

THE BROOKINGS INSTITUTION

THE REFORMICONS:
A DISCUSSION OF THE REFORM CONSERVATIVE MOVEMENT

Washington, D.C.

Thursday, June 26, 2014

PARTICIPANTS:

Moderator:

WILLIAM A. GALSTON
Ezra K. Zilkha Chair and Senior Fellow
The Brookings Institution

Presenters:

HENRY OLSEN
Senior Fellow
Ethics and Public Policy Center

RAMESH PONNURU
Senior Editor
National Review

MICHAEL STRAIN
Resident Scholar
American Enterprise Institute

Respondent:

E.J. DIONNE, JR.
Senior Fellow
The Brookings Institution

* * * * *

P R O C E E D I N G S

MR. GALSTON: Well, ladies and gentlemen, let me call this meeting to order -- what passes for order in the rambunctious Brookings Institution. My name is Bill Galston. I'm a senior fellow in Governance Studies here at Brookings, and on behalf of the Governance Studies program we are very, very pleased to be hosting this event on the emergence of what is being called a reform conservative movement. Before I introduce our guests -- one of whom, as you can see, is stuck in traffic, but close -- let me just spend a minute or two reflecting on why this matters and why it's happening now.

The American political party system is a very interesting, indeed almost unique, governing structure. As you know, it's the competition between the political parties that allocates political power and control of the constitutionally established institutions. But it is discussion within the political parties that has historically surfaced new ideas. And it's the debate within each political party that determines, in the long run, what kinds of ideas and proposals each political party will take to the people, seeking their support. And I believe it's always a mistake to focus exclusively on competition between the parties and to neglect the equally important discussions and debates within each political party. And the reform conservative movement is the latest iteration in a very long, well-established and important feature of our governing system.

Why is this happening now? Well, I think it's important to reflect on just a handful of points. Set first, we are as far from the end of the Reagan administration as the Democrats were from the New Deal and from FDR in the Nixon administration, just to give you some perspective on how long it's been. And I think it is inevitable that at a certain point a founding moment is reexamined and updated and, to some extent, modified.

Second, of course, and as a veteran party reformer myself, though on

the other side of aisle, it's always important for some focal institution for the reform discussion to emerge. And that focal institution in the case of reform conservatism is the founding of the new journal, *National Affairs*, which bills itself, I think not entirely unfairly, as the successor to the late and much lamented journal -- perfect timing -- *The Public Interest*.

And third, in addition to the simple passage of time and to the founding of *National Affairs* is the loss of a presidential campaign that many Republicans and conservatives expected to win, and some of them quite easily. And take it from a broken-down Democrat, there is nothing that focuses the mind as much as losing a campaign that you thought you could win and would win.

At any rate, here we are. And let me, without further ado, introduce the people who are going to help guide us through this debate. I'm happy to report that regular order has now been restored, so that I will, in fact, introduce them in the order in which they'll be speaking.

First, to my immediate right -- stage left, I guess -- Ramesh Ponnuru, senior editor for *National Review*, a columnist for *The Bloomberg View*, and a visiting fellow at the American Enterprise Institute. There's lots more details on his bio and everybody else's in your packets.

Henry Olsen is a senior fellow at the Ethics and Public Policy Center, Michael Strain is a resident scholar at the American Enterprise Institute, and E.J. Dionne, in addition to being a senior fellow here at Brookings, is a lot of other things, including a professor of government at Georgetown University and, of course, a long-time, twice-weekly columnist for *The Washington Post*.

Each of the four panelists will speak for about 10 minutes, strictly enforced, and after that there will be a little bit of crosstalk among the panel, followed by

audience Q&A. I should mention, also, that we all have incentives to stick to the schedule because we have just learned that starting at 12:00 sharp the USA-Germany game will be live-streamed here at Brookings, and I suspect that if we don't get our heads out of the way that tomatoes will be flung at us from a very different audience -- well, perhaps partly different audience -- from the ones now in the seats.

So, without further ado, Ramesh?

MR. PONNURU: Thank you. Thank you for inviting me here to speak and to all of you for coming. I thought it was only sporting to explain to you the terms of liberal surrender when reform conservatism takes over the country. (Laughter) I was just telling Mike Strain beforehand, when he was talking about the incongruity of our appearance here, that we should just picture ourselves like Luke Skywalker at the beginning of the third movie, saying, "This is your last chance." (Laughter) So you've been warned.

No, I'm often described as being part of the reform conservative movement and, I guess, sort of like the neoconservatives of yore, we've just decided to go along with that labeling, although I'm not exactly sure who originally came up with it. I do like the idea of being a reform conservative better and I like being what E.J. called us in *Democracy*, a Reformicon, which sounds like a group of characters who got cut from the *Transformers* movie at the last minute. (Laughter)

But I think the most problematic aspect of that description is "movement," which I think tends to put in people's minds the idea that we are a sort of faction seeking control of the Republican Party in the same way that, say, the Tea Party wants to or that Libertarians want to, or other groups of that nature. And that's not really right. I think it's closer to say that we're a tendency of thought within conservatism. And we don't have quite enough, I think, programmatic coherence on some issues to really be a faction that

seeks to take over the party. I mean, for example, there are diverging views on immigration among self-described reform conservatives.

A couple of months ago -- maybe a year ago -- Avik Roy, who writes a lot about healthcare and other issues, tried to do a little summary of reform conservatism for *Forbes* magazine and he said, well, most reformers are in favor of comprehensive immigration reform. And I said, well, I'm not. Reihan Salam's not, Ross Douthat's not. You know, the chief senator who's been pushing our legislative ideas, Mike Lee, isn't. On the other hand, you can point to other folks who are very friendly to the reform project, who are very much in favor of comprehensive immigration reform: Senator Rubio, obviously, Mike Gerson, Pete Wayner, Jim Pethokoukis, and so on.

So, anyway, there are disagreements on some pretty important issues among reform conservatives. But I think there are enough points of agreement that we can talk about certain core beliefs that reform conservatives have in common, and I'll mention three here.

The first one's obvious and I won't spend a whole lot of time elaborating. The country needs conservative reforms in a broad range of issues. We need conservative reforms of our tax code, of our healthcare system, of higher education -- all of these and many other issues, we tend to think liberalism is too often wrong and conservatism has been too often silent. And in particular, we think that the troubled and troubling state of America's lower-middle class is something that demands some public policy responses.

Second, we think that conservatism needs updating, that the conservative principles that animated the Reagan Revolution are still sound, but the circumstances to which they were applied have changed and so the program needs to change in tandem with that. And so, for example, when Reagan took office we had a top

tax rate of 70 percent and it seemed important to conservatives of that era to bring that tax rate down in order to improve incentives to work, save, and invest.

Well, Reagan largely succeeded in that endeavor. Tax rates are much lower than that and conservatives have nonetheless acted as though bringing the rate down from 40 or bringing it down from 35 during the last decade was just as urgent a priority as it was in 1981. We think times have changed, we need to change along with them. It doesn't mean we don't prefer lower tax rates, we do, but the importance of it in our agenda is reduced.

Reagan took office after three years -- or in the middle, I should say, of three years of back-to-back double-digit inflation. We have had historically low inflation over the last five years and, again, too many conservatives have been acting as though we are about to experience a currency crisis along the lines of Zimbabwe's. (Laughter) This is not the kind of empirical frame of mind that we think conservatism needs and so on and so forth.

And I think even the facts that conservatism has been so reactive on the issue of healthcare is related to this. When the modern conservative economic agenda was forged in the late 1970s, healthcare was much smaller share of the economy than it is now. It was, in that respect, a less important issue, and conservatism could get by sort of thinking of it as a liberal issue not really to be dealt with. And I think, pretty obviously, that's not the case.

And that has other implications. Partly because of that healthcare issue, conservatism could agree with John F. Kennedy that a rising tide would lift all boats; that is that rising GDP would increase wages in the middle of the income spectrum. And I think we saw in the last decade that that's not the case. We did have some years where we had rising GDP, but income in the middle of the income spectrum didn't rise, partly -- I

actually argue almost entirely -- because the rise in healthcare cost was eating up what would have otherwise been raises.

