CASE STUDY

The American Enterprise Institute's Near-Death Experience

When poor management leaves a high-profile conservative think tank in near ruins, should the board declare bankruptcy and try to regroup? Or should they find $1.8 million to save it? What financial and strategic considerations should guide such an existential decision?

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SNF Agora Case Studies

The SNF Agora Institute at Johns Hopkins University offers a series of case studies that show how civic and political actors navigated real-life challenges related to democracy. Practitioners, teachers, organizational leaders, and trainers working with civic and political leaders, students, and trainees can use our case studies to deepen their skills, to develop insights about how to approach strategic choices and dilemmas, and to get to know each other better and work more effectively.

How to Use the Case

Unlike many case studies, ours do not focus on individual leaders or other decision-makers. Instead, the SNF Agora case studies are about choices that groups make collectively. Therefore, these cases work well as prompts for group discussions. The basic question in each case is: "What would we do?"

After reading a case, some groups role-play the people who were actually involved in the situation, treating the discussion as a simulation. In other groups, the participants speak as themselves, discussing the strategies that they would advocate for the group described in the case. The person who assigns or organizes your discussion may want you to use the case in one of those ways.

When studying and discussing the choices made by real-life decision-makers (often under intense pressure), it is appropriate to exhibit some humility. You do not know as much about their communities and circumstances as they did, and you do not face the same risks. If you had the opportunity to meet these individuals, it might not be your place to give them advice. We are not asking you to second-guess their actual decisions as if you were wiser than they were.

However, you can exhibit appropriate respect for these decision-makers while also thinking hard about the possible choices that they *could have made*, weighing the pros and cons of each option, and seriously considering whether they made the best choices or should have acted differently. That is a powerful way of learning from their experience. Often the people described in our cases had reflected on previous examples, just as you can do by thinking about their situation.

This case study is appropriate for:

- Nonprofit executives
- Civil society leaders
- College and graduate school students

Keywords: organizational leadership, think tanks, conservative movement, policy infrastructure

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Introduction

THIS IS A CASE ABOUT A WASHINGTON, D.C.-BASED THINK TANK, the American Enterprise Institute (AEI). While now widely recognized as the crown jewel of the conservative policy infrastructure, AEI's status as a prominent player in the realm of think tanks was not always certain.

This case explores a key period in AEI's history, when its future as an intellectual hub for the conservative movement was very much in doubt, and examines the strategic choices made by members of its leadership ranks.

Learning Objectives for this Case Study

By the end of this case study, you should be able to:

1. Learn about the competitive marketplace in which think tanks operate.
2. Learn about the role of think tanks in the conservative ecosystem.
3. Gain an understanding of the organizational, resource mobilization, and operational issues faced by think tanks and other policy-focused nonprofits.
4. Gain an appreciation for how institutional strength is never certain; institutions that are powerful today may be vulnerable tomorrow.
5. Analyze and discuss the strategic choices that confronted AEI's leadership at a moment of organizational and financial crisis and apply your insights to other organizations.

Case Narrative

Background

August 29, 2016, was a momentous day in the history of the American Enterprise Institute. The scholars and staff of the think tank moved from their cramped location on 17th Street NW to a lavish new headquarters at the corner of 18th Street and Massachusetts Avenue NW. AEI's new building, purchased and renovated at a total cost of $118 million[1] in the shell of Andrew Mellon's former home, is now located among other top-tier policy centers—nestled next door to the Carnegie Endowment for International Peace and just a few doors down from the Brookings Institution. The move came eight years into the AEI presidency of Arthur Brooks, who took over in a seamless transition from Christopher DeMuth. Two and a half years later, Brooks would hand the reins over to Robert Doar, who had been a scholar at AEI after years in the administrations of Michael Bloomberg and George Pataki. During that time, the endowment of AEI swelled to well over $100 million, giving the organization a cushion that all but a few think tanks would envy. AEI is now, by every possible measure, deeply institutionalized.

Very few of the staff who unpacked their files and books on that day could imagine how different the prospects for AEI seemed 30 years earlier. In fact, few scholars of the conservative movement have taken notice of the fact that in 1986, AEI came close to shuttering its doors. Eight years into an ill-fated presidential transition from father, William Baroody Sr., to his son, William "Bill" Baroody Jr., challenged by competition with the more pugilistic Heritage Foundation, faced with massive financial mismanagement driven by the need to recover its relevance in a changing Washington policy scene, and the loss of key donors, the AEI board removed Baroody Jr. and voted in a new president, 40-year-old Reagan and Nixon administration veteran Christopher DeMuth. Faced with staggering debts and a tattered reputation among key funders, DeMuth and the board had to figure out if AEI could ever recover.

> Few scholars of the conservative movement have taken notice of the fact that in 1986, AEI came close to shuttering its doors.

By the early 2000s, AEI had not only pulled itself out from the financial pit that Baroody Jr. haddug—it emerged by the end of DeMuth's 22-year reign as the pre-eminent conservative think tank in Washington. Had just a few decisions gone in a different direction, AEI could have gone out of business, with its resources from conservative donors deflected into other, quite different, kinds of institutions. This case shows both the indeterminacy of the conservative intellectual infrastructure and the importance of critical decisions made at moments of organizational crisis.

The Competitive World of Think Tanks

Think tanks exist in a profoundly competitive world. They compete, most obviously, for the attention of policymakers. Those that provide informational "legislative subsidy"[2] on the Hill and in federal agencies can easily find that their phone stops ringing, as other think tanks prove themselves to be better attuned to the needs of legislators and bureaucrats. Think tank authors compete for the very scarce space provided by television and the op-ed pages of top newspapers and online publications. A think tank that not long ago found itself gracing the pages of the *Wall Street Journal* and the *New York Times* can quickly find itself relegated to *The Hill* and *RT*. Think tanks compete for high-profile staffers. A loss of status or resources can lead to their staff packing their bags and—sometimes quite literally—taking their work down the street. Even the success of think tanks can be bittersweet. When they attract particularly effective and high-impact staff, think tanks can find themselves facing a sudden exodus when a new presidential administration takes power and vacuums up their best people. This can be a sign of influence, but in the short term it can create innumerable organizational issues.

Most critically, think tanks compete for the resources of donors. Only a small handful of think tanks have a significant endowment, and most do not even have a large financial reserve. When the gifts of fickle donors begin to dry up, therefore, they may have few options other than laying off staff and cancelling programs. This can easily lead to a downward spiral that can be hard to arrest.

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This competitive environment is critical to understanding the situation faced by the American Enterprise Institute by the mid-1980s.

