

A Guide to Classical-Liberal Think Tanks

By Joseph L. Bast¹

Philanthropists who want to make the world a better place to live have many choices of worthy groups and causes. One of those opportunities is to contribute to nonprofit public policy think tanks, organizations devoted to studying public policy issues (such as taxes, environmental protection, and school reform) and bringing their insights to the attention of policymakers and the interested public.

Think tanks are highly leveraged because by helping to improve public policies, they can affect the living conditions of millions of people, more than even the largest social services organization. By increasing the rate of economic growth by just a fraction of a percent, a think tank can put billions of dollars into the pockets of millions of people.

The need for think tanks arose from concern that research and new ideas were not flowing fast enough between universities, where they are often discovered, and opinion leaders and policymakers, where they can be used to solve social and economic problems. A think tank acts as a conduit or facilitator, “translating” academic research into plain English and making sure good ideas don’t simply remain “on the shelf.”

This report describes think tanks committed to classical liberalism, the choices they faced when classical liberalism triumphed over statism during the 1980s and 1990s, and the ways these think tanks now specialize in order to increase their expertise and impact on public policy.

¹ Joseph Bast is president of The Heartland Institute and coauthor of several books, most recently with Herbert Walberg, *Education & Capitalism* (Hoover Press 2004). He thanks Diane Carol Bast for her expert editorial assistance, and takes responsibility for the mistakes she didn’t catch. Last revised 3/28/05.

This report describes think tanks committed to classical liberalism, the choices they faced when classical liberalism triumphed over statism during the 1980s and 1990s, and the ways these think tanks now specialize in order to increase their expertise and impact on public policy. An appendix summarizes what 275 classical-liberal think tanks (broadly defined) are doing today.

What is Classical Liberalism?

The objective of classical liberals is to free as many people as possible from the tyranny of others. Classical liberals believe this requires replacing public policies that limit individual freedom with policies that respect and expand individual rights and autonomy.

Modern classical liberalism, sometimes called the “freedom philosophy,” was articulated by prominent economists and political philosophers beginning in the 1930s and 1940s. That group included Gary Becker, Aaron Director, Milton Friedman, Baldy Harper, Friedrich Hayek, Henry Hazlitt, Frank Knight, Frank S. Meyer, Ludwig von Mises, Leonard Read, and George Stigler. Elements of the freedom philosophy and its opposite, statism, appear in Table 1.

Table 1 The Freedom Philosophy versus Statism	
The freedom philosophy	Statism
Government is used by interest groups to legitimize the use of force against groups less able or willing to compete for its control.	Government is a sympathetic ally and protector of the poor and downtrodden.
Markets, in combination with private property rights and voluntary contracts, produce a self-ordering system of social order that leads to prosperity, justice, and harmony.	Markets are wasteful, unfair, disorderly, and often monopolized. Property rights are based on greed and promote inequality. The right to voluntary contract is subordinate to society’s interests.
Society is a marvelously complex fabric of voluntary associations (families, churches, businesses, clubs, civic and service groups, etc.) organized by rights and duties that give its members opportunities to achieve their own ends, whether selfish or charitable.	Society is formed by competition among social classes, which in turn arose from an unjust economic system imposed by force by the haves on the have-nots. Society is secondary historically and in legitimacy to the state.
Individuals are by right autonomous beings, the overwhelming majority of whom act as rational agents to remove discomfort, help those they care about, and achieve their individual potentialities.	Individuals are helpless pawns of history, class, elites, or their own passions. Often uninformed, they know not their own true interests, and are easily misled by powerful corporations and class interests.

The freedom philosophy is a way of thinking about man’s relationships with government, markets, and society. History teaches that human freedom is not readily found or “natural,” but grew out of its opposite: a long history of tyranny by some over others during which slavery, not

freedom, was widely believed to be the natural order of things.² The institutions of freedom—constitutionally limited government, the rule of law, and prohibitions on the use of force or fraud—are historically rare, new, and fragile. Their evolution was frequently interrupted by returns to totalitarian thinking (such as the Progressive Movement and its remnants today), and today they remain incomplete. We see the results of this incomplete evolution in battles over environment, health, and safety issues where property rights-based solutions have yet to be discovered and adopted.

The term classical liberal is used throughout this paper instead of labels such as “conservative,” “libertarian,” “free-market,” or “center-right,” even though the latter may be more accurate in some cases, to spare the reader tedious repetition of multiple labels and explanations of the doctrinal differences among the groups. The leaders of the groups described here and in the Appendix would not all agree that they are part of a classical-liberal movement, though the author thinks they are. Institutions and events in the U.S., not globally, and groups that focus on domestic economic policy rather than social and foreign policies are the focus of this paper.

Targeting Academics

The pioneers of the modern classical-liberal movement urged the creation of think tanks to win the “war of ideas” being fought between scholars seeking to revive the classical-liberal tradition and those committed to socialism and collectivism. Doing so required think tanks to treat intellectuals—the people who translate the ideas of true scholars into popular language and promote them—as their customers.

Targeting economists and other intellectuals before they become defunct is therefore a highly leveraged way to influence the views and actions of practical men and women.

The founders’ advice was premised on a theory of political change expressed by John Maynard Keynes,

The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist.³

Targeting economists and other intellectuals before they become defunct is therefore a highly leveraged way to influence the views and actions of practical men and women. How does it

² See Orlando Patterson, *Freedom in the Making of Western Civilization* (New York: Basic Books) for a compelling account of how the experience of slavery gave rise to those ideas and emotions about freedom that we (following the Founding Fathers) now tend to assume are self-evident.

³ John Maynard Keynes, *The General Theory of Employment, Interest, and Money*, 1935, p. 383.

happen that practical men are captured by defunct economists? Part of the answer is that intellectuals have greater access to and impact on political institutions. They are more likely to serve as advisors to elected officials or run for office themselves, and the articles and books they write and lectures and speeches they deliver are read and heard by large audiences.

A second reason is that intellectuals, unlike the general population, are not rationally ignorant about matters of public policy. People generally devote time to learning about subjects only if they believe acquiring specific knowledge will benefit them personally. On matters of public policy, this is often genuinely unlikely, so most people choose *rationally* to remain ignorant about many public policy issues.⁴

On matters of public policy, this is often genuinely unlikely, so most people choose *rationally* to remain ignorant about many public policy issues.

Intellectuals, by contrast, may devote time to understanding public policy as part of their jobs and careers. Their future income depends on acquiring expertise in, say, environmental regulations, and therefore they will follow the ins and outs of that complex issue and speak out on it. Getting

the attention of such individuals when discussing matters of public policy, then, ought to be easier than reaching members of the general population.

Unfortunately, intellectuals tend to be drawn to socialism, not classical liberalism.⁵ Intellectual curiosity is rewarded by socialism, which claims the way to end human suffering and want is to deliberately design new institutions for society. Since intellectuals believe they are the logical candidates to reorganize and perhaps run the new society, they have a strong self-interest in supporting a more powerful state. Finally, intellectuals who oppose capitalism are likely to head for colleges and universities, where they will be given a platform from which to publicize their ideas and advance their careers. Intellectuals who have no objection to capitalism will tend to gravitate to careers that pay better, such as business, law, and medicine.

For these reasons, intellectuals may be too resistant to logic to sway in the direction of classical liberalism. Other audiences, such as businessmen, doctors, elected officials, and entertainers, may be easier to convince and just as highly leveraged and influential in our day as intellectuals were (or thought they were) during the 1930s and 1940s.

Frustration with dealing with intellectuals and the discovery of growing interest in classical-liberal ideas by members of other interest groups soon persuaded the leaders of some traditional classical liberal think tanks to place less emphasis on philosophy and history and more on

⁴ Mancur Olson, *Power and Prosperity: Outgrowing Communist and Capitalist Dictatorships*, 2000, pp. 92-93. Olson was a world-renowned economist credited with laying the foundations for modern public choice theory. He died in 1998, after writing the manuscript that would later be published as this book.

⁵ See Herbert Walberg and Joseph Bast, *Education & Capitalism* (Hoover Press 2004), chapter 7, pp. 161-176.

economics, public policy, and strategies for social and political change. Most of the new think tanks created during the 1970s and 1980s were self-labeled “public policy think tanks,” and their outputs were quite different from those of the think tanks that preceded them.