So these are all senses in which the conservative program needs updating, that it was a response to particular circumstances that no longer apply. And it's very, I think, understandable that when you have a program that is enormously successful politically, and it seems certainly to us conservatives to have been successful substantively, as well, that you just keep doing it, even after you've sort of forgotten the reasons you adopted it in the first place. So there's been a lot of inertia that we've been up against.

And then, third, we tend to think that what, for lack of a better phrase, might be called the Republican donor class has a view of what has to happen within conservatism in the Republican Party that is mistaken or at least radically incomplete. And you can see this, I think, pretty well described in the Republican autopsy that was released last year by the Republican National Committee, which basically says that the Republican Party needs better "get-out-the-vote" technology, needs to embrace comprehensive immigration reform, needs to soften on social issues, in particularly same-sex marriage.

And there are certainly reform conservatives who agree with all of those things or some of those things. Certainly, I think all of us would say that the technological problem in the Republican Party is a real one. But we think that it doesn't get to the core problem of the Republican Party politically or of conservatism intellectually, which is that it has not in recent years offered a program that has much to say to people in the middle class, people in the lower-middle class, in particular. There is a longstanding perception - - you can date it really back to as long as the poll question has been asked -- people think the Republican Party and conservatism serves the interest of big business and the

rich. And I think, for various reasons, that has become a bigger problem over the years, that the identification of the Republican Party with the interest of big business and the rich has become a nearly exclusive identification. And that's become a pretty big problem.

And so, to look at it in terms of the demographic categories that the donor class tends to think in terms of not just them, they'll say, well, we need to move on immigration to do better among Hispanics and we need to move on social issues to do better with young people and, in particular, contraception with single women, and so on and so forth.

And one thing that strikes me about each of these demographic groups is they're all also more economically insecure than the national average. They're all having a harder time finding jobs, finding good jobs, getting health insurance, paying off student loans, et cetera. So even if you solve the group specific problem, if you haven't said anything about the economic concerns of these voters, you are not going to perform at the level that you should be.

All of this leads us to the conclusion that what conservatism really needs is a kind of bread and butter agenda that the conservative agenda needs to be updated and broadened to take account of a larger range of issues than just the familiar ones of the regulation of business and high marginal income tax rates. Now, none of this makes us liberals or even moderates, and I think you can see a certain disappointment in some of the liberal reactions to things we've written because of that. It doesn't even make us anti-Tea Party. And it's actually kind of interesting to see that some of the folks who've really been pushing the legislative initiatives we reformed conservatives have championed have tended to be from the Tea Party wing of the party, like Senators Lee and Rubio.

And we can talk about this a little more, but let me just suggest that even

though we're not liberals -- some of us may not even like liberals -- I think, in a way, this project helps the prospects of an eventual bipartisan breakthrough in American politics simply by making conservatism a little bit more policy-focused than it has been recent years; that it becomes more possible to compromise when you have a clear sense of what you want to achieve and why and you're not purely defining yourself in terms of opposition to the other side.

And so, on that hopeful note, I will turn over the floor. (Applause)

MR. OLSEN: Thank you, Ramesh. I'm going to take issue with the name Reformicon, as well, only I'm not going to shudder from the identification that we might be comic book characters, and that's because I was imagining Henry V on St. Crispin's Day as Ramesh urging us to continue to fight liberalism. "We few, we happy few, we band of Reformicons." It doesn't inspire. (Laughter)

But as E.J.'s reaction and as some people's reaction on the right suggests, we're viewed by many as kind of mutant conservatives, which suggests that we're the X-Men of the conservative movement, which brings the obvious appellation to us as X-Cons. (Laughter)

Well, as Ramesh says, no, no, I don't want to be thought of as an X-Con. The point of saying that humorously is to kind of segue -- not seriously wanting to be called that, but to segue into the question of, are we conservatives? And that's kind of one of the central points of E.J.'s article. It's also the central point of Kim Strassel's rather virulent attack on "Room to Grow." It's something that those of us who talk to House staffers who do not agree with us, kind of get the pushback, aren't you really one of them?

And I think, in addition to the things that Ramesh said, and I would agree with all three of them, I would say that reform conservatism is simply conservatism. And

that what we've seen over the last 20 years or so is different factions fighting for a term, "conservatism," when they tend to represent only part of the original consensus that was formulated in the 1960s on the pages of *National Review* and was articulated in the presidential campaign of Ronald Reagan.

There are elements who call themselves conservatives who are really more libertarian in their impulse in the sense that they view conservatism primarily as an argument about power. Ought the government have this power? And conservatism, I believe, is something that is more concerned with justice. It's more concerned -- less, although suspicious of government power, one of the things that unites us as X-Cons, Reformicons, those who must not be named -- to reference another popular culture motif -- is that we are not uniformly hostile to the modern project that includes national power to be exercised for the benefit of American citizens.

We may be suspicious of it, we may be seeking serious reforms of it, but I do not believe that most of us who are called reform conservatives are people who, in our hearts, believe that our secret agenda will only be secured when every national major law that was passed since Woodrow Wilson's inauguration is repealed. There are people who are trying to take over the Republican Party for whom that is their agenda. And we are not them and they are not us.

I think what we are concerned about is the dignity of the individual. That means the dignity of the producer, to use a tech term for "job creator," and we tend to feel that liberalism or progressivism reduces the dignity and the importance of the person who, for whatever reason, wants to work 60, 70 hours a week to create wealth. I think we tend to think that the dignity of the individual adheres -- again, we're not a unified movement -- adheres in everybody, whether that person is a disabled person, a lower-middle class person, middle class person, or an unborn person.

I think we believe that government power ought to be exercised in an appropriate way, which is not always a centralized way, it is not always a programmatic way, it is not always even a funded way, but that social consensus and social movement ought to be -- it is not improper to express them through law. So, consequently, we are more favorable than others who use the name conservative for a reform of healthcare rather than simple a repeal of Obamacare. Again, that's a principle difference not on the question of power, but on the question of justice.

That then leads to E.J.'s critique of reform conservatives as being either a bit timid, which is what he argued we were during 2012 with respect to the Romney campaign, or unwilling to address major problems, such as what he would consider to be rising inequality among American citizens. Again, because perhaps we're not really different enough.

I would say, one, every one of us takes risks when we write what we do. Ramesh and Mike talk about the Child Tax Credit and the use of government power to help the long-term unemployed at an institution whose economic department is run by the high priest of tax reformism. That's a risk, but the strength of the conservative movement is such that the institutions continue to respect them.

I criticized Mitt Romney in the middle of the presidential campaign repeatedly and was published on the pages of *National Review* and was not -- it was clear I was out of the majority of the people in my institution, but we take risks. So I would say timidity is not one of our issues.

But with respect to inequality, I would say that we are extremely concerned -- again, generally, not every person in our movement -- with the plight of the lower-middle class. That's certainly something I write about a lot, it's something Mike writes about, and I know it animates what Ramesh's concern about the Child Tax Credit

is, and it's not simply a political calculation or even primarily a political calculation. It's the idea that these are Americans and if we're in a circumstance where, because of the changes in the global economy, people with lower skills in America, have a different place in the new economy than they did in the Reagan administration, that as conservatives, it is proper and, in fact, required that we take notice of that and that we act.

I gave an entire speech last week at the Bradley Symposium on this question. Ramesh writes about it, Michael writes about it, others write about it, but we don't see the problem as inequality. The problem is not that some people are getting better, the problem is that some people are getting worse. And so, by defining the problem differently, which is the problem of the lower-middle class and the unskilled, then the problem of inequality, we actually come up with different policy solutions and some of them involve government action and some of them involve reform of existing programs that unintentionally discourage people with low skills to remove themselves from the labor force.

