

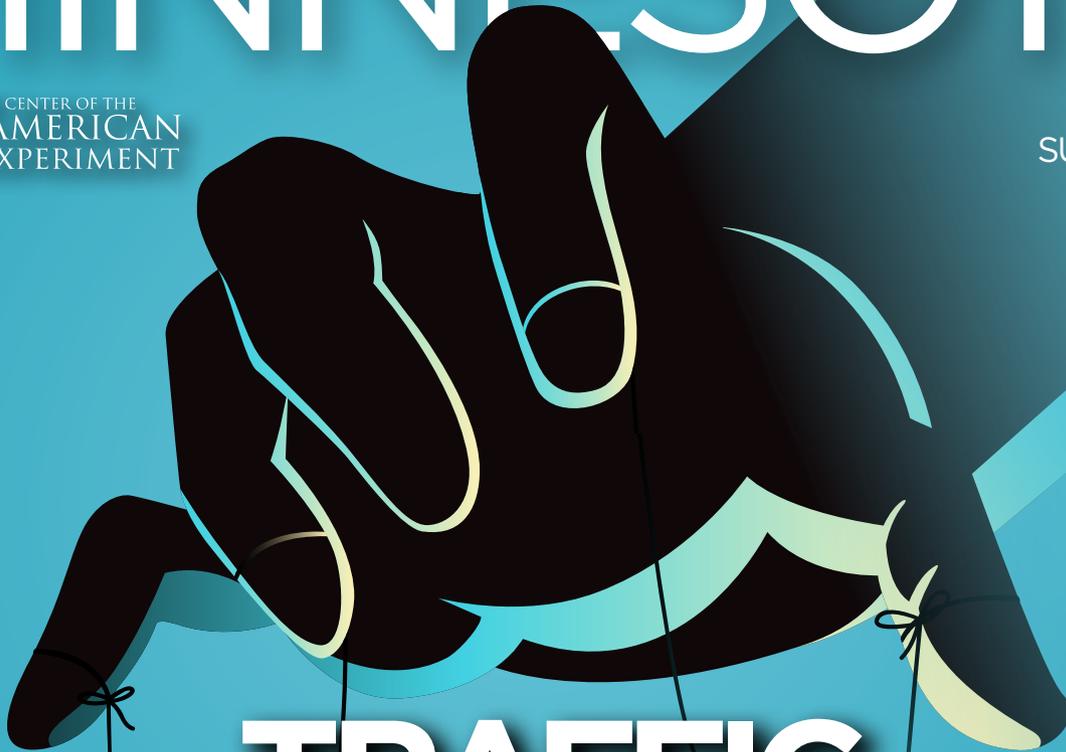
**THE ROOT CAUSE**

How exonerated CEO Howard Root is using a long and ugly court ordeal to seek judicial reform

# THINKING MINNESOTA



ISSUE 8  
SUMMER 2017  
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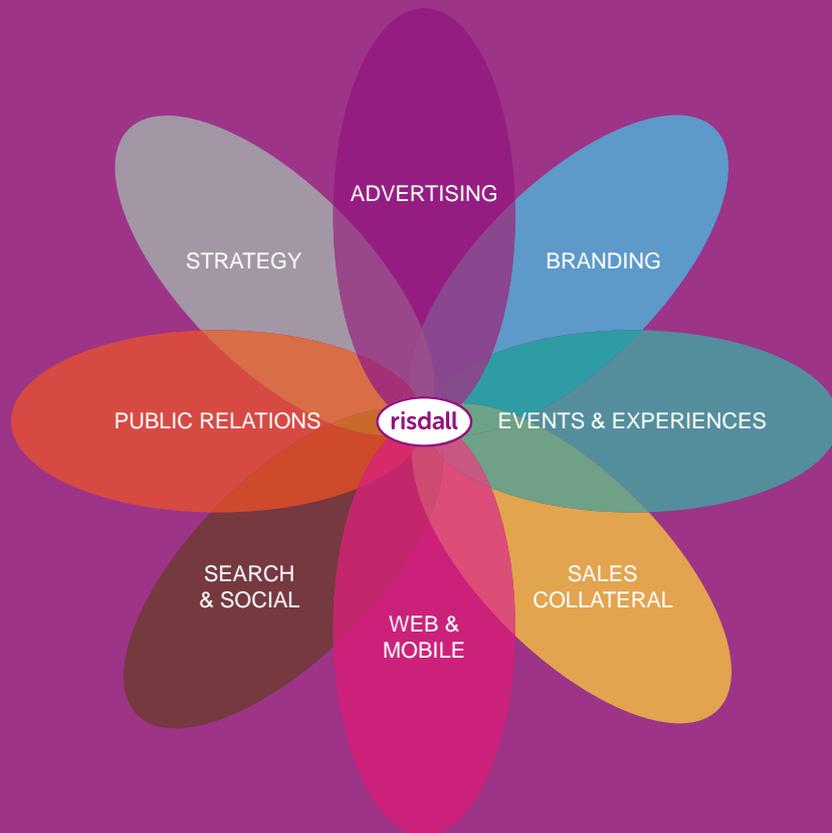
## TRAFFIC CONGESTION IS NO ACCIDENT

MnDOT and the Met Council intentionally increase congestion to move people on to bikes, buses or light rail





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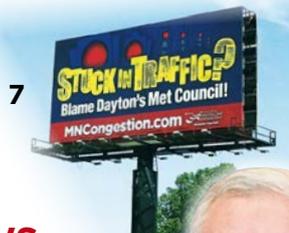
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Center of the American Experiment's mission is to build a culture of prosperity for Minnesota and the nation. Our daily pursuit is a free and thriving Minnesota whose cultural and intellectual center of gravity is grounded in free enterprise, limited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

# THE NEW ELITE

This issue illustrates how an unelected New Elite undermines American freedoms

**T**win Cities attorney David Lebedoff is a shrewd political philosopher. He used a guest column in the last issue of *Thinking Minnesota* to describe a class of political elites in America that could be undermining American democracy. Lebedoff first portrayed these elites in a 1978 article in *Esquire* called *The Dangerous Arrogance of the New Elite* and later expanded his thoughts in the book, *The Uncivil War: How a New Elite is Destroying our Democracy*.

He calls them the “test-score meritocracy,” people who achieve political status through academic achievement. Think lawyers, media, government officials, and academics, and certainly not business owners, entrepreneurs, union members or other Americans they might call “the working class.”

This New Elite, he said, “feel that their cognitive superiority has been proven and that they know what’s best for everyone else,” whether or not they acquire their power through the voting booth.

This edition of *Thinking Minnesota* provides a couple vivid (and alarming) illustrations of his thesis in action.

Our cover story, *Twin Cities Traffic Congestion: It’s No Accident*, includes vivid details about how the Met Council is quietly—and undemocratically—pursuing strategies to worsen traffic congestion as part of its larger objective to push people to ride their bikes, take buses or ride the train. This behavior represents a textbook illustration of how unelected New Elite government bureaucrats can use their unaccountable authority over transportation and housing policies to



Ron Eibensteiner

plot a liberal social structure.

This needs to change. The Met Council was created to coordinate regional services that accommodate growth. It has been allowed to reinvent its mission and take on authority it was never meant to have.

Someone mentioned to me that Minnesotans would be outraged if they ever really knew how the Met Council’s authoritarian and stridently liberal policy prescriptions were going to affect their lives in the future. American Experiment is trying to address that by expanding its outreach efforts. These efforts, with a call to action, include billboards, bumper stickers, and radio ads, run especially during traffic reports.

My interview with Howard Root, the founder and former CEO of Vascular So-  
*continued on page 4*

*continued from page 3*

lutions, provides another account of the consequences of dealing with the New Elite, this time on a very personal level.

I met Root in 1984 when he was a young associate at Dorsey & Whitney working on legal issues related to a start-up called Arden Medical. He impressed us all with his thoughtful, straight-ahead style, his meticulous attention to detail, and superb writing skills. He later exercised those same skills as an entrepreneur when he founded med device manufacturer Vascular Solutions and over 10 years built it into a \$70 million company that employed 650 taxpaying Minnesotans. I knew he had been exonerated in

---

**Using a one-man-against-the-system narrative that rivals John Grisham, Root describes how he and his company were thrust into a surreal legal tangle engineered by a cadre of unsupervised New Elite persecutors.**

---

a testy federal lawsuit, but, as they say, *I had no idea...*

Last February, I picked up *Cardiac Arrest: Five Heart-Stopping Years as a CEO on the Fed's Hit-List*, a book in which Root chronicles his almost surreal assault by a justice system whose pursuit of truth or justice were as illusory as the evidence they gathered against him. I finished the book in just two days. Using a one-man-against-the-system narrative that rivals John Grisham, Root describes how he and his company were thrust into a surreal legal tangle engineered by a cadre of unsupervised New Elite persecutors. (Government lawyers, it seems, are the Imperial Guard of the New Elite.)

Root watched in disbelief as a “whis-

## ➔ DID YOU KNOW?

Interesting facts from Better Ed

- ✓ Despite Minneapolis spending \$7,101 more per student than the state average, their graduation rate is 22.5 percent lower than the state average, and their reading and math rates for all students are 17.5 percent and 15.7 percent lower than Minnesota's, respectively.
- ✓ The superintendent of the Minneapolis Public School District earned the 13th highest salary in the state (\$190,000 per year) in 2015 while the district's MCA reading proficiency score was the 22nd lowest in the state in 2014.
- ✓ Since two-thirds of students who do not read proficiently by the end of fourth grade are incarcerated or on welfare and the Minneapolis Public School District has a fourth grade reading proficiency rate of 38.7 percent, 40.9 percent of all fourth graders in Minneapolis' Public Schools will be incarcerated or on welfare in the future.
- ✓ In 2014, Minneapolis Public Schools had the second lowest average ACT score (19.4) in the state, meaning that only 22 percent of Minneapolis ACT-takers were ready for college according to the ACT.
- ✓ Of the 59 percent of Minneapolis Public School high school students who graduated, only 57 percent were proficient in reading, and only 35 percent were proficient in math.
- ✓ The cost of the average classroom in Minneapolis Public Schools is \$539,942 while the cost of the average classroom in Minnesota is only \$309,854.

tleblower” lawsuit filed by a disgruntled employee in Texas metastasized into a five-year legal nightmare in which his company spent \$25 million in legal expenses to pay 121 lawyers at 14 different law firms nationwide to represent more than 50 employees and customers who became involved.

Once in the courtroom, the government's arguments fell apart and he was quickly exonerated, without even offering a defense. When it was over, one juror emailed Root to say, “What the federal government did to you, your company and your employees is nothing short of criminal.”

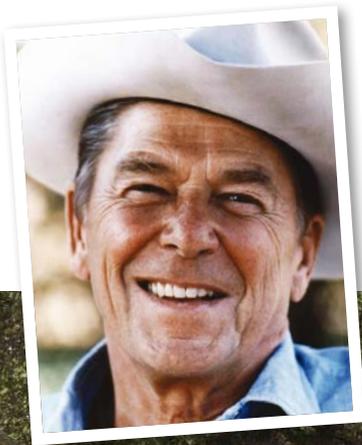
Root agrees. He may have prevailed in court, but “the big punishment in these cases is the process.” For 15 months he lived as an indicted CEO “and that is real

punishment for a person, whether or not you win at trial.”

He sold Vascular Solutions for \$1.1 billion and will never again serve as a corporate CEO, knowing now that “any business in America can get indicted and the CEO thrown in jail for a salesperson saying a wrong word.” His mission now is judicial reform. “The lack of control over prosecutors is the single biggest danger to freedom in America,” he told me.

Root provides interesting insights about his experience in my interview, but it is nothing like reading his book (buy it!), or even viewing his presentation on our website (AmericanExperiment.org).

As you do, think about how these arrogant and reckless federal prosecutors embody David Lebedoff's description of the New Elite. Scary stuff. ★



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# UP FRONT

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## THE GOVERNMENT'S WAR ON COMMUTERS

American Experiment: Clogged roadways are the calculated consequence of policies to drive people to mass transit

**T**win Cities commuters who are furious at perpetual traffic delays might be surprised that a new era of transit-friendly transportation policies actually promote congestion, in order to encourage greater use of mass transit.

Center of the American Experiment in June launched a campaign to reveal that increased congestion on Twin Cities roadways is the intentional outcome of a dramatic shift in the state's transportation policies. At a Capitol press conference, the Center released *Twin Cities Traffic Congestion: It's No Accident*, a 24-page report that reveals how the Minnesota Department of Transportation and the Metropolitan Council are conspiring on a long-term policy agenda that will use traffic congestion to push people to use mass transit. The report was written for the Center by Randal O'Toole, a scholar at the Cato Institute, and a nationally recognized expert on transportation policy.

The Center used the same press conference to unveil how it is using billboards and radio advertising—including commercially-sponsored traffic reports—to expose the situation to Minnesotans.

"Congested traffic isn't just a fact of life, it's a scandal," said John Hinderaker, the Center's president.

*No Accident* confirms that traffic is not a figment of commuters' imaginations. MnDOT reports that congestion rose to a

record level in 2015 (the most recent data available). Another analysis revealed that Twin Cities drivers today waste 47 hours per year stuck in traffic, almost four times more than in 1982. Altogether, the cost of wasted time, wasted fuel and increased pollution from commuters, delivery drivers and others stuck in traffic tie-ups totals nearly \$4 billion a year, more than MnDOT's \$3.4 billion 2016 budget.

*No Accident* reports that transportation policies shifted dramatically when Mark Dayton became governor in 2011. Since then, the agency's own public documents declare that its priorities shifted "from reducing congestion toward providing alternatives

to congested travel." And their spending priorities support this: In 2009, the agency devoted 7 percent of funding to congestion relief, which plummeted to just 1.1 percent in their 2017 plan.

The Met Council's 2040 transportation plan calls for spending \$31.2 billion on transit and \$52.7 billion on roads, meaning, O'Toole said, "that 37 percent of transportation spending would go to a form of travel that carries less than 1.5 percent of passenger miles." Worse yet, MnDOT proposes to spend \$700 million on bike and pedestrian infrastructure over the next 20 years and only \$265 million on mobility improvements for cars.

