

The background of the entire page is a photograph of several ancient Greek columns, likely the Parthenon on the Acropolis, standing in a field of red poppies. The sky is a clear, bright blue. The columns are arranged in a line, with some taller than others, and they are all topped with Corinthian capitals. The poppies are in full bloom, with green leaves and bright red petals.

THE 2009 BRADLEY SYMPOSIUM

Making Conservatism Credible Again

featuring

Governor Mitch Daniels (R-IN)

Congressman Paul Ryan (R-WI)

Yuval Levin

Rich Lowry

Arthur Brooks

The Bradley Center for Philanthropy and Civic Renewal at Hudson Institute aims to explore the usually unexamined intellectual assumptions underlying the grantmaking practices of America's foundations and provide practical advice and guidance to grantmakers who seek to support smaller, grassroots institutions in the name of civic renewal. The Bradley Center is directed by **William A. Schambra**, who has written extensively on the theory and practice of civic revitalization.

The Bradley Symposium has been an annual event of the Bradley Center since 2005, and takes a step back from the Center's daily work to focus on larger political questions and the role of conservatism. Past symposia include:

2008 Bradley Symposium: "Encounter at 10: The Power of Ideas,"
June 4, 2008

2007 Bradley Symposium: "Who Are We Today? American Character
and Identity in the Twenty-First Century," May 3, 2007

2006 Bradley Symposium: "What's the Big Idea? True Blue vs. Deep
Red: The Ideas that Move American Politics," May 25, 2006

2005 Bradley Symposium: "Vision and Philanthropy," February 16,
2005

Commissioned essays and complete **transcripts** of these events and other publications of the Bradley Center can be found online at <http://pcr.hudson.org>.

Hudson Institute is a nonpartisan policy research organization dedicated to innovative research and analysis that promotes global security, prosperity, and freedom. We challenge conventional thinking and help manage strategic transitions to the future through interdisciplinary and collaborative studies in defense, international relations, economics, culture, science, technology, and law. Through publications, conferences, and policy recommendations, we seek to guide global leaders in government and business.

The views in this event transcript are solely the views of the speakers. No opinions, statements of fact, or conclusions contained in this document can be properly attributed to Hudson Institute, its staff, its contracted agencies, or the institutions with which the speakers are affiliated.

THE 2009 BRADLEY SYMPOSIUM

Making Conservatism Credible Again

featuring

Governor Mitch Daniels (R-IN)

Congressman Paul Ryan (R-WI)

Yuval Levin

Rich Lowry

Arthur Brooks (moderator)

The 2009 Bradley Symposium was held on June 3, 2009 at the St. Regis Hotel in downtown Washington, DC, hosted by Hudson Institute's Bradley Center for Philanthropy and Civic Renewal.

This complete, edited event transcript as well as audio and video recordings of the discussion can be found online at <http://pcr.hudson.org>.

Transcribed and edited by Krista Shaffer.

The Bradley Center for Philanthropy and Civic Renewal

HUDSON INSTITUTE

The 2009 Bradley Symposium: Making Philanthropy Credible Again

Bradley Center for Philanthropy and Civic Renewal at
Hudson Institute

Copyright © 2009 Hudson Institute, Inc.

All rights reserved. No part of this publication may be reproduced, by any process or technique, without express written consent of the publisher, except in cases of brief quotations embodied in critical articles and reviews.

The views in this event transcript are solely the views of the speakers. No opinions, statements of fact, or conclusions contained in this document can be properly attributed to Hudson Institute, its staff, its contracted agencies, or the institutions with which the speakers are affiliated.

Table of Contents

The Proceedings of the Symposium

9:00	
Introductory Remarks by William Schambra.....	6
9:03	
Remarks by Congressman Paul Ryan.....	6
9:30	
Introductory Remarks by Arthur Brooks.....	11
9:40	
Remarks by Governor Mitch Daniels.....	12
10:05	
Commentary by Yuval Levin.....	15
10:25	
Commentary by Rich Lowry	17
10:40	
Audience Questions.....	19
Participant Biographies.....	27

Making Conservatism Credible Again

The Proceedings of the Symposium

WILLIAM SCHAMBRA: Good morning! My name is Bill Schambra, and I'm the director of the Bradley Center for Philanthropy and Civic Renewal at Hudson Institute here in Washington. Krista Shaffer and I welcome you to the fifth annual Bradley Symposium, entitled "Making Conservatism Credible Again" – and a special welcome to our nationwide C-SPAN audience. As are many of the groups represented here this morning, the Bradley Center is a proud grantee of the Lynde and Harry Bradley Foundation, located in Milwaukee. We're honored to have with us today so many of the foundation's board members and spouses as well as staff. As ever, my particular thanks this morning goes to Bradley Vice President Dan Schmidt for his critical assistance in devising and executing the symposium.

One day about twelve years ago, a very young Republican Hill staffer named Paul Ryan stopped by the Bradley Foundation's Lion House to find out more about our civic renewal efforts in Milwaukee, and to announce that he was going to run for the United States House of Representatives in the 1st Congressional District, just down Lake Michigan's shoreline from Milwaukee. That was a noble but hopeless dream, of course, because the notoriously volatile 1st District had just fallen into Democratic hands and looked to stay that way for the foreseeable future. But today a still-young Congressman Ryan is serving his sixth term as a representative from the 1st District, and has emerged as a major national spokesman for market-oriented alternatives to the administration's government-focused proposals.

He must be on his way very shortly to a meeting of the House Budget Committee, where he is ranking minority member, so before we introduce the rest of our program this morning, we're pleased to welcome Congressman Paul Ryan to make some observations about our topic.

PAUL RYAN: Thank you, Bill!

I believe I'm the first elected official to be invited to give the opening symposium address, so I'm really honored, and

I just want to let you all know that your bailout check is in the mail. (Laughter.)

I'm honored to be on the platform with such distinguished conservative movers and shakers today – Governor Daniels, Rich Lowry, Yuval Levin, Bill Schambra, and Arthur Brooks. You're good friends, and it's an honor to be here with you today.

I also want to recognize my close personal friend Mike Grebe, who is really virtually my political godfather, and the entire Bradley family. As a Wisconsinite, it's an honor to be part of this event here today.

Regarding this excellent panel, I want to just note a great op-ed by Arthur Brooks in the Wall Street Journal recently, entitled "The Real Culture Was Is Over Capitalism" (April 30, 2009). My address this morning elaborates on some of these ideas. Actually, the ideas of many friends in this room contribute to these remarks. So, you're all to blame!

I'm not going to spend my time picking over the ashes of the recent elections. Republicans lost. Conservatives and Republicans are not exact equivalents, but conservatism, as the idea has come to be understood lately, lost, too. This is not to say that Americans have become liberals – if by "liberal" you mean a "a desire for a bigger federal government that erects more hurdles to entrepreneurship, savings, work, capital, and blinds the vision of risk-takers with a wall of directives." There was a financial failure under a conservative, Republican administration. In the time-honored tradition, voters repudiated the president's party and they went elsewhere for help. President Bush himself admitted that when the meltdown began he departed from capitalism in order to save it. Let's just leave it at that for now.

Throughout history, Americans established world standing as a people of exceptional character. In the 1830s Tocqueville wondered about the heedlessness of frail Yankee clippers that sailed the world for two years so they could

sell Chinese tea in Boston for a penny a pound less than the English merchants. “Americans put a sort of heroism into their manner of doing commerce,” he said. A French observer around 1890 said that Americans succeed because of their “character, personal energy, energy in action, creative energy,” and another in 1908 praised “the greatness of the United States...ready for any kind of enterprise.” Consider the five Sullivan brothers who volunteered to serve our country in the Navy and died together on the Juneau, torpedoed in 1942; or the passengers who took down United Flight 93, and the hundreds of first responders who saved strangers and then died when the World Trade towers fell on September 11, 2001; or the millions young and old who have offered their sweat, time, money, and homes to help the victims of Hurricane Katrina four years ago.

At a labor union dinner in Washington, the late Nobel Laureate Alexander Solzhenitsyn assessed the American character this way:

The United States has helped Europe to win the First and the Second World Wars. It twice raised Europe from postwar destruction—twice—for ten, twenty, thirty years it has stood as a shield protecting Europe while European countries counted their nickels to avoid paying for their armies (better yet, to have none at all), to avoid paying for armaments, thinking about how to leave NATO, knowing that in any case America will protect them...The United States has long shown itself to be the most magnanimous, the most generous country in the world. Wherever there is a flood, an earthquake, a fire, a natural disaster, an epidemic, who is the first to help? The United States. Who helps the most and unselfishly? The United States.

What does it mean to be “people of character”? It means a people who uphold unchanging standards of good beyond politics, and practice great or noble virtues, in season and out of season, in every field of endeavor from household and economy to culture and the political order.

“Conservatism” at its best, defends the standards and qualities which define “people of character.” The original source for these standards is the Western tradition of civilization, rooted in reason and faith, stretching back thousands of years. The tradition as a whole affirms the high dignity, rights, and obligations of the individual human person. One of the glories of Western civilization was to break out of the mythological past which saw only groups and classes, ranked and organized by collectivist governments. Before the Western tradition began in ancient Israel and classical Greece, the individual person as a subject of rights was simply unknown.

Nowhere was the Western tradition epitomized more memorably than in our Declaration of Independence. By “the laws of nature and of nature’s God,” all human beings are created equal, not in height, or skills, or knowledge, or color, or other nonessentials, but equal in certain inalienable rights – to live, to be free, and to fulfill their best individual potential, including the right to the “material” such as property needed to do this. Each individual is unique and possesses rights and dignity. There are no group or collective rights in the Declaration. Nor does basic human equality imply “equal result.” It means “equal opportunity”: every person has a right not to be prevented from pursuing happiness, from developing his or her potential. The results should differ from one to another because “justice” or “fairness” is giving each individual what each has earned or merited. That’s what fairness is.

The great conservative purpose of government is to secure these natural rights under popular consent. Protecting every person’s life, liberty, and pursuit of happiness should be the great and only mission of legitimate government.

Whenever Republicans lose an election, a factional dispute arises about “economic issues” versus “moral or social issues.” “Traditionalists” and “libertarians” blame each other, each claiming Republicans would do better without the other. I remember this intraparty fight vividly in the 1990s as a staffer for Jack Kemp and Bill Bennett, when we worked to “keep it all together.” Since November 2008 this argument has been rejoined. Why anyone would think a minority party can grow into a majority by splitting itself in half is a political and a mathematical mystery to me.

After Gerald Ford lost the White House, Ronald Reagan insistently refused to read either group out of the conservative movement or the Republican Party. He won in 1980 by uniting both groups in a coalition that held into the Presidency of George W. Bush.

Ronald Reagan thought with the mind of the Founders, who did not separate economic freedom from moral character. The Founders believed that to endure, freedom and self-government demanded a people of outstanding character.

In the nation’s first inaugural speech, President Washington said:

[T]he foundation of our national policy will be laid in the pure and immutable principles of private morality... there is no truth more thoroughly established than that there exists in the economy and course of nature an indis-

soluble union between virtue and happiness...the propitious smiles of Heaven can never be expected on a nation that disregards the eternal rules of order and right which Heaven itself has ordained...