Focusing on the Long Term

The Foundation for Economic Education, founded in 1946, was the first think tank created by classical liberals to influence intellectuals and the general public in the U.S. It was followed in 1947 by the Mont Pelerin Society, launched after a meeting in Switzerland convened by Friedrich Hayek in 1947, aimed primarily at intellectuals around the world.⁶

According to some early proponents of the creation of classical-liberal think tanks, ideas are like bombs tossed out in hopes of hitting one of the other side’s intellectuals and turning him (or her) in our direction.⁷ The think tank’s principal weapon is publications: paradigm-shifting books, such as Hayek’s *The Road to Serfdom*, and shorter policy studies and reports applying free-market ideas and insights to the issues of the day.

According to some early proponents of the creation of classical-liberal think tanks, ideas are like bombs tossed out in hopes of hitting one of the other side’s intellectuals and turning him (or her) in our direction.

Also according to this model, we must be patient, since ideological change occurs over decades, not months or even years. Since adult intellectuals are slow to change their views (because they have more to lose), it is wise to focus on students, which also means public policy changes can occur only after a substantial delay.

Communicating with politicians, while not prohibited under this model, is nevertheless discouraged. Typical was Lord Harris’s warning, “You don’t want to get drawn in behind the chariot wheels of politicians, who will use you and misuse you if you’re not very careful.”⁸ Politics is about short-term trade-offs and compromises; policy should be about what is right, no matter how infeasible it may be today.

Over time, attitudes inside the classical-liberal movement changed about how quickly change

⁶ There are older institutions, notably the Hoover Institution on War, Revolution and Peace within Stanford University founded in 1919, and the American Institute for Economic Research founded in 1933, that now study and promote classical liberal ideas but were not founded for that purpose.

⁷ John Blundell, *Waging the War of Ideas* (London: Institute for Economic Affairs, 2001), p. 21, describing the views of Arthur Seldon, a founder of the Institute for Economic Affairs.

⁸ Quoted in Dorian D. Fisher (ed.), *Manual: Some Do’s and Don’ts for Public Policy Institutes*, Atlas Economic Research Foundation, 1983, p. 14.

could be expected to occur and what tactics were most likely to bring about change. Direct communication with politicians during the 1980s often revealed that they were eager to introduce or support legislation that would reduce the size and cost of government, but needed assistance on how best to do this. They were not waiting, in other words, for a realignment of the intellectual class.

The Victory of Classical Liberalism

For half a century, great scholars and intellectuals engaged in a battle over the proper role of freedom and government in human affairs. Socialist dominance in the public-policy debate gradually gave way to superior analysis and reasoning, as well as the grim evidence of experience. By the mid-1990s, even socialism's most prominent former advocates admitted their intellectual movement was "dead."⁹

By the mid-1990s, even socialism's most prominent former advocates admitted their intellectual movement was "dead."

The massacre at Tiananmen Square and the fall of the Berlin Wall in 1989, the collapse of the Soviet Union in 1991, and the capitalist transformation of Japan, South Korea, and other nations of the Pacific Rim made it impossible to conceal the truth: Capitalism works, socialism does not. Domestically, the triumph was apparent in:

- the decline of federal taxes as a percent of gross domestic product. Federal taxes as a percent of GDP are as low today as they were in the 1960s, and if George Bush's tax cuts are made permanent and if 4 percentage points of the 12.4 percent Social Security tax are allowed to be placed in tax-sheltered personal savings accounts, federal taxes will be as low as they were before World War II;
- welfare rolls fell 80 percent since federal welfare reform was adopted in 1996;
- airlines, trucking, and railroads have been largely deregulated (though not enough);
- electricity and telecommunications are in the process of being deregulated (though the slow progress and setbacks in this arena are evidence that classical liberal scholars have not completely solved the problem of how best to deregulate networked industries);
- privatization—an idea so new in 1984 that classical liberals had to teach elected officials how

⁹ Lester Thurow, *The Future of Capitalism: How Today's Economic Forces Shape Tomorrow's World* (New York: William Morrow and Company, Inc., 1996), p. 17. See also George Jochowitz, "Marx, Money, and Mysticism after Mao," *Partisan Review*, volume 69, no. 1; Paul Hollander, "Which God has Failed?" *The New Criterion Online*, vol. 20, no. 6 (February 2002).

to spell and pronounce it—is now a multibillion dollar industry, shifting billions of dollars of assets and thousands of jobs from the public to the private sector each year; and

- the debate has begun on dismantling Social Security, the Ponzi scheme that entices seniors into dependency on the state, and privatizing kindergarten to high-school (K-12) education, statism’s taproot in every community across the country.

During the 1990s in the U.S., classical-liberal messages were probably more popular than at any time since World War I. “The consensus of today,” said sociologist Seymour Martin Lipset in 1998, “is around a different center, a further right, laissez-faire center.”¹⁰ Milton Friedman and countless libertarian and conservative writers and commentators had captured the intellectual high ground from liberals, and politicians from Bill Clinton and George W. Bush down expressed or at least acknowledged the emerging free-market consensus.

Classical-liberal principles were vindicated when tax cuts spurred economic growth, deregulation led to lower prices and more innovation, and privatization saved taxpayers billions of dollars.¹¹ Republicans rode the wave into the twenty-first century, winning five of seven presidential elections and taking control of both houses of the legislature in 1994 and keeping them ever since.

Classical-liberal principles were vindicated when tax cuts spurred economic growth, deregulation led to lower prices and more innovation, and privatization saved taxpayers billions of dollars.

Classical liberals also were winning the moral argument—that capitalism is good as well as efficient—though progress here has been more halting and subject to sudden reverses. Welfare reform was adopted in 1996 because a majority of the American people believed dependency on government was bad for the poor as well as unfair to taxpayers. Popular support for abolishing the income tax reflects faith that capitalism fairly distributes incomes (or at least that government is unable to improve on it). Support for school choice and private Social Security accounts reflects faith in the private sector’s ability to perform the most morally colored tasks of any society: educating children and caring for the elderly.

Of course, not every trend or political decision has been favorable to freedom. Statism has advanced in other areas, illustrated by an exploding federal debt, costly and unnecessary environmental regulations, and the chipping away at privacy rights under the War on Drugs and now the War on Terror. As Milton Friedman wrote in 2004, “We have largely won the battle of

¹⁰ Quoted in Nicholas Lemann, “Government Of, By and For the Comfortable,” *The New York Times Magazine*, November 1, 1998, p. 41. See Lipset, *American Exceptionalism* (New York: W.W. Norton, 1996) for a review of survey data that tend to support his position.

¹¹ See Daniel Yergin and Joseph Stanislaw, *The Commanding Heights: The Battle for the World Economy*, 1998, 2002).

ideas (though no such battle is ever won permanently); we have succeeded in stalling the progress of socialism, but we have not succeeded in reversing its course. We are still far from bringing practice into conformity with opinion.”¹²

The Role of Think Tanks

The Foundation for Economic Education and Mont Pelerin Society were soon followed by other classical-liberal think tanks, including the Hoover Institution, Hudson Institute, Institute for Humane Studies, Philadelphia Society, Heritage Foundation, Cato Institute, and National Center for Policy Analysis. The Heartland Institute, founded in 1984, was one of the first free-market think tanks devoted to advocating free-market public policies in a particular state.¹³ It has since become a national organization, but approximately 40 state-based classical-liberal think tanks now operate across the country.

The important role played by classical-liberal think tanks in winning the war of ideas is now a matter of public record.

The important role played by classical-liberal think tanks in winning the war of ideas is now a matter of public record.¹⁴ John Podesta, Bill Clinton’s last White House chief of staff, told *The New York Times Magazine* in 2003 that conservatives “built up institutions with a lot of influence, a lot of

ideas. And they generated a lot of money to get out those ideas. It didn’t happen by accident. And I think it’s had a substantial effect on why we have a conservative party that controls the White House and the Congress and is making substantial efforts to control the judiciary.”¹⁵

A closer look at the public policy victories listed earlier reveals the role classical-liberal think tanks and thinkers played in changing the direction of public policy debates in the U.S. For example:

¹² Milton Friedman, “The Battle’s Half Won,” *Wall Street Journal*, December 9, 2004.

¹³ Two state-based think tanks preceded Heartland, but neither survived to the 1990s. They were the Blaney Institute (Wisconsin, founded in 1981) and the Connecticut Institute (founded in 1983).

¹⁴ The mainstream press periodically “discovers” or “reveals” the influence of classical-liberal think tanks. One recent period was 1998 and 1999. See Ralph Z. Hallow and Robert Stacy McCain, “Report by NEA Tells of Plot by ‘Far Right,’” *The Washington Times*, October 2, 1998; David Callahan, “State Think Tanks on the Move,” *The Nation*, October 12, 1998; James G. McGann, “Catalysts for Ideas and Action,” *Foreign Policy*, Spring 1998 (“the Global Pioneers” Supplement); Tom Barazaitis, “Big Think Tanks Lead the Charge in Washington,” *The Plain Dealer*, December 19, 1999.