In 1977–1978, when Baroody Jr. took over as president of AEI, the think tank was facing increasingly stiff competition from the Heritage Foundation, which had been launched only a few years earlier, in 1973. Founded in 1938, AEI had worked over the years to position itself closer to the Brookings Institution model of a "university without students." The newly formed Heritage Foundation took a different approach, arguing that they had developed a more modern, effective model. AEI was highly dependent on the large gifts of businessmen, whereas Heritage attracted an unusual amount of financial support from the direct mail operations that the New Right had pioneered in the 1970s. Consequently, where AEI cared quite a bit about establishment respectability, Heritage was connected by a financial umbilical cord directly to the more ideologically strident orientation of thousands of individual donors.

Heritage also differed in how it sought influence. AEI's scholars worked on a longer time horizon, trying to change the climate of opinion on economic and social issues. It was deeply connected with intellectual movements like the neo-conservatives and Chicago economics, and published books and other projects that took years to germinate. The IRS had investigated AEI in 1964 for its connections to the Goldwater campaign, and that experience reinforced the organizational lesson that it should steer very far from the line of partisan activity[3]—a line that Heritage was more willing to hedge.

The idea for the Heritage Foundation came directly out of the frustration of some conservatives on the Hill—like Paul Weyrich, who worked for Colorado Senator Gordon Allott—that AEI was not providing them with the ammunition they needed to challenge liberals and their allies in think tanks like Brookings. In contrast with AEI, Heritage did relatively little fundamental research, prioritizing timely policy briefs on active legislative matters accompanied by direct Hill engagement with Republican Congressional staff, especially in the House of Representatives. Heritage's "Mandate for Leadership," published at the beginning of the Reagan administration in 1981, provided a blueprint for conservative government, with specific plans covering the whole of the federal government.

By the early to mid-1980s, the Heritage Foundation was the "hot" conservative think tank in D.C., with a growing financial base, deep connections to the conservative grassroots, and increasingly strong connections to government. Heritage, in short, was eating away at the competitive position

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of AEI. Leslie Lenkowsky, the dean of conservative scholars on philanthropy, had served a few years in the Reagan administration prior to briefly joining AEI and then leading the Institute for Educational Affairs. He recalls that William "Bill" Simon, a financier who served as President Nixon's Treasury secretary and in the 1980s and 1990s directed the John M. Olin Foundation, had—like a number of the more ideologically committed conservative donors—become enamored with Heritage:

> Bill was the kind of guy who liked the Heritage action model. He was a very impatient guy, and for all the work on law and economics and so on by the '80s Olin Foundation,[4] was much more interested in a more activist approach. . . . And Heritage was positioning itself as an improvement over AEI. I mean there was a lot of stuff being said then from Heritage about how their model was a better one. . . . Heritage was just feistier. They would talk in a much more political language. . . . You shouldn't underestimate the importance of going into those board meetings and having somebody on the one hand say we're going to argue with them over this, and on the other hand somebody else saying we're going to beat the crap out of those left-wingers.[5]

Patrick "Pat" Ford, who served as AEI's vice president for external affairs from 1985 to 1989 and before that worked as an executive aide to Baroody Jr. through the consulting firm of Wagner and Baroody, similarly recalls that,

> The other thing that started happening there at the end of the seventies, beginning of the eighties, was this proliferation of other think tanks, some of which were either the result of a particular area of focus like the Center for Strategic and International Studies. But the big kahuna . . . was Heritage. Heritage became the symbol of a new cadre of these think tanks that were very much more activist oriented. . . . And so part of the pressure on AEI was that a lot of the people whose research and name and work had been so exciting there in the late seventies and in 1980 had now gone off to work in the [Reagan] administration. And then Heritage came along and was essentially the unabashed advocate for very conservative policies.[6]

The sudden entry of Heritage into the field of conservative think tanks created an existential challenge for AEI, one compounded, ironically, by the organization's success in placing its staff in the Reagan administration. DeMuth recalls that, "Reagan gets elected in November 1980 and runs off with about 20 of AEI's best people. Jeane Kirkpatrick to the UN; Jim Miller to OMB; Murray Weidenbaum to the CEA; Robert Bork, Antonin Scalia, and Richard Posner to the federal bench; and many younger people to staff positions. The institute's very success led to an abrupt brain drain." To add insult to injury, in July 1980, Baroody Sr. passed away leaving the recently appointed Jr. alone for the challenge of restocking AEI as many of their top scholars joined the Reagan administration or were appointed to the courts.

AEI certainly faced a challenge in the first half of the 1980s, and it was not entirely transparent to the rest of the conservative movement exactly what AEI was doing in response. To many conservatives on the outside, it looked as if AEI had "gone soft." AEI had in fact brought into its fold a number of former Democrats, who were still only part of the way into their move to the right. That included Irving Kristol, who by the mid-1980s was well along in his conservative evolution, but also the former head of the Philadelphia Urban League, Robert Woodson, as well as Michael Novak, Ben Wattenberg, and Richard John Neuhaus. While we think of these writers today as canonical neo-conservatives, their inclusion in AEI at the time was widely seen as a move to the center, or simply an absence of a coherent strategy and a desire to respond to Heritage's challenge by making AEI even more like Brookings.

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Ponzi Scheme or Failed Entrepreneurship?

The circumstances that led to Baroody Jr.'s exit in June 1986 and AEI's near-death experience were largely the result of a big—and as it turns out unsuccessful—bet on a new direction for the organization in response both to the challenge of Heritage and AEI's efforts to influence the Reagan administration. This was combined with an informal organizational culture that had worked in Baroody Sr.'s day, but was an increasingly bad fit given changes in the competitive think tank and philanthropy environment and the norms of modern organizational management.

