

AFTERNOON MEETING

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SPEAKERS:

RYAN STOWERS, BRIAN HOOKS, ADAM MILLSAP, DIANA THOMAS,

AND JIM OTTESON

Part 2

"Leverage Science and the Universities"

P R O C E E D I N G S

KEVIN GENTRY: I thank you all. And we're going to transition to our next presentation. So this was driving the national conversation. We're going to now do leveraging science and universities.

Frankly, this is an area for this group -- this seminar network that is of significant competitive advantage. It's been a great investment for a number of years, frankly. It predates significantly our investment in the electoral process, and the product of your work is now seen in 400 colleges and universities.

So Ryan Stowers, if you would come up with your team. Ryan leads the effort and has worked with a number of you all in this room to identify market-friendly scholars at your alma maters, and universities, and states that are worthy of traditional investment maybe with fellowships, or development of research centers, or what have you. And this is key if

we're going to help people understand not only the threats associated with collectivism, but also the advantages of a free society. So, Ryan take it away.

RYAN STOWERS: (Inaudible) I think we're having some microphone (inaudible) momentarily. So I'm actually going to introduce the panel in a few moments. I've got a quick summary, so I'll go ahead and jump in and Diana, come up when you're ready. So as Kevin mentioned, my name is Ryan Stowers. I'm Vice President of the Charles Koch Foundation. I'm honored to be here with you today, and please know that we have a lot of important things to discuss.

As Rich mentioned earlier, higher education is critical to driving or advancing, talking about the future. Simply put, universities preach the ideas and talents to drive students. And as Rich and Charles have laid out, this seminar's objective is to improve the condition of many people (inaudible) their lifestyle. So it starts with scholarship.

When think tanks, and advocacy groups, and

politicians begin focusing on economic freedom, the university-based scholarship that provides the understanding, and the direction, and the credibility for economic freedom already existed. Now, over the years, we've focused on applying that research to current policy conversations and public dialogue, and we will continue to do so. Going forward, we will also leverage science and universities to address well-being, without how many (inaudible). We have to expand our network into new disciplines and support scholars in developing the (inaudible) that improves people's lives, and then apply it to the most relevant issues of today.

Now, we're only able to do this because of what you all have helped us to build. Decades ago, a (inaudible) Charles and other (inaudible) tried to put together a conference with freedom-advancing scholars, they could only find a handful of academics in the states. And thanks to the courage, investment, and leadership of Charles and many others, together we've

built a robust freedom-advancing network of professors that is producing research at university centers across the country. And we've seen millions of students in on-campus and online education programs.

Now, let's take a look at this network and how it's grown in recent years. Between 2004 when the seminar started and 2008, we saw solid growth in the network of scholars, and those are represented by the small dots on the map. Out of the growing network of scholars, we built university centers starting with the Mercatus Center at George Mason University. That center is critical to a lot of (inaudible) policy. It's played a major role in many of the (inaudible) efforts. We've also developed university programs for undergraduate students (inaudible). Professors educate thousands of students in the ideas of a free society, in courses and outside the classroom (inaudible) and group settings, and then help those students see the message to fight for freedom.

Now, these programs also act as a talent

pipeline. Professors refer the most passionate students from these programs and graduate programs, so they're, they're training the next generation of the freedom movement. So this cycle constantly repeats itself, and you can see the multiplier effect it's had on our network since 2008. Today we work with a network of nearly 5,000 scholars.

Now, this network is the backbone of our higher ed investment (inaudible) what we need to do about this, this network. We work with 24 university-based research centers. The number of university-based research centers has almost doubled in the last two to three years due primarily to the partnership of this group here and the leadership (inaudible) Charles is continuing to (inaudible) in over 400 on-campus undergraduate programs (inaudible).

Now, consider that on average a professor leaves a year with 6,000 students, and this is their career, over a network of 5,000 scholars. That's 80

million students (in a 30-week?) period. But we've actually found a way, and some of you were able to attend the break-out sessions we had this morning on this. But we've actually found a way to do this at a far greater number, much faster, and that's through online education.