Center of the American Experiment first alerted Minnesota policymakers to this problem in its *Minnesota Policy Blueprint* in 2014, with a chapter entitled "Met Council Power Grab: How the

*continued on page 8*

**"Congested  
traffic isn't just  
a fact of life,  
it's a scandal."**

**—John Hinderaker,  
president, Center of the  
American Experiment**



*continued from page 7*

Dayton Administration Intends to Transform the Twin Cities Region for Decades to Come,” by senior policy fellows Katherine Kersten and Kim Crockett. They followed this up with a series of town meetings with legislators.

“Why do we have this congestion mess? Because there are unelected, unaccountable liberals implementing an ideology at our expense,” Hinderaker said. “All we want is government to serve the people’s needs.”

“This is a classic example of a problem that is government caused,” he added. “It gives people an opportunity

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**“Liberals have a vision about how they want the rest of us to live, only it doesn’t happen to be the way most of us want to live.”**

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to understand the difference between liberalism and conservatism. Liberals have a vision about how they want the rest of us to live, only it doesn’t happen to be the way most of us want to live.”

Hinderaker said the reaction to the Center’s report has been “unbelievable.” The *Star Tribune*, for example, devoted a full page of letters-to-the-editor in response to his op-ed on the topic.

On top of that, some 300 people a day are visiting the Center’s MnCongestion.com website, spending an average of five minutes. “They are obviously reading the fact sheet carefully,” he said.

“We’ve received angry emails from transit liberals around the country, but it’s been mainly positive,” Hinderaker said. “Everybody knows traffic is bad. What most people don’t understand is that it doesn’t have to be that way.” ★

## Population

# Minnesota’s Demographic Challenge

Why Minnesota may lose a congressional seat after the 2020 Census even with metro growth

**A** preliminary report from the Metropolitan Council estimating the current population, says the seven-county metro area grew by 191,628 residents between 2010 and 2016.

Minnesota’s State Demographer, Susan Brower, confirms that there has indeed been a notable uptick in the number of residents in the metro area and two core cities. Nevertheless she says Minnesota’s population in relation to other states is declining. That could mean one less seat in Congress. Brower says: “The loss of Minnesota’s eighth Congressional seat is a real possibility, but it is not a foregone conclusion.”

What is going on demographically?

Out of the 5.49 million people in the state, almost half a million were born outside of the United States. Moreover, people from Minnesota are leaving, and people from the U.S. are not moving here in sufficient numbers to reverse the trend. In fact, the state’s net-positive growth is from foreign-born residents.

I recommend you visit the State Demographer’s website for detailed reports on how Minnesota is growing—and how Minnesota is declining, demographically speaking. A short report called “Ada to Zumbrot” explains the state’s demographic trends:

*While both the U.S.-born population and foreign-born population have grown since 1970, the foreign-born*

*population has swelled more quickly....Minnesota had about 113,000 foreign-born residents in 1990, but that number had more than quadrupled to about 457,200 residents by 2015.*

Some of that growth is from refugees placed here by the State Department. Since 1979, Minnesota has welcomed approximately 105,000 refugee placements. Minnesota is also a top destination for the secondary migration of refugees from other states.

*The net change for Minnesota’s foreign-born population between 1990 and 2000 alone was 13% annually. By comparison, population growth due to natural increase in Minnesota was less than 1% annually during those same years.*

*Since 2002, Minnesota has main-*

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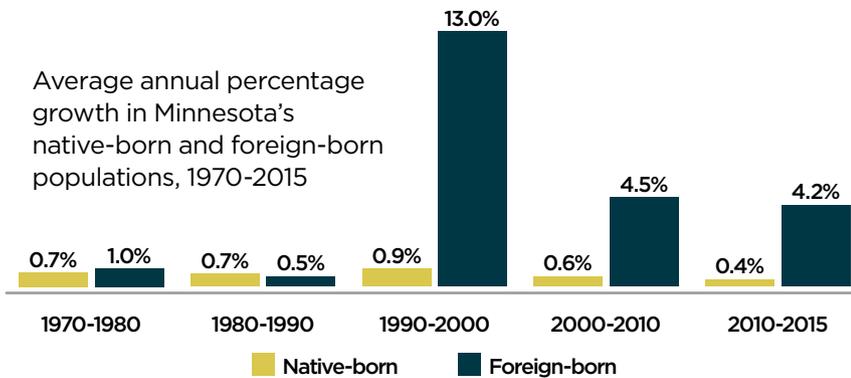
**It is no surprise that Minnesota continues to be attractive to immigrants of all kinds.**

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*tained consistent annual domestic out-migration—that is, more people moving out of Minnesota to other states than people moving into Minnesota from other states. The most recent year of data, 2015, shows that Minnesota had about 13,700 (net) international migrants and about —1,800 (net) domestic migrants. In sum, our international arrivals rescued us from experiencing negative overall migration, resulting in a total (net) migration of about 11,900 arrivals in 2015.*

My colleague Peter Nelson’s work on income migration demonstrates that we are losing taxable income and wealth to other states. Minnesota is saying goodbye to taxpayers, and hello to new residents, most of whom are just making their way

Average annual percentage growth in Minnesota's native-born and foreign-born populations, 1970-2015



Source: Minnesota State Demographer

up the income and tax ladder, and many of whom are dependent on welfare. In other words, we are decreasing the revenue base while increasing the demand for government services.

State trends do not tell us what is driving population growth in the metro

area but it seems reasonable to assume that foreign-born residents, especially refugees, are residing in the metro at least initially (due to refugee placement agencies, social services, subsidized housing, jobs and most of all, the presence of kin).

It is no surprise that Minnesota con-

tinues to be attractive to immigrants of all kinds. Who would not want to live here, given our liberty, prosperity, tolerant culture and generous welfare state (no jokes about the weather, please). Minnesota is more Swedish than Sweden when it comes to welcoming immigrants.

But why is Minnesota unable to retain and grow its domestic population—or to attract more people from around the U.S., to the point where a congressional seat is at risk? Could it be that the very policies that make Minnesota so attractive to immigrants, such as those championed by the Met Council, make the state increasingly unattractive to taxpaying Minnesotans?

We have less than three years to turn this around before the 2020 Census. The clock is ticking. ★

—Kim Crockett



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# An Inherited Perspective

Dayton's rich-vs.-the-rest economic view is simply wrong

**E**mbattled Governor Mark Dayton has been on the road lately. On May 30, after a marathon legislative session that went into overtime, he finally signed off on a state budget for the next two years. Then, suddenly, he yanked funding from the Legislature, saying he would reinstate it only if legislators agreed to renegotiate the deal they had just reached with him. After such shoddy maneuvering, you can't blame him for high-tailing it out of town.

As reported in the *Duluth News Tribune*, Dayton told Duluth media that the Republican majority in the state House and Senate were "once again [putting] the priorities of corporations and wealthy individuals over the priorities of real Minnesotans."

This was nothing but the sort of divisive, us-vs.-them rhetoric the governor and his supporters would deplore had it come from a Republican. Why do Minnesotans become less "real" as their wealth increases? Is Dayton, himself one of the rich thanks to his family inheritance, less "real" than the guy at Dairy Queen?

As well as being distasteful nonsense, such ranting is poor public policy. Dayton is only reinforcing a rich-vs.-the-rest message.

He has been taking his economics from the wrong economists.

In the 19th century, Karl Marx argued there was an inherent clash between labor and capital. This clash, he argued, would only be resolved by revolution and labor's victory.

But another 19th-century economist, less well known, had the opposite idea. The Frenchman Frédéric Bastiat argued that capital and labor were less productive individually and needed each other.



**It would be easy to be hard on Dayton, a man who inherited his fortune, for blasting those who, for the most part, have earned theirs. The truth is that he simply has the false notion of the economy as a zero-sum game, a notion shared by so many policymakers.**

The interests of one were the interests of the other—what he called "economic harmonies."

To see what Bastiat meant, and why Dayton is wrong, try to imagine digging a ditch with either capital or labor alone. Send a laborer into a field with her bare hands and she won't produce much of a ditch. Throw a shovel, a capital input, into the field, and it will just lie there. But give the laborer the shovel and you will get ditches.

Won't mechanized ditch diggers come

along and put some of these laborers out of work? That is the current worry about robots taking jobs. Yes, it will put some of the laborers out of work, but the remaining ones will upskill to use the new machinery; they will be more productive and earn higher wages. And those who do lose out here will be reemployed elsewhere in jobs that do not exist yet. A recent report said that robots could take 38 percent of American jobs in the next 15 years. That's 38 percent of existing jobs. This is why, despite the long history of predictions of increased productivity leading to rising unemployment, we actually see greater productivity and low unemployment.

There is another way to look at this economic harmony. Whatever may have been the case in the 19th century, in America today, the capitalists and laborers are often one and the same. Via 401ks, at least 52 million Americans are capitalists. They own stocks and bonds as part of their retirement portfolios. These schemes have done more than political redistributors of wealth to put the ownership of the means of production into the hands of American workers.

It would be easy to be hard on Dayton, a man who inherited his fortune, for blasting those who, for the most part, have earned theirs. The truth is that he simply has the false notion of the economy as a zero-sum game, a notion shared by so many policymakers.

The economy is a positive-sum game, however. We can all get better-off together. We will not make ourselves better-off by bashing others.

*This article first appeared in the Duluth News Tribune.* ★

—John Phelan

# Stiles Financial: A team built on the foundation of fiduciary consulting

Susan Stiles has always been driven to achieve excellence. Her personal motto is “Why be average?” She’s been bringing that dedication to clients since 1993.

Long before the term Fiduciary became popular in the world of personal finance, Stiles was building a team of advisory professionals centered around delivering fee-based advice based on the principals of serving as a fiduciary. “Working in your clients’ best interests has long been the standard in the world of institutional, corporate and endowment investing, but I realized early on that it would also be beneficial to individuals,” Stiles said.

Stiles Financial Services works with successful people, corporate retirement plan committees, and plan participants, and foundation boards. Stiles Financial advisory team delivers a customized approach with an unwavering commitment to execution and service. “We’ve earned a reputation among our clients for being great listeners, as well as gifted financial strategists,” Stiles said. “Their loyalty affirms our dedication to the holistic process and principles that support the close relationships we value and the variety of clients that we serve.”

“I started this business with a corporate focus, but quickly learned that individuals would also benefit from the institutional practices that makes it possible to manage



risk by providing a thorough and defensible process. We are firm believers in the fiduciary process, and committed to staying informed and current on financial and economic issues”.

“Our conviction is to always do what is right for our client, whether it is a retirement plan sponsor, an individual or family, or foundation/endowment. We focus on setting goals to pave the path to fulfill positive outcomes. One of the ways that Stiles Financial does this, is by not overreaction to market changes or trying to predict them and by not chasing trends.

Our individual clients benefit from creation of plan based on our process and our on-going monitoring. “Through the course of life most of us are presented with unexpected events. We partner with our clients to guide them on their personal path and to better prepare them for life’s various challenges. It is never too early or too late to adopt a prudent and tested process.”

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Stiles Financial Services is proud to be a full disclosure, fee-based provider of financial services. The company’s service and process model is geared towards producing suitable outcomes by providing clients with the education to make informed choices.

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TOM STEWARD

## A RUBBER STAMP **NO MORE**

House committee scrutinizes the controversial home care worker contract

It's not often a hearing of the Subcommittee on Employee Relations packs the room. But the chambers were filled for a hard-hitting legislative session at the State Capitol that put the Service Employees International Union (SEIU) and their backers on notice that things have changed.

The message? No more business as usual when it comes to public employee union contracts considered for approval by state legislators. The abrupt change caught Democrats off guard.

"I have served on this subcommittee as the longest serving member," said Rep. Debra Hilstrom (DFL-Brooklyn Center). "I have never seen what's about to happen today happen in this subcommittee ever and the politicization of these particular issues."

In her first action as Subcommittee on Employee Relations Chair, Representative Marion O'Neill (R-Buffalo) upped the oversight function of a legislative body that until now was viewed by many as a rubber stamp for negotiated state labor agreements.

It wasn't just any union contract under the microscope before them, but the renewal of a two-year agreement tied to a disputed 2014 union election for 27,000 personal home care assistants (PCAs). Lawmakers heard a laundry list of irregularities and allegations of fraud related to the 2014 union election that led to SEIU Healthcare Minnesota representation of many personal care assistants.

"I felt it the obligation of the committee to hear those details and that information before we weigh in on the PCA contract," Rep. O'Neill explained.



Tom Steward

Opponents came from around the state to get their say: parents, small business owners of agencies caught in the middle, and canvassers helping the more than 7,500 Minnesotans who want the state to give them a chance to vote down—i.e., decertify—the union. That's twice as many PCAs as voted to form the union in 2014.

"I didn't want to be in it, they forged my signature, I signed nothing with them and it just got to a point where I felt like I was being harassed to join [SEIU Healthcare MN]," said Sara Madill, a Duluth PCA who helped care for her sister.

It was David and Goliath, home care mothers and fathers against top SEIU officials, families dependent on a Medicaid stipend to care for loved ones at home versus union bosses siphoning off an

estimated \$4.7 million a year from the program for dues.

"I do not believe that the SEIU is here for our best interests but for their own political and monetary gain," said Kris Greene, who brought her 24-year old daughter Meredie with her. "I am a mom taking care of my daughter in my own home. I am not a state employee."

Former Minnesota Senator Al DeKruif told the panel that none of his family or PCAs who help care for his son Jason even got a chance to vote in the 2014 union election. "I believe the SEIU vote to unionize PCAs was fraudulent, as I've

---

**I do not believe that the SEIU is here for our best interests but for their own political and monetary gain.**

—Caregiver Kris Greene

---

learned other PCAs were also not given the opportunity to vote," DeKruif told lawmakers.

American Experiment Vice President Kim Crockett and MNPCA attorney Doug Seaton made the case that the subcommittee should reject the contract that recognizes SEIU as the exclusive bargaining representative of home care workers in the PCA Choice program. Otherwise, the effort to force the Minnesota Bureau of Mediation to hold a union decertification election could be put on hold for

another two years.