In 1978, Baroody Jr. inherited the presidency of AEI from his father, Baroody Sr. In fact, according to William Schambra, who was director of social and political studies at AEI and had worked in an adjoining office to Jr. during this time, Baroody Jr. expected that the presidency of AEI would eventually be handed down to his son.[7] Patrilineal leadership of a major nonprofit entity is not, to put the matter delicately, a widely approved modern practice. DeMuth recalls that,

> Bill Baroody Sr. was the great entrepreneur who created the place. He had this wonderful skill for spotting intellectual talent, and he could put the money and the people together. He was really terrific. I always thought that it might've been a part of his Lebanese background that he thought his successor would naturally be his eldest son. And the trustees went along. . . . The board was very deferential to Bill Sr.—the institution was Bill and the trustees were there to be confidants and supporters and fundraisers. Sometime in the 1970s, Bill Jr. starts appearing on the organizational chart, in this position and that. His father was bringing him along.[8]

Whereas most modern managers think of themselves as agents or employees, Baroody Sr. thought of AEI more like a family business. Many of AEI's subsequent challenges make sense if we view them as the problems faced by a familial enterprise, rather than a modern, professional organization. While contemporary social scientists would be unlikely to look for the sources of organizational style in ethnicity, DeMuth was not the only person around AEI to do so. Howard Wiarda, who joined in 1980 as director of AEI's Latin American Center, recalled,

> Bill, following in his father's footsteps, ran the place like a Lebanese political party: centralized, secretive, top-down, and personalistic. Middle East expert Judith Kipper and I, as a Latin Americanist, used to joke that we were, because of our research and area backgrounds, the only ones who understood how AEI functioned and how to operate in this environment. For example, while other program directors were wringing their hands over memos from the central office asking for cutbacks on travel and publications, I would immediately go to Bill personally, tell him AEI's credibility (following in his father's footsteps, Bill was very sensitive to this) would be damaged if we cut any of our obligations, and plead my case one-on-one. Bill never once turned me down.[9]

It is easy to explain the eventual collapse of Baroody Jr.'s presidency as an example of fraud or, at least, profound management malpractice. But seen from another vantage point, Baroody Jr. got in trouble by following many of the organizational practices that he had learned from his father, and that had been the standard operating procedures that built AEI into a major institution in the nation's capital. The trouble was that the practices that worked for the father would turn out to be too dysfunctional in a changing organizational environment led by the son. And that organizational informality tempted Baroody Jr. to take risks to recover AEI's glory, risks that he lost control of and that ended up bringing him down.

The organization that Baroody Sr. had nurtured over his 30 years of leadership . . . was anchored in the American business elite.

The organization that Baroody Sr. had nurtured over his 30 years of leadership from a shoestring operation to a legitimate rival to the Brookings Institution was anchored in the American business elite. While Heritage certainly got money from businessmen like Joseph Coors, its innovation was to monetize the lists of donors that had been created by the New Right.[10] AEI, by contrast, was powered by the contributions of American business, as well as a handful of foundations that were still oriented towards business conservatism, and it saw its core mission as defending "enterprise"—it was right there in the name. As DeMuth recalls, "the foundation of AEI's finances was corporate donations. It was the place that corporations gave money because it defended the American enterprise system. The Chamber of Commerce and Business Roundtable were essentially lobby groups. But the battle needed to be fought at the intellectual level as well, and AEI was making the arguments for free enterprise and limited government."[11] The Executive Committee of AEI included senior executives of the Chase Manhattan Bank, Dow Chemical, Chevron, Potlatch, Metropolitan Life, Amoco, and Eli Lilly, while its larger board and trustees included David Packard and, for a time, former president Gerald Ford.

Under Baroody Sr., and continuing under his son, fundraising was the primary responsibility of management. The staff was expected to bring ideas to the Baroodys, whose job it was to find the money[i]. For most of its history, the corporations and executives who funded AEI gave the organization unrestricted, general operating support because they believed in the overall mission of the organization, and because they trusted its leadership. These donors were men who ran their own firms and deferred to the Baroodys with the expectation that they too would manage their firm, AEI. Unlike many contemporary think tanks, where there may be a hundred or more dedicated grants or endowments earmarked to support particular projects, AEI took in money and spent it on ideas, often beginning projects confident in the belief that growing business support for their mission would ensure that the money would be there at the end of the day. Advocating for "enterprise" was, after all, a very good business to be in.

> Donors gave to AEI because they trusted Baroody, and he in turn trusted the people he hired to hustle on their own wthout him breathing down their necks.

Modern organizations achieve a measure of regularity and external legitimacy through bureaucratic structure and following procedures that are widely accepted in their field. AEI under Baroody Sr. was not such an organization. The informal, improvisational, and entrepreneurial form of management that Baroody Sr. followed has considerable potential advantages. It can allow for decisions to be made on the basis of tacit knowledge, networks, and "feel." By all accounts, Baroody Sr. was an excellent judge of talent, and an impressive fundraiser. Donors gave to AEI because they trusted Baroody, and he in turn trusted the people he hired to hustle on their own, without him breathing down their necks. As Schambra argues, both Baroody Sr. and Jr. "managed AEI out of their back pocket."[12] This was a strategy that could—and was—highly successful in the pocket of the right man.

A number of the people who interacted with Baroody Jr. had questions about whether he was up to the job—especially when it is understood that the "job" was managing an organization with relatively few formal procedures and a great deal of discretion. Paul Oreffice, who was vice-chairman of the AEI Executive Committee and the chairman and CEO of Dow Chemical, recalls that, "Baroody Jr. was an uncomfortable man. He had taken over because it was his father's outfit, but he was not a manager. And I remember speaking with Bill Butcher [CEO of Chase Manhattan Bank, a member

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i. A more in-depth discussion of the relationship between conservative organizations and their funders, the way that shaped organizational strategy, and the difference with organizations on the left, can be found in Steven Teles, "Foundations, Organizational Maintenance and Partisan Asymmetry," *PS* (July 2016): pp. 455-460.

of AEI's Executive Committee, and, in 1986, the chairman of AEI's board] and saying, 'What is it with this guy? One minute I think he'd said something, next minute I'd think he said something else. Something is not right here.' . . . It wasn't just financial mismanagement. I felt Baroody was not a manager or [that] he couldn't run the place. . . . The financial mismanagement was an expression of a weakness he had as a manager."[13]

Schambra argues that Baroody Jr. certainly didn't have a management style that would seem particularly modern or dynamic to leaders of business. He described Jr.'s operating mode as "ad-hocracy," which did have a logic in the think tank context, and was combined with a belief that "we only hire workaholics here. . . . In other words, the scholars that we have, the people that we have on staff, have been selected as people who don't need management. They are going to go do what they've got to do, and whatever they're going to do is likely to be worthy. They don't need to be held to any kind of deliverables."[14]

While there is some disagreement on Baroody Jr.'s overall talents as a manager, the trouble that AEI got into seems not to just be a function of his management style or a lack of skill or conscientiousness. Fundamentally, it was rooted in a few large bets that Baroody Jr. made in order to increase AEI's relevance, in the expectation of attracting future support. Pat Ford recalls, "There was nothing like embezzlement or anything like that. . . . It was just some unfortunate management decisions, I believe were built out of what would later be called, in another context, irrational exuberance about how important some of these things were. And so we kept raising money for some things, spending on others, then going and raising money and putting that back over there."[15] AEI had always had a more casual approach to accounting than most nonprofits today would think appropriate, an approach that worked well in a context of constant organizational growth. While the details of AEI's accounting procedures are somewhat technical, they are important for understanding AEI's troubling financial situation at the time.