That's a distinct view between the neo-libertarian movement that wants to co-opt the word "conservative" and the traditional progressive liberal movement. It is distinctly conservative. It stands in the tradition of the Buckley conservatism, it stands strongly in the tradition of Reagan conservatism and Kemp conservatism, and as such I would say perhaps the need for name change is really unnecessary at all because we're not really X-Cons or Reformicons or those who must not be named. We are simply unhyphenated conservatives. (Applause)

MR. STRAIN: Well, thanks very much. It's a great pleasure to be here. I've long admired the Brookings Institution. E.J. was kind enough in his essay to call me a Keynesian, so perhaps when AEI fires me for that, I can find a home here. (Laughter)

Thank you, thank you.

MR. DIONNE: Ethics has the first dibs on you.

MR. STRAIN: Yes, yes. The Reformicons, as E.J. has called us -- and I'm going to differ a little bit with Ramesh and Henry in that I love that name and hope it sticks -- the Reformicons are --

MR. OLSEN: Our first split.

MR. STRAIN: Yes, our first split, right here. Those of us who are writing in this space are trying to drive home a very simple point, I think, which is that conservatives need to apply conservative principles and dispositions to the problems of today. I think, in many respects, it's that simple.

So, what does this look like today? I've argued that the most pressing social and economic problem facing the country today is our jobs crisis. Though we have seen the unemployment rate come down, with is a good thing, it's still the case that today's unemployment rate of 6.3 percent is much too high. It represents millions of Americans who are knocking on doors, looking for work, but can't find a job. In addition to that, there are 7.3 million Americans who want a full-time job, but are currently working part-time involuntarily for economic reasons. So those aren't unemployed, but they're certainly underemployed.

In addition to that, there are 6.4 million Americans who are not in the labor force, so they are not counted in the unemployment rate, but who report that they want a job today and they want to be contributing. Perhaps most seriously, there are 3.4 million long-term unemployed workers in the United States today. So you add all that up and you have a serious, immediate, pressing, urgent crisis.

This is an economic problem. These folks want to work, period. Some of them who are in part-time jobs want to work more than they're working, but they can't.

This is the economic equivalent of having factories sit idle or suppressing new technology. These folks, these workers, are increasing the size of the welfare state, which increases the need for tax revenue. And this will be especially true if they can't quickly get reincorporated back into the labor market and earning money. These workers, if they cannot be successfully reincorporated, then this cyclical problem could become a structural problem that will result in a smaller economy for many, many years to come.

And more important than the economics, this is a human tragedy. You see divorce rates are correlated with the unemployment rate. There's some kind of correlational link between poor health and being unemployed for a long time. There's a relationship with the probability of suicide. And apart from those kind of stark examples, these folks can't lead the type of lives they want to lead and that is a social problem. It requires a social response and something that I have argued is that government should not be absent from that response. Government should be helping, along with other organs in society, to respond to that.

So, why should conservatives in particular care about this immediate, pressing jobs crisis as opposed to just Americans? I think there are a number of reasons; I'll mention two. Roughly, in general, conservatives are relatively more concerned than other groups in our politics about what is called civil society: the families, churches, neighborhood associations, Scout troops, charitable organizations, civic groups, soup kitchens, all these things, what is often defined as those organizations which exist in the space in-between the individual and the government. The health of civil society is directly threatened by this jobs crisis. You can't have these active, engaged organizations if people aren't working. That's one reason conservatives in particular should care about this.

A second reason is that conservatism is very concerned with earned success. We are absolutely to help the vulnerable, but we are to help them along more dimensions than simply material. Conservatives are quite worried about fostering dependence on the part of folks who have fallen on hard times. Conservatives are very serious about making sure that the vulnerable maintain spiritual health by ensuring that they aren't simply receiving handouts from the government, but are instead actively contributing to their own material wellbeing.

This jobs crisis, and particularly long-term unemployment, is a major serious threat to earned success. Great research, commissioned by The Brookings Institution, has found that only about 1 in 10 long-term unemployed workers in any given month will be employed in what we all would consider a regular, steady, full-time job 16 months later. Only 1 in 10.

So, because conservatives care about civil society and I think especially because conservatives care about earned success, conservatives should care about this jobs crisis. They should care about underemployment and they should be particularly concerned about long-term unemployment.

This immediate jobs crisis couples with longer-term, slower-burning problems in the labor market. Middle class jobs are disappearing because of automation and globalization and they are disproportionately being replaced by low-wage jobs. And men are in flight from the labor force; they have been for several decades.

Just a few statistics about these kind of longer-term problems. The average labor force participation rate of prime aged men in 1980 was 94.3 percent -- prime age being 25 to 54, so you're too old to be in school and too young to be retired. The rate last month was 88 percent. That is a staggering decline. Only 83 prime aged men out of every 100 have a job today. And only about 40 percent of adults without a

high school diploma have a job. So there is serious, longer-term, slower-burning issues in addition to the problem we have, the immediate problem of our immediate jobs crisis.

Conservatives should be deeply concerned about these longer-term issues, as well, for the same reasons they're concerned about the job crisis and also because they are a direct threat to two other things conservatives care a lot about: the traditional family unit and a society characterized by a low rate of criminality in law and order.

So, recall that the animating force behind reform conservatism is that the 21st century presents these new challenges and that conservative principles and dispositions need to be applied to those challenges. Since a major threat is our labor market, I've tried to offer some specific solutions. Here are a few of them: offering relocation assistance to the long-term unemployed in high unemployment rate areas to move to a place where they're more likely to find a job; allowing firms to hire the long-term unemployed at less than the current minimum wage and supplementing their income with a federal wage subsidy, and granting firms that hire the long-term unemployed a tax credit a payroll tax holiday; reforming our disability insurance program so it does not serve as a permanent exit from the labor force; encouraging work sharing as an alternative to traditional layoffs; reducing occupational licensing requirements that have gotten completely out of control; encouraging domestic energy production and the jobs that are associated with it; reforming unemployment insurance to provide lump sum bonus payments to workers who find jobs; repealing the Affordable Care Act and replacing it with a program that will not result in a massive reduction in employment; real conservative education reforms to give people the skills they need to command higher wages in a 21st century economy; expanding the Earned Income Tax Credit for childless workers to increase the financial rewards from work, especially for these men who are

increasingly not working; and improving transportation options to reduce commute times in cities that have a lot of sprawl and socioeconomic segregation to make it easier for people to work.

E.J. asked me to respond to my critics and so I will. Some of my friends on the right like a lot of these proposals. A lot of them involve getting government out of the way when government is overreaching and causing problems. But some of my friends on the right are concerned about a few. In particular they don't like policies that will distort the market and distort market outcomes. These policies include pretty much anything targeted specifically at the long-term unemployed. They don't want businesses to hire a long-term unemployed worker because of a government-imposed distortion. They want the market to work, free of hindrance.

Some don't like the Earned Income Tax Credit because it is in opposition to a flat, clean tax code and because its complexity leads to many, many more improper payments than should be acceptable. They don't like programs like relocation assistance and work-sharing because those are new federal programs, and for that reason only and also because they are worried about unintended consequences.

As a conservative I share those concerns. I think those concerns are very reasonable. I think those concerns should certainly be the starting point when thinking about new things and things that are different. But they're not enough to persuade me that I'm wrong.

In a response I would make five points. First, there is solid evidence that the long-term unemployed are being discriminated against and there is a role for government to combat discrimination.

Second, economic efficiency is a good, but economic efficiency will sometimes be intentioned with other social goods. Economic efficiency should not trump

other social goods automatically without careful consideration. Conservatism is not an ideology. It stands opposed to ideologies and elevating economic efficiency to this highest level where anytime it's in conflict with anything else, it automatically wins, is something that I think conservatism, properly understood, should reject. Conservatism champions the virtue of prudence and a prudent judgment must be made in cases where economic efficiency conflicts with other social goods.

