

**BUSING
REDUX?**

Minnesota's Supreme Court greenlights a lawsuit that would sort students by skin color



THINKING MINNESOTA



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Code of Ethics and Professional Responsibility For Educators in K-12 Public Schools

Whereas the purpose of public education in America is to produce knowledgeable and competent adults able to participate as informed citizens in the democratic process;

Whereas Whereas education in a democracy is best served by teaching students how to think, not telling them what to think;

Whereas our country is divided over many issues affecting its citizens;

Whereas it has been established through surveys that a majority of K-12 teachers discuss controversial issues in their classrooms;



INDOCTRINATION IN OUR K-12 SCHOOLS

“PROGRESSIVES” ARE TARGETING OUR K-12 SCHOOLS.

In classrooms around the country, children as young as kindergarten age are forced to adopt “correct” attitudes toward “gender fluidity,” white guilt and other racial extremisms, and taught that our country’s history is a chronicle of victimhood and violence.

Under this new regime, students are not taught how to think, but told what to think.

The **David Horowitz Freedom Center** has designed a Code of Ethics for K-12. Teachers to eradicate this indoctrination from the classroom and return our public schools to their historic role as place of objective and unbiased learning.



To read the text of the **Code of Ethics** and learn about our campaign, go to

WWW.STOPK12INDOCTRINATION.ORG

Forward the Code to your local school officials. Encourage your state representatives to join other legislators across the country in writing it law.

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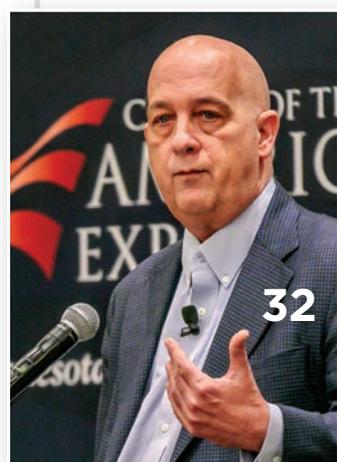
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THINKING MINNESOTA

Center of the American Experiment's mission is to build a culture of prosperity for Minnesota and the nation. Our daily pursuit is a free and thriving Minnesota whose cultural and intellectual center of gravity is grounded in free enterprise, limited government, individual freedom, and other time-tested American virtues. As a 501(c)(3) educational organization, contributions to American Experiment are tax deductible.

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NOTE FROM THE CHAIRMAN

SAY WHAT?

American Experiment's Greater Minnesota Advisory Board will tap into can-do attitudes on policy initiatives.

All the political talk about “Two Minnesotas” in this past campaign season inspired me to think long and hard about what exactly that means—and what we at the Center can do about it. To me, the first Minnesota consists of a political aristocracy, mostly urban, totally liberal, a political nobility composed of unionists, academics, social engineers and media whose attitude about governance can be summed up in three words: “We know better.”

Forget the real-world costs of coping with our lofty policies.”

The other Minnesota is, well, the rest of us, who have to cope with the real-world costs of living with their lofty policies. The people in Greater Minnesota are especially lost between these increasingly dissimilar political groups. The urban orientation of government is keeping us from hearing valuable input.

A couple of years ago, while I was co-authoring a chapter on job creation in American Experiment's *Minnesota Policy Blueprint*, I developed an interest in how the impending skills gap might disrupt Minnesota's economy. So, a few of us drove north on I-94 for town meetings in Alexandria and Fergus Falls to learn how these forward-looking communities were collaborating to ensure their manufacturers would find enough skilled labor to sustain their local economies.

The trip became a plot-point experience.

On the one hand, we collected real-world feedback about the potential impact of the impending worker shortage and what could be done to combat it; on the other hand, we learned how personal input from local leaders could enrich the applicability of our policy recommendations.

At the time, the skills gap had not yet developed into the full-blown crisis that many economists now anticipate, but the seeds were sprouting. Large numbers of

Baby Boomers were suddenly starting to retire, taking with them generations of informal institutional knowledge. For their part, educators were doing little to help fill that gap. Teachers, counselors, and administrators continued to advise high school students (and their parents) that a challenging, well-paying career could be achieved *exclusively* through a four-year college degree. Anything less would be

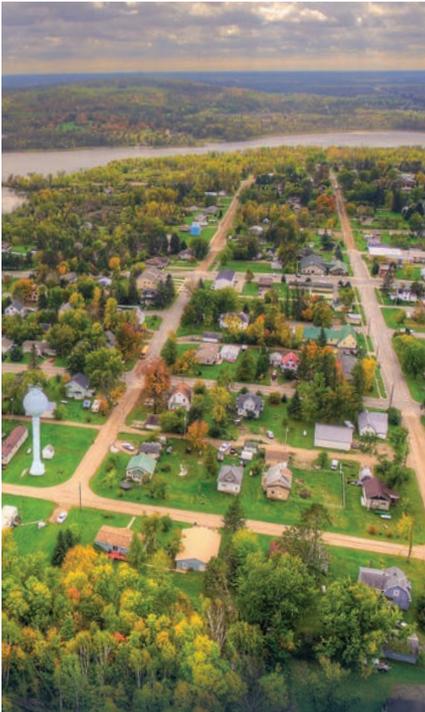
settling for second best. Complicating the situation were demographic projections: The rising generation of potential employees—Gen Z—just didn't have enough people to neutralize the number of retiring Boomers. And even if they did, they didn't have the interest.

The folks in Alexandria helped us convene a roundtable to explain how they were confronting this challenge. We learned how the local business com-

continued on page 4



Ron Eibensteiner



THE GREATER MINNESOTA ADVISORY BOARD

Center of the American
Experiment wants to reclaim
the lost art of listening.

We're looking for input
from conservative thought
leaders all across
Minnesota to infuse better
insights and greater
relevance to our efforts.

Want to join?

Email Ron Eibensteiner
at
info@AmericanExperiment.org

The Eibensteiner Extra

SEATON OPENS MIDWEST LAW CENTER

Doug Seaton, a longtime friend and ally of Center of the American Experiment, is retiring from Seaton, Peters & Revnew (the Minneapolis-based law firm he co-founded in 1995) to open the doors of the Midwest Law Center. Midwest Law is a center-right public interest law firm that, standing alongside the Center, will take on government bureaucrats and left-wing NGOs who regularly beat up on people and organizations—sometimes in tandem. We're very excited about this development. Look for more information in the near future.

continued from page 3

munity, led by manufacturers, organized a coalition of educators, business activists, and parents to plan out financing a massive manufacturing center that would be located in Alexandria's new high-tech high school. The facility would include state-of-the-art machinery donated by local manufacturers, who also volunteered their employees to help show students how to operate it. Coalition members showed us how their high-visibility, city-wide campaign would showcase the kinds of challenging, satisfying, and well-paid career opportunities available in modern manufacturing. It reminded Alexandrians manufacturers were essential to the prosperity of their local economy and that their ongoing success depended on an adequate pool of well-trained employees. Parents got the message.

As they did in Fergus Falls, where a similar initiative renovated and equipped a manufacturing center in their district's well-established high school. Most memorable in Fergus Falls was how more than 60 locals jammed into a meeting room at the school, eager to tell us how they endorsed the project and shared in the responsibilities of pulling it off.

These two meetings helped inspire a couple programs at Center of the American Experiment that are enjoying great success. One, Great Jobs Without a Four-Year Degree, is our attempt to seek out and implement relevant market-based solutions to the skills gap statewide.

Our visits to Alexandria and Fergus Falls also inspired us to create American Experiment's Greater Minnesota Advisory

Board, a personal favorite of mine. By convening meetings with conservative thought leaders statewide, we hope to infuse better insights and greater relevance to our sphere of policy and public affairs by reclaiming the lost art of listening.

Why Greater Minnesota? Two reasons. First, we think the growing urban orientation of our policymakers in St. Paul shortchanges Minnesotans who choose to live outside our metropolitan areas. Our state as a whole deserves representation that transcends the influence of simple population density. I personally intend to reach out to Advisory members for examples of these disparities, what they mean, and what we can do about them.

Second, our attraction to Greater Minnesota is based in part on the legacy of the "farm kid" economy. Many manufacturing executives have told me the ideal employee exhibits the traits of a farm kid: They show up. They listen. They don't know the meaning of a sick day. And when something breaks, they fix it. As a former farm kid, I never tire of hearing this. And I know first-hand how this kind of "can-do" personal responsibility represents the mindset of community leaders all across Greater Minnesota. We witnessed it in Alexandria and Fergus Falls as we listened to people describe market-based, locally-organized solutions to a potential problem. Neither group started by reaching out to the government for recommendations, guidance, or funding. When something breaks, they fix it.

We (all) need to tap into that wisdom. ★

The Futility of Socialism

I was moved by Ron Eibensteiner's grasp of the futility of socialism ("Saplings," Fall 2018). I am saving the article for reference. He gets it.

—John Brisson

Where to Cut?

If the average Minnesotan believes 20 percent of state spending is wasted, (*Thinking Minnesota Poll*, Fall 2018) please point out specifically where this waste takes place. Yes, let's root out

“But let’s also do what is necessary and tax accordingly for what is needed for the best interests of all Minnesotans.”

waste. But let's also do what is necessary and tax accordingly for what is needed for the best interests of all Minnesotans.

Here in Otter Tail County, due to the lack of state and federal funding to augment dollars levied here, a half-cent, county-wide sales tax was enacted. This will

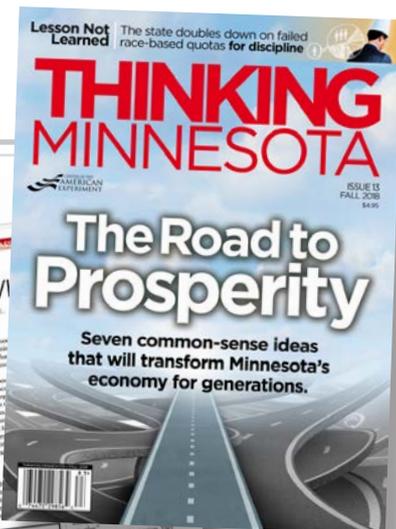
raise about \$3.8 million annually for roads and bridges. Additionally, the county assessed a \$20 fee per vehicle license renewal that will add approximately \$1.2 million annually for repairs of roads and bridges. County residents, at public hearings, overwhelmingly supported these tax increases for road and bridge work prior to being enacted by the five-person county board of commissioners.

Residents said that doing nothing and putting family members at risk on roads and bridges that need repair was not an option. They remember the collapse of the I-35 bridge in 2007, which two years earlier was deemed as “structurally deficient.”

—Tom Hintgen, Fergus Falls

School Shootings

I disagree with educator Rebekah Hagstroms' position (“Learned Behavior,” Fall 2018) that values and virtues are not taught enough, which has led to the large number of school shootings we are experiencing in our society. She suggests a return to virtues such as brotherly love, forgiveness, respect and honesty. These



are already being taught daily through the “diversity movement.” We all are taught to celebrate differences, to respect others, to be non-judgmental, etc. Unfortunately, much of it seems to be falling on deaf ears. The causes for the random shootings are many, not just the lack of values and virtue. I suspect the main cause is simply the presence of

“The causes for the random shootings are many, not just the lack of values and virtue.”

opportunity. Reduce the opportunity for mass violence and you will reduce its occurrence. Not many seem to be willing to take this necessary step.

—John Kosa, St. Louis Park

Avid Readers

We received your latest magazine yesterday, and we are so surprised and glad! We are avid readers and members of The Heritage Foundation, and what a relief we have one of our own in Minnesota!

—Dan and Rebecca Lansing, Cambridge

Fall Briefing

THANKS FOR DERSHOWITZ

On behalf of my students and myself, I would like to thank you for making it possible for us to attend Professor Dershowitz's recent presentation at American Experiment's Fall Briefing. We found it riveting and entertaining, most especially his beautiful words about the toxic nature of identity politics.

—Bernard Carpenter, History Teacher, St. Thomas Academy





MINNESOTA'S LEADING CONSERVATIVE VOICE

For 28 years, Center of the American Experiment has been Minnesota's leading voice on behalf of freedom and conservative common sense. Most often, that voice has been that of Center staff and Senior Policy Fellows.

Sometimes, it has been that of honored guests and world leaders such as Bill Bennett, Jeane Kirkpatrick, Charles Krauthammer, George Will, Benjamin Netanyahu, and Margaret Thatcher.

But in either case as well as others, American Experiment's work simply would not be possible—our many megaphones silenced—without the support of friends like you.

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UP FRONT

More Taxes, Really?

MINNESOTA DOESN'T NEED HIGHER GAS TAXES

The politicians in St. Paul have more revenue than ever. Why are they planning to take more money from their citizens?

Over the next two years, Minnesota's state government is forecast to take \$1.5 billion more from the state's taxpayers than it needs to cover its projected spending. What to do with those proceeds is likely to dominate the upcoming session of the Minnesota Legislature: Should the money fund extra spending? Should it be given back to the taxpayers it is to be taken from? Should we hold our horses and wait to see how closely the forecast matches the reality?

Incredibly, even with this extra cash slopping around in state government coffers, incoming Governor Tim Walz still seems set on trying to take more money from Minnesota's taxpayers by hiking the gas tax.

Data from the Minnesota Department of Revenue shows Minnesota's fuel excise tax revenues in 2017 were higher in real terms than in 38 of the last 44 years. Indeed, eight of the top ten years for revenue since 1974 have been in the last decade.

That same data also shows state tax revenues, more broadly, have risen by 31 percent in real terms since 2010.

This is complicated a little by federal taxes and spending. Using Census Bureau data, the graph shows our state government's total revenue in 2017 was higher in real terms than any year previously. Our state government's total

expenditure in 2017 was higher than all but one previous year's expenditure.

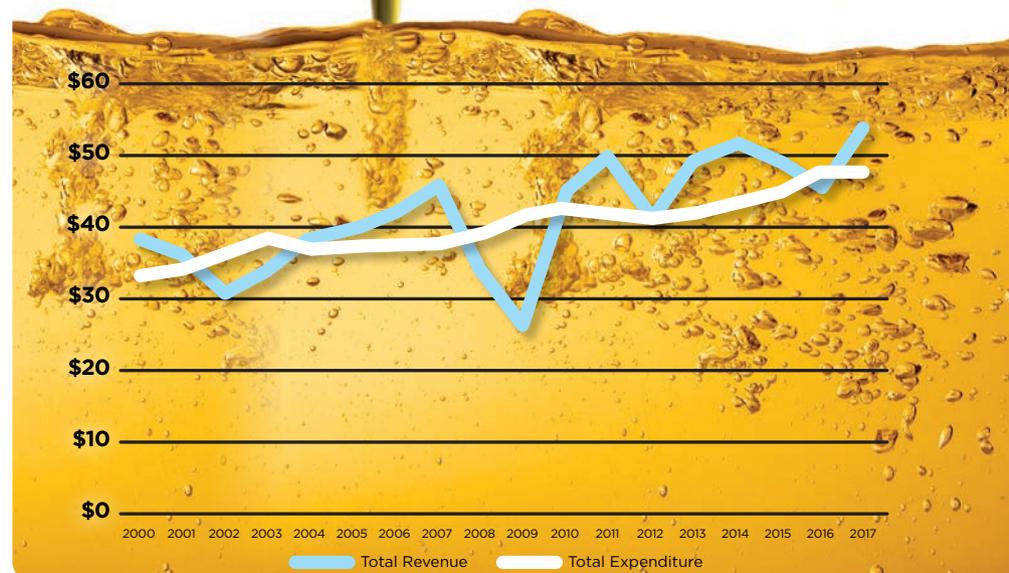
In terms of revenue, the politicians in St. Paul have never had it so good. Why, then, are they pleading poverty and planning to take more of their citizens' money from them? If they are having trouble funding a core amenity, such as roads, that would seem not to be the result of a revenue shortage but of a mistaken allocation of the revenue they have. With all the cash they get

from taxpayers and the surplus they are projected to get, there is no excuse for soaking the state's citizens afresh to pay for something so basic. ★

—John Phelan



**Minnesota
Total Revenue
and Total Expenditure,
Billions \$, 2017**



Source: Census Bureau

Follow-up

Mining for Truth

An anti-mining group is wrong about Minnesota's mineral wealth.

