



THE **INSIDER**

The Rent-Seeking Campus

Getting BRAC Right

Threats to a Growing Economy

The Hidden Reason Congress Can't Rein in Spending and Deficits

FINAL ISSUE

Process Matters

PEOPLE PURSUE THEIR SELF-interest. It's a banal observation, yet judgments about it largely define the conflict in our political prescriptions.

For the progressive, self-interest is the fly in the utopian pie; for the conservative, it is the true motor of worldly progress.

Wealth of Nations author Adam Smith wrote: "It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest."

Why rely on self-interest instead of political commands? Friedrich Hayek explained that the reality of dispersed knowledge makes it impossible for central planners to improve on the decisions produced by self-interested agents in a free marketplace.

James Madison and the Founders discerned that government needs to be checked because self-interest drives the government official as much as the private citizen. Madison wrote:

If men were angels, no government would be necessary. If angels were to govern men, neither external nor internal controls on government would be necessary. In framing a government which is to be administered by men over men, the great difficulty lies in this: you must first enable the government to control the governed; and in the next place oblige it to control itself.

Yet today, too many conservative commentators act like conservative politicians are angelic beings, wholly disinterested in political power. For these pundits, the political task extends no further than getting enough "real" conservatives elected and making sure "real" conservatives stay true to their small government ideals.

But the project to reduce the size and scope of government needs much more than just good leaders at the very top. It also needs a constituency for reducing big government and for removing the institutional biases that favor big government. Without those reforms,

reductions in government will be reversed and ultimately remembered as mere hitches in the long advance of Leviathan.

In this, the last hard-copy issue of *The Insider*, Brian Riedl addresses this need, discussing why fiscal conservatives have failed to be fiscally conservative. The problem, he writes, is chiefly that so much of the budget is set to grow automatically year after year. Thus, merely holding the line on spending constitutes an enormous political challenge. In order to achieve anything more, reformers will have to take federal spending off of autopilot. To build a constituency for that, they will have to talk to voters about—yikes!—the budget process.

This final issue marks the end of what has been an exciting 42-year run for *The Insider*. We launched in 1977 as an annotated bibliography of recent research papers produced by conservative think tanks. Rolled off of Heritage's trusty mimeograph machine, the goal of the periodical was to inform, unify, and advance the movement by sharing the latest findings and proposals emerging from within.

While we are putting the magazine to bed for the last time, that mission continues, and *The Insider* will live on, in modified form, on the digital pages of The Daily Signal, Heritage's multimedia news outlet. Now, instead of waiting three months for their next *Insider*, readers can find monthly interviews with movement leaders, and op-eds from some of the brightest conservative minds in academia as well as local, state and national think tanks. The weekly *Insider* e-mail will continue to arrive in subscribers' mailboxes, as well.

So let me close by saying what an honor it has been to serve as the editor of *The Insider* for the last 12 years. I'd like to thank each and every one of our contributors for helping advance the cause of liberty, and I'd like to thank all of our readers for your interest and your support.

Because of all of you, the conservative movement remains not just alive, but as lively as ever. In the words of Heritage Foundation Founder Ed Feulner: "Onward!" 🏛️



ALEX ADRIANSON
edits *The Insider*.

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ILLINOIS STATE EMPLOYEE MARK JANUS, left, and Gov. Bruce Rauner, R-Ill., speak to the press outside of the U.S. Supreme Court after the decision in the Janus v. AFSCME case was handed down in Janus' favor on Wednesday, June 27, 2018. Janus argued the fees public-sector unions collect from nonmembers to cover the cost of actions that help all employees are coerced speech that violated his First Amendment rights.

Roundup: Swedish Socialism's Dark Side; Labor Laws Post-Janus; Brazil's Fires and More

Even Swedish socialism had a dark side.
Phillip Magness writes:

Although politically popular, the [Social Democratic Party]'s programs created new economic strains on the government. They imposed unprecedented expenses on the public treasury. In addition, Sweden was experiencing a declining birth rate, which portended fiscal insolvency as an aging population left the workforce and became public pensioners. If 1930s birth rate trends continued, the

population of the elderly would surpass the income-generating workforce by mid-century, eventually resulting in the fiscal collapse of the entire system. [...]

Child-rearing assistance, public health care provision, paid medical leave after childbirth, housing assistance and rent subsidies for parents, and robust expenditures on public education could all be deployed to incentivize fertility, as well as socially engineer a working population that would be able to sustain its pensioners. The SDP politicians saw a double-

ROUND UP highlights key work produced by conservative and classical liberal think tanks. Submit ideas at insider@heritage.org

BILL CLARK / CONTRIBUTOR VIA GETTY IMAGES

edged sword in this approach however, as it also incentivized the poorer classes to reproduce—and at a faster rate than the wealthy. On the surface this chafed with the SDP’s emphasis on social equality. If new births disproportionately came from the lower classes [...] they could become additional drains on the public treasury by becoming lifelong dependents on the very same welfare state.

To counteract the perceived risk of welfare dependence, the SDP government consciously paired its new welfare policies with a complementary system of eugenic laws—intended to prevent or dissuade “unfit” persons from reproducing. These included a narrow compulsory sterilization program, applied to persons with hereditary “defects,” and a much larger “voluntary” sterilization program targeting behavioral considerations. As part of the latter program, the government [...] induced lower-class citizens to submit to the procedure by using the suasion and levers of the new welfare state itself.

The “voluntary” measures went far beyond involuntary sterilization, which was restricted by law to explicit eugenic reasons. As a 1997 study of the program documented, government officials are known to have used submission to “voluntary” sterilization as a condition for release from mental institutions and public hospitals, for continued access to certain forms of public housing, and even marriage licensing among the poor. In total, an estimated 63,000 Swedes were sterilized between the 1930s and the expiration of the main eugenic law in 1976. [Phillip W. Magness, “Even Swedish Socialism Was Violent,” *American Institute for Economic Research*, September 18]

The Janus repercussions continue. States have been busy passing legislation in response to the

Supreme Court’s Janus decision that ended the agency-fee setup for public employees. Some have been defensive of union privileges; others more friendly to worker rights. From Priya Brannick, here is an update on the trends in labor laws post-Janus:

Twenty-four states legally require government agencies to bargain collectively with labor unions. An additional 20 states permit collective bargaining.

Twenty-seven states provide for binding arbitration, either mandatory or at unions’ request.

Two new states, Florida and Missouri, now require incumbent government unions to go through a recertification election or process. This is in addition to Iowa and Wisconsin [...]. Still, most government unions nationwide were certified in the 1960s or 1970s when public sector collective bargaining arose and have never faced an election.

Only two states allow multiple unions to negotiate compensation and work conditions for public sector workers. In Missouri, employers largely determine whether teachers and police officers—who are covered by case law rather than state collective bargaining statute—may have multiple union representatives. Tennessee awards unions that earn 15 percent or more of employees’ votes proportional representation at the bargaining table. States overwhelmingly give a single union the designation of “exclusive bargaining representative”

for all employees in a unit of similar workers.

Ten states have some form of paycheck protection. Five states have full paycheck protection, which we define as a complete prohibition of the payroll deduction of union dues and political contributions. These states are Wisconsin, Iowa, Michigan (for teachers and other public school employees), Oklahoma (whose 2015 statute covers state employees), and Indiana (which banned dues deductions for state workers by executive order in 2005).

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Union dues are implicitly political because they may fund ideologically partisan issues and independent expenditure committees, or Super PACs.

Union dues are implicitly political because they may fund ideologically partisan issues and independent expenditure committees, or Super PACs. Alabama, Idaho, Kansas, Tennessee, and Utah all prohibit unions from using taxpayer-funded government payroll systems to collect political contributions or funds to be used for political purposes. Additionally, Kentucky passed a version of paycheck protection that prohibits that automatic deduction of union dues

and political contributions without authorization from members.

In 2018, one new state, Missouri, joined 12 others that require union contract negotiations to be open to the public, without limiting the option of agencies to go into executive session. The others are Colorado (for public schools only), Florida, Georgia, Kansas, Minnesota, Mississippi, Montana, Nebraska, Nevada, North Dakota, Tennessee, and Texas. Indiana also passed important new transparency measures for school district collective bargaining. While the law does not require negotiations



themselves to be open to the public, school officials must call a public meeting 72 hours before a tentative proposal is ratified, and also post the proposed agreement online. *[Priya M. Brannick, “Worker Freedom in the States: The Janus Impact and Grading of State Public Sector Labor Laws,” Commonwealth Foundation, August 2019]*

A lack of property rights, not environmental regulation, is the real cause of forest fires in Brazil.

Webb Beard writes:

[Brazil’s space research center (INPE)] claims the true cause of the unusual numbers of fires this year is ranchers and farmers using fires to clear land that they use for themselves. The INPE claimed up to 99 percent of the fires can be attributed to these people. However,

this might suggest that only one thing may be to blame: the tragedy of the commons. [...]

When something is owned by everyone, such as a public highway or pond, in practice it is owned by no one. No one has an incentive to maintain or take care of the good because they receive no benefit from doing so. But when there are property rights over something, such as the piece of land you live on, you have an incentive to take care of it because you directly benefit from it.

Economists have observed this phenomenon hundreds, if not thousands of times. Ted Turner and buffalo ranchers brought the buffalo population back from the brink of extinction because of property rights. Fishermen almost fished the population of British Columbia halibut into extinction,

and property rights brought their population back. [...]

Something similar could be achieved in the Amazon rainforest. The rainforest covers part of nine countries, but roughly 60 percent of it is in Brazil. Brazil makes a claim to ownership of the Amazon. But Brazil and the other countries don’t have the resources or proper incentive structures to take care of the Amazon. The answer could be property rights. *[Webb Beard, “How Property Rights Can Help Preserve the Amazon Rainforest,” Foundation for Economic Education, August 28]*

States are using Obamacare waivers to reduce premiums.

Doug Badger writes:

Average premiums for benchmark plans—exchange-based policies whose rates are used to compute



federal premium subsidies—were 76 percent higher in 2018 than in 2014. That trend did not continue in 2019, when premiums for benchmark plans fell by 0.83 percent, the first such decline recorded.

That result defied forecasts of double-digit premium increases, which many analysts predicted would result from repeal of tax penalties on the uninsured and liberalization of federal rules governing short-term, limited duration policies. The Congressional Budget Office, for example, projected that 2019 premiums would rise by an average of 16 percent as a result of those and other changes.