Third, as a conservative, I have been careful to outline programs that will advance the social good of promoting employment while limiting the economic distortions as much as possible because I am concerned about them. The policies I've outlined are not massive, Great Society-esque programs -- one of the reasons, perhaps, why E.J. finds them disappointing. They are not like Obamacare in their scope or ambition. They are finely targeted. They are not going to cost hundreds of billions of dollars. They are small, targeted, micro-policies focused at well-defined groups of people

Fourth, the EITC may be a different matter, but this presents an interesting challenge to the right. If people don't want to work at the wages that the economy will support, especially lower income people, then should the right simply shrug its shoulders and say, 'well, that's the market outcome'? There's a wage posted at the market. These folks don't want to work at that wage and so they're not going to be working. Or should the right instead use public policy to supplement earnings that draw people into the labor market and to make work pay? I think the latter. I think we can have a reasonable disagreement about it, but I think the latter. And I think this is a good example of a situation when economic efficiency is intentioned with other goods.

Finally, I think the economics here are far from obvious. I would argue myself that it's in the economy's long-term interest to reincorporate these folks into the labor market and to make working something people want to do in the longer term, even

if that means imposing some distortions today.

So, like Henry, I would argue that these reforms are well within the mainstream of the conservative tradition. They do not stress allegiance to universal principles, but instead stress circumstances on the ground, in the world as we actually find it. They reflect a concern about the health of society in addition to the individual and the government. Their goal is to foster earned success on the part of the vulnerable as opposed to simply giving the vulnerable government handouts. They seek to empower people to live the kind of life they want to live, to support the deeper aspirations of individuals, and to promote the flourishing of the human person and society in total. Instead of narrowly focusing on material wellbeing, they are concerned about the law of unintended consequences and are structured accordingly. They betray skepticism about the ability of the government to do big, complicated things well, and they respect the limits of government competence.

They're not the reforms of the left and they are not slightly smaller versions of the reforms of the left, but they are also not a cold shoulder and they offer workers more than abstract concerns about economic efficiency. They believe that government should be present in the effort to support the social good of employment. They offer public policy to offer workers a hand-up and to help them lead flourishing lives that include the dignity of work.

Thank you. (Applause)

MR. DIONNE: I want to thank my Keynesian comrade, Michael Strain; Comrade Henry Olsen, who consistently shows a concern for the working class in just about everything he writes; and Comrade Ramesh Ponnuru, who has always grappled with the demands of Catholic social thought for social justice and a concern for the common good.

I also want to open by saying that now that a conservative Republican has won a primary in Mississippi -- in Mississippi -- by campaigning on all the good that big Washington and government does, then all things are possible in our politics.

I want to thank my friends Mike Tomasky and Elbert Ventura of *Democracy* magazine. I guess my most important title today for these purposes is I'm chair of the Editorial Committee at *Democracy* and they encouraged me to grapple with reform conservatism, which is something that has interested me for quite a while, partly because -- and I actually mean this very much -- all the people gathered today and a lot of others among their comrades are people I personally like and respect a lot. I even occasionally agree with.

Secondly, I think a conservatism that actually tries to come up with at least some policy proposals is better than a conservatism that says no, no, no, and no. I think a conservatism that says at least maybe we can use government to solve social problems is better than a conservatism that says we can never use government to solve social problems.

And I guess, you know, just to Henry's point, some people look for heretics, others look for converts. I'm in the convert category. And so I do want to encourage my conservative friends here to realize that people who gave the country Social Security, Medicare, the minimum wage, civil rights, environmental and consumer protections really aren't so bad. It's not so bad over here. And as you grapple with the shortcomings of conservatism that you're trying to correct, maybe you'll go even farther still.

I also want to reply to something Ramesh didn't say because Ramesh has a very interesting piece in the "Room to Grow" manifesto called, "Recovering the Wisdom of the Constitution," and he talks about a constitutional conservatism. I want to

make a case for a constitutional progressivism. And my constitutional progressivism is rooted in the Preamble of the Constitution. I'd ask everybody here today what is the first word of the Constitution of the United States? "We." I love hearing people say "we." We don't do it at all these days.

It's not about states' rights. It's not about individuals. It's "We, the people." It's a civic Republican call to the common good. "We, the people of the United States, in order to form a more perfect union, establish justice, insure domestic tranquility, provide for the common defense, promote for the general welfare," yes, welfare is right there in the first paragraph of the Constitution of the United States, "and secure the blessings of liberty to ourselves and our posterity," again ourselves and our posterity, not just me, "do ordain and establish this Constitution."

So, Ramesh, if you ever want to do a seminar on what the Constitution tells us to do, I'd be honored to participate.

And à propos of Bill's note on the soccer being shown here, if we can turn Americans into soccer fans, then, yes, conservatism can reform itself, so I'm very hopeful. (Laughter)

And the core question I ask in my *Democracy* piece is whether a reformed conservatism really wants to reform conservatism or is this, for at least some in the ranks, primarily a venture in repackaging it? Now, I think it's very important, as our comrades here guessed, I'll just stick with that term, has suggested that there's a lot of diversity among the reformed conservatives. Some among them are sharply critical of the Tea Party, but, as Ramesh suggested, many keep their criticism implicit or argue that they're simply trying to fill a policy void left by some years of largely defensive and negative politics.

Given the power of the farther reaches of the right, most of the

conservative reformers don't want to offend them too much. There are conservative reformers who hint at nudging the Republicans and conservatism to the left of where it is now and specifically highlight the importance of shedding radical anti-government rhetoric. I think you heard some of that in Michael Strain's presentation today. Other Reformicons -- I'm glad we created a debate over that word -- seem more interested in wrapping the same old libertarian small government view in warm language about civil society and relying on local communities to solve problems.

There are reformers, especially the younger ones, who say that the conservative movement must free itself from Reagan nostalgia and acknowledge that the 21st century problems are quite different than those when the Gipper was around. And others see the road to the promised land, this would be Henry in part, as passing through a re-embrace of Reaganism, properly understood, of course.

I think it does put the Reformicons in a somewhat different context to -- think about John McCain. In some ways the John McCain of, say, 2000 was this era's first reform conservative. And in many ways, his ideas were well to the left of where many of the Reformicons are now. He was a passionate campaign finance reformer in a party, and I should say its friends in the Court, that is -- it has friends in the Court that is now committed to tearing down all barriers to big money in politics. He acknowledged the human causes of global warming and introduced what would now be seen as adventurous legislation to curb carbon emissions. He was opposed to Bush tax cuts and used populace language that is very familiar to liberals.

I think today's reform conservatives are operating in a much more constrained environment. They're reacting against the Tea Party's opposition to government, but they're also limited, I think, by an increasingly conservative Republican primary electorate. Remember Thad Cochran could prevail only by encouraging

Democrats to join that electorate in Mississippi on Tuesday. Also, the shift in the Republican Party's geographical center of gravity southward -- that's a long-term trend -- and a rightward shift within the business community.

I think that there's a problem, and I talk about this in my piece, which is a real difficulty conservatives have in coming to terms with Barack Obama. They try to pander to -- many of them try to pander to anti-Obama feeling as much as possible and don't want to grapple with what Obama has actually proposed. Example number one is the Affordable Care Act. It's much-maligned complexity is built around ideas that had their origins on the right. I had the great pleasure of being on a panel recently with Stuart Butler of the Heritage Foundation and I said it was a great honor to be with Stuart Butler, the chief architect of Obamacare. Because a lot of what makes it complex are the efforts to keep the private market in health insurance intact. Had Obama supported a single-payer system or a more government-oriented plan of some other kind, you could imagine reform conservatism endorsing something that looked very much like Obamacare, which is, of course, what Mitt Romney did in Massachusetts.

It is also something, for those of us who are progressive, to think about that in trying to be practical and moderate and reasonable, sometimes we liberals may have helped shrink the philosophical space in which policies are formulated and carried out.

You could go through a long list. Obama's an advocate of strong income supplement plans, such as the Child Tax Credit. And I do believe that's one issue, by the way, in which there is potential common ground between progressives and reform conservatives, the Earned Income Tax Credit. And these often figure in the conservative alternatives to more direct government assistance to the poor.