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Ford said that,

> [Baroody Jr.] started with a relatively small amount in the early eighties showing on their balance sheet, what they called grants receivable. And they were treating them like accounts receivable in a business. So, at the end of the year, you balanced the books with certain things you've already sold. It's just the payment hasn't come in yet. It's a perfectly reasonable thing. And when they were first doing it, I think there were some big grants that were pledged and that it was reliable. But when they first did that . . . probably $30,000 or $40,000 was listed as an accounts receivable or something. But then you jumped ahead to 1985, and by '85 things were getting tight and they were having some challenges.[16]

"Things were getting tight" as a result of large entrepreneurial bets that Baroody had taken to increase AEI's relevance. The first and most significant was a project published in July 1982, *Meeting Human Needs*,[17] that built on the very important 1977 paper by Peter Berger and Richard John Neuhaus, *To Empower People*.[18] Schambra, who was one of Jr.'s key lieutenants, recalls that this line of work was Baroody's first love in AEI's portfolio—Jr. thought that the work's concept of mediating structures was the next big thing for not only the conservative movement but also the second term agenda of the Reagan administration.[19] Schambra recalls that,

> His particular interest, and the reason why he sort of gravitated to me, was in mediating structures. He understood the mediating structures concept as a way of bridging liberal and conservative. It's a concept that both liberals and conservatives could get behind. *Meeting Human Needs* and the Berger/Neuhaus pamphlet—that was sort of his pride and joy. I mean, that was his huge accomplishment as far as he was concerned, beginning before he actually ran AEI on his own. He had worked on the Berger/Neuhaus series and he was quite proud of that. My mission incidentally was sort of focused on that, to make sure that the social and political studies division highlighted the mediating structures framework. But that should give you pause. Jr.'s not a killer conservative, right? He is not a red meat conservative. He's a guy who came up with the mindset that somehow or another you need to reach for concepts that are trans-ideological.[20]

Baroody Jr. believed that the mediating structures concept was the future of AEI's domestic work, the future of the Reagan administration, and the direction that a governing conservative majority would go. Schambra remembers that,

> Baroody sold this . . . as a big loss leader. I mean, he spent a ton of money, I can't remember how much. He spent a lot of money on *Meeting Human Needs*, but he thought it was going to be a fundraiser for him, right? . . . It was going to be multiples of what he spent. . . . I know that Baroody Jr. thought that Reagan was going to be a mediating structures president. And there's some reason for thinking that there was an element of that through John McCloy, the presidential aide. But of course, that would have required a much more disciplined and aggressive effort on the part of AEI to deliver the deliverables on time, and in a manner that was going to be useful to the president. It didn't happen that way. We delivered it, what, a year later or something? It was basically a terrific product in many ways. I thought my essay was pretty good. [Robert] Woodson had some good things in it. There were a number of things in there. . . . But from the Heritage point of view, this would be, "Oh, typical bullshit.

"He's not a red meat conservative. He's a guy who came up with the mindset that . . . you need to reach for concepts that are trans-ideological."

> Look at this. A year later you come out with an academic study. You've got this guy writing about Tocqueville," you know?[21]

Meeting Human Needs did not turn out to be the home run that Baroody hoped it would be. As it turns out, the overall project of "mediating structures" did end up paying off intellectually and politically, but too late for Baroody's financial strategy. Michael Novak et al.'s *The New Consensus on Family and Welfare*, published in 1987 shortly after Baroody was removed from AEI, provided (thanks in no small part to the subsequent work of AEI scholars like Doug Besharov, Lawrence Mead, and Charles Murray) much of the intellectual support behind the Family Support Act of 1988 (a precursor to the much more ambitious—and conservative—welfare reforms of the 1990s), helped build out the conservative position on welfare reform, and influenced the conservative ideas of empowerment and, later, compassionate conservatism.[22] It shaped the later work of Michael Novak and other AEI scholars, as well as deeply influencing the worldview of Arthur Brooks, who took over as AEI president from DeMuth in January 2009.

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While there is much to be said for the importance of the mediating structures idea that was the apple of Baroody Jr.'s eye, there is little question that beyond that area of focus, under his leadership AEI had failed to replace the staff that left for the Reagan administration with fellows of equal quality. As DeMuth says, in retrospect,

> I do think that AEI had lost its way philosophically in the years following Bill Baroody Sr.'s death in 1980 and Reagan's running off with many of its best people in early 1981. In 1986, there was still a core of top-rate people—Jeane Kirkpatrick (back from the UN), Marv Kosters, Tom Johnson, Michael Novak, Bob Goldwin, Doug Besharov, Herb Stein, Walter Berns, Claude Barfield, Gottfried Haberler, Karlyn Bowman, Ben Wattenberg, Irving Kristol, and the young Nick Eberstadt. But there were also numerous mediocrities, and the publications program was replete with books, such as *New Zealand at the Polls*, 1978, which were not devoid of interest but were rather peripheral to U.S. policy and political debate and, if you looked down the whole book list, seemingly random. In my own area of law and regulation—where Antonin Scalia, Murray Weidenbaum, Anne Brunsdale, Richard Posner, and Robert Bork had left for judgeships and positions in the government—there had been only two strong new appointments, Peter Huber and Walter Olson. Better than strong—sensational—but then they had both resigned out of discouragement with AEI's intellectual drift[ii].

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ii. DeMuth Interview. Olson and Huber ended up at the Manhattan Institute, where they were deeply influential in the development of the idea of a national liability crisis. For a critical view of their work, see William Haltom and Michael McCann, *Distorting the Law: Politics, Media and the Liability Crisis* (Chicago, 2004).

AEI was, on the whole, either too far ahead of the conversation on the right, or simply marginal. No think tank can be managed by a focus on a single concept, no matter how powerful. Given the diverse agenda of American government, and the uncertainty about when any idea will gain traction with policymakers and donors, it is imperative for think tanks to spread their bets across a diverse, high-quality portfolio. Baroody Jr., it seems, had focused too intently on the bet that he was most personally committed to pursuing.

