 1981.

"Look what happened to Anne Gorsuch," Michael Horowitz says. "She never spent any time at a think tank. She wasn't comfortable in the world of ideas. When it came time to make a decision, she would just check the box marked C for conservative without understanding why or following any vision other than her desire to be loyal to the Administration.

"But for her loyalty the White House caught hell over and over again, and the EPA was reduced to a circus. Other people, like William Baxter [the former assistant attorney general for antitrust] and Jim Miller [the Office of Management and Budget administrator], have accomplished far more in real policy terms than Gorsuch, without causing any shouts in the night, because they were at home in the world of ideas."

Horowitz, who when I interviewed him was working in the Old Executive Office Building, ranked among the very few people in Washington who actually had a window commanding a view of the White House. "Look out that window," he said. "Do you know how I got here? Ideas. Ideas do count. Ideas move nations."