“We have uncovered some serious problems and those problems could amount to fraud,” Seaton testified. “They certainly amount to mischief, misfeasance or malfeasance, something that calls into question the original election that brought the SEIU representation into being.”

But SEIU Healthcare MN officials denied any wrongdoing and defended the union’s record.

“The claims against our union are growing more silly and outlandish with time, and their attempts to win support of actual health care workers have failed,” SEIU Healthcare MN President Jamie Gulley said. “The fact remains that health care workers support their union.”

Crockett and Seaton joined forces last year to help personal care assistants organize a statewide drive to force an



Center of the American Experiment’s Kim Crockett and MNPCA attorney Doug Seaton testified that the subcommittee should reject the contract that recognizes SEIU as the exclusive bargaining representative of home care workers in the PCA Choice program.

election to decertify SEIU Healthcare MN. Crockett leads American Experiment’s Employee Freedom Project, while Seaton is a veteran labor attorney on the employer side. Their efforts have resulted in the delivery of more than 7,500

postcards from PCAs to the Minnesota Bureau of Mediation Services in support of a union decertification election. Seaton also represents seven home care workers challenging the Dayton administration in court. ★

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## Headless Elite

Cotton describes how political elites fail to grasp evolving alignments



Arkansas Senator Tom Cotton used his keynote speech at Center of the American Experiment's 2017 annual dinner to describe how the liberal elite and a "lynch mob media" are obscuring some genuine accomplishments in the early administration of President Donald Trump.

"The lynch mob media doesn't give Donald Trump the benefit of the doubt on anything, even the trivial things," he told a sold-out event at the Minneapolis Hilton on June 17.

At 40, Cotton is the youngest member of the United States Senate. He was elected in 2014 when he defeated two-term incumbent Senator Mark Pryor. Cotton graduated from Harvard in just three years and went on to receive his J.D. from Harvard Law School. Shortly after 9/11, Cotton enlisted in the U.S. Army, shunning an offer to join the JAG Corps for front line duties. He deployed to Baghdad in May 2006 and then to Afghanistan in 2008.

Cotton placed the confirmation of Supreme Court Justice Neil Gorsuch atop the list of Trump's accomplishments, also evoking the GOP Senate leadership's ability to overcome 15 months of "Democratic obstructionism."

Other accomplishments on his list: Illegal border crossings are down





by two-thirds over last year, he said. “That’s without a single foot of new wall or fencing being constructed. Why? Because Donald Trump and Secretary of Homeland Security John Kelly have sent

**“The lynch mob media and the democrats in Washington treat Donald Trump as if he’s some kind of invasive species in the swamp.”**

the word to our neighbors, ‘you will not be allowed in this country if you come here illegally.’”

Trump’s decision to launch 60 missiles into Syria after Bashar al-Assad deployed chemical weapons, Cotton said, marked a stark contrast to Barack Obama’s failure to enforce his “red line” in 2013. “Trump didn’t dither and dally; he didn’t fret,” Cotton said.

Attorney General Jeff Sessions has ended eight years of soft-on-crime policy by directing U.S. Attorneys nationwide “to throw the book at the criminals that are poisoning our streets and killing our children with heroin and fentanyl,”

Cotton said. “He’s also saying no more sanctuary cities.”

“The lynch mob media and the democrats in Washington treat Donald Trump as if he’s some kind of invasive species in the swamp,” Cotton said. “And maybe he is. He is certainly not native to that habitat. He’s changing the environment. You could say he’s a little exotic. Maybe the most important thing is he is imperiling those creatures who are at the top of the food chain in the swamp.”

On top of this, the elites in Washington and Manhattan fail to discern that their ridicule of Trump can easily backfire, according to Cotton. “They make fun of the way he talks, they make fun of his hair, they make fun of his long tie, they make fun of the fact that he puts ketchup on his steaks, they make fun of him for liking McDonald’s. But you know out here in places like Minnesota and Arkansas, a lot of people hear that—even if they don’t share his tastes in hair, they sense that the same people making fun of Donald Trump look down on them, and make fun of the way they talk and the way they look.”

Cotton added: “It’s important that both parties—all of us—realize that whatever you think of Donald Trump, whatever you make of his presidency, that there are political and cultural forces behind his victory and behind the rising tide of populism that have to be addressed.” ★



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How liberal policies are bad for young people

## Parent's Basement

American Experiment's newest animated video follows a basement-bound gamer

Sticking with John Hinderaker's oft-stated observation that "we're not your father's think tank," Center of the American Experiment recently released its third animated video designed to attract nontraditional viewers.

"I'm all about reaching people," says Hinderaker, the Center's president. "My view is that we can't change Minnesota unless we start communicating with a whole lot more people."

The new video juxtaposes a live-action gamer via picture-in-picture as he ex-

plores a new videogame called *Parent's Basement* (AmericanExperiment.org). The goal of the game is to overcome the series of obstacles, created by liberal policies, that prevent young people from starting productive adult lives. "Sounds boring," the gamer says, "but hopefully there will be zombies or something that we can go out and kill along the way."

The video was produced by Justin Folk, a producer at Madison McQueen, a powerhouse production company.

Folk met Hinderaker when one of his videos won a \$100,000 prize in a competition sponsored by Power Line, Hinderaker's celebrated political blog. Hinderaker recalls that Folk was working in post-production in Hollywood at the time, but wanted a career in conservative media. He earned that flexibility when his ad, *Sling Baby*, won the \$1 million first prize in a Super Bowl ad competition sponsored by Doritos (see it on



YouTube).

More than 130,000 people nationwide watched *Parent's Basement* during its first three weeks.

Hinderaker arranged to have it premier on youngcons.com, where it received 54,000 views in the first 24 hours. It received 15,000 views on the American Experiment site during the same period.

"People nowadays are visually very sophisticated," Hinderaker said. "You can't get their attention with a video that looks like it was made in your basement." ★

## Correction

In *Why Minnesota Should Welcome a "Time-Out"* (Thinking Minnesota, Spring 2017) we reported that the American Refugee Committee (ARC) is

a voluntary agency (VOLAG) working with the U.S. State Department to place refugees in Minnesota. While located in Minnesota, ARC provides no reception or placement services for refugees arriving in the U.S. and has no agreement with the State Department

to provide such services. The American Refugee Committee works exclusively in Africa, Asia and the Middle East. In FY2016, ARC received about 40% of its contributions from the U.S. Federal Government (not the 78% reported). We apologize for the error. ★

### FY2015 IRS DATA ON VOLAGS IN MINNESOTA

VOLAG	Highest Reported Individual Compensation	Total Funds Dedicated to Compensation	Percent of Contributions Received from Federal Government
U.S. Committee for Refugees and Immigrants	\$300,326	\$9,749,203	99%
International Rescue Committee	\$338,855	\$211,254,070	68%
Church World Service	\$288,206	\$24,691,378	60%
Catholic Charities Minneapolis/St. Paul	\$231,956	\$27,251,860	59%
Lutheran Social Service of Minnesota	\$229,789	\$56,471,634	71%*
Arrive Ministries Minneapolis (World Relief)	\$89,547	\$664,049	71%

\*This IRS data from 2015 reflects government-related contributions (of which there was at least \$63 million in total) as a portion of total revenue rather than contributions because of the organization's unique method of reporting government funding.

# “WHY I SUPPORT Center of the American Experiment”

“The old adage goes ‘nothing is more powerful than an idea whose time has come.’ The Center offers a wealth of good ideas, timely delivered, in a voice respected by all sides of the ideological spectrum.”

**Name:** Chuck Spevacek  
**Position:** Senior Partner,  
Meagher & Geer, P.L.L.P.  
**Office:** Minneapolis  
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- Purdue University,  
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## Men Without Work

Author Nicholas Eberstadt highlights the troubling class of men who have removed themselves from the job market

Scholar and author Nicholas Eberstadt says that America has quietly plunged into a “Depression-scale crisis in relation to men and work.”

Giving the keynote address at an event in which Center of the American Experiment launched its *Great Jobs Without a Four-Year Degree* initiative, Eberstadt described an “invisible army” of seven million men between the ages of 25-54—traditional prime working age—who are neither working nor looking for work.

Eberstadt is the Henry Wendt Chair in Political Economy at the American Enterprise Institute, and the author of *Men Without Work*, a book that describes and analyzes this alarming cultural phenomenon.

Using available data, he said this group of men devotes an enormous amount of time—2,100 hours per year, about the same time commitment as holding fulltime employment—to passive leisure activities, watching TV, surfing the internet and using other “electronic gadgets and gizmos.”

On top of that, almost half report taking painkillers every day. “It is not just sitting in front of a screen,” Eberstadt said. “It is sitting in front of a screen, stoned...” Pretty grim.

They support themselves, he added, through family, girlfriends, and government programs, particularly disability insurance. Although the government doesn’t maintain a central depository of information about disability enrollment or payment (“a shame and maybe a scandal,” according to Eberstadt), he used census survey data to discover that almost 60 percent of the men in this group had obtained at least one disability program benefit; 14



Nicholas Eberstadt

percent had attained two or more.

Eberstadt then correlated disability insurance with America’s rising opioid crisis.

“Disability insurance establishes your eligibility for Medicaid; Medicaid can establish your eligibility for OxyContin.” If they find the right pain doctor, he added, patients can get a month’s supply of OxyContin—90 pills—for just a \$3 copay.

Despite the bleak portrayal, Eberstadt finds hope in America’s ability to fix this problem.

“The turnaround comes when people are committed to shining a spotlight on

this problem and come from all over the political spectrum to say, ‘this problem can’t be invisible anymore.’”

Center of the American Experiment’s *Great Jobs* initiative will try to help break that cycle by emphasizing the types of fulfilling, prosperous careers that can be achieved with education and training other than through a four-year

**“The turnaround comes when people are committed to shining a spotlight on this problem and come from all over the political spectrum to say, ‘this problem can’t be invisible anymore.’”**

college path.

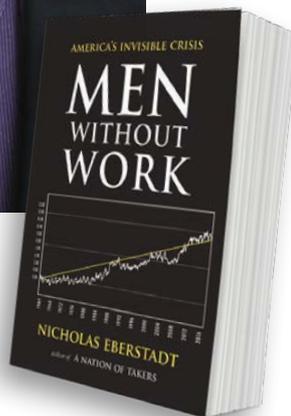
Senior Fellow Katherine Kersten, who is co-chairing the project with American Experiment founder Mitch Pearlstein, called attention to the irony that many Minnesota companies can’t find workers to fill jobs while many young Minnesotans, especially young men, are unprepared to exploit those opportunities.

“What a paradox,” she said.

“Today there are good jobs going begging and many 26-year olds are adrift, living in their parents’ basements, with no clear plan to prepare themselves for one of the well-paying, in-demand jobs they need to maintain middle class status, to be independent and to support a family.”

She said the Center’s *Great Jobs* initiative will in part attack “our society’s strong cultural bias that a four-year degree is the only path to success.” ★

—Joe Dixon



## No Growth

Trump signs Jason Lewis bill to halt Met Council expansion

Second District Congressman Jason Lewis thwarted the Metropolitan Council's ambition to expand its reach from St. Cloud to the St. Croix river when President Donald Trump signed his bill to roll back a regulation published on the last day of the Obama administration. Lewis, a member of the House Transportation Committee, was alerted to the opportunity by Kim Crockett, Center of the American Experiment's vice president and senior policy fellow. Lewis easily found bipartisan support for his bill.

Federal law requires urbanized areas to facilitate federal transportation planning by appointing a Metropolitan Planning Organization (MPO). The Metropolitan Council is the MPO for the Twin Cities metropolitan area. The rule would have allowed the Council to expand into neighboring counties.



Congressman  
Jason Lewis

MPOs are supposed to be composed of local elected officials, but a federal waiver permits Met Council members to be appointed by the governor. Moreover, because the Council has a broad scope of authority over local matters, the potential threat to local control was obvious to anyone familiar with the Council's special talent for mission creep.

"How long would it take for the Council to take over transit, land-use, wastewater, and housing beyond the current seven-county boundary?" Crockett asked. "The Center's goal is to reorganize the Council. For that we need a new governor." ★



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NOTE FROM THE FOUNDER

# WHAT IF?

What if Rudy Perpich were still fighting for school choice?

If only Rudy Perpich were still among us.

A DFLer from Hibbing on the Iron Range, Perpich was governor of Minnesota for a record ten years over two different stretches in the 1970s and 1980s. He also was the first governor of any state, regardless of party, who pushed through legislation, in his second stint, allowing families to send their children to schools outside of their immediate attendance zones if they thought that doing so was in the best educational interests of their boys and girls. He also was the first governor anywhere to win legislation allowing parents to send their kids to schools across *district* lines, often considered then as impregnable as the pre-Reagan and Gorbachev Berlin Wall.

Rudy died of cancer an amazing 22 years ago, in 1995, at a young 67, and I don't want to speculate or extrapolate too freely after more than two decades. But based, in part, on an exchange we had on a plane when he clearly seemed to be enjoying himself reading an American Experiment publication on the topic, I'm reasonably confident that if he were still alive and active he would be a leader in seeking expanded educational freedom for all students, especially those in low-income families.

And given the current lay of Minnesota's political land, I likewise don't doubt he might have been the *only* high-profile DFL politician in recent months to say good things publicly about an attractive school choice bill that made it through the Legislature this past session. A bill that passed by both chambers, with Republican votes exclusively, only to be stopped within inches of the school-



Mitch Pearlstein

house door, for the second year in a row, by one of Rudy's then-young staffers, Gov. Mark Dayton (Blake School, circa Class of '65).

That legislation, known as the "Equity and Opportunity Scholarship Act," would have allowed individuals and businesses to receive tax credits for making contributions to certified nonprofit organizations that would, in turn, provide scholarships to income-qualifying families so that parents could send their sons and daughters to a private school if they thought that would work best for them. The legislation also would have aided public schools, but that got lost in the fact-deprived noise powered by the teachers' union, Education Minnesota.

As students of these things may re-

call, Education Minnesota is the product of the 1998 merger of the Minnesota Education Association and the Minnesota Federation of Teachers. And as you might imagine, both of those unions fought against Rudy's initiatives, but he won nonetheless, as his mettle in those encounters was steel.