And it's been three years online educational content and partners in this network have received over(inaudible) students. Thank you for helping us to build this higher ed capability. We've made significant progress, there's no question, but this capability pales in comparison to the opposition. Our network is still greatly outnumbered by professors and faculty who hold a collectivist worldview. And the funny thing about those who do not want to see intellectual diversity in universities. Likely we will all be at a competitive disadvantage (inaudible), but we believe that with our strategy, our network has a disproportionate influence, making much more with less. How we leverage science and universities is the

(inaudible) going to discuss this today.

Joining us this afternoon is Diana Thomas, a professor of Economics at Creighton University where she co-directs the Creighton Economic Institute. That center is a product of the leadership of Gail Werner-Robertson and the Werner family, and Charles Koch (inaudible). Brian Hooks, currently the Executive Director of the Mercatus Center at George Mason University. And really Mercatus is a university-based research center that's been critical to this strategy for many years. Brian is also soon-to-be the president of the Charles Koch Foundation, my boss in a couple more weeks. And Jim Otteson, a professor of political economy at Wake Forest University. He's currently building a center on the foundation of well-being, the ideas of which Will and others have discussed today. And Adam Millsap is the economic (inaudible) at Clemson University. He's a great example of someone who went through the talent pipeline to produce great results (inaudible) sector.

So, Brian and all our panelists, thank you for joining us. I'm going to direct my first question to Brian. We just heard about the national conversation. What role does higher ed play in driving the national conversation?

BRIAN HOOKS: Universities can have a major influence on the national conversation, but it doesn't happen by accident. So as strategists, most of the research and teaching that's done at universities throughout the country really does have an impact. And so as Ryan said, we're outnumbered. Our job is to make sure that we've got a strategy for our work to have a disproportionate impact.

And we think that there's three things that are central to that strategy. First is that our work has to be thought out. It's got to be relevant. And second is that it's got to be integrated with all of the different strategies everyone has talked about. And that is a big difference to what the media (inaudible). And finally is that in groups (inaudible)

today or tomorrow to rely on high quality and relevant university scholarship promoting a belief in the (inaudible) that the public pays for through policy and a whole lot more.

So think about examples of that. Think about what's happened over the past several years. There's been some policy (inaudible). What's happening right now in the pushback to Obamacare, or when possible (inaudible) where a major investment can be made (inaudible) a \$5,000 investment in a student in their future (inaudible).

RYAN STOWERS: That's great. Brian, I've got a quote from John Maynard Keynes (inaudible) quote. But he said, "Practical men who believe themselves to be quite exempt from any intellectual influences are usually the slaves of some defunct economist."

(Laughter.)

RYAN STOWERS: (Inaudible) to say well, changing political times (inaudible).

BRIAN HOOKS: But (Inaudible) and you think

about that when you look at public policies (inaudible) the revenue (inaudible). So think about policies like Obamacare, or Medicare, or any welfare state policy, all of them (inaudible). And so we've (inaudible) now because of this network and our guys are fighting back. And so where I work, The Mercatus Center at George Mason University, just for example, we put together a collection -- the largest collection, in fact, of free market faculty that exists anywhere at any university anywhere in the world. What that means is that these guys are producing research that groups in this network can rely on to advance economic freedom every single day. In practical terms, we put out about 1,600 relevant studies that are integrated, which means that groups in this network (inaudible). And of that (inaudible) five or six years. I'm very excited for a new conversation.

But what I was extremely excited about is what we were just talking about. Now, thanks in large part to the investment that this network has made, we

have founded new university research centers around the country. We can take that model and expand economic freedom (inaudible) wonderful the freedom movement (inaudible).

RYAN STOWERS: On that point, Jim, this expansion of our own system of economic freedom and well-being, what does that mean for our (inaudible)?

JIM OTTESON: I can't emphasize that enough. Sometimes it matters. We really have to step back and ask ourselves what are we doing as academics. What are we doing as professors?