¹⁵ Matt Bai, “Notion Building,” *The New York Times Magazine*, October 12, 2003, p. 84. Podesta was in the process of creating a left-liberal “think tank on steroids” (his words) named the Center for American Progress.

- privatization of municipal services? Robert Poole at the Reason Foundation
- welfare reform? Charles Murray at the Manhattan Institute
- privatization of Social Security? Peter Ferrara at the Cato Institute
- tax and expenditure limits? Lew Uhler at the National Committee for Tax Limitation
- school vouchers? Milton Friedman, a founder of the Mont Pelerin Society
- health savings accounts? John Goodman at the National Center for Policy Analysis
- supply side arguments for tax cuts? Paul Craig Roberts at the Center for Strategic and International Studies and the Cato Institute
- free-market environmentalism? Terry Anderson and Rick Stroup at the Political Economy Research Center (PERC) and Fred Smith at the Competitive Enterprise Institute
- term limits? Eric O’Keefe, Paul Jacob, and Howard Rich at U.S. Term Limits

Classical liberals and classical-liberal think tanks plainly have played a major role in changing the tune of public policy debate as well as changing public policies.

Classical liberals and classical-liberal think tanks plainly have played a major role in changing the tune of public policy debate as well as changing public policies.

Winning the Peace

Having helped win the war of ideas, classical-liberal think tanks could (a) declare victory and go out of business, (b) keep fighting the war to ensure that statist ideas do not make a comeback, or (c) specialize by topic, tactics, or geographic areas to acquire greater expertise and have greater impact on public institutions.

Think tanks have pursued all three paths, though I can think of only one, the Bionomics Institute created by Michael Rothschild, that was shuttered when its principals concluded its job was finished. More common have been mergers. In 2004 Empower America allowed itself to be merged into Citizens for a Sound Economy, becoming FreedomWorks, and the American Foundation for Education Reform merged with CEO America to form the Alliance for School Choice. Free-Market.Net merged with the International Society for Individual Liberty in 2004.

The second path—to keep fighting the war of ideas even though it has been won—may sound

self-serving (like “fighting the last war” instead of addressing current realities)—but it is not. No victory in the realm of ideas is ever permanent. Economic principles that were once widely understood and accepted can be quickly lost when political or economic tides shift. As Milton Friedman said in a 1995 *Reason* interview, “All battles are perpetual. You go back in the literature of economics, and you’ll find the same kind of silly statements 100 years ago, 200 years ago. And you’ll find the same sensible statements the other way.”¹⁶

Unfortunately, the competing ideas of statism seem to have the good fortune of being buoyant, rising again and again no matter how often sound research and grim experience buries them.

This includes simple truths about how governments are often responsible for economic depressions, the ineffectiveness of price controls, and the fairness and social utility of profits and losses. Because economic insights are often counterintuitive (or at least not intuitive), they must be taught anew to each generation. Unfortunately, the competing ideas of statism seem to have the good fortune of being buoyant, rising again

and again no matter how often sound research and grim experience buries them. As Bill Emmott, editor of *The Economist*, wrote,

If this century has taught us anything, it is that progress is not linear, or like a ratchet, but rather that it can go into long periods of ruinous reversal—and that the idea of the perfectability of human nature, of an attainable Utopia, is the most dangerous idea of all.¹⁷

It is widely speculated among classical-liberal thinkers that the left made a strategic error when it stopped investing in new ideas and became part of the new government bureaucracies they helped create. Classical liberals, anxious to avoid making the same mistake, continue to publish a blizzard of books, magazines, journals, and policy studies. And well they should.

Classical liberal think tanks in the U.S. devoted to continuing the war of ideas at its most intellectual or theoretical level include the Atlas Economic Research Foundation, Cato Institute, Foundation for Economic Education, Heritage Foundation, Hoover Institution, Hudson Institute, Institute for Humane Studies (IHS), Liberty Fund, and Philadelphia Society (see the box on the next page). While many of them also address short-term public policy concerns, they invest significantly in basic research into the freedom philosophy. Liberty Fund, for example, publishes *only* books that make significant theoretical contributions to the theory of liberty. Together, these organizations publish more than 100 books and hundreds or even thousands of shorter policy studies each year.

¹⁶ Milton Friedman, interviewed by Brian Doherty, “Best of Both Worlds: Milton Friedman reminisces about his career as an economist and his lifetime ‘avocation’ as a spokesman for freedom,” *Reason*, June 1995.

¹⁷ Bill Emmott, “On the Yellow Brick Road,” *The Economist*, March 2000.

Are these traditional think tanks doing enough? IHS's Leonard Liggio worries "there are numerous public policy research institutes producing analyses" of the unsustainable growth of government spending and debt, "yet, the torrent of current and future entitlements and government spending continues."¹⁸ Liggio laments the diminished frequency in recent years of "over-arching books stating the values of a free society," such as Hayek's *The Road to Serfdom*. "Where will the future classical-liberal scholars come from if we see fewer of them making a mark today?"¹⁹

Still Fighting the War of Ideas

The Philadelphia Society

One think tank that is staying the course is The Philadelphia Society, founded in 1964 "to sponsor the interchange of ideas through discussion and writing, in the interest of deepening the intellectual foundation of a free and ordered society, and of broadening the understanding of its basic principles and traditions. In pursuit of this end we shall examine a wide range of issues: economic, political, cultural, religious, and philosophic. We shall seek understanding, not conformity."

On October 1-2, 2004, The Philadelphia Society held a Fall Regional Meeting in Philadelphia on the theme "Black History and Conservative Principles." Speakers included Midge Decter (Heritage Foundation), Shelby Steele (Hoover Institution), Walter Williams (George Mason University), Abigail Thernstrom (Manhattan Institute), and Lee H. Walker (The New Coalition for Economic and Social Change). That the Society was holding a conference on black America—the first time in the organization's history—shows it is not unaware of some of the changes taking place in American society since 1964.

Nevertheless, The Philadelphia Society is not turning from "basic principles and traditions" to transient issues of public policy. None of the speakers at the October meeting showed the slightest interest in grassroots organizing, media strategies, or influencing legislators. The presentations were mostly scholarly lectures about the meaning of various books (*Soul on Ice* and *Uncle Tom's Cabin* were particular favorites).

Only at the end of the conference, during a panel chaired by Lee Walker titled "Where Do We Go From Here?" did the speakers engage what we would recognize as public policy controversies, including affirmative action and reparations.

¹⁸ Leonard Liggio, "Fighting the Deluge," *Atlas Year-in-Review 2004*.

¹⁹ *Ibid.*

Specialization

The third path, after going out of business and continuing to fight the war of ideas, is specialization. Table 2 presents a taxonomy of classical-liberal think tanks that divides them into 11 types according to their purposes, tactics, and audiences. The first group, “traditional think tanks,” most resemble the think tanks described by the founders of the modern classical-liberal movement. The other groups have missions, methods, and audiences reflecting different strategies they have chosen to advance the classical-liberal cause.

The classical-liberal think tank world (this time more broadly defined than earlier in this essay) has many organizations that focus on one or a small number of topics.²⁰ To mention only a few, those that focus on taxes include Americans for Tax Reform, Tax Foundation, National Taxpayers Union, and Institute for Research on the Economics of Taxation (IRET); on regulation, Mercatus

Since the market for classical-liberal solutions has expanded during the past half-century, so too have opportunities to create new think tanks specializing in particular subjects, tactics, or geographically defined areas.

Center, Center for Regulatory Effectiveness, and AEI-Brookings Joint Center for Regulatory Studies; on environment, PERC, Competitive Enterprise Institute, George Marshall Institute, and National Wilderness Institute; on health care, the Galen Institute and the Center for Long-Term Care Finance; on school reform, the Education Intelligence Agency, Education Policy Institute, Thomas Fordham Foundation, Milton and Rose Friedman Foundation, and Alliance for School Choice; on second amendment issues, the National Rifle Association and Gun Owners of America; on the “war on drugs,” the Drug Policy Foundation and NORML; and on legal reform, the Institute for Justice, Pacific Legal Foundation, and Landmark Legal Foundation.

Some think tanks, such as The Heartland Institute, focus on promoting the work of other think tanks rather than producing it themselves. Others, such as Americans for Limited Government, have developed skill in grassroots organizing. And still others concentrate on reaching college students (Young Americas Foundation) or training the next generation of classical-liberal leaders (The Leadership Institute). The success of each type of group needs to be measured by different outputs and each type has its greatest impact on different stages in the evolution of a public policy issue. Table 2 tries to capture and report those differences as well.

