



THE BRADLEY CENTER  
FOR PHILANTHROPY AND CIVIC RENEWAL

VISION AND PHILANTHROPY  
*A Bradley Center Symposium*

Wednesday, February 16, 2005  
8:30 a.m. to 1:30 p.m.  
The Ritz-Carlton, 1150 22<sup>nd</sup> Street, N.W.

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The conservative movement is in a triumphant position in America today. We are winning on most fronts. The United States and the world are moving in a free market capitalist direction—though on some issues the pace of progress has been frustratingly stifled. Still, the ideological and public policy shift to the right in the United States over the past 30 years has been both stunning and uplifting. John Micklethwait's 2004 book *The Right Nation* captures many of the conservative movement's victories over this period.

Let me mention a few that I believe have been most momentous. I will focus on the economic trends, because that is my area of expertise.

First, tax rates have fallen dramatically in the U.S. and around the world. When Reagan entered office the highest tax rate was 70%. Today the highest tax rate is 36%. A Heritage Foundation study recently discovered that across the globe, tax rates have fallen by an average of almost 20 percentage points. Russia and other Eastern European nations are adopting flat taxes.

Second, inflation has been tamed with the intellectual routing of the illogical Keynesian notion of the Phillips Curve and the idea that inflation and unemployment are a tradeoff. Inflation rates, which hit a high of 13% in 1980, have been replaced with stable prices.

Third, free trade is on the march, though this movement goes through political peaks and valleys. NAFTA and other trade agreements have led to lower tariffs globally.

Fourth, socialism has been routed and as Reagan put it, has been relegated to the "dustbin of history."

Fifth, welfare reform was enacted in the United States in 1996 and has been one of the great policy triumphs of the last 50 years.

And sixth, the policy debate in Washington as I write these remarks is dominated by talk of litigation reform, Social Security private accounts, a flat tax, and death tax repeal—to name a few.

These ideas of supply-side economics, welfare reform, free trade, an ownership society, and limited

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government have been triumphant politically in large part because conservatives have won the war of ideas against the ideology of income redistribution, collectivism, entitlement, and victimization, which are the rallying cries of the Left over the past quarter century.

The conservative foundations have done an enormous service in funding these ideas that have taken fruit. By building great institutions—Heritage Foundation, Cato Institute, the American Enterprise Institute, and state think tanks—the conservative movement has an intellectual infrastructure that never existed before the 1970s. The conservative foundations provided the seed corn for these great institutions and developed them with hundreds of millions of dollars of invested funds. But despite the large donations, it is still safe to say that the institutions of the Left—which include liberal foundations, the media, unions, and government itself—have outspent the Right by many multiples. The good news is that conservative foundations and individual donors have given their money more efficiently to bring about change.

It also has helped that on the issues: we are right, and they are wrong.

But now we are starting to see the Left's counterassault against conservative victories in the policy wars and in the elections. George Soros and other billionaire liberals recently vowed to raise \$100 million over the next two years to sponsor new thought and build new think tanks, new political machines, new grassroots operations.

Hence, we as conservatives cannot sit on our past policy victories or our recent electoral successes. This is a chess match against the Left and tactics that won twenty years ago may not be victorious over the next quarter century.

I would argue that going forward, there are four central challenges ahead for the conservative movement.

First, we must win the wars that are not complete. Social Security reform, legal reform, and tax reform are all at the top of the Bush agenda and it is clear that these corrupt and decaying institutions—the legal system, the tax code, and the Social Security program—are in dire need of modernization.

Second, the education system is getting worse, not better. Market-based education reforms are the next big clash between Left and Right in this country, and it's a fight we can't lose or our capitalist system will be in real jeopardy. We need to topple the educational blob—which is depriving at least half of American children from obtaining a successful financial future.

Third, we must seize control of the next generation of wealth. In the next 10-20 years, trillions of dollars of wealth will be passed on through trusts, foundations, and inheritances. The Left is looking to create the next generation of Ford and Rockefeller Foundations with these massive wealth holdings. We must protect against this and insure that money that is meant to build-up free market institutions isn't intercepted and used to tear them down.

Fourth, we need to create "do tanks" not more "think tanks." Our movement is now well endowed with idea factories. The next generation of fighting vehicles for the conservative movement need to be groups oriented toward providing strategic policy advice for policy makers, building grass roots to match the Left's troops, helping educate candidates, taking issues that are inside "red zone"—to use a football cliché—and figure out the best means to push them over the goal line. This means learning and then adopting some of the successful legislative strategies of the Left.

Finally, we need to continue to build out a conservative alternative media and work to penetrate Hollywood. We are in much better shape today in having a voice for conservatives, thanks to the internet, talk radio, and FOX News, but the mainstream media is as hostile as ever to free markets. We are

nowhere near parity when it comes to media coverage of politics. Hollywood hates conservatives, though we are gaining footholds in the entertainment industry and we need to nurture, protect, and multiply the conservative presence in Hollywood.

My dear friend Fred Smith, president of the indispensable Competitive Enterprise Institute, often asks the question: “If we’re so smart, why aren’t we winning?” The answer is that we are winning, but not nearly as much as we should be given the superiority of our ideas and core beliefs. But Fred also notes that we now live in a \$25 trillion economy that is built on the foundation of free market capitalism. But only perhaps one-one thousandth of one percent of that money is used to protect the free market institutions that made the wealth possible. If we could raise this number up to one-one hundredth of one percent, the conservative movement would really shift into high gear. Is that level of giving asking so much, given the stakes? Why not spend at least as much each year on the preservation of capitalism what was spent to bring relief to the tsunami victims in Asia?

So we need the conservative foundations to help fund these new strategies for winning the war of ideas and we need MORE conservative foundations whose missions are never intercepted by the Left. Since most foundations begin with a conservative mandate from the original donors, but are soon captured by the Left, a program to safeguard the sanctity of donor intent would be a huge leap forward for the conservative movement and would have the double blessing of defunding the Left.

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