By the way, I'd also like -- it's fun to point out, income taxes are lower

under Barack Obama than they were under Bill Clinton. But reform conservatives don't want to respond to any of this, I think, or many of them are not willing to because if Obama's socialism is socialism personified, then any idea he supports, no matter its genealogy, is suspect by definition. And I could quote a whole lot of places where reform conservatives have attacked the President. I'll just quote Ryan Cooper, who wrote in the *Washington Monthly*, that reform niche conservatives, as he called this group, and I quote, "seemed inclined to produce about three articles bashing liberal statism for every one questioning Republican dogma." Somebody can do a great academic study on this.

I think David Frum, who's a real conservative heretic, almost beyond the reaches of reform conservatism, asked the right question. He said that many conservatives know in their hearts that their product is not selling as they would wish. He uses the analogy of a failing pizza chain to ask what I think is the key question: How much are our friends willing to change the pizza and how much are they merely trying to change the box?

I am told my time is almost up, so I just want to make one point in closing. A lot of what the reform conservatives write is about civil society and all of those nongovernmental institutions that stand between the individual and the state. And Yuval Levin, the very able and brilliant editor of *National Affairs*, in his piece in the manifesto talks about an overreaching, hyperactive, an unwieldy state. And he says, and I quote him, "The left's social vision tends to consist of individuals and the state, forgetting all of these," they say "we," "forget all these intermediate institutions," as if we progressives don't belong to churches, synagogues, and mosques or little leagues or social clubs or families or neighborhoods or private sector enterprises or not-for-profit organizations.

I think we are not against the civil society sector. And, on the contrary, I think we believe that government can actually craft policies that help strengthen this

sector. Mike Konczal in our *Democracy* magazine a couple of issues ago wrote that private charity can respond to social problems with targeted and nimble aid to individuals, but cannot be expected to shoulder the huge, cumbersome burden of alleviating the income insecurities of a modern age. So I think that we need a much more candid discussion about civil society where our friends in the -- and I think we would have areas of agreement if our friends in the reform conservative movement could acknowledge that we liberals are not, well, Stalinists who want to give all power to the state.

Reform conservatism has to prove that it's more than a slogan, more than a marketing campaign, more than a new pizza box. They can be part of a historic correction the conservative movement badly needs, particularly in its orientation toward government, or they can settle for being sophisticated enablers of more of the same.

I think in many ways the people gathered here have tried to push conservatism in a better direction. My Reformicon friends have said I will only come around when they finally all decide to convert to liberalism. Maybe there's truth to that, but I actually think they can make a great contribution if they take on the task of reforming their movement and creating a much more vibrant debate than we have had in the years since President Obama was elected.

Thank you very much. (Applause)

MR. GALSTON: Well, in the interest of time, I'm going to shelve all but perhaps one, if time permits, of the questions that I've formulated. And in the interests of justice and fairness, which, of course, we believe in passionately here at The Brookings Institution, I'd like to give each of the first three panelists an opportunity to respond as he sees fit to the critique that E.J. Dionne has published and a substantial portion of which he has just reproduced in his remarks.

MR. DIONNE: Oh, there's much more there, Bill. Oh, trust me, there's a

lot more there. (Laughter) It's a long piece.

MR. PONNURU: Shall I start us off?

MR. GALSTON: Please.

MR. PONNURU: Yeah, I want to change the pizza, not just the box, but I do want the pizza to remain recognizably pizza. And, you know, Domino's has done a pretty job of that as far as I can tell as a customer. In fact, it's actually more recognizably pizza than it used to be, and I think maybe something similar can be said of what we want to do. I mean, we want to take the basic conservative approach to the world and apply it to a broad range of contemporary circumstances.

And I think the McCain parallel is actually something I didn't get a chance to write about because of space constraints in my response to E.J. for *National Review*. But it seems to me that to the extent that the early 2000s McCain had any kind of ideological or intellectual coherence -- and that extent should not be overestimated (Laughter) -- it was as a play for upper-middle-class voters by saying "me, too" to liberals on a range of issues. There really actually wasn't much in it that offered any direct benefits to make life better for people lower on the income spectrum or actually for anybody. And so, in a lot of respects, I think we're just doing something very different.

And some measuring us on a yardstick where sort of he's more liberal and more bold as a result, I think gets some things wrong in the sense of actually having sort of creative policy proposals of our own as opposed to meeting Democrats halfway on a Patient's Bill of Rights, the poll-tested, you know, favorite of that era. I think we're actually a little bit bolder.

I'll just say and, I think, finish this response, you know, E.J. said we have to prove that we're serious about these reforms, and I think that's right, but we also have to keep in mind, you know, from a practical political standpoint, who do we have to prove

it to? And the answer I think basically isn't liberals. I mean, you can easily see Republicans or conservatives in the early '90s looking at the Democratic Leadership Council and Clinton and saying, look, they're still for abortion, they're still for a big government, they're still for national healthcare. All they're doing is changing little bits and pieces here and this doesn't amount to anything. But most voters rightly thought about these things differently. And I think that we may come to a point where even as fair-minded a progressive as E.J. still finds us inadequate, but we'll just have to live with that.

MR. GALSTON: Well, thank you, Ramesh, personally. I'll put that one in my pocket and yield to Henry.

MR. OLSEN: First, I am happy to join with you as a comrade in storming the barricades and bringing the revolution of the human dignity of man to American politics. But I think as fellow Catholics perhaps we should adopt the term that the 1st century Christians did, which is pilgrims, that we're wandering towards solutions and trying to find solutions together, and we may find solutions in different places, but we are shared in our pilgrimage.

I for one do not want to reform conservatism. I want to renew it. I think what has happened in the last 15 years is that conservatism has begun to lose its way from its original formulation and that it's recovery of what those principles are that will allow us not to change it, but, in fact, to continue it. I think that what has happened is that people who tend to come from a different intellectual tradition, the neo-libertarian tradition, have become identified with conservatism and that's not what conservatism as Ronald Reagan understood, it's not what conservatism as Jack Kemp understood. So what we need to do is renew conservatism and not reform it.

I think that with respect to the seriousness of changing the pizza versus

the changing of the box, I think you can simply see from the beginning of how people reacted to "Room to Grow" that there are many people in the conservative movement who believe that we are substituting a calzone for pizza. But there is importance to what Ramesh said, which is who are we talking with? We are talking with conservatives. And what I'd say, to continue my analogy with the X-Men, is that there's actually a division among the mutants over how to deal with humans. (Laughter) And people like Wolverine to my left and Professor X Yuval with his balding head and his wiseness took one approach, which is deal with humans as they are. And then there was a group that believed in attacking humanity, and I would say that David Frum is Magneto. (Laughter)

MR. DIONNE: You want to top that, Mike?

MR. STRAIN: No. (Laughter)

MR. OLSEN: None of my fellow panelists like my movement into this pop culture. -(Laughter)

MR. PONNURU: You'd be the coolest of the X-Men, so... (Laughter)

MR. OLSEN: You are the coolest of the X-Men.

MR. STRAIN: Henry shared that taxonomy with me the other day and told me that I am the Beast, so I don't know what to make of that. (Laughter)

I'll agree with Ramesh that I like Domino's Pizza and agree with Henry that I'm a Catholic pilgrim, and we can turn it to the audience. I don't have much to add to what Ramesh or Henry said.

MR. DIONNE: Could I make one quick point to Henry that I meant to make, which is, Henry, if there was something I'd change slightly in my piece, Henry made the point that he was -- I put him in the second group of Reformicons as opposed to the early critics of what was wrong. And it is entirely true that Henry was writing what he said he was writing in his criticism, for example, of the Romney campaign. Indeed, I

think I quoted some of that at the time. And so when Henry sort of wrote me that I remembered my friend Paul Gigot, who's now the editor of the *Wall Street Journal* editorial page. Whenever a liberal said something that was critical of liberalism, he would always begin by saying, "Honest liberals say," and then it would be this criticism of liberals. So I want to tell Henry that he has indeed, on many occasions, earned the phrase "honest conservative." (Laughter)

MR. GALSTON: That tees up the one question that I'll permit myself before turning to the audience and it takes the -- this is an essay question. And the author of the essay question is one member of the panel, namely Henry Olsen, and I'd like the other two guests to Brookings to respond to this essay question.