The Minnesota Center for Environmental Advocacy (MCEA) recently wrote an editorial in the *Star Tribune* arguing Minnesota's titanium, copper, nickel and platinum deposits are low-grade and economically risky to develop. If these resources were truly valuable, they argued, the deposits would have been developed decades ago.

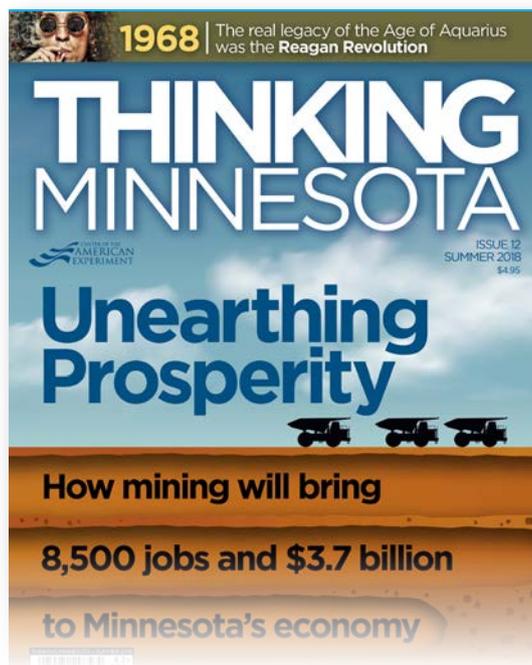
This argument could not be more wrong. It ignores how technological breakthroughs and changing market conditions can profoundly transform resources that were once considered uneconomical into powerful engines for regional economies.

A perfect example—history is full of them—occurred right here in Minnesota.

In 1945, Minnesota's Iron Rangers worried the demands of building the tanks, battleships, and airplanes that propelled America to victory in World War II had depleted the region's vast deposits of iron. Thousands of miners and their families wondered what they would do next.

Then, Dr. E.W. Davis and a team of scientists and engineers at the University of Minnesota's School of Mines developed a technology that transformed taconite, a rock once considered low-grade waste material, into a viable source of iron ore. Taconite became the primary source of iron ore in the United States and saved Minnesota's iron mining industry.

Similarly, a team of researchers at the University of Minnesota-Duluth recently developed a technology to



We expected our report to receive attacks or mischaracterizations from groups that oppose mining.

process Minnesota's massive titanium deposits, which once contained too many impurities to be economical, into useable titanium used to make white pigments in paint and prosthetic limbs. The United States imports 91 percent of the titanium it uses. Developing Minnesota's titanium deposits will make our country less dependent on foreign nations while also creating high-paying jobs for hardworking Minnesotans.

Minnesota's copper, nickel and platinum deposits are the largest undeveloped resources in the world. While the ore grades for these deposits—the percentage of usable metal contained in rocks—were low compared to other copper mining areas in the 1940s, ore grades have been falling around the world for decades because mining companies have already mined higher-grade deposits. Companies are now developing mineral deposits that have lower grades relative to historic mines.

This means Minnesota's ore grades of 0.3 percent copper are now globally competitive. In fact, they are about the same grade as copper mines operating throughout North America. Changing market conditions mean it's finally time to develop Minnesota's resources, and environmentally responsible mining will be a tremendous boon to our economy.

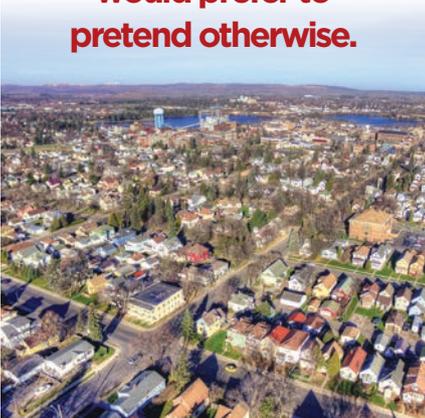
Environmentally responsible mining for Minnesota's copper, nickel and titanium resources will add \$3.7 billion to Minnesota's economy every year and create more than 8,500 jobs, according to *Unearthed Prosperity*, a new report published by Center of the American Experiment. These numbers were obtained using the economic modeling software IMPLAN, considered to be the gold standard in the industry.

We expected our report to receive attacks or mischaracterizations from groups that oppose mining, which is why we were very conservative

in our estimates. We examined only the impact of mining projects in the preliminary planning or permitting stages and had filed reports that meet the strict regulations of the Canadian stock exchange. This means we did not estimate the tremendous economic potential of developing the Mesaba deposit, which is the largest deposit of copper and nickel in Minnesota.

Minnesotans deserve to know the truth about the economic impact of mining in their state, but MCEA did the public a disservice by refusing to acknowledge the important role that advances in technology and changing

Minnesota has a long and storied history of ingenuity and perseverance in the mining industry, **regardless of whether staff attorneys would prefer to pretend otherwise.**



market conditions play in determining the viability of a mining project.

Minnesota has a long and storied history of ingenuity and perseverance in the mining industry, regardless of whether staff attorneys would prefer to pretend otherwise. ★

—Isaac Orr

This article originally appeared in the Grand Rapids Herald-Review.



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WHERE IS MINNESOTA'S ECONOMY HEADED?



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UPFRONT

Housing

Compassionate or Counterproductive?

Jacob Frey's tent city policy must be judged on results, not its intentions.

As tents began springing up along Hiawatha Avenue in South Minneapolis this summer, newly-elected Mayor Jacob Frey vowed the City of Minneapolis would respond with a different type of approach. Instead of the usual tact of clearing the growing homeless encampment, police were instructed to embrace it, dispensing food and hugs, and listening to the problems of the people at the camp.

What began as an attempt to address this situation with compassion quickly resulted in the number of tents growing from a handful to more than 200.

One of the people who left their homes to join the encampment was 20-year-old Wade Redmond, who passed away due to a drug overdose in the camp in September. In total, four people have passed away from overdoses or drug-related health complications at the camp, where opioid and methamphetamine use are common. Other residents left their homes to join the encampment due to struggles with mental illness, drug addiction, and other issues in their lives, the *Star Tribune* reports.

Minneapolis has been working since mid-summer devising a plan to relocate the residents to a temporary shelter before the onset of winter. In October, the city passed a measure designating the temporary shelter as a community redevelopment project, which allowed it to divert \$1.5 million to build shelter for approximately 120 people near the encampment. However, it remains unclear how many residents from the

encampment will seek refuge there.

In contrast to Minneapolis, the Minnesota Department of Transportation and the City of St. Paul recently disbanded a smaller homeless encampment near Cathedral Hill, hoping they would instead take up residency in nearby homeless shelters.

However, MPR reports, "That's an unpopular option among people at the encampment who say shelters don't feel safe, are too restrictive or require them to leave behind pets or loved-ones."

Some of the residents at the Minneapolis encampment have expressed similar opinions, posing additional challenges for city officials who hope to provide shelter for the residents with winter closing in.

There is no easy answer to addressing these challenges, but the experience of this encampment dispels some of the common myths surrounding homelessness and the housing debate in Minnesota.

One of these myths is that people will not leave more-permanent housing to join encampments such as these. Another myth is that we will get people off the streets merely by funding more shelters.

No one wants to see people suffer, which is why public policies must be judged on their results and not their intentions. Mayor Frey and the City Council were counterproductive, not compassionate, and the feel-good photo-ops of the mayor hugging residents ultimately incentivized harmful behavior. ★

—Isaac Orr

Fiscal Legacy

‘D’ is Not for Dayton

Minnesota’s governor scores an abysmal grade for economic policies.

Minnesotans have grown accustomed to Governor Dayton patting himself on the back for his stewardship of the state’s economy. But a report recently released by the Cato Institute suggests the picture isn’t as rosy as he makes out.

Cato’s “Fiscal Policy Report Card on America’s Governors” gives Dayton a D grade for fiscal policy. This poor grade is a result of his tax hikes and increased spending. As Chris Edwards, the report’s author, writes, “Under Dayton, Minnesota’s general fund spending has increased by 49 percent in 7 years (2011–2018); it rose 4.7 percent in 2017 and 8 percent in 2018.”

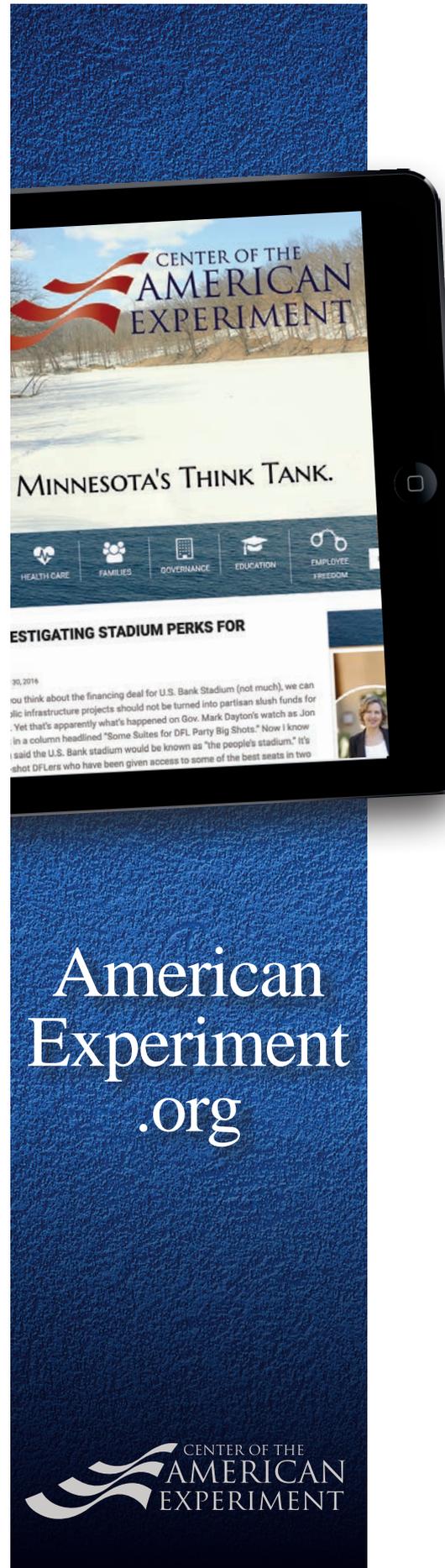
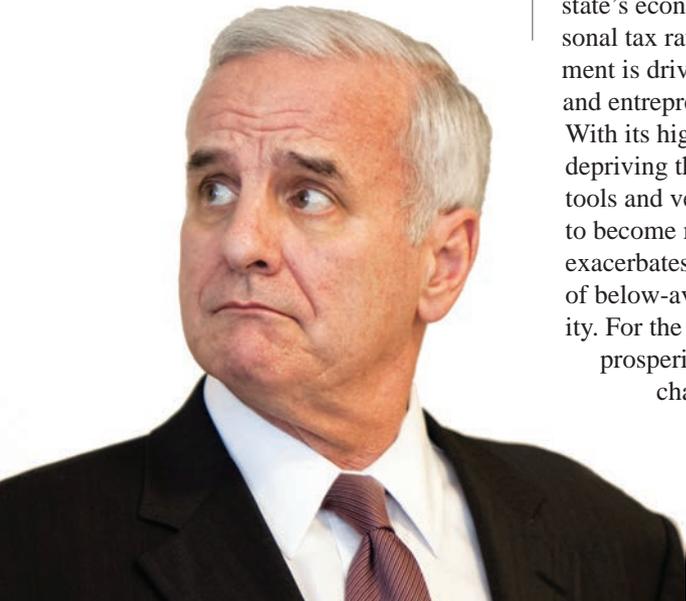
The report goes on:

- In 2013, Dayton raised annual revenue by \$1 billion, almost 5 percent of total state tax revenue, increasing the top individual income tax rate from 7.85 percent to 9.85 percent.

- In 2014, an election year, Dayton reversed course and approved tax cuts of about \$500 million a year.
- With a budget surplus in 2016, Dayton rebuffed a Republican proposal for major tax cuts, instead proposing to raise gas taxes and vehicle fees by \$400 million a year.
- In 2017, Dayton and the legislature reached a compromise on tax cuts, few of which would spur economic growth.
- In 2018, Dayton vetoed a compromise bill to increase education spending and modestly cut individual and corporate tax rates because the plan did not include low-income tax credits. Without a compromise on federal tax conformity, Minnesota residents will be left with a higher tax burden and a more complicated tax code.

These high taxes are hurting our state’s economy. With its high personal tax rates, Minnesota’s government is driving productive workers and entrepreneurs out of the state. With its high corporate taxes, it is depriving the state’s workers of the tools and venture capital they need to become more productive. All this exacerbates our existing problem of below-average labor productivity. For the sake of its continued prosperity, Minnesota needs to change direction. ★

—John Phelan



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TOM STEWARD

EAT YOUR FIBER

A failed plan to deliver internet to rural Minnesota will end up costing all taxpayers, whether they use it or not.

The objective of the \$55 million RS Fiber Cooperative high-speed internet system sounds reasonable enough. Proponents pitch it as a world-class internet system designed to equip rural residents in 6,200 homes and farms to compete in the global information economy, retain and attract businesses, and keep kids closer to home. What's not to like?

In short, higher property taxes for residents of 10 southern Minnesota cities in Renville and Sibley Counties. Due to a projected \$1 million shortfall in revenue for RS Fiber, their property tax levies will shoot up for the next two years, maybe more.

"It's just an expensive way to be proven correct," said Jim Kreft, former Mayor of Arlington who vetoed his city's participation in 2014. "And I think it's too bad."

"When government owned fiber projects fail, the financial responsibility usually falls on the taxpayer."

Ten cities and 17 townships formed a cooperative that issued \$13.7 million in general obligation tax abatement bonds to get RS Fiber off the ground in 2015. The business plan called for raising an additional \$42 million from private bank loans and investors to expand in the townships.



Tom Steward

The fact that several providers already competing for market share in the area failed to make the numbers work to justify significant private investment in fiber optic lines only further energized proponents.

"The phone companies have already said rural residents must settle for wireless or slow DSL technology, and cable companies are not interested in serving them," the RS Fiber website states to this day.

Yet clearer heads warned taxpayers would be on the hook someday if the network failed to meet the rosy projections for the public-private partnership.

"Government owned fiber projects can and do fail, just like they can and do succeed. When they fail, the financial responsibility usually falls on the taxpayer," cautioned an analysis of RS Fiber by the

city of Arlington.