Speaking for the entire Senate, Vice President John Adams replied: "If individuals be not influenced by moral principles, it is in vain to look for public virtue..."

State constitutions enshrined popular virtues in law. Today's Virginia's constitution still includes this language from its 1776 version: "no free government, nor the blessings of liberty, can be preserved to any people, but by a firm adherence to justice, moderation, temperance, frugality, and virtue, and by frequent recurrence to fundamental principles."

The American character was not a private matter. It was the central problem of the common good and had to be cared for by those who represented the people. How we should do this was the problem and capitalism was a crucial part of the answer.

The year 1776 saw not only the Declaration of Independence but Adam Smith's treatise on *The Wealth of Nations*. Smith explained that what he called the "system of natural liberty," or capitalism, would vastly increase national wealth. The Framers of our Constitution knew Smith not only as an economic thinker but as a moral philosopher whose other great book was *The Theory of Moral Sentiments*. They were just as committed to an American economics of freedom as they were to American moral greatness. Hamilton in *Federalist 12* wrote that "The prosperity of commerce is now perceived and acknowledged by all enlightened statesmen to be the most useful as well as the most productive source of national wealth, and has accordingly become a primary object of their political cares."

The authors of the Constitution surrounded economic freedom with a multitude of guarantees: freedom of contract against government interference... private property rights... patents and copyrights...standard weights, measures, and monetary values...punishment of counterfeits...freedom under law for interstate and foreign commerce...enforcement of agreements in law courts... uniform bankruptcy laws, and other protections.

They promoted Smithian free markets to produce resources for strong military defenses and to keep America free of economic dependency on other nations. But they also expected commercial life to encourage certain moral qualities: personal responsibility to work, save, create businesses, hire employees, pay off their debts, earn the rewards of merited

effort, moderate appetites, practice honesty and justice in business dealings, self-discipline, industriousness, timeliness, plus trust and confidence in other persons.

The hope to succeed, grow wealthier, and leave a better life to your children is a powerful incentive to work effort. A free and open economy is the stimulus for that incentive. To transform that hope into reality, the habits that help make success possible must be practiced and honored. A free market will fail if workers, owners, and managers lack basic moral character.

At some level, people know this. In the current financial crisis, we hear complaints about widespread greed, dishonesty, fraud, financial irresponsibility, and cheating. Whether specific charges are true or not, they show that Americans see that vices imperil economic freedom and prosperity.

Now please do not suppose that I – or the Founders – advocate that the federal government should "make men moral." Washington DC could not do this even if it wanted to, and goodness knows I don't want to! The authentic source of moral education is the mediating institutions of a free society, principally families, churches, and schools.

A "libertarian" who wants limited government should embrace the means to his freedom: thriving mediating institutions that create the moral preconditions for economic markets and choice. A "social issues" conservative with a zeal for righteousness should insist on a free market economy to supply the material needs for families, schools, and churches that inspire moral and spiritual life. In a nutshell, the notion of separating the social from the economic issues is a false choice. They stem from the same root.

Since America's first political principles establish a high but limited mission of securing the natural rights of all, conservatives should expect government to fulfill that entire mission by enforcing every human being's natural right to life, which is the first clause of the social compact that formed America, the Declaration of Independence.

A credible conservatism will also seek to secure the privileged legal status of marriage. The traditional family must be protected as the indispensable mediating institution for developing the moral qualities of a free people.

A credible conservatism will resist the purging of faith from the public square. It will make public space for the practice of faith because belief is a central pillar of a free and prosperous society. Nor can government welfare programs substitute for the faith-based love that unites citizens in free

bonds of charity and compassion.

A credible conservatism will also be attentive to the education of future generations across the spectrum of our nation's schools and higher institutions of learning. The success of self-government requires citizens having knowledge of truth. And the prosperity of our economy depends on advances in unbiased research in college libraries and university labs.

A credible conservatism will recognize that the very culture of capitalism is under assault. We need to fight the new "crony capitalism," not simply because it won't work but because it destroys the moral foundation of human achievement.

Our nation's interests and perhaps our survival are at risk in the economic choices our government is making. A credible conservatism will offer viable alternatives in these economic areas.

We just passed the federal budget – and that's what I specialize in. The new federal budgetary framework that the President wrote and the Congress passed doubles the federal debt in five years and nearly triples it in ten. Congress added new layers of entitlement spending on top of the over \$60 trillion in unfunded liabilities we have today. This threatens to collapse Medicare, Medicaid, and Social Security, not to mention the level of taxes and debt coming due.

The course of this liberal Congress has been imprudent and irresponsible, violating moral as much as economic norms. We can't sustain our commitments or keep stacking up liabilities and burying ourselves and our children in debt. We can't expect to sell our bonds on global credit markets, given that many other governments around the world are following the reckless course of our own Congress.

I have offered an alternative, conservative budget that fosters prosperity by bringing spending under control, and lifting the crushing burden of debt and taxes. I have also offered entitlement reform legislation, called "A Roadmap for America's Future." Rather than depending on government for your retirement and health security, I propose to empower people to become much more self-dependent for such things in life.

Right now, at this moment while we debate it, the key priority of the left, which they hope to enact by this fall, is a government-run health care "option" that will soon become a government-run monopoly. Do most Americans really want to effectively nationalize 17% of our economy? The Ameri-

can people must take up this debate. Serving the nation's medical needs is no different from serving any other public need. Free markets can provide affordable and effective services of every kind, and conservatives must propose better ways to achieve our shared goals in tackling health care reform. Of all of the things happening this year, this is probably the most important and lasting debate that will affect the future of our country.

I – along with Tom Coburn, Richard Burr, and Devin Nunes, colleagues of mine in Congress – recently introduced a comprehensive health care bill called the Patients' Choice Act. Americans can have universal access to quality, affordable health care without the government taking it over, and without adding trillions in new taxes and new spending. Our bill starts with and revolves around the individual, not the government. It reforms health care by strengthening the relationship between patient and doctor and relies on choice and competition rather than rationing and restrictions to contain costs.

Conservatives must also expand opportunities for international trade, and ensure a level playing field for American products and American workers. After all, 97 percent of the world's consumers live in other countries. We want to have a good climate so that we can achieve global competition; so that we can lead and shape this new, twenty-first-century economy.

We've got to start with our tax code – our tax code is a job-killer. Reforming it is an obvious place to improve our global competitiveness by leveling the international playing field for American-made goods and services. I have proposed to replace the corporate income tax – which is now the second highest in the industrialized world – with a globally competitive consumption tax at half the rate of all of our competitors. It removes taxes from American-made exports and puts an equal tax on foreign imports, and businesses and firms would be able to write off 100% of their investments immediately.

A final issue about which there is near total silence from both parties today is monetary policy. This is an issue that is going to be more and more important as time goes on. It's the root cause of our current financial crisis, and a key to recovery and sustained growth is to restore the value and stability of our money.

For most of our history, the dollar was accepted everywhere. Its stability was guaranteed in gold by the Federal Reserve. But the late 1970s Humphrey-Hawkins Act ordered the government to follow a dual mandate: long-term price stabil-

ity and short-term economic growth. So often, these goals conflict with each other. No matter how knowledgeable or well intentioned, the Fed can't meet either goal very well. I am not one to blame Chairman Bernanke for this because Congress is to blame for setting up these conflicting targets 30 years ago.

It is imperative that we get off of the Fed-induced boom-and-bust, inflationary-deflationary roller coaster, such as the one we are living through now, and restore sound money. When it comes to managing the national currency, virtue has a central role. At the end of the day, the central bank cannot cheat or paper over problems. There is no free lunch. Sooner or later, such decisions will catch up with us, and the victims will be the people. Long-term economic growth and rising living standards are major purposes of government, and they require a currency that holds predictable value.

There are a number of ways to do this, but it's time conservatives broke through the wall of silence and started a national dialogue aimed at ending the cycles of instability and restoring the dollar's standard of value.

The course of our current liberal leaders is entirely different. They have implicitly if not explicitly abandoned the first principles that made America a free nation and inspired our people with a character for greatness.

Their alternative to the unchanging rights of persons is a culture of change, or "relativism." Their alternative to individual freedom is the European collectivist state. They claim the label "progressive," but nothing is more unprogressive than government ownership of financial institutions such as banks and the means of production such as auto makers. The twentieth century's most conspicuous failure was socialism everywhere it was tried.

"Relativism" claims there are no objective or self-evident truths. Every living being, culture, and nation is its own "truth." Your freedom is someone else's slavery. Well, the European elite have almost entirely succumbed to "relativism," and the American elite—who I'm sorry to say populate our government—are quickly catching up. Can anything be more dispiriting? Why would anyone defend freedom when it has no more value than a personal taste, like preferring the color pink or Limburger cheese?

Laws shape the habits of the human soul. As Charles Murray recently argued, government unlimited by individual natural rights expands to eliminate every risk, meet every need, and satisfy every pleasure. It substitutes security for liberty and ends up destroying happiness, the natural end of

the human soul. "Relativism" leads to soulless government. Freedom rooted in natural rights leads to government that honors and respects true human dignity.

In other words, the struggle between market freedom and a European welfare state socialism is a moral struggle. My friends in this room, our only real problem is getting the people to hear the facts and explaining the consequences. You and I must engage ourselves in the saving of Western civilization, the principles of human individuality and greatness. It falls to the honor of the American people to make this decision for mankind: either recover human freedom or sink into centuries of darkness only made worse by the pretensions of "progress."

If you think the views I've expressed are pessimistic, you'd be mistaken. This is an exciting time to be an American. Why? Because we have the occasion and the opportunity to reignite the promise of America. Our new President and his complicit Congress have shown us their path. They have taken the hard left turn. They have revealed their disdain for the principles that built America. Yet the Founders built the "house" on solid rock to withstand these storms. Whenever Americans have been confronted by dramatic differences in direction, they have chosen freedom, prosperity, and national greatness. Give the people a fair opportunity to make an informed choice, however stark. I am more than an optimist. I am confident they will always prefer God's noblest gift to man: the gift of individual freedom.

Thank you very much.

(Applause.)

WILLIAM SCHAMBRA: All the way from Humphrey-Hawkins to philosophical relativism – that's quite a span for a congressman!

When the American Enterprise Institute concluded its search for a new president after the long and distinguished career of Chris DeMuth, it turned to a gentleman who had made a name for himself in the world of philanthropy with his book *Who Really Cares: The Surprising Truth About Compassionate Conservatism*. In that volume, he argued that conservatives tend to give more to charity than liberals, and in his next volume, *Gross National Happiness*, he maintained that conservatives are happier than liberals. As we continue our search this morning for a conservatism that is not only generous and happy, but also credible, it seems only appropriate that we should turn as well to Arthur Brooks, who will serve as our moderator this morning, and who will introduce our other speaker and our panelists.

Arthur?

ARTHUR BROOKS: Thank you, Bill, and (turning to audience) thank you to all of you. I'm very grateful to have the opportunity to be with you here this morning.