The standard explanation for why these predictions proved erroneous is that insurers “overshot” their rate hikes in 2018 and adjusted them downward in 2019. While broadly correct, [there is] another critical factor. [...]

[P]remiums declined significantly in the seven states that obtained federal waivers to operate risk-stabilization programs (median reduction of 7.48 percent), and increased in the 44 states and the District of Columbia that did not have such waivers in place (median increase of 3.09 percent). [Doug Badger, “How Health Care Premiums Are Declining in States that Seek Relief from Obamacare’s Mandates,” *The Heritage Foundation*, August 13]

Natural gas is a booming industry for the United States.

Nicolas Loris writes:

According to a new report published by the International Energy Agency, the United States could become the world’s largest exporter of liquefied natural gas as soon as 2024. [...]

Before the shale revolution, it appeared as though the United States would become a massive natural gas importer. In fact, the most recent export terminal built in Louisiana in 2008 was originally constructed as an import terminal.

However, smart extraction technologies created an economic boom and catapulted the United States to be the world’s largest natural gas producer for more than a decade. Last year, the United States produced more natural gas than the entire Middle East combined.

The industry is expected to support 3 million jobs by next year. This new energy market will also contribute \$62 billion in federal and state tax revenues in gas-producing states.

Along with leading the way in natural gas production, the United States is increasingly becoming a global leader in natural gas exports.

According to the Department of Energy, in 2018, the United States exported 700 billion cubic feet of liquefied natural gas to 27 countries on five continents. Japan currently accounts for 37 percent of the global liquefied natural gas market, but China's growing energy needs will soon make that country the largest importer of liquefied natural gas in the world. [...]

A strong liquefied natural gas trade policy that removes burdensome regulations and empowers the states will strengthen our global energy leadership and protect our allies abroad from manipulative energy suppliers, such as Russia and Iran. [Nicolas Loris, "How Natural Gas Exports Are Giving America a Key Edge," *The Daily Signal*, July 29]

Dependency is down. John Merline writes:

As of June, there were 5.6 million more people with jobs than when President Trump took office—despite claims by prominent economists that the economy was already at full employment when he was sworn in.

The healthy labor market has resulted in something even more important yet little noticed: A sharp trend away from dependency on federal welfare and other benefits.

Take a look at the numbers:

Food Stamps. The Department of Agriculture reports that April enrollment in food stamps—which is officially called the Supplemental Nutrition Assistance Program—was down more than 308,000.

So far this year, SNAP enrollment has declined by nearly 1.2 million.

And since Trump took office, the number of people collecting food stamps has plunged by more than 6.7 million.

Enrollment is now lower than it's been since August 2009.

Disability. The number of workers on Social Security's Disability Insurance program has sharply declined as well. It went from 8.8 million in January 2017 to 8.49 million as of May. That's the lowest it's been since August 2011.

Some of that decline is because beneficiaries who turn 65 shift over to regular Social Security. But the data also show that new disability applications are down. Average monthly applications for SSDI this year is 9 percent below where it was in 2016, government data show.

Medicaid.

Enrollment in Medicaid also has dropped sharply since Trump took office—despite the fact that Virginia decided to expand its program under Obamacare, which added some 300,000 to its Medicaid rolls over

those years.

As of this March, the total number of people on Medicaid and [the Children's Health Insurance Program] was down by 2.5 million.

Obamacare. The number enrolled in Obamacare has declined every year since Trump took office as well, and is now 1 million below where it was at the end of 2016.

Welfare. The number of those collecting welfare—either on the federal Temporary Assistance for Needy Families or what are called "separate state programs"—has dropped by more than 800,000 under

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The healthy labor market has resulted in... [a] sharp trend away from dependency on federal welfare and other benefits.”



Trump. [John Merline, "Government Dependency Plunges Under Trump—Why Aren't We Celebrating?" *Issues and Insights*, July 7]

Most government is unconstitutional. Nick Sibilla writes:

The U.S. Supreme Court made it much easier for federal agencies to create new crimes and prosecute them, rejecting a constitutional challenge based on the separation of powers. In an unusual split that saw Justice Samuel Alito join the Supreme Court's liberal wing, *Gundy v. United States* upheld the Sex Offender Registration and Notification Act (SORNA), a "comprehensive national system" Congress established in 2006 to register sex offenders, which gave



the attorney general vast powers of rulemaking and enforcement. [...]

Thanks to SORNA's broad transfer of power, the Justice Department previously acknowledged that the attorney general "could require some but not all to register (or comply with some but not all of the registration requirements); he could do nothing at all or wait several years before acting; or he could change his mind at any given time or over the course of different administrations." Moreover, SORNA "does not require the attorney general to act within a certain time frame or by a date certain; it does not require him to act at all."

Yet under the Constitution, "all legislative powers" are "vested" in Congress, while Congress cannot "delegate" or outsource

those powers to another branch of government. As anyone who's seen "Schoolhouse Rock" may recall, the federal government is a system of checks-and-balances: The legislature (Congress) makes the law, the executive (president) enforces the law, and the judiciary (Supreme Court) interprets the law. [...]

As [Justice Neil] Gorsuch argued, letting the attorney general "write the criminal laws he is charged with enforcing" would "mark the end of any meaningful enforcement of our separation of powers and invite the tyranny of the majority that follows when lawmaking and law enforcement responsibilities are united in the same hands."

"If the separation of powers means anything, it must mean that Congress

cannot give the executive branch a blank check to write a code of conduct governing private conduct for a half-million people," he added.

Justice Elena Kagan didn't agree. [...]

Kagan called the delegation at stake in Gundy "distinctly small-bore." "Indeed, if SORNA's delegation is unconstitutional, then most of Government is unconstitutional—dependent as Congress is on the need to give discretion to executive officials to implement its programs," Kagan quipped.

Of course, for many Americans that would be a feature, not a bug, of a reinvigorated nondelegation doctrine. [Nick Sibilla, "Gorsuch Slams the Supreme Court for Turning a Blind Eye to Overcriminalization," *Forbes*, June 21] [IN](#)



Managing Leadership Transitions

BY ANN C. FITZGERALD

CHANGE—ESPECIALLY IN EXECUTIVE roles—is a part of nonprofit life. According to BoardSource, 50 percent of nonprofit leaders expect to leave their positions within the next five years.

This turnover rate is alarming enough, but nonprofits have additional challenges compared to the private sector. Few have the administrative or managerial bandwidth to operate at full capacity in times of transition. This means that the organization's mission—or the funding that supports it—may suffer the consequences until the board selects a new leader.

Considering these challenges, nonprofit boards and senior management should make succession planning a priority in their strategic considerations.

Preparing for a Planned Transition

A planned transition—when an executive retires or leaves on his own accord—is certainly preferable to an unplanned transition, but it also has its own challenges. Many organizations depend on one individual—typically the president or CEO—to be the chief fundraiser, program director, and ambassador to outside audiences. These are big shoes to fill, and it takes time to find the right individual with the right combination of skills.

Secure early involvement by the board.

Succession planning should begin early with a conversation between the board and the departing executive. In an ideal scenario, initial discussions would begin one to three years before the transition. This gives the board time to consider its options and develop a process.

Reevaluate. Hiring a new leader gives the organization an opportunity to consider its needs, review the impact of current programs, and re-envision the future. The board's first step is to review and revise a three-year strategic plan with the leadership transition in mind. This will not only clarify thinking about the type of leader the group needs, but also give the incoming executive a road map to guide his or her future decision-making.

Form an ad hoc committee. Many nonprofits establish a committee to oversee the transition, encourage accountability to the process, and facilitate communication to various constituencies. The committee establishes the timeline for the transition and decides what the board is seeking in the new leader. It also develops a plan to communicate details to the staff and the public at the right time. Finally, the committee reviews and revises the job description, engages an executive search firm, interviews candidates, and recommends finalists to the full board.

GETTY IMAGES

Define the departing executive's role. The board should identify what role, if any, the departing executive will have. Long-serving leaders or founders often have deep relationships with donors, long institutional memories, prestige in certain issue areas, and many connections that are valuable to the organization. However, the departing executive's role must not impede or overshadow the work of the incoming leader. It is always advisable to ask the departing executive to take a hiatus before assuming new duties so that the new leader can become firmly established.

Prepare for challenges. The most common problem with a planned transition is that the departing CEO may never really depart. This often happens when the board is relatively weak and afraid to cut ties with the former executive for fear the new leader is not quite up to the challenge. A better plan for the board would be to commit the time necessary to orient, guide, and mentor the new executive so that his tenure is successful.

Managing an Unplanned Transition

Sudden, unplanned transitions—whether brought on by illness, death or some other reason—are particularly stressful for nonprofit organizations.

This is “go time” for the board. This is a time when the board needs to be highly engaged as leaders and decision-makers. This type of institutional upheaval requires patience, time, and wisdom. Further, the board may have to assume a more significant operational role in the short run to assist with management, programs, or fundraising.

Decide on message and messenger. No one wants the organization's dirty laundry or discord posted online or printed

on the front page of a national newspaper. Therefore, it is critical that a unified message be created and communicated to board members, staff, and outside constituencies. Further, boards should select a point person who will answer questions and share approved language.

Be formal, not contentious. It is said that the best departure is a friendly handshake, meaning that the employee and employer come to an agreement and put aside their differences for the good of the organization. If serious personnel matters are at stake, the board should prepare a separation agreement to protect the group's interests.

Take stock. Depending on the nature of the departure, the board should work with staff to perform an organizational operations inventory to locate and catalog key documents such as the IRS determination letter, board minutes, all financial information, current vendors and contracts, insurance policies including directors' and officers' insurance, funding commitments, and passwords.

Show stability to key constituencies. Consider how this departure looks to outside audiences. Donors are naturally concerned about the stability of their investment in a nonprofit during a time of transition. Many groups act quickly to name an interim CEO, communicate that their mission is unchanged, and highlight the staff who will carry out the work.

Prepare for the future. A 2017 BoardSource study of nonprofit board practices found that only 27 percent of boards had written succession plans in place. Nonprofit boards often ignore this part of strategic planning

until the organization is faced with a transition. The best time to work on succession planning is after the new leader is selected and established.

Prepare for the Unexpected

Anticipate an adverse financial impact. It is not uncommon for donors to hold back on gifts until they are assured of the organization's stability. Nonprofits should develop more conservative budgets during this time and shore up reserve funds.

