

THINKING MINNESOTA



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\$4.95



THE 2020 GOLDEN TURKEY AWARD

Center of the American Experiment launches its inaugural Golden Turkey Award to highlight wasteful spending in Minnesota's state budget.

Somebody should watch how the government is spending our money.
Somebody is.



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- Madison, WI



P.S. You can be confident your donation will work to save babies - 92¢ of every dollar goes directly to our pro-life outreach. **Won't you help us? prolifeacrossamerica.org/donate.**



CONTENTS

**28 THE 2020
GOLDEN TURKEY
AWARD**

Somebody should watch how the government is spending our money. Somebody is.



UPFRONT

5

5 Updating Prosperity
How mining will bring even greater prosperity to Minnesota.

6 Spending, Not Taxes
Minnesota's spending is already historically high.

10 Xcel's Costly Green New Deal
A 20 percent rate increase is only the beginning.



FEATURES

22 THE REVOLUTION IN MINNESOTA SCHOOLS
Schools are indoctrinating students with a radical vision of American society.



32 Q&A: LAURA INGRAHAM

John Hinderaker interviews the Fox host about the future of conservative politics.



36 MARCHING ORDERS
Minnesotans reject higher taxes by wide margins.



12 Fund Students, Not Systems
Parents should have alternatives to public education.

13 Not Here
Suburbs ban neighborhood protests.

14 The Tax that Loses Revenue
Policymakers should abolish the estate tax.

15 Unhealthy Taxes
Higher cigarette taxes encourage smuggling.

16 Taxes Move People
COVID shows it's easy to telecommute from a lower-tax state.

18 Is Help on the Way?
High demand jobs don't require college.

20 Anakin Krugman, Sorely Missed
Times' columnist is consistently unhelpful.



40 REAL LEADERSHIP
Minnesota's legislature must balance COVID with the economy.

44 FAKE CONSERVATIVES
Don't be fooled by the Minnesota 'Conservative' Energy Forum.



48 LEGAL CARTELS
Licensing boards limit competition.

52 WHAT I LEARNED
Kendall Qualls reflects on how best to influence black communities.



20



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THE TIME HAS COME...

a wine for our times

MINNESOTA MADE INTERNATIONALLY ACCLAIMED

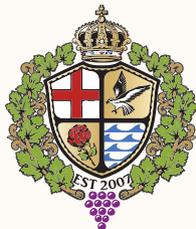
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Center of the American Experiment's mission is to build a culture of prosperity for Minnesota and the nation. Our daily pursuit is a free and thriving Minnesota whose cultural and intellectual center of gravity is grounded in free enterprise, limited 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

MALPRACTICE

Minneapolis is too important to leave in the hands of its own elected officials.

I received an extraordinary amount of positive feedback from my column in the fall issue of *Thinking Minnesota*, which suggested that Minnesota's business community—particularly members of the Minnesota Business Partnership—should move beyond political pandering to rioters, looters and thugs and help Minneapolis get its act together after the George Floyd riots.

That cause is even more urgent today.

Minneapolis Mayor Jacob Frey and his band of city councilors will undoubtedly descend on Minnesota's State Capitol in early 2021 to persuade legislators to pay for some—or all—of the city's still-unrepaired damage inflicted by five days of unrestrained riots in May. They'll argue, I'm sure, that Minneapolis deserves statewide resources because of the way it benefits the economy and culture of the entire state of Minnesota.

More than any other city in the state, Minneapolis is the connective tissue that ties together so many elements of our state's quality of life: the companies (large and small), sports, universities, philanthropies, theaters, shopping, nightlife and dining. And there's more, whether it's hi-tech or ag-based.

So, why is it that so many Minnesotans don't want the legislature to help

Minneapolis financially? The most recent edition of our *Thinking Minnesota* Poll reveals that 46 percent of Minnesotans

want the state to allocate *nothing* for Minneapolis. *Not one dime*. Thirty-two percent think the state should pay for part of the damages, only if it is within a coalition that includes the federal government, private donors and the city itself.

The answer is obvious. Most citizens of our state still feel outraged about the disorganized and cowardly way our Minneapolis city leaders laid down and let arsonists, thieves and vandals lay siege to their city. But

more than that, they have watched in disbelief as the Minneapolis City Council compounded the ongoing harm by proudly becoming home to the national "defund the police" movement. Instead of recognizing that they had become the object of national ridicule, these minions of Ilhan Omar instead choose to listen to a small echo chamber of praise from their tone-deaf admirers.

We're all aware of Minneapolis's dramatic post-riot upturn in murders, property crime and car hijackings. This increase in crime is having a devastating effect on our lower-income citizens. In a *Star Tribune* op-ed written by Sondra Samuels and her husband, former City Council member Don Samuels, they



Ron Eibensteiner

described the disintegration of safety in their north Minneapolis neighborhood. Gunplay is growing, they said. Assaults shot eight bullets into the car of a mother and her infant; another car was shot four times. Attackers shot through the front door and a wall of a neighbor's home. Muggers "kicked and stomped" a local woman to within "inches of her life." The drug trade has proliferated to "unprecedented levels."

"The thousands of other incidents of crime and violence across our city are causing people who love Minneapolis to leave or consider leaving," they said, for the sake of their children.

These are not isolated stories. The pre-election version of the *Thinking Minnesota* Poll discovered that the No. 1 concern among Minnesota voters was "personal safety." Over my long experience in Minnesota politics, personal safety has never even been on the list of voter concerns, much less occupy the top position. Minnesotans have all seen the statistics, but more overwhelming are

**The ultimate price
for their professional
misconduct will play
out in the city's
economy, but not
immediately.**

the personal stories. We've all watched the home video that captured two young thugs shoot into a car as they attempted an 8 a.m. car hijacking in a Minneapolis neighborhood. The victim, God bless her, evaded them by punching her accelerator and driving away.

And there are thousands of similar stories out there. Here's mine: One Sunday afternoon a few months ago, I drove to my office in downtown Minneapolis and parked my car right on Marquette Avenue, across from the Minneapolis Club.



Members of the Black Visions Collective and Reclaim the Block hold banners outlining the City Council's plan to dismantle the police department.

I was in my office for about an hour and came down at about 2:30 p.m. to find that two "youths" were in the process of breaking into my car. "Hey," I yelled. "That's my car." They looked up for a moment, almost peeved at the interruption, and then returned to their business, either trying to figure out how to hotwire the ignition or whether the car contained anything worth stealing. I went inside the building for a moment to call the police, and when I returned, they were gone. This incident occurred in broad daylight in downtown Minneapolis on a sunny Sunday afternoon.

Because of the dramatic increase in carjackings in my south Minneapolis Lake Harriet neighborhood, I recently decided to sell my house and move out of the city. It's not worth taking the risk. Thank God, I was able to sell my house before this public crisis gets even worse.

All levels of government, the Minneapolis Council in particular, have one primary responsibility: to protect its residents. Incredibly, the mayor needed to strong-arm the council into a 7-6 vote that kept the current police force at 888, rather than cutting it to 750. Even with that, the council cut \$8 million from the police budget.

The ultimate price for their professional misconduct will play out in the city's economy, but not immediately. American Experiment Economist John Phelan has

done a commendable job of following the economic fallout of the riots. He has reported how companies are quietly looking to move out of Minneapolis, how other companies have canceled efforts to relocate into Minneapolis, and how investors are reconsidering Minneapolis-based real estate and businesses. I have personally heard the same thing from one real estate broker who told me that many companies in Minneapolis are looking to move as soon as their leases expire. A *Fortune 500* company can't just up and move, he said, but the street-talk is unmistakable that early planning has already begun.

All these circumstances should compel the members of our business community to convey their concerns to City Hall and to our state legislators—both in public testimony and in private conversations. The Minneapolis business community, particularly the Minnesota Business Partnership, should take the lead to demand that elected officials provide better policing. They should not be intimidated by the thugs and thieves who currently control our streets. And we, the taxpaying citizens of this state, should demand that our legislators tie any state financial relief to the city to strengthening the safety of Minneapolis. If the city's policymakers won't do their job, we should do it for them. Minneapolis is just too important not to. ★

UP FRONT

Mining

UPDATING PROSPERITY

Orr's new report analyzes how mining will bring even greater benefits to Minnesota—and the obstacles that could thwart them.

American Experiment's Isaac Orr in November released a new report that analyzes how updated public resource estimates show that the economic benefits of mining in Minnesota would be even greater than previously estimated. His report is a follow-up to "Unearthing Prosperity: How Environmentally Responsible Mining Will Boost Minnesota's Economy," which quantified the potential economic benefits of developing Minnesota's vast resources of copper, nickel, cobalt, platinum, palladium, and titanium.

His new report, "Updating Prosperity," emphasizes how new developments in the proposed PolyMet and Twin Metals mines are bringing our state one step closer to developing some of the largest undeveloped copper and nickel deposits in the world. The report also points out potential roadblocks that threaten that progress. "Updating Prosperity" can be found at AmericanExperiment.org.

Below are some of the report's conclusions.

Copper, nickel, and titanium mining could support 14,850 new jobs in Minnesota. Developing these resources would create up to 4,667 direct jobs in the mining industry, which pay an average of \$98,000 per year, support 4,912 indirect jobs, and 5,271 induced jobs, for a total of 14,850 new jobs and \$5.9 billion generated in



Watch the Webinar

Isaac Orr, an American Experiment policy fellow, and Debra Struhsacker, a veteran hardrock mining expert, conducted a webinar in early December. Watch it at AmericanExperiment.org.

annual economic output, according to the economic modeling software IMPLAN.

Tourism jobs pay much less than mining jobs. According to the Bureau of Labor Statistics, the average wage for a miner in St. Louis County, Minnesota was nearly \$100,000 in 2019. These wages are more than twice the average wages for St. Louis County and 5.6 times more than jobs in the tourism and hospitality industry.

The "Harvard Study" isn't a study, at all. Opponents of copper-nickel mining in Minnesota often claim the industry will be a net loss to the region compared

to tourism by citing Harvard Economist James Stock's letter to the U.S. Forest Service. But this was a personal letter, not an official study. More importantly, it arrived at its conclusions by ignoring the economic benefits of mining and assuming costs that are not supported by empirical data.

Tourism jobs increased in Marquette County, Michigan after the Eagle Mine opened. Tourism-related jobs increased in Marquette County, Michigan after the Eagle Mine began producing nickel and copper in 2014. This is the exact opposite of what mining opponents claim will occur.

It's about much more than mining. Mining supporters are obviously excited about the economic benefits that will accompany more mining, but examining jobs numbers does not tell the whole story. Mining is a part of the regional identity of northern Minnesota. People are proud of their mining

heritage and look forward to the prospect of providing our country with the metals we rely upon every day.

Politicized permitting processes threaten to preempt the industry. Many of Minnesota's copper-nickel deposits would have been "off limits" due to the actions of the Obama-Biden administration, which canceled mineral leases in the Superior National Forest in December 2016. These mineral leases were restored by the Trump administration, but the permitting process may well become politicized again in the future.

High electricity prices threaten the industry. Mining is one of the most electricity-intensive industries in Minnesota, and proposals to mandate 100 percent carbon-free electricity by 2050 would make it too expensive to mine in our state. ★

Legislative Priorities

Focus on Spending, Not Taxes

State government spending is already historically high.

Minnesota Management and Budget in December forecasted a state budget surplus of \$641 million for FY 2020-21, which ends next June. But attending to a looming deficit of \$1.273 billion for FY 2022-23 will be the primary job of the upcoming 2021 legislative session. As Minnesota’s constitution requires a balanced budget each biennium, lawmakers in St. Paul must ask themselves the question: How will we close this deficit? They will have three options: higher tax rates, lower spending, or some combination of both.

Our recently published paper, “Minnesota’s Budget Deficit: Why we should make spending cuts and not raise taxes,” concludes that the state should rely on spending cuts to achieve fiscal consolidation. Minnesota’s tax rates are already some of the highest in the United States; tax revenues are driven by economic growth, not hikes in tax rates; and tax hikes have been shown to retard economic growth.

State government spending is already historically high. Minnesota’s General Fund spending in 2019 was higher in real, inflation-adjusted terms in 2019 than in any previous year. Of course, our state’s population has risen over this period, but even accounting for that, Minnesota’s state government has never spent more money than it is right now—\$4,088 per Minnesotan in real terms, up 26.6 percent since 2010.

And there is plenty of scope for cuts to Minnesota’s state budget. The two main areas of state government spending in Minnesota are education and welfare. Together, they accounted for 75.0 percent of state government spending in 2018.

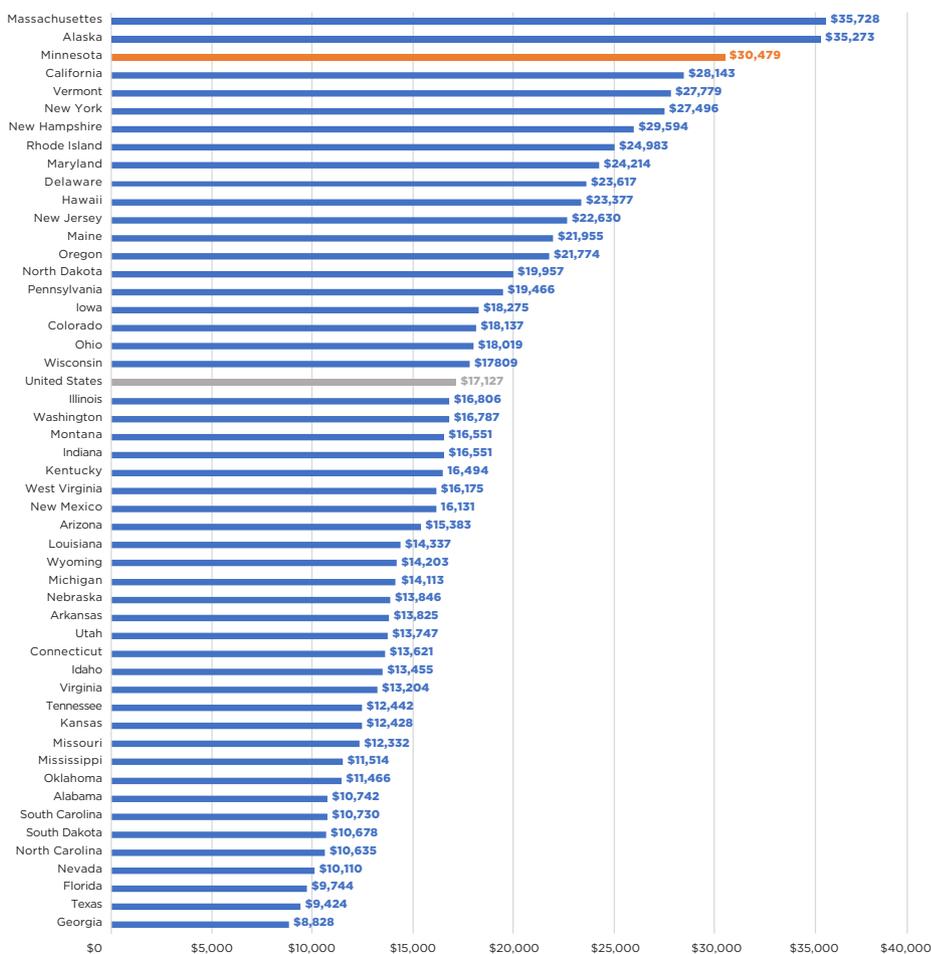
If Minnesota closed its forecast budget deficit entirely with spending cuts, we would be returning spending in real, inflation adjusted, per capita terms, to the level

of 2016-17.

Education spending. Every year between 2010 and 2018, spending on education has amounted to more than 35 percent of General Fund spending. Education spending grew over this period by 21.3 percent in real terms, the seventh highest rate among the states. But even after this, Minnesota’s per pupil spending in 2018 amounted to \$12,974 per pupil, only slightly above the national average of \$12,612.

Welfare Spending

Minnesota’s most recent budget spent \$30,479 in public welfare per person in poverty per year—the third highest expenditure in the country and nearly twice the national average (\$17,127).



Source: Census Bureau

Welfare spending is the second biggest spending category. Every year between 2010 and 2018, spending on welfare has amounted to more than 30 percent of General Fund spending. Spending on welfare includes monies spent on assistance programs targeted toward low-income individuals and spending on Medicare and Medicaid, which make up a majority of public welfare spending.

In 2018, Minnesota's state government spent \$30,479 in public welfare for each person in poverty. This compares

Every year between 2010 and 2018, spending on welfare has amounted to more than 30 percent of General Fund spending.

to a national average of \$17,127 and ranks our state third nationally for welfare spending. Only Massachusetts and Alaska spent more in welfare per person in poverty than Minnesota. Indeed, Minnesota's welfare spending is so high that if the state spent the national average per person in poverty—\$17,127—it would have spent only \$9.0 billion in 2018, which is \$7.1 billion less than the \$16.1 billion it actually spent.

Taxes will not solve Minnesota's budget problems. Our paper argues against taxes as a way to solve the state's budget problems.

- Minnesota has the fifth highest top rate of state personal income tax in the United States—9.85 percent on income over \$164,400 a year. Only Oregon, New Jersey, Hawaii, and California have higher top rates.
- Minnesota's heavy tax burden doesn't merely rest on the shoulders of "the rich." Our state's low-

est personal income tax rate—5.35 percent on the first dollar of taxable income—is higher than the highest rate in 25 states.

- At 9.80 percent on the first dollar of taxable revenue, our state has the fourth highest state corporate income tax rate in the United States. Only Pennsylvania, New Jersey, and Iowa have higher rates.
- Higher tax rates do not necessarily bring higher revenues. Minnesotans actually handed over a larger share of their incomes to the government in the 1990s with top income tax rates of 8.50 percent than they did in the 1970s with rates of 17.0 percent.
- There is a much stronger relationship between state GDP and tax revenues than top tax rates and state revenues. For total state tax revenues as a share of state GDP, the mean average is 6.6 percent and the median is 6.7 percent. In other words, there is very little variation in these numbers. This means that if policymakers want more money to fund government services, they should look to increase the state's GDP rather than its tax rates.
- The overwhelming balance of academic literature shows that tax hikes negatively impact economic growth. Of 26 papers reviewed by the Tax Foundation, 23—88 percent—found a negative impact of higher tax rates on economic growth.
- Should the state government attempt to close the deficit using tax hikes, not only will Minnesotans see their net incomes reduced, but their gross incomes will be reduced too. We estimate that closing Minnesota's budget deficit for FY 2021 with tax hikes alone would cost each Minnesotan \$3,828 in lost Personal Income by 2025, or \$15,312 for a family of four.

Conclusion. Minnesota's tax rates are already some of the highest in the United States; hikes in tax rates do not appear to drive increases in tax revenues; tax revenues are driven by economic growth; tax hikes have been shown to retard economic growth; and in total and per person, and in real terms, Minnesota's state government has never spent more money than it is right now. Together, these facts should steer us toward relying on spending cuts to achieve fiscal consolidation. ★

—John Phelan and Martha Njolomole



Business and the Riots

> I read with great interest your “Note from the Chairman” in the last issue of *Thinking Minnesota*. I’m currently employed by Wells Fargo, a company with strong roots in Minnesota.



Among the many other businesses in Minneapolis, some Wells Fargo locations were directly and indirectly impacted by the riots that took place after the death of George Floyd. As with the other organizations you noted, Wells Fargo opted not to speak out against the riots. At least, not against the rioters themselves. Our executive leadership, led by our current CEO Charlie Scharf, opted instead to blame the police and white supremacy for the riots. It was noted that such events occurred as an expression of the rage felt by a black community that was still oppressed by systemic forces.