Still, proponents expressed confidence RS Fiber would generate enough subscribers to protect local taxpayers in Buffalo Lake, Brownton, Fairfax, Gaylord, Gibbon, Green Isle, Lafayette, New Auburn, Stewart and Winthrop.

"RS Fiber's customers will provide the revenues to repay principal and interest on the bonds, substantially reducing the possibility of increasing future property taxes to repay the bonds," RS Fiber maintained in a 2014 news release.

The first phase of construction wrapped up in early 2018, connecting all ten cities to the fiber-to-the-home network and providing wireless service in rural areas. Some 2,000 residents signed on—more than 30 percent of available homes and businesses—yet short of the 3,000 subscriber break-even point.

Then in an August bombshell, RS Fiber announced discontinuation of bond payments for two years, requiring taxpayers to cover an anticipated \$1 million shortfall as of February 2019.

"The subscriber growth on the network will determine when RS Fiber will be able to take back the payments from the cities," stated a RS Fiber news release. "That determination will be looked at annually."

The cities' total payments spread over two years vary from \$55,600 in New Auburn (population 440) to \$268,000 in Gaylord (population 2,220).

Proponents say the shortfall comes at the height of construction costs and the beginning stage of customer sign-ups. They also blame cutthroat competition from rival providers, while downplaying the

impact of higher property taxes.

“In Winthrop that works out to about \$2,100 per home, or \$105 a year, or \$8.25 a month,” said long-time RS Fiber advocate Mark Erickson in an online column. “Amounts vary in each of the 10 communities because Minnesota has a complicated property tax structure, but everyone is in the same ballpark. Some a little more, others a little less.”

But private competitors have seized on the shortfall as vindication.

“What started as a grand plan to bring fiber optic service to every home, farm and business in the area has evolved into something far less and a financial burden on all taxpayers, whether you use RS Fiber services or not,” Minnesota Telecom Alliance President and CEO Brent

“What started as a grand plan to bring fiber optic service to every home, farm and business in the area has evolved into something far less and a financial burden on all taxpayers, whether you use RS Fiber services or not.”

Christensen wrote in an op-ed.

RS Fiber insists the network has evolved beyond “the high risk of a start-up company in construction mode” into a “customer acquisition phase” bound to bring greater growth.

“We know we’ve done the right thing and look forward to continuing with expansion of the service across our region,” said RS Fiber Board Chair Kevin Lauwagie in a news release.

But how are residents of Arlington doing without RS Fiber?

“I run a business. It’s not like I’m uploading photographs and documents all day long by any means,” said former Arlington Mayor Kreft. “But I have never honestly had one issue with my internet provider.” ★

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UPFRONT

Jobs

Mind the Gap

Manufacturers seek long-term solutions to address the growing skills gap.

Center of the American Experiment hosted a solutions-focused forum in December on the challenge Minnesota manufacturers face in attracting and training a skilled workforce. The event, part of the Center's "Great Jobs Without a Four-Year Degree" project, drew manufacturers and educators from across the state. Co-sponsors included the National Association of Manufacturers, the Minnesota Chamber of Commerce, the Minnesota Precision Manufacturing Association and Real-Time Talent.

The symposium opened with keynote remarks by Gardner Carrick, vice president of Strategic Initiatives at the Manufacturing Institute of the National Association of Manufacturers. He highlighted promising strategies to attract new talent that ranged from a highly successful "What's So Cool About Manufacturing?" video competition for high school students in Pennsylvania to a new model of an American "learn and earn" apprenticeship called Kentucky FAME (Federation for Advanced Manufacturing Education).

Two expert panels of Minnesota manufacturers followed. The first group discussed innovative strategies their companies are using to bring in new talent. Tom Wynn of Peerless Chain Company in Winona described the Reach Initiative, a project of the Winona Chamber of Commerce and its Business Education Network. Reach works with juniors and seniors at Winona High School, giving them hands-on "immersion" experience with local manufacturers and helping them develop soft skills and personal character.

Sean Mullan of 3M explained the ground-breaking TigerPath Academies program at Hutchinson High School, which merges traditional education with hands-on experience at local companies. Keith Viggers of Graco outlined the many ways manufacturers can boost recruitment by partnering with high schools and technical colleges, offering mentors, internships and opportunities to practice corporate good citizenship.

The second group of panelists focused on innovative ways their companies are developing talent themselves. Val Bentdahl of Jones Metal explained how her company is supporting Mankato High School's welding program and using funds from Minnesota's PIPELINE program to develop a "learn and earn" opportunity for young welders in partnership with South Central College. Tim Walker described how Pequot Tool has used PIPELINE funds to create its own training program. E.J. Daigle, dean of Robotics and Manufacturing Programs at Dunwoody College of Technology, discussed Right Skills Now, a fast-track CNC machining training program, and Dunwoody's 2+2 program, which leads to a four-year degree.

Action-step take-aways from the forum included 1) using the Minnesota Chamber of Commerce's Business Education Networks to build partnerships with high schools and technical colleges, and 2) considering new resources, such as the PIPELINE program, that enhance manufacturers' ability to develop their own training programs. ★

Gone with the Wind

Wisconsin wind farm decommissioned after just 20 years.

Many people were surprised when an industrial wind facility in Kewaunee County, Wisconsin was decommissioned after just 20 years of service because maintaining and operating its 14 turbines was no longer cost effective. What's *really surprising* is the decommissioning surprised people. Most people have no idea the useful life of a wind turbine is only 20 years, maybe 25 years, according

to the National Renewable Energy Laboratory.

In contrast, coal, natural gas, and nuclear plants can run 50 to 60 years with updates and retrofitting. This has profound implications for the cost of electricity on a per megawatt hour basis.

When the federal government projects costs for energy, it uses the Levelized Cost of Energy, or LCOE. These numbers are supposed to help policymakers determine which energy sources will best serve their needs—but **these numbers are inaccurate because they assume all power plants, whether they are wind, coal, natural gas, or nuclear, will have a 30-year payback period.**

This assumption artificially underestimates the cost of wind and inflates



the cost of coal, natural gas, and nuclear by not calculating the cost over the entirety of their lifetimes.

Wind turbines only become theoretically competitive with other generation sources after significant number manipula-

tion, but what about the local economic contributions of wind power? Kewaunee farmers counting on lease payments for 10 more years will no longer receive them, nor will the town government receive an \$8,000 annual impact fee. Also, the Town of Lincoln and Kewaunee County will lose a utility aid payment of \$39,920.

Minnesotans should be wary of viewing the wind industry as a panacea of local tax revenue. These payments can go away with very little notice. ★

—Isaac Orr



IDEAS TO AGREE ON

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Autonomous Vehicles

The Coming ‘Transit Apocalypse’

Is Minnesota locking in the wrong future by constructing expensive and obsolete technology?

The Feds may have recently approved \$2.003 billion for the Southwest Light Rail project, but wise transit policy goes beyond fixed rail systems, especially when those systems—pegged as the wave of the future—will soon become a relic of the past.

Transportation expert Randal O’Toole predicts light-rail transit is headed for a “transit apocalypse,” partially thanks to shared-ride services such as Uber and Lyft and their impending expansion into autonomous vehicles.

Declining ridership in rail services across the U.S. is compelling municipal governments to decide between continuing to invest in their current transportation infrastructure or prepare for autonomous ride-sharing vehicles. Shared driverless cars are most likely to affect high-end systems, including rail transportation especially, that don’t deliver on their promise to relieve congestion, save energy, or be cost-effective (light-rail lines are expensive to maintain).

When measured in per-passenger miles, transit is the country’s most expensive and most heavily subsidized form of travel, O’Toole explains. Today’s ride-hailing services tend to be more expensive than transit because they still require users to pay a driver. But once the driver is no longer a human, these services will



reflect costs similar to those car owners incur, making self-driving services just as affordable or even cheaper than transit fares and collapsing the “third class” stigma often associated with public transportation.

There is also the convenience element to consider. Self-driving cars provide a door-to-door service: riders are picked up from a starting destination and dropped off at their end destination, no stops or transfers. Transit requires a means of transportation to get the rider to a central location (the station) at scheduled times with stops or transfers, and then requires passengers to find another means of transportation before arriving at their final destination. Driverless cars eliminate the intermodal overhead.

The future of transportation is flexible, not fixed. Autonomous vehicles will not replace light-rail transit overnight. Too many taxpayer dollars have been invested for supporters to admit it is a misuse of money—even after total cost is known—and there’s huge inertia to keep light-rail projects moving forward. But Minnesota needs to focus its dollars on making transportation more efficient instead of spending two billion dollars on a system that will soon join the dinosaurs. ★

Declining ridership in rail services across the U.S. is compelling municipal governments to decide between continuing to invest in their current transportation infrastructure or prepare for autonomous ride-sharing vehicles.

—Catrin Thorman

Roads

D-‘Plus’

We’re not the only ones who think the roads are in rough shape.

American Experiment has argued for a long time that Minnesota’s roadways are being neglected to the detriment of the vast majority of Minnesotans because policymakers have preferred to turn roads into bike lanes, build expensive light-rail lines, and add more buses to the roadways.

Stuck in traffic? Probably. It turns out we’re not the only ones who think the roads are in rough shape.

The American Society of Civil Engineers recently awarded Minnesota with a D-Plus rating for our roads. The study called for more funding to enhance our infrastructure, which it predicted would be underfunded by about \$18 billion over the next 20 years.

Instead of pursuing light-rail lines that have seen declining ridership throughout the country, transportation planners should accommodate the likely rise in ridesharing and autonomous vehicles that will offer quick, and cost-effective rides door-to-door, rather than comparatively longer rides to a transportation hub where people will still need to find ways to arrive at their final destination.

—Isaac Orr



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GUEST COLUMN: JEREMY TEDESCO

OPPOSITE OF FREE SPEECH

Freedom, diversity on the line in filmmakers' case before federal appeals court.

A government that tells you what you can't say is bad enough. But a government that tells you what you must say is even worse.

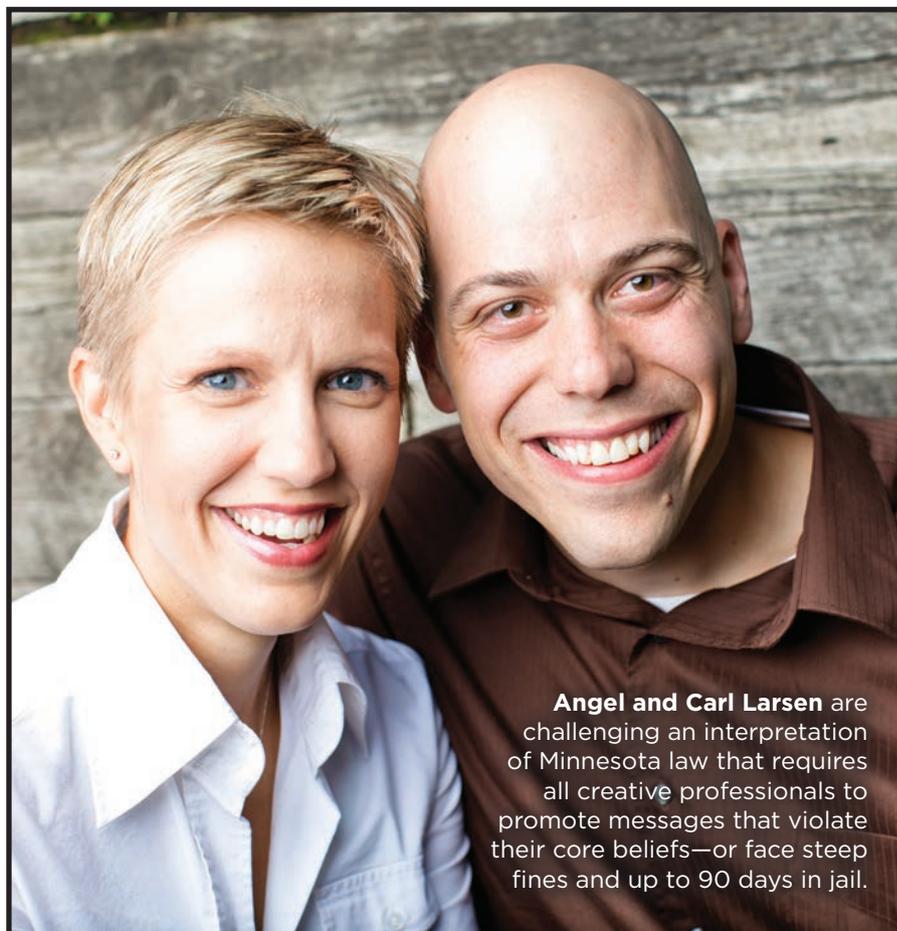
That's what Carl and Angel Larsen of St. Cloud are up against. As filmmakers and owners of Telescope Media Group, the Larsens live and work alongside people from all backgrounds. They happily tell stories through their films for every-

When governments force people to express messages that violate their deepest beliefs, they not only erase freedoms, they erode diversity.

one, no matter their ethnicity, religious beliefs, sexual orientation, or politics.

But while they'll work with all people, there are certain messages the Larsens will not promote. And that's why they challenged Minnesota's interpretation of its public-accommodation law, which would force filmmakers like them—and indeed, all creative professionals—to promote messages that violate their core beliefs, or face steep fines and up to 90 days in jail. The U.S. Court of Appeals for the 8th Circuit listened intently to arguments in the case this past October.

According to Minnesota, if the Larsens create a film celebrating marriage between a man and woman, they must



Angel and Carl Larsen are challenging an interpretation of Minnesota law that requires all creative professionals to promote messages that violate their core beliefs—or face steep fines and up to 90 days in jail.

also create films celebrating different marriages, including same-sex marriages. Many filmmakers have no problem with that. But the Larsens can't promote those messages and stay true to their beliefs. The government and many citizens may take a different stance, but the First Amendment says we let speakers—not the government—choose what they say.

The government, in other words,

doesn't get to sit in the director's chair.

And for good reason. No one wants a government that can force a lesbian printer to print signs for a church rally supporting marriage between one man and one woman. Or an atheist graphic designer to create websites promoting belief in God. Or an African-American filmmaker to create a documentary film series on David Duke. But Minnesota's

extreme theory requires all of this. And it also forces the Larsens, under threat of fines and jail time, to produce films promoting messages about marriage that violate their deepest beliefs.

That's wrong. No matter what you believe about marriage, we can all agree that governments shouldn't have that power. When governments force people to express messages that violate their deepest beliefs, they not only erase freedoms, they erode diversity. Diver-

According to Minnesota, if the Larsens create a film celebrating marriage between a man and woman, they must also create films celebrating different marriages, including same-sex marriages.

sity demands differences. When people are forced to think and say the same things as the government, freedom and diversity are threatened. To keep these key ingredients in our national identity, we must tolerate and respect people with whom we disagree.

In fact, the Larsens' lives—personally and professionally—are defined by a commitment to diversity. In their work, they collaborate with people from every walk of life—including many members of the LGBT community—on a regular basis.

At home, Carl and Angel model true diversity. They have eight children (two of whom they adopted from Ethiopia), making it too difficult for them to take their kids to see the world. So instead, they invite the world to their home,

regularly welcoming people into their lives who don't share their culture, their ethnicity, or their deep convictions. Their kitchen table bears witness to their extraordinary hospitality, with signatures under the table from the 1,000-plus guests who've joined them for a meal over the last several years.

The freedom Carl and Angel ask for protects everyone. We're hopeful that the court will protect their freedom. A win for them means a win for all Americans—not just Minnesotans, and not just those who share Carl and Angel's deeply held faith.