Baroody may or may not have been an effective manager, but in retrospect he certainly was ahead of his time in where he saw intellectual conservatism going. But as the Keynes maxim goes, "the market can remain irrational longer than you can stay solvent."[23] In essence, Baroody Jr. had taken a significant short position on what was then standard-issue conservatism, in the hopes that the intellectual market would catch up to him, the Reagan administration would embrace his agenda, and money would come flowing in to more than cover his bet. As Schambra recalls,

> So the endowments, the line of credit, everything is sort of on the line during this period, and this is how you get the money for this project that you don't have money in advance for. . . . You're not doing it the way a modern person would do it which is, 'We're not going to do this project until we have the money.' He was going to do the project, and then… go to funders and say, 'We are so incredibly powerful with this Reagan administration. . . . This is the Reagan agenda.' And part of it was the mediating structures notion. I mean, if you look at *Meeting Human Needs* . . . that's what Baroody wanted the Reagan administration to center itself around.[24]

Ford recalled, around the time of the *Meeting Human Needs* publication:

> What started to happen then, I think is, as early as '82, was it wasn't that it was in dire straits or anything. Bill was very enthusiastic about some of these things and what happened there. I think he started, at that point, with some practices that were, I believe still were well intentioned, but wrong. In other words, where he was raising funds and being pretty careful to document how the institute was fulfilling the promise made to those donors, of those targeted funds. But then when the rent bill came in and the light bill and the payroll came around . . . there was cash sitting there that . . . either if they weren't pulling it from a line of credit that got weighed, they ended up by, by '84 or '85, maxing out a $3 million line of credit at Riggs Bank. And we had two or three endowed chairs that were funded with endowments of, I think, about a million dollars each where the fund's cash had been spent.[25]

Given the diverse agenda of American government … it is imperative for think tanks to spread their bets across a diverse, high-quality portfolio.

Wiarda also places the beginning of trouble in 1982, recalling, "By the fall of 1982 it was clear that we were in some financial trouble, though the extent of the trouble was still unclear and we had no dollar amounts on which to make judgments. [. . .] Baroody, preoccupied with financial matters, was moody and distant; he seemed unwilling to meet with scholars and program directors to lay out the facts and quell the rumors."[26] *The Post* reported in that year that,

> The institute has cut its annual operating budget by 13 percent, imposed a hiring freeze that has left 20 clerical positions unfilled, and this month suspended production of its regular television and radio show, "Public Policy Forum," that was carried on more than 600 commercial, public, and cable stations. . . . "Frankly, we have some cash flow problems," acknowledged Joseph Brady, AEI vice president for development. Sources both inside and outside the conservative institute say its fundraising may fall as much as $2 million short of its current $10 million annual operating budget, but AEI President William J. Baroody Jr. insisted: "I fully expect to exceed the $10 million in revenues."[27]

Instead of pulling back on its commitments, Baroody Jr. leveraged up his bet by making plans to move AEI into five floors of a building at 1275 Pennsylvania Avenue NW.[28] Wiarda confirmed that, "at the same time AEI was going through this internal crisis, it was also involved in a search for new quarters. . . . The place at 1150 17th St NW . . . was getting cramped . . . and a bit shabby. In addition, real estate prices in downtown Washington were rising astronomically; it would be much better, including financially, if AEI rode this wave and owned its own building instead of continuing to rent. . . . AEI spent hundreds of thousands of sorely needed dollars, maybe millions, on site inspections, architectural plans, and interior design."[29]

> "Bill was still ambitious, and he still wanted to move into a new facility that would have state-of-the-art conference facilities and state-of-the-art TVs."

Ford recalls that, around late 1985, "Bill was still ambitious, and he still wanted to move into a new facility that would have state-of-the-art conference facilities and state-of-the-art TVs. He believed they could do a lot of TV work and so on."[30] Schambra said that Baroody genuinely believed that it made sense to push all his chips (as well as money he'd borrowed from the house, in essence) to the middle of the table, because he thought that it would all work out in the end.[31] Schambra said,

> And that tells you what you need to know. In other words, "I've done it before. I'll do it again. Trust me." That was his way. And that's . . . how his father had done these things. So, was he disclosing the problems to the board? . . . Was he totally forthcoming? No, absolutely not. Remember, like a year before all this happens we're being asked by an interior designer what kind of marble we want, what kind of bookshelves we want in our offices and so forth and so on. . . . We're all sitting there saying, "You know, I think I like the walnut more than the cherry." We're like millions of dollars in the hole, and this is what's

> going on. It's not because he's trying to blow smoke up our ass. He's doing it because he honestly believes that once again, the money will be there. When we have this enormous building, we'll be able to pay for it because donors will flock to this project. Which incidentally, they did in the building they have now. That's sort of what I'm sure Baroody had in mind, that he would talk to a funder about donating 30 million dollars to build this.[32]

> "AEI had not been making the deposits into our retirement accounts that, by contract, it was obliged to do . . . . The reverberations really hit the fan."

At the same time that Baroody Jr. was spending heavily on signature initiatives and planning for AEI's new home, he was engaging in various forms of creative accounting to balance the books. Wiarda reports that, "in the spring of 1983 . . . the scholars discovered . . . that AEI had not been making the deposits into our retirement accounts that, by contract, it was obliged to do. . . . The reverberations really hit the fan over this one, and several scholars who had good connections there began going to friends on the Board of Trustees and demanding Bill's ouster. After that, the funds were quickly returned to the retirement accounts, but the episode left a legacy of distrust [. . .]."[33]

Things Fall Apart

By 1985, the financial acrobatics that Baroody had arranged to keep AEI going were starting to falter. The true shape of AEI's finances could no longer be papered over, and inklings of financial troubles began to trickle out to its funders and board. Soon they would turn into a flood, carrying off Baroody Jr. and nearly drowning AEI.

Ford recalls that AEI began to enter the terminal stage in 1985, when

> Money was getting exceedingly tight, and they were getting much more vigorous about their fundraising efforts. . . . And they decided in early 1985 to start a chair in honor of Arthur Burns, who had gone off to be ambassador to Germany. . . . And one of the foundations that pledged support for it was the John M. Olin Foundation—headed by somebody you did not fuck around with [Bill Simon]. . . . At some point, Jim Piereson . . . the executive director of that foundation, went to Simon and said, "You know, I'm getting all these calls from the development people at AEI asking if we'd pay the rest of that endowment." And this was May of '85, and they had just paid the first installment in February or March or something like that. . . . And Simon said, "Why do they care if we pay it now or next year?" It's not like the returns on the investment were that phenomenal but it piqued his interest. And in those years, AEI's fiscal period ran from July to June. So, it just happened that . . . June 30th, 1985 was the end of a fiscal period. So, as a major donor of the institute, the Olin Foundation got into the yearly report and . . . he pulled up that balance sheet, and it showed cash on hand $4,000 total, total end of the year cash on hand $4,000.[34]

At that point, Simon was incensed, and he started the chain of events that led the AEI board to start to pay closer attention to how Baroody was managing the organization. DeMuth recalls that,