People are not paper. A written succession plan is valuable, but humans are unpredictable and rarely follow a script. Therefore, anticipate the need for adaptability and

flexibility throughout the process. This will require more frequent meetings by board members and senior staff.

Take care of the team. In the stress of an unplanned departure, it is easy to forget to inform key constituencies about the change. Staff, in particular, often feel

confused and disoriented by the change in management. They need to be reassured and given time to adjust to a new leader.

It is important to remember that a nonprofit's personnel may come and go, but its mission endures. During an executive transition, the board and remaining staff should protect the institution, keep a positive outlook, remind each other of the group's strengths and accomplishments, and strive for the future.

There is nothing wrong with change, as Winston Churchill said, if it is in the right direction.

Ms. Fitzgerald is founder and president of AC Fitzgerald, a national consulting firm partnering with nonprofits to accelerate growth. ■

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INDEPENDENT WOMEN'S FORUM PRESIDENT CARRIE LUKAS welcomes an enthusiastic crowd at the organization's 2018 Women's History Month celebration at Washington's Mayflower Hotel.

An Interview with Carrie Lukas

CARRIE LUKAS IS ONE BUSY woman. In addition to presiding over the Independent Women's Forum, she toils as a senior fellow at the Goldwater Institute, a contributor to National Review Online and a regular columnist for Forbes.com. Amid all that, she found time this year to publish her third book, *Checking Progressive Privilege* (Encounter Broadside). Lukas maintains that, if America is to become a truly diverse and inclusive society, progressives will first have to check their own privilege. To learn more, read on.

THE INSIDER: Let's talk about your book, *Checking Progressive Privilege*. What do you mean by the term "progressive privilege"?

CARRIE LUKAS: It refers to the privilege that exists and is enjoyed by people on the political left. It's interesting because we mostly hear the term "privilege" used in reference to people who are majorities within a culture.

You hear a lot about white privilege, male privilege and heterosexual privilege. And it conveys the idea that society has traditionally labeled members of those groups as "normal" or given them a higher status than others.

As I was exploring this topic, I realized that in our culture today, being considered politically progressive conveys privilege in a way very similar to the privilege that whites, males, and heterosexuals used to enjoy. It's depicted as what's normal, better, superior.

TI: What are some behaviors that exhibit privilege or seek to take advantage of privilege?

CL: Well, the obvious place to start is with the phenomenon of liberal media bias. It's been manifest for a long time. Just think of all the conversations that begin with something like: "Gosh, the *Washington Post* is so unfair in how they cover Republicans" or "Can you imagine how the press would react if a Republican did that?"

That's an element of progressive privilege. But I actually think it's the stuff the media does outside of the rough and tumble of politics that is more important. You know, just open your average women's magazine.

You don't go to *Glamour* or *Vogue* or *Cosmo* or *Allure* to get information about politics. But if you open up those magazines, you often find very subtle—and sometimes not so subtle—political messages.

For instance, every year *Glamour* puts out its “Women of the Year” issue. Invariably, it features female lawmakers and activists—almost all of them are women of the left. Nancy Pelosi, Michelle Obama and other progressive women are routinely celebrated in those pages, while anybody who's conservative is essentially ignored, or even belittled.

It's not just politicians. Activists are celebrated too, as long as they're advocating gun control or fighting poverty in a way that is very much on the “grow government” side of the debate. But people fighting for anything that would be considered libertarian or conservative are pretty much frozen out.

You'll find the same when you turn on the average TV show. You come to Netflix looking for a drama or crime show and end up getting a not-so-subtle political lecture on gun control or climate change. There'll be a white, southern guy wearing a flag hat or something gives him the aura of a cartoonish conservative, and he'll turn out to be the secret pedophile or other villain.

It's those types of things that I think are really what we're talking about when we talk about privilege.

TL: Would the show “Designing Women” be an example of that?

CL: I haven't seen that one in a long time. But, you know, all you have to do is turn on any awards show. Whether

it's for music, for plays, for anything that's associated with the media culture, you are going to hear a lecture about a progressive cause.

I mean, my goodness, just listen to the vitriol these people have for President Trump. But it isn't just Trump; you heard similar screeds when Bush was in office. Yet you would never see someone try to use their platform at the Emmies or Oscar awards to push something with a conservative element to it. And can you imagine the reaction if someone at an awards show criticized Obama for, oh, I don't know, breaking up families at the border or drone attacks that killed thousands of civilians overseas? They'd never work another day in Hollywood.

TL: How long has this concept of “privilege” been making the rounds?

CL: The earliest discussion I've found regarding this concept of privilege was back in 1988. It was sparked by a paper written by Peggy McIntosh—a paper that I found quite interesting and, frankly, very persuasive. She recounts how she had been lamenting how, being a woman, she didn't enjoy all privileges that men had, when she had a moment of self-awareness and said, “Well, gosh, you know, when I think of it, as a white person, I have a lot of privileges that my black colleagues don't have.”

She recalled how she showed up at a grocery store without her checkbook, and the girl believed her when she said she'd left her checkbook at home. She was like, “If I had been black, I wouldn't have been afforded that assumption of innocence.”

I read that and thought: “You know what? She's right.” In the 1980s, a non-white person would face extra burdens like that.

And, today, conservatives face extra burdens. Take Mitt Romney's “binders full of women” remark. Obviously, it was an awkward expression, but it wasn't sexist. He was talking about his sincere attempt to make sure that women were being represented. Had a Democrat said that, everyone would have

understood what it meant and let it go. But because it was spoken by a conservative man, it was deliberately misinterpreted and twisted to show that “he thinks women are things you find in binders” and “he's objectifying women.”

I don't think Hillary Clinton is a racist, but she has said things that are racially awkward. Yet she's given an absolute pass by the mainstream press.

It's how one's words are taken, and it spills over into daily life. For example, even though I work in the conservative movement, I don't wear it on my sleeve in social situations. I'm careful

not to show my political cards to people I don't know, because too often it's taken as a sign that I'm racist, or homophobic or some other bad person.

Yet I can't go to a parent's night without hearing somebody say how much they hate the president—and they feel very comfortable doing that because it's so socially acceptable to speak about your political inclinations if you're a liberal. But if you're a conservative, you are likely to feel it would be offensive to do that—that others would consider it inappropriate.

“
[T]urn on any awards show. Whether it's for music, for plays, for anything that's associated with the media culture, you are going to hear a lecture about a progressive cause.”

TL: In your book, you make a distinction between the concept of privilege and that of bias. Can you explain what the difference is and why that's important?

CL: The distinction I was trying to make is that privilege involves more than just the way people are treated by the media. Liberal bias colors what stories the media select, what they lead with, and how they frame and phrase their stories. Privilege really goes far beyond that.

It's manifest in what should be non-political environments—like that parent's night at school. Conservatives still self-censor—they wouldn't show up wearing a Donald Trump or a Bush shirt. But people will absolutely show up wearing an Obama shirt.

You see it on television, in your kids' textbooks and homework assignments, the plays schools choose to feature. Those more subtle, not explicitly political things are easier to look past or not identify, but they really do shape our culture. That's privilege.

TL: It sounds like your discussion of privilege is just a really nice way of saying that there's anti-conservative bigotry out there. Am I wrong?

CL: Bigotry is a loaded term and is something that is more deliberate. I'm talking about something else—like the situation in our colleges.

If you walked on campus and couldn't find a single black person, a single non-Christian, a single gay person, you'd think, "Gosh that's a pretty limited perspective. It really doesn't represent modern America."

Yet on many campuses today, you cannot find a registered Republican. In almost every academic discipline, liberal faculty members overwhelmingly outnumber their conservative counterparts. That doesn't mean everybody there is a bigot. It doesn't mean they are



PROGRESSIVES NEED TO STOP ACTING as though all conservative ideas are evil, Carrie Lukas says. "It would create a healthier dialogue and, ultimately, better leaders on both sides."

explicitly and purposely biased against every conservative they meet. But they've entered a culture that defines "normal" very narrowly—one that produces a very unjust and unrepresentative situation.

TL: Some conservatives have criticized the concept of privilege. They argue that the left uses it as a tool for denigrating and marginalizing their opponents so that they don't have to engage with them. Is there any truth in that critique? If so, how is your use of the term different?

CL: You know, I agree, in many ways, and today, association with groups considered "privileged" is actually a handicap in many ways. Think about what's happened with Elizabeth Warren. I think long ago she recognized that being seen as a boring old white Protestant lady was a disadvantage for her in academia. By playing up the idea that she had some possible Native American ancestry, she became more appealing. That lack of privilege is almost a currency.

I still think the concept of privilege is relevant, especially when we look to the past—to the original discussions of privilege back in the 1980s where certainly our culture created expectations for "normal" and left many out of that picture. But the notion of privilege is now widely abused.

TL: You write that reporters sometimes ask you if it is OK to describe the Independent Women's Forum as a conservative women's organization but almost always describe the left-leaning women's organizations as merely women's organizations. That's a kind of privilege you mention. I'm curious how often reporters actually ask that of you as opposed to just describing you that way without asking? What do you tell them when they do ask?

CL: Often they don't ask; they just put that label on us. And I don't think it's an illegitimate thing to call us. We certainly are a conservative- or libertarian-leaning women's organization.

When they do ask, I say that's a good shorthand for us. But it is frustrating to see something like the Women's March presented as "Hey, they just represent women," when in fact they were completely left. I mean, they were so incredibly, radically left that a lot of radical leftists didn't want to be associated with them. So now they've gone through this great purging to try to clean up their act, yet for years the media just called them the "Women's March."

TI: Other than giving progressives privilege, are there consequences of progressive privilege?

CL: Absolutely. Look at how baffled a lot of people on the left were by the support that Donald Trump received. I think their privilege kept them from appreciating just how many conservatives hungered for somebody who would stand up for them and call the left out for their mistreatment of them.

Donald Trump is openly pushing back on the media when they try to label everything he does as racist. It's quite a change from previous leaders on the Republican side who seemed to almost apologize for their existence and for having conservative views. Donald Trump just doesn't accept it.

I think one reason people got so excited about candidate Trump was that he wasn't going to take it anymore. He became their champion—and people embraced him and were willing to overlook a lot of other flaws because of it.

I worry that progressive privilege is creating a lack of trust and driving conservatives to rely exclusively on conservative news sources. And that's not good. Sometimes our guys make mistakes. Sometimes our ideas have flaws. We need honest vetting services—people who will call the

balls and strikes fairly, and sources you can trust to police our side, too.