My gratitude to the Bradley Foundation and Hudson Institute for making this possible, and to all of you for your attention and your thinking on this important issue with us here today.

What I'm going to try to do in the next two minutes before we introduce our panelists is to try to frame the question a little bit. What can we do to make conservatism credible again? And furthermore, I'm going to see if we can redirect that from a defensive question to an offensive question. Not "offensive" – I should say, on the offense. Offensive to some.

(Laughter.)

How can we make conservatism accessible again, and not just credible?

I've been the president of the American Enterprise Institute (AEI) for the past five months, and the question in this period, in what some feel is a dark period in American politics, that I get all the time is, what is the future of American conservatism, and what can we expect?

For an AEI researcher, fundamentally, at heart like me, we would say, that's an empirical question. Let's look at the data on what they say. If you ask Americans, do you believe that free markets are the best way to organize our economy despite severe ups and downs, 70 percent still say yes. 20 percent say no, the government is the best way to organize our economy. The remaining 10 percent don't understand the question. And that's very encouraging – 70 percent! In point of fact, the core of the conservative movement polls at 70 percent on virtually every question from patriotism to a strong national defense to a market-based economy and everything else in between. But something has clearly gone wrong.

Now, of course, there are some conflicting data that show us how things have gone wrong. If you ask Americans, what system do you prefer – capitalism or socialism, only 13 percent of people over 40 say socialism, but 33 percent of Americans under 30 say socialism. Now, maybe they'll just grow up and like you and me, they will start paying taxes and say, hmmm! By the time they're over 40 like me, maybe they'll think that wasn't such a good idea!

But maybe not. Because what we know from the environment in which Congressman Ryan is working right now, that if the Obama administration and the Democratic Congress have their way, one year from now 49 percent of all working Americans will have zero federal income tax liability – which is to say that the Democratic government is working flat out to make free enterprise no longer a main street, pocketbook issue. And that is a threat to the principles of the culture of free enterprise, and it is purposively a threat to the culture of free enterprise.

The question, therefore, is not whether or not there are threats. The question is, what are we going to do about it. And when we ask what we're going to do, it suggests that free enterprise – the culture of free enterprise – is something that is in our hands, and we have to recognize the threats openly. In my view, there are two things that we need to do – and this is going to frame the question for our panelists today. The first action item is recognizing that we cannot only make the economic case for free enterprise. We have to, as Paul Ryan just told us, make the moral case for free enterprise. If in an already rich country we cannot convince Americans that money is not just about the money, that prosperity is not about character and where we're going. If we cannot make that case, we're lost. We have to be able to make the moral case and make it well, and make it again.

The second is that we need policies that are not just "no" to everything that is happening in the Democratic congress and White House, but rather, what's "yes"? What can Americans grasp onto? What do they want? What is the positive reform agenda? How are conservatives going to show themselves to Americans as being the authentic case for the future and the case for reform in the ways that Americans really care about? Those are the questions at hand.

Successfully answering those questions will take the nature of a panel like this from "how can we make conservatism credible?" which is defensive, to going strictly on the offense and say, "how will we be successful again?" We must be able to answer the questions of the moral case and the positive agenda for change.

And for that, we turn to a distinguished panel. We're going to start with Governor Mitch Daniels. He is the governor of Indiana, and former CEO of Hudson Institute, a former board member of the Bradley Foundation, and someone who is becoming better and better known to main street Americans for the kind of positive change, conservative reform that I'm talking about here today. Following this, Yuval Levin, who is the Hertog Fellow at the Ethics and Public Policy Center and the editor of the New Atlantis journal, will give us his

views, and finally, Rich Lowry, who is no stranger to you; he has been the editor for the last twelve years of National Review magazine. Obviously, they're going to have a lot to say, and I'm going to get out of their way.

Governor Daniels?

MITCH DANIELS: I noticed in Hudson's bulletin announcing this event that I'm described as not shy about telling my party what it needs to do. Well, I am shy. I think we all need to be a little self-effacing about a problem as large and complex as the one we're here to discuss. I've ducked a lot of opportunities to mouth off about it. But given my affection and loyalty to the two organizations which brought us together, I couldn't say no; I'm really privileged. I'll go anywhere for either the good people of Hudson or those of the Bradley Foundation.

I think we're here because we're all stunned and concerned by what I've come to think of as the shock-and-awe statism that we've experienced just really within the last few months. And the reason I think that image came to mind was, as I see it, there's what one might call an audacious endeavor to overwhelm the defenses of freedom and free institutions before they have a chance to regroup and organize themselves. We worry that there will be a leftward ratchet, which we've sometimes seen in human affairs; that those things that are put in place that add to the power of the state, that diminish the sphere of the individual, will – we fear – prove irreversible.

I want to say that with Paul (Ryan), I am neither fatalistic nor pessimistic about the prospects. I'm a Presbyterian; we're supposed to be fatalistic. (Laughter.) Theologically, maybe. We'll only know when we know. My preacher used to say that a Presbyterian is someone who falls down a flight of stairs and says, "I'm glad I got that over with!"

(Laughter.)

MITCH DANIELS: So, maybe theologically, but not in human affairs, as has been proven over and over again. I don't come at this subject today that way. I don't come at it pessimistically, either. When I step back even from the shock of current events and ask myself, again – and Arthur's data just pointed us somewhat in this direction – are Americans suddenly predisposed to forfeit hard-fought, hard-earned liberties that have proven themselves over and over again? I don't see it. I could make the opposite case. The best educated people ever on the planet possess the technology which empowers individuals in a way that we've never seen be-

fore – George Gilder has been writing brilliantly about this for twenty plus years. They still possess a healthy American suspicion of bigness in all its forms – big business, labor and government. As we observe a federal government that is every bit as klutzy and dysfunctional as it ever was – and just wait until it tries some of what it's about to try! – I think such a people are less likely and not more likely than ever before to be herded by omniscient leaders into mass transit, smaller cars, labor unions or homogenized health care. I think those who are trying to squeeze Americans coercively into these boxes are the ones who are pushing water up hill.

But still, the topic which we're assembled to discuss – it's a huge job. I can't sum for you better than Paul did the pillars on which we stand, the historical roots of our freedom. So let me try, then, to adapt my reflections in a complementary way to his. I think that a conservatism – if that's what we choose to call it – that will be credible in the years ahead will be active, will be forward-looking, constructive, intimately connected with the lives of average citizens, and friendly. And let me just go through these contentions and try to illustrate, briefly.

Emerson once wrote that in every polity there tends to be a party of memory and a party of hope. We must be, as we have been on our better days – our more successful days, a party of hope. Someone once said that conservatism is a democracy including the dead. At least in my state the dead are a reliably Democratic constituency –

(Laughter.)

MITCH DANIELS: – so I don't spend much time campaigning to them. Let me just say that's a wonderful phrase when it expresses our reverence for tradition, our understanding and commitment to fundamental, timeless principles. But in terms of making our beliefs credible, successful, and prevalent once again in this country, our sights must be resolutely forward and to the future.

In the days after V-E day, Lucian Truscott, the eminent World War II general, gave an incredibly moving speech at the graveyard above the Anzio beachhead. And with respect to his audience, he turned his back on them and gave the entire speech to the crosses behind him. In my view, we must, with respect to other Americans, direct ourselves almost entirely to the young people of this country. When we're speaking to them, we are speaking to their parents and grandparents who want the best for them. But I think that it is a starting point for our recovery that we examine every issue and present every issue in terms of its implications for

those who will soon inherit leadership of this country.

I come from a state that is anomalous, these days, in that the Republican Party for the last four years, after a long wilderness period, has been entrusted with leadership. In our state, we are – as I always define it – the party of purpose. We are the party that defines the agenda, makes new proposals relentlessly, and then pursues them with all the vigor we have. We are abetted by an opposition which for the moment can only be described as reactionary, and it helps. They are negative. They are backward-looking. They are bereft of new ideas. They are everything that we must not be, as we address national events. And they are an object lesson to me. One day, they will recover their footing and bring forward new ideas for my state, and there will probably be a change of leadership sometime, but for the moment that's the state of play. We try to never be without an idea on the table. We try to never be without a major change underway.

I love the story of Winston Churchill in his last days of public service – after the war, second tour as prime minister in the fairly placid period of the 1950s. He goes to the office one morning and the naval briefing officer says, as he begins his presentation, “There’s really not much to report this morning, Mr. Prime Minister. Nothing much is happening.” And the eight-something Churchill said, “Well, then, let’s make something happen.”

(Laughter.)

Our presentation and our ideas must be born not in abstractions but in an understanding and a connection. If we are really to present a people’s agenda, we must not only assert, but assert with credibility, that we understand what is going on in the lives of everyday people. Empathy is going to get a bad name here for a little while if it is transported to the world of rule of law and jurisprudence, but empathy – which is what Adam Smith was talking about in the *Theory of Moral Sentiments* – is what distinguishes our species from the others. The ability to put oneself in the place and to feel deeply about the concerns, hopes, dreams, and fears of other people is something that must visibly be a part of what we do.

I like meetings like this – been to a lot of them. One of my friends described such things as “the leisure of the theory class.” Well, there’s a place for that. But if we are to become credible, if, as Paul reminded us, we are to achieve leadership through popular consent, we’re going to have to earn it. And there is a special burden on us – let’s just be honest. Again, we must never conflate conservatism and the Republican Party, but there’s enough of an overlap that you’ll know

what I’m talking about: People who wear the uniform I do politically have a very special burden, which is not shared by our opposition. You can be a silver-spoon, blue-blood, wind-surfing, coastal elitist, but if you wear the Democratic label you are presumed to be connected and empathetic and to understand the problems of everyday people – and vice versa. Well, it’s unfair, it’s untrue; but it’s reality, and it’s a reality we must deal with.

I have spent the last six years traveling constantly the back roads and the inner cities of my state. I stayed overnight with the Alexander family in Yorktown, an appropriate name given this meeting – Yorktown, Indiana, this past Thursday night; it was probably the eightieth or eighty-fifth time I’ve done this – stayed with people of every description. I’ve traveled by recreational vehicle a hundred thousand miles, probably, and many more on one of my two motorcycles. I’ve performed impromptu weddings in bars.

(Laughter.)

MITCH DANIELS: And when I do this I learn things and I’m able, then, I hope, to present and express ideas that you would find familiar. You would find them animated by the principles of freedom in a language that maybe helps to bring to us people who might not be reached at a level of abstraction. I don’t use the D and the R words. I don’t use the L and the C words. I don’t talk about liberals and conservatives. It’s not a language I hear people using very often where I see them. But if you were to examine what we do – if you were to look at our health care plan for the uninsured, it is HSAs for low-income people. They are in total control of their health care and the dollars that pay for it. And they are proving to be the same good consumers that we always said people would be if you trust them, if you believe that they have the judgment to look out for themselves. If you look at our telecom changes, the most sweeping in America, yes, they’re deregulation. But I don’t talk about that. I talk about how competition will lower cable rates. We effected the largest – people will say – privatization in American history three years ago. I’ve never used the p word. To use it suggests that you started with an ideological purpose and then bent events to shape it. No! We harvested close to \$4 billion without raising taxes a penny or borrowing a penny, and it’s all being reinvested in the future of our state. It was a fabulous success. But we presented it as a practical solution to a very real-world problem, the infrastructure shortfall shared by every state. You know, an idea or a would-be movement is only as good as the answers, and eventually the results, that it produces.