So, what was Wells Fargo’s policy response? Apart from the usual platitudes of doing better and supporting the black community, the most significant change came from increased sensitivity training and internal discussions. An alert eye viewing the changes could spot several elements tied to Critical Race Theory and a recurring “whites vs. the rest” theming (though white people were never called out directly, as this would likely be

grounds for a discrimination lawsuit).

Scharf comes to us from New York, formerly of JPMorgan Chase fame. John Stumpf (former CEO) was and behaved as a Minnesotan born and raised. He did not inject progressive values into the company, at least not explicitly. He had a far more laudable stance on diversity and inclusion that focused more on cooperation and shared values than assigning guilt and requesting submission.

I assure you and others that large companies like ours have a disconnect (at least in some cases) between executive leadership and the team members that fuel the company. Our CEO may not be Minnesotan. Much of Wells Fargo still is and will continue to be. If I were a betting man, I’d say many team members in the Minnesota Business Partnership would proudly say the same.

—Name withheld by request

Inaction from the Minnesota Business Partnership

> I just received my first *Thinking Minnesota* issue, and I will enthusiastically subscribe to future issues. How refreshing to read some thoughtful news and opinion free of the “absurdities” so ubiquitous in most written and broadcast outlets today.

Mr. Eibensteiner (“Note from the Chairman,” Fall 2020) was quite right to criticize the lack of courage and leadership of our Governor, the Minneapolis Mayor, and the Minneapolis City Council, but how do we explain the inaction and silence of the Minnesota Business Partnership? Do we suppose that they are fearful of incurring the wrath of the leftists and anarchists in our midst? Are they unwilling to risk running afoul of BLM, Antifa, and the handful of political figures whose goals and actions run blatantly contrary to Minnesota values and plain common sense?

The forces who seem to have the Partnership cowering are a small minority. So what? Most

Minnesotans would gladly go out of their way to support businesses threatened by such thoughtless and counterproductive demands from those whose radical politics preempt what is best for the people of Minnesota.

We have a right to expect more of our civic and business leaders.

—Bruce W. McFadzean, Bloomington

The Art of Thinking

> Kudos to Heather Mac Donald for a very well-researched article (“The Minneapolis Effect,” Fall 2020). The figures and statistics are revealing and make sense for those who engage in the art of thinking and reasoning things out. However, for those who simply have been taught what to think rather than how, it apparently matters not. Therefore, it seems that any excuse will work for some who only want to wreak havoc simply to realize a need for an adrenaline “fix.” And, without any force willing to prevent rioting and looting, it will go on “ad infinitum,” hmm?

And so “thanks,” Governor Walz—for ostensibly allowing yourself to be in lockstep with all the other Democratic governors in the country by not stopping this new genre of civil protesting.

—Andy Nielsen, St. Cloud

Trusting in Power

> Excellent reporting of the facts on the Minnesota riots and the lack of support for the police, national security and the small business owners. There is no excuse for the lack of conscience





“This article was portrayed as data analysis, but it was a racist, biased interpretation of data to fit the author’s narrative.”

person has committed crimes, which is basically what Ms. Mac Donald is suggesting.

This article was portrayed as data analysis, but it was a racist, biased interpretation of data to fit the author’s narrative. Maybe she’s projecting. Maybe she lacks self-awareness. Or maybe she’s actively doing exactly what she’s criticizing to try to create a biased narrative that she wants others to have. Regardless of her motives, the editors should have stopped this article from being published.

—Shelby Schnoor, Minneapolis

Real News

> Thank you for informing us of “real” news, articles that would never be heard or read in the worldly media!

—Carol Wood

California Standards

> I am appalled by the lack of integrity in meeting basic journalistic standards in a recent article entitled, “A Cold California” by Isaac Orr, related to the proposed adoption in Minnesota of California’s Clean Air Standards for vehicles. The data provided was either in error, manipulated or illogical. For example, Mr. Orr relied upon biased sources (companies that sell automobiles) to “establish” that adoption of California’s Clean Air Stan-

“Mr. Orr apparently has no expertise in the area of climate science.”

dards will measurably increase prices on cars and create significant problems for residents of Minnesota. Mr. Orr apparently has no expertise in the area of climate science and yet did not consult with any individuals or organizations that provide unbiased data based upon science. It is consequently an opinion piece masquerading as factual news. ★

—Jeff Brown, Minneapolis

and integrity shown by our Mayor and our Governor. It is unbelievable that they have put their selfish greed and lust for power above the needs of the people of Minnesota. It is a very sad and overwhelming feeling to know that we cannot trust those in power to help us in our times of need. Thank you for giving us the facts and truth in these matters.

—Carolyn Wold

Horrifically Racist

> The article “The Minneapolis Effect” by Heather Mac Donald was horrifically racist to the point I can’t believe it made it past the editor. Even the basis of the article, “The Minneapolis Effect,” is a mischaracterization of the current situation. She argues crime has increased after George Floyd’s murder around the country even more than it did after Ferguson, linking the increased crime to protests that cause police to be less proactive in their policing. The reality is crime was already way up everywhere because of the pandemic. And also, if the police choose to be less proactive that cannot be blamed on the protests.

The way she (mis)represents the data is that black people are more murderous than white people, but being black does not make you more likely to commit murder. Do

you know what does? Socioeconomic status, historical background of area/community/state/country. People of color, especially black people, have been marginalized and discriminated against.

Black Lives Matter takes issue with police killing people who are not imposing a threat to them. No one has taken issue with police using deadly force in situations where they are in legitimate danger or a civilian is in danger. But many of the cases, such as with George Floyd, the police officers weren’t in any danger and there wasn’t any threat to them. For BLM, the question becomes why do the police feel so threatened in non-threatening situations?

It seems that they are making the same mistakes Ms. Mac Donald makes in her article—confusing the aggregate with the individual. Even if you want to read the data in a biased way and believe that race is a causal factor and that black people are more likely to be violent criminals, that doesn’t mean all or most black people are criminals, so an individual black person should not be suspected as more dangerous than anyone else just because he/she is black, because it is also true that black people don’t have a choice of their race and have no control over what other people do. In other words, you can’t kill a black person just because another black



No Surprise Here

Xcel's Costly Green New Deal

The mammoth energy monopoly is proposing a 20 percent increase in rates. And that's only the beginning.

Xcel Energy intends to fund a \$597 million spending spree by raising electricity prices by 20 percent in coming years, according to a report in the *Star Tribune*.

The huge increase in electricity prices comes at the worst possible time for Minnesota. Our state has been battered by COVID-19 and the government-mandated shutdown of our economy to combat the virus. We have also suffered in the wake of the George Floyd riots and the surge in murders, carjackings, and other violence that followed the pledge by the Minneapolis City Council to “defund” the police department. Now, rising electricity prices will make the recovery even more difficult.

Minnesota's electricity prices have been skyrocketing since 2005, when

Xcel Energy was forced to build wind turbines in order to keep their nuclear power plants running. The upward trajectory was cemented into law in 2007 when lawmakers foolishly passed Minnesota's renewable energy mandate, which mandates that our state get 25 percent of its electricity from renewables by 2025 but required Xcel to get 30 percent of its electricity from wind and solar by 2020.

This is why Xcel Energy customers have seen their electricity rates increase much faster than Minnesotans who have other electricity providers.

Xcel's proposed 20 percent increase is really just the tip of the iceberg. According to the *Star Tribune* article, this increase in electricity costs will not even begin to pay for the \$3 billion

Energy

Say 'No' to Xcel

American Experiment launches petition to combat Xcel's Green New Deal.

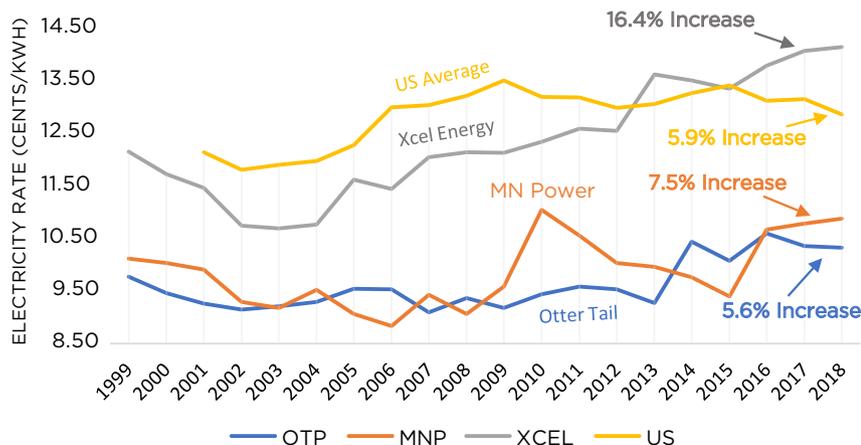
More than 1,900 Minnesotans have signed American Experiment's petition opposing Xcel Energy's attempt to make you pay for its Green New Deal.

American Experiment's Mitch Rolling estimates that the company's plan will cost Xcel's residential customers an average of \$1,428 per year. A much greater problem with Xcel's proposal, however, is that it will result in massive increases in the cost of electricity for Minnesota businesses, particularly energy-intensive industries like manufacturing.

Manufacturers account for an enormous portion of Minnesota's economy. Raising their cost of electricity will incentivize them to seek lower overhead costs in new locations, which could be in another state or another country.

If we want more products to be “Made in Minnesota,” we need to make sure that it makes sense for entrepreneurs to start and keep businesses in the Land of 10,000 Lakes. Unfortunately, Xcel's proposed plan would add to Minnesota's unfriendly environment for businesses.

Minnesota Utility Residential Rate Comparison (\$2018)



Xcel wants to spend on wind turbines and solar panels that are part of the utility's insidiously named “COVID relief” package. This \$3 billion package will necessarily increase the cost of electricity for Minnesota families and businesses, which will hurt the economy more in the long run.

Anyone who has been paying attention to electricity issues in Minnesota understands the relationship between Xcel spending money on wind, solar, and transmission lines and the rising prices paid by consumers. This is why the comment from Annie Levenson-Falk, the executive director of the Citizens Utility Board (CUB) of Minnesota, in the *Star Tribune* article was so stunning. CUB, described in the story as “an advocacy group for residential ratepayers,” is more accurately labeled a group that promotes the costly expansion of wind and solar energy.

“The magnitude of Xcel’s proposed rate increase is ‘really surprising,’” said [Levenson-Falk].

Many residential customers are already struggling—and unpaid electric bills are rising—due to economic pressure brought on by the coronavirus pandemic, she said. Meanwhile, “the company is doing just fine.”

Her remark is jaw-dropping because there is nothing surprising about the size of this rate increase. Just last year, Xcel sought a 15 percent increase in electricity rates, and now it wants a 20 percent increase because the company is spending even more money.

The only reason you would say the size of the increase is “really surprising” is if 1) you have zero idea how any of this works, or 2) you don’t want anyone else to know how any of this works.

Wind and solar advocacy groups like CUB and Fresh Energy constantly advocate for more wind and solar, and then act surprised when the price of electricity paid by Minnesota families continues to increase. But rising prices are the logical byproduct of the policies that they advocate for; they are not a surprise. This is the unavoidable conclusion to the story that everyone should have seen coming.

**Xcel’s proposed
20 percent increase
is really just the tip
of the iceberg.**

Unfortunately, this rate increase will look small in comparison to future rate increases that will come from Xcel’s plan to close down its existing coal plants before the end of their useful lifetimes and build massive quantities of wind, solar, and natural gas power plants to replace them. American Ex-

periment has modeled the cost of this proposal and concluded it will cost \$57 billion through 2051, resulting in an average increase of \$1,428 per year for each of Xcel Energy’s customers.

Remember, Minnesotans who live in Xcel Energy’s service territory have no freedom to choose another electricity provider who is not committed to raising your electricity prices by 20 percent every three years. Minnesota’s laws require you to buy your electricity from Xcel, no matter the cost. The only recourse you have is to move out of Xcel’s service territory or sign our petition telling Xcel Energy that you refuse to pay for its Green New Deal. ★

—Isaac Orr

It Pays to Play

Xcel ties executive comp to emissions. Minnesotans pay the price.

Government-approved monopolies like Xcel Energy operate under a perverse incentive structure: The more they spend on new wind turbines, solar panels, and natural gas plants, the higher their government guaranteed profits soar. This is why Xcel Energy’s corporate profits have increased in lockstep with renewable energy generation.

Another reason Xcel wants to prematurely replace its coal plants with wind and solar is that Xcel is one of the few utilities that ties executive compensation to performance on emissions goals. This incentive was established as early as 2014, four years before Xcel announced its zero carbon goal in December 2018.

With a package of \$23.3 million, Xcel’s Ben Fowke was the fourth-highest paid CEO in Minnesota in 2019, according to an August 2020 report in the *Star Tribune*. An Energy and Policy Institute analysis found the carbon emissions incentive accounts for just under a quarter of Fowke’s total compensation package, or nearly \$5.6 million.

Xcel’s executive incentives for emissions reductions also explain why Fowke was present (along with Fresh Energy’s Science Policy Director J. Drake Hamilton) at the ceremony held prior to President Obama’s unveiling of the Clean Power Plan, which was the former administration’s attempt to regulate America’s reliable, affordable, existing coal plants out of business and replace them with wind and solar.

The Clean Power Plan would have been a boon to Xcel’s corporate profits and Xcel’s CEO, but it would have harmed Minnesota families by making electricity more expensive. Minnesota families already paid record high electric bills in 2018 because of rising electricity prices due to wind and solar mandates in our state.

Fund Students, Not Systems

Parents should have alternatives to public education.

American Experiment's August *Thinking Minnesota* Poll revealed that one in four parents say they have looked outside public schools to find the in-person learning experience they want for their kids. As Minnesota's school districts shift to less in-person instruction, families should have access to alternative learning options.

The *Star Tribune* reports that schools that have moved to hybrid or distance learning are unlikely to change learning models before 2021. And students will

One recent national online survey found that **two-thirds of parents with school-aged children think that education money should follow the child.**

pay the price. American Experiment's Tom Steward has reported that the number of failing grades has doubled in St. Paul's public high schools, representing just one example of a failed experiment in virtual learning. With the local teachers' union pushing back on prioritizing in-person instruction, parents may see even more dire outcomes.

All the more reason to fund students instead of systems.

One recent national online survey of more than 1,000 respondents conducted by Heart + Mind Strategies found that two-thirds of parents with school-aged children think that education money should follow the child. A separate online survey conducted in November by the same organization revealed that 57 percent of voters believe every child deserves access to the best possible education, including getting additional support outside of the public-school system or getting their entire education elsewhere.

This could take a couple of different forms in Minnesota.

Education Savings Accounts (ESAs). ESAs help families pay for a variety of education-related products and services. A handful of states already provide ESAs to families by depositing a portion of government funding that parents can access to support their children's customized educational needs. Minnesota could readily embrace this program and help families from all backgrounds give their children the education experience that best sets them up for success. ESAs help families choose multiple learning options simultaneously and are different from vouchers

and tax-credit scholarships.

Special Education Savings Accounts. Operated similar to ESAs, special education savings accounts would assist students on Individualized Education Plans or receiving other special education-related services. Given that many of Minnesota's most vulnerable children aren't receiving the services they need due to school closures, the state could allocate funds to help parents access tutors, specialized therapists, or other assistance that a district under a distance learning model cannot provide. Special education savings accounts could also help alleviate the budgetary constraints districts are expected to face.

Virtual Charter Schools. Unlike distance learning from brick-and-mortar school districts, virtual schools specialize in online learning. They have curricula designed and teachers trained to provide services and engage students from a distance. By opening the doors wide to virtual charter schools, the state could introduce more flexibility and innovation into Minnesota's education system.

Full School Choice. Tax credits and other scholarship programs would enable Minnesota families to choose an alternative to the neighborhood public schools without facing the financial barriers that prevent access to them. The Center's *Thinking Minnesota* Poll conducted in September 2019 found that 75 percent of Minnesotans support allowing students in low-performing public-school districts to attend a public or private school of their choice instead of their assigned school. ★

—Catrin Wigfall

Civility

Not Here

Suburbs enact bans on neighborhood protests.

So-called protests by leftist agitators, anarchists and activists have left a devastating mark on the Twin Cities that will likely take decades to erase. But that's not good enough for some hardcore demagogues who have taken their mantra of "the personal is political" to a potentially dangerous new level by targeting their ideological adversaries in their neighborhoods and homes.

Since May, according to a scorecard



compiled by KSTP-TV, there have been more frequent protests outside the homes of Minnesota political leaders and harassment of their families while at home.

Several Twin Cities suburbs view the threats so seriously that they're taking steps to bar such protests, like the angry mob last summer that gathered outside the Hugo residence of Minneapolis Police Federation President Bob Kroll and his wife, WCCO's Liz Collins.

"The crowd waved signs, shouted through bullhorns, and smashed effigies of Kroll and his wife," according to the

John Thompson, a DFL-endorsed candidate for House District 67A who has since been elected, threatened to burn Hugo and said, "Blue Lives ain't (expletive)."

Pioneer Press. "In videos that circulated on social media, John Thompson, a DFL-endorsed candidate for House District 67A who won election earlier this month, threatened to burn Hugo and said, 'Blue Lives ain't (expletive).'"

In response, the city of Hugo enacted a ban on protests that target residences, and Lino Lakes recently began the process to adopt a similar ban. In Lake Elmo, the city's Public Safety Committee has also heard a presentation about a potential ban.

No doubt the usual suspects will do what they do best—namely protest—in response to the residential restrictions. But even they acknowledge the bans are likely legal. ★

—Tom Steward



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UPFRONT

Taxes

The Tax that Loses Revenue

Minnesota’s policymakers should abolish our estate tax.

Minnesota is one of 12 states and the District of Columbia to impose estate taxes and further impose inheritance taxes. According to the Tax Foundation, estate taxes “disincentivize business investment and can drive high-net-worth individuals out-of-state. ... The handful of states that still impose them should consider eliminating them or at least conforming to federal exemption levels.”

The point about driving high-net-worth individuals out of the state is crucial in the context of Minnesota’s looming budget deficit. Minnesota taxes estates more heavily than most states. Seven of the states that levy an estate tax and the District of Columbia have a higher exemption. The state’s starting rate of estate taxation—13.0 percent—is higher than any of the other jurisdictions that levy one. Its top rate is 16.0 percent. Only the state of Washington and Hawaii have a higher top rate.

There is evidence that Minnesotans leave the state in response to these taxes. In 2013, the Minnesota Society of Certified Public Accountants surveyed its members and found that “more than 86 percent of respondents said clients had asked for advice regarding residency options and moving from Minnesota”; 91 percent said the number of clients asking about moving

had increased from previous years.

When these people move, they take with them the future payments of income and sales taxes, among others. From the point of view of state government tax revenues, the question is whether the amount the estate tax brings in from those who stay is high enough to more than offset the lost revenues from these other taxes from those who go.

We found they probably aren’t. We estimated that, in 2015-2016 for example, the estate tax cost the state government \$232.5 million in lost income and sales tax revenues.

The purpose of taxation is not to bash the rich but to raise revenue to pay for government functions. Minnesota’s estate tax, by costing the state government revenue, actually makes this harder. Our estate tax should be repealed. ★

—John Phelan

The estate tax cost the state government **\$232.5 million in lost income and sales tax revenues.**



(Dis)incentive

Unhealthy Taxes

Higher taxes on cigarettes encourage smuggling.

At 35.77 percent, Minnesota has the nation's fifth highest level of cigarettes smuggled in from out of state, according to the Tax Foundation. Between 2006 and 2018 that number has grown by 52 percent. The reason? Excise tax rates. During that same period, our state's excise tax rates on cigarettes have grown by 142 percent.