Ladies and gentlemen, I'll tell you what I tell my students, and that is that the system of political economy we select makes a difference in human life. Human life depends on the system of political economy that citizens have. So when I'm teaching political economics, and I say to them this is not a mere matter of this (inaudible) or this (inaudible). It has all the important (inaudible) of that demand and focus on attention (inaudible) moral issues.

So we're looking at and we're thinking about what can we say. We want to spend (inaudible) with human well-being. And folks know that there are some aspects of that. Longevity is an indicator of that, meaning prosperity -- wealth is related, too -- but what really constitutes a life well-lived. That's something that includes a lot of factors, not just political institutions, not just economic institutions, but also cultural institutions.

As you heard earlier today, in a session earlier this afternoon (inaudible), peace and security, health, environment, all these things, go together in some form of package. And I will say that I think we don't yet have a full understanding of exactly what the package is. We don't yet have a full understanding of what the exact signature of these elements is as we're (inaudible) and a life well-lived. I think that's a real gap in the research (inaudible) what I'm working on and the research that we're working on. That's really something where we can make a difference in

human life.

RYAN STOWERS: Thank you very much. Diana, Jim just talked about (standards?) concepts. How do we take those concepts and apply them in the real world?

DIANA THOMAS: I think we do it by, you know (inaudible) you look at the unintended consequences, whether it's on the group (inaudible) that effects low-income households, so for example (inaudible). And I'll say something that (inaudible) about it because it affects the wrong people for example (inaudible).

RYAN STOWERS: (Inaudible).

(Laughter.)

DIANA THOMAS: (Inaudible). That was clearly a bad example (inaudible). Families care about (inaudible). Now, it turns out that the (inaudible) actually don't really do much (inaudible), cost-effective manner, and that's a big problem, especially for the low-income (inaudible) for a lot of different people that have been prevented from (inaudible) that give job opportunities because they

can't get (inaudible) at some of these schools (inaudible) comparable to (inaudible) that can cost them potential jobs, that some of these politicians (inaudible) are actually making people worse off, not better off and are making it difficult to lead meaningful lives (inaudible).

SPEAKER: (Inaudible) with the Congress overrides relevant (inaudible) relevant to people's lives (inaudible). It's something that we're spending a great time doing in Congress (inaudible) in order to help the people to have more impact (inaudible) to testify (inaudible). And we've done a lot of that over the years, but what we've (inaudible) special about this opportunity is that feedback that we receive from the staff (inaudible) a lot of community engagement (inaudible) in terms of their ability to (inaudible). This is the first time in years and years that (inaudible) we've actually gotten people to share about their work. (Inaudible).

SPEAKER (ADAM?): I do that as well. You were

talking about the applied research. I did a (inaudible) to give you a good example (inaudible) teaching all year, and you know a lot of the undergraduate training (inaudible) earn the five-year college degree and things like that. I was able to get in touch with scholars to do that kind of stuff. You know, we hung out (inaudible) to do that kind of scholarship (is?) viable thing to do.

RYAN STOWERS: The type of research you describe, it's the intellectual (inaudible) fuel on the most important policy base, both the national and the state level. Diana, can you tell us a little bit about the work you're doing at Creighton and how it connects with this seminar's strategy state focus (inaudible)?

DIANA THOMAS: Yes, so (inaudible) the work that we (inaudible) so many of you (inaudible) talking about is something that (inaudible) to take the work that we've already done and make a difference in the (inaudible) and to work with these activist groups to change policy there. I actually think that (inaudible)

people understand that (inaudible) at the national level, that's much more difficult (inaudible). So, so we have (inaudible) continue to do work that we've already been doing and (inaudible).

RYAN STOWERS: (Inaudible) we're all very excited about the (inaudible) at Creighton. Again, the work that we're talking about expanding our focus for economic freedom is what we -- we talked about the door-to-door (inaudible) the main focus (inaudible). How (inaudible) these scholars connect to people (inaudible) this work? Can you tell us how your focus on well-being allows you to work (inaudible)?