Tenaciously challenging the combined teachers' union in the House and Senate this time around were much-appreciated public servants such as Roger Chamberlain, Kurt Daudt, Greg Davids, Sondra Erickson, Paul Gazelka, Jim Knobloch, Ron Kresha, and Jenifer Loon, among others. Tenaciously leading the way from the outside was Opportunity for All Kids, or OAK for short, an organization I'm privileged to serve as president.

About seventeen years ago I was asked to write a paper about educational reform successes and failures in the state. Eventually titled, "Nothing Plain about These Plains: Minnesota's Motley Story of School Reform," it covered the 15 years between 1985 and 2000. The paper's core, if perhaps self-evident, conclusion went like this:

"No institution or individual is more important in the making or breaking of state education policy than governors. More precisely, no one is more important than governors who are *engaged*."

Rudy instinctively knew this. And as a Ranger, he had bone-deep commitment to equity. It was a lifelong devotion that wasn't going to be denied by a lavishly funded special interest that continues to keep most elected progressives tied up in mute knots. ★

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## Appointments

### In the Numbers

John Phelan is appointed the Center's first staff economist



John Phelan

John Phelan's road to being named first staff economist at Center of the American Experiment may have begun in 2003, when he was bored and confined to a bed in his parents' home in England as he convalesced from a back surgery. Picking through a pile of books that belonged to his father, the 22-year old came upon *The Road to Serfdom* by F.A. Hayek and *Free to Choose* by Milton Friedman.

A light bulb went on.

"I was interested in politics. I'd not really thought about economics particularly until then. I read those books and I started to read up around that body of literature, economics generally, free market economics particularly," he says now.

An uninspired student, Phelan had dropped out of college at 18 and taken a job in credit and debt management. At 26, he started studying for a degree at Birkbeck College, an evening university related to the University of London, so he could continue working full time. While

there he started publishing book reviews and op-eds, particularly for *Standpoint* magazine, a British version of *Weekly Standard*. He enrolled in a Master's program at the London School of Economics, again opting for a program that would allow him to work full time.

His dissertation on the Hard ECU led to an invitation to present at a seminar at the University of Buckingham, and two contributions to the *Wall Street Journal*. He joined Capital Economics, a London-based consultancy with more than 60 economists, conducting commissioned research.

Phelan, whose wife Mindy grew up in Cottage Grove, was hired by American Experiment in January. He was originally among three finalists for a new position as policy fellow at the Center, the result of a nationwide search. But during a Skype interview from London with the Center's senior policy team in December, John Hinderaker confessed



#### THE (SOFT) ROCKIN' ECONOMIST

While Mick Jagger famously discarded his (short-lived) education at the London School of Economics to launch a career in music, John Phelan, in contrast, more sensibly abandoned British rock for a Master's Degree in economics from the LSE. Phelan had played guitar and harmonica for a London-based band called MALF (pictured). After a 10-year career as an economic analyst in London, he was appointed the first staff economist at Center of the American Experiment.

his sole concern was that Phelan was overqualified for the position.

Hinderaker hired Catrin Thorman as the policy fellow but decided to offer Phelan a slot as staff economist.

"I've always wanted to have an economist on staff here at the Center," Hinderaker says. He was especially keen not to lose Phelan, who impressed him as an academic.

"He has a terrific resume. He's written for the *Wall Street Journal*. He has experience in working with consulting companies, doing analyses for paying private sector clients," Hinderaker said.

"Plus, he was in a band, quite a good band, I'm told," he added. ★

GUEST COLUMN: PERRY AASNESS

# THE STATE OF AGRICULTURE

What Minnesota agriculture needs from its next governor

The 2018 gubernatorial election is setting up to be an extremely important one for the future of Minnesota agriculture. More than anything, Minnesota agriculture needs a renewed commitment from our next governor to foster a culture conducive to new growth/reinvestment by this sector. Minnesota agriculture also needs a governor who truly appreciates the contributions of this sector, and establishes a philosophy that is committed to working with the legislature on ways to enhance the business climate for Minnesota farmers and agribusinesses.

Minnesota is blessed to have one of the most vibrant agriculture and food sectors in the U.S. In terms of overall economic impact to the state's economy, Minnesota's agriculture sector ranks second after manufacturing and impacts nearly 350,000 jobs. More than 80% of these jobs are "off farm"—processing, distribution, service, etc. Minnesota has a progressive farming sector that is world class in growing crops and livestock. The state's soil, water, and climate in this region are conducive for agriculture production, which has in turn enabled Minnesota to develop a strong ag processing capacity over the decades—meat, vegetables, ethanol, corn, soybeans, dairy, to name a few.

And, Minnesota agriculture is more than just a rural enterprise. Historically, Minnesota farmers' ability to produce crops and livestock was a reason why companies such as Cargill, Land O' Lakes, CHS, General Mills, and Hormel Foods were originally established, and continue to have their headquarters in Minnesota. These and numerous other ag/food companies employ thousands of people within our metro and regional centers—and many of these companies have a global impact in providing food to a growing world population.

Although Minnesota agriculture today operates in a global marketplace, the fact remains that state public policies do, and will continue to have, a critical effect on future growth and innovation within this sector. In fact, because Minnesota's agriculture sector operates in an increasingly competitive and at times unstable global marketplace, state policies have the potential to either help or stifle continued growth and reinvestment by agriculture in this state.

Minnesota agriculture and businesses across the state need leadership from its next governor to challenge the false choices and rhetoric from some activist groups as it relates to modern agriculture and the protection of Minnesota's

precious natural resources. Protecting the state's environment and creating a business climate that welcomes new investment by farmers and agribusiness do not have to be mutually exclusive goals. New technology and practices continue to be implemented by farms and agribusinesses that will enhance efficiency and provide greater environmental benefits.

Numerous agribusinesses have expressed frustration over the past few years with a continual "moving of the goalposts" when seeking environmental permitting approvals or dealing with redundant and outdated state regulatory policies.

State regulatory and tax policies in Minnesota don't just impact an individual company seeking to build or expand in this state, but current or future jobs are also at stake, often times in Greater Minnesota where communities are struggling to attract and retain good paying jobs. It would be a welcome change to again have a governor truly interested in actively promoting a positive business climate that encourages businesses to invest and expand in the state.

As has been the history of Minnesota agriculture, this sector will continue to adapt and respond to changing markets in Minnesota and the U.S., as well as play an important role in helping to feed a growing world population. However, it needs strong leadership, and a renewed commitment and engagement from our next Minnesota governor to help re-set Minnesota's business climate in ways that will foster a new era of growth and innovation for this important sector of the state's economy. ★



**Perry Aasness** has served as the Executive Director of the Minnesota AgriGrowth Council since July 2013. He has a wide and diverse background in agriculture, and grew up on a livestock and grain farm near Wendell, Minnesota.

# TWIN CITIES TRAFFIC CONGESTION IS NO ACCIDENT

**MnDOT and the Met Council intentionally increase congestion to move people on to bikes, buses or light rail**

**R**esidents of the Twin Cities consistently rate traffic congestion among their principal concerns and complaints, and properly so. The Twin Cities is among the most congested cities in the country. The time commuters, delivery drivers, and others spend sitting in traffic imposes close to \$4 billion in costs on the Twin Cities region. Not only is the state not adequately funding congestion relief, the Met Council and the Minnesota Department of Transportation (MnDOT)—the state agencies responsible for the transportation system—pursue policies that make congestion worse. Congestion can be relieved with the right policies.

Twin Cities congestion has consistently grown worse and worse over the past few decades. The amount of time the average Twin Cities driver wastes, stuck in traffic, quadrupled between 1982 and 2014, from 12 hours to 47

hours. MnDOT's most recent congestion report shows congestion rose to a higher level in 2015 than any year since it began measuring in 1993.

All that time sitting in traffic imposes substantial costs in terms of wasted time, wasted fuel, and increased pollution. The Texas Transportation Institute estimates the cost of congestion in the Twin Cities equaled \$2.2 billion in 2014.

In 1982, the Twin Cities were rated the 35th most congested urban area in the U.S., while by 2014, the Twin Cities had become the 21st most congested urban area. A new report ranks Minnesota 17th among 52 large urban areas.

The American Transportation Research Institute recently identified the 100 worst bottlenecks in the U.S. The Twin Cities had four, more than Chicago, Los Angeles, New York, or any other urban area except Atlanta and Houston.

MnDOT and the Metropolitan Council



will argue that Twin Cities congestion has grown so fast because there isn't enough money to keep up with the demand for new roads. Funding is a legitimate issue, and Minnesota's legislature took a step in the right direction this year with its transportation bill. But the unreported contribution to the extraordinary delays suffered by Twin Cities drivers evolves from misplaced priorities at the Metropolitan Council and MnDOT. A closer look reveals a deeper problem: the Metropolitan Council and, in recent years, MnDOT doesn't want to relieve congestion.

### Strategy shifts from reducing congestion

MnDOT and the Metropolitan Council have shifted their focus to encouraging people to ride transit and use other alternatives to driving. They know that relieving congestion will enable more people to drive instead of using alternatives, so they often adopt policies that make congestion worse. MnDOT's most recent Annual Minnesota Transportation Performance Report explains that, since 2010, the agency has shifted its strategy "from reducing congestion toward providing alternatives to congested travel," and their spending priorities support this. In the 2009 Minnesota State Highway Investment Plan, the agency devoted 7 percent of funding to congestion relief, which halved

to 3.5 percent in the 2013 plan and then plummeted to just 1.1 percent in the 2017 plan.<sup>1</sup>

Yet, if MnDOT has merely given up trying to relieve congestion, the Metropolitan Council is trying to make it worse. One low-cost way to relieve congestion is to improve the coordination of traffic signals.

Modern technology enables signals to dynamically respond to minute-by-minute changes in traffic flows. "Traffic light re-timing probably has the best cost-benefit ratio of any dollar spent" on congestion relief, says the Washington State Department of Transportation.<sup>2</sup> Yet, rather than acquire the latest technology in Twin Cities-area signal systems, the Metropolitan Council's goal is to give transit priority over cars at traffic signals, thus increasing congestion for everyone else.

"MnDOT, counties, and cities should provide advantages for transit on highways and streets, including bus-only shoulders, transit stations, bus bump-outs, transit signal priority, and ramp meter bypasses," says the council's *2040 Transportation Policy Plan*.<sup>3</sup> Transit carried 6.1 percent of Twin Cities-area commuters to work in 2015.<sup>4</sup> Counting all travel, it carried just 1.4 percent of passenger miles and virtually no freight ton-miles in 2014.<sup>5</sup> Yet the Metropolitan Council's plans call for giving 6.1 percent of commuters and 1.4 percent of all travelers signal priority and other advantages over the 89.5 percent of commuters and more than 95 percent of all travelers who travel by car.

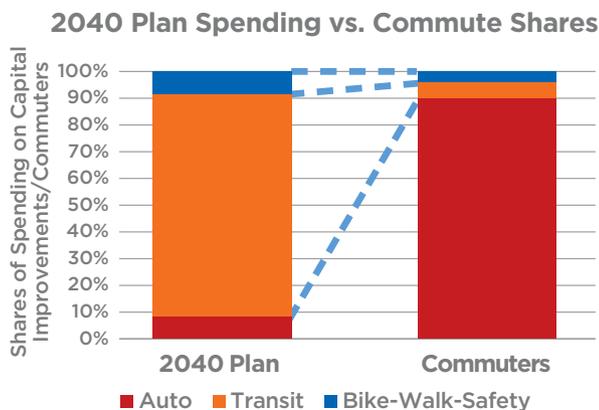
### Light rail worsened congestion

When the Hiawatha light-rail line opened in 2004, it worsened congestion in the Minneapolis-Bloomington corridor. The light-rail tracks did not cross Hiawatha Avenue, State Highway 55, at grade, but they did cross many streets that crossed Hiawatha. Since the signals on those streets were coordinated with signals on Hiawatha, giving light-rail trains priority at the signals disrupted the coordination of traffic signals on Hiawatha.<sup>6</sup> This added 20 to 40 minutes to travel times between Minneapolis and Bloomington.

The opening of the Green Line between downtown Minneapolis and downtown St. Paul also increased congestion. A 2015 study conducted for MnDOT by the University of Minnesota Center for Transportation Studies found that a "considerable" amount of traffic "displaced from University Avenue" by the light-rail line has gone to I-94 between Snelling and downtown St. Paul, and as a result I-94 "speeds have dropped greatly."<sup>7</sup>



**Thirty-seven percent of transportation spending would go to a form of travel that carries less than 1.5 percent of passenger miles and, for all practical purposes, no freight.**



**Figure 1:** The Metropolitan Council's 2040 plan calls for spending 82 percent of state and federal capital funds on 6.1 percent of commuters who use transit while just 9 percent of capital funds would be spent on the 90 percent of commuters who rely on automobiles (including taxis and motorcycles).

*This article is adapted from a report written for Center of the American Experiment by Randal O'Toole, a senior fellow at the Cato Institute who has written extensively on transportation, urban growth, and public land issues. His previous writings for Center of the American Experiment include Ten Fallacies of the Thrive MSP 2040 Plan and On the Rails: How the Met Council Misplans the Twin Cities." Find it at [MNCongestion.com](http://MNCongestion.com).*

## Plans prioritize future spending on rail and bike paths

In fact, it appears that the council’s 2040 transportation plan wants to move more people onto trains by making traffic miserable. Despite how light rail has already increased Twin Cities congestion, the plan calls for spending \$31.2 billion on transit and \$52.7 billion on roads over the 26 years between 2015 and 2040.<sup>8</sup> That means 37 percent of transportation spending would go to a form of travel that carries less than 1.5 percent of passenger miles and, for all practical purposes, no freight.