In 2013, Minnesota raised excise tax rates on cigarettes in order to deter smoking. Evidence points to decreased smoking activity due to high prices from the tax policy, but an increase in smuggling is likely one result policymakers did not take into consideration when crafting this tax policy. Incentives matter in policymaking.

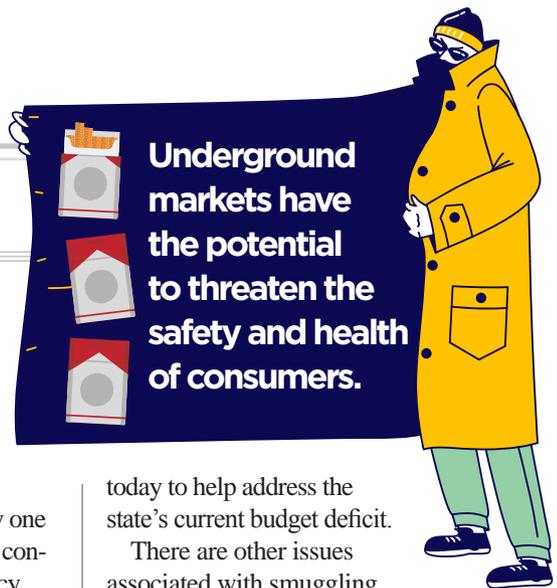
This increase in smuggling is bad for Minnesota in a number of ways. First, Minnesota loses potential tax revenue. This loss goes up the higher the level of smuggling, which is potentially something the Minnesota government did not care about, given that the intention behind the policy was to deter smoking. However, the revenue would come in handy

Underground markets have the potential to threaten the safety and health of consumers.

today to help address the state's current budget deficit.

There are other issues associated with smuggling. Smugglers tend to be people who are already involved in well-established smuggling networks and organized crime. Additionally, smuggled cigarettes may potentially not adhere to health standards, and they hurt legitimate businesses that cannot compete with smugglers who don't pay the cigarettes' high taxes. ★

—Martha Njolomole



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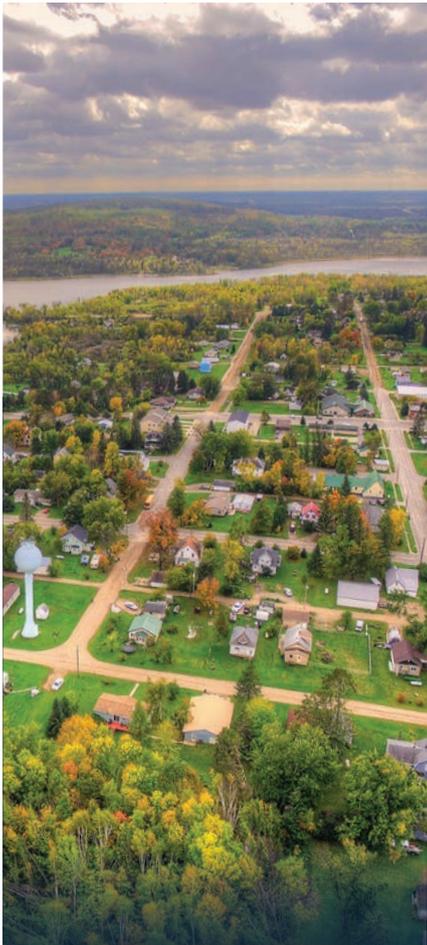
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UPFRONT

Border Battles

Taxes Move People

COVID might be showing people how easy it is to telecommute from a lower-tax state (or country).

Recently, I undertook a short tour of Minnesota's borders to present the findings of our new report "Minnesota's Border Battles: How state policy affects economies at the margin," (available at AmericanExperiment.org). The conclusion? States' economic policies impact their economic outcomes.

The report shows that Minnesota counties bordering the low-tax state of South Dakota have lost population to their neighbors across the border. The same is largely true in North Dakota. The correlation isn't perfect. Counties on either side of our border with Iowa have lost population, with ours losing less, and we actually beat Wisconsin on this measure (although the Twin Cities distorts that comparison to a large degree). There is, I think, some further tentative support here for the consistent research finding that people move in response to taxes.

The COVID-19 pandemic might accelerate that trend. Huge numbers of people have been working from home. And a job that can be done from home can be done from another state. Recently, *The Wall Street Journal* reported:

Drew Erra, a 52-year-old insurance broker and moving-company co-owner, and wife Melissa Erra, lived in Minneapolis for 24 years. But in July—when many Americans were realizing that working from home, remote learning and social distancing would be the new reality for a long time—they picked up



Higher paid, higher skilled "knowledge" workers can do their job anywhere with a decent internet connection.

and moved to Las Vegas. Their new home, a \$3.2 million, arts-and-crafts home with a pool and golf-course views, cost over \$2 million more than the one they sold in Minneapolis. "I was paying 10.5 percent state income tax in Minnesota," a rate which has now dropped to zero in tax-free Nevada, Mr. Erra said. "Just the tax savings alone covered the cost of the house."

Increasing the sensitivity of workers to state taxes could well be another of the less foreseen consequences of COVID-19. It is also, as so often with this pandemic, regressive: Higher paid, higher skilled "knowledge" workers can do their job anywhere with a decent internet connection. Service workers, who tend to be lower paid, cannot. That said, service jobs will, eventually, have to move to where the customers are.

If workers do become more sensitive to state taxes as a result of COVID-19, it should give state policymakers pause for thought before hiking taxes further. And there is one additional possible consequence of all this. A Minnesota job that can be done from Nevada can be done from India too. A new wave of offshoring could be another of those "less foreseen" consequences of the pandemic. ★

—John Phelan



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UPFRONT

Workforce Solutions

Is Help on the Way?

Possibly: 26 out of 30 Minnesota jobs in demand right now don't require a four-year degree.

With COVID-19 magnifying the workforce challenges that existed before the virus, many Minnesota employers are still in need of people to fill jobs in top demand. The Minnesota Department of Employment and Economic Development (DEED) recently published a list of the top 30 jobs in demand in the state based on job postings through its #Good-JobsNow campaign. Twenty-six out of the 30 jobs require less than a four-year degree, showing that there are in-demand positions in important sectors of the state's economy ready right away for people looking for work. From registered nurses to medical assistants and truck drivers to first-line supervisors of production and operating workers, the list is regularly updated to reflect new job postings.

Each in-demand job listing includes a description of the position and a short video that shows a "day in the life" of the occupation. General statewide wage data, required education, and job search platforms to help interested Minnesotans start finding open jobs are also provided. An interactive map for each job listing shows job demand, wage ranges, and cost of living information for each region across the state.

To the right are the top 30 jobs in demand, their wage ranges and required education. To find out more about other in-demand industries that don't require a four-year degree, check out the Center's "Great Jobs Without a Four-Year Degree" project at GreatJobsMN.com. ★

—Catrin Wigfall



Tractor-Trailer Truck Drivers:

\$20.50 to \$28.76 per hour;
high school diploma



- **Registered Nurses:**
\$32.66 to \$45.62 per hour; associate degree
- **Nursing Assistants:**
\$14.90 to \$19.29 per hour; vocational certificate
- **First-Line Supervisors of Retail Sales Workers:**
\$16.99 to \$27.07 per hour; high school diploma
- **Retail Salespersons:**
\$11.34 to \$16.02 per hour; high school diploma
- **Personal Care Aides:**
\$12.27 to \$15.21 per hour; high school diploma
- **Food Preparation and Serving Workers:**
\$10.87 to \$13.43 per hour; high school diploma
- **Social and Human Service Assistants:**
\$14.49 to \$21.40 per hour; high school diploma
- **Customer Service Representatives:**
\$15.71 to \$24.03 per hour; high school diploma
- **Licensed Practical and Vocational Nurses:**
\$20.91 to 26.60 per hour; vocational certificate
- **Home Health Aides:**
\$12.27 to \$15.21 per hour; high school diploma
- **Helpers-Production Workers:**
\$12.58 to \$17.90 per hour; high school diploma
- **Software Developers, Applications:**
\$39.21 to \$61.09 per hour; bachelor's degree
- **Tractor-Trailer Truck Drivers:**
\$20.50 to \$28.76 per hour; high school diploma
- **Light Truck or Delivery Services Drivers:**
\$14.84 to \$24.76 per hour; high school diploma
- **Cashiers:**
\$11.10 to \$13.95 per hour; high school diploma
- **First-Line Supervisors of Food Preparation and Serving Workers:**
\$15.12 to \$22.44 per hour; high school diploma
- **Marketing Managers:**
\$50.96 to \$82.36 per hour; bachelor's degree
- **First-Line Supervisors of Office and Administrative Support Workers:**
\$22.26 to \$36.49 per hour; high school diploma
- **Laborers and Freight, Stock and Material Movers:**
\$13.81 to \$20.64 per hour; high school diploma
- **Stock Clerks, Sales Floor:**
\$12.50 to \$18.31 per hour; high school diploma
- **Medical Assistants:**
\$17.80 to \$23.32 per hour; vocational training
- **Packaging and Filling Machine Operators and Tenders:**
\$14.11 to \$21.34 per hour; high school diploma
- **First-Line Supervisors of Production and Operating Workers:**
\$26.00 to \$38.48 per hour; high school diploma
- **Management Analysts:**
\$31.05 to \$50.46 per hour; bachelor's degree
- **Maintenance and Repair Workers, General:**
\$17.48 to \$26.97 per hour; high school diploma
- **Food Service Managers:**
\$22.28 to \$34.12 per hour; high school diploma
- **Janitors and Cleaners:**
\$12.73 to \$18.90 per hour; high school diploma
- **Medical and Health Services Managers:**
\$38.88 to \$62.59 per hour; bachelor's degree
- **Driver/Sales Workers:**
\$11.16 to \$17.27 per hour; high school diploma
- **Assemblers and Fabricators:**
\$14.04 to \$20.05 per hour; high school diploma

Anakin Krugman, Sorely Missed

The New York Times' columnist shows why he is one of the most consistently un insightful pundits in America.



The second *Star Wars* trilogy (those released from 1999 to 2005) tells how a young Jedi named Anakin Skywalker becomes the evil Darth Vader. “When that happened, he betrayed everything and everyone that he had ever believed in,” Obi-Wan Kenobi subsequently explains. “The good man who was your father was destroyed.”

Well, except for the names and a few other changes, if you talk about Paul Krugman, the story is the same one. When I was an undergraduate, one of his papers—“A Model of Balance-of-Payments Crises” from 1979—was on my reading list. When he won the Nobel Prize for economics in 2008, it

was for his work on “International Trade and Economic Geography,” which was derived mainly from his 1991 paper “Increasing Returns and Economic Geography” and also was on my reading list. Given that these papers are first-rate academic economics, they were on most undergraduates’ economics reading lists.

But about two decades ago, around the time Krugman became a columnist for *The New York Times*, the excellent economist was destroyed—comparable to Darth Vader destroying Anakin Skywalker—and was replaced by a peddler of lunatic clickbait.

Even *The Atlantic* has noticed this. A review of his latest book—*Arguing*

with Zombies: Economics, Politics, and the Fight for a Better Future—is titled “Cool It, Krugman: The self-sabotaging rage of *The New York Times* columnist.” It notes that:

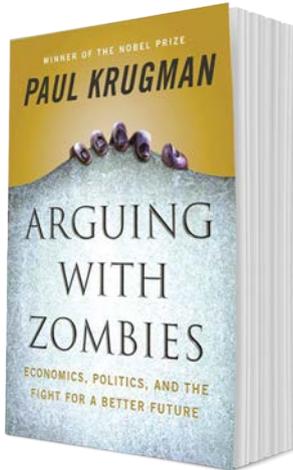
He writes amusingly and fluently. His combination of analytic brilliance and linguistic facility recalls Milton Friedman or John Maynard Keynes. But Krugman can also sound like a cross between a bloodthirsty Robespierre and a rebarbative GIF. Week after week, he shakes his fist righteously at Republicans and anyone who defends them: You’re shilling for the fat cats. You’re shilling for the fat cats. Over and over. Again and again.

This is true. Krugman is one of the most consistently un insightful pundits in America, a title for which competition is stiff. Most tragically, his extreme partisanship has destroyed his ability to talk sensibly about economics. In the wake of President Trump’s election, he added this to his legendarily long list of bad predictions: “We are very probably looking at a global recession, with no end in sight.” In fact, the economy boomed until COVID-19 hit, which is hardly President Trump’s fault.

Still, *The Atlantic* gives Darth Krugman too much credit.

Many passages of his book underscore how thunderingly right he’s been on the big questions of the past 15 years or so: on the overriding postcrisis need for maximum economic stimulus....

This is false. Krugman has certainly not been proved “thunderingly right” on the question of “stimulus” versus “austerity.” Another recent book by economists Alberto Alesina (who passed away in May), Carlo Favero, and Francesco



Arguing with Zombies
will be good fun
for partisans, but it
adds little to the
intellectual life
of the country.

Giavazzi titled *Austerity: When It Works and When It Doesn't*, both summarizes the research on this topic and makes new contributions of its own. The evidence shows, in fact, that Krugman was thunderingly wrong.

In his 2012 book *End This Depression Now!* for example, Krugman wrote about the British government, elected in 2010, that enacted “austerity,” using spending cuts rather than tax hikes to get its budget deficit under control. The result, he said,

...is an economy that remains deeply depressed.... [T]here is a real sense in which Britain is doing worse in this slump than it did in the Great Depression: by the fourth year after the Depression began, British GDP had regained its previous peak, but this time around its [sic] still well below its level in early 2008. And at the time of this writing, Britain seemed to be entering a new recession.

One could hardly have imagined a stronger demonstration

that the Austerians had it wrong.

In fact, looking more rigorously at more data, Alesina, Favero, and Giavazzi show that this is wrong.

The Conservative government implemented a program of budget cuts. Over a five-year period, exogenous fixed measures amounted to almost three percent of GDP, two-thirds expenditure cuts, and one-third tax hikes. It was harshly criticized by the IMF, which predicted a major recession. The latter did not materialize and the IMF later publicly apologized. The UK grew at respectable rates.

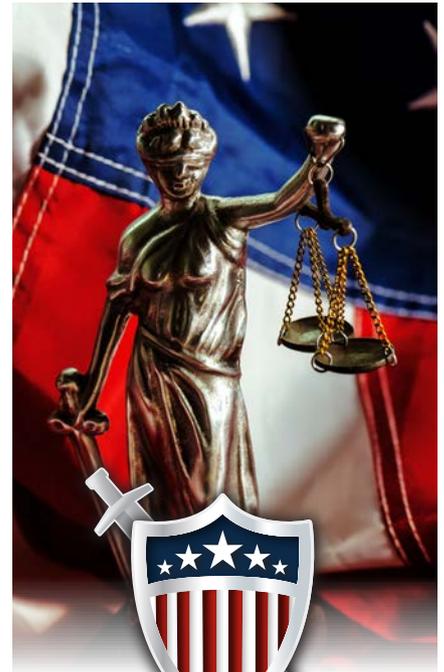
Their prose is less flowery, which might, in part, account for why their argument has cut through less successfully, but the argument is clear.

Tax [hike]-based plans lead to deep and prolonged recessions, lasting several years. Expenditure [cut]-based plans on average exhaust their very mild recessionary effect within two years after a plan is introduced....

This finding should be of particular interest to policymakers in St. Paul as they confront Minnesota’s looming budget deficit. *Austerity* isn’t written “amusingly and fluently,” but it is right.

The same cannot be said about *Arguing with Zombies*, which is simply a collection of Krugman’s spittle-flecked invective for *The New York Times*. This is unappetizing fare at the best of times, never mind consuming 464 pages of the stuff in one go. No doubt it will be good fun for partisans, but it adds little to the intellectual life of the country, which is a tragedy, because the path-breaking contributions of the much-missed Anakin Krugman all those years ago did. ★

—John Phelan



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THE REVOLUTION IN MINNESOTA SCHOOLS

In the name of ending white supremacy and systemic racism, **school districts are indoctrinating students with a radical new vision of American society.**

In fall 2020, a fourth-grade class in Burnsville read a book that warns students that police are “mean” to black people, but “nice” to white people. “Cops stick up for each other,” it says. “And they don’t like black men.”

At Eagan High School, a 9th-grade class began the 2020-21 school year by watching a YouTube video entitled “Uncomfortable Conversations with a Black Man.” In the words of one parent who saw the video and the leading questions students had to answer: “It was white guilt, all the way down.”

In Hopkins, Superintendent Rhoda Mhiripiri-Reed told returning faculty and staff that to “eradicate” a “pandemic of racial injustice,” “we need to examine the role that whiteness plays in our macro-system of white supremacy.”

Hopkins school officials vowed to

restructure student learning around the “13 characteristics of white supremacy.” These include requiring black students to turn in assignments on time, along with any expectations that smack of “perfectionism” or “objectivity” (thinking in a logical or “linear” fashion). Hopkins junior highs have dropped traditional letter grades for a new assessment system, since letter grades are linked to “dominant white culture” and thus inequitable, a school staff member told Minnesota Public Radio.

As the 2020-21 school year got underway, abrasive, in-your-face “demands” and name-calling were becoming the norm at school board meetings and on parent websites. In June 2020 in Minnetonka, for example, students and alum-

ni styling themselves the “Minnetonka Coalition for Equitable Education” issued 11 “Anti-Racism Imperatives,” demanding—among other things—that the district adopt an “anti-oppressive curriculum (that is, a curriculum that is not Euro-centric).”

Students who object to this new racist ideology hesitate to speak up, fearing they will be denounced as bigots. Teachers worry that refusal to give in to groupthink could cost them their job. In District 197 (West St. Paul-Eagan-Mendota Heights), Superintendent Peter Olson-Skog made the threat explicit: If “you think we’re being too sensitive, too politically correct,” he said in a speech to staff, “I would encourage you to look elsewhere for employment as I do not believe you will feel aligned” with what he called the “difficult and uncomfortable work” ahead.

By Katherine Kersten



Today, a revolution of sorts is underway in many Minnesota schools. In the name of ending white supremacy and systemic racism, school districts are falling over themselves to promote a radical new vision of American society.

The upside-down thought world of “racial equity” advances in the name of justice and harmony. Yet its fundamental premise is deeply divisive: It teaches that life is a relentless power struggle, and splits human beings into two hostile camps (white and non-white), labeling whites as perpetual oppressors and BIPOC (“Black, Indigenous and People of Color”) as perpetual victims.

Education Minnesota, the state teachers’ union, is aggressively pushing this ideology. “Teaching While White” (TWW), an equity organization the union endorses, puts the zero-sum claim this way: “As I [a white person] am elevated, someone else is marginalized or oppressed.”

The racist worldview taking over our K-12 classrooms directly contradicts the color-blind ideal at the heart of America’s Civil Rights movement. Martin Luther King, Jr., believed human beings should be judged not by the color of their skin but the content of their character. Racial equity advocates preach the opposite: Skin color, not personal character, determines who a person is. Astonishingly—and seemingly overnight—Minnesota students are now being taught that King’s color-blind ideal is in fact racist.

Why now?

The crusade for racial equity in K-12 schools has been underway for some time. But in recent months, it’s become a full-scale assault. Why now?

Since the 1960s, elite opinion in university “oppression studies” departments, at teachers’ colleges, and in the media has laid the groundwork. Racial identity poli-

tics, rooted in neo-Marxist Critical Race Theory (CRT), provided the ideological framework. More recently, concern about the racial learning gap has given rise to lawsuits and “equity plans” that have failed to move the needle on minority academic performance. At a deeper cultural level, family breakdown, social fragmentation and secularization have created a communal vacuum of meaning and purpose, and have left many yearning for a cause larger than themselves.