A couple of other thoughts. We must recover the fiscal high

ground – and it’s available to us. I tell you with certainty – you don’t need Arthur’s data to tell you this – concern about debt and deficit has not gone out of style – quite the contrary. Many Americans are more conscious of it today than they have been in a long time because they recognize it in their lives or the lives of a neighbor, or some business they were associated with, where people borrowed too much, spent too freely, saved too little and are paying the consequences. We are seeing savings rates rise in America. That’s a conservative virtue, don’t forget. And I do believe that the terrifying deficits we are staring at now, proposed by this administration — everything that Paul talked about, about the worsening picture, long term – the threat that poses to every young person in this country presents an opening. But let’s face it: as a group of like-minded people, as a party, a lot of credibility has been forfeited on that score in recent years. It won’t return overnight. I think it will only return if we are prepared to engage in some grown-up conversation. I’m not a seasoned office holder; I’ve only ever run for or held one office and it’s the last one I’m going to hold; but I think I’ve got, after four and a half years, enough evidence to say you can talk to Americans as adults. You don’t have to be afraid to do that.

Now when you’re in the shape we’re in right now, I have another conviction, and that is that you’ve got to be prepared to take risks. In my misspent youth, I used to play a lot of pinball – before it was digital. And when you’re losing, when the last ball is rolling right down the middle toward the hole, there’s only one thing you can do. You’ve got to hit the table –

(Laughter.)

MITCH DANIELS: And it might go “tilt.” But you’ve got to take that chance that you may just divert the ball enough to get back in the game – and that’s where I think we are. And therefore, I don’t truck with federal issues, but if I should occasionally get a question from a citizen about Social Security or Medicare, I tell them without hesitation: Why should we pay for Warren Buffett’s retirement? Why should we pay for Bill Gates’ health care? You and your kids cannot afford this, and we’re going to have to change it. And I don’t get a lot of pushback. But you have to have the audacity – let’s call it that – to talk about that and so many other illustrations that I could give you.

Finally, the recovery of credibility and eventually the trust to lead will require in the near term that we accept with grace the role of the loyal opposition, which I believe is to root sincerely for the nation’s success; to express agreement where it exists – so that your disagreements are more

credible; and of course, to leave partisanship at the proverbial shoreline. This, of course, means that we will have to conduct ourselves in opposition much more gracefully and much better than our opponents did – but we should be up to that.

My opponents, like my reactionary opponent colleagues in Indiana, will help us here if we will let them. If you haven’t noticed, although the stereotype has not yet changed, the meanest people in American politics are on the left – bar none. No conservative I know can hold a candle for sheer outright meanness, sometimes savagery. And of course, that comes from believing that power is everything and that winning is the only thing that matters – which we do not believe.

I guess this is my last point, and I hope you won’t find it a banality: I think we must be a friendly political movement. When some of us would get a little hotheaded, Ronald Reagan used to say, “Whoa, boys! Remember: We have no enemies, only opponents. We are all Americans after all.” And we must have deeply at heart the best interests of our fellow Americans including those who haven’t made up their mind, who don’t understand each of Arthur (Brooks)’s questions, and even those who disagree with us most strongly.

The reason I don’t think this is too trivial is that I do think it’s faithful to the principles that drew many of us to this set of beliefs. To me, as a young person not knowing really what I thought, I believe I was drawn to the set of beliefs shared in this room by the single-most attractive virtue of conservatism, which is its humility. We do not believe that we have all of the answers. We do not believe a fallen human can. We do not believe that we are so smart and superior that we should order the lives and all the affairs of our fellow citizens as our opponents do. I think it’s very easy to practice humility right now, in the shape we’re in. (Laughter.) We’ll have to practice another virtue, which is patience; we’re going to have to spend some time in the penalty box. And our fellow citizens will eventually say, “All right – we will listen. Did you learn anything? Did you hear us? Do you have any new good ideas for us?” And if we do – and we will – I have every confidence that freedom and those who espouse it cannot be kept down for long.

Thank you very much.

(Applause.)

ARTHUR BROOKS: Thank you, Governor! Yuval Levin?

YUVAL LEVIN: Thank you. Well, Governor Daniels ends

with humility, and that's certainly where I start, being on this panel. It's very humbling to be a part of this conversation, and to be a part of this extraordinary group. I'm grateful also to the Bradley Foundation and to Hudson Institute – Bill Schambra and others who have organized this. And I'm especially grateful to Bradley for the part they're taking in trying to organize a rejuvenation, a re-energization of conservatism, a resurgence that I think is badly needed for all of the reasons we've taken up. I want to agree with a lot of what has been said – almost everything that has been said, except maybe that Governor Daniels should not run for higher office; I certainly don't agree with that.

(Applause.)

YUVAL LEVIN: I do want to begin, though, by quibbling a bit with the subject as it has been posed, which Arthur (Brooks) did as well. I think credibility is not exactly the issue. I think conservatism is very credible – as a political disposition, as an approach to politics, as an organizing principle for a movement, and as a general guide for a political party. I think that conservatism is credible, and I think that the public is open to hearing from conservatives. The question for us is, what do we have to say to them? That is a difficult question at this particular moment. How does our approach, how do our principles apply to this very complicated, very difficult moment that we find ourselves in. What is it that we have to say?

On that front, I want to start by making a bit of a case for “no” as a starting point. No gets a bad rap. It's a wonderful word. It's at the core of any idea of freedom. We certainly shouldn't be simply the party of “no,” of course. We need to be able to offer an alternative. We need to be able to offer our own way. We need, more importantly, to have a sense of what it is we want, of why it is we're involved in politics, and of what it is we think is good for America.

But we also need, I think, to have a sense of what it means to be in the opposition. Conservatives are out of power in Washington in a way that we have not been in a long time – fifteen years or so. We're out of power in the White House, out of power in both houses of Congress. And being so completely in the opposition means that a lot of the time, the particular political and policy judgments that you face present themselves as yes or no questions. You don't get to have as much of a role in shaping policy. You get to vote on it. You get to argue about it. And a lot of that presents itself, unfortunately, as yes or no. Will you accept as a general matter the approach of the party in power, try to work within it, or do your priorities and your ideas and your beliefs about what's good for America mean that you have to respectfully

disagree, and explain why, and explain where you stand?

The answer is often mixed, of course. It is certainly mixed in our situation as well. And it's very important that it always be evident to the public that we're not simply here to oppose. We're here to explain what we would do, and why, and how. But there's no question that taken as a whole, what is emerging as the general agenda of the Obama administration, presented as a series of yes-or-no questions, is going to require us to say no in many cases. And we should say no and then add to that by explaining our objections, by offering our alternatives, and by reasoning with the public in a serious and responsible way – but we should say no when it's called for, and we should have the courage of our convictions to do that. It's very important for an opposition party to know where its principles point, and when it is necessary to say no.

So I think our challenge is to say no in a serious way. And then our greater challenge, as has been said, to develop ideas and alternatives, to clarify to the public why we think we should say no, and what it would mean to the country to give us a try instead. The party of ideas and the party of no are very much the same party when you're in the opposition.

I think that becomes clear when you look at some specific issues. So I want to say a word about what I think are two areas where conservatives need to focus, and where I also think that the public is likely to be most open minded. And these have been touched on a bit:

One is health care. Health care is the debate of the moment without question. It's going to be the crucial debate of the next few months. And health care helps us to see how this distinction between the so-called party of no and the party of ideas is very often less than it seems in practice. In health care, conservatives have a better idea. We argue that the answer to rising costs, which is the essence of the problem, is not government price controls and rationing but a working individual market in health insurance. We have a fairly good idea of how that would work, of what that kind of reform would look like in practice, and how we would get there. Paul Ryan introduced a bill recently that is a pretty good version of just how that might go.

The question of whether we're ever going to be able to implement our kind of reform the next time that we have a chance at power, though, depends on whether we can stop a very bad idea from being implemented in the meantime, and from establishing facts on the ground that are going to prove to be irreversible. That's a case where the party of no and

the party of better ideas is very much the same party. And it shows both the importance of saying no, and the importance of having better ideas and knowing how to explain them to the public. Our problem in, say, the past year on health care, I think, has not been a lack of ideas, but it certainly has been a lack of an ability to explain them to the public, a problem our leaders have had, a problem all of us have had, and a problem that is one of our great challenges in the next few months and years beyond.

The other area that I think we need to focus on is closely related, but it's broader and larger, and it's also something that Congressman Ryan brought up. It's where, it seems to me, the Democrats are most severely overreaching now, and where an informed and intelligent and courteous and firm opposition is most needed. It's an area that conservatives have generally been pretty comfortable arguing about – the size and the scope and the reach of government and the importance of democratic capitalism in America. This is a moment for a serious fiscal conservatism. A lot of what the Obama administration has begun to do in various other areas of policy has been, I think, troubling to us but not all together surprising. We can think of various issues – talk about the life issues where some things have been done that I find certainly very troubling but not surprising. It's just as advertised. It's what you might have expected and what the public might have expected when electing Obama in November. We can say the same on judges. We can say somewhat the same on foreign policy – although that's also an area where some things, I think, have gone better than we might have expected, and we should not be shy about saying so, and encouraging a kind of streak of moderation here and there when it presents itself.

But when it comes to economic policy, I think that what we've seen is not what the public might have expected on Election Day. If you had said in November that by June we will have spent a trillion dollars or so on a stimulus package, and another trillion on the banks, have a deficit of \$1.8 trillion for the year, a budget that calls for an astonishing explosion of debt with no end in sight, and be talking about a \$2 trillion health care plan – and by the way, the government owns GM and Chrysler, I think people would have said that was a little crazy. And it is a little crazy. And it's clear that there is more of that to come. And more than that, we're seeing an approach to economic policy that increasingly seems as though it wants to eliminate risk in the economy, to gain control over markets in ways that threaten to stifle the energy and intensity of the American economy, and to very significantly reshape the relationship between the citizen and the government in our country. I think that this is our foremost challenge right now, and will remain so for a

while. It is where a great deal of the intellectual energy of the conservative movement needs to turn.

I say it's a moment for fiscal conservatism. I don't mean just for a focus on the size of government, although that's very important. I think this is a moment for making the case for American capitalism, for understanding and explaining in a serious way what it is that has happened in the past eighteen months and why, for making a case for democratic capitalism that we have not had to make in twenty-five or thirty years – a case for entrepreneurship, a case for economic freedom, for consumer choice, for competition, for innovation. It's an economic case for capitalism, but as has been said, a moral case for capitalism, a philosophical case.