It's this aspect of their case—protecting freedom for everyone—that is a core motivation for the Larsens. The freedom of all creative professionals—filmmakers, photographers, writers, artists, and graphic designers to name just a few—is at stake when the government sets out to punish beliefs it doesn't like. But free speech shouldn't turn on whether the government or someone else agrees with the speaker's message or beliefs. The First Amendment says this freedom belongs to all Americans.

Unfortunately, the state of Minnesota is putting Carl and Angel in a position where they've had to appeal to multiple courts just to keep the freedom guaranteed to every American. They're simply seeking to peaceably live out their faith, and the state needs to respect their right to do so.

Carl and Angel didn't surrender their freedom of speech when they started Telescope Media Group. It's time for the state of Minnesota to recognize that simple fact and allow the Larsens to choose the content of their own films. ★

Jeremy Tedesco is senior counsel and vice president for U.S. advocacy and administration for Alliance Defending Freedom and represents Carl and Angel Larsen and their company, Telescope Media Group.



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5 QUESTIONS

WITH
LINDA
HOEKMAN

High school science teacher Linda Hoekman has over 20 years of experience developing curriculum to help all her students succeed. But when she returned to her classroom this fall, Linda was told she had to “address her unconscious bias” and change her curriculum because her lessons were teaching “white content.”



Describe the “culturally responsive training” you and your colleagues received at the beginning of the school year.

Our principal hired two African-American men from the Minneapolis Public Schools to present on “addressing unconscious bias.” The training focused on white privilege and indirectly associated us with the words “white supremacist.”

As they explained white privilege, they spoke to us “as our young black men speak,” which included frequent cursing. The cursing was supposed to help us better understand our students because “young black men don’t trust white teachers.” We were told our white privilege makes it harder for our nonwhite students to learn from us and that the achievement gap is because of what we as educators are doing in the classroom.

So, what did the presenters say you should be doing in the classroom?

It was suggested we accommodate behavior and language and change our curriculum because we are too focused on teaching “white curriculum.” The presenters even told students, whom they met with separately one morning, to “pushback at your teachers” and tell them “the curriculum is not for you.”

I teach physics. Physics is for everyone and doesn’t have a racial component. To restrict or diminish the curriculum a teacher uses cheats our students out of necessary education.

What was the staff environment like during this training?

This presentation completely divided the

staff. A couple of us pushed back, stating we care about our students and are offended to be told otherwise. Some of my peers then shouted at me and accused me of being “closed-minded.”

After the meeting, several colleagues came up and thanked me for saying what I did because they were afraid to speak up.

Did school leadership get involved?

I, along with a coworker, went to our principal with concerns over the training. We shared that the language used was inappropriate, and we also voiced concern over the false insinuation that we are all subconsciously racist.

The principal disagreed.

A group of teachers even went to their local union rep (who was present during the meeting) asking for help because they felt bullied throughout the training. Unfortunately, the union rep said there wasn’t anything the union could do about it. A group of 20 teachers or so even took a sick day for the next meeting so they wouldn’t have to attend but were later told there would be a replacement meeting.

What’s your hope moving forward?

I am not sure if we will have more of these meetings (we had one last year by these same presenters and two so far this year), but I hope to continue educating my students in ways that help them succeed. For me, it’s all about my kids. I’m supposed to be an educator, I’m supposed to be there to help them, but I’m being asked to do something that’s going to hurt them. And I just can’t. ★

WHY I SUPPORT Center of the American Experiment

“As a conservative first and Republican second, the Center was fundamental to my education on why conservatism works and what conservatism represents.”

Name: AK Kamara

Occupation: Insurance Agent

Alma Mater: University of Minnesota

THE HONEST VOTING BOOTH

Minnesota election officials actively undermine election integrity and credibility.

Minnesota election officials are determined to cover up the magnitude of ineligible voting in this state. Election officials' obstructive efforts include refusing to comply with public disclosure laws, forcing expensive lawsuits on public interest groups, ignoring evidence of ineligible voting, spurning the legislature, and making misleading claims about the integrity of the election system.

They won't release public data. In July 2017, the Minnesota Voters Alliance (MVA) requested that the Secretary of State release public voter data on *all* voters, including those who have failed an eligibility verification test and thereby are marked "challenged" or "inactive." In July 2018, Ramsey County District Court Judge Jennifer Frisch ruled that the requested data are public records and ordered the Secretary to release the data to the MVA.

They put fair election advocates through expensive lawsuits. Rather than comply with Judge Frisch's order, the Secretary has appealed it, claiming he has the authority to bury the critical public data needed to examine the extent of ineligible voting.

They won't analyze their own evidence of ineligible voting. This past March 2018, the Office of the Legislative Auditor (OLA) released its review of Minnesota's election system and revealed more than 26,000 individuals whose status was

marked "challenged" voted in November 2016. The Auditor examined a small subset of the 26,000—the 612 persons marked "challenged" due to being a felon—and could only determine that 20 of the 612 *may* have been eligible when they voted.

Recently, Ramsey County mailed slightly more than 37,000 postcards

The most serious challenges to the integrity and credibility of election results come not from Russians. The major threats come from the Minnesotans in charge of administering elections.

to individuals who registered to vote, testing the validity of each address by determining if the Post Office would return the postcard as "undeliverable." Approximately 6,000 individuals had the postcards sent to them come back to the county marked "undeliverable." The vast majority of the 6,000 were persons who registered and were allowed to vote on election day, before the postcard tests

were conducted.

MVA analysis of *limited* voting data has turned up more than 2,800 voters who had two voting records for the same election.

They stonewall the legislature. During 2018, as many as 15,000 individuals who registered to vote using the last four digits of a Social Security Number (SSN4) were not found in the Social Security Administration's (SSA) database. The Secretary did not tell the OLA about the existence of SSN4 non-matches when the Office conducted its 2017 audit of the election system. We only know about it because the data from the SSA are available online.

When Representative Duane Quam, a member of the Minnesota House Government Operations and Elections Policy Committee, asked the Secretary of State as well as several county auditors for specific information about these non-matches, the uniform response was to say the officials would not be cooperating with his oversight requests.

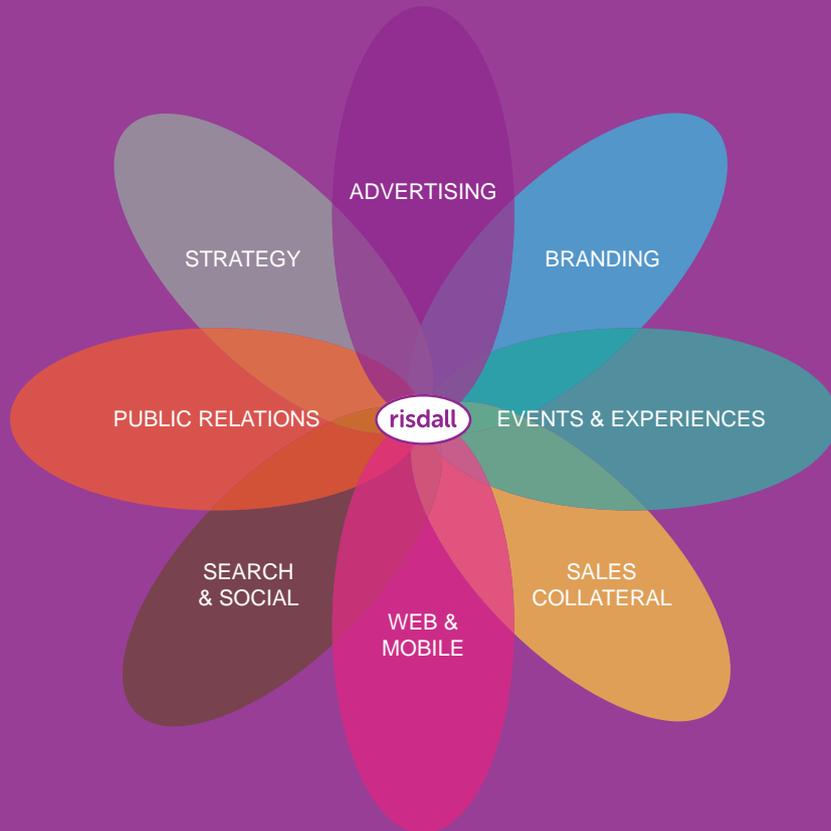
They mislead the public. The Secretary of State is constantly warning about Russian election interference that he has neither defined nor specified and which he admits has never removed, added, or changed even one ballot. At the same time, he falsely reassures the public by declaring that the "number of convictions...pertaining to the 2016 election is 11," a fact that, ironically, demonstrates just one more failure in office.

The most serious challenges to the integrity and credibility of election results come not from Russians. The major threats come from the Minnesotans in charge of administering elections. ★

Andrew E. Cilek is executive director of the Minnesota Voters Alliance, a government-watchdog group that focuses on voter advocacy and election integrity issues. The Alliance recently prevailed in a case at the U.S. Supreme Court, *Minnesota Voters Alliance v. Mansky*.



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THE GREAT UNIFIER

The Politics of Beer



Recognizing that the recent election might have given *Thinking Minnesota* readers their fill of typical political polling, we thought they might enjoy something different: What do Minnesotans think about beer? (See the cover story, “Beer Boom: How deregulation and tax cuts enabled craft brewers to thrive,” page 40.)

We interviewed 500 registered Minnesota voters on December 5-6, 2018 for this study. The margin of error is +/-4.38 percent.

We asked Minnesotans who drink alcohol what they preferred. We found, for example, that Republicans are most likely to drink beer, while Democrats are most likely to drink liquor or spirits. Overall, Minnesotans slightly prefer beer (37 percent) to wine (33 percent) or liquor (20 percent). More Republicans (42 percent) and Independents (37 percent) favor beer, while a plurality of Democrats (35 percent) prefer wine.

Minnesota voters by a wide margin, across all parties, oppose regulations that forbid craft brewers from selling food on their own sites.

Similarly, city dwellers prefer beer (48 percent) by a wide margin over wine (26 percent) or liquor (19 percent). Suburbanites are split with a slight preference for wine (37 percent) over beer (36 percent). People in small towns prefer wine over beer by 10 points (39 percent to 29 percent), while people from rural Minnesota prefer beer over wine by the same margin (39 percent to 29 percent).

Republicans prefer traditional American domestic brands of beer by a wide margin (48 percent to 32 percent), while Democrats prefer craft brews over traditional domestic brands (45 percent to 26 percent). Residents of the Twin Cities prefer craft beer over traditional brands (45 percent to 31 percent), people who live outside the Twin Cities prefer traditional brands (40 percent to 36 percent). Urban and suburban beer drinkers prefer craft brands by an identical margin (41 percent to 34 percent). People in rural Minnesota prefer traditional brands (39 percent to 34 percent).

About the pollster

Rob Autry, founder of Meeting Street Research, is one of the nation's leading pollsters and research strategists.

FIGURE 1: REPUBLICANS ARE MOST LIKELY TO DRINK BEER, WHILE DEMOCRATS ARE MOST LIKELY TO DRINK LIQUOR OR SPIRITS.

“Do you most often drink beer, wine, or hard liquor or spirits?” (Asked Among Alcohol Consumers, N=372)

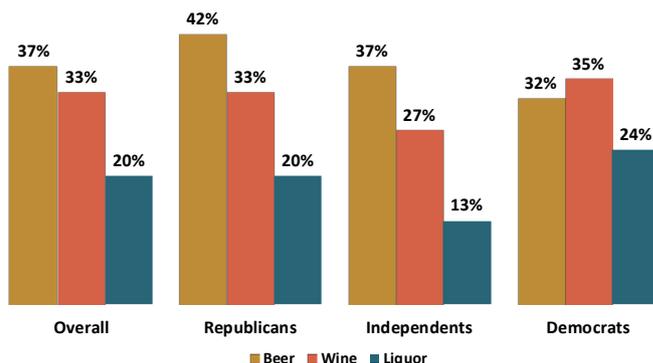


FIGURE 2: CONSUMERS WHO LIVE IN THE CITY ARE MORE LIKELY TO DRINK BEER THAN THEIR NON-CITY COUNTERPARTS.

“Do you most often drink beer, wine, or hard liquor or spirits?” (Asked Among Alcohol Consumers, N=372)

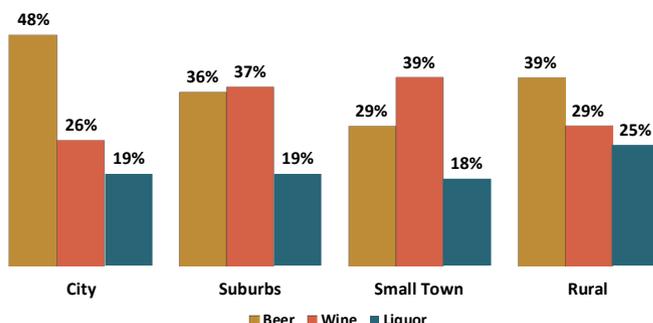


FIGURE 3: REPUBLICANS PREFER TRADITIONAL AMERICAN DOMESTIC BEERS WHILE DEMOCRATS AND LIBERALS PREFER CRAFT BEER.

“And thinking just about beer, what is your favorite type of beer?”

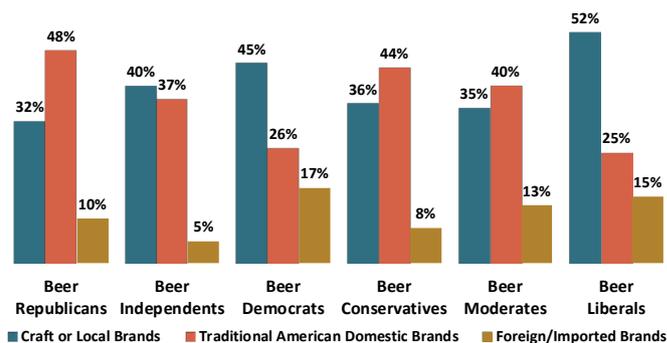


FIGURE 4: CONSUMERS IN THE TWIN CITIES PREFER CRAFT BEER.

“And thinking just about beer, what is your favorite type of beer?”

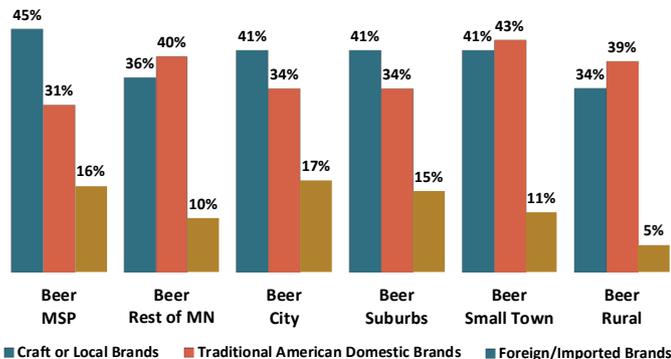


FIGURE 5: VOTERS ACROSS ALL PARTIES OPPOSE REGULATIONS FORBIDDING CRAFT BREWERS FROM SELLING FOOD.

“Currently, regulations from the State of Minnesota prohibit some small craft brewers from selling food on their own sites. Thinking about this issue, do you SUPPORT or OPPOSE regulations that prevent small craft brewers from selling food?”