> [Simon] called Bill Baroody, and he said, "We've pledged $3 million for the John M. Olin Chair and put in a million and a half. Now I want to make sure that money's still there—is it?" It wasn't. He'd actually taken that money and spent it on general operations. And Baroody's answer to Simon was, "Well, we actually keep our accounts on a different method." That different method, something that he'd talked himself into at some point, was that the institution made an internal commitment to pay the bills for the activities of the Olin Chair and other endowments as they came in over time, and could therefore spend the endowment donations, as they came in, to cover previous commitments. Simon concluded the conversation with: "Bill, in two days I want to see your bank receipt showing that you have $1.3 million in the Olin Chair account." And Baroody called up Dick Madden [chairman and CEO of Potlatch Corporation, who was then-chairman of the AEI Board[iii]] and said, "Dick, we've got big trouble." Dick somehow put the money together and wired it in, and Bill named it the John M. Olin account, got a receipt, and sent it to Bill Simon.[35]

Anxiety about the future of AEI was beginning to run rampant. Nick Eberstadt, who was hired in 1985 supporting Michael Novak, recalls, "About six weeks after I arrived at AEI, the place started shaking with crisis. And it turned out that the place was in very bad financial shape. Every couple of weeks we were told that everything was fine, and then the staff would be cut by about 10 percent. We'd be told everything was fine; it would be cut again. And in the worst of this Michael Novak took me and a couple of people aside and said, 'Look, if this place goes down, I'm going to look after you. We'll set up a new institute, we'll set up a new place—it's going to be small, but I'm going to look after you.'"[36]

> "About six weeks after I arrived at AEI, the place started shaking with crisis. And it turned out that the place was in very bad financial shape."

By the end of 1985, the financial problems at AEI were so severe that Baroody Jr. started imposing austerity on the organization. According to Ford, AEI let go of nearly a third of its approximately 160 person staff just before Christmas, and "only one person was hired. That was yours truly." AEI's financial woes made the *Washington Post* again, further raising the profile on this otherwise "worst kept accounting secret."[37] Ford recalled that, after the layoffs, "it quickly became clear that that big round of layoffs wasn't enough."[38] The staff cuts reinforced the fears of many of AEI's senior staff about the overall management of the think tank. Wiarda argues that, by 1986,

iii. Richard "Dick" Madden's chairmanship term leading AEI's Board expired in June 1986; that is why a new chair was elected at that time.

> [Baroody and] his senior staff, it was now acknowledged, had repeatedly lied to us. Meanwhile, after saying these practices had ended, Bill had continued dipping his fingers into the pension fund and the endowed chairs. Indeed on that front the news was even worse than before: not only was he dipping into those [endowed chair] funds, but he was also using for general AEI budget purposes the money its scholars had designated out of their own salaries to be set aside as added contributions to their retirement funds. . . . If the first act of taking money from the pension and endowment funds was not criminal, then this surely was. . . . Some of the Big Guns like Herb Stein went directly to the Board of Trustees and now demanded that Baroody be fired. . . . Via the grapevine I learned another fact that was very disturbing. One of the big grants in the several-hundred-thousand-dollar range, that I had applied for on behalf of my program, had indeed been awarded to us. But AEI's central administration had never notified me of that fact and had instead put all the money in a general account. . . . When, screaming (not literally) mad I went to see Kirk [Kirkpatrick] about this, he told me mine was not the only outside grant mishandled in this way. He also told me Jeane had concluded that Baroody had to go.[39]

Neither staff cuts nor creative accounting could stabilize AEI's finances—or Baroody's position—and Simon was not the sort of man to give up once he had a bone in his mouth. DeMuth recalls that Simon "started bad mouthing AEI, in his inimitable style, in New York financial and foundation circles in 1986, and this got Bill Butcher [CEO of Chase Manhattan and then-vice chairman of the AEI Board] really mad. The two of them had some huge arguments. Butcher is extremely busy at Chase, but is scheduled to become AEI's chairman in June [at the end of Madden's term] and knows he needs to get up to speed. So, even though he's mad at Simon, he's listening to him. At some point, Butcher realizes he's got serious problems down in Washington."[40]

What made Baroody Jr.'s position unrecoverable was that it had become clear that Jr. had entirely alienated the big conservative foundations.

These issues came to a head at the June 1986 meeting of the AEI board. Ford recalls, "The board, this group of CEOs were mortified that this had happened in an organization that was preaching to the federal government about fiscal responsibility. . . . They were mortified and they didn't think they'd have to apply such direct oversight. It was a venerable institution that was preaching fiscal responsibility to the federal government."[41] What made Baroody Jr.'s position unrecoverable was that it had become clear that Jr. had entirely alienated the big conservative foundations, whose increasingly generous coffers would not open to AEI until it got new leadership. DeMuth recalls, "Although AEI was primarily funded by corporations in the early and mid-1980s, it had also attracted substantial support from the major conservative grant-giving foundations—Olin, Bradley, Smith Richardson, Scaife, and a few smaller ones. Their grants, unlike the corporate support, was for specific projects and people rather than general operations. It was these foundations (not just Olin), rather than the corporations, that first sensed AEI's financial troubles as well as philosophical drift, and began to pull back. Bradley and Smith Richardson as well as Olin had discontinued support by the time I arrived in mid-1986, and I think Scaife also."[42]

In the summer of 1986, the dam burst. According to DeMuth, Butcher "did a little investigating of his own. I'm sure he put some Chase resources into figuring things out. In June, he's scheduled to become the new chairman of the board. They'd been planning this for a long time, and he comes to the meeting and he says, 'Gentlemen. . . . I will take the chairmanship on one condition: that I have unanimous support to immediately walk down the hall and fire Bill Jr.'"[43] Baroody Jr. was removed on June 26, 1986.

AEI's Board Faces an Existential Choice

With Baroody Jr. sacked, AEI needed to simultaneously find new leadership and figure out how to dig itself out of its financial and strategic hole. The board asked Paul McCracken, Richard Nixon's former head of the Council of Economic Advisers and head of AEI's Council of Academic Advisers, to temporarily take the reins. As DeMuth recalls, "Paul was retiring as professor in the Economics Department at [the University of] Michigan that month, June of '86. He and Emily [his wife] had been looking forward to this for years and are all packed up to head to their summer place in Northern Michigan for the rest of the year and maybe indefinitely. So that board meeting was a wrenching one for Paul, too. But he had been closely involved with AEI for decades, and was duty bound."[44] McCracken took the job and went about seeing if AEI was salvageable.