It's a case that we think we know, that we think is obvious, but it's in face one that we have not made to the American public in a very long time, have not really had to make to ourselves in a very long time, and I think that this sort of a case is the essence of an effective opposition to what the Democrats are now bringing about in American economic and political life. That case needs to organize our opposition for a while. It's essential now, it will speak to the American people, and more importantly, it's true and it needs to be said.

The challenge of mounting that sort of serious opposition is especially an intellectual challenge, and so in an important respect I think the challenge facing conservatism is an intellectual challenge even more than it is a political challenge. I think it's less about winning this micro-constituency and that little particular region of the country or of the income scale; it's more about what conservatism has to say to the enormous governing challenges that we face today in America. That means thinking very concretely about policy. It means thinking broadly about American ideals. It means understanding the moment that we're in. These are the challenges that we ought to be focusing on.

And I think in an important respect, these are the challenges that we are getting to be focused on. It's what a lot of the intellectual energy of conservatives is moving toward now. It's what the project that I'm involved in, National Affairs, will be focused on, a new quarterly journal of political and policy ideas. It's what Rich (Lowry) is doing with National Review. It's what a lot of our people are doing. It's certainly what Governor Daniels is doing, and what Congressman Ryan, as we heard, so effectively is doing – connecting our ideas to our challenges – and what a lot of conservatives are beginning to do.

I think that's the way to make a credible conservatism more

practical and more effective. It's to understand that we are charged with governing ourselves in a time of enormous challenges, and to show the country what conservatives take that to mean, as an opposition and as an alternative.

Thank you.

ARTHUR BROOKS: Thank you, Yuval. Rich Lowry?

RICH LOWRY: Good morning, everyone. It's a pleasure for me to be invited here today, and I assure you, I am sincere in the sentiment – because as a very conservative guy who lives and works in very liberal New York City, it's pretty much a pleasure for me to be invited anywhere. (Laughter.) It doesn't happen very often. To give you an idea of the strange existence National Review has in New York City, for the longest time our offices were literally located above the headquarters of a rap recording studio. It was called Loud Records – very aptly named, I assure you. And the most interesting part of this strange juxtaposition is that when we opened up our windows in the spring and the summer when it's warmer like it is today, this unmistakable odor would waft up. And I regret to report to so many upstanding people so deeply concerned about the conservative future that on a lot of days, National Review has been produced in a haze of marijuana smoke.

(Laughter.)

Some people think that explains a lot.

(Laughter.)

Actually, my favorite story of an embattled conservative existence in America is from Bill Kristol, of course the editor of the Weekly Standard. He tells this story: He taught briefly at Harvard, and when he first moved up to Cambridge it was in the fall, and there was a congressional election, and he went and dutifully voted in that election, and reflexively voted against the Democrat in that race. The next morning, he was just sort of curious how it turned out, so he asked his wife at the breakfast table how the Republican did in that race. She looked at the newspaper, which she had in front of her, and looked at him very quizzically and said, "Bill, there wasn't a Republican in that race." And he said, "Look, I know I voted for someone. I voted against the Democrat." And she said, "Honey, you voted for the Communist." This is the way it goes in urban America.

(Laughter.)

Seriously, it's a pleasure and an honor to be here today with

so many impressive thinkers and leaders – and I have to say, with such an impressive background. A little known fact – those are the columns left over from Barack Obama's acceptance speech in Denver this summer.

(Laughter.)

Just a couple of points. Like Yuval (Levin), I agree with everything that has been said this morning, but I want to start with a defensive point. It is okay? Can it be a little defensive, Arthur (Brooks) – is that all right?

This is prompted by Paul Ryan's remarks. What we're really witnessing is a war on American exceptionalism and the American character as it has existed throughout our history. If you want to think about, very briefly, who we are, we've always been a commercial nation characterized by an open and dynamic economy. Across the sweep of Western history, the last several centuries, there has always been one superpower, if you will, that is characterized by having a large navy, a sophisticated financial system, and an overweening concern with increasing its national wealth through commerce. First it was the Dutch, and then the British took over from the Dutch, and then we took over from the British. That is who we are.

We've also always been a world power with crusading tendencies – right from the very beginning. The Founders talked of our new country as an empire. George Washington used over and over again the phrase "an empire of liberty." Now, George Washington was thinking mostly of settling the Ohio River Valley. But very quickly their vision swept further westward, and across the continent. And they always knew that if we were a success as a nation, we'd have a huge role to play in world affairs.

Three, we've always been fundamentally a middle class nation about individual aspiration from the very beginning – arguably, by some measures, even before our founding and before the revolution. On a per capita basis, we're the wealthiest country on Earth. If you want to look at this, at someone who epitomized this characteristic of America, look to the founder of the Republican Party, Abraham Lincoln. Something that he just hated in marrow of his bones was economic stasis. He hated the Jeffersonian vision, the Jeffersonian ideal of a country that is always, forevermore, going to be yeoman farmers living virtuously on their land. He hated that. He was estranged from his father because his father could never move beyond that vision. He was a lawyer for the railroads because the railroads, for him, represented progress and economic advance. There was nothing that he would have hated more than idea of the federal government

propping up a dying or dead industry in the form of GM and Chrysler in Detroit as it exists today.

And finally, we've always been a small d democracy. Again, from the very beginning, before the revolution, we arguably had the freest institutions on Earth. Burke talked about the low church Protestants, Governor Daniels' forebears who founded this nation, as representing the dissidents of dissent and the protest wing of the Protestant religion. We have always thought that American citizenship got its fundamental meaning from personal responsibility and from self-reliance and self government.

If you just look at these very quick four things that represent a thumbnail sketch of American exceptionalism, every single one of them is under threat today. And this is the fundamental radicalism of the Obama vision – literally, the radicalism because it attacks at our roots what we are as a people and as a nation.

Now, that said, I'm going to make three very quick, practical points about our political situation today, which is not very pleasurable to consider. The last two elections – in 2006 and 2008 – were reason to recall the immortal words of Mo Udall, the Democratic senator who ran for the Democratic presidential nomination in the late 1970s. He went up to New Hampshire for the primary, and it didn't turn out very well for him that night. And so he went out, faced the cameras, went up to the microphone, and said, "The voters have spoken – the bastards!"

(Laughter.)

So, quickly, three practical points, two of the cautionary and one optimistic. First, Ronald Reagan hasn't come up yet today, but is very often at the forefront of the discussion about what the conservative future should be. I think it's very important for us to remember two things about Reagan. One, despite all of his incredible political skills, he wouldn't have won election if it weren't for inflation, if it weren't for gas lines, if it weren't for the reigning hostage crisis, if it weren't for Afghanistan, if it weren't for the entire litany of Carter administration failures. And when you are as far as Republicans were in the late 1970s, and as far down as they are today, you need the other side to fumble, and for its vision to be discredited. And at the moment, Barack Obama has the ball, and he is going to have the ball until he commits some sort of turnover. So, we're going to have to have some patience, here, as Governor Daniels pointed out.

Two, although Reagan was an ideologue in the best sense of the word – he had a few key ideas that undergirded his view

of the world – we shouldn't forget that he was an intensely practical man as well. He was concerned with practical successes in the political arena, and was willing to compromise to get those successes. So, yes, we need principles and a return to principles, but principles without prudence is folly.

Now, on the other hand, flexibility without a philosophical grounding becomes mere opportunism. What we need to try to hit is that sweet spot of statesmanship which Reagan did, and which we need to try to do, and which is much easier said than done – which is why I prefer being a political pundit and leaving the statesmanship to the likes of Governor Daniels.

Second point, on spending: There is a lot of talk on the right about how important it is to resist spending and cut spending, and Republicans are drubbed because they've lost their way on spending. There's a lot of truth to that, but it needs to be unpacked a little bit. Pork-barrel spending hurt the Republican congress not because constituents back home are outraged at getting these local projects; it was because that spending came to symbolize the self-interested nature, at the end, of the Republican majority, and because in fact it was caught up a very real culture of corruption. But spending in general, unfortunately, is not necessarily always unpopular. Arguably the most popular domestic initiative passed by the Bush administration and a Republican congress was an awful, unfunded new entitlement program in the form of the prescription drug bill. So yes, we need to limit government, but we have to realize that limiting government and cutting spending in the abstract is not necessarily popular, and what we have to do is connect that agenda to real concerns and real people's lives.

This is where I endorse every single word that Governor Daniels said, although I find the idea of traveling 100,000 miles in an RV horrifying. (Laughter.) But he is exactly, exactly right about the need to connect our agenda to the real concerns of real people, and if you gave me another couple of dozen Mitch Danielses, I could move the world. This is why he earned the honor of appearing in a black ninja outfit in the new National Review as a part of the wonderful cover story by my colleague Mark Hemingway.

One last point. I, too, ultimately, am an optimist. As conservatives, we have to believe that reality is on our side at the end of the day. We believe three things, if you want to boil them down: The market is the best way to allocate capital. The world is a dangerous place that requires a tough-mindedness in confronting it. And three, you can't have a healthy society without traditional social structures and without virtue. And we don't believe these things because

they're convenient or popular. They're not always popular or convenient. We believe them because they are true, and because they are true, they will be vindicated. Eventually. (Laughter.)

In the meantime, I'm an optimist because I believe with Bismarck that God looks after drunkards, fools, and the United States of America – and he had better. Thank you very much.

(Applause.)

ARTHUR BROOKS: Thank you, Rich. Thank you to all of our panelists. And now we have time to turn it over to you (the audience). I know that you have a lot on your minds. You are interested enough in the topic of making conservatism credible, relevant, and successful to have spent the last hour and a half here, and so we would like to hear from you interacting with our panelists. We'll start with anyone who wants to kick it off with the first question or topic for discussion.

MARTIN MORSE WOOSTER: I'm depressed! Please say something about politics today that will cheer me up.

ARTHUR BROOKS: Who wants to take that one?

(Laughter.)

RICH LOWRY: Joe Biden?

(Laughter. Applause.)

ARTHUR BROOKS: Not bad. Yuval?

YUVAL LEVIN: I would say that the first way to cheer ourselves up is the way that conservatives always have, which is to say that nothing lasts forever; that we need to think in the long term; and that if we do believe that we are right, and that the policies that are being pursued by the administration and the congress now are going to be disastrous, we should hope first of all and believe first of all that that's a case we can make to the public, and second, it's a case that becomes evident over time. That is how political power changes hands. It's certainly a depressing moment – that's for sure. As conservatives, we very often thrive on depression –

(Laughter.)

YUVAL LEVIN: And this is a time for that if ever there has been one!

MITCH DANIELS: I'll give you that! I thought one of the most illuminating books I could ever remember reading was *The Rise and Decline of Nations.*, in which the point was made that the societies that have grown the most rapidly are those that are recovering from disaster – natural disaster, world wars, that sort of thing. Why? Because old ideas, old beliefs, and old institutions get swept away, and more rapidly than anybody would ever have expected, new sprouts come up. And I think that'll happen here – new people, new ideas, and new formulations of old ideas adapted to, as they must be, the problems of today. So I choose to believe that we will see that.