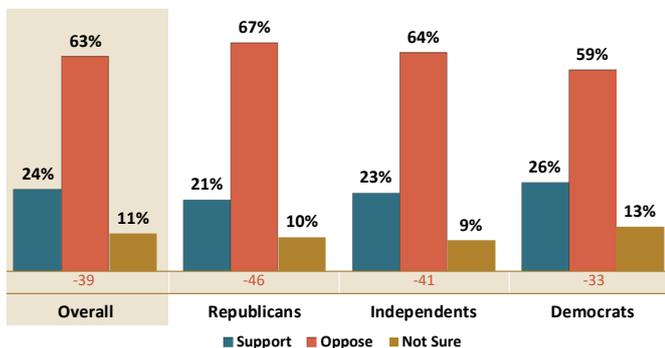
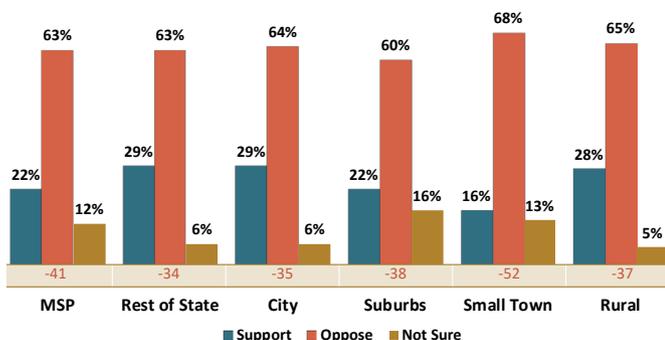


FIGURE 6: THESE REGULATIONS ARE MOST OPPOSED IN SMALL TOWNS.

“Currently, regulations from the State of Minnesota prohibit some small craft brewers from selling food on their own sites. Thinking about this issue, do you SUPPORT or OPPOSE regulations that prevent small craft brewers from selling food?”



Minnesota voters by a wide margin, across all parties, oppose regulations that forbid craft brewers from selling food on their own sites. Overall, Minnesotans oppose those regulations by 63 percent to 24 percent. Republican opposition to those regulations is slightly more (67 percent to 21 percent), but Independents (64 percent to 23 percent) and Democrats (59 percent to 26 percent) also line up decidedly against those regulations. Even non-beer drinkers oppose these regulations by a two-to-one margin (53 percent to 25 percent).

THE BUDGET SURPLUS

Half of Minnesotans want the surplus spent on budget increases for education (34 percent) or roads (16 percent). Forty percent would like to see it either returned directly to taxpayers (29 percent) or applied to an overall tax cut (11 percent).

THE ECONOMY

A majority of voters (53 percent) say Minnesota’s economy is doing about as well as the national economy. Thirty percent say it is growing faster than the national economy and 11 percent say it lags the national economy.

Republicans say it is the same (61 percent), faster (18 percent) or lagging (16 percent); Independents are at 53 percent to 23 percent to 15 percent; Democrats are the most optimistic with 45 percent saying the economy is outpacing the national economy.

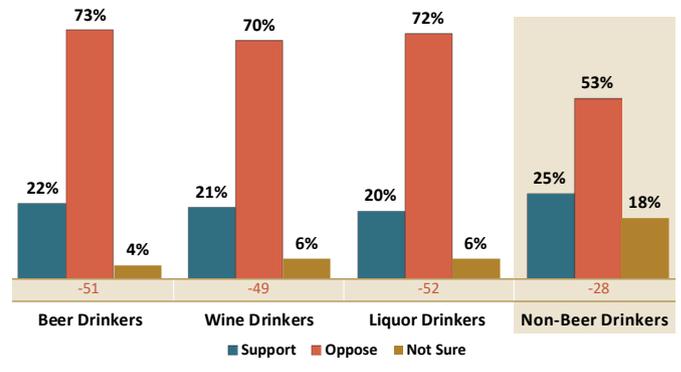
THE SKILLS GAP

Nearly two-thirds of Minnesotans (64 percent) view the worker shortage as a problem, led by Independents (73 percent) and Democrats (69 percent), but Republicans are more skeptical (49 percent). Voters are most likely to place blame for the skills gap on educators emphasizing a four-year degree as the sole pathway to career prosperity (31 percent). Voters also say young workers don’t have interest in those types of careers (22 percent), and



FIGURE 7: EVEN NON-BEER CONSUMERS OPPOSE THESE REGULATIONS BY A TWO-TO-ONE MARGIN.

“Currently, regulations from the State of Minnesota prohibit some small craft brewers from selling food on their own sites. Thinking about this issue, do you SUPPORT or OPPOSE regulations that prevent small craft brewers from selling food?”



that post-secondary schools don’t offer an adequate technical education curriculum (14 percent). Thirty-three percent do not believe the skills gap is a problem.

\$15 MINIMUM WAGE

Nearly half of all Minnesotans (47 percent) say that a \$15 minimum wage would hurt small businesses. A partisan breakdown: Republicans, 76 percent; Independents, 47 percent; and Democrats, 39 percent. Twenty-one percent agree it might hurt small businesses, but is worth the negative effects: Democrats, 33 percent; Independents, 19 percent; and Republicans, 9 percent. Interestingly, union and non-union households alike agree (46 percent and 48 percent, respectively) that the wage will hurt small businesses.

OTHER PROPOSALS

Cutting state spending and lowering taxes remain popular proposals.

- Cut spending 10 to 20 percent across-the-board by eliminating waste and fraud (76 percent)
- Lower personal income tax rates for all tax brackets (71 percent)
- Impose a requirement that 50 percent of Minnesota’s energy comes from wind and solar (67 percent)
- Abolish Minnesota’s estate tax (58 percent)
- Streamline the permitting process for mining projects in Minnesota (49 percent)
- Limit the power of the Metropolitan Council to dictate housing and transportation policy (48 percent)

FIGURE 8: A MAJORITY OF VOTERS SAY MINNESOTA’S ECONOMY IS DOING ABOUT AS WELL AS THE NATIONAL ECONOMY.

“Which of the following statements best describes your feelings about the state’s economy: Minnesota’s economy is growing faster than the rest of the nation, Minnesota’s economic growth is about the same as the rest of the nation or Minnesota’s economic growth lags the rest of the nation?”

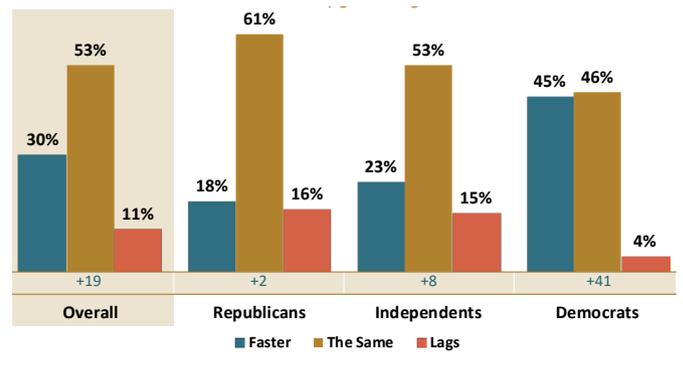


FIGURE 9: NEARLY TWO-THIRDS OF VOTERS SEE MORE OPEN JOBS THAN JOBSEEKERS AS A PROBLEM, BUT REPUBLICANS ARE MORE SKEPTICAL.

“Turning to some questions about jobs, economists are forecasting that the number of open jobs in Minnesota will soon be much greater than the number of people available to fill them. How much of a problem do you see this being?”

	Overall	GOP	IND	DEM
Do not believe this is a problem	33%	44%	24%	27%
A problem that requires public/private partnership to fix	27%	16%	38%	30%
A problem that will be fixed by the market economy	21%	22%	22%	18%
A large problem that could seriously damage our economy	9%	7%	7%	11%
A problem that can be fixed only through government leadership	7%	4%	6%	10%
TOTAL PROBLEM	64%	49%	73%	69%

STOP

BUSING REDUX?

Minnesota's Supreme Court greenlights a lawsuit pushing for a sweeping plan to sort metro-area students—including those in suburban districts and charter schools—into schools on the basis of their skin color.

By
Katherine
Kersten



On July 25, the Minnesota Supreme Court issued a ruling with far-reaching and troubling consequences for K-12 education in our state. The court held that a lawsuit titled *Cruz-Guzman vs. State of Minnesota*, whose plaintiffs seek court-ordered metro-wide racial balancing in the Twin Cities region’s public schools, can go forward.

The case will now return to district court, where plaintiffs will push for a sweeping plan to sort metro-area students—including those in suburban districts and charter schools—into schools on the basis of their skin color. Expect the plan to require massive public funding, essentially end local control and entangle our state’s public schools with the courts for years to come.

It may also compel major shifts in school district and/or school attendance boundaries and result in the race-based busing of tens of thousands of metro-area students.

Cruz-Guzman vs. State of Minnesota “has the power to reshape school demographics across the metro area,” according to the *Star Tribune*.

“It’s a decision, I believe, people will be talking about decades from now,” said Dan Shulman, the Minneapolis attorney who filed the case, in an interview with MinnPost.

The Minnesota Supreme Court’s action exemplifies the sort of judicial activism that, over the past 60 years, has given courts a bad name.

Cruz-Guzman is a so-called “education adequacy” case. Generally, plaintiffs in these lawsuits allege that a state’s constitution requires students receive an “adequate”

education. Then they point to a racial academic achievement gap in the school system in question, portraying the gap as evidence that minority students are not receiving such an education. As a remedy, they seek a massive increase in public education funding.

Education-adequacy cases of this kind can be extraordinarily costly. Yet nowhere has a victory by plaintiffs produced a meaningful increase in poor and minority students’ academic performance.

In New Jersey, for example, adequacy litigation produced gigantic tax hikes and state borrowing and has led to a near citizen revolt over property taxes.

In 2011, Colorado Gov. John Hickenlooper declared that a victory by plaintiffs in an adequacy suit would require his state to raise taxes by at least 50 percent or devote 89 percent of its general fund budget to K-12 funding, thereby shortchanging Medicaid, public safety, higher education and transportation. Colorado was spared this when its supreme court overruled a district-court decision for plaintiffs in 2013.

The plaintiffs in *Cruz-Guzman* are taking a different and unusual tack. They claim the racial achievement gap in the Minneapolis and St. Paul public schools is caused by racial and socioeconomic “segregation” of students. As a remedy, they call for court-ordered racial and/or socioeconomic balancing of students across the metro area.

“If the entire seven-county area is part of a remedy, there won’t be white flight,” Shulman told the *New York Times* in August. “Where are they going to go to?”

A racial balance plan from the University of Minnesota’s Institute on Race and Poverty (now called the Institute on Metropolitan Opportunity), proposed a few years before *Cruz-Guzman* was filed, called for creating either a single, seven-

The Minnesota Supreme Court’s action exemplifies the sort of **judicial activism** that, over the past 60 years, has given courts a bad name.

county “integration district” organized into “administrative regions,” or five or so “super-districts.” The plan proposed busing as many as 20,000 students—in an area from Forest Lake and Hastings in the east to Orono and Chaska in the west—based on regional demographics at that time.

Though portrayed as voluntary, the plan’s racial-balance requirements would almost certainly require mandatory race-based reassignment of students.

As *Cruz-Guzman* wends its way through Minnesota’s judicial system, Minnesotans need to understand a crucial fact: the Minneapolis and St. Paul public schools are not racially “segregated,” as plaintiffs claim.

To find illegal segregation, a court must



determine that racial separation in the schools is the result of deliberate, intentional government discrimination on the basis of race. Courts have never found racial imbalance alone—of the kind we see in Minneapolis and St. Paul—to justify a finding of illegal segregation.

Students in Minneapolis and St. Paul are not compelled to attend racially separate schools by illegal government action, the way children were in the Jim Crow South. On the contrary, Twin Cities families have a multitude of educational choices. These include charters, open enrollment in suburban schools and—for older students—publicly funded postsecondary options at local colleges. Parents are free to select the school they believe best fits their child’s needs.

But the lawyers who filed *Cruz-Guzman* do not value this freedom of choice. Their goal is the opposite: court-ordered shuffling of students across the Twin Cities area on the basis of skin color.

To achieve this end, the *Cruz-Guzman* attorneys disingenuously label as “segregated” a school of choice like Friendship Academy of the Arts in Minneapolis. Friendship Academy is a high-performing, “beat-the-odds” K-6 charter school whose students are 96 percent black and 85 percent low income.

In 2017, the school’s students outperformed the state average in math and science on state standardized tests—with 69 percent proficient in math and a whopping 95 percent proficient in science—compared with state proficiency levels of 59 percent and 61 percent, respectively. No wonder minority parents are lining up to send their youngsters there. Children are thriving at this rigorous, “culturally affirming” school.

In fact, in the *Star Tribune’s* 2014

“Beating the Odds” Top 10 list of high-poverty schools with the “highest percentage of students at grade level or better” in reading, eight were what the *Cruz-Guzman* plaintiffs label “hyper-segregated” charter schools, as were seven of the top 10 in math.

A victory by *Cruz-Guzman* plaintiffs would likely cripple schools such as Friendship Academy, and would do so by design. Nekima Levy-Pounds, former president of the Minneapolis NAACP, told MinnPost that the Minnesota Supreme Court’s decision to allow the case to go forward is “wiping away parent choice and autonomy, in terms of knowing what is in the best interest of our kids—as far as a school learning environment—and what is not.”

What can we expect if the *Cruz-Guzman* plaintiffs prevail, or even if the case is settled? Consider Hartford, Conn., the locus of *Sheff vs. O’Neill*. *Sheff* is the only other education-adequacy lawsuit where plaintiffs have sought metro-wide racial balancing of students as a remedy.

In 2011, Shulman—the attorney who represents the *Cruz-Guzman* plaintiffs—told the Integration Revenue Replacement Advisory Task Force (a state body on which I served) that he planned to use *Sheff* as his model in the Minnesota-based education-adequacy case he intended to file. Shulman described John Brittain, one of the original *Sheff* attorneys, as his “hero.”

Sheff vs. O’Neill was filed in 1989. In 1996, the Connecticut Supreme Court ruled in favor of plaintiffs. Today, 22 years later, courts still control the schools in the Hartford metro area.

The *Sheff* decision required Connecticut’s Legislature to devise a plan to distribute students of various races

among schools throughout the Hartford metro area. The plan relies on a Byzantine system of extraordinarily expensive magnet schools that turn kids of the “wrong” skin color away in the name of racial balance.

“Funding for magnets is based on a dizzying hodgepodge of financial arrangements that perplex educators, pit towns against one another, and stir a chorus of protest,” wrote the Connecticut Mirror in 2010. *Sheff* has “pushed state and local education budgets to the brink,” according to news reports.

Today, the race-based admissions scheme in Hartford schools is so per-

Plaintiffs claim that the racial achievement gap in the Minneapolis and St. Paul public schools is caused by racial and socioeconomic “segregation” of students.

verse that it compels in-demand magnet schools to reject black and Hispanic students who apply for open seats if this would upset a 25 percent white student quota—which magnet schools must impose to get funding. As a result, popular magnets are at 60 percent of capacity. These schools now give preference to white and Asian students, while thousands of black and Hispanic students languish on waiting lists.