To make matters worse, the plan calls for spending billions on new rail lines and bicycle paths, but relatively little on new highways. Specifically, the plan budgets \$6.3 billion for constructing new “transitways,” meaning rail lines or possibly dedicated bus lanes, plus \$600 million for bus modernization and expansion (Figure 1).<sup>9</sup> The 2040 plan also includes \$700 million of state money for bike paths, pedestrian, and safety improvements. But state highway improvements would get no more than \$700 million allocated to “regional mobility improvements” including “traffic management technologies, spot mobility improvements, MnPASS lanes, strategic capacity enhancements, and highway access investments.”<sup>10</sup>

MnDOT’s state highway investment plan proposes similar spending on bikes and pedestrians—specifically, \$140 million on bike infrastructure and \$530 million on accessible pedestrian infrastructure between 2017 and 2037.<sup>11</sup> Yet, over the same time period, MnDOT plans to spend just \$240 million on Twin Cities street and highway mobility.

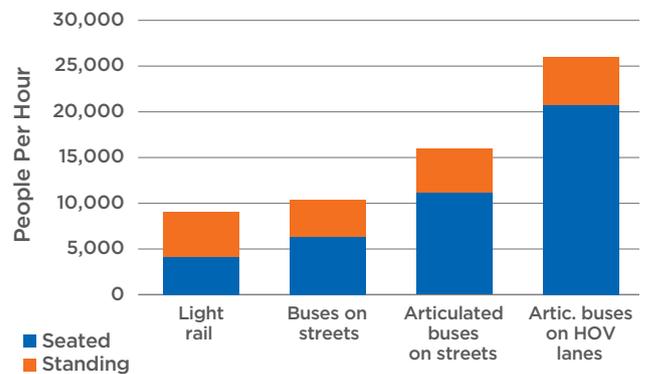
## Trains deliver lower capacity

Part of the problem is the Metropolitan Council’s infatuation with light rail, a high-cost, low-capacity form of transportation. As financial data outlined above shows, the 2040 plan calls for spending almost ten times as much money on transit improvements and at least as much money on bike paths, pedestrian, and safety as it would spend on increasing the capacity of state highways.

Not many people realize it, but the word “light” in light rail doesn’t refer to weight: light-rail cars actually weigh more than heavy-rail cars. Instead, it refers to capacity: light rail is, according to the definition used in the American Public Transit Association’s glossary, “an electric railway with a ‘light volume’ traffic capacity.”<sup>12</sup> Although one three-car light-rail train can hold 450 people (most of them standing), which is far more than

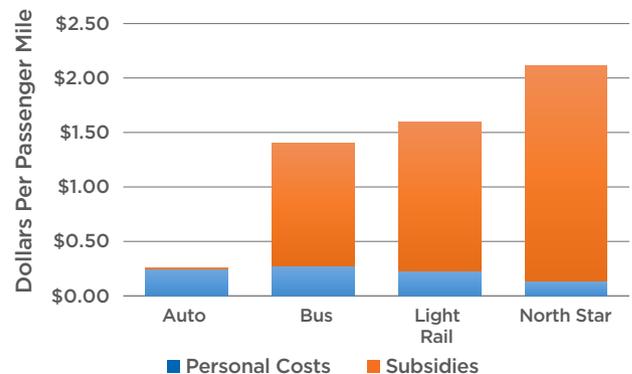


## Transit Capacities



**Figure 2:** Buses not only can move more people per hour than light rail, a higher percentage of those people will be comfortably seated rather than standing.

## 2015 Twin Cities Transport Costs & Subsidies



**Figure 3:** Per passenger mile, transit fares and average auto costs are about the same, but subsidies to transit are far greater than highway subsidies and, due to much higher capital and maintenance costs, subsidies to rail transit are far greater than to bus transit.

a single bus, light-rail tracks can safely move only about 20 such trains per hour, meaning each track has a capacity of only 9,000 people per hour.

Bus route capacities can be much higher. A standard bus can hold about 60 people (most of them seated) while articulated and double-decker buses can hold more than 100. Because buses are fast and nimble, a single street can move many more buses per hour than a rail line.

The Northstar commuter line is even more wasteful than light rail. In 2015, it carried an average of just 1,274 round-trips per weekday, collecting fares averaging less than \$3.50 per trip. Operations and maintenance costs alone amounted to more than \$27.50 per trip, and if capital costs were amortized over 30 years at 3 percent interest and added to the total, the subsidy per trip would be nearly \$50.

For the same cost as the Northstar trains, the Metropolitan Council could have given every daily round-trip commuter-train

riders a brand-new Toyota Prius every single year for those 30 years. More practically, Northstar service could be provided by 16 buses costing about \$12 million initially, compared with \$350 million for the trains. The buses would be faster than the trains and would also cost significantly less to operate.

## Plans prioritize getting people out of cars

The Metropolitan Council's ideology places a higher priority on getting a few people out of their cars than on making transportation safer, cleaner, and more efficient for everyone. A large part of their plans attempt to manipulate people's transportation choices by influencing land uses. One part of the 2040 *Thrive* plan calls for putting "moderate- to high-density development" along transit corridors.<sup>13</sup> Council planners assume that higher density housing will put more people within walking distance of transit stops and make them more likely to rely on transit rather than driving. They call this "improving accessibility" rather than mobility.

"The Council will promote land use planning and development practices that maximize accessibility to jobs, housing and services," says their 2030 plan. In particular, "transportation investments and land development will be coordinated to create an environment supportive of travel by modes other than the automobile including travel by transit, walking and bicycling."<sup>14</sup>

This is based on an obsolete, polycentric version of a city in which most jobs are located in downtowns or other job centers, and most people live near their jobs, thus minimizing travel. This vision was accurate in 1920, when most urban jobs were in manufacturing, and most factories were clustered in factory districts. Today, the vast majority of urban jobs are service jobs, including health care, education, retail, wholesale, and utilities.<sup>15</sup> Those jobs are too finely scattered across the landscape to be served well by mass transit; on average, less than 30 percent of jobs are located in downtowns or other concentrated job centers.<sup>16</sup> With the proliferation of cars and the dispersal of jobs, Twin Cities transit ridership dropped from 292 million per year in 1920 to 128 million in 1940 to 86 million in 1960 and to 78 million in 2000.<sup>17</sup> Annual transit ridership amounted to 83 million in 2016. The Metropolitan Council's goal to recreate cities of the 1920s will fail because the nature of jobs has changed.

In another attempt to increase transit usage and discourage driving, the council also seeks to increase population densities. Historically, zoning ordinances have set maximum densities allowed in each zone. In order to increase the region's densities and thereby increase accessibility, the council's plans call for

adding *minimum density* requirements to each zone.<sup>18</sup> The council has also set a target for the number of multifamily housing units that must be built, and distributed that target to each of the cities in the region.<sup>19</sup>

At the same time, the council is discouraging low-density development at the urban fringe by setting maximum allowable densities outside of the urbanized portion of the seven-county area. Much of the area, for example, is limited to one home for every 40 acres.<sup>20</sup> These restrictions on rural development would force most new development into the existing urban footprint.

## Plan will fail to alter driving habits

All of these ideas are based on current urban planning fads that have been proven not to work when they have been tried in other urban areas. The most spectacular failure is the San Francisco Bay Area, which has built 200 miles of new rail transit routes in the past 35 years. Along those routes, the region has encouraged developers to build numerous

high-density, mixed-use transit-oriented developments. The region's overall population density has increased by nearly 50 percent since 1980. Yet per capita transit ridership has declined by a third and per capita driving has increased.<sup>21</sup>

Numerous studies have asked whether increasing densities and other changes to urban form can change people's travel habits. A literature review of those studies by University of California, Irvine, economist David Brownstone found that many of them failed to account for self-selection. That is, people who prefer to use transit rather than drive will tend to locate in high-density housing along transit corridors, but this doesn't mean that building more such housing projects will lead other people to drive less.<sup>22</sup>

Studies that corrected for self-selection, Brownstone learned, still found a link between driving and density, but that link was "too small to be useful" in attempting to reduce driving. "The magnitude of the link between the built environment and VMT [vehicle miles

of travel] is so small that feasible changes in the built environment will only have negligible impacts on VMT," concluded Brownstone.<sup>23</sup> Yet most of the Metropolitan Council's transportation plans are based on the assumption that such land-use changes will greatly alter the region's travel patterns.

Rather than significantly reduce driving, increased densities in transit corridors will significantly increase congestion. Putting more people in a given area is going to result in more driving within that area. Given the council plans almost no new roadway capacity, that means more congestion. More con-



**The 2040 plan also includes \$700 million of state money for bike paths and pedestrian improvements. But state highway improvements would get no more than \$700 million allocated to "regional mobility improvements."**

gestion means wasted energy, more greenhouse gas emissions, and, since cars pollute more in stop-and-go traffic, more toxic air pollution.

## Plans prioritize core cities at expense of suburbs

Hennepin County and Minneapolis are naturally enthusiastic about the Metropolitan Council's plans, which call for dedicating most of the region's resources to maintaining the preeminence of the central cities and counties at the expense of the suburbs. Yet if transportation resources were placed where they are most needed, they should go mainly to the suburbs, where most of the region's growth is taking place. Census data reveal that, between 2000 and 2015, Minneapolis and St. Paul gained 42,000 residents while the suburban portions of the urbanized area grew by 370,000. Similarly, Hennepin and Ramsey counties gained 134,000 people while the five suburban counties grew by 236,000.

As joint comments on the 2040 plan submitted by the five suburban county commissions noted, "goals, strategies and corresponding performance measures" in the 2040 plan "don't align with regional growth patterns." Though the plan itself projects that most future growth will take place in the suburbs, "non-local transportation investment does not address these projections," meaning the 2040 plan doesn't put state and federal transportation dollars where the growth is taking place.<sup>24</sup> Specifically, the plan is "prioritized towards transit and non-motorized modes," with highway expansions "focused on MnPASS." This bias "represents a bleak future for the regional highway system in most counties," argued the counties.<sup>25</sup>

The Metropolitan Council's pro-congestion plans stand in sharp contrast to those of other urban areas that have actively sought to minimize congestion. The Kansas City urban area, for example, has seen the number of lane miles of freeway per million people grow from 1,081 in 1982 to 1,320 in 2014. By comparison, the Twin Cities population has grown faster than

lane miles so lane miles per million has shrunk from 683 in 1982 to 670 in 2014. While Kansas City's travel time index has barely grown from 1.04 in 1982 to 1.15 in 2014, the Twin Cities' index has grown from 1.11 to 1.26, meaning Twin Cities residents waste far more time in traffic than those in Kansas City.<sup>26</sup>

This means residents of Kansas City have greater mobility than those of the Twin Cities. Average driving speeds in Kansas City are 40.1 miles per hour, more than a third greater than Twin Cities speeds of 29.4 miles per hour.<sup>27</sup> Since, for most Americans, time is more likely to limit travel than cost, faster speeds mean access to more jobs and other economic opportunities. This helps explain why per capita driving in Kansas City averaged 34.0 miles per day in 2014, or 30 percent more than the Twin Cities average of 26.2 miles per day: Kansas City residents can travel those 34 miles in less time than it takes Twin Cities residents to travel 26 miles.<sup>28</sup>

At the same time, the average resident of the Twin Cities area rode transit 178 miles in 2014 compared with just 46 miles in Kansas City. This might make it appear that the Metropolitan Council's plan to suppress driving in favor of transit is working. But the extra 132 miles of transit riding fail to make up for the lost 2,847 miles of driving per capita, especially since (at an average occupancy of 1.67 people per vehicle) that driving represents something like 4,750 passenger miles.<sup>29</sup> Despite the extra transit ridership, Kansas City-area residents are still 29 percent more mobile than those of the Twin Cities.

Another city that has worked hard to prevent increased congestion is Indianapolis. In 1982, Indianapolis congestion was worse than in the Twin Cities. Since 1990, the Indianapolis urban area has been growing twice as fast as the Twin Cities, but rather than allow congestion to increase, Indianapolis is the first American city to completely coordinate all of its traffic signals. As a result of this and other improvements, Indianapolis travel speeds today are 15 percent faster than those in Minneapolis and, with a travel time index of 1.18, congestion is far lower. ★

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**AN AGENDA**

# THE LONG VIEW

## 7 THINGS THE LEGISLATURE DIDN'T DO, BUT SHOULD

**T**he 2017 Legislative Session turned out to be a productive one. From transportation to health care to education, Minnesota's Legislature sent Governor Dayton a slate of bills that delivered on key priorities. The state's roads and bridges received a much-needed boost in spending without a tax increase. First steps were taken to address the crisis in the individual health insurance market, providing immediate relief to people exposed to stunning premium increases. And important changes were made to empower school districts to hire and retain the best teachers.

Yet much remains to be done to make state policy work for all Minnesotans. In the *Minnesota Policy Blueprint*, published in 2014, Center of the American Experiment outlined a long-term policy vision for the state of Minnesota. State lawmakers passed several policies consistent with the *Blueprint* in 2017, but these policies are just a start. Here are seven key policies that demand more progress from the Legislature.

**1. Spend Less.** The single most disappointing aspect of this year's legislative session is the fact that a Republican legislature passed \$45.7 billion in general fund spending for the next biennium. This is an increase of more than 9% over the 2016-2017 period and more than \$10 billion higher than Governor Dayton's first biennium, 2012-2013. While much of this increase stems from the automatic growth baked into current programs, the legislature agreed to add yet another \$1 billion in spending. Importantly, this bump in state spending has not been driven by any emergency or extraordinary need. Our legislature has simply been profligate, and Republican control of both chambers seemed to make little difference. Some of that additional spending—e.g., \$300 million allocated to

**By  
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roads and bridges and \$160 million to courts and public safety—is welcome and overdue. But spending on education and health and human services (HHS) is out of control. The “automatic” spending increase for E-12 education was over \$800 million, and the final budget agreement added another \$483 million. This extra spending comes on the heels of a \$607 million and a \$526 million increase over and above the base in the last two budgets. The biggest budget problem, however, continues to be HHS spending, which grew by over \$2 billion.

It would be one thing to increase spending if it delivered demonstrably better outcomes to taxpayers, but there is no evidence to suggest these added dollars will do anything to boost the performance of schools or public health care programs. What we do know is that more spending on education and HHS crowds out other priorities, such as transportation.

**2. Cut Income Taxes.** The legislature’s lack of spending restraint also ruled out substantial tax cuts. The small tax cuts that were enacted (most notably, a reduction in business property taxes) were welcome, but, at just \$450 million, they amounted to less than half of the extra spending.

