


**"THERE IS MUCH TO BE BUILT UPON"**  
Ripon Profile of Governor  
Brian Sandoval



# The Ripon Forum

Winter 2013  
Volume 47, No. 1

A large, close-up portrait of President Toomas Hendrik Ilves, wearing glasses, a white shirt, a patterned bow tie, and a blue suit jacket. He is looking slightly to the right with a thoughtful expression.

## The Estonian EXAMPLE

**President Toomas Hendrik Ilves discusses how his country went from living behind the Iron Curtain to leading the world in innovation and technology.**



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**APARTMENTS CREATE JOBS THAT LIVE HERE.**

# The Ripon Forum

Volume 47, Number 1

## Cover Story

- 4     **The Estonian Example**  
*Q&A with Toomas Hendrik Ilves*  
A conversation with the President of a country that, in just over two decades, has gone from being an oppressed Soviet state to the most technologically advanced democracy on Earth.
- 10    **Bringing Our Analog Government Into the Digital Age**  
*By Darrell Issa*  
The former high-tech entrepreneur and current Chairman of the House Government Oversight and Reform Committee discusses his efforts to modernize the federal bureaucracy.

## Politics & Perspective

- 13    **Accelerating Democracy**  
*By John O. McGinnis*  
With powerful computers now being used to predict the outcome of market decisions, this professor argues that same power can be used to predict the impact of policy decisions.
- 15    **Innovation Brain Drain**  
*By Vivek Wadhwa*  
Foreign born scientists and engineers have long been a source of new ideas for America. Yet because of restrictive U.S. immigration laws, they are taking their talents elsewhere.

## Politics & Perspective (cont'd.)

- 18    **The Citizenship Premium**  
*By Madeleine Sumption*  
As lawmakers debate how to reform the nation's immigration reform system, a look at the benefits of citizenship and the economic implications of the debate.
- 20    **Harnessing the Hispanic Impact**  
*By Jarrad Hensley*  
Much attention has been focused on the burden that illegal immigration places on our economy. Yet it is also important to remember the positive contributions made by those who enter legally.
- 21    **Building the Infrastructure for Rural Prosperity**  
*By Joe A. Summers*  
If states are the laboratories of our democracy, then an Alabama initiative to strengthen rural communities is something other states might want to copy and use.

## News & Events

- 24    **Panel Discussion Looks at Changing Electorate and Broadening the GOP Base**

## Sections

- 3     **In this Edition**
- 28    **Ripon Profile - Brian Sandoval**

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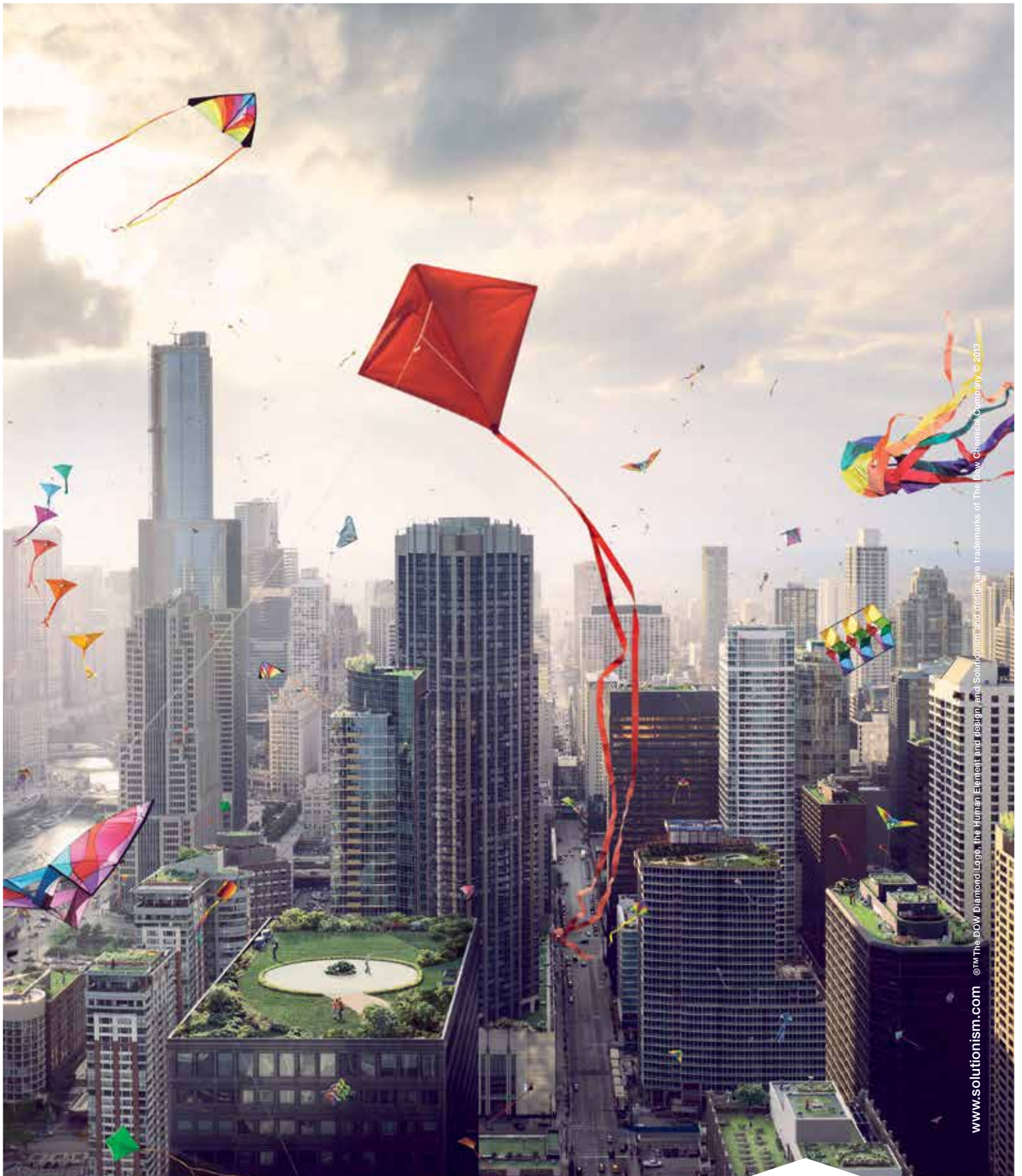
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Comments, opinion editorials and letters should be addressed to: The Ripon Forum, 1155 15th Street, NW, Suite 550, Washington, DC 20005 or may be transmitted electronically to: louzickar@riponsociety.org.