It's a paragraph from a piece that Henry published, not surprisingly in *National Affairs*, entitled "Conservatism for the People." And here's the paragraph and I read this because if reform conservatism is the answer, then what is the question? And Henry gives a very, very bold answer to the question, namely what is the question?

He says, and I quote, "Republicans, and especially conservatives, would like to dismiss their 2012 defeat as an aberration. They proffer many excuses. Governor Romney was a bad candidate who ran a bad campaign. President Obama's technology-driven ground game made the difference. Hurricane Sandy stopped Romney's momentum at the worst possible time. None of these explanations is without merit, but they all miss the major point of the election results: The President made the campaign into a choice between two clear visions of America and Americans preferred his vision to the Republicans'."

As I used to say when I was a college professor, discuss. (Laughter)

MR. PONNURU: Yeah, I think that's right. You know, you do run into a kind of complacency among conservatives and Republicans that sometimes gets

expressed in the form, well, you switch, you know, 300,000 votes in 4 states and Romney would have been President. And my response to that is if you were to switch about 60,000 votes in 2 states, you wouldn't have had a Republican President in the last 20 years. So I think the Romney data point has to be added to the set of post-Cold War presidential elections and it adds up to a picture of Republican weakness rooted in, as I said earlier, the over-identification of Republicans with the interests of big business and the rich.

I think there's less complacency than there used to be because the 2012 election results were sort of more disorienting to Republicans than 2008. 2008 you could write off if you were a conservative Republican to, well, there's a huge crisis, the Bush years having gone sour, and Obama, you know, hiding his true self and not showing people how liberal he was. And in 2012, this was supposed to be where the public sees how liberal he is. You no longer have this crisis and people just rise up as one and say no, and that didn't happen. And that's why I think there's more openness among Republicans to the kind of ideas we've been promoting.

MR. GALSTON: Michael?

MR. STRAIN: I'll agree with everything Ramesh just said and I agree with Henry's characterization in his excellent essay, which I would encourage all of you to read if you haven't read it.

You know, I think that if -- you know, think about, put yourself in the shoes of some of our fellow citizens. Looking at 2012, we have this horrible economic crisis that we've been living through for years. You know, maybe you're a parent and you're concerned about affording college. Maybe you're concerned about rising healthcare costs. Maybe you're a 25-year-old and you're concerned about getting a job. Maybe you're a 35-year-old high school dropout and you just can't support yourself on

the money that you're earning, and you're facing real challenges. And the thing that I think -- one of the many things that Henry's added so much to our conversation about these issues is that Ronald Reagan was fantastic. And one of the reasons he was fantastic was that he spoke to the aspirations of everyday Americans and he had a message that went to people and their daily lives and not just to the elites, but to the whole country.

And so you're sitting there and you're saying, okay, you know, who am I going to go for, President Obama or Governor Romney? Well, President Obama, I may not like all his policies, I may not like Obamacare, you know, I may question his competence, but I think he's getting up every day and, you know, thinking about what can I do to help make life a little easier for folks in the middle class and to help folks in the working class to rise. And Mitt Romney wants to cut taxes on millionaires and take away the healthcare I was just guaranteed, so I'm going to go with the President.

And I think that we -- conservatives are really doing themselves a disservice if they don't look at that reality square in the face and learn from it and adapt their rhetoric and their policies to face it.

MR. PONNURU: Let me just tack one tiny bit, which is, you know, some of the things that Romney got wrong, a lot of the things that Romney got wrong, that were seriously harmful to his campaign were things that conservatives weren't challenging him on in the main and were right there with him. Think about his comment about gifts right after the election: Obama came bearing gifts and I didn't. Conservatism cannot be a successful political movement if it makes a virtue of the fact that it doesn't do anything for anybody. (Laughter)

MR. DIONNE: Amen, brother. Fellow pilgrims, could I just say, I want to give a Twitter answer to an essay question. Two points quickly.

I think Henry was absolutely right in what he wrote. I think I quoted some of that in the *Democracy* piece. But I think -- and Ramesh really very candidly addressed this -- I think it raises profound questions for conservatism. Proposing smaller government, deregulation, and a narrow focus on the interests of the "job creators" just doesn't respond to the actual problems facing hard-pressed Americans. And if my friends over here want to create a debate over whose proposals will help those hard-pressed Americans more, that would be a really good kind of politics to have in our country. It's just not what's happening now.

MR. OLSEN: As the person whose writing sparked this I'll simply say a couple of things.

One, I've been writing about this since 2010, maybe 2009, so my answer is given in full in some ways throughout all the corpus of my writing.

Second, with respect to the question of policy responses, I actually responded to you on one piece, which is to say E.J. tweeted those of us in the Reformicon movement about whether we would support Patty Murray's bill on tax reforms, and I explained why I thought that there was a conservative approach that was more beneficial. I'd love to participate on a panel so that the conversation didn't just die, but we actually had that conversation: Mike Lee versus Patty Murray as a way to help the working class. That was an example of how we can have a discussion and a debate if both sides actually want to continue it and not simply drop it.

But what I do want to add, two things, to that I hadn't read about before. One is the question of gifts. There are too many conservatives who think that if somebody is receiving a government benefit, whether it is unemployment insurance or food stamps, that they're takers. That came out in Romney's response on makers versus takers, which has all too much resonance among certain segments of the conservative

movement. Americans are not and do not perceive themselves to be takers. And it's not simply a question of prudence. It's a question of getting at expressing the morality of government action in a way that enhances the dignity of the individual. And I think what we need to do as conservatives, not as neo-libertarians masquerading as conservatives, is actually say what those virtues are. That is one place that we have a lot of implicit agreement, but not explicit enunciation, and we must do that if we are going to succeed.

Secondly, with respect to the current factions in the Republican Party, I do think that 2012's defeat was a wake-up call, but I think too many people hit the snooze button. I think it is more like 1984 was to Democrats than it was like 1988 was to Democrats. I think that there are too many people who are still willing to dismiss 2012 as the sorts of things I wrote about, and I break them into two different groups: what I call the louder-and-clearer crowd or bunch and the clothes-and-cosmetics crowd.

The louder-and-clearer bunch are the ones who say, you know, the only problem is that no one thought we were serious enough about what Mitt Romney talked about. They didn't think we would cut enough. They didn't think we were serious about lowering taxes. They didn't think we were serious about reducing government. If only we are louder and clearer, a majority of Americans will rally to our cause. I won't name names, but I think we can all put who would be part of the louder-and-clearer bunch into our heads.

The second and the more numerous group is the clothes-and-cosmetics crowd, and these are the people who believe kind of like what Ramesh talked about with respect to the party response, which is, you know, if we just remove certain barriers to people. You know, if we say we're for immigration, then Hispanics will be for us. If we say we're for abortion, then single women will be for us, or for same-sex marriage, young people will be for us. And one of the things I write about is it's just not true. It's just not

true.

The reason people don't vote for a certain brand of Republicanism and a certain brand of conservatism right now is not the barriers to it. They actually don't like the product. They don't like the product because they don't believe implicitly that lowering taxes on wealthy people and cutting benefits for less wealthy people is the way to stove economic growth and fairness in America. You can remove all the barriers you want, but if the product you present is that product, the American people will reject it by even larger margins than they did the Romney campaign. It is not the product that Ronald Reagan presented in 1980. It is the wrong understanding of what Ronald Reagan was about and what Ronald Reagan did that fuels the ability of neo-libertarians to latch on to conservatism and persuade people who otherwise would disagree with them that this is the way forward.

And we represent a third group which believes that conservatism unmodified is the way to understand the way forward. But I actually think that just as the DLC did not get serious political traction till after Michael Dukakis, who was, in effect, the clothes-and-cosmetic candidate for liberalism in 1988. He wears a suit, he's not from the unions, he likes new jobs. He's kind of like Gary Hart without the marital infidelities. Look, we're going to beat the unpopular Vice President. But guess what. Clothes-and-cosmetic liberalism wasn't what America wanted.