Cutting taxes should rank among the highest policy priorities for the state. Most Americans know two things about Minnesota: it gets very cold in the winter, and taxes are really, really high. As a percent of personal income, WalletHub recently calculated Minnesota had the fifth highest state and local tax burden in the country. These high taxes damage Minnesota’s economy by discouraging work, educational investments, and entrepreneurship. They also discourage productive citizens from moving to Minnesota from other states.

People who support high taxes claim Minnesota boasts a strong economy due, in part, to the government programs that taxes fund. But, in *Minnesota’s Economy: Mediocre Performance Threatens the State’s Future*, the Center documented the

fact that Minnesota’s economic performance has been average at best over the past 15 years, despite the state’s many natural advantages. Furthermore, the Center’s analysis of IRS migration data shows that every year, the state suffers a net outflow of residents to other states, with almost all of the net departures heading for lower-tax states. In 2014, Minnesota suffered a net outflow of \$948 million in household income to other states.

Whether we like it or not, we are in competition with other states for the most desirable residents—entrepreneurs and others who contribute substantially to the states where they live. How likely would

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**Nibbling around the edges of Minnesota’s tax code isn’t enough. We need significant, across-the-board cuts in personal and corporate tax rates.**

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you be to choose Minnesota if two of the main qualities you attribute to the state are bad weather and high taxes?

Nibbling around the edges of Minnesota’s tax code isn’t enough. We need significant, across-the-board cuts in personal and corporate tax rates. Certainly Minnesota’s top personal income tax rate of nearly ten percent, the third highest in the nation, needs to go. But the other rates need to be cut, too. Minnesota’s *lowest* income tax rate, 5.6%, is *higher* than the *highest* rate in 23 states, seven of which have no personal income tax at all.

Improving Minnesota’s competitive position requires significant cuts in tax rates. Tax cuts, in turn, require spending discipline.

**3. Eliminate the Estate Tax.**

Lawmakers did take a couple of incremental steps toward reaching the

tax reduction goals in the *Blueprint*. In particular, the tax bill raises the statutory exemption for the estate tax from the current \$1.8 million to \$3 million by 2020. But this is only a small step. The federal exemption is \$5.49 million, meaning that many Minnesotans who are not subject to the federal estate tax will continue paying the state’s version of the tax.

Fully eliminating the estate tax should be a key priority because the tax is one of the most economically damaging, relative to the revenue it brings in, only \$183 million in 2016. Because it is a very high tax on a very narrow base, the estate tax creates enormous incentives to avoid it, including an incentive to move to another state. The estate tax might be the largest factor driving out wealthy residents who are forced to choose between paying money to the State of Minnesota and leaving it to their children.

When residents move, the state loses any estate taxes they would have paid here. Worse, Minnesota also loses the income, sales and property taxes those people would have paid, had they remained in Minnesota. The Center is currently analyzing the fiscal implications of repealing the estate tax in its entirety, as more and more states are doing. Meanwhile, an educated guess is that doing away with the estate tax would cost the state’s government very little money, and possibly none.

The estate tax is largely a spite tax, imposed not so much for the modest revenue it raises, but to get even with the wealthy. Repealing it would send a powerful signal that Minnesota’s public policies are no longer driven by hostility to wealth creation, or wealth creators.

**4. Enable meaningful school choice.** Education spending in Minnesota, as across the United States, has risen rapidly for decades. But we have learned that more spending does not equal better results. While spending soars, student achievement stalls.

This is particularly true for inner-city, at-risk students. Frequently, they attend

public schools that are low-achieving, if not downright dangerous. Poorer families don't have the money for private schools, and there are not enough scholarships to go around for the large number of disadvantaged youth in Minnesota's public schools.

For these reasons, Center of the American Experiment has been promoting school choice for 25 years. To offer adequate alternatives to underprivileged children, school choice must include religious private schools—pretty much the only kind that exist in inner cities—and must cover tuition as well as incidental expenses.

Last year, and again this year, an excellent proposal for a tax credit to support Opportunity Scholarships for low-income students to attend private schools, nearly passed through the legislature but failed at the 11th hour. The proposal encountered determined resistance from Governor Dayton, who bitterly opposes school choice because it threatens to reduce the number of unionized teachers whose dues are funneled to support his party's candidates. As Kim Crockett memorably put it, in 2017 Governor Dayton sacrificed Minnesota's school children on the altar of government unions—again.

Next session, the legislature should do everything possible to get meaningful school choice, in the form of Opportunity Scholarships, across the goal line.

**5. Promote mining in northern Minnesota.** Minnesota has some of the richest mineral deposits anywhere in the world. Northern Minnesota contains more than four billion tons of copper, nickel and precious metals. We have the second largest copper deposit in the U.S., and the third largest nickel deposit in the world. And in May, scientists announced that they have successfully converted an abundant Minnesota mineral, called ilmenite, into valuable titanium dioxide. This could create a whole new mining industry in northern Minnesota, which has both the largest and the most accessible reserves of ilmenite in North America.

Taken together, the mineral wealth of northern Minnesota is almost incalculable. And yet, apart from taconite, these resources have been almost entirely



## Following the *Blueprint*

# THE 2017 LEGISLATIVE SESSION

## American Experiment proposals score gains and suffer a setback

**The November 2016 election** resulted in Republicans gaining a one-vote majority in the Minnesota Senate and an expanded majority in the House. These gains greatly expanded opportunities to advance conservative, free-market solutions to the serious problems facing Minnesota.

Of course, Mark Dayton remains the governor, which greatly limited what the legislature could accomplish this year. Nonetheless, Dayton signed budget bills that included provisions that advanced a number of American Experiment priorities.

As of this writing, the final result remains in question due to the fact that Dayton line-item vetoed the legislature's budget and demanded the legislature come back and renegotiate key items to get their funding back, setting up a serious constitutional confrontation.

What's not in question is the important role American Experiment played in crafting a wide range of policies signed into law.

That work crafting policy started in 2014 when the Center published the

*Minnesota Policy Blueprint*, a broad set of policy recommendations covering 10 key issue areas that have helped guide the legislature's work.

Transportation stands out as the most important success. The *Blueprint* concluded that funding for roads and bridges needed a significant boost, but, unlike other advocates for more funding, rejected calls to increase the gas tax. State taxes are already too high. The legislature agreed, enacting a package that dedicates a portion of the existing sales tax and allocates a larger portion of bonding to fund roads and bridges. The result is a historic increase in transportation spending—\$1.42 billion in the next budget and \$4.99 billion over ten years—without a tax increase.

Several other important *Blueprint* recommendations also gained passage, including:

- a reduction of the statewide tax on business property;
- an exemption from the estate tax for lower value estates;
- the repeal of the prohibition against

untapped. Companies invest many millions of dollars over a period of years and even decades, without getting a decision from the state's regulatory agencies as to whether they will or will not be issued a permit.

Minnesota's regulatory system, as it relates to mining, has broken down. The Center is working on a mining paper that will include specific legislative recommendations; for now, let's just say that the legislature should act to reform the regulatory process to expedite processing of permit applications.

**6. Adopt right-to-work.** Minnesota is one of a shrinking group of states that force workers to join unions as a condition of their employment. In the past five years, Indiana, Kentucky, Michigan, Missouri, West Virginia, and Wisconsin all adopted right-to-work laws that give workers the freedom to join, or not to join, a union.

These laws have passed because giving workers more freedom creates new job opportunities, makes states more competitive, and stimulates stronger eco-

for-profit health maintenance organizations;

- the expansion of teacher licensure to create alternative licensure paths to address teacher shortages;
- the establishment of a goal for the Public Utilities Commission to set electric rates at five percent below the national average; and
- an exemption for small municipal and cooperative utilities from state energy efficiency requirements.

The Center helped lay the groundwork for these policies in previous years and didn't need to expend much effort to get them across the finish line. Instead, the Center was free to focus legislative efforts on several other priority issues.

**Health Insurance.** At a time when insurance premiums increased between 50 and 67 percent and insurers struggled to stay in the market, Peter Nelson worked closely with legislators and staff to identify strategies to stabilize Minnesota's precarious individual health insurance market. Early in the session the legislature passed a bill to provide an immediate 25 percent premium rebate in 2017, and later passed a bill to create a reinsurance program that will deliver further premium relief in 2018. Nelson continues to work on a longer-term solution for the state, all while working to help guide federal lawmak-

ers in their work to repeal and replace Obamacare.

**Met Council.** Kim Crockett focused much of her work on reforming the Met Council and opposing the expansion of Minnesota's light rail network. While the legislature could not put a moratorium on light rail as the *Blueprint* recommends, the transportation bill did eliminate any state funding for the Southwest Light Rail Transit project.

**Pre-K.** Crockett also helped limit the expansion of pre-kindergarten programs in public schools. The education bill provides \$50 million in one-time money to public schools, which they have the choice to use for either pre-K or other school readiness programs.

**School Choice.** The worst news of the session: Tax credits for contributions to organizations that provide scholarships to private schools for low-income kids was pulled from the tax bill. Mitch Pearlstein has devoted decades working to expand school choice for low-income kids and these scholarships would have substantially expanded their education opportunities.

Overall, it was a busy and successful legislative session for the Center. This success promises to breed even more success in the coming years, creating better opportunities for all Minnesotans to thrive and prosper.

economic growth. Stronger growth translates to higher wages. In 2012, the Center commissioned a study that found income per household would have been between \$6,000 and \$7,700 higher if the state had passed a right-to-work law in 1977.

Short of Minnesota passing right-to-work statewide, cities and counties may be able to pass their own right-to-work laws, depending on the outcome of a court case on appeal. Starting at the local government level is how Kentucky got momentum to pass right-to-work statewide.

Both Minneapolis and St. Paul have passed paid sick leave requirements. These laws have generated a legal challenge on whether towns and counties can adopt by ordinance labor regulations that are inconsistent with state standards. While the Center supports this legal challenge—one statewide labor policy is far better for business than a patchwork of regulations from city to city—if the courts ultimately go the other way, cities and counties will be able to pass their own right-to-work ordinances, just like a paid sick leave policy or a minimum wage.

**7. Rein in the out-of-control Metropolitan Council.** The Metropolitan Council was created in 1967, mostly to deal with sewage issues that crossed town boundaries. But it didn't take long for Met Council members and staff to realize that the organization's powers were potentially vast. In general, municipalities and counties are required to carry out actions that are in accordance with approved plans. Who approves the plans? The Met Council. Its central role in metropolitan area planning gives the Met Council the ability, never intended when the Council was established, to drive an ideological agenda. In recent years, that is exactly what the Met Council has done. It uses its planning powers to try to implement a vision for a radically different Twin Cities area.

Among regional planning agencies, the Met Council is unique. In a paper written for the Center in 2016, Kevin Terrell found that the Met Council has the largest budget of any of the nation's 20 major regional authorities, while at the same time it is the least accountable—members never need to stand for election. Uniquely among such regional organizations, the Met Council has the power to levy taxes, a literal case of taxation without representation.

The Center's new traffic congestion project highlights the manner in which the Met Council is trying to reorder the Twin Cities. The Council wants Twin Cities residents to ride trains, buses and bicycles rather than drive cars, and it is willing to make traffic more congested in order to realize that goal.

Multiple process reforms have been proposed for the Met Council, such as expanding the Council to include members who are elected county and city officials. Such process reforms would probably help, but a better course would be to abolish the Met Council as it currently exists. The legislature could then establish a new agency whose powers would be too modest to allow it to envision remaking the Twin Cities pursuant to an ideologically-driven vision. ★

# THE ROOT CAUSE

Exonerated CEO Howard Root uses a long and ugly court ordeal to seek judicial reform. He is interviewed by Ron Eibensteiner, American Experiment's chairman.

**O**n February 26, 2016, about an hour after a federal jury in San Antonio unanimously exonerated Twin Cities-based Vascular Solutions and its CEO Howard Root of a criminal violation of FDA standards, a juror sent Root an email. “I turned 52 years old yesterday and in all my life I have never feared the government,” it said. “As a law abiding, tax contributing citizen, one should never have to fear our federal government. Unfortunately, I will never feel that way again. What the federal government did to you, your company and your employees is nothing short of criminal.”

Root recently recounted his five-year legal ordeal before a sold-out audience of more than 400 people at an event sponsored by Center of the American Experiment at the Minneapolis Hilton Hotel. He described how in 1997 he left his legal career to found Vascular Solutions, a medical device developer that he grew from nothing to over \$75 million in revenue by 2010. But at the end of that year, a disgruntled employee filed a “whistleblower” lawsuit with the U.S. Attorney in west Texas that spiraled into accusations of criminal violations for which Root could have been sentenced to five years in prison and his company and its 600 employees could have been barred from doing business with Medicare, tantamount to a corporate death sentence.

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The verdict concluded a nightmare in which the company spent \$25 million in legal expenses over five years for 121 lawyers at 14 law firms across the country to represent more than 50 employees and customers who became entangled in the prosecution.

Ron Eibensteiner, the Center's chairman, followed that up with this interview.

**Eibensteiner:** This ordeal all began with an allegation from a whistleblower. Explain that. What was in it for him?

**Root:** Virtually all these start with the whistleblower, who is usually a disgruntled former employee who's trying to make money, and this case was no exception. A sales rep who does not get promoted, leaves the company, gets in trouble by violating his non-compete, then creates an allegation against the company in order for him to get 25 percent of whatever money the government gets from the company.

The whistleblower in this case made up a \$20 million fable, so that he'd get 25 percent of that, or \$5 million. The beauty for the whistleblower is that his lawyer doesn't have to do anything other than file the complaint, give it to the U.S. Attorney and then feed the U.S. Attorney information that would support the government prosecuting the company. There's a massive incentive for false statements, misstatements or inaccuracies to start the investigation, and the company gets no chance to respond at that time.