In publishing this magazine, The Ripon Society seeks to provide a forum for fresh ideas, well-researched proposals, and for a spirit of criticism, innovation, and independent thinking within the Republican Party.





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# In this Edition

When people talk about the next Silicon Valley, they often mention places such as Seattle, Washington, the area in and around Austin, Texas, or perhaps the Research Triangle by Raleigh-Durham, North Carolina.

And yet according to many technology experts, the next Silicon Valley is not in America at all. It's in Estonia, where a former Radio Free Europe journalist who was raised in New Jersey and educated in the Ivy League has helped turn the former Soviet state into one of the most innovative countries in the world.

His name is Toomas Hendrik Ilves. Serving his second term as Estonia's President, he spoke with THE RIPON FORUM recently about his efforts to transform the small Baltic nation into a major high-tech powerhouse. Among other things, Ilves discusses how these efforts were inspired in part by his 8<sup>th</sup> grade math teacher in America, and how they are being received by the Estonian people today.

Because of these efforts, Ilves was named one of 2012's 20 Most Innovative People in Democracy by the TechCrunch blog. In naming him to this list, TechCrunch said that Ilves "presides over the most technologically advanced democracy on Earth." Also on the list was Congressman Darrell Issa, the Chairman of the Government Reform and Oversight Committee and a lawmaker who is trying to do to the U.S. government what Ilves has done to the government of Estonia – make it more transparent and efficient.

Issa writes about these efforts in an essay for this edition. In his essay, Issa not only notes that "Federal agencies spend 70-80 percent of their IT budgets maintaining outdated systems," but puts forward a number of reforms designed to "bring our analog government into the digital age."