All these forces came together in spring 2020, triggered by George Floyd’s death in police custody and the isolation and anomie of COVID-19. Activist groups like Black Lives Matter gained

Hopkins junior highs have dropped traditional letter grades for a new assessment system, since letter grades are linked to “dominant white culture” and thus inequitable.

new legitimacy with the aid of a sensationalist, partisan media. Now these organizations have seized this moment of opportunity to advance their ideological agenda among America’s rising generation.

Today, the Black Lives Matter Global Fund (flush with millions of dollars from corporate America) and countless other activist organizations are aggressively peddling free lesson plans, videos and “racial equity” training to K-12 schools. The National Education Association (the

national teachers’ union) and Education Minnesota are cheering them on.

Many Minnesotans have planted Black Lives Matter signs on their lawns, but few likely know the organization’s real agenda. BLM co-founder Patrisse Cullors has described herself and co-founder Alicia Garza as “trained Marxists.” Her book *When They Call You a Terrorist* has a foreword by Angela Davis, her “mentor,” whom Cullors describes elsewhere as a “Marxist” and “former Black Panther” whose “reflections on anti-capitalist movements” have sought to “transform U.S. society.”

One of Cullors’s primary goals is to “fight the U.S. state,” in her words. She trained in how to do this as a community organizer at the radical Los Angeles-based Labor/Community Strategy Center. The center’s founder, Eric Mann, is another Cullors mentor and a former leader of the Weather Underground terrorist organization. At his center, Cullors “studied Mao, Marx and Lenin,” and focused, she says, on tactics for influencing young people.

Now Cullors’s Black Lives Matter Global Fund has a direct line into many Minnesota classrooms. Education Minnesota urges educators to support the organization, both financially and in the classroom. The “Black Lives Matter at School” coalition’s website reflects this radical ideology, featuring lessons on the Black Panthers as well as “social justice math” assignments in which, for example, students learn math concepts by investigating “police stops and searches” in Oakland, California. The coalition’s website sets the tone with a quote from convicted cop-killer and FBI “most-wanted” terrorist Assata Shakur, who fled to Cuba after a 1979 prison break.

Not education, but indoctrination

Racial identity politics, in its guise as “racial equity,” is not education, but indoctrination. Education requires the free exchange of ideas. Indoctrination, in contrast, conceals its true goals and uses the manipulative tactics of coercive thought reform to reshape students’ and teachers’ attitudes, beliefs and behavior in ways that advance the



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manipulators' agenda.

In 2014, Aaron Benner, a former elementary teacher in the St. Paul Public Schools, put his finger on what is taking place in Minnesota's public schools. He observed in a radio interview that the "Pacific Educational Group" racial equity training he had undergone there, in its modus operandi, resembled indoctrination into a cult.

Stella Morabito, a former U.S. government intelligence analyst who has written extensively on the effects of propaganda and identity politics, agrees. "The indoctrination we are seeing" in American schools today is "a psychological operation that plays on the fear of social isolation through identity politics, peer-modelling and social contagion," she writes.

The three stages of coercive thought reform

The "techniques of propaganda and salesmanship" are well-understood by social psychologists, and have been "refined and systematized" by influencers from cults to military psychological operations and power-hungry dictators, according to Morabito.

Campaigns to exert undue influence exploit a fundamental trait of human psychology: the fear of social isolation. "The terror of abandonment is built into our social DNA because human beings cannot survive in isolation," writes Morabito. That's why the worst punishment we can imagine is solitary confinement, she says.

Elites who seek to influence other people's beliefs and behavior can "weaponize" this fear to control their subjects for their own advantage. Scholars like clinical psychologist Margaret Thaler Singer, author of *Cults in Our Midst*, and Dutch psychologist Joost Meerloo, an authority on influence techniques used on POWs in World War II and Korea, have identified three steps of coercive thought reform.

- First, manipulators seek to undermine the subject's identity—destabilizing his or her sense of self in order to sow self-doubt and increase vulnerability to outside influencers.

- Second, they introduce an alternate, closed system of reality, and restrict access to ideas that challenge it.

- Finally, they use "emotional blackmail" tactics—including threats of social rejection backed up by group pressure—to compel subjects to accede to groupthink.

These manipulative tactics are so powerful that, when successful, people subjected to them can be made to believe they did something they didn't do. The phenomenon has been documented in cults and abusive relationships and with POWs and kidnap victims like Patty Hearst.

Influence techniques in Minnesota schools

Ideologues striving to reshape students' beliefs about the role of race in America have found "racial equity" to be an ideal vehicle. It's a framework that skillfully plays on Americans' desire to atone for the more reprehensible moments of our nation's racial history.

Here's how coercive thought reform tactics play out in Minnesota schools.

1. Racial equity lessons destabilize students' personal identity

First, Critical Race Theory-focused instruction, like that of the Black Lives Matter Global Fund, undermines students' sense of self, increasing their vulnerability to outside influences. By directing students to submerge themselves in a collective racial identity—white or non-white—it begins to erase their self-concept as unique individuals, according to Morabito.

Racial equity instruction conditions white children to question their ability to grasp reality and to act as they intend in the world. It warns they can take no pride in their accomplishments, because these are merely a function of "white privilege." It insists they routinely harm their non-white classmates by committing micro-aggressions of which they aren't even aware. It's a no-win situation: If they think they aren't racist, this just proves how racist they are. The message

is that white skin is a source of self-deception, guilt and shame.

Indoctrination often starts with the youngest, most vulnerable students. For example, in the "Melanin Project," which Edina Highlands Elementary School has used in K-2 classrooms, students trace their hands and color them to reflect their skin tone for a classroom poster that reads, "Stop thinking your skin color is better than anyone else's."

In Mahtomedi, school officials urge parents to prepare for conversations about race with their children by reading texts like "What White Children Need to Know about Race." In this essay, kids learn that what they've always believed

Students who object to this new racist ideology hesitate to speak up, fearing they will be denounced as bigots. Teachers worry that refusal to give in to groupthink could cost them their job.

about race (and been told by their parents) is wrong: The idea that people's skin color doesn't matter is actually "whiteness-at-work," a "socialization strategy that perpetuates a racist status quo."

Older students are subjected to more sophisticated propaganda, such as an eight-week course on Critical Theory and "privilege" at Apple Valley's Eastview High School, or videos on "Uncomfortable Conversations with a Black Man" at Eagan High School.

Black children, too, have it drummed into their heads that they lack self-awareness and agency. As victims of "white supremacy," they are told they bear no responsibility for their behavior and (as in Hopkins) can't even meet minimal standards like turning in their assignments on time or thinking logically. They

are constantly urged to feel anger and resentment.

Teachers are inundated with the same debilitating propaganda in their school-sponsored racial equity training. “Teaching While White” is typical, insisting that teachers are hapless victims of false consciousness. “Schools are full of people ‘who without intending to create racial hurdles or hostility, manage to create a fair amount of both,’” admonishes a TWW text entitled “Being an Ally: The Role of White Educators in Multicultural Education.” Clueless white teachers “cannot see what they have done,” it says.

The goal of manipulation like this is to convince students and teachers they must turn for guidance to their enlightened betters—activists who alone can see reality and understand justice—if they are to atone for guilt (whites) or avoid being dupes (blacks).

2. Ideologues introduce an alternate system of reality, and restrict access to ideas that challenge it

Racial equity advocates’ assertion that America in 2020 is systemically racist is absurd on its face. Our nation recently had a two-term black president, and immigrants of all colors have flocked here and found unparalleled opportunity and prosperity.

Unfortunately, for decades American schools have done a woeful job of teaching our nation’s history. Today’s students are sitting ducks for propaganda about “systemic” and “structural racism.”

But something more is going on. The ideology of racial equity is constructed around what George Orwell called “Newspeak”—jargon intended to make thinking about dissent increasingly impossible. Terms such as “white supremacy” and “systemic racism” are what psychologists call “loaded language,” concocted to provoke anger, fear, resentment or a false sense of guilt.

The point of manipulating language is to obfuscate in order to control, as Orwell observed. “Equity,” for example, signifies not equality but special treatment, while “diversity training” puts one “on notice that one will become a nonperson if one says a wrong word or thinks a

wrong thought,” in Morabito’s words.

Racial equity activists use mind-numbing slogans to imprint Newspeak in students’ heads. “Manipulators repeat lies and sloganeer endlessly to condition their subjects to repress unauthorized speech and thought,” writes Morabito. These slogans, she says, are “pieces of anti-intellectual spaghetti that stick to the walls of our minds when we are not equipped to think independent thoughts.”

3. Ideologues use emotional blackmail to compel conformity to groupthink

Activists use emotional blackmail (what social psychologists call “aversive emotional arousal techniques”) to pressure students to buy into their ideology. Those who question it are denounced and shunned as “racists” (nonpersons), while those who comply are praised as “allies,” on the “right side of history.” Thought reform is particularly effective when it is framed as a movement for an enlightened elite and nay-sayers are repudiated as inferior, according to Robert Jay Lifton, an expert on psychological extremism. The goal is to pressure those who disagree to self-censor, creating an illusion of unanimity that makes dissent from the group even harder.

The propaganda that results

A 2018 book entitled *Something Happened in Our Town: A Child’s Story About Racial Injustice* exemplifies the indoctrination now underway in Minnesota classrooms. The book was used in a fourth-grade class at Echo Park Elementary in Burnsville, and the Minnesota Departments of Education and Health recommend it.

Something Happened in Our Town purports to tell the story of a community’s reaction to a police-involved killing. It demonstrates how children can be manipulated in the guise of teaching about fairness and empathy. The following quotes are illustrative:

After school, Emma asked her mother, “Why did the police shoot that man?” “It was a mistake,” said her mother. “I feel sad for the man and his family.” “Yes, the police thought he had a gun,” said

her father. “It wasn’t a mistake,” said her sister, Liz. “The cops shot him because he was black.”

And again:

“Was the man that got shot dangerous?” asked Emma. “No,” her mother said. “Shooting him was a mistake. It was a mistake that is part of a pattern.” “Like the pattern on my blanket?” Emma asked. “Yes. But this pattern is being nice to White people and mean to black people. It’s an unfair pattern.”

The message is not only that police are “mean” to black people, but that children must turn to a young “woke” peer to get the real truth.

Education Minnesota and a phalanx of local and national activist organizations seek to fill Minnesota classrooms with propaganda like *Something Happened in Our Town*. Many school equity offices aggressively push this agenda.

The “Black Lives Matter at School” coalition produces countless lesson plans and activities of this kind. For K-5 students, it offers “Activism, Organizing and Resistance” lessons, which define activism as including “participating in (or leading of) demonstrations, protests or passive resistance.” Projects include “Understanding Prejudice Through Paper Plate Portraits” and “Role-playing a Teachers’ Strike.”

For older students, there’s “Social Justice Mathematics,” which uses “numbers and maps to look at the impacts of housing discrimination, low minimum wage, and the school to prison pipeline.” Students can also study the Black Panthers’ “revolutionary socialist ideology” and create their “own personal versions” of the Panthers’ radical Ten Point Program. That program included demands that black defendants be tried by all-black juries and that American “black colonial subjects” vote in a “United Nations-supervised plebiscite” to determine their “national destiny.”

Troubling historical parallels

Today, the agenda of racial identity politics is advancing almost unopposed in our public schools, as cowed school of-

ficials bow to activist and union pressure. It's important, then, to consider where such an ideology—left unchecked—can lead.

In America, community organizing guru Saul Alinsky, author of the 1971 *Rules for Radicals*, pioneered the use of identity politics as a divide-and-conquer strategy. An organizer making a power bid “must stir up dissatisfaction and discontent” and “rub raw the resentments of the people,” Alinsky wrote. “Your function [is] to agitate to the point of conflict.”

Some of the 20th century's most loathsome dictators have used identity politics this way. They have often enlisted young people to do their dirty work, writes

The upside-down thought world of “racial equity” advances in the name of justice and harmony. Yet its fundamental premise is deeply divisive.

Morabito, because youth are especially susceptible to coercive thought reform. Many will do “whatever it takes to be accepted.”

Lenin was a skilled practitioner of identity politics. “We can and must write in a language which sows among the masses hate, revulsion and scorn toward those who disagree with us,” he wrote. In the 1930s, Stalin used the Communist League of Youth, or Komsomol, to foment hatred among Ukrainian peasants in a bid to seize control of that rich agricultural area.

The Komsomol descended on peasant villages and whipped up animosities among formerly friendly neighbors. “At these meetings, the villagers were told that they belonged to three mutually hostile classes: the poor peasants, who were the allies of the proletariat, the middle peasants, who were neutral, and the rich or ‘kulak’ peasants, who were its

enemies,” writes Orlando Figes in *The Whisperers: Private Life in Stalin's Russia*. The names of peasants in each class were posted outside the village school and “rich peasants,” or kulaks, were humiliated, attacked or killed.

“The villagers had never heard such propaganda in the past, and many were impressed by the long words used by the leaders of the Komsomol,” writes Figes. Today, notes Morabito, CRT agitators take advantage of the tragedy of racial divides in America to call for a form of race consciousness that “breeds the same blind hate.” “Our miseducated youth,” she points out, “are easily impressed by new terms such as ‘systemic racism,’ ‘intersectionality,’ and ‘white fragility.’”

Mao Tse-Tung employed similar tactics during China's Cultural Revolution (1966-76). His Red Guards, drawn from high school and university students, viewed themselves as champions of the exploited who were “forging a better world,” according to China expert Frank Dikötter.

Mao bifurcated the Chinese people into two hostile groups: The Five Reds (Communist Party members, soldiers, poor farmers and low-class workers) and the Five Blacks (landlords, counter-revolutionaries, rich farmers, rightists and bad influencers). Blacks were excoriated as “enemies of the revolution.” They were beaten, persecuted, “re-educated” and forced to confess their thought crimes in public struggle sessions. (It's worth noting that curricular materials recommended by “Black Lives Matter at School” describe the Black Panthers' Ten Point Program as a “model” for the Red Guards.)

Mao also deployed the Red Guards to destroy symbols of China's pre-Communist past—a vital part of his crusade to build power by rewriting Chinese history. In the “Campaign to Destroy the Four Olds” (Old Customs, Old Culture, Old Habits and Old Ideas), ignorant teenagers pulled down temples, destroyed antiquities and burned classical texts and books of genealogy. In a corollary campaign to impose “the Four News” (New Customs, New Culture, New Habits and New Ideas), Red Guards brutalized people wearing

“bourgeois” clothes and demanded that streets, stores and buildings be renamed to advance the revolution. The devastation ended only with Mao's death.

The groundwork for authoritarian control is being laid in Minnesota schools

In America today, many public figures have seen their reputation and livelihood destroyed in retaliation for their alleged racial thought crimes.

Now such tactics are beginning to surface in Minnesota's K-12 schools. At Henry Sibley High School in West St. Paul, for example, a group calling itself “197 Students for Change” mounted a “Days of Demands” campaign in August 2020.

Citing “anonymous stories,” the students targeted “racist” teachers and administrators by name, and published accusations against an “all white administration trio” who “deny their own racist tendencies” and “get off by oppressing BIPOC (sic).” They demanded that faculty who don't “retai[n] information taught in their equity training” be punished and that “predatory teachers” be fired. Some teachers now fear for their jobs.

The group also called for banning “students who have been actively racist” from sports, clubs and other “privileges.” They demanded that Sibley High be renamed, on grounds that its namesake, Minnesota's first governor, was a “colonizer, rap*st and manipulator.”

The “197 Students for Change” manifesto conjures echoes of Mao's Red Guard:

We are sick of letting racism, sexism, homophobia, and other prejudices thrive.... We will no longer tolerate anything less than a full rejection of these hateful beliefs. We are #197studentsforchange. Together, we end prejudice in our district. THE POWER OF THE PEOPLE.

Wake up, Minnesota. If such behaviors are normalized and allowed to multiply in our public schools, we must not be surprised at the bitter harvest. ★

REMEMBERED. DANIEL WEBSTER



≡ GOVERNMENT

THE 2020 GOLDEN TURKEY AWARD

Somebody should watch how
they're spending our money.

Somebody is.

By Bill Walsh

Deep down, Minnesotans know their tax dollars are being wasted at the state level. They may not know how much of the budget goes to welfare, education or transportation, but they do know some part of it is waste.

How much waste? We've asked Minnesotans more than once in our *Thinking Minnesota* Poll over the years what percentage of the state budget they believe is wasted, and their answer is always just under 30 percent.

In a state with a reputation for good government that once again boasted the nation's highest election participation, Minnesotans believe almost a third of the state budget is waste! How did perceptions get this bad?

Ten years ago, the idea of government waste was epitomized by a transportation worker leaning on a shovel by the side of the road. Today, it looks more like criminals defrauding the state's childcare system by \$100 million while bureaucrats make excuses, and no one loses his or her job.

It got so bad that Center of the American Experiment created a "Scandal Tracker" last year to chronicle the waste and abuse in state spending. Some of the most egregious examples include:

- A senior Department of Human Services (DHS) official approved over \$1 million in payments for a non-profit while serving on its board, using tax dollars to double the group's revenue despite the conflict of interest.
- The MNsure health exchange debuted with major technical problems including site crashes and hours-long wait times. Meanwhile, the executive director resigned after being criticized for taking a two-week vacation to Costa Rica while the system was in shambles.
- A subsequent legislative audit found up to \$271 million of taxpayer money wasted on MNsure subsidies to people ineligible for the aid.
- The vehicle license and registration system overhaul (aka, MNLARS) was a huge failure wasting millions of dollars. A report later recommended scrapping MNLARS altogether after \$100 million was wasted over 9 years of development.
- The Iron Range Resources and Rehabilitation Board (IRRRB) gave a \$250,000 loan to a call center making Democratic Party fundraising calls that was never paid back.

- The CEO of non-profit Community Action of Minneapolis was sentenced to four years in prison for stealing \$800,000 in state aid for low-income heating assistance.
- DHS failed to send bills to MinnesotaCare enrollees, then didn't even try to collect \$30 million in unpaid premiums.
- Federal Centers for Medicare and Medicaid Services ordered DHS to pay back \$48 million in funds improperly paid to providers.
- DHS admitted to overpaying Indian tribes \$29 million in Medicaid, which had to be repaid to the federal government.
- A federal audit found DHS spent at least \$3.7 million on Medicaid coverage for dead people from 2014-2016.



Center of the American Experiment launched its inaugural Golden Turkey Award to highlight examples of wasteful spending in the Minnesota state budget.

After reading a list like this, it's easy to understand why Minnesotans believe 30 percent of their tax dollars are being wasted.

Center of the American Experiment launched its inaugural Golden Turkey Award to highlight these examples of wasteful spending in the Minnesota state budget. State leaders will soon focus their attention on closing a \$1.2 billion gap between expected revenue and spending in the next budget. The Golden Turkey Award is a light-hearted contest to bring attention to the budget and allow Minnesotans to weigh in on the silliest spending of the year.

"We can already hear the drumbeat for higher taxes to support runaway growth in the 2021 state budget," says John Hinderaker, president of Center of the American Experiment. "The Golden Turkey Award brings attention to wasteful state spending in a way everyone can understand. Focusing on the outrageous (but relatively small) expenditures will give legislators the courage to tackle the more mundane

(and large) wasteful spending."