It’s ironic, though not surprising, that in recent years Hartford school district leaders and parents have actively worked against the racial balance remedy that was originally intended to benefit their district’s students. In 2011, the Hartford Public Schools launched a television, radio and print advertising campaign urging parents not to participate in a lottery for seats in suburban or regional magnet schools for their children. “It works against what we are trying to ac-



About the Author: *Katherine Kersten, a writer and attorney, is a senior policy fellow at Center of the American Experiment. She served as a Metro columnist for the Star Tribune from 2005 to 2008, and as an opinion columnist for the paper for 15 years between 1996 and 2013. She was a founding director of the Center and served as its chair from 1996 to 1998.*

complish,” the chair of Hartford’s school board told the Connecticut Mirror. “Why does Hartford have to lose kids?”

Meanwhile, Hartford students who transfer to suburban schools often face daunting obstacles. These can include lengthy bus rides, difficulty participating in after-school activities and insurmountable barriers to parental involvement.

After decades of trying, *Sheff* has failed to produce racial balance in the Hartford schools, despite the expenditure of well over \$3 billion on magnet schools. And tragically, a yawning racial academic achievement gap still exists in the area’s schools.

Now, the *Sheff*-inspired racial-balance plan is being challenged in federal court. In February, seven black and Hispanic families from Hartford—represented by the Pacific Legal Foundation—charged that racial quotas for magnet schools violate black and Hispanic children’s civil rights under the Equal Protection

Clause of the 14th Amendment of the U.S. Constitution.

The Minnesota Supreme Court’s 4-2 vote in *Cruz-Guzman* has opened the way to a *Sheff*-like remedy here. Unfortunately, students would likely sustain even greater harm than Hartford-area students have. That’s because any court-ordered or supervised racial-balance plan would probably severely constrain the school choice Twin Cities students currently enjoy.

In his dissent in *Cruz-Guzman*, Justice Barry Anderson lambasted the court’s ruling as an extraordinary example of judicial overreach. Minnesota’s Constitution gives the state’s Legislature, not its courts, authority over educational questions of the kind the case raises, he said. “The proper role for the judiciary ... is not to second-guess the wisdom of policy decisions that the



constitution commits to one of the political branches,” wrote Anderson, quoting a leading case on the issue.

“The task the court has now assigned to the judicial branch is inherently subjective, undefined, historically and textually the province of the Legislature, deeply political, and one for which the judiciary has no demonstrable expertise,” he added.

The majority’s decision in *Cruz-Guzman* violates the constitutional doctrine of “separation of powers,” which Anderson rightly described as a bulwark of liberty in our democracy. Minnesota parents, school leaders and citizens must understand that both students’ civil rights and their educational freedom are at stake in this case, and register their strong disapproval. ★

This piece first appeared in the Star Tribune.



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Q&A

The Sun is Still Rising

From founding ESPN, to innovative survey research, to being an author with a positive view of America's future, **Scott Rasmussen** has always used technology to bring fresh insights to American culture. American Experiment President **John Hinderaker** recently interviewed the iconic political observer.

I've always been fascinated by your early life when, among other things, you were one of the founders of ESPN. Tell us about that.

Scott Rasmussen: It was such a long time ago that people can't even remember what the '70s were like before ESPN. There was only one college football game on per weekend. Most professional sports couldn't get their games broadcast at all. My father and I were both working with a hockey team, the New England Whalers, and we tried everything to get the Whalers on TV. We then learned about this brilliant new technology, satellite, that could send a signal around America for less money than it cost to send the same signal around Connecticut via traditional landlines.

So, we signed up, got a position on



the satellite, and then had to figure out what to do with it for 24 hours a day. My father and I had a bitter argument about this, and I got mad at him and said, "I don't care what you do. It's your transponder. Show football all weekend, see if I care." For the first time all morning he didn't yell back but said, "Not football, but sports—all weekend long." We were convinced we had this idea that would change the world, and we were afraid if we told anybody about it they would steal it from us. Instead, we went to eight broadcast companies and all of them laughed us out of the room.

You and your father sold ESPN at some point quite a few years ago, correct?

We started the company with a cash advance and a credit card; Getty put up \$100 million, so they thought they should have control of the company. They sold to Texaco in '84 and that's when we got out. It's been a long, long time but I'm very proud of what we did at ESPN.

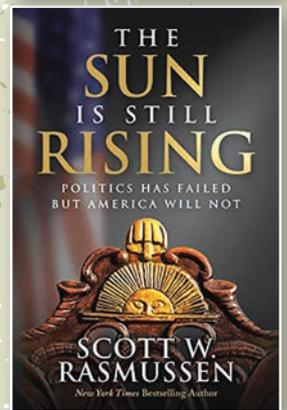
Let's talk about what you've been doing in recent years. You founded the *Rasmussen Reports*, one of the principle polling organizations in the United States, which sold a few years ago. It seems to me polling as an industry has become a much more significant part of the news landscape and the

political landscape than it ever used to be.

Absolutely. I think if you looked in the database from the 1980s you would find three national polls about Tip O'Neill, speaker of the house. There were three polls a week out on the speaker of the house then. We were the first firm to poll all 50 states for a presidential election, and that was in 2000.

Why is that? Wouldn't Gallup or somebody else do similar polling?

We were pushing a new technology. One of them was the internet. I figured out early on that I could pop up on the internet and look as big as Gallup by presenting information directly to consumers. Everybody else was working



Like many Americans, political analyst **Scott Rasmussen** believes our nation's political system is broken. However, his research has left him optimistic about America's future. *The Sun Is Still Rising* clearly demonstrates that America's best days are still ahead and that governing involves more than government and politics.



through network anchors, but I figured people were skeptical of the anchors and would like to see the data for themselves. The other push was automated polling (now called IDR or robo polls), which let me get more polls out on a less expensive basis. And it let me pull larger sample sizes.

I also realized I could run a poll one night and if the results were puzzling, I could go back the next night and ask why. It let me research issues on a real-time basis and let me experiment with state by state polls, among other things.



For the last generation, neither political party has found a way to connect with the American people.

I've always thought the Rasmussen Reports asked thoughtful, creative questions that would generate interesting answers. It seems to me most pollsters are not creative. They ask the same boring questions, "right track/wrong track," "approve/disapprove."

There's an obsession in the world of politics today with the techniques of asking a precise question. It's important to talk about methodology, but if you're not asking the right questions it doesn't

make any difference. There are things outside of politics and life and you need to ask about them, knowing that people look at things from a different perspective. Regarding healthcare, most pollsters think people without insurance want the federal government to provide them with insurance. Therefore, anything that threatens that is a problem. Our research found some other numbers. There were 15 million Americans who, before the Obamacare mandate was repealed, would've dropped out of Obamacare if they could. It occurred to me they might be happy to see the mandate repealed, not see it as a disaster. You begin to think through things like this differently and then you figure out how to ask it as a question. There is no perfect question, but the best way to find out data is to start with a question and ask it from six different angles.

You've written a new book.

Yes, it's called, *The Sun Is Still Rising: Politics Has Failed But America Will Not*.

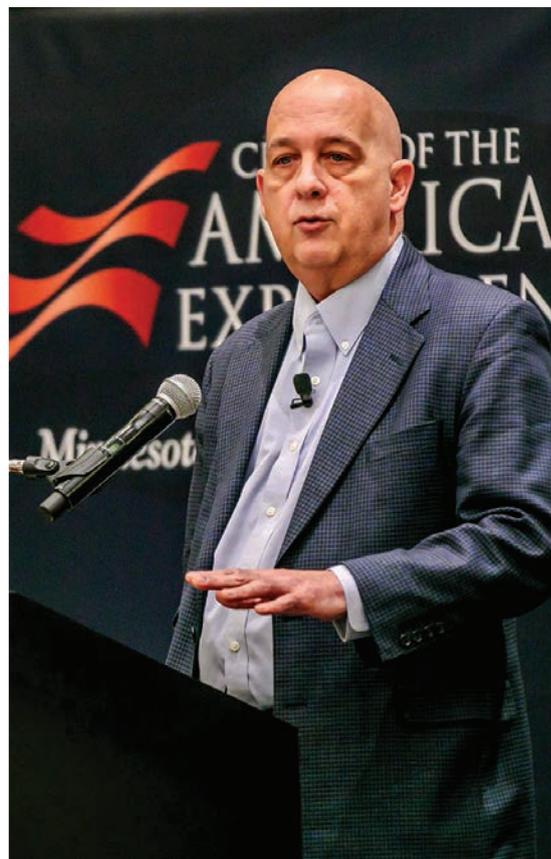
You seem to be mostly optimistic when you talk about elections. How would you summarize your takeaways from the 2018 midterm elections?

I am optimistic. I may be very pessimistic about our political system, but I am very optimistic about America's future—although I think it will get worse before it gets better. I look at the elections as part of a larger storyline. For the last generation, neither political party has found a way to connect with the American people. We've had four presidents in a row who came into office with their party in control of Congress and they lost control. That's never happened before. We have a very polarized team-sport mindset right now; team power is so important. Bob Menendez, a Democrat,

gets reelected in New Jersey despite people not liking him at all, same with Keith Ellison in Minnesota. And there are Republicans who were carried across the finish line simply because of their party identification.

We are a system that is struggling with a changing world. All of American history was about institutions getting bigger and more centralized and more homogenized up until the 1970s. Political power followed that path. Since the '70s everything in society is decentralizing. Our smartphones give us incredible power that presidents never used to have, but our government is still in that centralizing mode. The disconnect between a decentralizing society and a centralizing government creates the tension we experience right now, and neither political party has figured out a way to address it. We'll keep bouncing around about a very small number of congressional seats until something happens.

You have said the word liberal became anathema back in the 1980s. If voters became convinced a democratic candidate was a liberal, it was curtains for



him. Some of that's going on now with conservatives. Tell us about that.

Back in the '80s democrats ran from the "liberal" label because otherwise they knew they couldn't win an election. That's the reason some liberals call themselves progressives now. It has happened more recently with the term "political conservative," and while it's still not as unpopular as "political liberal," it's trending in that direction—particularly among women voters. That's a big change. We heard about suburban, affluent women being a little less supportive of Republicans in this election, and part of it is they're turned off by the word conservative. To them it doesn't mean a particular set of ideas, and there's something about the term that they perceive it to mean.

As the liberals started calling themselves progressives, is there some other word we conservatives could use?

I'm sure there will be, but I don't know what the magic word is. We're going to spend time understanding what people believe conservatism means. It's like the word socialism. Does it mean what you and I grew up believing it meant, at least to many voters? Most people who say they like socialism think it's a kinder, gentler form of capitalism. They don't think it means more government involvement in the economy, they don't think it means buying the nation's largest companies or taking them over, they don't think it means higher taxes. I can't say they're wrong, because that's what they perceive it to be, but that word has shifted, the connotations have shifted, and we need to understand why.

People who say they're a socialist don't necessarily mean they want to be like Venezuela.

Not even close. They're not thinking of what Bernie Sanders is peddling. They are thinking about capitalism, and how everybody recognizes capitalism has produced incredible prosperity, but there are some rough edges they want to smooth off. For some, socialism sounds like a way to do that. For others, free markets are a



Culture and technology lead our nation forward, not the political process.

way to do that. It's important to recognize people believe there is a difference between free markets and capitalism.

I've always said that instead of using the word capitalism we should say free enterprise. I think that has a better sound. Have you ever polled this?

Not recently, but I'm going to explore that in the coming months. We poll 1,000 registered voters every night, asking them how the president is doing, you know, some of those boring questions, because you need that as a baseline set of information. Every week we ask how they perceive the economy. We also ask a series of questions on a rotating basis about perceptions on immigration or other issues. It's important to go out every night and ask some questions about what's happening in the news right now or other topics so I can explore what people are thinking about.

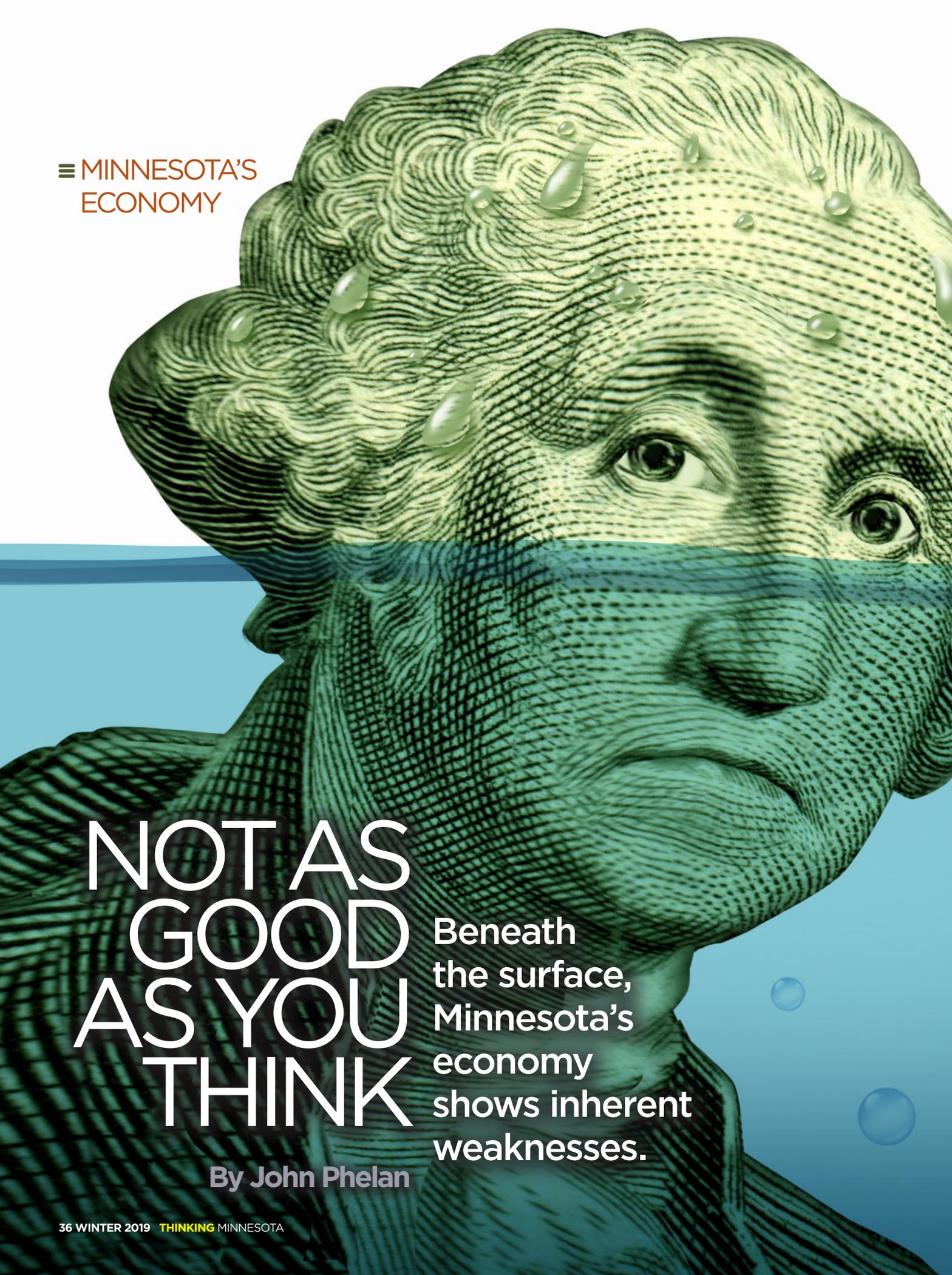
It's a learning exercise. At times I see data that doesn't make sense to me. In my mind, when a voter says A to question one and B to question two, that doesn't add up to me. I want to know what it is they see. I want to understand what makes them tick and sometimes it takes a while to figure out.