Progressives need to recognize that giving us a fair shake and not treating all of our ideas as evil would be better for both sides. It would create a healthier dialogue and, ultimately, better leaders on both sides of the aisle.

TI: That reminds me of something called the Taranto Principle, an idea put out by *The Wall Street Journal's* James Taranto. His argument is that, when the media go easy on liberals, it actually makes liberal candidates less capable of handling tough questions and less concerned about their own misbehavior, which ultimately gives the left weaker candidates. Privilege, as you say, can harm the privileged.

CL: Absolutely. And we conservatives need to have our own ideas and candidates scrutinized—but fairly scrutinized, and I think that's where there's a difference.

TI: Do you think the problem of privilege is also related to the problem of people de-platforming conservatives and not even realizing that they're actually exercising bias against conservative views?

CL: Let's go back to those college campuses, where it's become OK to censor conservatives. The kids are constantly lectured about the need to be careful and respectful of people with different views. For example, they must be culturally sensitive to the Muslim religion and be sure never to say anything offensive or question any of the beliefs. Yet there's a very quick instinct to censor Christians.


Think about the way some of the Christian groups have been treated on campus. Or think about the treatment given to the Christian baker in the gay wedding cake situation. Progressives seem to lack recognition that these people have rights, too. Even conservatives have the right to association, to free speech, to religious belief. They have their own dignity, their own human worth, and that ought to be respected. It's strange that privilege has led so many progressives to lose sight of these basic rights and basic truths.

TI: Final question. Other than the recommendations you've already made, what should we do about progressive privilege?

CL: This is a tricky one. It's going to require a long conversation, because the problem is so pervasive. I think it's helpful to use this language and to put the problem in the context of the treatment experienced by other

groups in the past.

In addition to context, tone will be important in this conversation. We should encourage our friends and family members to speak with kindness rather than accusation. The conversation can't devolve into just complaining or—worse—anger.

I don't think the answer lies in boycotting all biased news sources or trying to create our own alternative culture—a conclave of conservatism in a hostile world. It's great to have conservative outlets, but we also need to gently but firmly push back on progressive privilege wherever we see it, so that we do have a fair system a decade down the road. 

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The Hidden Reason Congress Can't Rein in Spending and Deficits

BY BRIAN RIEDL



PRESIDENT TRUMP AND REPUBLICAN lawmakers have surrendered on a \$320 billion spending increase covering the next two years. This discretionary spending hike soon will combine with hefty annual increases in mandatory spending to drive budget deficits over \$1 trillion.

It is a familiar story. Year after year, fiscally conservative legislators promise spending cuts and balanced budgets. Yet with rare exceptions, the spending and red ink continue to rise. Not even the 1980 Reagan revolution, 1994 Republican revolution, 2010 tea party Congress election, nor the 2016 election of Donald Trump have significantly reined in government.

There is certainly enough blame to go around. Some politicians unrealistically promise that the heavy machinery of government can be brought to a halt quickly and easily. Others incorrectly assert that the budget can be balanced simply by cutting waste, foreign aid, or excessive welfare spending. Many politicians simply go to Washington, lose touch with their constituents, and instead cozy up with special interests and the liberal media.

While each of those factors contribute to the failure to rein in government, there is a more subtle reason why even the most committed coalition of lawmakers ultimately fail: The budget process is rigged in favor of ever-expanding government.

Our Dire Fiscal Situation

To begin, let's take a step back.

America's fiscal situation is indeed dire. This year's budget deficit passed the \$1 trillion mark in August. And annual deficits are projected to surpass \$2 trillion within a decade if current policies are renewed.

The long-term picture is even worse. Over the next 30 years, the Congressional Budget Office projects \$80 trillion in new red ink—and that is the rosy scenario that assumes no wars, no recessions, no new spending programs, the expiration of the 2017 tax cuts, and permanently low interest rates.

Social Security and Medicare shortfalls will drive these long-term deficits. The payroll taxes and Medicare premiums that supposedly fund these programs will not keep up with 74 million retiring baby boomers and rising health costs. General tax revenues (and new borrowing) will have to make up these escalating shortfalls, to the tune of \$103 trillion over 30 years (including resulting interest costs from the portion of this spending put on the government's credit card).

The rest of the federal budget is projected to run a \$23 trillion surplus. In other words, the \$80 trillion long-term deficit is entirely driven by Social Security and Medicare's shortfalls. If those systems were truly paid for with payroll taxes and premiums, the long-term budget would not only remain balanced, but the \$23 trillion surplus projected across the

rest of the federal government over three decades could pay off the entire \$22 trillion national debt.

A Baseline Rigged for Spending

Unfortunately for reformers, Social Security and Medicare are classified as mandatory programs, and that renders it nearly impossible to close their projected \$103 trillion shortfall.

Here's why: The budget baseline—the default starting point for congressional budget writers—essentially rigs the outcome in favor of higher spending. Only 30 percent of the federal budget is classified as discretionary spending. For the discretionary portion of the budget (which includes defense, health research, international spending, and K-12 education, among others), Congress begins each year by deciding on one total spending level (\$1.245 trillion in FY 2019), and then passes a series of appropriations bills funding each discretionary program within that aggregate cap. The default spending level for discretionary spending is zero—Congress and the president must pass new legislation each year to fund these programs, or they will shut down.

The other 70 percent of the federal budget is classified as mandatory spending and is exempt from these budget restraints. Much of this mandatory spending consists of entitlements—programs such as Social Security, Medicare, most welfare programs, and farm subsidies—whose spending, by law, is determined by enrollment, and by benefit formulas that automatically become more generous each year (often growing faster than inflation). In other words, the budget process regards these programs as being on autopilot.

These growing costs are overwhelming the federal budget. Since 1965, mandatory spending has surged from 34 percent to 70 percent of the federal budget—on its way to nearly 80 percent of the budget within the next decade.

Led by Social Security and Medicare, total spending on mandatory programs (excluding interest on the debt) is projected to soar from \$2.7 trillion to \$4.6 trillion over the next decade. And importantly, this growth will occur automatically, outside of the annual budget process. It does not require any legislation or congressional vote. In fact, there is no requirement for Congress to provide any oversight of this spending at all.

Think about it: America and the Congress recently tore itself apart debating whether it can afford to cut taxes by \$200 billion per year. That congressional debate and vote received extensive media coverage. At the same time, over the next decade, the annual cost of mandatory spending is

set to rise automatically by \$1.9 trillion—nearly 10 times the annual cost of the tax cuts—with no congressional debate, no vote, and scant media coverage.

So is it any wonder why the public focuses on tax cuts—rather than mandatory spending—as the lead cause of escalating debt?

Because this steep spending growth is the default baseline, averting it requires passing new legislation. Imagine an enterprising lawmaker decides that Medicaid's automatic growth of 73 percent over the next decade (5.6 percent annually) is not fiscally responsible. The lawmaker introduces legislation to slow Medicaid growth to "only" 50 percent—which political opponents and media then portray as a radical plan to "cut Medicaid." The public, mistakenly believing that Medicaid spending would actually decline, mobilizes against the bill. Even if the majority party is united in favor of this legislation, the opposition party needs only 41 senators to

defeat the bill by filibuster (or it can be defeated by a House majority or a presidential veto).

This rigged baseline system is the reason neither Trump, nor a fiscally conservative Congress, can radically shrink spending or the deficit. The budget default is automatic, rapid growth. And as long as 41 senators want more spending, they can use the filibuster to defeat proposals for reining in spending. The only exception is the reconciliation process, which allows one budget bill per year to escape a filibuster. Even government shutdowns do not stop entitlement

spending growth. (Moreover, they affect only a portion of discretionary spending.)

The biased baseline—not a lack of conviction—is also the main reason why former Rep. Paul Ryan, R-Wis., was never able to slow the growth of entitlements significantly despite 20 years spent unifying his own party around his innovative reform proposals, and why the "just fight harder" narrative that is popular on talk radio and among many grassroots organizations is incomplete. Government expansions are written into law to occur on autopilot—and changing those laws requires a House majority, 60 senators, and a supportive president. Fiscal conservatives have not won enough elections or achieved a clear voter mandate to repeal these laws.

Budget reform is needed. Congress must bring mandatory spending back into the annual budget process, rather than leave 70 percent of the budget to grow on autopilot. Congress should require affirmative votes to increase spending above a certain rate—and also include cost-saving triggers if spending grows beyond those targets. No more blank checks.

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[M]andatory spending is set to rise automatically by \$1.9 trillion—nearly 10 times the annual cost of the tax cuts—with no congressional debate, no vote, and scant media coverage.

A Double Standard on Taxes

Unfortunately, the big government biases of the budget baseline do not stop on the spending side. Some smaller mandatory programs—such as farm subsidies and Temporary Assistance for Needy Families (TANF)—must be renewed every five-to-seven years with a congressional reauthorization vote. However, the baseline rules automatically assume most of these programs will be renewed, and thus does not count these renewals as new spending that would have to be offset by other savings under congressional rules. Renewing these expiring programs is thus budgetarily “free.”

The same is not true for taxes. When tax cuts are scheduled to expire and require renewal—such as the 2017 tax cuts—the baseline rules automatically assume those tax cuts will expire. This means that renewing an existing tax cut is scored as a “new” tax cut for which budget rules require full offsets.

In other words, an expiring \$50 billion mandatory spending program can be renewed for free. Yet an expiring \$50 billion tax cut cannot be renewed unless Congress finds \$50 billion in offsetting savings elsewhere. The result of this disparate treatment is a baseline biased in favor of both rising spending and rising taxes. Congress should instead apply the same rules to spending proposals that it applies to tax proposals.

There are more biases in favor of expanded government. Income tax brackets are indexed to inflation—yet wages and salaries typically grow faster than inflation. This means that over time, the median wages and salaries will move up into higher tax brackets, automatically pushing up the average tax rate across the economy, and increasing government’s share of national income. Occasional tax cuts that merely cancel out this “real bracket creep” are portrayed as unprecedented assaults on revenues, when in fact they are merely restoring the tax burden to its long-term share of the economy.

The 2017 tax cuts exacerbated this discrepancy. The law mandated that the tax brackets be indexed using a lower (albeit more accurate) measure of inflation called chained CPI—which will push families into higher tax brackets even faster. However, the law maintained the more generous inflation adjustments for spending programs. So once again, the budget process is precisely designed to ensure that both spending and taxes will automatically consume an increasing share of the economy (although spending will rise faster, worsening the deficit).