RICH LOWRY: I also think, quite seriously, that if Barack Obama had run on this agenda that he has actually implemented, I have very serious doubts that he would have actually won last fall. He ran on fiscal probity – going through the budget line by line and cutting out the waste. He was excoriating Bush's deficit spending. And he ran on tax cuts. And what he has done so far is the very easiest thing it is to do in Washington, which is just spend and spend and spend and spend. And eventually the tough part comes when you have to pay for that, either through tax cuts or inflation or some combination of both.

So I think for conservatives it's a very distressing time because we're so appalled at so many of the things that Obama is doing, but he has a 65 percent approval rating. I think that's because there are a number of things that he has done that are kind of dog whistles to us that he is as bad as he had ever imagined – you have the apology tours and whatnot. But for most people he hasn't done anything wrong, yet, and he hasn't done anything really to upset them. And when he has to pay for his agenda, or doesn't pay for it and we see some practical consequences from that, I believe we're going to see things turning around.

YUVAL LEVIN: This is the traditional Jewish case for optimism: It'll get worse, don't worry!

(Laughter.)

ARTHUR BROOKS: Martin (Wooster), I'll round up what we've just heard. There are two answers to your question why you should feel optimistic. Number one, every conservative knows that good things come to those who wait, and number two, the Democrats will blow themselves up inevitably.

(Laughter.)

Let's go on to the next question. Mona?

MONACHAREN, syndicated columnist: You've all touched on the importance of the family and traditional virtues in one way or another. We have new data that show that the illegitimacy rate in the United States is 40 percent, overall, and much, much higher in a number of communities, in the black community and in the Hispanic community. In light of that, and in light of the importance of the family, how do you all think that you can make the case, either intellectually or through government policies, for strengthening the family without seeming to be scolds?

MITCH DANIELS: Mona, first of all, you have – as you have for a long time – directed us to the number one social problem facing the country. I tell audiences in my state – of all kinds, all the time – that if they gave me the proverbial wand, my one wish would be that every child in our state grow up in an intact family to the age of eighteen, in which case every social pathology that tears at our hearts would diminish dramatically. We all know this.

So I would answer your question by saying that I try to come at it, as with many other issues, always from the standpoint of, what it would mean – what our policy would mean – to the most vulnerable people, to those presently left behind. This one is very easy to talk about in that way. And when I say to African-American audiences as I have on dozens of occasions that we have children in our state who have \$100 sneakers but no one to read to them at home, who have electronic gizmos that princes and barons did not have just years ago but no one to tell them there's a God who loves them or simply to help shape their character, every head in the room nods.

It can't be by way of scolding. It has to be spoken on behalf of the defenseless. And there's a common sense about it that I don't find most people argue with. The only people who argue with the sense of what you've said – empirically, there's a Himalaya of data that says this is true – are those who are so privileged that they actually can get by without respecting the traditional forms that have worked for so long.

RICH LOWRY: I think it's a really important question, obviously, Mona, and one that's kind of hard to get your hands around. One thing I would suggest is talking about it in terms of economic aspiration. If you want to succeed and get ahead in this society, this is what you need. So long as we have such high illegitimacy rates, we're looking at a permanently bifurcated society. And the kind of people I hang out with on the Upper West Side support libertinism in all of these areas, but they're rich and they're walking around pushing baby strollers with their wife or their husband – and it's good for them, but they don't really live what

they preach. And I think one message that we have to get out is that if you're really concerned with economic inequality and you really want to help people get ahead, you've got to have a stable foundation and a two-parent family.

YUVAL LEVIN: I totally agree with that. I think that this subject is a way for conservatives to enter into the kinds of arguments we make about economics, about cultural and social policy, that can otherwise seem scolding, on the one hand, or a green eyeshade on the other. This is the reason to care about social mobility. This is the reason to care about the next generation. This is the way in which we have to start. The attack on the family, the failure of the family, is an attack by the rich on the poor. It's not about class warfare; it's about a failure of our culture to explain to itself how a culture survives and thrives. And I think that conservatives should look at it as a way to walk into the rest of our agenda and to explain why we think it is an agenda for the people most in need in our country, and why caring about the people most in need is not a matter of figuring out whose tax money should go to whom else, but figuring out what kind of a society we need to be. That need not be scolding, but it is a challenge. It's very difficult to argue about the family in our kind of politics without seeming like we're lecturing.

ARTHUR BROOKS: In sum, it's not a lecture about how people should live, but the promise of a better life, I think our panelists are telling us. And couching it in those terms makes the conservative movement the movement of optimism, reform, and real change for a better America.

Over here?

ROGER REAM, The Fund for American Studies: Governor Daniels, you said something that was music to my ears, and that is that we have to speak to young people. And Arthur Brooks, in his opening comments, provided the Rasmussen polling data, which was fairly depressing; it came out about a month ago. Could you speak to that a little more, Governor Daniels and maybe the others – on how we speak to young people who seem to have been caught up in this culture of Obama?

MITCH DANIELS: Well, first of all, I'm neither particularly surprised nor dejected that some pollster finds some flirtation with socialism or other views like that among the young. Who in the room from their own experience doesn't remember how malleable your views are when you're young? Mine were! So I think it's still "game on," there. And I just think that, first of all, as a practical strategy, we cannot forfeit the ability to speak to the next generation. And secondly when you do as I think I said earlier, you're simply

stamping yourself as a movement that is facing forward, and it's thinking about the future. And there's so much to say to young people right now – so much at stake for them. There's the way they structure their families, but specifically, there's the debt that has been piled up and awaits them. If they think their student loans are a problem, just wait! They're becoming aware of this. I – probably recklessly – gave a commencement speech not long ago in which I said, you know that business about standing on the shoulders of the last generation? Don't do that! (Laughter.)

RICH LOWRY: Here's something really, really depressing – and maybe, Martin (Wooster), you don't want to listen to this: I was rereading Lou Cannon's biography of Reagan, and there's a passage where he is talking about Reagan in 1983 or 1984. He had an 82 percent approval rating among the young. 82 percent! This reminded me – last fall I was talking to someone about how I became a conservative when I was a teenager. I found myself saying, well, there was this discredited incumbent who was in office at a time of economic turmoil and economic crisis, and events abroad seemed to be out of control, and then this amazingly articulate and hopeful figure promising change came onto the stage. And at some point throughout this litany, I thought, oh, damn! (Laughter.) Because we have the exact opposite happening now.

How you kind of crack the nut of appealing to the youth again, I'm not sure I have an answer, but a lot of it just comes about I think by having answers to the key questions of the day. It's not as though Reagan explicitly went out of his way to appeal to youth; it's just that he seemed to have a better way and a forward-looking attitude.

MITCH DANIELS: Energy and action. The young are experimental, and I think naturally gravitate to folks who are in motion, as opposed to in reaction against somebody else's motion.

YUVAL LEVIN: And I think being evidently in touch with the problems of the moment is something that we've had a problem with. It's something that younger voters in particular are attuned to. It's also a generation that has grown up with a lot of choices, a lot of control over their own life, a kind of internet generation – and iTunes and eBay and Facebook – that is not going to take well to the experience of going to a Department of Motor Vehicles-type situation to get a doctor; that is not going to take well to economic control at the top.

If we can make that case in a way that really explains what it is that they're saying when they say that socialism makes

more sense that capitalism, if we can explain what it is that we're arguing about in these terms, and talk about debt in a way that speaks to their lives – I mean, it has always been a problem to explain the meaning of debt in the abstract, but we're getting to a point where the meaning of debt is not in the abstract. The meaning of debt is very, very real, and the effect on the next generation is growing easier and easier to explain. It still makes for a kind of dull economic argument, but if conservatives can find a way to speak in the language of youth about the meaning and the effect of all of this, I think that will speak to some younger voters.

ARTHUR BROOKS: Rich (Lowry), every entrepreneur knows that the difference between entrepreneurs and non-entrepreneurs is that entrepreneurs see the tragedies that everybody else sees, and see an opportunity, and say, "I could make real, meaningful change there. I could make a lot of money. I could improve society." Whatever it happens to be.

In your formative years and mine, when we were in high school, Jimmy Carter was wrecking America, basically. In that lay the seeds of real opportunity for political and social entrepreneurs. What's the message that we have to be inculcating right now among young people in the conservative media and in the conservative movement? What are the parts of that message?

RICH LOWRY: Well, I think, as the Governor and Yuval (Levin) have touched on, debt and entitlements are something where you think you can inherently catch the eyes of young people, because it's something that they are going to ultimately pay for. But a lot of it is just – we really need four things in general. We need political horse flesh – new leaders, which we don't have yet. We see some rising up. We've seen some today. You need policy – new policy that connects our principles and ideas to the challenges of the day. You need the right tone, which is another very important point the Governor made. The idea that social issues hurt the McCain campaign when the McCain campaign didn't talk about social issues really at all, I think, is bunk. I do think there is a tonal problem there, in how they talked about some culturally charged issues. And four, we need circumstances to turn our way.

We don't have any four of those things right now. But you can see how they're going to turn in our direction. And in the absence of those four things, I'm not sure how useful an exercise it is to try and micro-target specific groups.

HENRY OLSEN, American Enterprise Institute: I enjoyed all of your discussions. It is almost as if you all were doc-

tors, and you were looking at the sick patient and giving us prescriptions on how to bring the patient back to health. But I'd like to ask you to be a little more clinical. Why is the patient sick? Why is conservatism not credible among wide breadths of people right now? Is it largely because of events and things we did or failed to do in the last few years? Is it largely due to long-term changes in public opinion or demographics, with which we're currently out of touch? Or is something that is a mixture of the two?

YUVAL LEVIN: I think there's a real combination of those sorts of factors. To begin with, there is an element of paying the price for our successes. If you had asked a conservative in the early 1980s what the major issues are on the table, you would have heard about crime, welfare, and taxes. If you asked somebody today, it's likely that none of those issues would be at the top of their list. And the reasons for that are conservative successes – successful reforms from a successfully reformist conservative movement that changed the tax code somewhat; that changed the welfare system dramatically; and that changed urban law enforcement dramatically. So, the kinds of things about which conservatives were very creative and entrepreneurial a generation ago are not issues. The challenge of directing yourself to new issues is very complicated. Conservatives have been uncomfortable with health care for a long time. It takes real work and real effort to get yourself to a point where you see the health care issue as something like the welfare reform issue – a subject that we think belongs to the left but in fact is begging for conservative, market-oriented solutions that would actually address the problems. I think that is one reason.

Another reason has to do with the fatigue of being in power for a long time. In a certain respect, conservatives are actually especially subject to this kind of fatigue. We don't tend to operate intellectually, as a governing party. That's a bad thing but also a good thing; we tend to think about ideas. We have a different notion of – power is not everything to us. That means that being in power and being on the defense has an effect on us that is probably a little different than on the left. And there are certain particular failures that, I think, the public identifies with Republicans and therefore with conservatives. That's a pretty difficult combination.