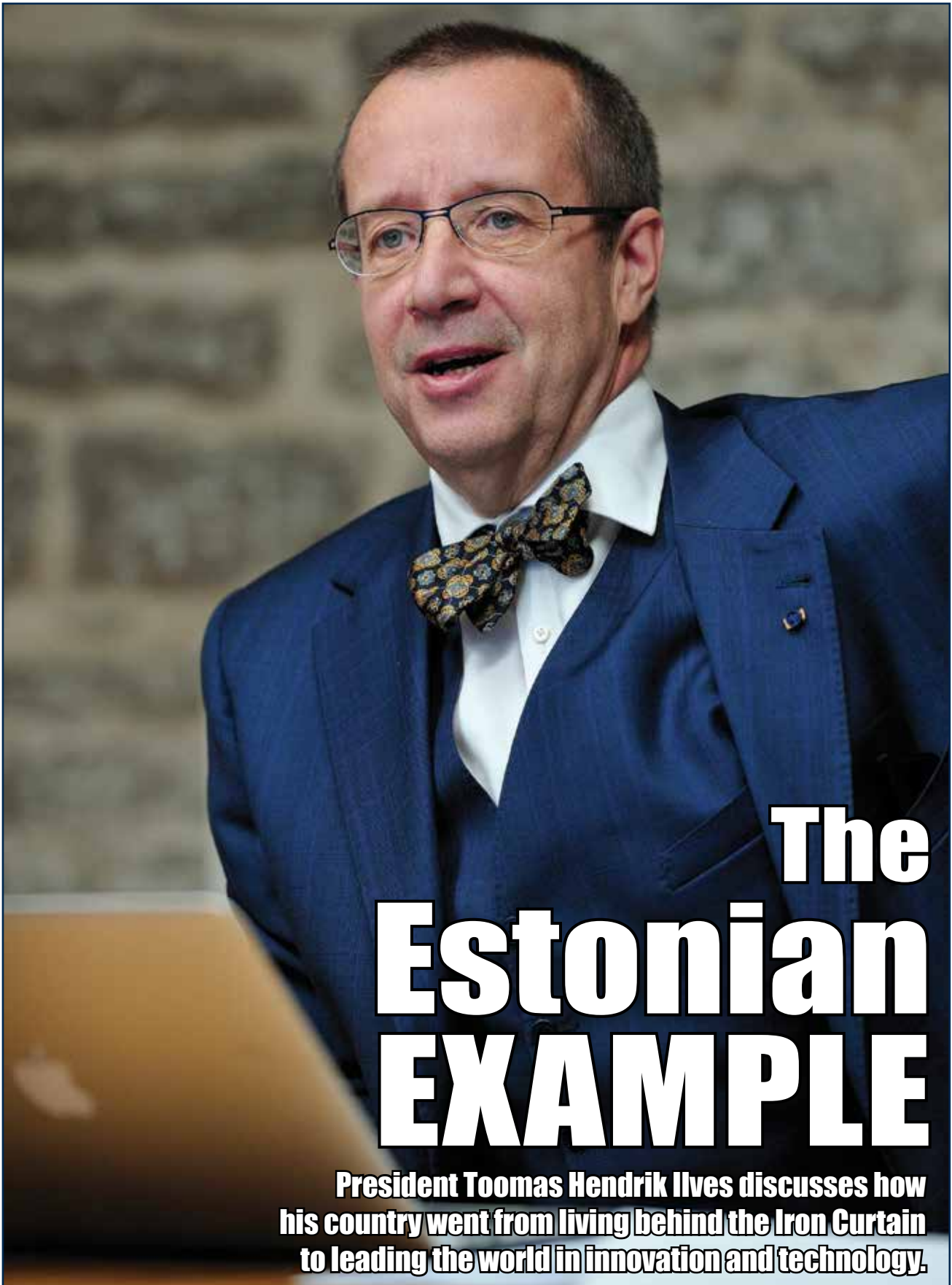
Also included in this latest edition of the FORUM is an op-ed by Northwestern Law Professor John McGinnis on "Accelerating Democracy," and how the power of computers can be used to better predict the impact of policy decisions down the road. In addition, scholar and author Vivek Wadhwa, who first wrote for the FORUM in 2007, returns to our pages with a compelling argument about the connection between innovation and immigrant entrepreneurs and how, because of our outdated visa laws, the U.S. is letting this incredible source of talent slip away.

This edition of the FORUM also includes coverage of a panel discussion on the changing American electorate that took place at *The Ripon Society's 3rd Annual Legislative and Communications Directors Symposium on Leadership at Mount Vernon* on February 8th. And in the latest Ripon Profile, Nevada Governor Brian Sandoval reveals what has surprised him most about the job and what Republicans need to do to expand their constituency and broaden their base.

As always, we hope you enjoy this edition of the FORUM, and encourage you to contact us with any thoughts, comments or questions you may have.

Lou Zickar  
Editor  
THE RIPON FORUM  
louzickar@riponsociety.org





# The Estonian EXAMPLE

**President Toomas Hendrik Ilves discusses how his country went from living behind the Iron Curtain to leading the world in innovation and technology.**

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To say that Toomas Hendrik Ilves has led an interesting life is an understatement. Born in Stockholm to Estonian refugees who fled from the Soviets after the Second World War, he was raised in New Jersey just over the river from New York City, graduated as valedictorian from Leonia High School, and attended Columbia and Penn, where he earned two degrees.

In the 1980s, he covered the Velvet Revolution as a journalist with Radio Free Europe. In the 1990s, he returned to his parent's homeland to start a different kind of revolution – one that was driven by technology and fueled by the same fire for freedom that brought communism to its knees. Under Ilves' leadership, Estonia has become, in the words of *The Guardian*, an "Internet Titan" – a nation that the human rights organization Freedom House last fall called, "among the most wired and technologically-advanced countries in the world."