This focus on relatively small expenditures was pioneered by U.S. Senator William Proxmire (D-Wisconsin) in 1975 when he gave out the first of many Golden Fleece Awards. Proxmire's first winner went to the National Science Foundation (NSF) for an \$84,000 study on why people fall in love. In the context of a multi-billion-dollar federal budget, \$84,000 may not seem like much money. But Sen. Proxmire understood that Americans could relate to \$84,000 a lot easier than \$1,000,000,000.

The inaugural Golden Turkey Award here in Minnesota

takes the same approach. To prove to Minnesotans just how inefficiently our tax dollars are spent, American Experiment embarked on a quest to find the most wasteful, useless, and just plain silly government expenditures worthy of the Golden Turkey Award.

The nominees are below.

Nice work if you can get it \$900,000 to let your grass grow wild

You've heard of the government paying farmers not to farm, right? Minnesota added a new twist to this concept by giving homeowners \$350 grants to not grow grass in their yards.

According to the Environment and Natural Resources Trust Fund (ENRTF), the Lawns to Legumes program "seeks to combat population decline by creating new pollinator habitat and habitat corridors that provide food sources and nesting space for pollinators." The \$900,000 program was targeted at saving the rusty patched bumblebee, which recently made the federally endangered species list.

One reason silly projects like this get funded is the source of the money—constitutionally dedicated funding. Despite the state's \$1.2 billion deficit, the Legacy Committees in the House and Senate and the Legislative-Citizen Commission on Minnesota Resources (LCCMR) will make recommendations to the full legislature on how to spend around \$360 million in dedicated funding per year on projects benefiting the environment, water quality and the arts and cultural heritage.

Because the money is there and must be allocated for these constitutionally dedicated purposes, sometimes the normal scrutiny and discretion of the legislative process isn't followed. A lot of the funding is handed out to state agencies and quasi-government organizations like the State Arts Board. These organizations then award grants to individuals and small groups to carry out projects that meet the mission of the funds.



\$350 grants to not grow grass in yards.

This multi-layered grantmaking process is how we end up with silly and wasteful expenditures that would never make it through the legislative process on merit, such as paying your lazy neighbor \$350 to let his or her lawn grow wild.

\$1,000 to explore our feelings about climate change

Every year the Legacy Fund (another constitutionally dedicated funding source), doles out millions of dollars of sales tax revenue to projects for clean water, outdoor heritage, arts and cultural heritage, and parks and trails. And every year, there are some really questionable expenditures that qualify for the Golden Turkey Award.

This year, the Legacy Fund set aside \$1,000 of your money for a woman to host a hands-on climate mapping workshop where participants create maps of their personal emotional ter-



\$1,000 to host a hands-on climate mapping workshop.

rain of climate change. Does anger over really wasteful spending count as "personal emotional terrain"?

Dedicated funding handcuffs legislators in times of budget crisis and forces them to stubbornly fund wasteful projects like these while other parts of the budget suffer.

Runner-up Tourism through Twitter: two tweets a month for \$57,000

How much should the State of Minnesota spend every year promoting tourism? On the one hand, it's not the role of government to advertise and promote the State Fair or your private fishing resort. On the other hand, every state does it, and attracting people to come to Minnesota does create job opportunities for many towns and regions in the state.

One of our Golden Turkey Award nominees for wasteful spending shows how easy it is to move from a legitimate state purpose to just plain silly. In the name of tourism and promoting the state, Explore Minnesota (our Department of Tourism) recently paid \$57,000 to celebrity chef (and erstwhile Minnesotan) Andrew Zimmern to tweet twice a month as a "social media influencer."

Nothing against Zimmern—he is certainly proud of his adopted home state and not shy about promoting Minnesota to his 1.2 million followers on Twitter. But \$57,000 for two tweets a month is a lot of money to most Minnesotans, and it's awfully hard to track whether or not we got that much in



\$57,000 for two tweets.

return for his “influence.”

It didn’t help that Zimmern used the hashtag assigned for this project (#onlyinMN) to also tweet nice things about his favorite Minnesota Democratic politicians.

Did Explore Minnesota want Democrats *and* Republicans to travel to Minnesota? Resorts and restaurants don’t ask for party affiliation when they take reservations.

Winner

The \$6.9 million (thankfully, still) vacant Tim Walz morgue

You might think the surge in COVID-19 cases in Minnesota would have hurt the chances of the \$6.9 million morgue winning our inaugural Golden Turkey Award for silly spending. You would be wrong.

No matter how concerned they are about the virus, Minnesotans overwhelmingly agree that buying a shuttered fruit warehouse in St. Paul to serve as an emergency COVID-19 morgue was a bad idea. The morgue was the winner of the Center’s first Golden Turkey Award with over 60 percent of the vote.

When the Governor bought the abandoned fruit company warehouse back in May, the state was averaging 12.5 deaths per day. Like many of Walz’s early predictions, his estimation of the need for storing 5,100 bodies at a time scared Minnesotans into giving up more and more of their freedoms in return for safety.

“We need a morgue for 5,100 dead bodies? Maybe I’ll end up

there.” You can’t blame Minnesotans for being scared when the state’s top leader sends this message.

The good news is we haven’t needed the morgue—not even close. According to channel Fox 9, the state is using it to store PPE after spending more of your money to spruce up the parking lot and fix the bathroom.

Minnesotans know spending \$6.9 million on a morgue to handle COVID-19 deaths isn’t necessary, and that’s why it won the Golden Turkey Award. They also know these small examples of wasteful spending are indicative of much larger waste in the state’s \$51.1 billion budget for 2022-23.

When asked by our *Thinking Minnesota* Poll this month about the best way to address a budget shortfall, 63 percent of respondents said “cut spending” while only 19 percent said “raise taxes.”

That’s why Center of the American Experiment’s latest report “Closing Minnesota’s Budget Deficit,” from economists John Phelan and Martha Njolomole, is so important. It provides a roadmap of research, data and suggestions for Gov. Walz and the legislature to follow to close the \$1.2 billion budget deficit for the next biennium. One conclusion: Growing Minnesota’s Gross Domestic Product (GDP) will have a much stronger impact on revenue growth than raising state tax rates.

When it comes to state spending, the report found that Minnesota’s welfare spending is the third highest in the country and nearly double the national average.

Minnesotans won’t be surprised to hear a statistic like that because they’ve been watching state government waste money for years. State leaders could build faith with taxpayers by eliminating wasteful spending and passing a budget that solves the deficit without raising taxes. If they don’t, something tells us it won’t be hard to find a new batch of Golden Turkey nominees this spring. ★



\$6.9 million for a shuttered fruit warehouse.





≡ Q&A **LAURA INGRAHAM**

American Experiment President John Hinderaker interviews the popular Fox News host about the Trump legacy, the future of conservative politics, and fishing in Minnesota.

Laura Ingraham has been the host of *The Ingraham Angle* on Fox News Channel since October 2017. She hosted the nationally syndicated radio program *The Laura Ingraham Show* for nearly two decades. Ingraham, a lawyer, worked as a speechwriter in the Reagan administration and then worked as a judicial clerk in the Second Circuit Court of Appeals in New York and for United States Supreme Court Justice Clarence Thomas.

You had a nationally syndicated radio show for a number of years. And then, more recently, you've got a terrific television program on Fox News. How do you like television compared to radio?

They're totally different. I was in radio for 17 years. It is long-form and allows for a lot more spontaneity and more in-depth interviews. Radio is my first love because it allows slower, more in-depth examination of the issues and gives you a lot more breathing room for humor and music. Like, I can have a lot of musical guests in my studio, but prime time cable is much more focused on politics and the law and culture. In radio, I could do an entire hour on Bob Dylan. I could do an entire hour on what the porn industry has done to children and young boys. On television, unless it's a special presentation, you really have to move around on the topics. I miss radio. I did both radio and television for the first year and a half of *The Ingraham Angle*, and it may have about killed me. I couldn't be a present mom and be a radio and television host. I just had to give it up.

As you and I are now talking, we're in this post-election period. The electoral college hasn't yet voted, but everything seems to be moving in the direction of an incoming Biden administration. What has the last month or two taught us about election security in this country?

I think a couple of things. A candidate who will successfully take on the establishment in everything from national security and foreign trade to economic policy and the media is going to have to work three times as hard. There were a lot of folks, smart folks, warning about mail-in ballots. The president himself was very concerned about how they would open the door for potentially widespread instances of fraud. I think he was right.

Uncovering that fraud and proving it

sufficiently in a court of law in a short timeframe was always going to be difficult—which is why you have to prepare on the front end. I think more could have been done in that regard, especially on the legal side. At the same time, the National Republican Party doesn't control what the states do. If Republican legislatures are going to be cowed into agreeing to procedures that would make it impossible to verify a signature, for example, then there's only so much that a national political party can do to stop that.



A candidate who will successfully take on the establishment in everything from national security and foreign trade to economic policy and the media is going to have to work three times as hard.

Executive officials in some states just negated legislative provisions without any involvement by the legislatures at all.

If executive officials in states are just going to use their executive authority to change election law, with or without the approval of state legislators, then you need an immediate response to that. The bottom line is, what did we learn? We learned that if there's an ability to flood the system with votes that are not verifiable, bad actors will do it.

On top of that, we need billionaires, on the conservative side, who are willing to invest just as Mark Zuckerberg did. We have to find billionaires who are willing to spend money to both get out the vote and organize in key states just as fervently as the left has. And we also have to run a 50-state campaign. You can't expect to win through Florida, Texas, plus these few states in the Rust Belt region. Every year we have to get closer to taking back New England, and not give up on states like California or New York. This has to be a 50-state conservative movement that fights for every vote in every state. And I think until the Republicans really invest the time and money into doing that, it's going to be difficult—especially if these mail-in ballots become permanent.

Assuming that Joe Biden does become our next president, looking back on the Trump administration, what do

you think will be some of President Trump's lasting accomplishments?

His 300 federal judges are one of the biggest contributions to judicial conservatism that we've seen in our lifetime. Obviously, the Supreme Court with three justices. We'll see how their legacies shape up individually. In the end, Donald Trump will have appointed close to a third of all judges on the federal courts of appeals. I used to clerk on the Second Circuit Court of Appeals in lower Manhattan. Very important appellate court decisions about securities law are made in the second circuit, along with, obviously, a lot of other issues that have profound implications for our system of checks and balances and preserving our economic and civil liberties. Those are Trump's judges. It's huge.

One area in which President Trump did terrific work is foreign policy. We think about the Middle East, but also standing up to Russia and China and reinvigorating NATO. Do you think that progress will be undone in a

Biden administration?

I think Joe Biden is getting himself in a tricky box early on with China, because he's already signaled that he's not going to really take on China unless he's joined by other countries. His foreign policy team has been very clear that unilateralism is not the way to go, that we need global partners to make big decisions. That's music to the ears of China. They were giddy when Trump lost because Trump was the only thing between them and their Belt and Road initiative becoming a pathway to global domination. This is China's chance to run the table against the United States and Europe. If this idea of "working with your allies to counter China" was a winning formula, then why wouldn't Barack Obama have done it successfully? Barack Obama was a lot more popular than Joe Biden in elite foreign policy circles, yet China just grew more powerful, more emboldened against the United States over eight years. And right now it's going to be a return to those policies of acquiescence and an emboldened Chinese Communist Party.

Goldman Sachs and the rest of Wall Street poured money into Biden's campaign for a reason. They wanted to be able to do unfettered business in China—IPOs, mergers and acquisitions, and deal-making. They knew that things were going to always be difficult as long as Trump was in office. Trump's get-tough approach on China will be a lasting legacy. Biden will try to undo the China work that Trump did, but that's only going to make what Trump did all the more impressive. In the end, Americans didn't vote for Joe Biden to undo Trump's China policy. I think Americans probably voted for Biden because of the pandemic, and maybe so that things would calm down with the press, but there's no sense in exit polls that people wanted Trump's China policy undone. That was only Wall Street.

As we look back on the way Trump took the Republican party by storm,



This has to be a 50-state conservative movement that fights for every vote in every state.

do you think the Trump era will have led to some significant changes in the Republican party?

I don't think the Republican party will ever be a dominant party if it attempts to return to the open-borders interventionists or pro-China trade Bush years. The party is now a working-class party with growth among Hispanic voters and new inroads with African American men, especially. That's significant. And that's all because of Trump's message that, "I haven't forgotten you. We won't forget you. You're the lifeblood of this country—small businesses, entrepreneurs, working class Americans should be our focus." Again, Wall Street, the social media companies, and the *Fortune 500* overwhelmingly gave money to Biden

and the Democrats. Why? Because the last thing they want is rising wages. They want free rein to do whatever they want on outsourcing, or bringing in foreign workers, and expanding immigration.

Trump showed that we don't have to have flat-lining wages. By the end of Obama's term in 2016, real household median wages had only increased back to the 2000 level. Under Trump, they actually grew by something more than \$6,000 per household. That's real money. Capitalism and free market theory tell us that when you tighten up the labor market, employers have to start paying higher wages. And that's exactly what happened.

We've seen some radical developments from the left in the last few years, like Antifa, Black Lives Matter, and socialists now in Congress. We've seen crime out of control in some of our major cities, and cancel culture has swept across social media and our universities. Some people think that this radicalism is really a manifestation of Trump derangement syndrome. Others think it's here to stay. What do you think about that?

I don't think it's going to calm down at all. The forces supporting these movements are just getting going. You have Washington and Lee University pulling down statues. You have people seriously discussing whether Monticello should be closed. You have college campuses refusing to allow conservative professors to speak freely without fear of losing their tenure track position. The cancel culture is the only way they're going to proceed because they don't want any real debates. Biden never really debated China with Trump. He never had a real debate about whether Biden's China policy was going to be good for the United States. They don't want debates. They want to dominate.

So that's going to continue happening. That was already starting in the late '80s. Occupy Wall Street was happening

during Obama, and all the Freddie Gray riots, and Ferguson, and the uproar over Trayvon Martin were all during Obama, the first African American president. We haven't even talked about what's going to happen if they try to tax people's current firearm ownership, or if they try to keep kids out of school if they don't get a vaccine, or if they demand a vaccine certificate to fly internationally or to get a job in the government. We haven't seen resistance in the streets to that. What that would look like, I don't know. But at some point, when people are going to be told they have to wear masks for the next 10 years or something, they are going to say, "We're not doing that." How the government balances civil liberties and its policy goals is going to be very tricky. I think people are being pushed to the limit.

A lot of people may not realize that you have a strong connection to Minnesota.

I do. I grew up in Connecticut outside of Hartford. When I first heard of a friend of mine at Dartmouth being from Minnesota, I remember saying, "Wow, that's far." I'd never been to the Midwest. It just seemed so remote and foreign to me when I was in school. One of my close friends, who actually was the president of our school newspaper, *The Dartmouth Review*, was from Minnesota. We became comrades in arms, fighting against the rise of the far left on campus and in our newspaper.

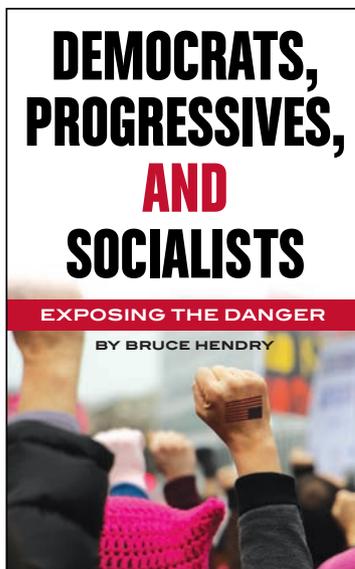
And that's how I first even thought about Minnesota—by hearing Doug Fulton's stories about playing pond hockey, and ice fishing, and just all the classic Minnesota things. It wasn't until years and years later that I started visiting Minnesota. I confess: It was only in the summer to visit Doug and then meeting others who live on Lake Minnetonka. But that's when I really began to explore Minnesota and kind of fall in love with it.

We still come for a couple of weeks, usually in the summer. We go up north to a lake in the Grand Rapids area. It's amazing. I love the serenity of it. ★

THE DAVID HOROWITZ FREEDOM CENTER IS PROUD TO PUBLISH THIS ESSAY BY BRUCE HENDRY ON THE EXISTENTIAL CRISIS OUR NATION IS FACING.

"The crisis has been caused by a dramatic shift to the left by one of our two main political parties. Tragically, the leaders of the Democrat Party seem to have learned nothing from the social catastrophes created by socialist illusions in the past century.

Bruce Hendry's analysis is an exceptionally valuable contribution to this discussion." **—David Horowitz**



It is not just enjoyment. I am learning by it. —Alex

Bruce's analysis is spot on, crystal clear and comprehensive. A must read that should be made mandatory in every school and college across the board. —Bach

We will see that the ideology of the Democrats is more like a religion than a political party and how human nature, jealousy, anger and group think psychology plays into their agenda. —Stephen

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The
THINKING
MINNESOTA
POLL

UNEQUIVOCAL MARCHING ORDERS

By wide margins,
Minnesotans reject
higher taxes either to
pay down the deficit
or to fund new
spending programs.



As members of the Minnesota legislature prepare to wrestle with a COVID-related budget deficit, Minnesotans by wide margins are telling them to deal with it through spending cuts not tax increases, according to the January edition of the *Thinking Minnesota* Poll.

When asked their opinion about the best way to address the budget shortfall, a commanding 63 percent said to “cut spending.” Nineteen percent said to “raise taxes,” and 11 percent advocated an “even mix” of the two. The “cut spending” response is even more dramatic than when the pollster asked the same question for the October edition of the survey, when 59 percent said “cut spending,” 20 percent said “raise taxes” and 15 percent said “even mix.”

“It isn’t hard to see where Minnesotans are coming from. In a year characterized by government-ordered shutdowns and challenging times in many sectors of the economy, a large majority believe that government, like individual Minnesotans, should tighten its belt and not demand more tax revenue,” says American Experiment President John Hinderaker.

The poll was conducted for American Experiment by Meeting Street Insights, a nationally recognized polling operation based in Charleston, South Carolina. Using a mix of cell phones and landline phones, the company interviewed 500 registered voters in Minnesota between December 3-5. The margin of error for a sample size of N=500 is $\pm 4.38\%$.

The directive from voters to policymakers becomes even more



FIGURE 1: THE VAST MAJORITY OF MINNESOTA VOTERS THINK CUTTING SPENDING IS THE BEST WAY TO ADDRESS THE STATE'S BUDGET SHORTFALL.

"Minnesota's state government projects a substantial budget shortfall for the next biennium. What do you think is the best way to address a budget shortfall?"

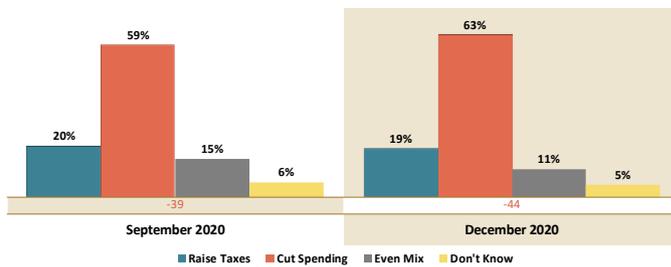


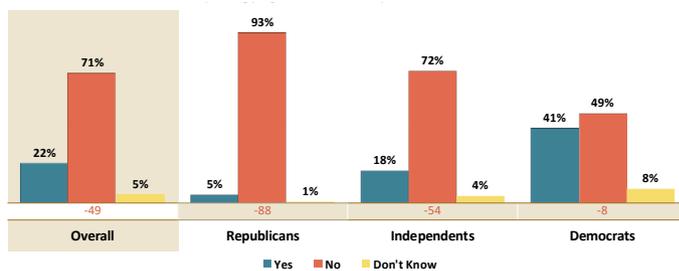
FIGURE 2: EVEN A PLURALITY OF DEMOCRATS AND MAJORITY OF VOTERS IN THE TWIN CITIES PREFER SPENDING CUTS OVER HIGHER TAXES TO COVER THE SHORTFALL.