You sold *Rasmussen Reports* a few years ago, but you're back in the polling business now.

We post poll results every day, and you can also sign up to get a daily e-newsletter. I include things in the newsletter that I don't put on the site to tie it more into the daily commentary flow. Our daily content is not always on purely political topics. I write a number of daily pieces for Bal-lotpedia that intersect culture, technology, and politics—to me they're all intertwined. For instance, the way you look at self-driving cars has something to do with the way you look at the political world.

How would you sum up the reasons why you're optimistic about the country's future?

One reason I wrote the book was to give a sense of optimism. I recognize that culture and technology lead our nation forward, not the political process. So, I can look at our political process and realize it's badly broken, but I'm not counting on it to move us forward. When I see what technology's making available to us, I'm optimistic. When I look out and see what the younger generation is thinking about, I'm optimistic. At the end of the day, I'm optimistic because 93 percent of voters believe what I call the American Creed. We have the right to live our lives as we see fit so long as we respect the rights of others to do the same. That core commitment to freedom is an important part of who we are as a nation, and it is still there. As long as we have that, there will be daily progress made. Younger voters are excited about this change. Ron Fournier, a great journalist, went to the Institute of Politics at the Kennedy Harvard School a few years ago. He was horrified when he asked how many students were planning to enter government service or political service. Not a single hand went up. Every single student wanted to get involved in making a better world and creating social justice. They wanted to do things where they could have an impact and be held accountable; so, for many of them that meant entrepreneurship. ★



≡ MINNESOTA'S
ECONOMY

NOT AS GOOD AS YOU THINK

Beneath
the surface,
Minnesota's
economy
shows inherent
weaknesses.

By John Phelan



Economic growth in Minnesota

It has become fashionable in recent years to question whether developed countries need more economic growth. “Society” has everything it needs, the argument goes, we just need to bring more “fairness” to how we divide it up and, anyway, the planet could not sustain further economic growth.

But, as the old song goes, “You don’t know what you got till it’s gone.” In his book, *The Moral Consequences of Economic Growth*, economist Benjamin M. Friedman argues that material growth has non-material benefits. “Economic growth—meaning a rising standard of living for the clear majority of citizens—more often than not fosters greater opportunity, tolerance of diversity, social mobility, commitment to fairness, and dedication to democracy,” he writes. “[M]any countries with highly developed economies, including America, have experienced alternating eras of economic growth and stagnation in which their democratic values have strengthened or weakened accordingly.”

It is not true, as the Marxists argued, that society is driven by its economics. But it seems unarguable that some element of recent political turmoil stems from the financial crisis of 2008-2009 and the sluggishness of the recovery. Even the rich world needs economic growth.

On some commonly-cited measures, Minnesota’s economy appears to be in good health.

Take Gross Domestic Product (GDP) per capita, which simply divides the amount of GDP (goods and services produced) in a given state by the population. On this metric, Minnesota performs better than the nation as a whole. In 2017, our state ranked 15th nationally, with a per capita GDP of \$62,962. By comparison, average GDP per capita for the U.S. as a whole was \$59,141.

But other signs are less comforting. The growth *rate* of GDP is one of them. Since 2000, our state’s economy has grown more slowly than the U.S. In 2017, the United States’ economy was 32.8 percent larger in real terms than it was in 2000. Minnesota’s economy was 30.2 percent larger. If Minnesota’s economic growth rate had matched that of the nation since 2000, the state’s GDP would be 2 percent higher than it actually is.

Convergence?

It is often argued that Minnesota’s below average growth rate of GDP per capita is a result of its above average level. The

economic theory of convergence holds that, all else being equal, poorer economies’ per capita incomes will tend to grow faster rates and catch up with those in richer economies.

Economists found evidence to support this theory. During much of the 20th century, poor states and regions in America caught up with rich ones at a rate of about 2 percent per year, a figure sometimes called the “iron law of convergence.” In 1930, for example, workers in Mississippi earned just 20 percent of the wages of workers in New York. By 1980, the proportion had increased to 65 percent.

Recent research casts doubt on this. Incomes across states converged at a rate of 1.8 percent per year from 1880 to 1980. Since then, however, there has been hardly any convergence at all. Convergence has declined in cities, too. Between 1940 and 1980, poor cities caught up with rich ones at a rate of 1.4 percent a year. Since then, they have lagged behind.

Specifically, research finds that “the convergence rate from 1990 to 2010 was less than half the historical norm, and in the period leading up to the Great Recession there was virtually no convergence at all.” In other words, the “convergence,” which is supposed to explain Minnesota’s slow rate of economic growth relative to the U.S. average, has not been happening over the period covered in the Center’s economy report. Our economic growth is lackluster, and “convergence” does not explain it.

Productivity

What matters most for long-term growth is productivity. This is the ability to produce more outputs with a given amount of inputs. It is the essence of economic growth. Indeed, as economist Paul Krugman has quite rightly written, “Productivity isn’t everything, but in the long run it is almost everything. A country’s ability to improve its standard of living over time depends almost entirely on its ability to raise its output per worker.”

Here, too, Minnesota performs relatively poorly. One common measure of an economy’s productivity is its labor productivity, the average amount of GDP produced per worker. Minnesota’s per worker productivity has consistently been below the national average since at least 2000. In 2017, Minnesota’s workers produced 7.8 percent less GDP than the national average. The picture is the same when we look at GDP per hour worked. In Minnesota’s goods producing sector, the state’s workers produce 6.8 percent less GDP per hour worked than the U.S. average. It is the same, too, in the service producing sector where Minnesota’s workers produce 6.9 percent less GDP per hour

The point of economic growth is not to accumulate inputs, like labor. It is to make them more productive.

worked. Once again, productivity in this sector has more or less flatlined since 2010. This is bad news for Minnesota, as a growing share of the state's jobs are to be found in service industries.

How do we square Minnesota's above average levels of GDP per capita with its below average productivity? The answer is found in Minnesota's hard working population. At 3 percent in July 2018, our state's unemployment rate was below the national rate of 3.9 percent. With a Labor Force Participation rate of 68.8 percent, Minnesota ranked second nationally in 2017. Households with two workers account for 34 percent of Minnesota households, but only 28.6 percent of households nationally. Minnesota also has a smaller portion of households with one worker or no workers than the nation as a whole.

This is good in one sense: all else being equal, it is better to have a higher share of your population working. But remember, GDP per capita is calculated by dividing GDP by the state's population.

Because GDP is produced by the population, even if that population has, on average, relatively low labor productivity, it might still produce above average levels of GDP per capita if a relatively large share of it is working to produce GDP. In other words, Minnesota's higher-than-average labor force participation is offsetting its lower-than-average per worker productivity and driving up the levels of GDP per capita. But the point of economic growth is not to accumulate inputs, like labor. It is to make them more productive. Minnesota fails here.

Minnesota's economic future

There are three sources of per capita GDP growth: an increase in the Labor Force Participation rate, a rise in capital per worker, and higher Total Factor Productivity. The first two relate to the accumulation of factors of production and the third to the quality and skill with which they are utilized. We can look at past—and likely future—trends in each of these to get some idea of what might lie ahead for Minnesota.

$$\frac{\text{GDP}}{\text{Population}} = \text{GDP per capita}$$

Labor force participation

The Labor Force Participation rate is the percentage of the population that is either employed or unemployed and actively seeking work.

The outlook here is not good. The Labor Force Participation rate is projected to fall to 64.6 percent in 2035. This will be a negative value in our per capita GDP growth equation. This will be driven by the retirement of Baby Boomers, those born between 1946 and 1964, but recent data reveal other concerning signs. Between 2000 and 2017, Minnesota's overall Labor Force Participation rate fell by 3.9 percentage points, from 75.1 percent to 71.2 percent. But for workers between the ages of 16 to 19, labor force participation has slumped by 17.5 percentage points since 2000. By contrast, in the two oldest categories, those over age 55, labor force participation has actu-

ally increased by 9.9 and 3.5 percentage points, respectively.

Why are younger Minnesotans dropping out of the labor force? One answer is minimum wage legislation. Minnesota is one of 26 states and the District of Columbia to have a state minimum wage above the federal level of \$7.25 per hour. For large employers, those with an annual sales volume of \$500,000 or more, the minimum wage in Minnesota is currently \$9.50. Most empirical studies have found negative effects of minimum wages on youth employment. Other research pinpoints further causes of declining labor force participation, including increased recourse to disability benefits. To soften the blow of the Baby Boomers dropping out of the labor force, harmful policies like these should be abandoned.

Is immigration the answer?

One remedy often suggested for the state's shrinking workforce is increased immigration. But this relies on two assumptions.

Minnesota's taxes are not conducive to capital investment. The Tax Foundation ranks Minnesota 46th out of the 50 states for its business tax climate.

The first is that the new arrivals will have a Labor Force Participation rate at least as high as that of the population already here. If they do not, they will lower the Labor Force Participation rate, exacerbating the very problem they are proposed to solve. The Labor Force Participation rate among Minnesota's foreign-born population was 72.7 percent in 2016, above the rate for native-born Minnesotans.

The second assumption is that the new



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arrivals are at least as productive as the workers already here. Considering GDP per capita, immigrant workers add to the denominator (population) as well as the numerator (GDP). If these workers increase the population by a greater percentage than they increase GDP, they will lower GDP per head.

What matters is the skill level of the workers. Of immigrants aged 25 or older, 32.6 percent have bachelor's degrees or higher, a figure similar to native-born Minnesotans' 35 percent. However, whereas 34 percent of native-born Minnesotans have attended some college or earned an associate's degree, that figure is just 21.6 percent for foreign-born Minnesotans and falls to 15.5 percent for foreign-born non-citizens. While 30.8 percent of native-born Minnesotans have a high school diploma or less and only 4.9 percent are not high school graduates, for foreign-born Minnesotans these numbers are 45.8 percent and 27.1 percent, respectively. For foreign-born residents who are not citizens these figures rise to 52.7 percent and 34.4 percent.

Growth in capital per worker

Capital per worker refers to the amount of capital each worker has to work with. Increasing capital per worker makes workers more productive, until the point where diminishing returns set in. By enabling workers to produce more, wages and GDP per capita rise.

Minnesota performs poorly here. The state's levels of capital per worker have been below the national average since at least 2000. Nationally, in 2015, each American worker had \$104,187 of capital behind them. In Minnesota, the figure was \$100,129—3.9 percent below that national average. Growth in the capital available to Minnesota's workers is driven by the amount of investment capital business owners have access to. This will shift with the expected after-tax rate of return on investment, which is a measure of the flow of income generated by an investment in the stock of capital. It is primarily affected by tax rates. Evidence indicates that corporate income

taxes have a negative effect on aggregate investment and entrepreneurial activity. They are also an influence in foreign investment decisions.

Minnesota's taxes are not conducive to capital investment. The Tax Foundation ranks Minnesota 46th out of the 50 states for its business tax climate. Minnesota imposes a deduction schedule for natural resource depletion on top of the federal one, and it is one of only eight states to have an Alternative Minimum Tax on corporations. These add another layer of compliance difficulties beyond the federal requirements. More importantly perhaps, Minnesota's top rate of Corporate Income Tax is 9.8 percent. This is the third highest in the U.S. Only Iowa (12 percent) and Pennsylvania (9.99 percent) have higher rates. To boost capital per worker, Minnesota's policymakers need to change course on these tax rates.

Innovation and entrepreneurship

The third source of per capita GDP growth is an increase in Total Factor Productivity (TFP). This is a measure of technological improvement and productivity. The first, technological improvement, simply refers to the improvement in the quality of capital rather than its quantity. A farm's workers, for example, might initially become more productive if they were given more tractors. But, if they had more than one tractor each or too many to operate usefully on the farm's land, any further increase in the number of tractors would bring diminishing returns. By contrast, the adoption of new technology, such as enhancement of seed planting efficiency, will raise productivity. This combination of skill with inputs such as land, labor, and capital is an example of entrepreneurship.

In addition to entrepreneurship, research shows that U.S. states with better educational attainment and greater investment in research and development see faster growth in TFP. Minnesota can improve in both these areas.

Minnesota's educational system compares favorably with other states on a range of educational outcomes, though its

mediocre performance on AP test scores should be noted. Overall, if a focus on academic excellence and these standards can be maintained, education will continue to boost Minnesota's economic future. But this is not a call to ramp up education spending. Research shows that in Minnesota, between 1970 and 2011, SAT scores adjusted for participation and demographics had no noticeable increase while, over the same period, inflation adjusted per pupil spending increased by 80 percent. Further increases are likely to hit diminishing returns.

Minnesota's outlook for research and development (R&D) is not encouraging.

If Minnesota's workers were as productive as the national average, our state's GDP per capita would be \$5,800 or 9.2 percent higher.

In each of the last four years for which we have data, the share of state GDP spent on R&D has lagged the national average. In 2009, Minnesota led the U.S. in R&D spending as a share of GDP, 3.05 percent to 2.03 percent. By 2015, this situation was reversed and our state lagged the nation, 2.46 percent to 2.73 percent.

As Adam Smith wrote, there is a "great deal of ruin in a nation," and the same goes for a great state like Minnesota. The standard of living in the state is the result of sheer hard work rather than impressive levels of productivity. This short-changes Minnesotans. If Minnesota's workers were as productive as the national average, our state's GDP per capita would be \$5,800 or 9.2 percent higher. Our high tax policies exacerbate our economic deficiencies by driving productive workers out of the state and deterring others from coming here. For the sake of our state's economic future, we need to change direction. ★



A SPECIAL REPORT

BEER BOOM

By John Phelan

How deregulation and tax cuts enabled craft brewers to thrive.

When I was growing up in England, American beer had a pretty bad reputation. All you ever saw were light, lager beers, with lots of bubbles and little taste. Overall, most people shared the opinion of Monty Python's Eric Idle, who said in 1982 that American beer was "close to water." That impression has changed in the last decade. When I first visited Minnesota in 2007, I was surprised to discover quality beer like Summit and Surly. The next year I visited the Sierra Nevada brewery in Chico, California and the Anchor Steam brewery in San Francisco. Shortly afterwards, I found Sierra Nevada's Pale Ale on tap in one of my regular haunts in London and Anchor Steam in a pub down the road. Nowadays, any half-decent British pub will pour American craft beers. Exports of American craft beers grew by 33 percent in 2015; at the 2017 European Beer Star competition, American beers won 33 awards, edging

out beers from around the world to win gold in 12 categories. We have come a long way from the watery, fizzy domestics of my youth.

The craft brewing boom in Minnesota

The pace of this beer change has been staggering. In 2007, there were fewer than 10 breweries and brewpubs statewide. A decade later, the total number has reached over 170 (an increase of 1,600 percent). In 2018 alone, 29 new breweries and brewpubs opened, accounting for 17 percent of Minnesota's estimated 170 total. While the craft beer boom has been a nationwide phenomenon, Minnesota has been something of a market leader. It now ranks 13th nationally for breweries per capita and 10th highest for craft beer consumption. Each adult Minnesotan (21+) drinks, on average, five gallons of craft beer each year. The trend shows little sign of slowing as new breweries continue to open.