Nearly 80 percent of Estonians are connected to the Internet. For the past 10 years, WiFi has been available for free nationwide. Estonians pay their taxes online, do their banking online and, increasingly in recent years, even vote. Every Estonian over the age of 15 also has what Ilves calls a personal access key, a card similar to a driver's license with one key difference – it contains a SIM Chip. With the chip, Estonians can use the card for a range of services – from filling prescriptions to riding on a bus. They can also use the card to access their medical records, personal tax data, and other information central to their lives. Recently, a pilot program was launched to teach programming to Estonian children beginning in the 1st grade.

Central to all of this innovation has been Ilves. From 1993 to 1996, he served as Estonia's Ambassador to the U.S., Canada, and Mexico. Later, he served as the country's Minister of Foreign Affairs, and was a member of both the Estonian Parliament and European Parliament. Elected President of Estonia in 2006, he is currently serving his second and -- because of term limits -- last term.

THE FORUM spoke by phone with President Ilves on February 20<sup>th</sup> about the role technology has played in his country's development and how his government has embraced and encouraged innovation in recent years.

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**Ripon Forum: Just over two decades ago, the people of Estonia lived behind the Iron Curtain. Today, they live in a country that is referred to as "E-stonia" and has set the world standard for empowering people online. Did this focus on innovation happen by accident, or was it by design?**

**President Ilves:** Both. There is some serendipity there, which we can get to later on. But in the beginning, there were a couple of people who started thinking about these things, and I was one of them.

What did we face in 1991? After 50 years of Soviet occupation, we had infrastructure at the level of the 1930s. We also had a population in northern Estonia who watched Finnish television and knew that our two countries had essentially been at the same level of development in 1939, and that we were now really behind. We were also limited in what we could do -- you just can't build things overnight. On the other hand, we were also at the start of the Internet revolution. Mosaic came out in 1992, if I remember correctly. And so I thought, well, this is the way we ought to go.

The second motivation was reading a fairly Luddite neo-Marxist book by Jeremy Rifkin called "The End of Work." The thesis of his book was basically that

automatization and computerization were going to be the death of work. As an example, he wrote about a steel mill in Kentucky which employed 12,000 people and produced X tons of steel. The mill was then automatized, and continued to produce the same amount of steel if not more with some 100 workers. From the Kentucky perspective, this was of course terrible. But from the Estonian perspective, it was intriguing, because our fundamental existential angst is tied to our smallness.

So I reversed the logic and said that this was how we could increase our functional size by many orders of magnitude. In other words, if 100 people can do the work of 12,000, then my country does not have to suffer from the then prevailing logic that economic success required an economy of scale. From there, I figured we ought to computerize as much as possible. I had the

**I had the amazing luck of having a really innovative math teacher in 8<sup>th</sup> grade in Leonia, New Jersey who taught us how to program ... Once you learn how to program, it's not very difficult.**

amazing luck of having a really innovative math teacher in 8<sup>th</sup> grade in Leonia, New Jersey who taught us how to program. And we'd write our programs out on perfo tape, and then we'd check them by sending them via modem to a computer 50 miles away. Once you learn how to program, it's not very difficult.

And so I got together with the Estonian minister of education, who had a PhD in physics, and we drew up a plan to computerize the school systems so all schools would be online. We did that in 1995. By 1997-1998, all Estonian

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schools were online. As with all education reforms, you never really feel it or see any effects until about 15 years afterward. We are seeing that right now. We have a huge number of startups in Estonia. And I remember reading in a venture capitalist magazine about two years ago an interview with a VC person from California who said there's nothing happening in Europe. But there's this place called Estonia, where in fact, all kinds of things -- most famously Skype -- are going on.

The other thing I personally fought hard against were legacy technologies. I remember in 1993 having to fax the [U.S.] State Department from the embassy in Washington; I couldn't send them an email because they only had Wang computers. The same thing happened here when the City of Helsinki in Finland decided to upgrade to digital phone connections. They offered to give our capital city of Tallinn for free their 1970s analog phone telephone exchange. This would have covered all of our needs for free. But we had a 1938 phone system, and they were offering us a system from the 1970s. I yelled and screamed and fought tooth and nail against accepting this gift because we would be stuck with legacy technology. We don't want that. And the government took me seriously and decided to actually invest in a digital phone exchange -- which then gave me better connections between Estonia and Washington than from the Estonian Embassy, where I was at the time and the State Department 3 miles away.

The first thing we ever did with government computerization was put tax returns online. You can fill your taxes out in about five minutes because they're all pre-filled. Everything's added up and done for you and you just have to look at it and see if it looks right. We also had the additional sweetener that if you filled out your tax return online, you got your money back in a week. If you did it on paper, it might take maybe three months.

The next step -- and this is where the serendipity comes in -- is we thought that if this tax thing worked, we wanted to put other things online and computerize administration in general. We realized we were too poor to have one centralized system with a big server bank -- it was just too expensive. In order to solve this problem, we developed a system we call the X-road using an enterprise service bus. It's all interconnected and everything has to be authenticated. So we ended up with this much better architecture than most countries and most companies have for secure communication.