Budget Shortfall Solution By Key Groups

	Raise Taxes	Cut Spending	Even Mix	Don't Know
Republicans	2%	90%	5%	2%
Independents	14%	61%	15%	5%
Democrats	38%	40%	14%	6%
Conservatives	5%	83%	6%	3%
Moderates	20%	58%	15%	6%
Liberals	46%	35%	11%	6%
Minneapolis/St. Paul	25%	51%	16%	6%
MSP Suburbs	18%	64%	10%	5%
Northeast Region	17%	69%	9%	4%
South Region	15%	72%	7%	3%
West / NW Region	15%	76%	5%	3%

FIGURE 3: SEVEN OUT OF TEN MINNESOTANS DO NOT THINK THIS IS THE TIME FOR NEW SPENDING PROGRAMS THAT WOULD REQUIRE A TAX HIKE.

"Given our current budget forecasts predict substantial shortfalls, do you think now is the time for new spending programs that would require tax increases?"



compelling when its depth and width among geographic and demographic interests are reviewed. Only self-described liberals favor closing the deficit through taxes (46-35 percent). Even Democrats favor spending cuts over taxes, although narrowly (40-38 percent).

Legislators may find the most striking result of the budget shortfall question in the unambiguous preference for spending cuts from the political middle. Political independents favor

About the pollster

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

FIGURE 4: MINNESOTA VOTERS PREFER SPENDING CUTS TO WELFARE FIRST, THEN INFRASTRUCTURE IN ORDER TO CLOSE THE STATE'S BUDGET SHORTFALL.

"If Minnesota's governor and legislature decide to close the budget shortfall with spending cuts, in which ONE of the following areas would you most prefer to see spending cuts?"

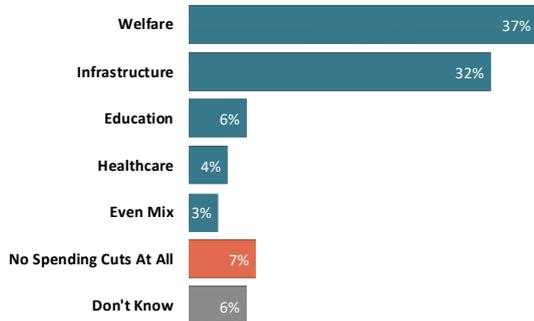


FIGURE 5: GREATER MINNESOTA VOTERS ARE MORE SUPPORTIVE OF WELFARE CUTS TO COVER THE GAP.

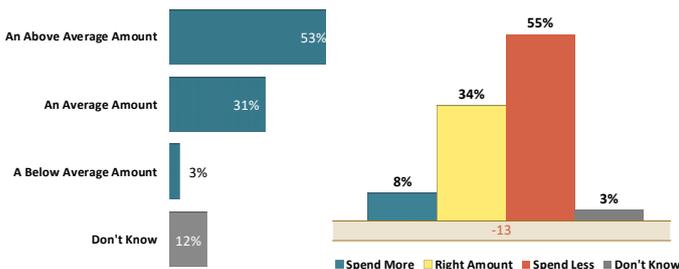
Spending Cut Preference By Region

	Minneapolis/St. Paul	MSP Suburbs	Northeast Region	South Region	West / NW Region
Welfare	32%	32%	47%	50%	41%
Infrastructure	36%	36%	25%	24%	30%
Education	7%	8%	4%	5%	4%
Healthcare	3%	7%	4%	5%	4%
Even Mix	3%	4%	0%	5%	5%
No Spending Cuts	9%	4%	10%	10%	5%
Don't Know	7%	6%	8%	0%	6%

FIGURE 6: MOST MINNESOTANS SAY WE SPEND MORE THAN THE AVERAGE STATE ON WELFARE PROGRAMS AND THINK WE SHOULD BE SPENDING LESS ON THEM.

"Would you say Minnesota spends an above average amount, a below average amount, or an average amount on welfare programs?"

"Do you think Minnesota should be spending more on welfare, less on welfare or is Minnesota spending the right amount?"



"It isn't hard to see where Minnesotans are coming from. In a year characterized by government-ordered shutdowns and challenging times in many sectors of the economy, a large majority believe that government, like individual Minnesotans, should tighten its belt and not demand more tax revenue."

spending cuts by more than four-to-one (61-14 percent), and moderates favor cuts by 58-20 percent.

The groundswell of support for solving the deficit through spending cuts is shared dramatically throughout the state. The closest divide is in Minneapolis/St. Paul, where two respondents favor spending cuts for every person who prefers raising taxes. The rest of the state is stunningly unified for cuts by margins ranging from 3.5-to-one to five-to-one.

Echoing the same sentiment, Minnesotans are even more steadfast against legislators enacting new spending programs that require accompanying tax hikes by 71-22 percent. Democrats agree, 49-41 percent, and the widely influential independents also reject new programs funded by new taxes by 54 percentage points, 72-18 percent.

"Our polling shows that Minnesotans believe—correctly—that there is a lot of waste in state government spending. This month's survey gives our legislators clear marching orders: Balance the budget by eliminating wasteful and low-priority spending. And whatever you do, don't try to enact new spending programs," says John Hinderaker.

Overall, respondents preferred cuts to come from welfare programs (37 percent) and infrastructure (32 percent), although that priority switched between the Minneapolis/St. Paul metropolitan area and Greater Minnesota.

Underwriting the Riots

While policymakers in the Twin Cities continue to struggle with how to pay for the massive damage inflicted on their cities by rioters and arsonists during the weeklong George Floyd riots at the beginning of the summer, a large plurality of Minnesotans (46 percent) believe the legislature should devote no Minnesota taxpayer dollars to pay for the damage.

- Thirty-two percent said the legislature should underwrite



“part of the damages, with the rest covered by the city, the federal government, and private donors.”

- Eight percent preferred taxpayer assistance coming in the form of a loan.
- And three percent want the legislature to pay for “all of the damages to the Twin Cities.”

Rating Public Schools

The reputation of Minnesota’s public schools appears to have taken a hit as educators cope with the challenges of COVID-19. The pollster asked respondents to assign a letter grade to indicate the achievement of public schools in both the March and the current edition of the survey.

While schools earned an “A” or “B” from 49 percent of Minnesotans in December, this is a full 10 percent decline from March. Six percent assigned “F” grades to the schools in the latest poll, twice the number in March.

“During the COVID epidemic, the public schools have failed Minnesotans. Remote learning has been sub-par for nearly all kids, and disastrous for many. It is no wonder that Minnesotans’ perceptions of public-school performance have dropped, especially among parents. The silver lining is that many Minnesotans are, for the first time, taking a serious look at alternatives to underperforming public schools,” says American Experiment Policy Fellow Catrin Wigfall.

White Privilege

A small majority (54 percent) of Minnesotans think “white privilege” is a problem in Minnesota, especially in the context of racial unrest earlier this summer. The strongest majority was among non-white Minnesotans (73-25 percent). In contrast, a majority of residents in Greater Minnesota (51-44 percent) do not view it as a problem. ★

FIGURE 7: A PLURALITY THINK THE STATE SHOULD NOT USE TAXPAYER DOLLARS TO COVER DAMAGES FROM THE RIOTS IN THE TWIN CITIES.

“Should the state of Minnesota use taxpayer dollars to pay for all of the damages to the Twin Cities, to loan the Twin Cities the money to pay for the damages, to pay for part of the damages, with the rest covered by the city, the federal government, and private donors, or should they not use Minnesota taxpayer dollars at all?”

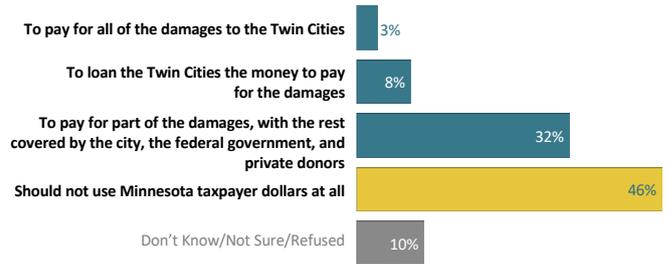


FIGURE 8: A MAJORITY THINK WHITE PRIVILEGE IS A PROBLEM HERE IN MINNESOTA.

“Thinking about some of the racial unrest our state has seen this year, do you think white privilege is a problem in Minnesota?”

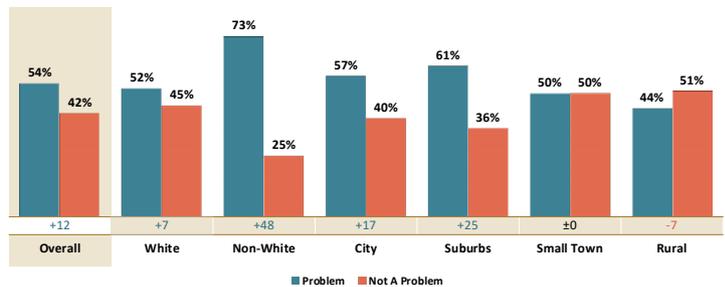
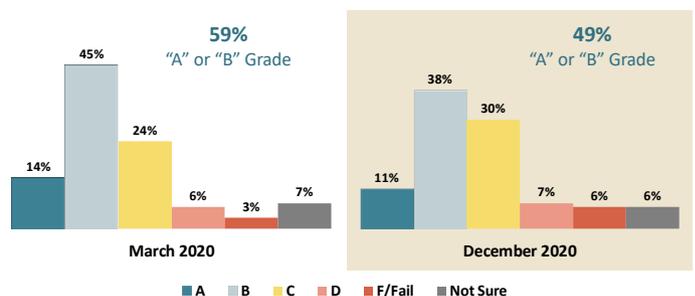
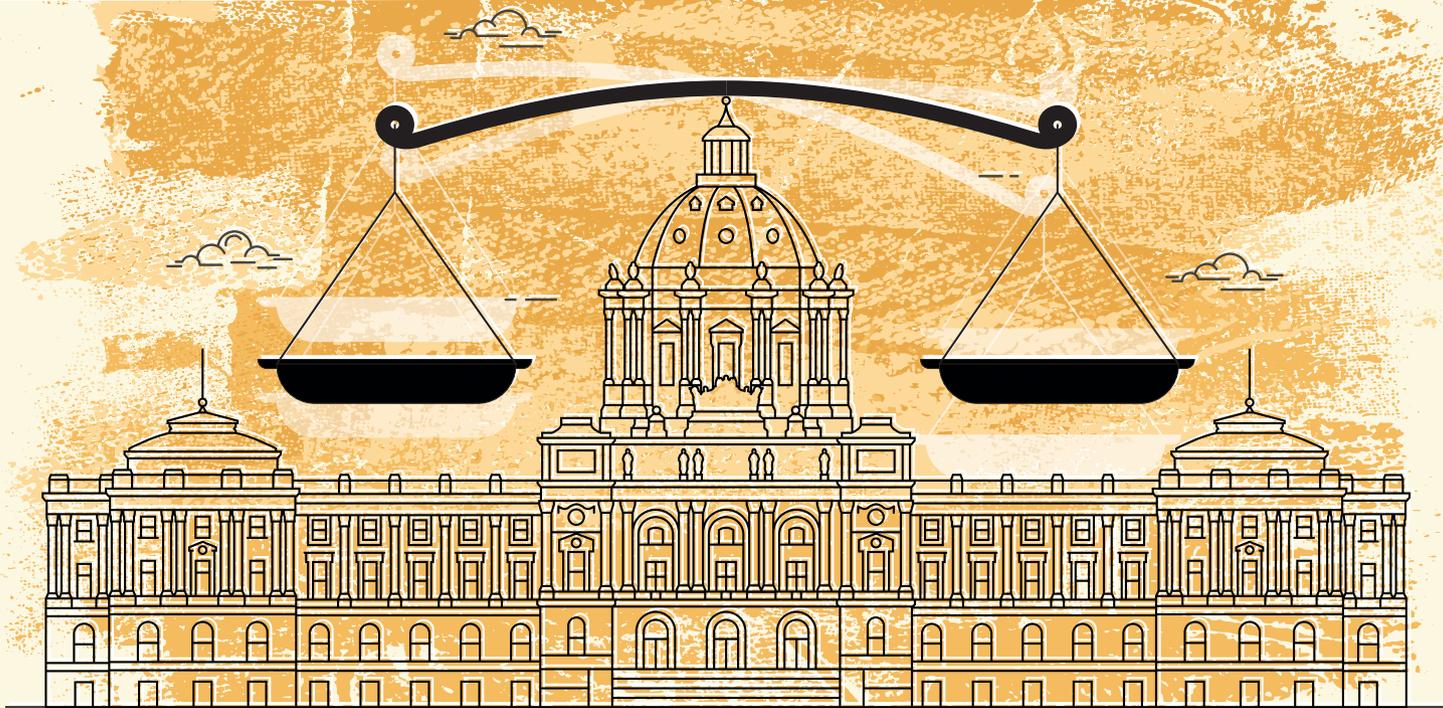


FIGURE 9: MINNESOTA PUBLIC SCHOOL RATINGS ARE DOWN FROM WHERE THEY WERE IN MARCH.

“What letter grade would you give the public schools here in Minnesota?”





REAL LEADERSHIP

No surprise: Minnesota's legislature needs to balance the demands of COVID with improving the prospects of our economy.

BY JOHN PHELAN AND CATRIN WIGFALL

The 2021 legislative session in St. Paul will open in the wake of one of the most tumultuous years in Minnesota's history. In March 2020, Governor Walz shut down large chunks of the state's economy in an effort to slow or stop the

spread of COVID-19. In May, the Twin Cities were rocked by four nights of violence following the death of George Floyd in police custody.

As legislators convene, they should look to act on the lessons of COVID-19. But they should also not lose sight of the

longer term problems facing the state in terms of a relatively sluggish economy. Indeed, the damage caused by the virus and the policy responses to it add an extra urgency to making Minnesota's economic policies more conducive to growth and increased prosperity. The

agenda below offers some practical proposals in response to COVID-19 and to improve the state's economic prospects.

A legislative response to the COVID-19 pandemic Education

The closing of Minnesota's public schools has been a disaster for many Minnesota families. But this problem also presents an opportunity. For the first time, thousands of Minnesota parents have been forced to consider alternatives to the neighborhood public schools. Homeschooling has grown, charter school enrollment has risen sharply, and private schools are seeing increased demand, while public school enrollments have declined in many school districts. Our organization's polling shows that for the first time, large numbers of parents of school-age children now have a negative view of the teachers' union because they understand the union's role in forcing school closures.

This situation offers a unique opportunity to diversify educational choices for families. Policy solutions include the following.

1) Establish Education Savings Accounts (ESAs)

ESAs are accounts that help pay for education-related products and services. In an ESA, government funding follows the child, not the school district. Different from private school vouchers and other scholarships, ESAs help families choose multiple learning options simultaneously, allowing parents to customize a child's education to meet his or her needs.

2) Establish Special Education ESAs

Under Minnesota and federal law, students can have Individualized Education Plans that schools are required to uphold. But investigations have revealed that many of Minnesota's most vulnerable children are not getting the help they need during the COVID epidemic.

Minnesota could allocate a portion of CARES Act/ESSER funds to families in the form of Special Education ESAs. This would allow parents to access the tutors, specialized therapists, or other needs that a district committed to remote learning cannot provide.

3) Allow Virtual Charter Schools

Experience during the shutdowns has shown that online learning fails many



Legislators should look to act on the lessons of COVID-19. But they should also not lose sight of the longer term problems facing the state in terms of a relatively sluggish economy. Indeed, the damage caused by the virus and the policy responses to it add an extra urgency to making Minnesota's economic policies more conducive to growth and increased prosperity.

students, while working for some. Authorizing virtual charter schools that specialize in online learning would introduce more flexibility and innovation into the state's education system.

4) Permit Full School Choice

On more than one occasion, Minnesota has come close to adopting full school choice, including scholarships that help cover tuition at religious schools, which in urban areas can be the only practical alternative to traditional public schools. Widespread dissatisfaction with the public schools' performance during the epidemic may open the door to finally bringing about full school choice.

Health Care

The COVID epidemic disrupted health care in many ways, including the prolonged banning of "nonessential" medical services. As with education, a serious problem has created opportunities to improve policies. In some cases, emergency measures taken during the epidemic can and should be made permanent.

1) Join the National Nurse Licensure Compact

In the past, Minnesota has excluded health care workers licensed in other states, but Governor Walz signed an emergency order allowing health care workers licensed in other states to work in Minnesota. This policy should be made permanent. Among other things, Minnesota should join the national Nurse Licensure Compact, something American Experiment has long argued for.

2) Lift the Moratorium on Hospital Construction

Minnesota law discourages construction of new hospital capacity by requiring the equivalent of a certificate of need. The state should restore competition to the hospital industry by repealing its moratorium on new hospital construction and all laws and regulations restricting development of such facilities.

Governance

1) Amend the Emergency Powers Statute

A 1951 statute allows Minnesota's governor to declare emergencies that he can unilaterally renew, unless both houses of the legislature vote to end the emergency.

The governor's powers under that law are virtually dictatorial. The law was intended to apply to floods, tornadoes and the like where quick executive action may be necessary, not to permit months- or years-long regimes of martial law. The needed policy reform is to amend the emergency powers statute, and the simplest way to do that is to provide that any emergency will automatically expire after 14 days unless it is affirmatively renewed by a two-thirds vote of both houses of the legislature.

Tax Reform for Economic Growth

Since 2020, Minnesota has slipped a place, to 46th, on the Tax Foundation's 2021 State Business Tax Climate Index. This was largely driven by our state's high corporate tax rates—where we rank 6th highest in the United States—and our individual taxes, where we rank 5th highest. To make serious progress in these rankings, we need to see these rates come down. But there are other things dragging Minnesota down on these rankings that would help us climb them if remedied.

1) Conform to the Federal Depletion Schedule

Minnesota is one of 13 states that doesn't fully conform to the federal system for the deduction for depletion. This works like depreciation but applies to natural resources. By imposing its own schedule, Minnesota makes its tax system more complex than it needs to be. Conforming to the federal schedule would help this.

2) Eliminate Minnesota's Alternative Minimum Tax for Corporations

Minnesota is one of only five states—down from eight as recently as 2017—that imposes an AMT for corporations. These corporate AMTs exist to prevent corporations from reducing their corporate income tax liability beyond a certain level. By requiring taxpayers to calculate their tax liability under two different systems, AMTs impose steep compliance costs on businesses, which in some cases proved larger than collections. According to the Minnesota Center for Fiscal Excellence, when the Department of Revenue last published a corporate income tax bul-

letin (about a decade ago) the corporate AMT constituted about 1 percent of state corporate income tax collections.

3) Abolish Minnesota's AMT for Individuals

Minnesota is one of just five states that imposes an individual AMT. These were created to ensure that all taxpayers paid some minimum level of taxes every year. As with corporate AMTs, they do so by creating a parallel tax system to the stan-

These remedies would raise Minnesota from 46th to 40th overall on the State Business Tax Climate Index.

dard individual income tax code. This requires individuals to calculate their tax liability under two different systems, which imposes heavy costs relative to the revenues gained.

4) Eliminate the State's Marriage Tax Penalty

Minnesota is one of 23 states and the District of Columbia that has a marriage penalty built into its tax codes. These penalties exist when a state's standard deduction and tax brackets for married taxpayers filing jointly are not double those for single filers. As a result, two singles (if combined) can have a lower tax bill than a married couple filing jointly with the same income.