Geographic specialization is represented by the state-based think-tank movement. There are at least 48 such organizations (the number who belong to State Policy Network) in the U.S., busily bringing free-market ideas to bear on issues of concern to state and local elected officials. Being on the ground in their respective states’ capitals or major media centers, state-based think tanks

²⁰ Following Morton Blackwell’s advice, these groups are labeled “focused issue groups” rather than “single-issue groups,” since the groups usually focus on “a cluster of related issues.” See Morton C. Blackwell, *The Conservative Organizational Entrepreneur* (Springfield, VA: The Leadership Institute, 1995), p. 4.

Table 2
The Eleven Kinds of Classical Liberal Think Tanks

Type	Examples	Purpose	Tactics	Audience	Measures of success	Leverage (0-10)	Tax status
Traditional think tanks	Mont Pelerin Society Liberty Fund American Institute for Economic Research	Deepen and broaden the intellectual foundation of classical liberalism.	Philosophy books seminars journals	Intellectuals and elite opinion leaders.	Outputs: endorsement and participation by leading thinkers of the day. Inputs: seminal books, seminars, and appearances in leading academic journals.	High (10) when early in theory's life cycle, low (2) at the end of the cycle. Big question: Does funding academics really increase their productivity, or just buy perks?	501(c)3
Public policy think tanks	Cato Institute Heritage Foundation Hudson Institute Hoover Institution National Center for Policy Analysis	Discover solutions to public policy problems that are compatible with classical liberalism.	Social sciences policy studies conferences magazines	Policymakers and opinion leaders.	Outputs: classical-liberal solutions to public policy problems. Inputs: books, policy studies, media coverage, attendance at events.	Low (2) in early life cycle (ideas not yet well thought out); high (10) in middle cycle (need to apply theory to politics); low (2) at end of the cycle (because think tanks aren't necessarily good at promotion, mobilizing grassroots support, or lobbying). Big question: Are they successful at handing off the ball to promoters and grassroots organizers?	501(c)3
Promoters	Foundation for Economic Education Heartland Institute www.free-market.net	Help build social movements in support of classical liberalism.	Marketing Outreach publications Web sites and blogs Sound bites on radio Publicity stunts	Policymakers, opinion leaders, and grassroots (potential grassroots leaders).	Outputs: changes in public opinion, mobilization of constituencies; attention of policy makers. Inputs: newsletters, flyers, Web site traffic, size and influence of audiences reached.	Low (0) in early life cycle; moderate (3) in middle cycle, high (10) as issue "heats up" and grassroots support evolves, high (7) but less important than lobbying at end of the cycle. Big question: Are they preaching to the choir or genuinely aiming at policymakers and the uncommitted?	501(c)3, sometimes affiliated with a 501(c)4

Type	Examples	Purpose	Tactics	Audience	Measures of success	Leverage (0-10)	Tax status
Grassroots Organizers	American Conservative Union FreedomWorks Americans for Prosperity	Identify and mobilize constituencies (real people) to agitate for adoption of policies based on classical-liberal ideas.	Direct mail Action alerts Newsletters Telephone trees Letter writing campaigns	Individuals who share a common interest in adoption or defeat of a particular public policy.	Outputs: reactions by elected officials contacted by grassroots members; media coverage. Inputs: info and calls to action sent to members; number of members; survey data re how often they have performed a political act in last six months.	Low (0) in early life cycle; low (2) in middle cycle, high (10) as issue approaches legislative action and end of cycle. Big question: Do membership lists represent real people, or astroturf?	Usually 501(c)4 or 501(c)10
Lobbyists	U.S. Chamber of Commerce National Federation of Independent Business (NFIB)	Work directly with elected officials to change their votes or replace them.	Meetings with elected officials Coordination with significant lobbies Ties to PACs.	Elected officials, their staff, and regulators	Outputs: passage of supported legislation. Inputs: "nose counts" prior to legislative action; assignment of bill to friendly committee.	Low (0) in early and middle cycle, high (10) only at the very end of the cycle. Big question: Is there sufficient public support for your bill to justify hiring a lobbyist to take it over the top?	Not 501(c)3, sometimes 501(c)4, often ad hoc business expense.
Youth Groups	Young Americas Foundation Institute for Humane Studies Leadership Institute	Introduce young people to classical liberalism.	Newsletters Campus speakers Internships Seminars Subsidies for student newspapers	College students Young academics	Outputs: level of activism observed among "graduates" of these programs. Inputs: # of students contacted, attendance at events, quality and circulation of newspapers	Of importance (4?) throughout life cycle of issues to insure supply of activists and to institutionalize victories. Big question: Do future leading scholars need or benefit from this kind of "help"? Does it introduce students to public policy too soon?	501(c)3
Trainers	Leadership Institute State Policy Network	Teach organizing or communication skills to classical liberal activists.	Seminars Internships Operations Manuals	College students and activists already working for other groups.	Outputs: success (career and accomplishments) of alumni; anecdotes and case studies of application of skills. Inputs: attendance at events, quality of programs, feedback from movement leaders	Of some importance (4?) throughout life cycle of issues. Big question: Does this really beat "on the job training"?	501(c)3

Type	Examples	Purpose	Tactics	Audience	Measures of success	Leverage (0-10)	Tax status
Opposition researchers	Capital Research Center Accuracy in Media Media Research Center Education Policy Institute Education Intelligence Agency	Expose the motives, funding, and behavior of groups opposed to classical-liberal solutions.	Monitor news programs, Web sites, publications, etc of target groups, publish results in newsletters, syndicated columns, etc.	General public, media.	Outputs: measurable decline in public approval of, or confidence in, the targeted groups; evidence that funders are abandoning controversial groups; changes in conduct by targeted groups. Inputs: frequency, accuracy, and range of media reporting, media coverage	Low (0) in early and middle life cycle, of rising importance (4-7) later and through the end of the issue's life cycle, depending on the issue. Big question: Did exposing the other side's baggage really change their behavior, or did it lead to more intense opposition and distraction from issues?	501(c)3
Litigators	Institute for Justice Landmark Legal Foundation Pacific Legal Foundation Lincoln Legal Foundation	Use the legal system to defend liberty and call attention to threats to liberty.	File lawsuits against legislation that violates rights, help draft legislation, defend liberty in court.	Judiciary, philanthropists, media.	Outputs: changes in law attributable to organization's efforts Inputs: successful challenges to offending laws; successful defense of pro-freedom laws; cases reaching U.S. Supreme Court.	Low (0) in early and middle cycle; moderate to high (5-10) in middle stage depending on issue; often high (10) at the very end of the cycle (e.g., legal challenges to school choice programs, drafting legislation). Big Question: Does litigation build social movements for free-market change, or is it primarily defensive, expensive, and too late?	501(c)3
Focused issue groups	National Rifle Association Gun Owners of America Drug Policy Foundation US Term Limits Alliance for School Choice	Advocate the use of classical liberal solutions to one or a small number of public policy problems.	All tactics described above and below have been used by single issue advocacy groups.	Policy makers, opinion leaders, and general public.	Depends on tactics used. See above and below for how the selection of particular tactics partly determines the relevant measures of success.	Leverage can be high (10) at all stages of an issue's life cycle, since otherwise original research won't get done, studies won't get publicized, etc. On some issues, leverage is low (0) until the final stage, when unity among reform advocates is necessary to get legislation passed, at which time leverage is high (10). Big Question: Do single-issue groups divide the classical-liberal movement and dissipate its resources?	501(c)3 usually affiliated with a 501(c)4

Type	Examples	Purpose	Tactics	Audience	Measures of success	Leverage (0-10)	Tax status
State-specific multi-issue think tanks	Cascade Policy Institute Commonwealth Foundation Georgia Public Policy Foundation Manhattan Institute	Discover solutions to state public policy problems that are compatible with classical liberalism and help build social movements in support of them.	Social sciences marketing policy studies conferences newsletters op-eds	Policymakers, opinion leaders, and grassroots (potential grassroots leaders).	Outputs: classical-liberal solutions to public policy problems tailored for the state; changes in public opinion, mobilization of constituencies; and attention of policy makers. Inputs: policy studies, media coverage, circulation of publications, attendance at events.	On issues where states play a larger role than the national government—e.g., education, tort reform, many urban issues—state think tanks are more highly leveraged than national ones using the same tactics. However, state-based groups lack “out of town credibility” on national issues. Low (0) in early life cycle; high (10) in middle cycle, somewhat lower (7) at end of cycle when need for grassroots support and lobbying rises. Big Question: How much impact do op-eds and policy studies really have on the state public policy debate?	501(c)3

are better able than national organizations to tap into what Friedrich Hayek called “knowledge of the particular circumstances of time and place.”²¹ Because they are locally organized and primarily locally funded, their senior management is also more likely to act appropriately on that information, rather than allow national figures to dictate their priorities and choices.