JIM OTTESON: Absolutely. (Inaudible) So I'm at Wake Forest University. As I mentioned to Ryan, I'm in the process of beginning a (inaudible). We're going to call it the Eudamonia Institute. That's a Aristotle's word for happiness, or flourishing. And I'll tell you one anecdote on the really big power of framing, how important that is.

A very prominent political scientist

(inaudible) voice in America these days is a prominent left wing political scientist, and when I say prominent, what he does, he does blogs where he rails against Republicans almost daily like jokes about how bad capitalism is. He's got (inaudible).

So I decided to do was (inaudible) have a cup of coffee, so we met for a cup of coffee. While I was telling him a little bit about my trials and a little bit about what I do, I was describing to him this idea I had for the Eudamonia Institute (inaudible) human well-being (inaudible). As I was describing this to him, he interrupted me and he said, you know, this is really what we should be doing at this institute. I'm really glad you're talking about this. Could I be a partner with you in this? And I said, wow, I'm so glad you mentioned that. So I told him a little bit more about that (inaudible). He interrupted me again and he said, you know, I'd even be willing to take Koch money for that.

(Laughter.)

JIM OTTESON: And I said, funny you should mention that. Now that's (inaudible) I swear, it has nothing to do with that. Although I think it is actually (inaudible), so I have it in writing.

But I bring that up because this is exactly the sort of person that if I had said to him, "Well what I want to do is, is have reports studying the (inaudible) of capitalism," or even if I had said "economic freedom," this would have been exactly the sort of person who probably would have been leading the charge against it. He would have been leading the protest against it.

But when you say, "No, what we're interested in is human well-being, what are the elements" -- this is not a partisan question. This is not even an ideological question. This is a question about managing government. What are the elements of human well-being (inaudible)? What we do is we enable people from across the political spectrum a chance to see how they, too, might (inaudible) might actually want to be

part of (inaudible). The framing of that is going to be critical.

RYAN STOWERS: That's a great example.

(Inaudible) we can see how this opportunity can open new doors, help someone (inaudible).

So let's switch gears a little bit. We talked a lot about (inaudible). We know higher ed is critical to producing talent, which is important to producing the next generation of success. It's also important to producing the talent that will help us advance all the (inaudible) all the organizations that are a part of this strategy.

Let's focus on the success (inaudible) first. Adam, building the next generation of success is critical. You're in that -- you're in that tradition right now. Why this group? Why do you want (inaudible)?

ADAM MILLSAP: So I started when I was (inaudible). I spent four and a half years at (inaudible) in Columbus, Ohio. The job was going well.

I was getting promotions, you know (inaudible) safe career. But I found myself being very concerned about where the country was going and very interested in all these debates that were going on, so I read a lot of stuff on (inaudible) and things like that, and I (inaudible) on my PhD in Austrian economics. I wanted to be part of the debate, so (inaudible).

So I got to Clemson (inaudible) and that's when I got introduced to all of these different kind of programs, the Charles Koch Institute, the Charles Koch Foundation, the Mercatus Center (inaudible), the Institute for Humane Studies. I started taking part in these programs (inaudible) things like that.

RYAN STOWERS: That's great. Well, you've got a great story. And not to downplay Adam's story, but what's exciting is (inaudible). It's absolutely critical.

(Inaudible) We've got to -- we've got to not only train the next generation of professors in these, in these demographics excited about the ideas of a free

society.

JIM OTTESON: (Inaudible) already today, and they're prolific, they want to (inaudible). My very first job after getting my PhD, my first job was teaching at the University of Alabama, and I was teaching introduction to political blog to people. There was a very bright, young, energetic woman in that class. She came from a very prominent Democrat family, and she wanted to save the world. She didn't just want to save the world, she wanted to solve world poverty. And it was great (inaudible).

Over the course of the class and many conversations that she had with me (inaudible) several courses with me over her years at the University of Alabama. She had a, a stance on a fundamental (inaudible).