Clothes-and-cosmetic conservatism is not what American wants. And if Republicans lose in the next presidential campaign, then I think you will see many, many more people showing up at our right now isolated gatherings.

MR. DIONNE: I just want to say Republican urges defeat of Republicans in the next election to get things done.

MR. PONNURU: As I said there are disagreements.

MR. DIONNE: I'm describing, not urging. (Laughter)

MR. PONNURU: There are disagreements among us reform conservatives.

MR. OLSEN: And I would say I would like the revolution to happen earlier, Comrade. (Laughter) I just believe we are at a different stage in the dialectic of historical development. (Laughter)

MR. GALSTON: Well, as this panel has proceeded, my entire political life has flashed in front of my eyes. And, you know, it's taking a monumental act of self-restraint on my part not to join in, but I'm conscious of the principle of justice that excluding an entire group from the conversation is dead wrong.

We have 15 minutes before soccer. Let's make good use of them. Brief questions, preceded by self-identification.

Yes, in the aisle.

MR. CHECCO: Larry Checco. I just want to thank the conservatives for coming into this lion's den. In the beginning, I wasn't sure if I was part of a Jon Stewart script in the studio, but, you know, you showed your hubris and that's fine. And I'm a liberal, so you can hate me, but that's okay, too.

Ronald Reagan has been brought up quite a bit and we talk about -- you know, Michael in particular, I was really pleased that you were focusing a bit on the working-class folks. But I think we should see that it's clear that Ronald Reagan's welfare queens did not cause the mess that we're in now. Ronald Reagan's welfare queens did not deduct \$14 trillion worth of wealth from our society. It was people on the other side, and you know where this is going.

The only thing I would ask is we made a social contract in the early 1980s: by lowering taxes, we were going to see trickle-down prosperity for all of us. We

lowered taxes under Ronald Reagan. We lowered taxes under George Bush. And we should be flush -- flush -- with jobs and we're not. Why?

MR. OLSEN: I talked about that last week and it's something that's no reason you would have known because it was a conservative gathering. I spoke to conservatives; I haven't published my remarks yet. I think if you take a look at the data that both median incomes and broken down by educational group or age or social class, in the 1980s and 1990s there were jobs and there were rising median incomes, whether you were low-skilled or non-low-skilled.

For some reason, that stopped in the Bush administration, and I mean Bush 43, not Bush 41. And I talked about that last week, why I thought that that had stopped, namely that we now face a different economy where people with lower skills come into direct competition with 3 billion people who are not so marginally more unproductive than them that it does not make economic sense for people with capital to think about investing there. And what that meant was that during the Bush recovery -- I looked at not what happened during the tech recession of 2001/2003 and not after 2007 -- in 2003 and 2007, if you had low skills, if you were on the lower end of the skill set, no matter how you look at it, your incomes either stagnated or declined. That's not what happened in 1980s. That's not what happened in the 1990s.

So to make a simplistic argument, we cut taxes and the promise wasn't delivered on the left or we cut taxes and the promise was delivered, which is the way certain elements of the right looked at it, is actually not consonant with the data. We had success for the first 20 years. We did not have success for the last 10 years. And a conservatism that is concerned about principles rather than static policy, dogma, is one that would take a look at that and say we cut the top rates and we cut rates on capital in 2001 through 2003 and it did not help the wages. It might have helped create more jobs

than would otherwise have been the case, but they were not the sort of jobs that would sustain a family of five people. And that is something we need to seriously look at if we as, I would say, unhyphenated conservatives, you would say Reformicons, want to be successful. Not successful in terms of getting votes, although that's certainly important, but successful in terms of doing what we want to do, which is help all Americans.

So I want to take issue with some of what you said, but also echo the implied critique that things change as the economy changes and we must recognize that, or we will not be successful in any definition of the word.

MR. GALSTON: I see a sea of hands over here, and the first one with his hand up is the gentleman with the white hair on the aisle. I'm biased in the direction of people with white hair.

SPEAKER: My name is --

MR. DIONNE: Yeah, tell me about it.

SPEAKER: My name is Gamal and I'm in small business. And there's a sea change taking place in India, where Modi has been elected on the basis of small government and maximum governance. And so I'd like the panelists to look at it more globally and see where the philosophies of liberalism and conservatism fit.

MR. DIONNE: I just want to say, directing this at the panel, that I've read about Modi and while parts of him, the RSS past and all that, is troublesome, his stated views are very kind of Reformicon or they sound that way to me. I'm curious how you guys view Modi.

MR. PONNURU: Go ahead.

MR. OLSEN: No, no, you go ahead.

MR. PONNURU: All right, fine. (Laughter) Yeah, well, I mean, I think that, you know, conservatism is sort of American. I mean, conservatism has a pretty

strong emphasis on kind of the cultural substrate of economics and politics in that sort of an American conservatism is not going to be the same as a European conservatism, for example. And I think, you know, we can all -- it's pretty clear what those sorts of differences are.

And I think, you know, the same is true about an Indian conservatism. I guess, you know, sort of my thoughts on it are pretty much encapsulated by what E.J. has said, the potential for communal tensions of a sort that India certainly doesn't need more of is something that's very worrisome as are the ties to the RSS. On the other hand, it does appear that he is overthrowing a somewhat corrupt establishment that had grown pretty sclerotic, which, come to think of it, sounds a lot like the way the Tea Party sees itself.

MR. OLSEN: Yeah, and I would say with respect to Modi that what he -- you know, why did BJP lose a few years ago? It was because the gains of the economy was not felt throughout Indian society. Why did the BJP sweep virtually all of India that was -- you take a look at where they won, they swept all of India except for the South and the West, which are a different culture and language. It was basically a very interesting divide. I would say that what he did was say, you know, Congress promised you that gains would be -- if we turned to more government distribution -- gains from the economy would be more evenly spread. And you saw neither government effectiveness nor -- and you saw a slowing of economic growth.

It's important to remember that India is one of the winners in the new economy. And what Modi was basically saying is we can be even more winners if we embrace what was working before without becoming, you know, unconcerned about the people who are -- will take more slowly to be integrated into the world economy. And as such, what he was talking about was much different as far as what a political challenge is

to a conservative in India than faces America today. Because America's political challenge is to deal with what I believe is a fact: that between one-quarter and 40 percent of Americans have a very different relationship to the world economy in the sense that they are potentially losers than people in the rest of the world who are largely winners.

MR. GALSTON: I'm going to do something that I usually don't like to do, but in the interest of time it's necessary. I saw at least one additional hand on this side, two actually. And so I'm going to take these two questions and a hand I saw over here, this gentleman, you know, group them together, and then the panelists among them can address that package of questions. And then, I'm afraid, we're going to have to call it a day. So bang, bang, bang.

MR. HOPPE: Dave Hoppe with the Jack Kemp Foundation. One of the things Jack believed profoundly is that you won elections based on ideas. If your ideas were better than the other guy's, you won. If you didn't, you lost. I'd like to reverse this discussion just a little bit.

I believe what former Congressman Michael Harrington said when he left office is basically correct. He was a Democratic congressman and a self-proclaimed socialist. And when he left office in 1978, he said I've got to get out of politics, and said, because my side has no ideas and the other side's ideas are all wrong.

MR. DIONNE: Just a correction. That's a different Mike Harrington. They're not the same.

MR. HOPPE: Oh, is it?

MR. DIONNE: Yeah.

MR. HOPPE: Okay.

MR. DIONNE: I knew them both. I liked them both, but they're different

guys. (Laughter)

MR. HOPPE: You may have voted for him at one time.

MR. DIONNE: Yeah.

MR. OLSEN: But I think only one of them was a socialist.

MR. HOPPE: And having said that, if you look, Ronald Reagan I think was successful because he was the oldest candidate with the youngest ideas. And if you look at the Republican Party, it's gone through cycles of being a party of ideas in the late '70s, the '80s, stretched a little bit into the '90s. In fact, some of the reform governors brought it back in the early '90s. And then it went into a period where it wasn't and now it's in a period where I think with you and some others it's coming back. What I haven't seen is that there's any new ideas on the Democratic side. Like Michael Harrington, they have no ideas.