The Absence of Caps

As a final bias, the budget process includes no limits on total spending and deficits. Nearly all states require balanced budgets (even if some limits are more easily evaded), and several states have experimented with caps on the growth of government spending with some degree of success. By contrast, Washington has no balanced budget requirements, and no government-wide spending caps.

In the absence of caps on spending or deficits, there is little reason to set priorities and make trade-offs. Every program spending increase looks manageable on its own. But with no overarching fiscal target, even seemingly small annual increases across countless programs add up to a government growing far beyond its means. This set up is especially perilous when government spending is growing rapidly on autopilot.

Washington has experimented with modest caps. In the 1980s, the Gramm-Rudman-Hollings Act temporarily mandated that Washington reduce the budget deficit by a specific amount each year until the budget was balanced. Unfortunately, when a sluggish economy pushed the deficit upward, Congress simply repealed the enforcement of this policy rather than make the necessary cuts.

In the 1990s and then again in 2011, Congress and the president enacted multi-year caps on discretionary spending—and then repealed them as soon as they became difficult.


The past 30 years have seen no laws that would limit the baseline growth of mandatory spending—just occasional Pay-As-You-Go (PAYGO) laws that limit new increases above the already-generous baseline. The debt limit could block new deficit spending, yet both parties now routinely suspend it.

Reform proposals do exist. A balanced budget amendment to the U.S. Constitution is not likely feasible. However, Switzerland provides an innovative model with a formula that essentially balances the budget over the business cycle. Basically, spending growth remains steady, while revenues are allowed to automatically dip during recessions (bringing modest deficits), and soar during booms (bringing equal surpluses).

Rep. Kevin Brady, R-Texas, and Sen. Mike Braun, R-Ind., have proposed a similar model for America. The challenge—as we have seen—is that any law constraining spending and deficits can simply be canceled by a new law as soon as it proves burdensome. Only constitutional amendments truly constrain Congress, and those are extraordinarily difficult to enact. Yet strong statutory reforms that can be understood and appreciated by voters can incentivize Congress to work within those restraints and govern effectively.

Conclusion

Reining in runaway spending and deficits is difficult enough given the political popularity of government-as-Santa-Claus. It becomes nearly impossible when even motivated budget cutters face a budget process that is rigged in favor of automatic steep spending increases with no caps. While fixing the budget process may not be a glamorous headline grabber, it is absolutely necessary to give Congress a fighting chance to avert a coming debt crisis.

Mr. Riedl is a senior fellow at the Manhattan Institute. He previously served as a Heritage Foundation research fellow from 2001 through 2011. Follow him on twitter @Brian_Riedl. 



Uncertainty: The Biggest Threat to Our Growing Economy

ADAM MICHEL

A GROWING ECONOMY REQUIRES STABLE policy. How do you know if we are in a recession? Most economists would say you won't know—until you're already in one.

The good news is that the United States is in the midst of the longest economic expansion in recorded history. A recession—two quarters of negative growth—does not seem to be in the cards, at least not immediately.

However, a growing economy needs people and businesses to invest in future products and innovations so that workers' wages can continue to grow and jobs remain plentiful. Right now, lawmakers in Washington are creating so many unknowns about the future—casting uncertainty over everything from global trading relationships to future tax rates—that businesses are rethinking their plans.

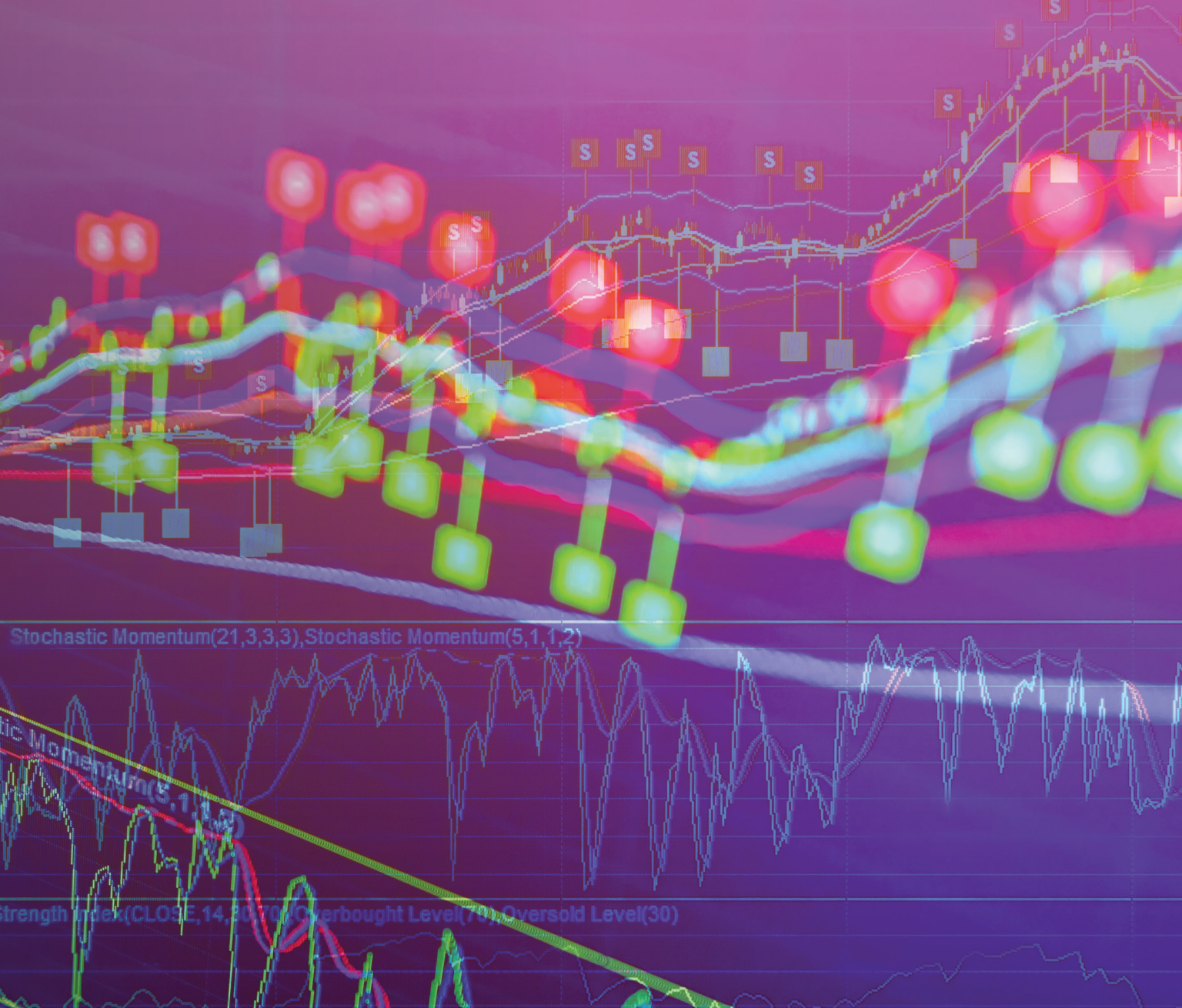
Policy Uncertainty Threatens Economic Expansion

Consider a business choosing its next investment site. How big should the factory be? Will it be able to sell its new products internationally? What tax rate can it expect?

As the uncertainty around each of these questions increases, the business will invest less. Policy uncertainty causes new projects to be delayed and sometimes canceled. Those delayed projects represent lost jobs and outdated, more expensive, less efficient products.

There is no mathematical equation that mandates regular recessions; it is entirely possible for our strong economy to continue growing. If uncertainty about the future is ultimately overcome, it will be partly thanks to two positive reforms of economic policy: the 2017 tax cuts and ongoing reductions in red tape.

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Two big policy changes made in 2017 are helping to support investment and in turn the current good economy. First, Congress cut and reformed taxes. Second, President Trump's administration reoriented the government away from increasing regulatory burdens and toward removing a few of the most costly regulations from past administrations. Following these reforms, the Council for Economic Advisors showed measurable increases in investment, job openings, and economic confidence.

The 2017 Tax Cuts and Jobs Act was far more than a temporary stimulus, as its detractors often claim. Its reforms included lower marginal tax rates for individuals and families. These tax cuts allow people to spend and save more.

Even more important were the act's corporate tax cuts: reforms that both lowered the income tax rate and allowed new investments to be deducted from income immediately

(called "expensing"). These changes spurred—and continue to spur—new investments in America.

If made permanent, the tax cuts—paired with the administration's work to slow the addition of new regulations and roll back the most punitive rules from past administrations—would represent a truly major structural reform for the American economy—one that promises to increase business investment and labor supply year after year.

Clearly, two years on, they are helping the economy. Consumer spending and confidence remain high. Businesses are still hiring; there are over 7 million job openings, and wage growth has averaged close to 3 percent over the last year according to the Bureau of Labor Statistics. Meanwhile, the lowest 10th percentile of wage earners (those making about \$12 an hour) has experienced wage growth of 6.6 percent over the last year.

Growth Is Not Inevitable

When consumer confidence is strong and there are plenty of jobs, continued economic growth must come from greater supply of workers and investment. The economic headwinds now are buffeting the supply side, damping new investments.

High levels of policy uncertainty associated with domestic politics are depressing the expected gains from tax and regulatory reforms and could threaten to slow growth even more in the months to come.

The administration's orientation toward trade has upended global supply chains, creating negative effects that ripple through the rest of the world economy. Threatened or imposed tariffs on American's biggest trading partners, including the European Union, Japan, France, Canada, and Mexico, are precipitating the balkanization of had been increasingly connected global markets.

The costs for Americans buying and selling goods abroad has steadily increased in the last few years due to this administration's trade policy. Additionally, uncertainty about future trade policy has delayed planned business activity and could ultimately lead to the cancellation of planned investments altogether.

Threatened tariffs on countries other than China and congressional inaction on the U.S.-Mexico-Canada Agreement only serve to weaken already fragile economies around the world. And there are many more unknowns—the fate of Brexit, a looming Italian debt crisis, consumption tax increases in Japan, and an economic slowdown in China—each presenting an economic challenge to reliable access to global markets.

It's not just trade uncertainty. Unprecedented levels of U.S. government debt and uncertainty about the direction of domestic fiscal policy after the 2020 elections pose significant additional economic unknowns for businesses making investment plans.

Next year the federal government is expected to borrow at least \$1 trillion to cover the gap between spending and tax revenues. And it could easily go much higher. The progressive left has proposed policies that would increase annual federal spending by almost \$10 trillion.