On top of that, we have a two layer authentication, which means that -- Google has this now -- if you want secure communication, you have to stick in a card and toggle in numbers which are yours. And that's the two levels --

one is a chip and the other is what you put in yourself. This is infinitely more secure than giving your credit card number with a 3-digit CVC code. I don't understand how people do that, but they do.

**Ripon Forum: You all had that before Google though?**

**President Ilves:** Oh we've had it since 2003. It's not as if they stole it -- it's kind of a no-brainer. It's just that we did it. And other countries since then have adopted the same system.

The second part is that we are using PKI, Public Key Infrastructure. This binary key code is a sophisticated system with encryption that was conceptually invented in the 1960s but not put to use on a wide scale. There's a public key and a private key. It means that we have extremely secure communications. So far, it hasn't been broken, except from the inside. But even then, as soon as someone does something illegal, they're immediately flagged. When a police woman was checking up on her boyfriend, we discovered it immediately.

This worked and then we started attaching both public and private services to this system, from banks to digital prescriptions. Which means that if your doctor says you need penicillin, he toggles it into the computer, go with your card to any pharmacy in Estonia, stick in your card, and the pharmacist will say, "Ok,

you get this." It means that if you need a refill, you don't have to go to the doctor. You don't need another chicken scrawl prescription. He'll say, "Right, this didn't work -- I'll give you more." Then he'll toggle it into the computer.

We have also done something that here and elsewhere finds even more opposition from the medical establishment. In Estonia, you own your own data -- including your medical data -- so you have the right to access it any time, and you do it with a secure system. What that means, however, is that we've broken a two thousand year Hippocratic tradition in which the doctor is the priest and the patient is the supplicant. If you're told in most places you can get a second opinion, all you have to do is authorize some other doctor to look at your medical records. You don't have to get two opinions -- you can get 200. It's kind of tedious if you want to get that many, but the point is that in owning your own data, you can do whatever you want with it.

The other benefit of all of this has been transparency. You can't bribe a computer. All kinds of transactions become public. Greater transparency means less corruption. What we also have here is a digital signature. You can sign legal documents with your ID card and

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a binary key code, which assures the recipient that who is sending the document is really the person who signed it. In the beginning of December 2012, we did our 100 millionth digital signature -- which isn't bad for a country of 1.3 million.

**Ripon Forum: And that started about when -- in the mid-90s as well?**

**President Ilves:** That was later -- in 2001, I think, because I was in government when we did it. The card is basically -- I don't like using the term ID card. I prefer using the term personal access key. Because the fact is it's not a card. It's basically a SIM card -- a SIM chip card. The chip is embedded in plastic, like European credit cards these days. And almost as an afterthought, it can and does serve as an ID card. You can scan it as you go across the border. Many people, especially for some reason in English-speaking countries are averse to a national identity card, but that is merely one of some 330 services available to the card, and its most primitive

**Ripon Forum: But it has everybody's picture and physical identification?**

**President Ilves:** It's on there, but its fundamental use is in the e-governance system. The problem many people have is that this is "Big Brother". My argument has been that in an age of complete market failure, when it comes to online security, if a bank writes off computer credit card theft as a business expense when it is avoidable, or when an electrical company calls a cyber attack on an electrical plant an act of God, this is for me tantamount to market failure.

The government has the wherewithal and capacity to actually provide secure communications for the citizen. You have to trust the government a little bit. But whom do you trust more -- putting your credit card number online with a three-digit CVC code? Or is the government sort of the guarantor of your identity?

It doesn't sit with some people, but I trust my government more than I do some open communication on the Internet. As it is, you've read so many stories about credit card numbers being stolen.

**Ripon Forum: It happens all the time here.**

**President Ilves:** Well, you can't do that with this system because each identity is unique. You'd have to put together

two separate things that you can't put together -- the person's own number, which he has in his head, and then the SIM card, which is in his possession.

I think that, eventually, countries will adopt in one form or another a two-factor authentication system, because it's the only thing that's secure right now, and it will have to use binary key code system because that's the only one that works. Similar systems have been adopted by many countries in Europe, but they don't have the range of services behind them. We just try to put as much online as possible.

The fundamental thing is that you have to prove your identity online. If you do that, then you have access to services and you don't have as many bureaucrats and you don't have to do what you have to do in many countries -- which is to pay a bribe to get something that already belongs to you.



**Ripon Forum: You touched on many things, but are there any specific policies and proposals -- such as tax incentives or regulations -- that make this type of innovation possible?**

**President Ilves:** The main incentive which got everyone used to it was having a really easy way to fill your taxes. Of course, it does help if you have, like this country, a flat rate income tax.

**Ripon Forum:**

**Well, that's another debate.**

**President Ilves:** But a flat rate income tax is much easier to do online. You just add up what you made and you take a percent.