MR. GALSTON: Next?

MR. DAVIS: Hi. Bradley Davis. I was just curious just taking the general idea of Reformicon or whatever the term was, I'm sorry, in general and kind of thinking about how you plan to or if you have any ideas of how to really implement that on a -- in the populace and actually generate some sort of grassroots movement because, like, if you look at just the shutdown that went on. You hear things that are going on. Everybody says, oh, it's Washington, dah, dah, dah, dah. But really these are -- a lot of things are supported by the people. And if you look at individual districts, their members of Congress are very highly supported despite the overwhelming -- I mean, the overarching -- you know, what I'm trying to say here.

And so how do you plan to really get that in touch with everybody to really get it going rather than just kind of, you know, here in our think tanks and things of that nature?

MR. GALSTON: Thank you.

MR. DAVIS: I apologize for my incongruence there.

MR. SCARLIS: I'm Basil Scarlis. I've lived most of my life in Western Europe and where most conservatives are to the left of Barack Obama. But I just have a very practical question.

Instead of ideas, could you address what needs to change in the American political system to ensure that your ideas are more accepted in the Republican Party and, specifically, the primary system? And I notice in Mississippi, there was an open primary.

MR. DIONNE: Bill, could I go first to give our guests, pilgrims, and comrades the last word?

MR. GALSTON: Absolutely.

MR. DIONNE: Yeah. Let me just say two things quickly. First, I appreciate your point on the European conservatives because I do personally hope that -- and maybe they will let me down on this -- that my Reformicon friends can create American conservatism that is somewhat more like a European conservatism, but with a specific American accent, rooted in our traditions. Because it seems to me accepting forms of social provision are the only way through to a fair society. And the question is how do they do it?

Just to the good gentleman from Jack Kemp, A, on the liberal ideas, I think there may be an idea shortage across the board, but we at *Democracy* have actually been at the ideas business for the center or left for a while and we can send you some issues, if I may encumber some of our funds. But the reason people loved Jack Kemp, including me -- and Jack Kemp used to write me funny notes about how much he hated my views on taxes because it seemed to him I always want to raise them,

especially on the rich. Nonetheless, what we loved about Jack Kemp were two things.

One is a deep and genuine compassion for people in trouble and a belief in justice and equality. And he showed that in a lot of ways.

But the other thing that was lovable about Jack Kemp and what was sort of attractive about early Reagan conservatism is that it was deeply optimistic about the United States of America. And I think -- I throw this out as a challenge to my friends here -- I think one of the things that ails contemporary conservatism is it has become very pessimistic about our country, very gloomy about what the new America will be in 2020. I am actually quite optimistic about our country and what we're going to be like in 2020 or 2030, if we don't mess it all up with our politics.

But I think what conservatism -- you know, I don't think we can go back to the Reagan era. I didn't vote for Reagan. I opposed a lot of his ideas, but I did admire the way in which he stole Rooseveltian optimism from the Democrats and Clinton stole it back. And I think there needs to be a lot more hope on the conservative side.

And, again, I won't say anything more except to thank our friends for coming in today because I do hope we can have more exchanges like this over time.

MR. PONNURU: I agree with almost everything you said. See? There's bipartisanship right there.

When you said that there were going to be three questions in a row I was thinking, great, I'll be able to pick which one I want to evade. (Laughter) But I think I can actually wrap it all up in a response.

Throughout this conversation and throughout the whole larger conversation about reform conservatism we've been haunted by the parallel to the Democrats of the 1980s, with the idea that the reform conservatives are playing the same role as the Democratic Leadership Council. And I think there's a similarity there that

goes under-remarked. If you think about Clinton in 1992 wanting to end welfare as we know it, being in favor of the death penalty, you know, coming out against calls for black people to kill white people, and the Sister Souljah thing -- all of these things were not just things that were popular with the public at large, but were actually popular with Democratic primary voters, as well. And there was a thin slice of party elites that had to be worked around. And I think there's something very similar at work on the Republican side today. That is, the number of actual Republican voters who are dedicated to cutting the capital gains tax to the exclusion of everything else and hates the idea of giving tax relief to working parents, I think it's very tiny. And I think we can have something similar where the problem isn't fundamentally the primary electorate. It's a thin slice of activists. So that's for the similarity.

And the difference -- and I hope that gets to both Basil and Bradley's questions. And the difference, I think, gets to Dave Hoppe's question, which is in the late -- I think the difference between our situations is this: in the late 1980s, Americans were broadly happy with the way they were being governed. They were happy with the direction of the country. They thought Reaganism was broadly successful even if they had differences here and there. Right now we have a deeply unsatisfied population that thinks the country's on the wrong track, wants the next President to have different policy priorities and a different agenda than the current one. And in some ways, that means that the challenge for reform conservatives is harder because it's not, I think, simply a question of coming up with areas like welfare or crime or inflation, where the liberals of that era could say, okay, maybe conservatives had a point or two there, and just identifying those places and making those concessions, which was part of the new democratic project, as I see it.

But, on the other hand, it also means that there's more opportunity

because I do think that there is a sense in which we have the best ideas of 1981 competing with the best ideas of 1965. And if we get up to 2016, we'll have an advantage.

MR. OLSEN: I would say with respect to the two political questions, most Republicans are already there in terms of the silent majority of the Republican Party. If you take a look at Mississippi, in the most conservative state in the union, a conservative challenger, even had not African Americans decided to vote for Thad Cochran, would have barely won a primary challenge.

Tea Party, I wrote about this in a piece called "The Four Faces of the Republican Party," which was published in the *National Interest*. But the vast majority of Republicans do not -- Republicans, self-identified Republicans, do not identify with the Chris McDaniel wing of the party. The Tea Party and that sort of Tea Party angst has not succeeded anywhere outside of smaller states and the South. When they do win outside of that, they don't win general elections. And the Republican nominee very simply will need to not only recognize that, but will need to find a positive way to bring over the silent majority into our agenda. And that means that -- the problem is not the primary system. The problem is the candidates. And I think that a candidate who took very seriously our advice and took very seriously our rhetorical advice and understood that that is, in fact, what the people who elected them -- because this candidate probably did not come from the South -- wants, is somebody who would be very powerful indeed.

MR. STRAIN: I will riff off what E.J. said with respect to Jack Kemp because I think it's very important. I've had a number of readers and editors tell me that they admire the optimism in my writing. People who know me personally find me, you know, to be very irritable and pessimistic, but that doesn't go through on the page. (Laughter) And I think it's important because I think that conservatism is optimistic and

conservatism is rooted in gratitude and in a certain joyfulness.

We face great, great challenges today and many of those challenges are going to intensify over the next decade or two. And the next decade or two will present new challenges that we do not yet know of. And that is not something to be afraid of, but it is something to acknowledge.

And conservatism properly understood, you know, Edmund Burke never denied that society is constantly changing. And conservatism should not and properly understood does not try to stop those changes from happening, try to roll back the clock and go back in time. Instead, conservatism tries to manage those changes and tries to help people in society to cope with those changes and to thrive as complete human beings and to flourish as complete human beings and to live the kind of life they want to live. And I think that we are up to that challenge. The United States of America, uniquely, is up to that challenge.

And so I am very optimistic about the future and I think that a lot of what we're doing has optimism in the background. The underlying message, again, is, you know, we have all these challenges, we're not afraid to look at them in the face, we're not afraid to apply conservative principles and dispositions to help solve those challenges, and they can be solved. And so I think that is fundamentally optimistic and extremely important.

MR. GALSTON: Given the fact that Jack Kemp has hovered over this event like Banquo's ghost, you know, it seems appropriate to pronounce a one-sentence benediction on the event by quoting the aforementioned Jack Kemp: They won't care how much you know until they know how much you care.

Join me in thanking the panelists. (Applause)

* * * * *

CERTIFICATE OF NOTARY PUBLIC

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Carleton J. Anderson, III

)Signature and Seal on File)

Notary Public in and for the Commonwealth of Virginia

Commission No. 351998

Expires: November 30, 2016