I think the first element, though, may be the one that's most important in thinking about a recovery. That is, applying ourselves to new issues, to issues that we have not been used to thinking of as "ours" is absolutely crucial. Health care is one, but there are others – energy, the environment, to name two. We have to remember that welfare didn't always look like a conservative issue. It was something that conservatives a generation or two ago were wary of just as we have

been of health care more recently. And we've got to think creatively about how our kinds of ideas can solve a very real social problem.

RICH LOWRY: I agree with all of that. It was corruption; it was the unpopularity of the Iraq war; and it was a policy exhaustion stemming partly from our successes, as Yuval pointed out. But also, another huge thing that we can't ignore, and it has been touched on a little bit this morning, is the financial crisis. For a lot of people, that's the most discrediting event for free-market capitalism in a generation or perhaps more. So a huge part of our chore in coming back has to be explaining the true roots of that crisis and how every instrument of government policy was applied to make the bubble much, much worse than it should have been. That's going to be the work of years, I think.

MITCH DANIELS: Bull's-eye! Everything you just said. A lot – it's so circumstantial; don't misdiagnose the patient. There's a reason that, as Arthur (Brooks) illustrated, that basic world view is still favorable; it's the Republican Party that's in the drink. And the Republican Party discredited itself, to a large extent. Rich (Lowry) just gave you the reasons why. But I think that's – let's just remember, as was said a little bit ago, that the policies on offer right now are not the ones that were campaigned on just a few months ago. The Republican Party is a lot sicker patient, for the moment, than the views that have been associated with it. But we've got to repair the jalopy because that's the vehicle these views can travel in.

ARTHUR BROOKS: So, in sum, it's not a repudiation of conservatism, per se, but a condemnation of Republican mismanagement. It's less about the Iraq war and conservative views than it is about the corruption of the Bridge to Nowhere, which ultimately came home to roost. And once the Republicans start to remember principles over sheer power, they perhaps will start to win again and become the voice of conservatism that they once were and perhaps can be in the future.

ROGER CLEGG, Center for Equal Opportunity: I'd like to ask you all what conservatives can and should do to ensure that the principle of *E pluribus unum* is vindicated in a country that is increasingly multi-ethnic and multiracial.

YUVAL LEVIN: In light of that general concern, and in light also of the kind of immigration debate that we had not long ago, I think this is a time for civic education to be a priority. And it doesn't have to be simply a government priority; it ought to be a priority of our society. Republicans, conservatives, and everybody else ought to be talking about

assimilation in ways that we've probably been uncomfortable talking about in a while. We ought to be talking about civic education, about American history and the importance of teaching our children why this is a special country. I think that's a place to begin that kind of work, rather than taking on the kind of abstract problem of multiculturalism to explain the very particular uniqueness of this country and this society to our children, who are going to have to carry it on. I think it's a challenge we've been remiss about for a long time and need to take seriously again.

MITCH DANIELS: I think we have to walk the balance beam, here. But I opt to lean heavily to the side of embracing newcomers as this country always has. I don't have a lot of trouble, as I travel my state, saying to native-born citizens in English and to new Americans in Spanish – and I do this all the time. To me there's a simple three-part test. *Contrato es tres partes*. Obey the law; be a patriotic American. Support yourself. And speak English or teach your children. I believe that this is something that the vast, vast majority of average citizens, whether their ancestors landed at Plymouth Rock or they crossed the border recently, can subscribe to.

I think it's a grave, grave mistake to act as though somehow we ought to pull up the fences, that becoming a more multi-ethnic society is in any way a threat to America. It's a reality, and it can be the strength of America as it has always been if we embrace it – but emphasize that *E pluribus unum* is still the model and always must be.

RICH LOWRY: I agree with everything that has been said about assimilation. I think it's really hard, though, to maintain an assimilationist agenda at the same time you have mass, uncontrolled immigration, people from Mexico and points south who are coming here for good reasons but also have very little in the way of education or skills, and tend to settle in areas with masses of people with exactly the same characteristics. The fact is, that just makes it very hard to assimilate them.

Now, this is a delicate balancing act; I think we need to try to restrict that immigration, but at the same time we don't want to alienate a hugely important and growing part of the electorate. And that's just an extremely difficult balancing act – one that I sometimes despair of Republicans being able to pull off.

ARTHUR BROOKS: Roger (Clegg), your own views on this are prominent and important. Could we hear them?

ROGER CLEGG: Well, thank you! The Center for Equal Opportunity believes very strongly in the principle of *E*

pluribus unum. But we also are on the side of the conservative divide that believes that relatively high levels of immigration are not a bad thing; that in fact, they are something that is necessary for our economy to work well. But in order to ensure that those relatively high immigration levels do not jeopardize the principle of *E pluribus unum*, there needs to be more attention given by the federal government to assimilation. Assimilation is not a dirty word. I like Governor Daniels' three-part test. As you note, Arthur (Brooks), I've expanded that to a top-ten list for immigrants that includes not only speaking English and following the law but some other things as well – working hard and studying hard is not “acting white.” (See list, below, for all ten.) I have written also about the importance of having children after you are married.

The Center for Equal Opportunity's List of Ten Basic Principles for Americans

1. Don't disparage anyone else's race or ethnicity;
2. Respect women;
3. Learn to speak English;
4. Be polite;
5. Don't break the law;
6. Don't have children out of wedlock;
7. Don't demand anything because of your race, ethnicity, or sex;
8. Don't view working and studying hard as “acting white”;
9. Don't hold historical grudges; and
10. Be proud of being an American.

I should say that a lot of these assimilation do's and requirements are things that apply not only to recent immigrants but to all Americans. I think it is going to be a challenge, but it's a challenge that I think that conservatives can meet; we're actually in a very good position to make this an issue that works for them. As Yuval (Levin) said, there is a failure, sometimes, for conservatives to recognize issues that are actually good issues for us. And I think that the overwhelming majority of Americans including recent immigrants agree that assimilation is important. Immigrants are here for a reason – they think this is a great country. They understand that “In God We Trust” is written on dollar bills in English, that that's the language that their children need to understand. I should say that one of the items on my top-ten list is, you can't ask for special preferences for your group on the basis of your skin color or what country your ancestors came from. And I think that that's an issue that works very well for conservatives, too.

This summer we have a lot of opportunities to drive home

that point, with the new Supreme Court nomination and some important Supreme Court cases about to come down.

ARTHUR BROOKS: Before we move on to the next question, I have one quick sub-question that I'll address to Governor Daniels. I happen to be married to a native Spanish-speaking immigrant. And if she were here she would ask the question, although I would not call on her –

(Laughter.)

ARTHUR BROOKS: – she would ask the question, does not the relevance of the conservative movement depend on having effective spokespeople from the immigrant community, including most prominently the Spanish-speaking immigrant community? If so, how do we get not just them to understand that we're not hostile to these communities, and that we share their values, but indeed bring them into the leadership of the future of the movement?

MITCH DANIELS: It would be enormously helpful, of course. We've all seen over and over that there's no more hazardous a sign in American public life than to be a dissident voice from a minority community – dissident in the sense that the reigning hierarchy of the African-American community or Hispanic community will look to kill you for stepping forward or becoming prominent. So it's not merely a matter – I think a lot of us are eagerly and actively recruiting and trying to promote leadership opportunities for these folks. But sometimes it's a risky business for them to undertake. So yes, of course, it's very important.

And please let's remember how important people of Indian and other nationalities are – disproportionately so. What wonderful personifications of the virtues and values, the commitment to entrepreneurship they represent! The family commitments, too. I inaugurated awards for the top math and science students – purely on academic achievement – in our state. We've given these awards for two years times two, and three of the four were Indian youngsters. And the fourth was a Mormon. There are many people like that who, I believe, can also be invited, welcomed, to this debate. Maybe their presence would attract those from other nationalities, too.

SANJEEV JOSHIPURA, U.S. Congress Joint Economic Committee: Voting results over the recent past few elections show that well-educated people are turning away from the Republican Party. Why is that, and how do we reverse it?

RICH LOWRY: We have a piece in our last issue by a guy named Jay Cost, who writes for RealClearPolitics; he's a

real numbers cruncher. He points out that there may be an inherent instability to the Obama coalition in terms of income and education. If you look at Bush's coalition, he picked up in the middle-income groups, and then sort of steadily went upward – a sloping line. I don't know the technical term – is sloping line okay?

(Laughter. Cross talk.)

RICH LOWRY: If you look at Obama's coalition, it's more of a shallow U-shape. Again, I'm resorting to my technical expertise in statistics. (Laughter.) But it's higher in the lower-income, less-educated groups, dips a little bit in the middle, and then goes up among high-income, higher educated folks. And that's probably an inherently unstable coalition – because how is he going to pay for all of the government programs to support the people at the lower end? Eventually, it's going to be taxes – and quite stiff taxes – on the upper end. And we actually have to implement those taxes. And so we may see some of these suburbs populated by better-educated professionals swinging back in a Republican direction.

YUVAL LEVIN: Well, I think there is a lot of truth to that. There's also – you have to think about these groups. Each person belongs to more than one group. So if we think about the people who are considered highly educated in the polling from the last two elections, they also tend to be unusually young, and they also tend to be wealthy, as the highly educated do. I think we have to think about the appeal of Republicans and conservatives across this kind of spectrum. Democratic governance tends to make the wealthy a little more conservative because it tends to tax them more highly. So I think that that edge of things will tend to balance out a little – flatten out a little, as Rich (Lowry) says. But there is no question that you want to be the smart party; you want to be the party that appeals to people who think of themselves as sophisticated political consumers. And for a while, now, Republicans have had a problem with that. That's part of why we need to focus in a sophisticated way on policy. It's part of why we need to make an appeal that's a little bit less expressly populist and a little bit more serious, maybe, and sophisticated about the problems of the country – without losing what I think is genuine and true about the populism of the conservative movement.

There is also a way in which the culture of the academic world is tilted against us, and more and more of the highly educated – not in engineering, but in what used to be the humanities, whatever it is now. So you're going to see a leftward tilt in people who have PhDs. That in itself is not a huge problem. We have to think about whether it points to

things that underlie it that are problems that we ought to be thinking about.

ARTHUR BROOKS: Governor, do you have anything you need to add to that?

MITCH DANIELS: Oh, just this: It's too soon, I think, to say. Clearly, there was an enthusiasm for President Obama last year that stemmed from a lot of miscellaneous sources. For a lot of upper-income people that I saw vote for him, it was a luxury purchase in the sense that he didn't seem a threat economically; there was the history of it – the natural desire for change after a period of poor results; but quite honestly, it was a fashion statement to vote for him, for some people. I'm not disparaging that. People wanted to demonstrate their enthusiasm for a society in which we could elect, finally, an African-American president. Things like this. I'm not sure how that holds up over time. The luxury is gone now. Even since the election, there has been a heck of a scare put in a lot of people who are no longer quite so certain of their economic future. The threats of higher taxes or severe restrictions on their lives and lifestyles are becoming more evident. So let's wait a while and see whether this is a pattern or a one-time (inaudible).

RICH LOWRY: It's also, in terms of Obama's youth and in terms especially of the sensibility, it was the first opportunity in American history to vote for a graduate student for United States president. So I think there was an element of identity politics to it, in that sense.