Paul Oreffice sent one of Dow Chemical's senior financial executives, Jim Hicks, to work with AEI to sort out its books. DeMuth recalls that "Oreffice detailed Jim . . . for six months [in 1986], and then when I came on at the end of the year he stayed on for another year and then some. Jim came to love AEI's work and people as well as the challenge of a financial turnaround."[45] But it was uncertain whether AEI, even with the introduction of new leadership staff, could in fact be salvaged.

"The situation became sufficiently dire that we consulted … a law firm with expertise on taking nonprofits into bankruptcy."

Bill Butcher arranged for McCracken, Hicks, and Ford to meet with lawyers at the law firm of White and Case, who wrote a memo on the legal question of whether a not-for-profit like AEI can go bankrupt.[46] So going out of business and leaving AEI's creditors with millions of dollars in liabilities was not out of the question. Ford recalled, "The situation became sufficiently dire that we consulted (at Bill Butcher's expense) a law firm with expertise on taking nonprofits into bankruptcy. We needed advice on whether we needed to stop soliciting new funding without some kind of disclosure about the risk; we needed to know how much personal liability, if any, the management team and/or the board might face; and we needed to know the process for the appropriate bankruptcy filing."[47]

In order to avoid bankruptcy and the stigma that was associated with it, AEI needed a large injection of new money, and fast. Ford remembers, "By the last quarter of '86, with new general support contributions from non-board donors getting scarce, Jim Hicks calculated that we would need approximately $1.8 million in additional funding to keep the institute fully running through the end of the year."[48]

The decision about whether to save AEI, ultimately, was contingent on AEI's core supporters being willing to give an enormous amount of money—not to fund its programs, but simply to keep its creditors at bay and keep the lights on. Ford recalled,

> And there was a pivotal moment where probably mid-October/early November '86, Dr. McCracken sent a personal, handwritten note on his own UM letterhead to David Packard, who was still on the board and a major donor to AEI, but whose ongoing support was very much in question. Packard had been really fed up with a lot of what had happened earlier and made no secret of that. In the letter, Paul made a final appeal to Packard, noting the amount we needed, a $1.8 million infusion; why it was needed; what steps we had taken to exhaust any and all potential funding. While making a point of noting that he recognized and understood Packard's frustration with AEI, he also noted that Mr. Packard was one of the few trustees with the personal means to address the shortfall, so he said he felt he had to ask one more time for a special grant "before I put the key in the door and shut down this venerable institution." Packard responded immediately, calling Paul to set up a special emergency meeting of the board that weekend at his home in Palo Alto. As I recall, Packard sent his own plane to D.C. and New York to pick up McCracken and Butcher. Several Bay Area trustees also joined them onsite, including George Keller from Chevron and Dick Madden from Potlatch, and I think a few joined by phone. They also patched in former President Ford from his home at Rancho Mirage, who was AEI Distinguished Fellow at the time. The agenda recommended by Packard was to "settle once and for all this basic question of whether this institute needed to be preserved or should it close."[49]

What Would You Do?

- If you were a member of AEI's board at that moment, given what was known about its financial state, what would you recommend?
- Would you recommend that AEI declare bankruptcy in order to stem the financial losses and allow donors and AEI scholars and staff to regroup? What would be the risks of that choice for the human capital in the organization and AEI's position in the conservative movement more broadly, particularly given AEI's reputation as advocating fiscal responsibility in government?
- Would you, instead, recommend saving AEI? What would be your argument for the importance of saving it? What criteria would you use to identify a new president to lead the organization forward?
- If you would recommend allowing bankruptcy, would you recommend forming a new think tank with its remaining talent and assets? Re-homing that talent and assets in other organizations in the conservative ecosystem? Or forming a new organization? What would be the challenges and opportunities of these different approaches?
- If you would recommend saving AEI, what would be your strategy for stanching its financial losses? Who would you seek out for guidance and/or help?
- Some of AEI's financial losses were due to misplaced bets on its role in the conservative movement. How would you identify a more sustainable strategic direction for the organization? Who would you consult?
- What would you change in the governance of the organization to prevent future crises like this?

How It Turned Out

Few of the histories of the conservative movement give pride of place to David Packard as a paladin of conservative philanthropy, perhaps because the foundation he endowed focused so heavily in future decades on environmental and reproductive health causes rather than supporting the conservative movement.

But he was, in fact, a very generous supporter of a range of conservative organizations, and as the fourth richest man in the country in 1986, he could afford to be.[50] Packard was not shy about the role that businessmen needed to play in protecting the "free enterprise system." In fact, a few years before Henry Ford II famously resigned from the Ford Foundation board in protest of its increasingly left-leaning grantmaking, David Packard gave a widely publicized speech similarly arguing that philanthropy should support the cause of defending capitalism, and reconsider its support for institutions seen as undermining it.[51]

Packard, in concert with the other members of the board, decided to bail out AEI. Ford recalled,

> They decided to save it. Packard personally put up half the necessary funding ($900,000) immediately. (I seem to recall McCracken coming back with a handwritten check for that amount.) The rest of the trustees—who had already doubled their companies' annual contributions that year—nevertheless agreed to make additional donations of either $25,000 or $50,000 by the end of the year to get to the other $900,000. A key element of this plan was to accelerate completion of the new CEO recruitment, which they did in closing a deal with Chris DeMuth. We got through the end of the year. . . . That was the real beginning of the turnaround of AEI, when the board decided they weren't going to let it go under, and they could have easily. They could have come out of that weekend and sent McCracken back to get his bags packed and go back home.[52]

With that cash injection, AEI could avoid closing its doors, but it was not nearly out of the woods. It was still deep in the red, without a permanent leader, and rumors of trouble were circulating across the conservative movement.

It was widely understood on AEI's board that, as important as money was, if AEI could not establish a clear strategy then any additional resources would just be money down the drain. As Oreffice recalls, "There was no disagreement that we needed new leadership. That was the key."[53] The person the board chose to steer it through these exceptionally choppy waters was Chris DeMuth. DeMuth had been a Nixon administration wunderkind, then a private lawyer and professor at Harvard Kennedy School, before becoming the head of the Reagan administration's Office of Information and Regulatory Affairs in the Office of Management and Budget, which made him the point man for deregulation. After stepping down from the administration, he became the head of the D.C. office of Lexecon, Inc., the economic consulting firm created by Richard Posner.

Despite being only 40 in 1986, DeMuth was at the center of a number of powerful networks. He was a central figure in law and economics and deregulation movements, and he knew many of the key figures in neo-conservatism. DeMuth had circled around Baroody Jr.'s AEI when, just a few years before becoming president, he purchased *Regulation* magazine from AEI. The magazine was an important part of AEI's intellectual arsenal—it had been edited by Antonin Scalia during his time as a law professor at the University of Chicago, and DeMuth had written for it. In retrospect, the sale of *Regulation* was another sign of AEI's financial troubles.