5) Abolish Minnesota's Estate Tax

Minnesota is one of 12 states and the District of Columbia to impose estate taxes and is also one of six to impose inheritance taxes. These taxes are burdensome, disincentivizing business investment and driving high-net-worth individuals out of the state. In the Center's 2018 report "The Cost of Minnesota's Estate Tax," we estimated that, by driving these people and their future payments of other taxes out of the state, Minnesota's estate tax actually lost

the state government revenue overall. A subsequent paper by economists Enrico Moretti and Daniel J. Wilson confirmed this. The Tax Foundation calculates that, taken together, these five policy remedies would raise Minnesota from 46th to 40th overall on its State Business Tax Climate Index. While we would like to be higher, this would be a definite improvement.

Conclusion

These are only initial proposals. In all likelihood, the pandemic will not be over when the legislature convenes. Neither are these all the fiscal measures that the state needs to really improve its economic prospects. But they do represent first steps, however small, in the right direction. ★

John Phelan is an economist at Center of the American Experiment. He is a graduate of Birkbeck College, University of London, where he earned a BSc in Economics and of the London School of Economics where he earned an MSc.



Catrin Wigfall is a policy fellow at Center of the American Experiment. Catrin's experience in education and policy research began during her time with the Young Leaders Program at The Heritage Foundation. Her interest in education policy led her to spend two years teaching 5th grade general education and 6th grade Latin in Arizona as a Teach for America corps member. She then used her classroom experience to transition back into education policy work at the California Policy Center before joining American Experiment in February 2017.





2021 ANNUAL DINNER

Virtual and
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Keynote speaker Laura Ingraham

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FAKE CONSERVATIVES

Don't be fooled by the Minnesota 'Conservative' Energy Forum.

Ronald Reagan once quipped, “It has been said that politics is the second oldest profession. I have learned that it bears a striking resemblance to the first.”

The Gipper wasn't talking about the Minnesota Conservative Energy Forum (MnCEF), a group that takes money from liberal foundations to mislead conservatives on energy issues, but the quote still applies.

You see, election night in 2020 went poorly for those hoping to implement a Minnesota version of the Green New Deal.

Republicans held on to the State Senate by one seat, and two DFLers on the Iron Range, Tom Bakk and David Tomassoni, split away from other DFL senators to form an independent caucus. Republicans also picked up five seats in the House of Representatives, which whittled away at the DFL majority.

These developments should rule out Governor Walz's proposed 100 percent wind, solar, and battery storage mandate for the next two years... unless Republi-

cans vote to approve it.

While this isn't likely, it also isn't totally out of the question. Some Republican lawmakers who are good conservatives on issues like taxes and regulation are eager, even desperate, for a “Get Out of Jail Free” card, and they often see voting for liberal energy and environmental policies that increase the use of wind and solar as their ticket to balancing out their voting record. Unfortunately, they see capitulating to environmental interest groups—even extreme ones—as an electoral necessity.

In some ways, this desire is understandable. Conservative organizations didn't meaningfully engage in energy and environmental policy for decades, relying instead on the instinctive skepticism of subsidies and mandates from friendly lawmakers to keep bad energy policies from becoming law.

This hands-off approach backfired badly because it resulted in well-funded

liberal organizations filling the general public's knowledge vacuum with their talking points. Additionally, liberal groups were all too happy to demonize conservatives as “anti-science” or against “the science,” even though many of their own policy prescriptions are as scientifically sound as a poorly written horoscope.

Astrology, folks, is not astronomy.

Asleep at the Wheel

The lack of early engagement from conservatives on these issues also had undeniably negative consequences on the policy front. Then-Minnesota Governor Tim Pawlenty, who had his eyes on the Republican nomination for president in 2012, signed Minnesota's original renewable energy mandate into law in 2007. Since then, electricity prices in Minnesota have risen 23 percent faster than the national average.

The cost of electricity matters more than most people think.

Minnesota's electricity prices were once 20 percent below the national average, a massive competitive advantage in energy-intensive industries like agriculture, manufacturing, and mining. Such prices also benefited low-income families, who spend a higher percentage of their income keeping the lights on than affluent urbanites and suburbanites.

Today, this advantage has completely evaporated. It is now harder for families

BY ISAAC ORR

to pay their bills and more difficult for Minnesota businesses to compete with companies in other states and countries.

Higher electricity prices—especially when driven by government mandates—are a tax on our quality of life.

Despite rising electricity prices in Minnesota—and rolling blackouts in California that resulted in two million people losing their electricity because the Golden State is overly reliant upon weather-dependent wind and solar—some lawmakers in St. Paul still want to set up Minnesota for the same bleak future.

These lawmakers are prodded along by an armada of wind and solar special interest groups that are funded to the tune of millions of dollars by the liberal Energy Foundation based in San Francisco, California and the McKnight Foundation based in Minnesota.

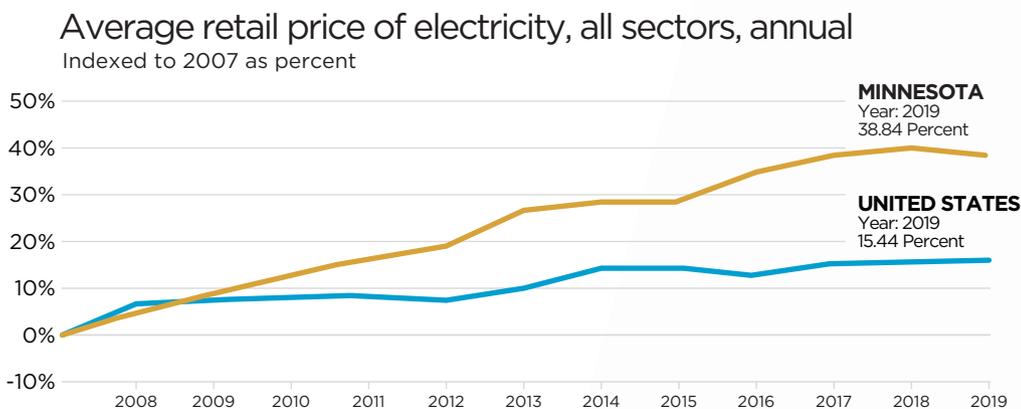
Among the groups bankrolled by these foundations are: Earthjustice, the Natural Resources Defense Council, the Sierra Club, Media Matters, the Environmental Defense Fund, Fresh Energy, the anti-mining Minnesota Center for Environmental Advocacy, the Citizens Utility Board of Minnesota, Clean Energy Economy Minnesota, and MnCEF.

What Was that Last One?

At first blush, it would appear as if one of these groups is much different from the others. After all, the Minnesota Conservative Energy Forum claims to be a voice advocating for conservative energy policy in our state. Its website even contains a quote from Ronald Reagan featured next to a picture of the Gipper.

This prompts the question, why on earth would the Energy Foundation, which supports groups like the Sierra Club that advocate for the Green New Deal and “climate reparations,” provide nearly 86 percent of the funding for a conservative energy group in the Midwest?

The most logical answer to this question is that the policies advocated by MnCEF aren’t conservative, at all.



MnCEF: The Lincoln Project of Energy

To understand why the Energy Foundation would fund MnCEF, it helps to look at how leftist donors funded the Lincoln Project, a group of alleged Republicans who vehemently opposed Donald Trump during the 2020 election cycle.

This group of former Republican operatives used the endowment of millions of dollars from Democratic funders to produce attack ads in an effort to defeat Trump.

“As former Republicans, the members of the Lincoln Project believe their ads can destabilize the president and appeal to Trump-skeptical conservatives, giving them room to vote against Trump and for Joe Biden,” *Vox* wrote in July 2020.

MnCEF exists for the exact same reason, but with an emphasis on energy.



The Energy Foundation and the McKnight Foundation learned long ago increasing renewable subsidies and mandates without the appearance of bipartisan support would be difficult.

Acknowledging this reality, liberal foundations fund AstroTurf conservative groups like MnCEF to make disingenuous political and policy pitches designed to muddy the issue and con Republican lawmakers into believing that mandates make free markets and that liberal regulators will look out for businesses.

What Would Conservative Energy Policy Look Like?

MnCEF obtaining 86 percent of its funding from liberal interest groups should raise red flags for Minnesota conservatives, but where the organization gets its money is ultimately far less important than the policies MnCEF advocates for.

Before we discuss why MnCEF is a liberal-funded front group designed to mislead Minnesota conservatives on energy issues, it helps to take a step back and ask: What issues and stances could we reasonably expect a conservative energy policy organization to focus on, and does MnCEF meet those expectations?

Line 3: One would imagine that support for the Line 3 oil pipeline replacement project would be an easy sell for a conservative policy group, given that replacing the pipeline is beneficial for Minnesota's economy, our environment, and our national security. But MnCEF hasn't said anything to support the pipeline. One can only speculate that the Energy Foundation wouldn't like it if MnCEF publicly supported a fossil fuel project that other Energy Foundation-funded groups oppose.

Walz's California Car Mandates: In September 2019, Governor Walz announced his intent to implement California's car regulations, which would force car buyers to pay more, make car dealers stock electric cars, and require all new vehicles registered in Minnesota to meet California's gas mileage standards.

One would assume that an organization that advertises itself as opposed to heavy-handed government mandates would oppose these rules by filing comments, holding public events, testifying at the Capitol on why more mandates are bad for Minnesotans, or even mentioning it once on its website. But unlike Center of the American Experiment, MnCEF didn't oppose this executive overreach. Other recipients of Energy Foundation dollars have strongly endorsed the California car mandates.

Walz's and the House DFL's 100 Percent Carbon-Free Mandate by 2050

In January 2019, Governor Walz announced his desire to sign legislation mandating 100 percent of our electricity come from carbon-free resources by 2050.

However, this legislation did not lift the moratorium on new

nuclear power or allow hydropower to be considered "carbon free," even though it emits no carbon dioxide. This means Walz's plan would have been an impossibly expensive wind, solar, and battery storage mandate.

There was ample time to testify against this bill when it was before the Minnesota House of Representatives, and American Experiment did so a half dozen times. But MnCEF didn't.

Clean Energy First

While MnCEF has been conspicuously quiet on the issues we've discussed so far, it did testify in support of a bill in the Minnesota Senate called "Clean Energy First," which would have forced utilities to prioritize carbon dioxide-free power plants when replacing a retiring plant.

While this bill had some good provisions, such as legalizing nuclear, hydro, and carbon capture, the bad outweighed the good because it forced companies to prioritize certain technologies

over others—this is the definition of picking energy winners and losers and opposite from the entire point of a free market.

Had this legislation been signed into law, it also would have rubber stamped Xcel Energy's plan to shut down its coal plants years before the end of their useful lifetimes and build enormous amounts of solar and wind at an incredible expense to Minnesota families and businesses.

Xcel Energy's Green New Steal

American Experiment's modeling has shown that Xcel's proposal would cost the average Xcel Energy customer \$1,428 per year, every year through 2051. This is why American Experiment has mobilized thousands of Minnesotans to tell regulators that they oppose Xcel Energy's Green New Deal.

MnCEF, on the other hand, applauded Xcel's proposal stating:

The Minnesota Conservative Energy

Forum (MnCEF) commends Xcel Energy for its announcement to obtain 80 percent of its electricity from carbon-free resources by 2030, and to be 100 percent carbon free by 2050... Minnesota consumers overwhelmingly support cleaner and cheaper energy, and Xcel's announcement promotes a diverse energy portfolio.

There's nothing cheaper about Xcel's proposed plan. In fact, the company announced on election day that it will be seeking to raise electricity costs by 20 percent over the next three years to pay for building more wind and solar.

Taking money from liberal foundations doesn't necessarily mean you're a front group, but failing to advocate for conservative energy policies, while also taking loads of liberal money, certainly does. Now that we've made a credible case to support this theory, we can look at how MnCEF leads others astray.



Why on earth would the Energy Foundation, which supports groups that advocate for the Green New Deal and "climate reparations," provide nearly 86 percent of the funding for a conservative energy group in the Midwest?

WHAT IF...

Instead of...

- Renewable Energy Standards
- Mandates
- Redistribution
- Bumper Sticker Targets
- Imposed Ideology
- Lack of Concern for Ratepayers
- Political Utility Regulators

Conservatives promoted

- Lower prices
- More policy options
- Consumer tailored programs
- More competition
- Remove middle men

The Bait and Switch: Misleading Grassroots Conservatives

The problem with energy policy is that most people don't have the time or desire to learn how the electricity they rely upon every second of every day is delivered to their door. They simply expect it to be there at the flip of a switch. Unfortunately, this lack of knowledge leaves many people vulnerable to the sleight-of-hand tactics used by MnCEF.

In May 2019, I gave a presentation on energy policy to a local conservative organization in a southeastern suburb. A week or so later, one of the attendees informed me that MnCEF had requested to speak to the group.

While I was not happy to learn that MnCEF was slated to address the group, I was grateful that the group offered to let me attend MnCEF's presentation given by MnCEF's executive director, Adam Seidel.

In the presentation, MnCEF used conservative-sounding buzzwords to trick those with limited energy knowledge, but anyone with knowledge of the energy industry would instantly recognize them as a word salad of incoherent contradictions.

The nearby slide from the presentation (which I took a photo of) helps demonstrate this point by how it lays out MnCEF's "big picture" focus on energy policy.

The federal government spends billions of dollars subsidizing wind and solar every year, Minnesota law forces us to use them, and government-approved monopoly utilities like Xcel make a government-guaranteed profit when they build wind turbines and solar panels. Wind and solar are not products of a free market; yet, MnCEF suggests they are.

MnCEF pretends to be against renewable energy standards and mandates, but Mr. Seidel testified in support of Clean



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for his undergraduate geology research. Isaac has written extensively on hydraulic fracturing, frac sand mining and electricity policy, among other energy and environmental issues.

Energy First and was silent when Walz wanted to pass a Minnesota Green New Deal. According to the slide, MnCEF states it promotes lowering costs but eagerly supports wind and solar, which are responsible for Minnesota's skyrocketing electricity prices. MnCEF pretends to favor more competition and consumer choice while glad-handing Xcel Energy's most expensive monopoly practices.

Push Polling Our Politicians

In addition to MnCEF's misinformation campaign at the grassroots level, the group also seeks to pressure lawmakers into passing bad energy policy by sharing push polls with them behind closed doors at the Capitol to scare them into believing they only have two choices—vote for these policies or incur the wrath of voters on election day.

An example of MnCEF's polling is below:

Do you agree or disagree with this statement?

"Minnesota should pursue an all-of-the-above energy strategy, which means lowering our heavy dependence on fossil fuels over time and allowing an increase in electricity generation from renewable energy sources as well as more energy efficiency, and I support taking action to accelerate the development and use of clean energy in Minnesota."

According to MnCEF, 73 percent of Republicans and independent voters agreed with this statement, and given the lack of background information about Minnesota's current energy needs, cost, or reliability, it is surprising support for the statement wasn't higher.

The problem with push polls is that they are designed to give the pollster an answer he or she wants rather than accurately reflect public opinion.

While MnCEF's poll said 73 percent of Republicans and independents agreed with the statement, a pre-election poll from *MinnPost* found that only 1 percent of likely Trump voters said climate change was a top three issue for them. MnCEF's attempt to pressure conservatives into supporting more wind and solar mandates isn't just incorrect, it could be electorally devastating for lawmakers who vote for such mandates in future primary contests.

Conclusion

The biggest lesson Minnesotans should take away from this article is that their voice matters. If you do not tell your lawmakers how to address energy policy, someone from an Energy Foundation-funded group will.

Liberal wind and solar advocates may not be honest about the true cost of renewable energy, but they aren't stupid, and they understand that the easiest way to get more mandates for renewable energy passed is by misinforming conservative lawmakers and pressuring moderates with push polling.

To many conservatives, this lip service to free markets and competition could seem like a legitimate framework for viewing energy policy, but MnCEF's talking points are designed to take advantage of the fact that most people do not have an in-depth understanding of energy issues.

Ultimately, where MnCEF's money comes from is far less important than the policies the group advocates for. These policies, unfortunately, are anything but conservative. ★

LEGAL CARTELS

In the name of public safety and ensuring high quality, Minnesota's licensing boards have created unchecked bureaucracies that limit competition.

BY MARTHA NJOLOMOLE

Adam Smith, the 18th-century Scottish economist, warned against how trade-based cartels and monopolies can lead to “a conspiracy against the public, or in some contrivance to raise prices.” And even though a government’s action prohibiting such assemblies would infringe on liberties, Smith also warned it is not in the people’s best interest for governments to enable such collusions.

Smith was referring to a practice in which tradesmen (people who produced various goods and services) formed corporations that ruled particular trades. In towns where a trade was incorporated, individuals could either be employed by or be part of the so-called corporation. To be free of corporate authority, individuals were often required to go through apprenticeships under a qualified master.

Getting through apprenticeships, however, was no easy task. Corporations wrote by-laws that determined rules apprenticeships were supposed to follow. These rules went as far as limiting the number of students a master could have under his apprenticeship and the number of years that a student was supposed to serve as an apprentice. By limiting the number of

students and increasing education requirements, corporations managed to deter workers from entering into specific trades.

What often rendered corporation by-laws binding and enabled corporations to constrain competition was the fact that they possessed legitimate power backed by the state. State law both encouraged the development of corporations and also instilled legitimate power to police non-compliance with their rules.

Introduced by the parliament of Queen Elizabeth I in 1563, the “Statute of Apprenticeship” made it into public law, requiring a minimum apprenticeship of seven years for “any trade, craft, or mystery.”

With the government’s help, by-laws that corporations once used to govern solely over their respective trades had become common law ruling over all commerce. This power gave corporations exclusive privileges that individual workers did not have. In essence, corporations enjoyed the freedom to produce and trade without fear of competition from new entrants in the marketplace. In other words, corporations received the power to act as cartels. In essence, each class of tradesmen set up rules and regulations to limit competition in their respective

The Minnesota board of cosmetology requires anyone wishing to be a licensed cosmetologist to undertake 1,550 hours of training, pass exams and pay a fee of about \$139.



trade, essentially raising prices for their goods and services.

Licensing Boards

Licensing boards are currently perhaps one of the most powerful labor institutions in the United States and the state of Minnesota. Their power has expanded in recent years due to the expansion of occupational licensing in the country. University of Minnesota Professor Morris Kleiner has described occupational licensing as a way to “protect the health and safety of consumers and to ensure a sufficiently high level of product or service quality. By making would-be practitioners undergo specific training, pass exams, and complete other requirements, according to this rationale, the public is better protected from fraudulent, disreputable, and unqualified service providers.”

It is true that without licensing there is some risk of danger for certain professions, such as medical practitioners or electric installers. However, most licensed occupations are low-risk professions that can be mastered with training. So, why is there a broad reach of licensing boards in low-risk occupations?

When you think about it, today’s licensing boards are fairly similar to the corporations that drew the ire of Adam Smith. Modern licensing boards are typically empowered by the government to regulate a specific profession. This means their power and overreach are binding over all practitioners in the licensed field across the entire state.

This setup is a perfect recipe for successful anti-competitive behavior. It gives rise to organizations that use state police power to make up and enforce unreasonable rules, essentially enabling them to narrow down the market. Evidence suggests that licensing boards have become such self-serving entities that work like cartels instead of protecting consumer health and safety. It is not too hard to imagine why; licensing creates a mechanism that not only requires the existence of but legally preserves the cartel-like power of the board in the labor market.