If spending is increased substantially, taxes will have to rise to levels never seen in the United States—possibly eclipsing even many high-tax European countries.

Investors are forward-looking and know that a lot of voters want to raise revenue by taxing their businesses and investment returns. According to a *Morning Consult* poll, more than 60 percent of voters now favor a wealth tax—Sen. Elizabeth Warren's favorite way to soak the rich.

Even if spending does not increase, without significant spending reductions, taxes will have to increase.

This uncertainty about future policy depresses economic conditions by pushing investors into safer assets—like government bonds instead of new businesses—which means firms postpone or forego new investments and hiring. Ultimately, high business taxes, wealth taxes, and capital gains taxes hurt workers, producing fewer job opportunities and slower wage growth. The serious prospect of future tax hikes can do the same.

Debt and Downturn

Uncontrolled deficits have also led to large debts, a poorly understood source of economic uncertainty. Sustained, high-levels of sovereign debt during peacetime is a relatively new phenomenon. Even so, there is mounting evidence that current levels of debt are already dragging down U.S. economic growth.

But the size of future debts is likely an even greater source of economic risk than current debts. Assuming a relatively strong economy, U.S. debt is projected to exceed the nation's total economic output (GDP) in 15 years.

An economic downturn will only widen the gulf between revenues and outlays as more people tap into existing benefit programs and tax revenues decline.

Congress can reverse much of the uncertainty around global trade and domestic fiscal policy. By simply setting out a stable policy agenda for trade and the federal budget, businesses and individuals could begin making plans again.


Policymakers will likely never be able to prevent a recession, but we can reform current policies so that they stop depressing

economic activity. Working with the administration, Congress can unleash America's growth potential by continuing to remove impediments to new investments and entrepreneurship.

Congress can bolster the administration's regulatory reform efforts by repealing the costliest financial, environmental, and labor regulations. Removing the myriad impediments to doing business in America requires the tedious work of culling unproductive regulations that have built up over time. Congress should commit itself to this task.

At the leading edge of the longest expansion in America's history, policymakers should double-down on what has been working and fix what is not. Congress needs to reassert its authority in setting tariffs and codify new free-trade agreements in order to quiet the current uncertainty associated with trade. The 2017 tax cuts must be made permanent, and deficits need to shrink through spending cuts to ensure taxes stay low.

For now, the American economy is doing just fine. It could do even better if Washington got out of the way.

A senior policy analyst in The Heritage Foundation's Grover M. Hermann Center for the Federal Budget, Mr. Michel focuses on tax policy and the federal budget. 

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Policymakers will likely never be able to prevent a recession, but we can reform current policies so that they stop depressing economic activity.

Getting BRAC Right: How to Save Taxpayers' Money, Improve Our National Security, and Preserve Communities

FREDERICO BARTELS



TODAY, ACCORDING TO THE PENTAGON'S own estimates, the Department of Defense has about 20 percent more infrastructure than it needs to perform its missions.

Installations controlled by the department cover a cumulative land mass roughly equivalent to that of the Commonwealth of Virginia. Twenty percent of Virginia is a substantial area that could be put to better use if transferred back to communities and, ultimately, to the private sector. Nonetheless, the process of base realignment and closures (BRAC) is not designed to reduce the excess to zero; rather historically it has reduced the infrastructure by about 5 percent, which leaves plenty of room for maneuver with force fluctuations.

Every year, from 2011 through 2018, the Pentagon requested authorization to reduce the excess infrastructure through a new round of BRAC. Congress rejected every one of these requests, in essence choosing to keep spending taxpayers' dollars on unneeded military bases. In the meantime, the dollars we divert to these unneeded facilities are resources the military could be using to improve their readiness and implementing the new National Defense Strategy.

Congress has opposed a new round of BRAC for two reasons: fear that bases in their districts will be closed and the perceived shortcomings of the last round of BRAC in 2005. Both reasons have roots in reality, but both can be overcome by better understanding the BRAC process and its results and with some small changes in the authorizing legislation.

Readiness and the National Defense Strategy

Military bases need to be thought of as elements that contribute to the overall readiness of our joint force. Bases have different functions within the broader context of how to generate a ready force, from maneuverable air space adequate for fighters to having enough room to house multiple brigade combat teams, or even just being an advance location close to the area of operations. In some cases, a base might offer a climate ideal for specialized training, or it might offer proximity to centers of excellence in technology. All of these functions are taken into account when assessing the value that a base brings to the force.

A BRAC round allows the Department of Defense to look holistically at all its bases and across its services. During regular day-to-day operations, there is little cooperation between the different services in how they manage their bases. The Government Accountability Office recently

identified this lack of cross-service data-sharing as one of the flaws of the current infrastructure. A BRAC round forces the services to centralize their information regarding base management, such as occupancy rates or condition of the infrastructure.

The elements that amount to the necessary military value and readiness for our military bases have changed with the focus on great power competition enunciated in the new National Defense Strategy. When the emphasis of the National Defense Strategy changes, the infrastructure should follow suit. For this reason, the 2005 BRAC Commission recommended that a new round of BRAC should be triggered whenever there is a new defense strategy. That recommendation remains relevant and should be considered by our lawmakers.

The implementation of the new National Defense Strategy would be incomplete if Congress does not allow the Defense Department the chance to properly assess and rationalize its infrastructure portfolio through a new round of BRAC. Without a new round of BRAC, neither the American people nor the Pentagon would have confidence that the infrastructure is fully serving the purposes of our National Defense Strategy.

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When the emphasis of the National Defense Strategy changes, the infrastructure should follow suit.

Outcomes of Closed Bases

One reason many lawmakers oppose new rounds of BRAC is that they fear regions that experience a base closure will never recover the jobs that the base supported.

Michael Touchton, a professor at the University of Miami, has compiled a database tracking the experiences of communities near closed bases. In *Salvaging Community: How American Cities Rebuild Closed Military Bases* (Cornell University Press, 2019), Touchton and his co-author, Boise State University professor Amanda Ashley, details the results of that research.

One important takeaway from the work is that, on average, communities that lost military bases perform as well as communities with similar characteristics within five years. In a broader sense, the jobs return to the community, not necessarily to the area that the base occupied, but to the region as a whole. Those five years are faster than the 10 years that the Department of Defense has to implement all the approved BRAC actions from any given round.

Further, the book outlines a few best practices for communities to recover from losing a military base, such as having a properly constituted redevelopment authority, or understanding the environmental remediation actions that will be required for future use of the base.



Overall, these bases tend to be large parcels of land that cover multiple local jurisdictions and thus require regional collaboration between the different authorities to have a successful conversion. A good rule of thumb is that the more prepared and connected the community, the easier it will be to transition a military base to civilian uses.

That said, communities should tackle the conversion question with eyes wide open. The process is not going to be fast or simple, and it will require intense collaboration among government authorities that are not necessarily used to working together.

The best thing that any lawmaker can do for the base in their district is to start building the connections between the broader community and the military base. The congressman can and should help develop connections with the local mayoral offices, the local chambers of commerce, and other elements of the base community.

This type of work would help the community while the base is open, and it would serve to jumpstart conversion and redevelopment in case the base ever closes. Further, it will also help bring the military community closer to the broader society it serves.

Of the case studies highlighted by the book, Fort Ord stands out as a case in which the community has been able to navigate the challenge of an extensive environmental cleanup. As pointed out by Touchton and Ashley, the creation of the Fort Ord Reuse Authority allowed the region to create a mixed-use zone in the area, which now includes a university campus, a commercial center, a hospital, and a national monument. The authority is still in place, 26 years after the round of BRAC that closed the installation, working to navigate the multiple jurisdictions and stakeholders in the Fort Ord region.

Molding the Authorizing Legislation

The legislation authorizing a new round of BRAC can address lawmakers' concerns. Those concerns range from fears that a round of BRAC might cost too much, or that it might reduce the infrastructure by too much. All of these elements can and should be defined in the authorizing legislation.

Multiple lawmakers have expressed concerns about the upfront cost of a round of BRAC. In the summer of 2017, the Senate briefly considered a proposal that would cap the costs of a new BRAC. The proposal would set guidelines for the size of actions that the department could take and how each action fits in the broader context.

When it comes to how much of the infrastructure is reduced, Congress can and should define a target for reduction. By having a target, Congress and the Department of Defense will have a shared understanding of the goal for a new round of BRAC and will thus orient some of the choices. If Congress were to set low targets of reduction, it could also serve to normalize rounds of BRAC and help improve routine management of the process.

Future of BRAC

The Department of Defense will have a great chance to make the case for a new round of BRAC in its budget submission in February 2020, when it is required to present Congress with a new report on its infrastructure. The department needs to make the most of this moment to engage lawmakers in explaining the benefits of a new round of BRAC.

Any lawmakers interested in making sure that military bases are creating military value aligned with the National Defense Strategy, while generating savings, should give BRAC a chance. It is a proven process that has a positive track record on savings and on the outcomes for the communities affected.

Mr. Bartels is a policy analyst at The Heritage Foundation. 



The Rent-Seeking Campus

BY PHILLIP W. MAGNESS

ONE NEED NOT LOOK FAR FOR EVIDENCE that the costs of a college degree are skyrocketing. The average college student pays more than \$23,000 per year on tuition, fees, room, and board at a baccalaureate degree-issuing institution, up from an inflation-adjusted total of just over \$9,000 in 1960. For today's typical student, an undergraduate degree costs just short of \$100,000—assuming it is completed in 4 years. The costs of private colleges and uni-

versities have grown at an even faster rate, with many charging nearly double the national average. Outstanding student loan debt currently stands at a staggering \$1.5 trillion dollars, or more than twice the annual budget of the Department of Defense.

Despite the obvious problem of spiraling costs, as well as growing political agitation on the far left to cancel student debt, almost no attention is being paid to the more fundamental question of how college expenses ever reached this

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stage in the first place. Answers from the academy itself range from self-serving demands for more taxpayer support, direct and indirect, to conspiratorial allegations about the takeover of academia by “neoliberalism,” or the alleged “corporatization” of the college degree.

Yet none of these explanations holds water. Federal student grants and loan subsidies have both increased roughly five-fold in the past 30 years. The supposed “neoliberals”—a popular pejorative term for free-market economic beliefs—are nowhere to be found in the ranks of college faculty or administrators, both of whom self-identify solidly on the political left. And most universities operate in a bureaucratic style that has more in common with the DMV than a profit-generating corporation.