**The whistleblower has so much financial incentive to make allegations with very little repercussion, if he's wrong. Doesn't that need to be changed?**

**Root:** What needs to be changed is the U.S. Attorneys need to talk to the company immediately upon getting the whistleblower allegations. Instead they wait, in my case almost a year, before they let the company respond, and even then, they just request our documents

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**“What the federal government did to you, your company and your employees is nothing short of criminal.”**  
—A Juror

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and do not get our version of what really went on. The whistleblower is feeding information motivated by his side, which is to get money, and the U.S. Attorney is not listening to the other side and getting locked in on the case. The way to change that is to make the U.S. Attorney look at the other side and see what the company has to say before their prosecutors get locked in.

**Is that why this civil case evolved so quickly into a criminal prosecution?**

**Root:** It became a criminal investigation the day it was filed by the whistleblower because the policy of the Department of



**Howard Root** started his career as a corporate lawyer but soon turned into an entrepreneur. He founded the Minnesota medical device company Vascular Solutions in 1997 and continued to run it for 20 years, inventing and launching over 100 new cardiovascular devices and creating more than 650 U.S. jobs along the way. In February 2017, after enduring a five-year legal nightmare, he sold the company to Teleflex for \$1 billion.



Justice [DOJ] under Sally Yates was that every corporate investigation is given to the criminal division to see if there's a chance to prosecute the CEO. The whistleblower files the allegation, the civil division attorneys turn it over to their partners on the criminal side to see if they can make it into a criminal investigation, and the first subpoena we got was from the Criminal Division of the DOJ who were already investigating it as a crime.

**How did you feel when you realized that the attorneys at the Department of Justice were not interested in getting at the truth, but rather about winning their case at all cost?**

**Root:** It was exactly the opposite of what I expected. You expect someone working in the Department of Justice is interested in justice and trying to find the right answer. Instead, as we started having interactions with these prosecutors, they said things like, "We've invested our blood, sweat and tears into this investigation and at this point, we need a body." Which stunned me because it means they needed an individual to plead guilty to a crime simply because they had done so much work on the case. That's so far removed from justice that I was shocked that anyone in the Department of Justice would say that. But that's the way they're motivated, that's the way they're rewarded, and that's the way they get promoted.

**Your book describes some brutal behavior on the part of the Feds toward your employees, so much so that you filed a motion to dismiss the indictment for prosecutorial misconduct. What led to that motion, and what was the outcome?**

**One of my board members said, "If we take the settlement offer, the company survives. If we don't take the settlement offer, and we lose at trial, the company is destroyed." Then he asked, "Do we have to accept something for the financial interest of the shareholder if we know that it's wrong?"**

**The lawyer said, "No, you don't ever have to sign anything that's wrong." And he said, "Okay, this is an easy decision. What they're asking us to admit is wrong. Case closed."**

**Root:** The prosecutors started off their investigation by threatening the company. They said, if you don't plead guilty to a crime and give us the money and the compliance agreements that we want, we will take the company down. We will basically prosecute you until you can't take it anymore. When we proved that we could defend ourselves, they went against individual employees to manufacture the evidence they needed to try to establish their false case. When the individual employees wouldn't corroborate the prosecutors' theory of the case, they started threatening the employees.

In the prosecutor's mind, the conclusion was absolute—they thought we were guilty and the employees were covering up what we did. In reality, the prosecutor's conclusion that we were guilty was false and the witnesses, the employees, were telling the truth. Because the prosecutors thought that

the employees were lying, they started threatening them in gradually increasing levels of severity to try to get the answers they wanted. So it wasn't that one day the prosecutor woke up and they said, "We'll threaten the children of the employees." Instead, it was something they finally did to try to get the employees to say that the company had done something wrong.

There is really nothing a defendant can do at that point except bring a motion to dismiss the indictment for prosecutorial misconduct. That's what our lawyers did, but the odds of success on that are almost zero. No federal judge is going to believe that prosecutors are threatening the employees' children over something so insignificant as our case. We didn't even get a hearing by the judge. He just dismissed it out of hand, saying, I have no evidence of this, I don't want to see any evidence of this, and even if they did it I wouldn't dismiss the indictment.

**Why didn't you just settle?**

**Root:** For this reason, I actually liked that the prosecutors were so out of control because in the normal business, and I'd say with every business, if it's just an argument over money, the company will give up the money and not fight even if they've done nothing wrong.

**It's a little bit like extortion?**

**Root:** It's a lot like extortion. You would give any amount of money to the government in order to avoid getting indicted. That's what companies do in almost all the cases. In this case though, the prosecutors were so unhinged in demanding that individuals plead guilty and their careers be destroyed, that there was no middle ground. They wanted four employees fired and destroyed, and say that the middle ground is two. We weren't going to give up one. At that point, when the prosecutors were so adamant about individual destruction, it made it so easy for us to say no, that we could actually fight. But if they had said, "All we want is \$10 million", we would have given them the \$10 million. Remember, we spent \$25 million on our defense.

Because they added three other employees and me into the demands of the settlement, my board and I could say

no and we could get on with the fight. When prosecutors face a good opponent, most of the time they lose. They're just not that good at trial. But the problem is that most defendants cannot get to trial. They have to give up beforehand. They don't have the money, they don't have the legal talent, they don't have the judgment, they don't have the backbone, or they may not even have the family support. And then the prosecutors win.

**I've served on many high technology boards over the years and I have to tell you, I'm really impressed with your board of directors. They supported you from start to finish. Tell me about that.**

**Root:** Right, not only the board, but also the employees. We didn't have a single officer of the company resign during this whole process. The board had been with me since the very beginning of the company. We had weathered many storms, survived and grew. They knew we were going to run the company the right way. They knew that we weren't doing something underhanded or devious, and that gives them the confidence to stand up and say, "We're not going to get rolled."

The lawyers for the company explained the settlement offer to our board and explained that if we lost, the company would be destroyed. It would have been shut down, sold off for parts. That's a big bet for the company. One of my board members said, "If we take the settlement offer, the company survives. If we don't take the settlement offer, and we lose at trial, the company is destroyed." Then he asked, "Do we have to accept something for the financial interest of the shareholder if we know that it's wrong?" The lawyer said, "No, you don't ever have to sign anything that's wrong." And he said, "Okay, this is an easy decision. What they're asking us to admit is wrong. Case closed."

Too many boards are the other way around. They start with what's financially in the company's best interest and try to meld that into what's right.

**What are the top two takeaways from this whole experience?**

**Root:** The reason I wrote the book is to convince everyone in America that you

could be indicted for absolutely nothing today, and it's not just CEOs and it's not just business people. Prosecutors have almost uncontrolled power to destroy anyone in America on false charges. That's something we need to correct.

The second takeaway for me is that you can win, if you fight, but you have to think it all the way through to the end. I get calls from defendants probably once a month asking for advice. The first question I ask is how much money do you have? If they say \$100 thousand or even a million dollars, I say, "I'm sorry. I don't think you can fight because it's going to cost way more than that to take on the federal government." The best thing to do at that point is to make nice, take the lowest penalty that you're going to get—which is going to be offered at the very beginning—and try to get back on your way. That's a horrible message to deliver. I hate it, but it's the best one for a defendant without money.

**I was always taught that, in America, a person is innocent until proven guilty. Is that still the case?**

**Root:** I'd say this: if guilty means being punished, you can be punished even though you're innocent, because the big punishment in these cases is the process. It took us five years from the time they started the investigation until we finally got to not guilty. During that period, we spent \$25 million. We lived 15 months as an indicted company and an indicted CEO, and that is real punishment for a person, whether or not you win at trial. You're not innocent until proven guilty in my view because you're punished at the very beginning and all the way through to the not-guilty verdict.

The flip side is, you are innocent until proven guilty when you get into the courtroom, if you can survive the process to get to the courtroom. Once you're there, the defendant has the advantage. The prosecution has the burden to prove their case beyond a reasonable doubt. The defendant can strike more potential jurors than the prosecutors can. The defendant gets to see all the evidence from the prosecutors before it is used in the trial, whereas, the prosecution only sees the defendant's evidence when it's presented.

The court system, the actual trial itself is still set up as innocent until proven guilty, but the process to get there is guilty right from the first investigation. And the punishment starts from day one.

Plus, the Department of Justice has a horrible practice of issuing press releases at the time of the indictment saying all kinds of bad things about the defendants as if the allegations in the indictment, are already proven. They say you are a money-motivated CEO, running a company that puts profits over people, don't care about what the FDA says, and have endangered public safety. And then in the last paragraph of the press release they say an indictment is only an allegation and everyone is presumed innocent until proven guilty in a court of law. But that's after a page and a half of allegations which read like they're facts.

**You started Vascular Solutions from scratch, here in Minnesota. You raised money, you hired people, and you worked hard for many, many years, and it did very well financially. How many people did you employ?**

**Root:** 650 at the end. And we did all that without a dime of government money.

**This was a real asset to the State of Minnesota. How many of our political leaders came to your aid when you were falsely indicted by the Department of Justice? I am specifically thinking of Senator Amy Klobuchar, who you'd know for a long time and who serves on the Judiciary Committee in the Senate.**

**Root:** I've known Senator Klobuchar since 1985, when we started together at the law firm Dorsey & Whitney and worked together for five years.

When I saw the investigation going off the rails, and the prosecutor threatening my employees, I sent an email to her staff saying, "Could Senator Klobuchar send a letter to the Department of Justice to get someone to look into this?" The response from the staff was, "It's a longstanding rule of the Senate that senators cannot get involved in ongoing DOJ investigations." That is 100 percent false. My lawyers used to work at DOJ and got letters from senators all the



time, asking for an explanation about an ongoing investigation. But that response was a way for Senator Klobuchar to say “I can’t,” rather than “I won’t,” which is politically correct. She did not want to get involved in a company that had been accused of a crime because it could tarnish her political reputation.

Later on I sent another email to the staff describing the misconduct going on. Since Senator Klobuchar is on the Senate Judiciary Committee, and a former prosecutor, I thought she should know about this attack on our Minnesota medical device community. The response back from her staff was, “Thanks for the info. Have a great day.” My great day was the day I got indicted.

### It took five years to get to trial. What did you feel like on the first day of the trial? Optimistic? Scared? Nervous?

**Root:** Every defendant’s nervous; if they’re not, they’re not awake. You’re sitting there waiting for a prosecutor, who’s been ginning up a case against you for five years. He’s going to give an opening statement to a jury of 12 people who don’t know you and you’re going to sit there and take it. That’s not a normal position for the CEO of a company to be in. You sit there and wonder how bad it’s going to get, where the attack will come from, and how they will dirty you up. You can guess, but you just don’t know. And then an hour and a half later, the opening statement is over and you know their whole theory of the case.

### How did you react to their opening statement?

**Root:** I was relieved because it was so bad. Their big theory was that I was doing this to make money. The product

**The lack of control over prosecutors is the single biggest danger to freedom in America. It’s not justice when prosecutors can pick out anyone in America and subject them to this criminal process and only the very wealthy can survive.**

they alleged we were illegally marketing made up 0.1 percent of our sales, never harmed a patient, had eight separate FDA clearances and didn’t make us a dime. I couldn’t believe that they were actually thinking that argument was going to win.

My biggest fear was there would be something they would say that I didn’t know. It’s what you don’t know that you don’t know that creates the big problems in life. I felt relieved because once I knew exactly what they were going to prosecute me for, they had nothing. If we just put on a good case, we were going to convince the jurors that this was not a crime. And we did, convincingly.

### After the prosecution rested its case, your team decided not to call a single witness to testify in your defense. Which was very unusual, right?

**Root:** Unusual, unexpected, a little scary, and counter to my personality.

### How did they react?

**Root:** I was watching the prosecutors when we said “the defense rests.” I expected them to express shock and panic because I knew they weren’t ready to give their closing argument. They were thinking they would have two more weeks of witnesses, but now they would have to give closing arguments the next day. If they were smart, they would have been panicked and shocked. Instead, they

looked ecstatic, like they had suckered us into giving up. We weren’t giving up, we were just walking off the court winning 100 to 1. We didn’t want to bore the jury with more evidence when we already had the facts on our side, the law on our side and the emotion on our side.

### All presented by their witnesses?

**Root:** Right, by us cross-examining their witnesses. If you can make your case by cross-examining the prosecution’s witness, you have the strongest case possible. Their only physician witness said that our product was safe and effective, had never harmed a patient and that any risk of a complication was purely hypothetical and never seen. We didn’t need to call anyone to say that again because we already had it from the prosecution’s own witness.

That’s how bad the government’s case was.

Because of our decision to rest without calling any witnesses, we went right to closing arguments. I knew that the prosecutors were not prepared and their argument was going to be a mess—and it was. We had four days to prepare our closing arguments because we knew we were going to rest without calling witnesses, and our closing arguments were well prepared, scripted and practiced.

### What were you feeling when the jury left to start deliberation?

**Root:** I had a great view of the jury during the case. When the closing arguments were going on, the judge was trying to have a poker face, but the jurors don’t have to. I could tell that four or five of the jurors were very visibly upset at the prosecution and very supportive of us. One of the jurors started crying during the defense argument, which I thought was a pretty good sign.

But the challenge for jurors is that it has to be unanimous. The big risk is that one juror might hold out and then convince the other 11 to come along with a compromise verdict, which convicts you of one crime but lets the other allegations go away. The problem is that jurors don’t know the implications of the verdict that they return. They don’t know what’s a misdemeanor and what’s a felony and

they don't know what the penalty is for any of the crimes they're deciding. The one verdict that the jurors probably thought was the least serious, which is conspiracy, is actually the worst crime to be convicted of. That's the felony, the others are misdemeanors. That conspiracy conviction would have resulted in a minimum of three years in prison for me, where the other ones had a maximum of one year in prison.

But I did not think that was going to happen. We had a great consultant to help pick the jury, a guy who helped us write the jury questionnaire and pick the right jurors and exclude the wrong jurors. I thought that we had the right jury, and I was proven right. They came back after a day with not guilty on all counts.

**OK, you've been acquitted. When did you know it was time to sell the company?**

**Root:** I had decided it was time to sell the company before I was indicted, a year and a half earlier. It was when I realized that any business in America can get indicted and the CEO thrown in jail for a salesperson saying a wrong word. If an employee says the wrong word, the CEO could go to prison. I knew that we needed to fight all the way through to not guilty, but then it would be time for me to get out, for us to sell the company, rather than risk it again.