The Appendix catalogues 275 U.S. think tanks according to the 11 activities found in the taxonomy. Contact information for every group is easily found on the Internet, or by going to the “links” section of The Heartland Institute’s Web site at www.heartland.org. There are hundreds more groups that could be added to this list, mostly groups that specialize geographically and address a single topic, such as tax reduction or school reform.

The sheer number of classical-liberal think tanks has led some to suggest there are too many. Milton Friedman told *Reason’s* Brian Doherty in 1995, “You have *Reason* magazine, you have *Liberty* magazine. You’ve got all of this stuff that spouts out from the Cato Institute and the Competitive Enterprise Institute and a half dozen other think tanks. In fact, I think there are too damn many think tanks now.” Doherty asked, “Why do you say there are too many?” Friedman replied, “You don’t have the talent for it.”²²

Being on the ground in their respective states’ capitals or major media centers, state-based think tanks are better able than national organizations to tap into what Friedrich Hayek called “knowledge of the particular circumstances of time and place.”

It is worth pondering the possibility that there are too many think tanks, particularly since nearly all think tanks are nonprofit organizations that respond to market signals only imperfectly. Donors give for many reasons, only one of which is the effectiveness of the beneficiary in actually accomplishing its stated mission. It would be quite surprising if there weren’t some classical-liberal think tanks that continue to exist only because of the egos, loyalty, legacies, or poor judgement of a few large benefactors.

However, there is a stronger argument to be made that there are *not* too many classical-liberal think tanks. Adam Smith taught us that the principal benefits of specialization come not from the expertise that comes with doing one task over and over again, but from resources being devoted to where they are most efficiently applied.²³ Trade then allows that greater efficiency to benefit both parties to every voluntary transaction. Smith also observed that specialization is limited by the size of the market. Since the market for classical-liberal solutions has expanded during the past half-century, so too have opportunities to create new think tanks specializing in particular

²¹ Friedrich A. Hayek, “The Use of Knowledge in Society,” in *Individualism and Economic Order* (1948, reprint 1972).

²² Milton Friedman, *supra* note 16.

²³ Adam Smith, *The Wealth of Nations*, 1776, Book 1, Chapter 3.

subjects, tactics, or geographically defined areas.

Milton Friedman, just before making his “too damn many think tanks” remark, said:

But I think the libertarian movement is doing fine. I think that *Reason* magazine has been remarkably good; it has been very effective. It takes many kinds of people to make a movement. And one of the most important things are publications. In any activity you have manufacturers, wholesalers, and retailers; and all three are essential and necessary. There are only a relatively small number of manufacturers of ideas. But there can be a very large number of wholesalers and retailers.²⁴

“In any activity you have manufacturers, wholesalers, and retailers; and all three are essential and necessary. There are only a relatively small number of manufacturers of ideas. But there can be a very large number of wholesalers and retailers.”

— Milton Friedman

In the years since the early 1980s, traditional classical-liberal think tanks have grown enormously in budgets, staffs, and output (publications), but not very much in number. The same time period saw rapid growth in the number of smaller think tanks that specialize by topic, audience, strategy, or geography. These smaller organizations often act as the “wholesalers and retailers” to which Friedman refers.

It could be that organizations that are state-based, devoted to a few issues, or focused more on marketing or grassroots activism than original research should be called advocacy groups rather than think tanks. While in some cases and in some contexts this would be accurate, doing so overlooks the genuine contributions to classical-liberal thinking being made by smaller groups and the two-way, rather than one-way, road between them and the traditional think tanks.

While the newer and smaller groups may characterize themselves as “action tanks” rather than “think tanks,” there is nevertheless a lot of thinking going on behind their doors. It is this thinking and commitment to principles that distinguishes them from mere advocacy and special interest groups, and therefore it ought to be emphasized, rather than overlooked, if we want these groups to remain true to the principles of classical liberalism.

State-based Think Tanks

The deliberate choice being made by many state-based think tanks to focus on action instead of theory was on display at a recent annual meeting of State Policy Network, an organization created to support state-based classical-liberal think tanks. This is described in the box on the following page.

²⁴ Milton Friedman, *supra* note 16.

The Case for Action

State Policy Network

On October 23-25, shortly after the Philadelphia Society conference, an annual meeting of State Policy Network (SPN) took place in Austin, Texas. SPN is a nonprofit organization founded in 1992 to provide networking opportunities and assistance to the country's market-oriented state-based think tanks. SPN now has more than 100 regular and associate members, mostly state and national think tanks.

SPN's Web site makes it clear its members are not interested in fighting a war that has already been won. "State Policy Network works to build the institutional capacity of state groups necessary for translating sound policy prescriptions into popularly supported policy solutions," it says. It goes on to explain:

This strategy is based upon the premise that the war of ideas has largely been captured by free market proponents and that the remaining challenge centers on the implementation of sound policy. In sum, free market think tanks possess the brains (i.e. the right ideas), but often lack the "institutional muscle" essential to grassroots policy success. SPN's professional services aim to help bridge this divide by strengthening the institutional capacity of state groups with training programs in the critical areas of organizational and leadership development, marketing, resource development and grassroots mobilization.

The SPN meeting was true to its mission, focusing from start to finish on "implementation" rather than philosophy. Most of the program focused on the do's and don'ts of grassroots organizing, fundraising, goal-setting, and working with elected officials. Two spokespersons from foundations said funders want evidence of "effectiveness," which one identified as changing laws—"not necessarily this year, or even in five years, but you have to show progress."

The only speeches about the freedom philosophy at the SPN annual conference were delivered, ironically, by politicians—two governors and a former governor—at lunches. If one judged the free-market think-tank movement by only this event (which would be a mistake), one might think politicians are more vision-driven these days than the think-tank leaders. Not too many years ago, politicians were rarely seen on the programs for SPN events.

During August and September 2004, the State Policy Network conducted a survey of its members, the results of which confirmed what I saw and heard at the SPN meeting. When asked "What policy issue in your state needs additional policy research/data assistance," only 1 percent said "limiting the role of government." By contrast, 24 percent said health care/Medicaid, 18

percent said fiscal management, 17 percent said education reform, and 7 percent said tax policies.

When asked to name the “issue your organization is most concerned about,” only 6 percent said “defining role of government,” while 26 percent said education reform, 25 percent said budget deficits/overspending, and 22 percent said tax reform. When asked to rank a list of activities according to “how effective each activity would be in influencing the policy discussion in your state,” 87 percent said media outreach, 85 percent said grassroots/coalition building, 78 percent said influencing legislators, and 70 percent said litigation support were “somewhat” or “very” effective. Identifying, supporting, and influencing academics wasn’t even in the list.

It is striking how the tactics and priorities of these think tanks differ from those of traditional national think tanks. Many of them would probably be unrecognizable to Lord Harris and other founders of the first generation of think tanks.

It is striking how the tactics and priorities of these think tanks²⁵ differ from those of traditional national think tanks. Many of them would probably be unrecognizable to Lord Harris and other founders of the first generation of think tanks. None of them identifies academics as their main audience anymore, or the philosophy of limited government as their main message, or producing “paradigm-changing” books as one of their expected outputs.

SPN members have clearly internalized the message that the “war of ideas” has been won and it is time to change public policies through effective media campaigns, grassroots organizing, and direct interaction with elected officials. So have I. My presentation at SPN on October 23 focused on strategies and tactics for school choice advocates. Out of 28 tactics identified in my handout, not one mentioned academics or academic research.

My organization, The Heartland Institute, has made the same transition other think tanks have, devoting less time to academics and much more to elected officials. In fact, our primary audience is state elected officials, and our publications are designed to reflect input we solicited from them. The average length of a Heartland-sponsored publication is now about 1,400 words, and it is rapidly converging with the length of the average newspaper story (1,000 words).

This change in focus and tactics has enabled state-based think tanks to influence thousands of public policy debates and political decisions during the past two decades. A state-based group’s outputs typically include policy studies, op-eds, letters to the editor, public speaking, seminars, press conferences, Web sites, blogs, and appearances on television and radio. They are influencing journalists, civic and business leaders, elected officials, and the general public on a daily basis in more than 30 states around the country.