But the location of these brewhouses is expanding. In 2016, about half the new breweries were in the Twin Cities, but a year later, the majority of new breweries were in Greater Minnesota: Portage Brewing Company in Walker near Leech Lake, population just short of 1,000; Ashby Brewing Company in Ashby near Fergus Falls, population of 436; and Karst Brewing in Fountain near Lanesboro, population of 413.

Why the craft brewing industry grew

The craft beer industry boom is similar to the growth of any industry in a free market. Economic growth ultimately depends on the quality of government policies and institutions. These affect incentives to innovate, start a business, hire workers, and invest in physical and human capital. If policies are reformed to increase economic activity, then investment and labor input expand. This is as true for the individual industry as it is for the economy as a whole.

The growth of America's craft brewing



While the craft beer boom has been a nationwide phenomenon, Minnesota has been something of a market leader. It now ranks 13th nationally for breweries per capita and 10th highest for craft beer consumption.

industry offers an excellent illustration. There were 666 breweries open nationwide in 1935, but this number fell as larger breweries producing light, lager beers increased their market share at the expense of smaller, local breweries. The Ernst Fleckenstein Brewing Company, founded in St. Paul in 1855 and relocated to Faribault two years later, closed in 1964. Duluth's Fitger's Brewing Company, opened in 1881 as the Lake Superior Brewery, closed in 1972. The Peter Pub Brewing Company in Winona, which traced its origins back to 1856, closed in 1973. By the mid-1970s, American brewing was in a parlous state. There were fewer than 45 breweries in the U.S. and many of the remaining smaller, regional ones were on the verge of bankruptcy.

The challenges America's smaller brewers faced stemmed from a combination of tax and regulatory problems. In terms of tax, high rates of excise tax—a flat rate per barrel produced—hit small brewers disproportionately hard. Representatives of these small brewers pushed periodically for these taxes to be lowered, but made little progress. In 1961, William O'Shea, executive secretary of the Brewers Association of America, said, "Hope has now vanished, as have so many of the small local brewers who needed this relief to stay in business."

Fortunately, positive reforms were afoot, and help came from an unexpected quarter. The U.S. Brewers Association,



which represented larger brewers, supported relief for the smaller operations. Then Congress, in the teeth of opposition from certain church groups and the Center for Science in the Public Interest (a foe of the brewing industry to this day), passed a measure in 1976 that reduced the federal excise tax by a 22 percent cut on the first 60,000 barrels produced. Only breweries making fewer than two million barrels per year were eligible.

Next, came regulatory reform. Many early craft brewers started out as home brewers. When domestic light lagers started dominating the marketplace, home brewing was one way to inject some variety into beer drinking. But, prior to February 1st, 1979, home brewing was illegal.

California homebrewers approached Senator Alan Cranston, pointing out that while wine making had been made legal in the repeal of Prohibition in 1933, home brewing remained against the law. In October 1978, President Jimmy Carter signed into law H.R. 1337, a federal transportation bill, which, owing to the quirks of the D.C. legislative



process, made it legal for any household to produce beer for personal or family use without being taxed. The stipulation was production needed to remain at less than 200 gallons a year for a household with two or more adults (18+) or less than 100 gallons a year for a household with one adult.

Deregulation enabled innovative brewers to enter the market. In 1976, a home brewer named Jack McAuliffe founded New Albion Brewing, America's first craft beer brewery, in Sonoma, California. More recently, it has been estimated that 90 percent of craft brewers begin as home brewers. Neil Miller, one of the owners of HeadFlyer Brewing, which opened in Northeast Minneapolis in 2017, had been home brewing for 10

Minnesota's beer excise tax rates rank 10th highest in the U.S.

Because beer taxes are often collected at other points in the supply chain, the only tax a consumer will see printed on their receipt is the applicable state or local sales tax.

years before going into business.

Coupled with this deregulation, lower excise taxes both incentivized craft brewers to get started and enabled them to retain the capital to grow once they did. In 1984 there were 18 microbreweries and 76 noncraft and regional breweries nationwide. Ten years later, those figures were 537 and 22, respectively. In 2017, there were 5,301 breweries, of which 5,234 are craft breweries, contributing \$68 billion to the American economy and supporting almost a half-million jobs in 2016. One group estimated that more than 78.5 percent of drinking-aged

adults in America live within 10 miles of a brewery. By contrast, the number of "macro" breweries fell from 72 to just 19 between 1979 and 2012; their market share fell from 97 percent to 80 percent over the same period.

Minnesota was relatively early to this boom. In 1986, Mark Stutrud, a native of South Dakota, opened Summit Brewing in the old building of a truck parts company on St. Paul's University Avenue. Using a brewhouse bought from Germany, Summit was the first new brewery to begin operations in the Twin Cities since Prohibition. The following year, Stutrud's Great Northern Porter captured first place at the Great American Beer Festival. In 1991 Summit expanded, increasing capacity from 5,000 to 12,000 barrels per year. The next year, Summit moved to its present site at the Crosby Lake Business Park in St. Paul, where it currently produces 130,000 barrels a year, making it the second largest brewery in Minnesota after the August Schell Brewery and the 29th largest craft brewery in the U.S.

The regulatory and tax environment for craft brewers has continued to evolve. Beginning in Washington state in 1982, state legislators in all 50 states legalized brewpubs—breweries with restaurants or pubs on the premises—with Minnesota legalizing them in 1987. Brewpubs offer small breweries an easy way to distribute their beer circumventing the logistic or regulatory challenges of distribution to other bars or restaurants.

The Tax Cuts and Jobs Act, passed by Congress in December 2017, reduced the federal excise tax to \$3.50 per barrel on the first 60,000 barrels for domestic brewers producing fewer than 2 million barrels annually. This was originally part of the Craft Beverage Modernization and Tax Reform Act, introduced by Minnesota Rep. Erik Paulsen and Oregon's Sen. Ron Wyden.

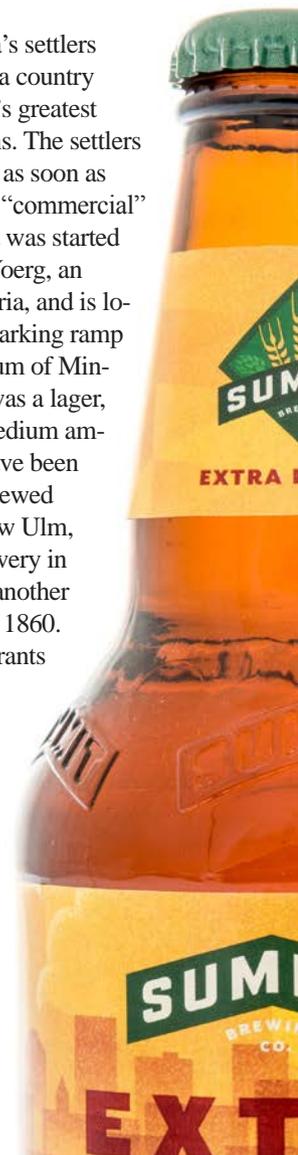
For all their success, we should not overlook the risks these entrepreneurs take. Capitalism is a loss system as much as a profit system and many enterprising brewers have failed. Politicians like President Obama and Sen. Elizabeth

Warren too often see successful entrepreneurs and assume their success comes easily. They don't see the unsuccessful entrepreneurs. In 1984, six of the 25 microbreweries that had opened in North America since 1976 had gone out of business, including New Albion in 1982. Six Minnesota breweries will have closed by the end of 2018. These will include Great Waters Brewing Company, St. Paul's oldest brewpub, which shut down in November after 21 years. For many craft brewing enterprises, the marginal effects of taxes and regulation are all important.

Standing on the shoulders of Germans

Minnesota's new generation of brewers is following in a long tradition. A look back at this history illustrates the threat of government regulation to entrepreneurship and industry.

Many of Minnesota's settlers came from Germany, a country with one of the world's greatest beer brewing traditions. The settlers started home brewing as soon as they arrived. The first "commercial" brewery in Minnesota was started in 1849 by Anthony Yoerg, an immigrant from Bavaria, and is located today near the parking ramp for the Science Museum of Minnesota. Yoerg's beer was a lager, most likely light to medium amber in color. It may have been similar to Firebrick brewed today by Schell in New Ulm, the second oldest brewery in the U.S., founded by another German immigrant in 1860. Other German immigrants to Minnesota would make their names famous as brewing entrepreneurs, such as Jacob Schmidt, Theodore Hamm, and Gottlieb Gluek, whose name lives on in a bar on North 6th Street in Minneapolis.





The effects of government regulation made themselves felt in the most spectacular way with the passage of the Volstead Act in 1919, which enacted Prohibition.

This devastated the brewing industry. More than 1,000 domestic companies were making beer when the 18th Amendment became law. In 1934, a year after it was repealed, there were just 31 remaining companies. At least 20 Minnesota breweries closed in 1920 alone, but others survived by switching products. The Kiewel Brewery in Little Falls used its former cold beer rooms to churn and keep ice cream and produce non-alcoholic malt beverages. Other breweries took more drastic measures. In 1924, the Pitzl Brewery of New Munich was charged with illegally selling beer, so the owner, Mathew Pitzl, moved his brewery to Estevan, Saskatchewan on a 14-car Soo Line train.

As is often the case, regulations exist less to protect “the public” than to protect some competitor who lobbies hard in their favor.



Tax and regulatory barriers remain

While the tax and regulatory environment for craft brewers is much better now than it was in the 1970s, there is still work to be done.

Minnesota’s beer excise tax rates rank 10th highest in the U.S. Because beer taxes are often collected at other points in the supply chain, the only tax a consumer will see printed on their receipt is the applicable state or local sales tax. But Minnesota is one of the states that specify a higher alcoholic beverage sales tax rate in lieu of the general sales tax rate. Beer retailers are taxed at \$0.15 per gallon and then an alcohol-specific sales tax of 9 percent applied at the time of the sale, instead of the state’s 6.875 percent general sales tax rate.

Regulations are, perhaps, the biggest problem facing enterprising craft brewers in Minnesota. As is often the case, regulations exist less to protect “the public” than to protect some competitor who lobbies hard in their favor. This was seen in the battle over the so-called “Surly Bill” in 2011.

After the repeal of Prohibition, Minnesota joined many other states by establishing a three-tier system that required breweries to sell their beer only to independent wholesale distributors, who in turn would sell only to independent retailers (liquor stores, restaurants and bars). The legalization of brewpubs in 1987 went some way towards ending this system and bringing back the brewery-owned “saloons” which had been prevalent in the U.S. before Prohibition.

But regulations still limited the size of brewpubs. In 2011, Surly Brewing owner Omar Ansari announced plans to build a \$20 million brewery in Minneapolis that would include a 60,000-square-foot, two-story brewery, a 250-seat restaurant, a 30-foot bar, and a beer garden. His plans were illegal under state law. These laws plainly do not exist to protect Minnesota’s drinkers from the possibility of drinking quality beer in pleasant surroundings but to protect the state’s beer vendors from unwanted competition. Indeed, the Minnesota Licensed Bever-

age Association (MLBA), the lobbying group for the state’s licensed beverage retailers, lobbied hard against any change in the law, even threatening to stop selling Surly’s products.

Ultimately, Ansari had the chutzpah—not to say a just cause—to face down the MLBA and get a change in the law. Production breweries won the right to operate and sell their own beer onsite in a taproom. Those whose annual production is less than 20,000 barrels can also sell their beer directly to consumers in growlers and 750ml bottles. They can operate restaurants at their breweries, as well, which brings them closer to brewpubs. These restaurants-plus-breweries can pour their own beer and operate a full bar, including non-house beers, wine, and hard liquor. They cannot distribute or package their beer—except for onsite growlers and 750ml bottle sales for off-site consumption—but they can operate multiple locations and serve their beer at them. (In contrast, a production brewery can only operate one taproom.) Finally, brewpubs are capped at brewing no more than 3,500 barrels per year.

This partial unraveling of Minnesota’s three-tier system in recent years has coincided with the incredible explosion of new breweries and brewpubs in the state. This is another example of how, when the incentives are right, economic activity expands.

It also shows that further deregulation could bring further expansion. Policy-makers should eliminate the 3,500-barrel annual limit for brewpubs, and allow brewpubs to distribute their beer for off-site sales like production breweries. Production breweries should be allowed to sell beer, wine, liquor, or spirits from other producers in their taprooms and ought to be allowed to open more than one taproom in the state. Municipalities should also repeal codes that prohibit breweries from operating restaurants.

Thanks to the tax cuts and deregulation of recent decades, brewing in Minnesota is experiencing a Golden Age. With further legislative action favoring beer entrepreneurs and their consumers, it can get brighter still. ★

TURNING POINT

Neutralizing the scourge of identity politics.



John Hinderaker

A great scourge of American public life is identity politics, the main staple of the left. Forget about sound public policy: you must vote for us because you are of a particular ethnic group or a particular gender.

This year, my wife and I were invited to participate in Turning Point USA's Young Black Leadership Summit that ran October 25-28. The program included a visit to the White House—the high point, for me.

I am, of course, neither young nor black, but was invited as a supporter of the Turning Point organization. When my wife and I showed up outside the East entrance to the White House around mid-morning on October 26, we had little idea what to expect, especially since this was our first visit to the executive mansion.

As it turned out, the atmosphere was so festive that even waiting outdoors in the cold was fun. Several hundred participants in the summit filmed videos and took selfies. Periodically, a film crew made its way through the crowd, interviewing participants.

As we wended our way through security, we chatted with a number of young people—a math major from Stanford, a filmmaker from Columbia, and so on. Why would young black Americans choose to be conservatives? For the same reasons the rest of us do: freedom, opportunity, and the desire to build a stronger America.

When we got inside, an enormous table of food was set out for us, while a small Marine band played. What made the occasion fun was that, except for my wife, me and a handful of TPUSA staffers, the entire crowd was African-American. As advertised, the summit was young and black.

Ben Carson talked briefly to warm up the crowd, and then there was a delay as we waited for President Trump to appear. The would-be mail bomber had been caught an hour or so earlier, and this was the president's first public opportunity to talk about it, which focused news coverage on the Turning Point event. While the crowd waited for President Trump to appear, chants would spontaneously erupt: "USA! USA!

USA!" "Trump! Trump! Trump!" and "Build that wall!" I can't think when I have had more fun at a political event.

At around 11:30 a.m. the president emerged to a rapturous welcome. Whatever you think of President Trump, he knows how to work a crowd. Observing him interacting with an audience numbering in the hundreds, rather than thousands, in the relatively intimate setting of the East Room, was a master class in communication. After talking a bit about the bomber, the president's remarks focused on the African-American community and how it has been ill-served by its loyalty to the Democratic Party. That message was received enthusiastically by the audience.

Many in the crowd were wearing red "Make America Great Again" hats. When Trump's speech was over, the audience crowded to the front of the room and the president signed all the MAGA hats that were handed to him. For those without hats, he signed event badges or other memorabilia. We watched for a while and then began to make our way out of the White House.

On our way out, a young black man was in front of us, talking excitedly to a friend or relative on his cell phone. He said that he had just met the president and added: "He isn't anything like you think. He was really nice! And he isn't orange!"

A great scourge of American public life is identity politics, the main staple of the left. Forget about sound public policy: you must vote for us because you are of a particular ethnic group or a particular gender. This sort of tribalism is antithetical to a functioning democracy, but it has worked well as a means of maintaining the left in power. Turning Point USA is making a commendable effort to break the chains of identity politics, and we were proud to be part of it. ★

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