**With those risks, why would anyone want to be a CEO these days?**

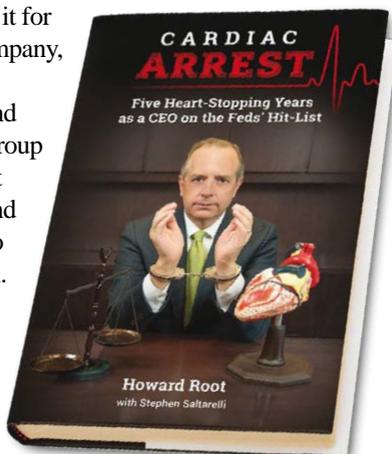
**Root:** Either they don't appreciate that level of risk, or they think they can just manage their way out of it. They can't. I always say there's three types of CEOs. First there are the ones who do it for the right reasons, to build a company, to grow a company, and to do good things for shareholders and employees alike. The second group wants to see their name in print and have that kind of power, and the third group wants to do it to make the most money they can. We're chasing that first group out of business, and they are the ones who should be managing public companies. I think a lot of people are

deciding not to be a CEO, especially of a medical device company that has that level of risk.

**Now that you've sold the company, you've said that your "case is your cause." Tell me about that.**

**Root:** I want two things to happen, they're both on the federal level, but they have implications for prosecutors on the local level as well. The first one is to rebalance the Yates Memo (written by former Deputy Attorney General Sally Yates), which says that every whistleblower investigation immediately becomes a criminal investigation of the CEO. We should rebalance that in the sense that prosecutors have to look at all sides of a case. They need to gather evidence from the company before they reach a conclusion, and only the most serious and worst offenses should be prosecuted on a criminal basis. There are people who commit corporate crimes. Bernie Madoff should be in prison for the rest of his life. But there are a lot of things being prosecuted as crimes that are not crimes and should not be prosecuted.

The second thing is that the lack of control over prosecutors is the single biggest danger to freedom in America. It's not justice when prosecutors can pick out anyone in America and subject them to this criminal process and only the very wealthy can survive. The Department of Justice has to police their own misconduct, and if they won't do it, the Senate Judiciary Committee has to have their own standing investigation of prosecutorial misconduct. When something as bad as what went on in my case



Root documented his cautionary experience along with co-author Stephen Saltarelli in the book *Cardiac Arrest: Five Heart-Stopping Years as a CEO on the Feds' Hit-List*. It is available in all formats.

occurs, the Department of Justice needs to take corrective action, discipline those prosecutors, fire them, and potentially even criminally indict them for obstruction of justice. I said in my press release after the verdict that if the U.S. Attorney in San Antonio wanted to indict someone for obstruction of justice in my case he wouldn't even have to leave his own office to find the most suitable person to indict. That's what I believe. What the prosecutors can do to obstruct justice is far worse than anything I'm seeing in America today.

**After going through this unfortunate experience, have you considered running for public office?**

**Root:** I'm certainly an advocate and it's fun getting involved in politics in my now four months of retirement, but I'll probably never be a candidate. I know what I'm going to do for the next year, which is talk about these issues and try to get something done within the Department of Justice. Hopefully I'll find a way to help the Republican Party in Minnesota as well. After that, I'm a horrible golfer and I'm not a sit-at-the-beach guy. I'm sure I'll find something to keep myself occupied, but I don't know what that is yet.

**I picked up your book on a Friday night and I think I finished it early Saturday afternoon. It's a real page-turner. Any thoughts about making a movie?**

**Root:** My co-author, Stephen Saltarelli, is now a screen writer. He was a lawyer on our case and left the practice of law right after the case to become a screen writer. For that reason, we wrote *Cardiac Arrest* as almost like a screenplay. It's three acts, it's the symptoms, the diagnosis, and the treatment of the case. It has multiple small chapters with a lot of visual things happening in there. He really gave it the punch that you normally would find in a movie.

**So who will play you in the movie?**

**Root:** George Clooney would be the obvious choice (laughter)! Actually, I really like Kevin Spacey. ★



# **GREAT JOBS WITHOUT A FOUR-YEAR DEGREE**

**Why do so many Minnesotans agree with the project's goals so eagerly?**

**By Mitch Pearlstein**



**E**ditor's Note: Center of the American Experiment successfully launched its new initiative, "Great Jobs Without a Four-Year Degree: Good News for Students, Parents, and Employers," at a program keynoted by American Enterprise Institute scholar Nicholas Eberstadt, author of the seminal 2016 book, *Men Without Work: America's Invisible Crisis*, at the Minnesota History Center, in St. Paul, on April 19. Working closely with President John Hinderaker, the project is headed by Founder Mitch Pearlstein and Senior Fellow Katherine Kersten. All three start from the premise that an enormous amount of vitally important activity is already underway throughout Minnesota when it comes to informing young men and women about satisfying and lucrative opportunities in the trades and other fields. Mitch, for example, frequently talks and writes about the need for an "overarching narrative" that ties all this excellent work together, while Kathy regularly focuses on the need for a "repository of success stories" from all corners of the state. These two goals and much more are what they and their American Experiment colleagues will continue pursuing for at least the next couple of years.

When speaking either to lone individuals or large groups about American Experiment's multi-year project "Great Jobs Without a Four-Year Degree," I usually begin by noting that there are a lot of young people who truly aren't enthused about seeking a four-year college degree, but because they feel pressured to do so by combinations of parents, peers, educators, the media, and the culture more generally, they wind up enrolling nonetheless. And then, as one might perfectly expect, many do poorly, drop out, and end up either underemployed or unemployed, frequently in serious debt.

Routinely, and well before I finish this brief recitation, many of the

people I'm speaking with start moving their heads up and down in knowing agreement. Right away they make it physically clear that they agree with my Center colleagues and me that the deeply entrenched cultural assumption of the last two generations that just about everybody should aspire to a baccalaureate degree is neither a sound idea nor fair spur.

I learned a long time ago from a senior diplomat that when a variety of people, somehow, come to agreement on a tough issue it's usually not wise

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**A British sociologist, John Jerrim, reinforced this finding in 2014 when he wrote, based on international comparisons, that "American teenagers are less realistic about their prospects of obtaining a bachelor's degree than young people in most other developed countries."**

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to probe exactly *why* they do so, as it's much more prudent to simply say thank you and move on to the next contentious problem. But let me pry here nonetheless. Or more specifically, permit me to speculate about what some of the reasons may be as to why so many people are enthusiastically nodding in my direction.

The obvious first answer is that they want what's best for their son or daughter, even if it runs counter to what *everybody* seems to think new high school graduates are *supposed* to do. Perhaps the people I'm meeting with

recognize that their teenager has less than his or her whole heart in laboring towards a four-year degree, and that he or she would be happier pursuing a different route.

Related to this, and given what may have been their child's weak academic performance heretofore, perhaps they soberly recognize that his or her chances of earning a B.A. are slim. Backing this up are findings by an American sociologist, James E. Rosenbaum, who wrote in 2011 for instance, that a remarkable (or not so remarkable) 80 percent of "low-achieving seniors who plan degrees" have an 80 percent failure rate.

A British sociologist, John Jerrim, reinforced this finding in 2014 when he wrote, based on international comparisons, that "American teenagers are less realistic about their prospects of obtaining a bachelor's degree than young people in most other developed countries."

Many additional people may nod principally because they have high respect for apprenticeships, community colleges, one-year and two-year certificate programs in both public and private postsecondary institutions, and job training in the military. Once again, my American Experiment colleagues and I concur.

A few days before writing the words above I visited the Staples campuses of Central Lakes College and was particularly impressed by the two-year school's four-semester program in Heavy Equipment Operations and Maintenance, which describes itself as a "unique, one of a kind" program in Minnesota State, the still-new name for what was formerly known as MnSCU. Among other things, students learn to build roadways, lay pipe, and demolish buildings to make way for "a new sports facility, office building, or shopping center." They'll do these things by learning "how to operate dozers, elevators, motor graders, loaders



**Many have high respect for apprenticeships, community colleges, one-year and two-year certificate programs in both public and private postsecondary institutions, and job training in the military.**



... and haul trucks." This is precisely the kind of alternative educational route that more young people and their parents need to know about.

In a similar vein, many parents and others know that many young people are talented, frequently brilliantly so, when it comes to working with their hands and believe they would be happier as well as more successful if they followed that muse.

Personally, just about the only things I do with my hands are type and eat, but I very much resonate to what

Matthew Crawford writes in his invaluable 2009 book, *Shop Class to Soulcraft: An Inquiry into the Value of Work*. Here's an on-target and pointed thought: "[D]oing' blue-collar things such as plumbing and fixing engines regularly requires more actual 'thinking,' more cognitive firepower than do many white-collar jobs."

Crawford, who both fixes high-end motorcycles and holds a

doctorate in political philosophy from the University of Chicago, also writes: "Even if you *do* go to college, learn a trade in the summers. You're likely to be less damaged, and quite possibly better paid, as an independent tradesman than as a cubicle-dwelling tender of information systems or low-level 'creative.'"

Further reasons for fiscal nods pertain to debt, both the kind that college students are picking up as well as the kind parents are acquiring, often by dipping deeply into their retirement savings. One person I've spoken to about Great Jobs Without a Four-Year Degree is a former college president who plausibly argues that a large reason why growing numbers of people are wondering about the economic returns on college investments is the growing degree to which tuition rates are other worldly and hard to fathom. Kathy Kersten reports that average debt for Minnesota students attending four-year institutions is almost \$32,000.

Animated by broader economic concerns, some heads presumably go up and down in astute recognition that if Minnesota businesses are to prosper and remain in the state, they need highly trained people in all fields, including those that don't require a four-year degree. By pleasant coincidence once more, a day before I wrote this paragraph, *Star Tribune* reporters Dee DePass and Catherine Roberts, in a business section article titled "Wanted Skilled Hands, Minds," wrote:

“If trends continue, by mid-2018, there will be more jobs [in Minnesota] than people looking for them. As a result, finding enough high-skilled workers as baby boomers retire and the labor force shrinks will be among the top issues that face Minnesota’s biggest companies in coming years. Already, economic growth in the state is barely keeping up with the national average. Economists, policymakers and companies worry that a workforce shortage will further curtail company investments in Minnesota.”

And surely, many people nod even before I say terribly much because they’re rightfully angered by the way in which politically correct radicalisms and absurdities—starting with violently chasing away superb scholars and good friends such as Charles Murray—are corrupting much of American higher education. My late doctoral adviser used to say that such students and sometimes faculty and staff were “defecating in the temple,” not that he necessarily used the word “defecate.”

A final point. I would like to think that not too many people motor their heads up and down out of lack of fondness for the liberal arts, especially the humanities. Yet having said that, I’m among the first to acknowledge that losses of respect and confidence in them are often justified, especially in fields of study where words and ideas such as “deconstructionism” are endowed and embedded.

To be frank, a caution I have about Great Jobs Without a Four-Year Degree is that it will be conceived by some as being uninterested in whether young men and women ever read great or semi-great books, or ponder iconic paintings, as part of their post-secondary lives. This, as my late diplomat might say, would be “unfortunate.”

How to overcome? Intellectual self-interest has a self-starting key, with Amazon, Google, and scores of other Internet sites complementarily miraculous. ★

*Mitch Pearlstein is founder of Center of the American Experiment.*



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# COMPLACENCY

The enemy of progress



John Hinderaker

**If we want to improve our state, we need to be objective about how we are performing. If our current policies aren't yielding the results we want, we should consider implementing new policies.**

After the *Star Tribune* published an op-ed by me on traffic congestion in the Twin Cities, three authors, two of whom are associated with the Chamber of Commerce, wrote a response in the same newspaper. Among other things, they replied to our observation that there is far less congestion on Kansas City's streets and highways than we have in the Twin Cities:

"The CAE wants us to be more like Kansas City, where you can drive around at high speed. There's a reason Kansas City highways are empty: It's not as attractive as we are, so its economy is weaker."

So Twin Cities traffic congestion—the fact that you can't get anywhere in a reasonable time—is actually another sign of our superiority!

Unfortunately, the reason Twin Cities highways are crowded is not that so many people are flocking to the area. On the contrary, as we showed in a report issued in 2016, every year Minnesota suffers a net exodus of residents to other states. Over the last three years, the metro area has experienced a net domestic out-migration of over 8,000 people. Meanwhile, "unattractive" Kansas City had a net positive domestic in-migration of over 6,000 residents last year.

Similarly, the Indianapolis metro area has grown twice as fast as the Twin Cities since 1990. Yet, by virtue of adding road capacity, it has gone from being more congested than the Twin Cities in 1982 to being less congested today.

Minnesotans have many wonderful qualities, but one not-so-wonderful quality is a tendency toward complacency. One might even say smugness. The conviction that Minnesota is superior to other places, and that other states would do well to follow our example, is deeply ingrained in many Minnesotans. This tendency is encouraged

by local news media, which often engage in what can fairly be characterized as "happy talk" about how Minnesota is faring compared with other parts of the country.

Over the last ten months, we have traveled around the state, putting on presentations based on our August 2016 report, *Minnesota's Economy: Mediocre Performance Threatens State's Future*. That report, which consists of 37 pages of charts, graphs and data, demonstrates that during the current century, Minnesota's economic performance has been average at best,

compared with other states. Moreover, there are a number of negative leading indicators that raise serious concerns about the future.

When we review the findings of the *Minnesota Economy* report, most people are open-minded and respond with appropriate interest and concern. But there usually are some who seem personally affronted by the suggestion that Minnesota's economy is not, in fact, a beacon of superiority to which other states should aspire.

It is good to be proud of your state. But pride shouldn't lead to complacency. Minnesota is a great state, but it is far from perfect. If we want to improve our state, we need to be objective about how we are performing. If our current policies aren't yielding the results we want, we should consider implementing new policies. But for that process to work, Minnesotans need to be objective in evaluating evidence of how our state is performing, not only economically but by other measures as well.

Minnesota can do better. But we can only do better if we are willing to take a hard look at how well our current policies are working. Helping Minnesotans to do that is one of American Experiment's prime functions. ★



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(Unless you're on the other side.)

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