**Ripon Forum: And that is one of the main incentives that got people into the whole concept?**

**President Ilves:** The most awful thing I ever did when I was younger was every April fill out my tax return -- by hand. And one of the key things to understand about e-government is that it can't just be a paper format that's available online. It has to be interactive. What you are offering has to have real added value and not simply be a form on a computer screen.

But basically, we've had the fortune of people sort of going along with this. Of course, sometimes you get really annoyed with the degree of transparency, because every expenditure is put online. And in fact, I think one of the big philosophical issues that we will face more and more is what is privacy and what is transparency. Not that it's new. We are very transparency-oriented.

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For example, we pushed through in the European Union a provision that all EU public money must be publicly reviewable, after all it is public, i.e. tax-payers money. Forty percent of the EU budget -- which over a seven-year period is a trillion Euros, or \$1.3 trillion -- goes to agricultural payments. Until the late 2000s, that figure was completely non-transparent. No one knew how much anyone got. We pushed through with a few other countries that this had to be transparent and we had to know who gets public taxpayers' money. But then that was struck down by the European court for violating privacy.

We are more on the transparency side. We don't want to know what you do with your own money. But we want to know where our taxpayer Euros go. And that I think is going to be a very big conflict, not only in Europe, but elsewhere as well in the future.

**Ripon Forum: To an extent that the Estonian people went from living in a closed society to one that is very open and transparent today, was there a cultural hurdle to overcome in gaining acceptance for these changes, or were they embraced?**

**President Ilves:** Well, there were early adopters and there were late adopters. For example, when we introduced the digital prescription, there was a huge amount of grumbling because it was different. In the beginning, the first couple of months, no one used it. Six months later, it just took off, with a 95% penetration rate because people started seeing how comfortable it was.

One area where uptake has been slower is electronic voting. You use the same card and two-level, two-factor authentication process to vote. Twenty five percent of the people in the last general election voted by computer.

**Ripon Forum: You had no hanging chads then?**

**President Ilves:** No. People are more worried about whether their votes are anonymous. But there are all kinds of

skeptics who come here to look at all of this, and it looks pretty good. And it has a much, much lower failure rate than those same chads.

**Ripon Forum: What about cybersecurity? Given the continuous attacks underway on computer systems around the globe, how vulnerable are Estonians to an online attack?**

**President Ilves:** What we have experienced in Estonia are D-DOS, Distributed Denial Of Service attacks, which basically shut down your services because your servers are overloaded with too many messages coming in. Those attacks don't get into the system. They just isolate you.

**Ripon Forum: But is it a continuing problem for your country just as much as it is here in the U.S. and elsewhere?**

**President Ilves:** It's less of a problem in that they're not as interested in us. However, my friends at Skype here said it's just ridiculous -- they're under constant attack.

As a sidebar, I worked for years trying to convince European governments to pay more attention to cyber. One large country in Europe, which speaks English, said, "No." Then all of the sudden, David Cameron and William Hague come to a Munich security conference, and all they talk about is cyber security.

When I asked what happened an old friend from the UK government said: we realized how much money we were losing to cyber theft, from others stealing our intellectual property, the result of our R&D. Our wealth is a function of intellectual property. And if you look at the testimony by now former deputy director of the FBI, Sean Henry, before Congress in April of last year some time before he left the government, he talked about a company that lost in one weekend 10 years and \$1 billion of R&D. It got sucked out. So this is an increasing problem for advanced countries whose national wealth is a function of innovation, research and development.

If you look at drug companies, they put a huge amount of investment in pharmaceuticals. And if someone sucks it out, they haven't paid anything for it and someone else has the formula and they've started producing it. That's going to destroy our economy unless we get a handle on all of it.

**Ripon Forum: Looking at all of the changes you have help put in place, what has been their economic impact in terms of jobs created and growth in Estonia's GDP?**

**President Ilves:** Well, it's hard to say because what do you compare it to? Certainly, there are many, many investments coming into Estonia because of the ease of doing things here. You can set up a company in 15 minutes online. It's not three months like in some countries in Europe. It's hard

**It doesn't sit with some people, but I trust my government more than I do some open communication on the Internet.**

to measure because compared to what? What it would have been otherwise? But we don't know what we would have had otherwise. Certainly in terms of interest and investment and ease of doing business, companies love it. So that's been good.

In terms of jobs created, our problem with jobs is that we can't produce enough software engineers. At the height of the crisis here, I had a meeting here with the organization of IT companies. I asked them, "How is the economic crisis affecting you? And they replied, "We still have a severe labor shortage." So it's one area where unemployment is really nonexistent.

The problem is that not everyone has an IT company. There are other areas as well. But at least right now, and I suspect for quite a while, if one knows how to write code, one will have a job.