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The Minnesota Board of Cosmetologist Examiners

Consider, for example, how the Minnesota Board of Cosmetologist Examiners has used its overreaching power to prey on makeup and hairstyling artists.

Generally, the Minnesota Board of Cosmetology requires anyone wishing to be a licensed cosmetologist to undertake 1,550 hours of training, pass exams, and pay about \$139. Until it was changed in May 2020, this rule used to cover a broad range of professions, including free-lance hairstyle and makeup artists.

By definition, most freelancers focus on doing either just makeup or hairstyling on site. However, under the old rules they still had to take a full cosmetology course and get licensed. According to the Minnesota School of Cosmetology, a full cosmetology course includes the following:

- Cosmetology basics pre-clinic (245 hours of theory, 35 hours practical), which involves “instruction in applied science and skills in the art and science of beauty care.” As described by the school, this course teaches students “the fundamentals in scalp care, shampooing, conditioning, haircutting, hairdressing, hairstyling, properties of the hair and scalp, infection control, chemical texture services, manicuring and pedicuring, hair color, chemistry, and electricity.”

- Cosmetology intermediate (165 hours theory, 605 hours practical), whereby students study the “anatomy and physiology, skin growth and structure, skin diseases and disorders, nail structure and growth, nail diseases and disorders, hairdressing, hair design, braiding and braid extensions, wigs and hair additions, hair

coloring, facial makeup, hair removal, nail tips/wraps, acrylic nails, and light-cured gels.”

- Cosmetology advanced (10 hours theory, 490 hours practical), whereby theory is devoted to teaching students about the salon and spa business, “enhancing skills in selling products and services, and career planning.” Clinic time is dedicated to “enhancing technical and customer service skills and completing state and school required quotas.”

A board-approved cosmetology program costs at least \$20,000. However, most of the courses covered in cosmetology are irrelevant to someone who merely wants to practice makeup on site. Not only is pursuing cosmetology a waste of time for freelancers, but it is also very costly. It is hard to imagine any kind of harm makeup artists would bring on their customers if they did not undergo this kind of training, yet licensing boards

Minnesotans who want to practice horse-teeth floating (the process of filing down a horse’s teeth for more efficient chewing) must either be a licensed veterinarian or follow a lengthy process that costs tens of thousands of dollars and requires apprenticeships or memberships in private certification programs.

are well within their rights to enforce such rules.

Unfortunately, this is not yet the pinnacle of overreach with the Board of Cosmetology. After judging that a cosmetology license was not enough for someone to practice makeup and hairstyling, the board made some arbitrary changes to how certain rules were to be interpreted.

In December 2018, the board introduced a regulation that banned freelancers from operating at “special events” with just a cosmetology license and instead required that anyone who wanted to do makeup at weddings or other special events should undergo more training to earn a salon manager license.

In addition, freelancers would also need to get a special event permit. The board sent cease and desist letters to freelancers, threatening fines and/or criminal penalties to anyone who failed to comply.

To be a salon manager, someone must undergo 4,250 hours of training and pass four exams. For most freelancers, who had already invested thousands of dollars in cosmetology school as well as years building their client base, the rule change meant they only had two choices: (1) cease operations for good, or (2) invest another 2,700 hours of salon work and take more exams.

There are a couple of facts that make the board’s decision unwarranted. First, makeup artists do not use very complicated tools, and they certainly do not need hours of training to master hygiene practices, such as cleaning tools and washing hands. Second, working in a salon does not always provide freelancers the opportunity or the training to work on their area of interest, beautifying clients. To earn salon manager training experience, some workers have been forced to venture into unrelated activities like cutting hair in order to fulfill their licensing requirements.

What is even harder to understand is how arbitrary this law is regarding “special events.” For example, a bride can have a freelance makeup artist for her bridal photoshoot—no harm done there. However, for her actual wedding day, she would have to hire someone licensed as a salon manager to do her makeup. In fact, makeup artists are free to do makeup for photoshoots, television or film production or plays without needing to follow these extra rules.

This is definitely not a matter of safety or quality. As it happens, no evidence exists indicating that any harm necessitated this rule change. And while this law has regrettably been around for a while, the board (made up almost entirely of licensed and established practitioners in cosmetology) chose to interpret it differently just when the wedding industry was booming.

This is a rule that shouldn’t have existed in the first place. The board’s decision to enforce this law was undeniably meant to accomplish one thing—undercut freelancers in a competitive, flourishing market. Fortunately, this law was reversed, and Minnesota statute now exempts hair stylists and makeup artists from

all types of licensing and only requires four hours of sanitation training.

Minnesota Occupational Licensing is Brimming with Irrationalities

Consider the following.

1. To be a certified Emergency Medical Technician in Minnesota, someone only needs 142 hours of skills and training. However, to be a barber in Minnesota, the state requires 700 days of training. The national average requirement is 416 days.

2. To be a fire alarm installer and a security alarm installer in Minnesota, three years of training is required, but nationally, the average required training is 486 days and 535 days, respectively.

3. Horse trainers in Minnesota require two years of training, but the national average required training is three months.

4. Tree trimmers (only licensed in Minneapolis, not Minnesota) are required to employ or be “qualified arborists.” To be a qualified arborist requires certification by the International Society of Arboriculture (a certification that takes three years to complete, including an exam that covers only a tiny portion on tree trimming) or a bachelor’s degree in arboriculture. In contrast, the other four states that license tree trimming only require fees and an exam or two.

5. To practice horse-teeth floating (the process of filing down a horse’s teeth for more efficient chewing), a Minnesotan must either be

a licensed veterinarian or follow a lengthy process that costs tens of thousands of dollars and requires apprenticeships or memberships in private certification programs.

If licensing rules were about safety and quality, we would see uniformity in requirements, flexibility in how applicants fulfill training requirements, and a certain level of reasonableness to rules depending on the level of risk each occupation poses. But that is hardly what characterizes licensing rules. Licensing boards in their respective professions have taken it upon themselves to push for rules that do not make sense for quality or health reasons but are also costly and timely to comply with and arbitrarily applied. As Adam Smith warned, government-sanctioned collusions, like licensing boards, have an all binding and overreaching power that make them more likely to succeed in amassing power. This, in a nutshell, explains why licensing boards are not only able to expand their overreach but are always looking to do so. State laws necessitate they exist and help them hold and preserve cartel-like power in the market. ★

Licensing boards in their respective professions have taken it upon themselves to push for rules that do not make sense for quality or health reasons but are also costly and timely to comply with and arbitrarily applied.



FIRST PERSON

What I Learned

Congressional candidate Kendall Qualls reflects on how influencing black communities doesn't necessarily have to come from an office in the U.S. Capitol.



BY KENDALL QUALLS

It was maybe 9 p.m. on election night when a campaign consultant came into our war room at the Bloomington Hilton to tell me that the Associated Press was about to declare incumbent Dean Phillips, my opponent, as the winner in the election for representative of Minnesota's Third Congressional District.

The news arrived much earlier and with a wider margin than any of us anticipated. I woke up that morning thinking that either of us might win by something like three points. Polling showed that Phillips initially defeated a "generic" Republican by 52-40. But when poll respondents heard that I was an African American candidate who had bootstrapped himself from childhood poverty to the military and had a successful career as a health care executive—and that I wanted to focus on health care policy—my support jumped to 47 percent. And Phillips slipped from 52 to 47. I had prepared election-night speeches covering either result.

That night, I had been splitting my time between visiting the party faithful in the hotel ballroom and my "war room" suite upstairs filled with family, personal guests and key campaign employees. As I pulled out the concession speech, I thought briefly about why I had entered the race at all. I never set out to be a politician. But I thought it was dangerous when this new Congress was sworn in with liberal leaders like Alexandria Ocasio-Cortez and Ilhan Omar openly calling for socialism and calling our country racist. We have racists in our country, but we're not a racist country—and that's a very important distinction. I heard no one locally condemning those comments. Dean Phillips said nothing.

I had heard an interview in which

Jonathan, Jacob, Kathryn, Sheila, Kendall, Ashley, and Joshua.

Omar incredibly compared ISIS and Al Qaeda to the U.S. Army. It was such an egregious statement, and no one called her out on it. That was the tipping point for me.

I spent four years in the Army Reserve in college and five years afterwards on active duty as an artillery officer. My father spent 25 years in the Army. My father-in-law spent 30 years in the Army. My brothers and brothers-in-law all served. My son, Jonathan, is fourth generation Army.

When I approached the ballroom mic, I saw disappointment in the

I was surprised at how my personal background—my unalterable commitment to family, faith, education and the military—made such a meaningful connection with so many voters throughout the campaign.

faces of the volunteers who had worked so hard for my campaign, especially the young ones—the high school and college students who had volunteered hours and hours knocking on doors and waving signs on street corners. I did my best to keep a positive spin for their sake and for the staff. I had a clear emotional sense that this fight is not over yet. You only lose the fight when you decide not to stand back up. I knew there was more to do. This is a transformational time in Minnesota and in America. My role in helping to shape that future didn't necessarily have to operate from an office in the U.S. Capitol.

MY BACKGROUND

I was surprised at how my personal background—my unalterable commitment to family, faith, education and the military—made such a meaningful connection with so many voters throughout the campaign.

My parents divorced in 1968, soon after my father came home from the Vietnam War. My mother bought six tickets for a Greyhound bus that would take her and her five children closer to her parents. We moved from our home in Fort Campbell, Kentucky to Harlem in New York City. I was only five years old, about to enter first grade, but I still remember it vividly. We got off the Greyhound at Grand Central Station and boarded a city bus to 125th Street in Harlem. We were just three blocks from my grandparents' apartment building when we got a real introduction to our new neighborhood. We got robbed. A man, an obvious drug addict, accosted my mother in broad daylight and demanded all her money.

I still remember my mother saying, "Please, mister. This is all the money I have. I have five kids here." Another man, leaning against a nearby building, told her to give up. "Lady, you'd better give him all your money," he said. "He doesn't care if you have five kids or 10 kids." Harlem in those days was an epicenter for drugs and violence. We experienced what it feels like to live in a place where they defund the police.

As a kid in elementary school, I remember having to fight two or three days a week just to defend myself. I never knew what would happen after school on my way to the public housing project where we lived, or what would happen once I got there. We lived on the 10th floor, and half the time, the elevator didn't work. But merely walking up 10 flights wasn't what we feared. The stairways were dark because the heroin junkies would knock out the light bulbs. We'd have to navigate around them on our way up the stairs, never quite sure what we would encounter.

But walking into our apartment was like experiencing sunlight after leaving a dark cave. The place always smelled like Pine-Sol. My mom was a woman from Savannah, Georgia who believed that cleanliness is close to godliness. She used to say that just because you live in a place like this doesn't mean that you have to live like you're from a place like this. We didn't have a lot, but what we did have was clean and tidy. My mom worked really hard, but even as young kids, we knew that the stress of raising five kids all by herself was taking a toll. We could see the anxiety on her face every night when she put us to bed.

Harlem's street culture started to absorb my older brothers

and sisters. After a couple of years, my father came and took my younger brother and me to live with him in Oklahoma. He was still a drill sergeant there. All he could afford was a small trailer in the trailer park. So, that was my start in life.

But the neat thing about America is that where you start in life is not where you have to stay in life. I wanted my life to change, and I knew that it all started with education. I worked full time all through college. I delivered pizzas from 4:00 p.m. to 2:00 a.m. and got up at 7 a.m. for class. Money was tight. There were times when I had only about \$2 left to put in my gas tank for the week. I joined the Army Reserve in college. Because I was in ROTC, I got

commissioned as a second lieutenant when I was 19 years old. I had men reporting to me that were my father's age. I received leadership development from the United States Army, an organization that's been training leaders for over 200 years. After I graduated, I went on active duty as an artillery officer. And after that role, I got promoted to captain, and the Army sent me to South Korea, right on the demilitarized zone (DMZ).

I didn't know exactly what I wanted to do when I got out of the Army. Both my father and my father-in-law were men from the Jim Crow South. They believed the Army was the only place in America where a black man could earn a living and be treated with respect, dignity and fairness. I also learned that lesson in the Army. One of my first drill instructors told me that when it comes to race, we're all the same color, Army green. We work as a team. There are no individuals.

That lesson has served me well throughout my career: Focus on objectives that are larger than ourselves. Everyone has value; everyone can contribute to the team. I've used that Army wisdom to hone my leadership skills all throughout my civilian career.

As I thought about a career outside of the Army, I felt that because I was black, I wanted to become more prepared and better qualified than my peers. I earned a master's degree while I was in the Army, and two years later, I acquired another MBA. Then I got my third master's degree, this one from the University of Michigan, about 10 years ago.

I started in the pharmaceutical industry with Johnson & Johnson, an industry that does a phenomenal job of training. I started in sales, got promoted to sales management, and then got transferred to the home office in New Jersey for marketing. I was, this kid from Harlem, managing a \$95 million budget, an hour away from where a drug addict held us up when I was five years old.

That can only happen in the United States of America. I don't



TakeCharge Minnesota

The Power of Mothers

One of the priorities of the new Qualls organization is to revive the value and benefits of education and marriage in the black community. Qualls plans to empower the experiences of mothers and grandmothers as a force multiplier.

The tragedy of George Floyd's death in Minneapolis was hijacked when politicians made it about police brutality and systemic racism, concealing the underlying issue in the process. In response to Floyd's death and the subsequent rioting, Dean Phillips, the representative from Minnesota's Third Congressional District, joined a long list of progressive politicians when he issued a statement condemning white Minnesotans and magnifying the belief that the problems facing black Americans are rooted in white privilege and systemic racism. I countered with my own statement that there are racist people in our country, but we're not a racist country—and that's a very important distinction. I also pointed out that the American Dream is alive and well. It worked for me, and I plan to work tirelessly in Minneapolis and across the state to convey how it still works for everyone, including black Americans, regardless of their circumstances.

Despite the prevailing narrative, the biggest issue facing black Americans is not police brutality or racism. Do we need to find a just and swift process for getting rid of bad cops? Absolutely. But the biggest issue facing the black community is the breakdown of the family precipitated by fatherless homes. This has not always been a problem in the black community. In the 1960s, nearly 75 percent of black children lived in two-parent families. Today, 80 percent of black children in Hennepin County alone are raised in fatherless homes. We'll never solve any problem in black communities until we resolve that issue first.

Until now we've addressed symptoms—poverty, joblessness, crime—through political maneuvers, government programs and allocation of billions of dollars. But this is a cultural and generational problem that needs to be addressed



through leaders in the community, education and empowered women who have been on this journey for five or more decades. In the process, we must also address the mental and emotional prison of victimhood reinforced by politicians, academia and the media.

Mothers and grandmothers are a catalyst for change. The tough DUI laws we have today did not originate with politicians. They were initiated by heartbroken mothers (Mothers Against Drunk Drivers—MADD) who were angry about losing loved ones at the hands of repeat offenders who returned to the roads after no or little punishment for their crimes. In the same manner, my new organization TakeCharge Minnesota will enlist the support of mothers and grandmothers who are angry as they watch their children and grandchildren suffer from the calamity of crime-ridden streets, joblessness, and poor schooling, all intensified by the absence of fathers in homes.

TakeCharge Minnesota will remind mothers and grandmothers of a time when the black community had little in regard to tangible wealth but was rich in a heritage of faith, family and a keen interest for a good education for their children. When Martin Luther King, Jr., marched for civil rights in the 1960s, roughly 77 percent of black children were raised in two-parent homes. King's sacrifices—including his life—have resulted in the deterioration of the status of black Americans, while politicians from their communities prosper like royalty. Their lust for power has blinded them to their responsibilities and duty to address the issue—restoration of the black family. We will fight to liberate black Americans, reinforce King's dream, and empower them with the belief that America's promises, which are embedded in the U.S. Constitution, are for all citizens. ■

tell my story here to pat myself on the back. It never would have happened if there weren't people in my personal and professional life—white and black, rich and poor, male and female—who mentored and coached me along the way.

The value of my story became more obvious to me throughout the campaign. And from that I grew to understand the cultural value of story-telling from one generation to the next, particularly in America's black communities.

My wife, Sheila, and I have five kids, between the ages of 16-27. It's possible that they learned more about me during the campaign than in the entire time they were growing up. They knew my background, but not some of the nuances about the isolation of living in poverty, being abandoned by my father, and eventually moving to a trailer park with him. They were surprised by the

reaction to my background from the crowds and the supporters.

I was humbled at how receptive people were to our campaign messages. At first, we expected only a handful of people to attend the meet-and-greets we hosted in conference rooms and local libraries. But the crowds grew to 30, then 50. More than 300 people showed up when we opened our campaign office. Some people responded to my speech with tears in their eyes and told me about how they overcame rough starts in their lives. It was not unusual for people to stick around as long as 45 minutes after a meeting to relate their own stories or just to say hello and take a picture.

This experience convinced me of the transformational power of personal American stories, particularly across generations, and led directly to the creation of TakeCharge Minnesota. ★

WASTE NOT. PERIOD.

Taxpayers will get efficient government only to the extent that they demand it at the ballot box.



John Hinderaker

Most of us know
foolish spending
when we see it.

Does Minnesota's government waste a lot of money? Minnesotans certainly believe so. The *Thinking Minnesota* Poll has twice asked Minnesotans to estimate the percentage of state government spending that is wasted, and the median response is around 29 percent. Of course, wasteful spending isn't unique to our state. Minnesotans believe that other states waste quite a bit of money too, and waste at the federal level is notorious. Senator Rand Paul recently itemized \$54 billion in "outlandish" U.S. government spending, which probably represents only the tip of the iceberg.

Why is government waste such a chronic problem?

Years ago, economist Milton Friedman pointed out that there are four ways you can spend money. You can spend your own money on yourself, in which case you will be attentive both to the quality of what you receive and to its cost. You can spend your own money on someone else, in which case you will be attentive to the cost and possibly less so to the quality of what is received. You can spend someone else's money on yourself, in which case you will pay attention to the value of what you get but likely less concerned with its cost.

Or, finally, you can spend someone else's money on a third party. In this case—which represents most government spending—the built-in incentives to be attentive to both cost and results are weak or entirely absent. This is the underlying reason why government spending tends to be wasteful.

In the end, taxpayers will get efficient government only to the extent that they demand it at the ballot box. Voters need to pay attention to how government spends taxpayers' money. Is the state pursuing ends that are useful? Are the

means being used by the state to pursue those sensibly chosen? Do the benefits conferred by state spending outweigh the costs? Is government buying goods at the most economical prices? Unless voters pay attention to these questions, government waste will continue.

American Experiment plays a valuable role in informing Minnesotans about how carefully the state's government is spending their money.

All of which is important. But most people are not accountants, and it is easy to be overwhelmed by statistics, especially when we are talking about billions of dollars.

Which is where the Golden Turkey Award comes in. While multi-billion-dollar budgets are complex and can be hard to comprehend, most of us know foolish spending when we see it. Like, for example, \$6.9 million for an emergency morgue that was never needed and has never been used. And because most Minnesotans have to work hard, full-time for a year or longer to earn \$57,000, they can easily conclude it is ridiculous to pay a celebrity chef that much to tweet twice a month. Or, similarly, to pay their neighbors \$900,000 not to mow their lawns. Or, weirdest of all, to pay \$1,000 for a "hands-on climate mapping workshop" where participants "create maps of their personal terrain of climate change."

Does wasteful government spending make you mad? It should. Because only when taxpayers have had enough and mobilize to insist that Minnesota's government treat their tax money with the respect it deserves, will anything change. And only when Minnesota's state spending returns to a reasonable level will it be possible to reduce the state's taxes to a level where we can compete successfully for residents and businesses. ★



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