ARTHUR BROOKS: If I can meld the arguments of Rich (Lowry) and Yuval (Levin), I think that what they're saying is, the Democrats disproportionately have, right now, the support of people who did not finish high school and those with PhDs in gender studies –

(Laughter.)

ARTHUR BROOKS: – whereas the Republicans continue to win those with a bachelor's degree who go to work. (Laughter.) Where the future leads, well, it's your guess.

ARNOLD KLING: I'm going to ask an admittedly obnoxious question. I've heard a lot of descriptions that made it sound like conservatism is not being helped by its association with the Republican Party. Is the logical conclusion that either a non-political approach to pushing conservatism is right, or looking for some sort of structure change or new party is right – as opposed to pinning all our hopes on the Republican Party?

RICH LOWRY: That's not that obnoxious a question!

ARTHUR BROOKS: It's a very smart question, actually.

RICH LOWRY: I just think, as a practical matter, the political vehicle for conservative goals – the only viable one at the moment and over the last thirty years – is and has been the Republican Party, so we have to be concerned about its health and its direction.

MITCH DANIELS: Yes, it's harder the first time. Folks on either side, by the way, have thought about discarding one of the traditional parties, trying somehow to construct something new. It's not very practical. The system tends to find an equilibrium, and it will again. If there is anything that today's American of all ages insists on, it's choice, lots of choices. And I think that they wouldn't sit still for the extinction of one of the two that they have in this context.

YUVAL LEVIN: I also think that we shouldn't be too dismissive of the Republican Party, as conservatives. It's important for an intellectual movement in politics to have a political vehicle. It's important to be practical, to think about winning elections and actually being able to do something for the benefit of our country rather than arguing about what ought to be done if only we could. And the Republican Party has been a pretty effective vehicle for conservatives, for getting in power. It hasn't always worked out when we have gotten in power, but in fact, we could easily have said the same thing in the 1970s, and then we saw ourselves win an election in a big way. We could easily have said the same things in the early 1990s. We could easily have said the same thing in 1998. I think it's worth the investment in time and effort to make the Republican Party a vehicle for conservative ideas. There aren't a lot of other options, and in a democratic society, it helps to have to filter yourself through some kind of process that forces you to talk to voters, forces you to face elections and think about what the political system asks of those who want to exercise power. Our two parties actually do a fairly decent job of that. So I think it's going to take a lot of effort to revive the Republican Party – more effort than to revive conservatism. But it's worth the effort.

ARTHUR BROOKS: Rich, would it not be of significant benefit to the country if a conservative movement detached from the Republican Party were able to influence right-minded Democrats.

RICH LOWRY: Yes! That should obviously be our goal. One of the great political watchwords of the 1980s was "Reagan Democrats." So, of course you want to appeal to

the Democrats and reasonable elements within the Democratic Party.

YUVAL LEVIN: Well, Reagan Democrats were voters, not politicians. I think you have this kind of influence by speaking to voters, and you do it through the vehicle of a party. The Reagan Democrats voted for Republicans.

ARTHUR BROOKS: We have time for one more question.

JOHN GOODMAN, National Center for Policy Analysis: One of the things that Jack Kemp was so good at was talking to blue collar workers, minority voters, and low-income voters and explaining why capitalism was good for them and in their self-interest. And except for a few references to health care, I haven't heard anything like that on this panel today. There seems to be no real interest in using the conservative point of view to solve the economic problems of ordinary Americans.

MITCH DANIELS: Well, I do all the time, John. I guess examples didn't come to mind here. For instance, right now I'm talking to people all the time about what it will mean in their life and in their job and to their economic prospects if we for no persuasive reason dramatically raise the price of energy in our state. I talk to them all the time about why higher taxes not only means a bite out of their paycheck, but less chance for their son or daughter to get a job, at least in our state going forward. So your question is a very important one.

I think we probably didn't give the right illustrations, but I think you heard each of us, in different ways, recognize that to be credible, and really to earn the right to try and lead any part of this country, we have to not only address ourselves but begin by putting ourselves in the shoes of the large majority of American citizens, and to reserve our greatest concern – our greatest concern – for those who share the least in the blessings that freedom brings to this country.

And you're right to remind us of Jack Kemp, because in his every breath, he started from the standpoint of the citizen who hadn't gotten up the ladder yet. And he will always be as great a role model in that respect as we can look to.

YUVAL LEVIN: I think your question is exactly the essence of the challenge that conservatives face, and if we haven't gotten that across, then we didn't do our job. I think that is exactly the point where conservatives need to speak to voters and need to see the need for their ideas apply. What it means to think about the problems of America is not to stand back, stand at a great distance, and think about accounting. It means to think about the life of a family. It means to think

about parents who confront a difficult balance between the needs of raising a family and the needs of prospering and making money. It's a balance that exists at the very core of conservatism, and has from the very beginning – this tension between what we think of now as "social conservatism" and "fiscal conservatism."

That's not an abstract tension, a philosophical problem. That exists in the life of every American family, and our effort to think about that and to deal with it needs to express itself in solutions that speak to the problems that middle-class parents face, that inner-city families face, and that speak to the challenges of bringing up a new generation of Americans to believe in the American dream, which is a dream of social mobility, and therefore begins from the bottom and not from the top. I think that's exactly what conservatives need to do.

To my mind, that's what it means to think about the problems of the moment. It's the problems that face that family and that worker and that person in need.

RICH LOWRY: Absolutely. I agree with all of that. I agree with John's question, and with what the Governor and Yuval said.

It's not just Kemp, of course, John, who was onto this. It was Abraham Lincoln who said, insofar as there is any measure that will help the lot of the average working man, I am for that measure. And I think that attitude should be at the core of what we're about as conservative.

ARTHUR BROOKS: We end on the note that free enterprise is at the center of American culture. It is the essence of opportunity and freedom. Entrepreneurship is a question of character and, indeed, is a vehicle on which we will take not just the conservative movement but America to greater and greater heights. And it's an optimistic note, and one I'm very delighted to leave you with today.

Before we break up, I do want to remind you or ask you to join me in thanks to the Bradley Foundation. The Bradley Foundation, as many of you know, has been the leading venture philanthropist over the last twenty-five years in the cause of expanding liberty, increasing individual opportunity, celebrating entrepreneurship, and defending free enterprise. This is something that has been of great benefit to our communities and indeed to the United States. So please join me in thanking the Bradley Foundation for this conversation (as a funder of the host, Hudson Institute's Bradley Center for Philanthropy and Civic Renewal) and so many others.

(Applause.)

Panel Biographies

Mitchell E. Daniels, Jr., was elected as the 49th Governor of the State of Indiana in 2004, in his first bid for any elected office. Governor Daniels came from a successful career in business and government, holding numerous top management positions in both the private and public sectors. His work as CEO of the Hudson Institute and President of Eli Lilly and Company's North American Pharmaceutical Operations taught him the business skills he brought to state government. He also has served as Chief of Staff to Senator Richard Lugar, Senior Advisor to President Ronald Reagan and Director of the Office of Management and Budget under President George W. Bush.

Daniels' first legislative success created the public-private Indiana Economic Development Corporation to replace a failing state bureaucracy in the mission of attracting new jobs. In each of its first four years of existence, the agency broke all previous records for new jobs in the state, and was associated with more than \$18 billion of new investment. In 2008, Site Selection magazine and CNBC both named Indiana as the Most Improved State for Business in the country, and the state is now near the top of every national ranking of business attractiveness.

On his first day in office, Governor Daniels created the first Office of Management and Budget to look for efficiencies and cost savings across state government. In 2005, he led the state to its first balanced budget in eight years and, without a tax increase, transformed the \$600 million deficit he inherited into an annual surplus of \$370 million within a year. The governor used the surplus to repay hundreds of millions of dollars the state had borrowed from Indiana's public schools, state universities and local units of government in previous administrations. The second biennial budget replicated this fiscal discipline and built reserves equal to 10 percent of annual spending.

During his first term, Governor Daniels spearheaded a host of reforms aimed at improving the performance of state government. These changes and a strong emphasis on performance measurement have led to many state agencies, including the Bureau of Motor Vehicles, Department of Child Services, and Department of Correction winning national awards.

Paul Ryan is a fifth-generation Wisconsin native, born and raised in the community of Janesville. Currently serving his sixth term as a Member of Congress (R-WI), Paul works to address the many important issues affecting Wisconsin residents and serve as an effective advocate for the First Congressional District.

He is the ranking member of the House Budget Committee, where he works to bring fiscal discipline and accountability to the federal government. He is a senior member of the House Ways and Means Committee, which has jurisdiction over tax policy, Social Security, health care and trade laws. Paul has focused his recent legislative efforts on addressing our long-term fiscal crisis: the explosion of entitlement spending.

Paul is a graduate of Joseph A. Craig High School in Janesville and earned a degree in economics and political science from Miami University in Ohio.

Paul and his wife Janna live in Janesville with their children, daughter Liza and sons Charlie and Sam. The youngest of four children, Paul is the son of Paul Sr. (deceased) and Betty Ryan. He is a member of St. John Vianney's Parish.

Arthur C. Brooks is the president of AEI. Until January 1, 2009, he was the Louis A. Bantle Professor of Business and Government Policy at Syracuse University's Maxwell School of Citizenship and Public Affairs. He is the author of *Who Really Cares* (Basic Books, 2006), which examines American charitable giving; *Gross National Happiness: Why Happiness Matters for America--and How We Can Get More of It* (Basic Books, 2008); and a textbook on social entrepreneurship.

Yuval Levin is the Hertog Fellow at the Ethics and Public Policy Center and editor of the soon-to-debut public policy journal *National Affairs*. He has written widely on a range of domestic policy issues, political philosophy, science and technology, and bioethics. Before joining EPPC, Levin served on the White House domestic policy staff under President George W. Bush, and prior to that was executive director of the President's Council on Bioethics. His essays and articles have appeared in numerous publications including the *New York Times*, the *Wall Street Journal*, the *Washington Post*, *Commentary*, and others, and he is a contributing editor of *National Review*, *First Things*, and *The New Atlantis*, and a regular contributor to *Newsweek*. Levin is the author, most recently, of *Imagining the Future: Science and American Democracy* (Encounter, 2008).

Richard Lowry was named editor of *National Review* in 1997. He has written for the *New York Times*, the *Washington Post*, the *Wall Street Journal*, the *Los Angeles Times*, and a variety of other publications. His twice-weekly syndicated column appears in newspapers around the country, including the *New York Post* and the *Washington Times*. He's a Fox News political analyst, and also is a frequent guest commentator on other programs, including *The McLaughlin Group*, and the *NewsHour* on PBS. His book on Bill Clinton, *Legacy*, was a *New York Times* bestseller, and he is co-author of the new spy-thriller, *Banquo's Ghosts*. He lives in New York City.





The Bradley Center for Philanthropy and Civic Renewal

HUDSON INSTITUTE

1015 15th Street, NW
Sixth Floor
Washington, DC 20005
Tel: 202-974-2400
Fax: 202-974-2410
www.hudson.org