**Ripon Forum: You mentioned earlier your 8<sup>th</sup> grade teacher in New Jersey. To the extent that you did spend a good part of your childhood in the United States, and in fact graduated from two Ivy League colleges, how much did your background affect your thinking on innovation and change?**

**President Ilves:** Maybe indirectly in terms of "let's try something." Clearly, the math part or the computer science part had an effect because I knew that in fact that you can do something you want. And in fact this year we've instituted a

program where we start teaching kids to program in first grade. We've also introduced a new math program that is sort of a computer-based math. It's sort of like statistics; it's pointless to do statistics if you don't know how to use a computer. No one who really does statistics does it by hand. But the idea is that you can, as a child, learn how to program just as you learn a new language. I became a firm believer of that at an early age, so that helped.

More broadly, because of my education's fundamental effect on me -- between my parents fleeing as children from the Soviets and the Nazis and my Columbia "Great Books" program -- I'm sort of a committed liberal democrat. Small "l." I'm liberal, but it's more Locke, Hume, and Mill.

I think that's where we all have to follow, and that's guided my thinking in all sorts of things, not just computerization.

**Ripon Forum: One last question -- what advice, if any, would you give U.S. lawmakers as they work to embrace technology and promote innovation here in America?**

**President Ilves:** Create a legal framework for secure communications, which comes down to having a legal signature that works only if you have the right architecture. If things have the force of legal contract online, you can move fairly quickly. **RF**



## CONSENSUS & LEADERSHIP

The American Insurance Association works side-by-side with policy makers to promote an effective and efficient property-casualty insurance marketplace. With a diverse membership of well-regarded insurance companies big and small, local representatives in every state, federal expertise and a lead role in shaping key international regulatory issues, AIA brings consensus and leadership to the table.



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# Bringing Our Analog Government into the Digital Age

DARRELL ISSA

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In the 1980s, millions of Americans bought personal computers.

In the 1990s, software companies like Microsoft and others developed tools that allowed those computers to go beyond the local network and connect to the internet, initiating an explosion of tech startups in my home state of California.

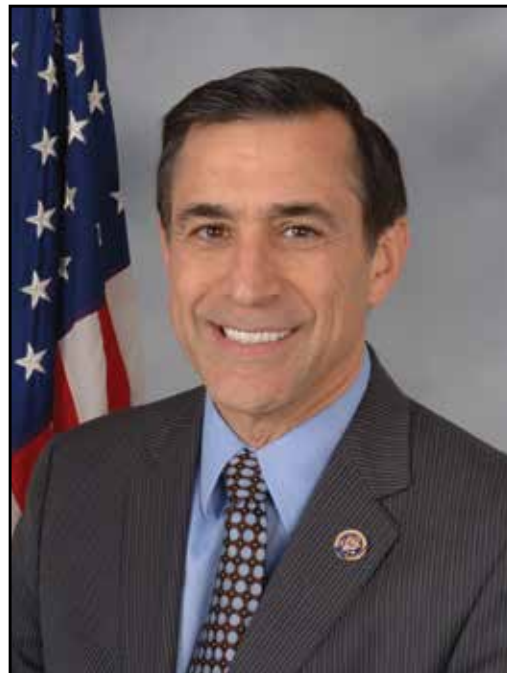
Today, many of the largest, most profitable, prolific, and innovative companies on the planet were born during that wave -- like Google, Amazon and eBay. The initial tech wave has reverberated back with new startups creating products that revolutionize the way we communicate (Facebook, Twitter), watch TV (Netflix), or even hitch a ride (Uber).

But while the private sector caught the tech wave long ago, the federal government is still paddling after it. In a digital America, the federal government remains tragically analog, or even worse, paper-based.

For instance, despite a quarter of a billion dollars spent on an electronic claims processing system, retirement benefit applications for the vast federal workforce are still processed by paper because the software doesn't work. Unable to design a handheld device that would allow enumerators to conduct their decennial door-to-door survey, the Census Bureau again sent tens of thousands of employees to the streets

with pencils and paper.

Too often, when the federal government thinks about tech issues, they are too focused on regulating the choppy waters, and not on using tech to transform the way we do business.



**...while the private sector caught the tech wave long ago, the federal government is still paddling after it. In a digital America, the federal government remains tragically analog, or even worse, paper-based.**

When I was in the private sector in the '90s, I could track sales of my company's products at stores across the country. Using software programs to analyze the sales patterns, if sales seemed low at a particular store, I could send a field rep out to make sure the product was displayed appropriately. Today, practically everyone with a credit card has received an "early fraud warning" automated call when your bank sees unusual activity on your account. This gives you the opportunity to halt purchases and prevent theft, or let them know you're just on vacation so that's why you're buying gas two states over. Why can't we use these technological tools for federal spending?