DeMuth began advising the AEI staff and board informally by mid-1986, and it was in this context that he was asked to take a look at AEI's books. So he knew, when he was approached to take the presidency of the organization that fall, the scale and uncertainty of the job. "In November, I put together a business plan. Not spreadsheets and PowerPoint slides, but just a sheet of paper showing the big expense cuts, debt repayments, and new donations that would need to be accomplished immediately," said DeMuth.[54] He was not, he recalls, the board's first choice: "They hired a search firm, Heidrick & Struggles, and offered the job to a lot of people. When people asked me how did I get the job, I'd say, 'They asked everybody in Washington, and everybody else said no.'"[55] Others believe that DeMuth's recollection is exceedingly modest, and that none other than Irving Kristol had put DeMuth's name forward to the board.[56]

When DeMuth was offered the job, on the eve of AEI's big annual gala in December 1986, he recalls telling the board that it would take a very large injection of funds—on top of what Packard and other board members had offered over the summer—to get the organization out of the gutter. DeMuth said:

> There were huge liabilities. We had about $9 million in debt—bank debt, depleted endowments, trade debt, many months of unpaid rent and payroll taxes. I met with Jim Hicks and came up with a minimum position in the $1–2 million range that we needed instantly to have any hope of survival. This was not a negotiating position with the board. I was advising them that, without an ante of this amount, there would be no point to hiring me or anyone else and they should simply close the place down.[57]

The board accepted DeMuth's assessment of AEI's situation, and provided the immediate financial injection that he thought necessary to make anyone taking the job worthwhile. With the board's support, he took the job and became president of AEI on December 4, 1986.

Conclusion: Lessons from AEI's Survival

AEI not only dug itself out from Baroody Jr.'s financial pit—it emerged by the end of DeMuth's 22-year reign as the pre-eminent conservative think tank in Washington. AEI played a critical role both in making the case for the Bush administration's war in Iraq, and its decision to surge troops in January 2007 to save that ill-fated enterprise. Its work in welfare and policy studies, even more than the heavily hyped endeavors of the Heritage Foundation and Manhattan Institute, helped create the intellectual conditions for welfare reform in 1996. The economics program of AEI played a central role in multiple Republican tax bills that dramatically reduced the tax on capital gains, dividends, and corporate income.

Through the multi-decade influence of James Q. Wilson, who became chairman of AEI's Council of Academic Advisers upon DeMuth's arrival, AEI helped provide the intellectual case for new criminal justice policies of the '80s and '90s. AEI's embrace of neo-conservatives brought their approach to domestic public policy into the mainstream of Republican policymaking. More broadly, AEI created a beachhead in Washington, D.C., for a more scholarly model of a conservative think tank, one deeply engaged with academics beyond the Capital Beltway unlike any other conservative think tank then or now.

Whether AEI's influence has been for good or ill is beyond the scope of this case. The important point both for those who agree or disagree with its multi-decade ideological program is that the survival of AEI as an organization was in no way determined. Had just a few decisions gone in a different direction, AEI could have gone out of business, leaving the resources of conservative donors to be deflected into other, quite different, kinds of institutions. Had AEI not pushed the Olin Foundation for the other half of the money for its endowed chair, Bill Simon might not have gone on such a rampage against the organization, forcing the board to look more deeply into its finances. Had Baroody Jr. kept the plates spinning just a little bit longer, its financial situation might have become so dire that the board and DeMuth might not have taken on the job of digging AEI out of the hole. Had David Packard not put up half the cost of bailing AEI out, Paul McCracken might have been the interim-president-cum-gravedigger of AEI, rather than the man who kept it on life support long enough to pass it along to DeMuth.

The organizations that provide the bone and sinews of political life are made by individual, idiosyncratic human beings, people like Bill Baroody Jr., who pursue strategies that sometimes fail to pay off and lead their organizations into deep peril, and others, like Chris DeMuth, who figure out ways to make them work, leading them to glory (even if it is a glory seen as malevolent by some). The macroscopic outcomes that make up things like the conservative turn in public policy are the aggregation of a huge number of microscopic forces, forces that at critical branching points can generate changes of enormous historical significance.

Notes

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[4] For more details, see Steven Teles, *The Rise of the Conservative Legal Movement* (Princeton, 2008), Chapters Four and Six.

[5] Interview with Leslie Lenkowsky, October 9, 2020.

[6] Interview with Patrick Ford, May 19, 2020.

[7] Interview with William Schambra, October 21, 2020.

[8] Interview with Christopher DeMuth, February 22, 2020.

[9] Howard J. Wiarda, *Conservative Brain Trust: The Rise, Fall, and Rise Again of the American Enterprise Institute* (Lexington Books, 2009), 238.

[10] Sam Rosenfeld and Daniel Schlozman, “The Long New Right and the World It Made,” Working Paper.

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[15] Ford Interview.

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[24] Schambra Interview.

[25] Ford Interview.

[26] Wiarda, *Conservative Brain Trust*, 237-8.

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[28] “AEI Will Move to New Headquarters in 1986,” AEI Memorandum (Spring/Summer 1995): p. 1.

[29] Wiarda, *Conservative Brain Trust*, 239-240.

[30] Ford Interview.

[31] Schambra Interview.

[32] Schambra Interview.

[33] Wiarda, *Conservative Brain Trust*, 239.

[34] Ford Interview.

[35] DeMuth Interview.

[36] AEI Banter Podcast, "Nick Eberstadt on demographic change in China, Russia, and North Korea," 2020, 4:48 to 5:28, https://podcasts.apple.com/us/podcast/banter-an-aei-podcast/id427915745?i=1000494738365.

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[38] Ford Interview.

[39] Wiarda, *Conservative Brain Trust*, 257-262.

[40] DeMuth Interview.

[41] Ford Interview.

[42] DeMuth Interview. Wiarda confirms DeMuth's recollection of the importance of the conservative foundations: Wiarda, *Conservative Brain Trust*, 263.

[43] DeMuth Interview.

[44] DeMuth Interview.

[45] DeMuth Interview.

[46] DeMuth Interview.

[47] Ford Interview.

[48] Ford Interview.

[49] Ford Interview.

[50] "Forbes 400, 1986," *AP News*, October 14, 1986, https://apnews.com/article/79b52f4b1c409633c9b5fe65b5e25cfa.

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[52] Ford Interview.

[53] Oreffice Interview.

[54] DeMuth Interview.

[55] DeMuth Interview.

[56] Interview with Leslie Lenskowski, October 9, 2020.

[57] DeMuth Interview.