²⁵ Members of SPN are only a subset of the organizations that make up the classical-liberal movement, so I do not mean to over-generalize. My comments are intended to reflect mostly on state-based think tanks in the U.S., which make up the bigger part of SPN’s membership.

The risk of all this specialization on changing policies *here* and *now* is that too little attention is paid to deepening and broadening the intellectual foundation of classical liberalism, the mission of the original classical-liberal think tanks. Without constant attention, the body of thought that justifies classical-liberal policies can seem obsolete or discredited. A good example of this is what is happening in the area of antitrust regulation, where classical liberals could once claim victory but now must play catch-up with advocates of the so-called “Post-Chicago school.”

Too little attention to classical-liberal theory can also result in a think tank being caught up in the day-to-day compromises and negotiation Lord Harris warned of, an arena where bold and principled legislative proposals are not welcome. Think tanks with a proven ability to influence policymakers can find themselves dependent on funding from special interest groups whose only request is that the think tank’s spokespersons moderate their rhetoric and settle for “market-based reform” instead of genuine free markets, or what CEI’s Fred Smith refers to dismissively as “making socialism efficient.”

Without constant attention, the body of thought that justifies classical-liberal policies can seem obsolete or discredited.

A Changing Environment

Winning the war of ideas gave classical-liberal think tanks opportunities to do new and different things, but that victory was only one of many developments affecting think tanks since the early 1980s. Without attempting to be exhaustive and in no particular order, here are 11 important developments affecting think tanks.

- New business models have evolved that change how think tanks can be organized and operated. The “cottage industry” model favored by the founders and advocated even in the 1980s and 1990s by the Atlas Economic Research Foundation and others is unlikely to be the best organizational form.²⁶ For example, Freedomworks and Americans for Prosperity are using a franchising model to lower costs and reduce the risk of failure for state-based affiliates. TechCentral Station is a hybrid think tank created by DCI Group, a for-profit public affairs company. The American Institute for Economic Research has an investment subsidiary (American Investment Services Inc.) that subsidizes the nonprofit think tank. The Heartland Institute experimented with franchising from 1988 until 1996 with considerable success, but could persuade only one foundation, the Sarah Scaife Foundation, to support the

²⁶ See Dorian D. Fisher, *supra* note 8. Atlas’ latest guide, on its Web site and last updated in 2003, embraces specialization and a larger variety of marketing techniques but still urges the small stand-alone 501(c)3 as the model. See <http://www.atlasusa.org/toolkit/starterkit.php?refer=toolkit>, last updated July 11, 2003. Note that State Policy Network’s Web site redirects visitors to the Atlas Web site and guide. A different guide that is more open to different organizational models is Morton C. Blackwell’s *The Conservative Organizational Entrepreneur*, *supra* note 19.

concept.²⁷

- By affiliating with a 501(c)4 organization (a nonprofit organization designed to lobby for or against pending legislation), some think tanks have been able to raise huge sums of money to support their tax-exempt research and education efforts, though not without adverse consequences to the think tank's reputation and organizational stability. The new "527" designation appears to offer similar appeal and problems.

The prominence of lawyers in the debate over public policy was not, I think, anticipated by Hayek or his contemporaries.

- The use of litigation to change public policy was rare when the founders were giving advice on the organization and mission of think tanks. Now ambitious state attorneys general are attempting to set national policy on everything from tobacco and consumer protection laws to

the price of prescription drugs and emissions from cars and trucks. Plaintiffs attorneys who were enriched by the massive settlement of tobacco lawsuits in 1998 are investing hundreds of millions of dollars in lawsuits against other industries, seeking to achieve through litigation what anti-corporate activists have not been able to persuade legislatures to adopt. The prominence of lawyers in the debate over public policy was not, I think, anticipated by Hayek or his contemporaries.

- Similarly, the environmental movement in the U.S. did not exist until the 1960s. Today it is a powerful industry/movement that raises billions of dollars a year to shape media coverage of public policy issues and influence policymaking. Environmental advocacy groups used direct mail, staged media events, targeted entertainers and other new and emerging opinion leaders, and in other ways succeeded in making their philosophy relevant to the "practical man." The contrast with the tactics of classical-liberal think tanks couldn't be sharper or less flattering: While environmentalists were winning hearts, minds, and political battles, classical liberals were still trying to drop their ideas on the heads of the other side's intellectuals.
- Immigration, demographic change, and feminism have made America a more diverse place than it was during the 1940s and 1950s. More blacks, Latinos, and women are now intellectuals and opinion leaders and they form important voting blocs. Their backgrounds and interests are different from those who read and were moved by *The Road to Serfdom* and *Capitalism and Freedom* two or even three generations ago. Think tanks must take time to present their ideas into terms these groups can understand and embrace.²⁸

²⁷ Think tanks would seem well-suited to franchising, which has transformed the retail sector of the American economy. Even churches have adopted the franchise model. See "God (TM): It Worked for Burgers, Now Churches Try Franchising," *Chicago Tribune*, Section 13, January 16, 2005.

²⁸ In the early 1990s, The Heartland Institute changed its logo from Times Roman, bold-faced, and all capital letters, to a more graceful and feminine script typeface to improve its appeal to women. Many women remark favorably on the new logo, while virtually no men notice it. Around the same time, Heartland also added a green leaf to its logo to appeal to environmentalists.

■ The rise in religious conviction in the U.S. has large consequences for classical-liberal think tanks. Between 70 million and 80 million Americans call themselves evangelicals, meaning they believe in the literal truth of everything in the Bible.²⁹ Conformity with Judeo-Christian values is more central to questions of public policy today than during the 1930s and 1940s, when many of the seminal classical-liberal books were written. Economic historian Robert William Fogel calls the recent rise of religion in America the “Fourth Great Awakening” and says it coincides with a burst of interest in egalitarian values and policy initiatives.³⁰ The Acton Institute, American Studies Institute at Harding University (Arkansas), and the Rockford Institute appeal to people of religious conviction. The Competitive Enterprise Institute is trying to formulate classical-liberal ideas in terms that appeal to egalitarians.³¹

■ The assertion that watching too much television could literally change the “wiring” of viewers’ brains was laughed at back in 1986 when Neil Postman wrote about it.³² Postman (who died in 2003) has been vindicated by modern neurological researchers, who find that early and frequent exposure to television and video games does in fact change the

A steep decline in popular literacy, only partly attributable to television and video games, has made the job of a think tank much more difficult than it was even 20 years ago.

way people receive and interpret information, with profound implications for how complex and nonintuitive ideas (such as those favored by classical liberals) are communicated. The Palmer R. Chitester Fund, Bureaucrash, and Free-Market.Net (now part of the International Society for Individual Liberty) are groups that have specialized in using television, the Internet, and other new information technologies to reach an audience that no longer reads as much as it used to.

■ A steep decline in popular literacy, only partly attributable to television and video games, has made the job of a think tank much more difficult than it was even 20 years ago. Today’s high school and even college graduates have read much less than their counterparts of a few decades ago. Economics and history, two key disciplines for understanding classical liberalism, are almost entirely missing from the curricula of many high schools and colleges. Advocates of classical liberalism cannot assume that members of their audiences have even a baseline familiarity with important historical events, the ideas of the Founding Fathers, or the

²⁹ “It Ain’t Necessarily So,” *The Economist*, January 1, 2005, p. 37.

³⁰ Robert William Fogel, *The Fourth Great Awakening and the Future of Egalitarianism* (Chicago: University of Chicago Press, 2000).

³¹ See National Media Inc. and Competitive Enterprise Institute, *Field Guide for Effective Communication* (CEI, 2004); “Free Market Environmentalism: An exclusive interview with Fred L. Smith Jr.” in *Environment News*, May 1998, <http://www.heartland.org/Article.cfm?artId=13848>; Joseph Bast, “Our Friends the Egalitarians,” *The Heartlander*, November 2000, <http://www.heartland.org/Article.cfm?artId=20>.

³² Neil Postman, *Amusing Ourselves to Death*, Penguin Books, 1986.

institutions of market economies. Groups that target students (in K-12 or college) include the Bill of Rights Institute, Federalist Society, Young America's Foundation, and the three previously mentioned groups that are using new information technologies.

The Internet puts more pressure on think tanks to produce short commentaries, often in reaction to current events rather than longer and more thoughtful analyses of complex issues.