What's interesting about that, is if you understand the goals, the goals are still to help the poor. The goals are still to save the world. What she couldn't conceive was the power of markets, the power

of human freedom, and (inaudible).

And just to tell you the end of that story, she went on to become something of a pariah in her family. She went on to law -- she went to law school after that, and then she became one of the principals in the Romney campaign. So her Democrat family was not too happy about that. But that's the kind of power (inaudible) with the Romney campaign (inaudible).

(Inaudible) can see that -- we can share our goals. Our goals can all be to serve our fellow human beings, raise the state of the least among us. But understanding the power of economic freedom, individual freedom, and markets, and that, that will (inaudible) take this natural energy, this natural passion that humans have and channel it in a positive direction.

RYAN STOWERS: Thank you. Now, Diana you've also -- you've also worked with undergraduate students and had an incredible impact. Can you tell us how your students were not just successful but (inaudible)?

DIANA THOMAS: So, so (inaudible) my husband

every semester, so (inaudible). But my husband and I really have been thinking about this, and we think about it as a -- as a -- as a funnel. So (inaudible) identical and students come to college and they have, you know, questions about how the world works, and they are serious about you know, how to advance. Government is something that they want (inaudible).

And so, we think what we need to do is approach it from as broad a strategy as possible. We want to, you know, get (inaudible) everybody on campus that (inaudible) comfortable with this topic, so that all of us (inaudible) and then we kind of play around from there and you know, take the best students and get them the technology that (inaudible). And so, the idea is to flip everybody and carry on with the best people, and that's been really (inaudible) for us (inaudible) you know..

One of my students, Crispin Adams - he actually was referred to us by a professor who considers himself a socialist (inaudible). And he

ended up coming into our group, and we had a meeting (inaudible) and he, you know, was not at first, at least, very tenacious. I think that we were talking to him about (inaudible) around and looked at it from the research side, and that's the one thing (inaudible) why in the world (inaudible) undergrad students (inaudible) and he left wanting to go to graduate school (inaudible).

RYAN STOWERS: That's critical, and that's how it works (inaudible).

ADAM MILLSAP: I want to add to that, though. I think there's (inaudible) the subject, and if you are curious, and you want to learn about these principles once you get to college, and if you chat with them, they'll do the subject. In fact, I'm meeting with a student later this week who wants to talk to me more about economics (inaudible) class last semester (inaudible) passionate about (inaudible) programs.

RYAN STOWERS: No, no, thank you so much. The new talent pipeline is critical to advance what we

need to do in order to be successful. Adam, you're being prepared well in the (inaudible) setting. How have some of the programs that this network has invested in, in the work, jobs, and programs to help results improve, how is that helping you to become a teacher (inaudible) teacher (inaudible)?

ADAM MILLSAP: So the network (inaudible). Like I said I've worked with many programs -- the Charles Koch Institute, Foundation, IHS, um, (inaudible). I worked with (inaudible) scholars, (inaudible) major Republican blogs, and op-eds, and policy briefs. Those are viable mediums to use as a, as a professor, even though often they are frowned upon by a lot of the industry in mathematics.

And they also (inaudible) me well, so graduate programs don't spend a lot of time training (inaudible) how to be the best teachers. So I participated in the Institute for Humane Studies' teaching workshops last summer, while they were run from the best practices from really good university

teachers. I've implemented some of them in some of my classes now that I think as a graduate instructor I can keep up with (inaudible) instructors.

And so I think that those implemented (practices) now as (inaudible) I think that's what (inaudible) got my (inaudible) I'm out there in the fall there looking for positions somewhere at universities.

RYAN STOWERS: So great. So thank you (inaudible).) It's going to (Inaudible) to professors like Jim, and Diana, and Adam. It sounds like they're already doing it. Critical to get you guys in front of these students. We know we are not going to be able to reach enough students with what we want to do in traditional higher ed alone. Diana, can you tell us a little bit about the students you have, or is online education in this country to where you can reach more students?