A more likely driving force behind the cost explosion may be found by looking to the basic incentives of university governance, and how its employees respond to them. More specifically, academia appears to be highly susceptible to a process that economists call rent-seeking.

In its basic form, rent-seeking refers to the practice of manipulating the rules of exchange to benefit oneself at the expense of others—to essentially extract a rent through non-market allocation. In the public sphere, this might entail a corn farmer lobbying the government to mandate ethanol additives in gasoline, thereby guaranteeing himself a stream of business that he would not otherwise have.

In academia, it involves the manipulation of how tuition dollars are spent, generally directing them away from the efficient provision of an educational credential and into other superfluous uses that mainly keep university administrators and faculty comfortably employed.

Consider the case of an English professor who notices a decline in student demand for English degrees. Since department budgets are usually allocated based on student enrollment, that decline likely portends an unhappy future. It may mean the delay of a new hire in her department, which forces existing faculty to carry a heavier share of the teaching load. And if the trend continues, it could lead to a long-term contraction in the department’s size or even the elimination of the unpopular English major.

In an unimpeded educational market such a contraction might well be warranted. After all, why should a university offer degrees in a subject that few students want to study? Suppose that our professor comes up with a plan to stave off the bleeding though. Why not make English a required part of the “general education” curriculum that all students must complete in order to graduate, no matter their chosen major? Our English professor might use her position on the faculty’s curriculum committee to lobby for the new class

requirement, or even convince colleagues in other departments to support the change by promising spillover benefits for their own programs. After all, it is well known that most students struggle with written composition, and perhaps the additional English class will make them better writers. In short order, the new curricular requirement is adopted and the English department is not only saved by its newly guaranteed stream of students, but continues to expand directly with overall university enrollment.

Our hypothetical English professor has successfully engaged in academic rent-seeking. But more importantly, this exact scenario is actually a common occurrence in higher education. In the early 1970s, according to Ron Smith, writing in the journal *College Composition and Communication*, the average university required students to take one semester of writing composition—usually taught in the English Department—prior to graduation. Michael Moghtader, Alanna Cotch,

and Kristen Hague revisited the issue in 2001, also for *College Composition and Communication*, and found that the requirement had essentially doubled on most campuses. Although statistics are more difficult to come by in other disciplines, the addition of foreign language requirements and humanities-heavy “first year experience” classes strongly suggests a similar pattern in these subjects as well.

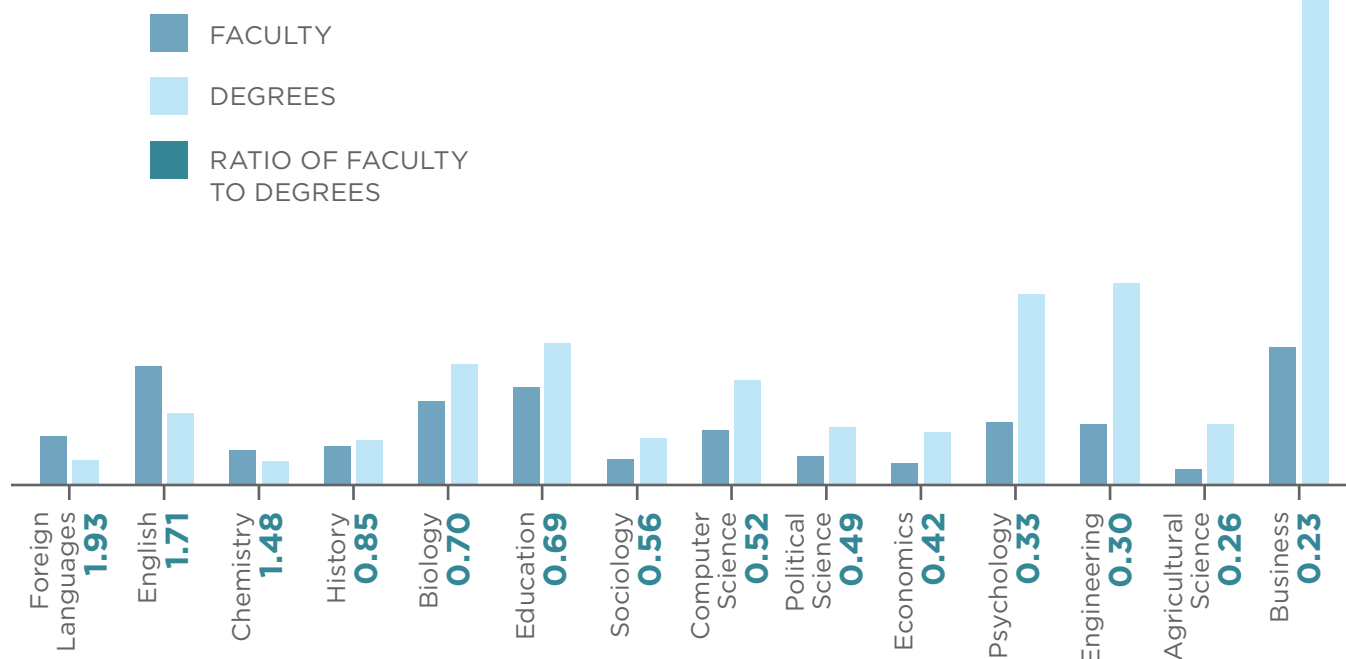
The proliferation of “gen ed” requirements has its roots in the belief that a well-rounded undergraduate education entails exposure to a broad base of knowledge across multiple disciplines. While commendable in theory, there’s actually very little evidence that these classes actually provide this claimed value. In their book, *Academically Adrift* (2011), sociologists Richard Arum and Josipa Roksa examined the results of the Collegiate Learning Assessment exam, which evaluates students on critical thinking skills, problem-solving, and written communication at the start of their freshman year and the conclusion of their sophomore year. This two-year period coincides with the time that undergraduates complete their mandatory “gen ed” curriculum before moving into the specialized classes of their major. The average student shows almost no discernible improvement across any of the categories measured.

As it turns out though, “gen ed” classes serve another function. They allow faculty to rent-seek by manipulating curricular requirements in their own favor. Guaranteed enrollment means a bigger budget and more hiring lines for faculty. As expected, the data show that departments that have trouble attracting majors on their own also tend to be overrepresented on the mandatory “gen ed” curriculum and tend to hire more faculty overall. The chart on page 28 provides further evidence



Rent-seeking refers to the practice of manipulating the rules of exchange to benefit oneself at the expense of others.

RATIO OF FACULTY TO BACHELOR'S DEGREES ISSUED, BY SELECTED DISCIPLINES (2015)



SOURCE: US Department of Labor, Bureau of Labor Statistics, 2015, Occupational Employment Survey; US Department of Education, Institute of Education Sciences, National Center for Educational Statistics, 2015, Digest of Education Statistics, Section 325.

of this pattern, showing the ratio of faculty employment by discipline to the number of bachelor's degrees issued annually.

Curiously, struggling majors such as English, history, and foreign languages also tend to have the largest faculties. (Chemistry appears to be an outlier due to the high number of non-teaching faculty who work primarily on scientific research grants.) Growing majors such as business, engineering, and economics tend to be stretched thin relative to the number of students they graduate. "Gen ed" requirements not only provide little demonstrable value to students, they also appear to be expensive make-work programs for faculty in the disciplines that rely on them the most. Most undergraduate degree programs require up to two years' worth of "gen ed" classes to graduate, which leads to an unsettling implication: a large part of undergraduate tuition is essentially being wasted on superfluous but mandatory classes in order to create jobs for professors in declining disciplines.

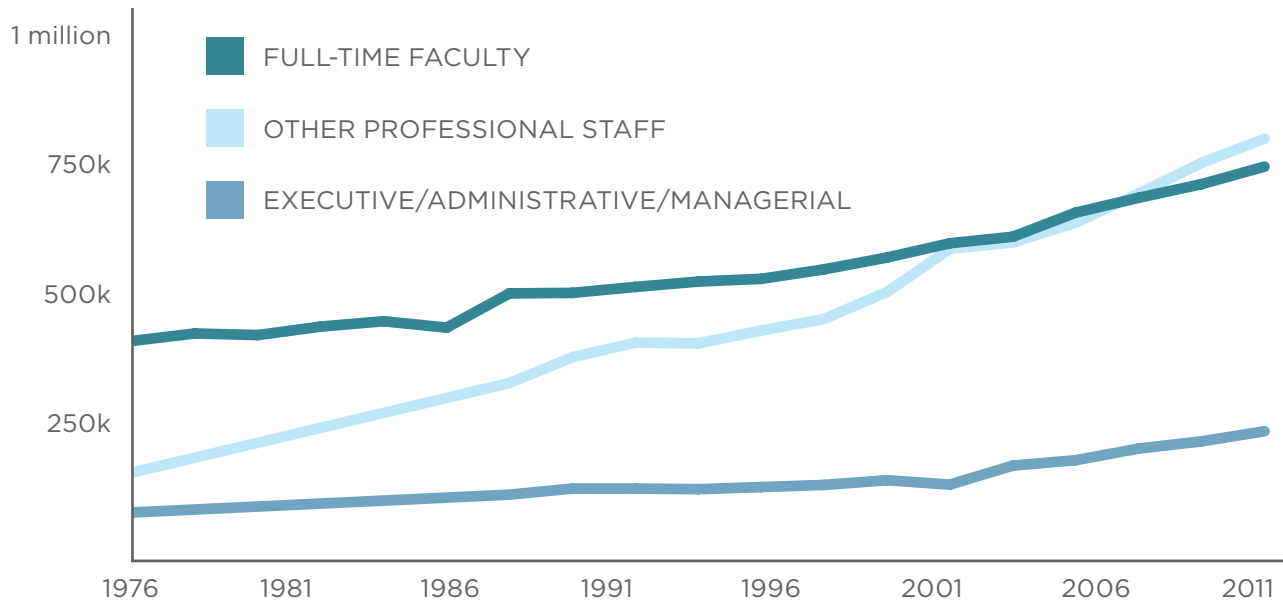
Contrary to a popular narrative alleging the "adjunctification" of the universities and the loss of faculty positions, full-time faculty hiring has expanded almost every year since records were first aggregated in the 1970s. The pattern has

maintained an almost perfect 25:1 ratio of enrolled students to faculty hires, although as noted most of these new positions counterintuitively go to less popular subjects due to the manipulation of curricular requirements. Yet faculty are not the only expanding feature of the university system. As the figure on page 29 illustrates, many of higher education's budgetary strains may be traced to the unprecedented expansion of administrative bureaucracy on campus.