- It is more difficult to reach the “general public” than it was two or three decades ago. Fewer people are watching network news and reading newspapers. For example, on a given night only one in five households tuned in to any of the three network evening news programs in 2003, compared with 37 percent in 1980 and 50 percent in 1969.³³ The number of people who watch TV nightly news programs is

down 59 percent since 1970, despite rising population. Some of those viewers have switched to morning news programs, but as Andrew Tyndall writes, “People who get their news from morning programs know a very different world—one that is less global and more oriented around entertainment, celebrity and true crime—than those who get their news from newspapers or evening news.”³⁴

- The television stations we still watch and the newspapers we still read are devoting a steadily shrinking number of minutes or pages to public policy issues. For example, less than one-half of 1 percent of broadcast programming is devoted to local public affairs. Most cable news channels employ newspaper readers and repeat what they pick up from headlines or network television. Newspapers, which were already giving short shrift to state public policy debates, are shrinking their staffs. In 1998 there were only 513 full-time reporters covering state government in the U.S.—about 10 per state.³⁵ There are surely even fewer today.
- The Internet has profoundly changed the way think tanks operate. Research and commentary can now be solicited, edited, and released without an editor ever meeting the author or even speaking to him or her. Turn around times have shrunk dramatically, raising public expectations for instant commentary on current events. An example of how think tanks have responded to this new reality is the Cato Institute's new *Cato Supreme Court Review*. By coming out a full year before competing annual reviews of Supreme Court decisions, it quickly captured the attention and respect of leading scholars and judges. The Internet also puts a premium on brevity, since reading a document on a computer screen is more difficult than reading a printed page. Think tanks have to produce short commentaries, often in

³³ Project for Excellence in Journalism with Andrew Tyndall, *The State of the Newsmedia 2004*, <http://www.stateofthenewsmedia.org>.

³⁴ *Ibid.*

³⁵ Thomas Kunkel and Gene Roberts, *Leaving Readers Behind: The Age of Corporate Journalism* (University of Arkansas Press, 2001).

reaction to current events, rather than longer and more thoughtful analyses of complex issues.

Of course, this list could go on. It makes apparent why today's think tanks *necessarily* are organized differently, use different tactics, and have missions different from those envisioned by the founders of the modern classical-liberal movement.

Left out of this list of developments is one so large it could be more important than all the rest. The State in the late nineteenth and through most of the twentieth centuries was arguably a tool used by whatever competing interest group invested the most (or invested most efficiently) in politics. Economist George Stigler developed what he called the "capture theory" of regulation, which asserted that regulated industries tend to capture the bureaucracies that are supposed to regulate them by controlling their access to information, contributing to the elections of members of committees overseeing them, and offering lucrative jobs to departing government officials.³⁶ This makes the task of institutional reform difficult, but not impossible.

What if the State in the twenty-first century is no longer like this? What if, like "Hal," the supercomputer in Stanley Kubrick and Arthur C. Clarke's "2001: A Space Odyssey," the State has become so large and powerful that it has developed its own interests and will?³⁷ Surely this is plausible, given that governments at all levels now take some 40 percent of our income, government is the largest employer in most major metropolitan areas, and most communities in rural America rely directly or indirectly on government subsidies for their economic viability.

Have we changed our tactics in response to what we know to be changes in the nature of the State? I doubt that enough thought has been given to this important strategic question.

Such a State would be more resistant to change than ever before. Allies in the battle of ideas would be more difficult to find, since companies and individuals would fear retaliation from regulators. The State's agenda would be broadcast through every vehicle—schools, universities, mass media, elections, workplaces—easily swamping the comparatively tiny output of classical-liberal think tanks. Persuading intellectuals that the State should be made smaller and less powerful would be more difficult and less likely to be effective than ever before.

The author is not predicting Armageddon. The point to be made is that a change in the nature of the State probably requires a change in the tactics used by think tanks who view it, properly, as the major target of their analysis and public education efforts. Have we changed our tactics in response to what we know to be changes in the nature of the State? I doubt that enough thought

³⁶ George Stigler, "The Theory of Economic Regulation," *Bell Journal of Economics and Management Science*, Spring, 1971.

³⁷ Of course, some libertarian philosophers have felt this was true of the state all along. See Albert Jay Nock, *Our Enemy, the State* (1935; reprint, New York: Free Life Editions, 1977).

has been given to this important strategic question.

Conclusion

Classical liberals are winning the war of ideas against socialists, thanks in no small part to the efforts of its think tanks. The movement's major national think tanks have largely stayed true to the missions and tactics suggested by the founders of the modern classical-liberal movement. While they speak loudly and skillfully on current policy controversies, they also are pouring millions of dollars into original research, publishing books and in-depth studies, and finding and preparing the next generation of classical-liberal scholars. It is good that they are doing these things, since they are ensuring the movement does not neglect its philosophical foundation.

Thanks to these new think tanks, the classical-liberal movement today is decentralized, innovative, and growing. New tactics and strategies are constantly being discovered and tried.

Most of the hundreds of smaller classical-liberal organizations started since 1980 have pursued a different path, adopting more narrow missions (such as advancing the cause of school choice in one state), different tactics (such as litigation or grassroots organizing), or focusing on audiences other than intellectuals (such as elected officials or federal judges). Thanks to these new think tanks, the classical-liberal movement today is

decentralized, innovative, and growing.

New tactics and strategies are constantly being discovered and tried. New talent, eager to take responsibility and demonstrate leadership, is attracted to the movement. Groups such as the Philadelphia Society, State Policy Network, and The Heritage Foundation are performing a vital service by making sure the staffs of the groups that make up the classical-liberal movement meet frequently to trade ideas and experiences, and thus learn what works, what does not, and who they can "trade" with to increase their own efficiency.

It is important that the leaders of today's specialized and tactic-driven think tanks not lose sight of the philosophy upon which the movement was founded. We should not rely on politicians to tell us what that philosophy is, even though some politicians can describe it well.³⁸ To keep the movement working together and toward the same goals, we need to make sure our best and brightest thinkers speak to our best and most successful activists. That doesn't happen as often as it could, and as a result our thinkers are not as aware of the "battle on the ground" as they should be, and our "troops" are not as inspired and far-sighted as they ought to be.

³⁸ President George W. Bush's Second Inaugural Address may go down in history as one of the most pure expressions of classical liberalism ever delivered by a U.S. President. Yet Bush oversaw an enormous expansion of the size and power of the State during his first term. This is another indication of the victory of classical liberal ideas, but the delay or failure to convert that victory into political reality.

All of these think tanks must respond to changes in their audience—more minorities, more with religious commitments, fewer who are literate or well informed about economics or history, many who cannot be reached through the major media outlets—and changes in the arena in which the debate takes place—well-funded opponents allied with 501(c)4s and “527s,” phenomenally wealthy trial lawyers and environmental advocacy groups, and the Internet which places a premium on speed and brevity at a time when so much must be taught. In some cases, we have just started to explore tools and techniques to face these challenges.

While victory in the war of ideas has given us the luxury of choosing different tactics to advance our cause, changes in the environment in which we operate make it imperative that we choose wisely. Today is not 1944, when *The Road to Serfdom* was published, or 1962, when *Capitalism and Freedom* was published, or even 1980, when Ronald Reagan was elected President. We need twenty-first century tactics to fight a twenty-first century foe. Thankfully, classical-liberal think tanks have evolved to meet that challenge.

While victory in the war of ideas has given us the luxury of choosing different tactics to advance our cause, changes in the environment in which we operate make it imperative that we choose wisely.

###

About the Author

Joseph Bast is president and CEO of The Heartland Institute, a 21-year-old independent, nonprofit research center located in Chicago, Illinois. He is the coauthor of nine books, including *Rebuilding America's Schools*, *Why We Spend Too Much on Health Care*, *Eco-Sanity: A Common-Sense Guide to Environmentalism*, and *Education & Capitalism*. He is the founding publisher of four monthly public policy newspapers: *Budget & Tax News*, *School Reform News*, *Environment & Climate News*, and *Health Care News*.

Mr. Bast was named one of “The 88 to Watch in 1988” by the *Chicago Tribune*; received the Roe Award from the State Policy Network in 1994; was commissioned a Kentucky Colonel by Gov. Paul Patton in 1996; received a 1998 Eagle Award from Eagle Forum; was elected a member of the Philadelphia Society in 2001; and received the 2004 Champion of Liberty award from the Libertarian National Committee.