DIANA THOMAS: Yea, so I actually found -- I can't finish that. (Inaudible) saying before, showing

videos on public (inaudible) because we're a research institution (inaudible) and so it was before videos were all (inaudible) five minutes long, explaining one type of the idea (inaudible) ended up (inaudible) so one of the videos (inaudible) in the video how special interest groups basically drag on (inaudible).

So these are ideas that students don't otherwise hear a lot about in their (inaudible) college careers. And you know, I talk about it in my classes that I'm, you know, one of the only (inaudible) on campus (inaudible), students don't hear that. But students, they hear the messages (inaudible) 400,000 people that they're never going to (inaudible) in their entire lifetime (inaudible) so I think there's a big opportunity for people to get excited about (inaudible).

RYAN STOWERS: (Inaudible) the reason why students aren't as engaged (inaudible)?

DIANA THOMAS: Yeah, I, I think they are. (Inaudible) e-mail chains (inaudible), I actually

follow them on Twitter (inaudible).

SPEAKER: (Inaudible).

(Laughter.)

DIANA THOMAS: So (inaudible) and the students that were most interested in the videos that I had made go on (inaudible). I kind of got into this thinking, you know, maybe (inaudible) not interested in it. I'm not going to have to spend a lot of time doing this (inaudible) do it. But I ended up spending my entire week (inaudible) in front of the computer on Facebook talking to the students that participated in the (inaudible).

And to tell you how much I think it was about the ideas that were presented in the first one that I had put out. And then also beyond that, the students were extremely well-prepared and knew a whole lot. They had gone ahead and read more and knew more, and it was just really exciting. There were people from all over the country, all over the planet (inaudible).

RYAN STOWERS: Thank you. And thanks to all

of our panelists today. You know, Diana, Jim, and Adam are three of that 5,000 strong and growing network that I described. They are going to be working on research at five (inaudible) successes. And then we (inaudible) pointed out, they're going to work hard to make sure that their efforts (inaudible) that this strategy, but they can't do it without our help.

And so there are opportunities to invest in this strategy. Not only your dollars are needed, but also your time and your relationships. We've found (inaudible) on-the-ground relationships are needed at local colleges, and it's critical that you (inaudible). Creighton's center is a perfect example of that. We're going to be discussing specific investment opportunities and go into more depth about strategies tomorrow morning at breakfast. We hope you'll join us there. Thank you so much.

(Applause.)

KEVIN GENTRY: Thank you, Ryan. Thank you, panel. So I want to just elaborate just a little bit

on Ryan's point. Not only does higher education act as a talent pool stream where teachers and professors operate other new programming, but it also -- the students that graduate out of these higher education programs also populate the state-based think tanks and the national think-tanks. Six think tanks are working on freedom initiatives. And then also, they become the major staffing for the state chapters on the grassroots innovation around the country.

So you can see the, the higher education is not just limited to impact on higher education. The students who aren't interested in becoming professors, but are interested in what we're - I've got to be careful how I say this -- more broadly, are very interested and then they, they populate our, our program, these think tanks, and grassroots. And as we pointed out, that group of students taught in these centers, that we've been able to produce two million or so grassroots. And they in turn work with the (inaudible) sector that even talks to the media, that

talks to (inaudible).

So the network is fully integrated. So it's not just work at the universities with the students, but it's also building state-based capabilities and election capabilities, and integrating this talent pipeline. So you can see how this is useful to each other over time. No one else, and no one else has this infrastructure. We're very excited about doing it.

And because we're (inaudible) well-being, a lot of our current resources are focused on economic freedom and are focusing on electoral process. We're trying to launch a new institution focusing on experimentation with well-being (inaudible) population. So I hope that those of you that are excited about the electoral process, you'll invest there. Those of you who are excited about universities, invest there. Those of you who are also excited in terms of investing in these new experiments (inaudible) well-being, I hope you invest there.

Now, Rachel Campos-Duffy is going to chair

this panel to talk about how this energy -- this network is focused on 32 priority states which the population, the culture of freedom that will not just change the policies of those states, but also have a significant impact on the federal government. So, thank you very much.

(End of session.)