Like faculty, administrators respond to the incentives provided by their role in campus governance. Unfortunately, that translates into multiple opportunities to seek rents. As in the public sector, university bureaucrats usually approach their positions by trying to expand the size and purview of their own budgets, and by ensuring their own long-term job security. The result is a continuous pattern of mission-creep, where ever-larger shares of the university budget are devoted to peripheral functions with little connection to classroom instruction.

Most of higher education's administrative bloat comes not from university executive salaries, but rather through mid-level bureaucrats performing non-essential tasks. Over

ADMINISTRATIVE GROWTH IN U.S. HIGHER EDUCATION



SOURCE: US Department of Labor, Bureau of Labor Statistics, 2015, Occupational Employment Survey; US Department of Education, Institute of Education Sciences, National Center for Educational Statistics, 2015, Digest of Education Statistics, Section 325.


the past 40 years we’ve witnessed an explosion in peripheral functions of this type: in student services offices that focus on “campus life” and extracurricular activities; in hotel-style dormitories; in campus recreation centers with luxury amenities such as rock-climbing walls or even “lazy river” aquatic features; and in “activist” functionaries with political mandates, such as “Diversity Offices” and “Offices of Environmental Sustainability.” Many of these features did not even exist a few decades ago; today they are central parts of the university budget, with little evidence that they add any value. For instance, a recent empirical study by Steven W. Bradley, published by the National Bureau of Economic Research, looked at 462 institutions and found essentially zero evidence that the addition of campus diversity officers improved the hiring or retention of underrepresented minorities within university faculty.

In fact, administrative growth is an entirely rational response to the perverse incentives of our higher education model. Coveted ranking systems such as U.S. News and World Report actually reward colleges for spending more money on both instruction and student services. At the ground level, colleges frequently highlight their own luxury amenities to visiting prospective students in a competitive race to boost their applicant numbers and market their campuses. Strategically minded administrators also expand their own footprints on campus by inventing

“new” functions that service small but vocal constituencies within the student body, be they environmental activists, rock-climbing enthusiasts, or student government officials who campaign on bringing more concerts and comedians to campus. The price tag for these functions and the jobs they provide must come from somewhere.

Welcome to the modern rent-seeking campus, where curricular decisions primarily service faculty job security in low-demand subjects, and where university resources are consistently overallocated to superfluous fluff and the administrators who provide it. Rising tuition is a predictable result, further accentuated by the pass-through effects of public subsidies.

Few if any members of the academic workforce actually desire to sustain their jobs and lifestyles on the backs of students. These higher education functionaries are simply responding to bad incentives that accompany the political allocation of university resources. But the unavoidable effect is an ethical quandary where a traditionally not-for-profit enterprise ends up functioning as a transfer mechanism from financially precarious teenagers to comparatively well-off mid-career faculty and professionals.

Mr. Magness is a senior research fellow at the American Institute for Economic Research, and the co-author (along with Jason Brennan) of Cracks in the Ivory Tower: The Moral Mess of Higher Education (Oxford University Press, 2019). 

JANUARY

3-4 22nd Annual Federalist Society Faculty Conference, Omni Shoreham Hotel, Washington, D.C.

11 2020 RedMaryland.com Leadership Conference, DoubleTree Hotel, Annapolis, Md., 8 AM – 3:30 PM

15-17 “From the Past to the Future: Ideas and Action for a Free Society,” The Mont Pelerin Society meeting at The Hoover Institution, Stanford, Calif.

16 Gala Dinner with Nikki Haley, Federalist Society, Metropolitan Club, New York, N.Y., 6 PM

17-20 2020 International School Choice and Reform Conference, Sonesta Fort Lauderdale Beach, Fort Lauderdale, Fla.

24 47th Annual March for Life, March for Life Education and Defense Fund, National Mall, Washington D.C., 11 AM

28 State Capitol Rally celebrating the 30th Anniversary of the Milwaukee Parental Choice Program, Hispanics for School Choice and School Choice Wisconsin, Madison, Wis.

FEBRUARY

1 2020 Oslo Freedom Forum in Mexico, Human Rights Foundation, Mexico City

6 Mountain States Legal Foundation Public Symposium, Las Vegas

6-9 CEI Annual Summit, Competitive Enterprise Institute, Ace Hotel, New Orleans

7-8 “Fixing Science: Practical Solutions for the Irreproducibility Crisis,” National Association of Scholars and the Independent Institute, Independent Institute, Oakland, Calif.

18 Cato Club Naples 2020, Cato Institute, Ritz-Carlton Naples Beach, Naples, Fla., 6 PM – 8 PM

19 James Madison Institute’s Annual Dinner, Florida State University Center Club, Tallahassee, Fla., 6 PM – 9 PM

20-22 “Reason in Guatemala—Liberty in the Western Hemisphere,” Reason Magazine, Guatemala City

26-29 CPAC 2020, American Conservative Union, Gaylord National Resort & Conference Center, National Harbor, Md.

MARCH

12-13 Asia Liberty Forum, The Atlas Network and the Foundation for Economic Freedom, Manila, Philippines

24 Second Chance Month Gala, Prison Fellowship, Mayflower Hotel, Washington, D.C., 6 PM – 9 PM

27-29 Philadelphia Society Spring Meeting: Conservatism, the Judiciary, and the Law, Ritz Carlton, St. Louis, Mo.

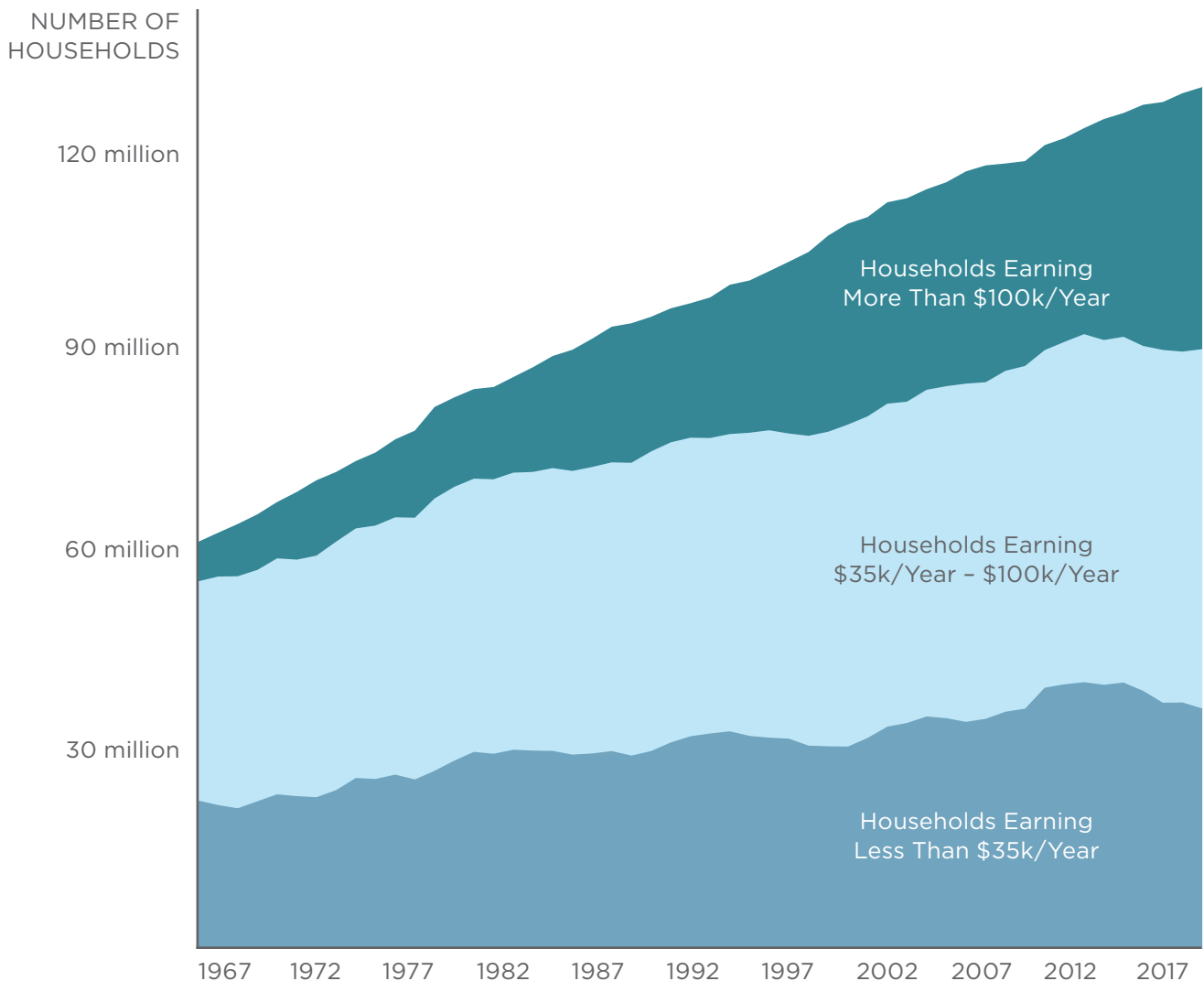
28 Intercollegiate Studies Institute’s Conservative Book of the Year Award Dinner, Ritz Carlton, St. Louis, Mo.



THE 47TH ANNUAL MARCH FOR Life will be on January 24th.

JEFF MALET

More Households Than Ever Top Six-Figures



SOURCE: Income and Poverty in the United States: 2018, U.S. Census Bureau, September 10, 2019

«Primary Addressee»
«Address Line»
«City», «State» «Zip»

How did college get so expensive?

Today's typical college student pays more than \$23,000 annually in tuition, fees, room and board. Many graduate with a diploma in hand and crippling debt over their heads.

The growing bureaucratization of academia doubtless helps drive costs through the roof. A 2014 study by the New England Center for Investigative Reporting and the American Institutes for Research found that the number of university professionals who neither teach nor conduct research had more than doubled in 25 years. Most of that administrative bloat comes in the form of mid-level bureaucrats performing non-essential tasks peripheral to the attainment of higher education.

And did we mention academic rent-seeking? Professors of the less popular disciplines have engaged in this dubious practice—quite successfully—for years. To learn more, read our article beginning on page 26.

GETTY IMAGES