Prior to being hired as The Heartland Institute’s first employee in 1984, Mr. Bast was coeditor of the bimonthly magazine *Nomos*, and studied economics as an undergraduate at The University of Chicago. He and his wife, Diane, celebrated their 23rd wedding anniversary last year.

	traditional think tanks	public policy think tanks	focused issue groups	promoters	grassroots organizers	lobbyists	youth groups	trainers	litigators	opposition researchers
Constitutional Coalition (Missouri)										
Constitutional Heritage Institute (Nebraska)										
Delaware Public Policy Institute										
The Dumont Institute (New Jersey)										
Empire Foundation (New York)										
Ethan Allen Institute (Vermont)										
Evergreen Freedom Foundation (Washington)										
Flint Hills Center for Public Policy (Kansas)										
Foundation for Free Enterprise Education (PA)										
Freestate Center for Liberty Studies (Kansas)										
Georgia Public Policy Foundation										
Goldwater Institute (Arizona)										
Grassroots Institute of Hawaii										
Great Plains Public Policy Institute (South Dakota)										
Illinois Policy Institute										
Independence Institute (Colorado)										
Indiana Policy Review Foundation (Indiana)										
Institute of the North (Alaska)										
James Madison Institute (Florida)										
John Locke Foundation (North Carolina)										
Josiah Bartlett Center (New Hampshire)										
Leadership Councils of America										
Lincoln Institute (PA)										
Lone Star Foundation (Texas)										
Mackinac Center (Michigan)										
Maine Heritage Policy Center										
Maine Public Policy Institute										
Manhattan Institute (New York)										

	traditional think tanks	public policy think tanks	focused issue groups	promoters	grassroots organizers	lobbyists	youth groups	trainers	litigators	opposition researchers
Maryland FREE										
Maryland Public Policy Institute										
Midwest Policy Center (Missouri)										
Mississippi Center for Public Policy										
Nevada Policy Research Institute										
New Mexico Independence Research Institute										
Oklahoma Council of Public Affairs										
Pioneer Institute (Massachusetts)										
Public Interest Institute (Iowa)										
Public Policy Institute of New York										
Research Institute of Hawaii										
Rhode Island Public Expenditure Council										
Rio Grande Foundation										
Rocky Mountain Public Policy Institute										
Shenango Institute (Pennsylvania)										
Show Me Institute (Missouri)										
South Carolina Policy Council										
Susquehanna Valley Center (Pennsylvania)										
Sutherland Institute (Utah)										
Tennessee Center for Policy Research										
Texas Justice Foundation										
Texas Public Policy Foundation										
Thomas Jefferson Institute (Virginia)										
Virginia Institute for Public Policy										
Washington Policy Center										
Washington Research Council										
Washington State Institute for Public Policy										
Wisconsin Policy Research Institute										

	traditional think tanks	public policy think tanks	focused issue groups	promoters	grassroots organizers	lobbyists	youth groups	trainers	litigators	opposition researchers
Yankee Institute (Connecticut)										
Focused-issue groups										
ActivistCash										
Alliance for School Choice										
Alliance for the Separation of School and State										
American Association of Small Property Owners										
American Civil Rights Institute										
American Council for Capital Formation										
American Council on Science & Health										
American Land Rights Association										
Americans for Fair Taxation										
Americans for Tax Reform										
American Justice Partnership										
American Tort Reform Association										
Americans for Technology Leadership										
Annapolis Institute										
Association for Competitive Technology										
Association of American Physicians & Surgeons										
Bill of Rights Institute										
BlueRibbon Coalition										
Center for Competitive Government (Temple University)										
Center for Consumer Freedom										
Center for Education Reform										
Center for Energy & Economic Development										
Center for Global Food Issues										
Center for Long Term Care Financing										
Center for Regulatory Effectiveness										
Center for Media & Public Affairs										

	traditional think tanks	public policy think tanks	focused issue groups	promoters	grassroots organizers	lobbyists	youth groups	trainers	litigators	opposition researchers
Citizens' Council on Health Care (Minnesota)										
Citizens for an Alternative Tax System										
Citizens for Choice in Health Care										
Citizens for Limited Taxation (Massachusetts)										
Club for Growth										
Committee for a Constructive Tomorrow										
Committee for Economic Development										
Common Good										
Congress for Racial Equality										
Council for Affordable Health Insurance										
Council for Agricultural Science and Technology										
Defenders of Property Rights										
Drug Policy Alliance										
Education Leaders Council										
Education Policy Institute										
Employee Benefit Research Institute										
Every Church a School Foundation										
Families Against Mandatory Minimums										
Family Research Council										
Family Taxpayers Network (Illinois)										
Federation for American Immigration Reform										
Focus on the Family										
Foundation for Education Reform and Accountability (NY)										
Foundation for Individual Rights in Education										
Foundation for Research on Economics and the Environment										
Foundation for Education Reform and Accountability (NY)										
KIPP Foundation										
Galen Institute										

	traditional think tanks	public policy think tanks	focused issue groups	promoters	grassroots organizers	lobbyists	youth groups	trainers	litigators	opposition researchers
George C. Marshall Institute										
Greening Earth Society										
Gun Owners of America										
Harvard Center for Risk Analysis										
Home Schooling Legal Defense Association										
Houston Property Rights Association (Texas)										
Illinois Family Institute										
Independent Scholarship Fund (California)										
Independent Women's Forum										
Institute for American Values										
Institute for Energy Research										
Institute for Health Freedom										
Institute for Research on the Economics of Taxation										
Institute for Study of Economics and Environment										
Institute for the Transformation of Learning										
JunkScience.com										
Law and Economics Center (George Mason University)										
League of Private Property Voters										
Manufacturing Institute										
Milton & Rose Friedman Foundation										
Mineral Information Institute										
Mountain States Legal Foundation										
National Association of Scholars										
National Chamber Foundation										
National Foundation for American Policy										
National Rifle Association										
National Right to Work Committee										
National Tax Limitation Committee										

	traditional think tanks	public policy think tanks	focused issue groups	promoters	grassroots organizers	lobbyists	youth groups	trainers	litigators	opposition researchers
National Taxpayers Union										
National Wilderness Institute										
Partners Advancing Choice in Education (PACE) (South Carolina)										
Partners Advancing Values in Education (PAVE) (Wisconsin)										
Pennsylvania Family Institute										
Pennsylvanians for Right to Work										
PERC										
Philanthropy Roundtable										
Public Service Research Foundation										
Robert Schalkenbach Foundation										
Rutherford Institute										
School Choice Wisconsin										
Science and Environmental Policy Project										
Seniors Coalition										
Southeastern Legal Foundation										
Sovereignty International										
Tax Foundation										
Taxpayers League (Minnesota)										
Taxpayers Network Inc.										
Thomas B. Fordham Foundation										
Thoreau Institute										
Toward Tradition										
Utah Taxpayers Association										
U.S. English Foundation										
U.S. Term Limits Foundation										

*** Table notes and definitions**

“Traditional think tanks” devote most of their resources to deepening and broadening the intellectual foundation of classical liberalism.

“Public policy think tanks” devote most of their resources to discovering solutions to public policy problems that are compatible with classical liberalism.

“Focused issue groups” devote most of their resources to using classical liberal ideas to solve one or a small number of policy problems.

“Promoters” devote most of their resources to helping build social movements in support of classical liberalism.

“Grassroots organizers” devote most of their resources to identifying and mobilizing constituencies to agitate for policies based on classical-liberal ideas.

“Lobbyists” work directly with elected officials to change their votes or replace them.

“Youth groups” devote most of their resources to introducing young people to classical liberalism.

“Trainers” devote most of their resources to teaching organizing or communication skills to classical liberal activists.

“Litigators” devote most of their resources to use the legal system to defend liberty and call attention to threats to liberty.

“Opposition researchers” devote most of their resources to exposing the motives, funding, and behavior of groups opposed to classical liberal solutions.

“State-based think tanks” devote most of their resources to discovering solutions to state public policy problems that are compatible with classical liberalism and helping to build social movements in support of them.

This list reflects only the author’s understanding of the groups’ activities and is probably incomplete and inaccurate. Many groups probably believe more boxes should be filled in to reflect their wide-ranging activities. (I’ve erred on the side of filling in too few, in order to reflect what I understand to be each group’s real expertise and accomplishments rather than their aspirations.) Some groups don’t believe they are part of the classical liberal movement. Appearance in the table does not constitute endorsement by the author, nor is absence to be construed as disapproval.

Distributed by **The Heartland Institute**, a nonprofit and nonpartisan public policy research organization. Nothing in this report should be construed as reflecting the views of The Heartland Institute, nor as an attempt to aid or hinder the passage of legislation. Additional copies of this study are available for \$10 from The Heartland Institute, 19 South LaSalle Street #903, Chicago, IL 60603; phone 312/377-4000; fax 312/377-5000; email think@heartland.org; Web <http://www.heartland.org>.