Because no one can truly "track" federal spending without hundreds of man-hours of work sorting through disjointed reports and databases. Even well-intentioned transparency efforts like USASpending.gov, created by legislation sponsored by Senator Tom

Coburn and then-Senator Barack Obama, are hampered by the fact that agencies do not make complete, accurate, or

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timely reports.

One proposal to fix this is the Digital Accountability and Transparency Act (DATA Act). In essence, the DATA Act lays the blueprints for a truly open and digital government by organizing federal spending information and making it machine-readable. By developing a common “language” for data and making it available to download in bulk, journalists, academics, and citizen watchdogs will be able to build tools that ferret out fraudulent and wasteful spending and analyze the value taxpayers get for their dollar. Spending transparency is just a crucial first step: all federal data must be organized to make it more useful. If we do, the same big data analytic techniques that improve performance and save money on behalf of the shareholder today can be used on behalf of the taxpayer tomorrow.

Last year, the House of Representatives unanimously passed the DATA Act, the Senate introduced companion legislation, and the principles behind the bill were endorsed by Vice President Biden. This Congress I believe we will make the DATA Act law. But, in order to execute the blueprint for digital government, we must acquire the right tools.

To paraphrase President Reagan, the closest thing to eternal life on earth is a failing government IT project. Federal agencies spend 70-80 percent of their IT budgets maintaining outdated systems. Many of these systems are duplicative, and many are incompatible with one another. This not only wastes taxpayer money, it makes it harder to adapt the federal government’s software and hardware to changing needs.

I am working on reforms that will help us buy IT smarter, consolidating authority and accountability in a smaller number of professionals, and encouraging cross-agency pooling of resources and expertise. The Technology CEO Council estimates that approximately \$20 billion a year is wasted on bad IT purchases, and suggests nearly \$1 trillion could be saved by 2020 with improved management technology.

While it is easy to focus on the government’s many issues adapting to technological innovation, many leaders in both parties already recognize that we do not have all

the answers and are turning to technology to harness the wisdom of the American people. House Majority Leader Eric Cantor blazed a trail with the introduction of *YouCut* in 2010, using social media to directly involve the American people in legislative scheduling. In 2011, the White House launched “We the People” on its official website, promising to answer every petition that reaches a threshold of signatures within 30 days. Even when that petition was encouraging the federal government to “begin construction of a Death Star by 2016,” the Administration took its promise to engage with the American people seriously, and answered the question with a creative yet still informative denial late last year.



**To paraphrase President Reagan, the closest thing to eternal life on Earth is a failing government IT project. Federal agencies spend 70-80 percent of their IT budgets maintaining outdated systems.**

I helped develop and launch an open-source legislative platform, *Madison*, in order to crowdsource an alternative to SOPA, an anti-piracy bill which would have *literally shut down the internet* and put compliance burdens on internet startups that would stifle the next dorm-room entrepreneur. *Madison* allows individuals to mark-up legislation, proposing their own amendments and commenting on other users changes.

Soon, this technology and others like it could truly transform the way Washington writes legislation. As California Lt. Governor Gavin Newsome mentions in his new book *Citizenville: How to Take the Town Square Digital and Reinvent Government*, “Behind the closed doors of Capitol Hill, lobbyists are constantly influencing and even drafting legislation — and you and I never know about it. But on the Project Madison site, anyone can see who is making the proposed changes. No secrets, no surprises. So why not extend this idea to other legislation as well?”

Change is never easy, but a paper-based and analog government cannot meet its citizens needs in a digital age. We need to retool our government not only to bring it up to speed with the private sector, but to make sure it can catch the next technological wave. **RF**

*U.S. Representative Darrell Issa (CA-49) serves as Chairman of the House Committee on Oversight and Government Reform.*



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# Accelerating Democracy: *How Information Technology Can Revolutionize Governance*

JOHN O. MCGINNIS

Relentless technological change is the fundamental fact of our time. Our smartphones today are more than a thousand times powerful and a million times less expensive than all the computers at MIT in 1965. This increase in computational power is both a boon and a danger to society. It creates innovation in all kinds of areas from energy to biotechnology because more and more technologies are brought into the domain of computation and then partake of its exponential progress. But technology also will create dangers both abroad with the rise of new weapons of mass destruction and at home as many jobs are replaced by machines.

As a result, the central problem of our time is how to adapt our democracy to the faster rate of technological change. Fortunately, the computational revolution also supplies new tools to allow government to make smarter decisions. The key is to use the power of our new information technology to better predict the consequences of policy. Republicans and Democrats disagree on policy, but they largely agree on some important goals, like increasing economic growth and improving education. Thus, an important bipartisan reform Republicans and Democrats can make is to create mechanisms and structures for generating more accurate information about policy results. There is widespread agreement that government should be focused on creating public goods like defense and pollution control that the market and family cannot provide. Information about the best policies is the master public good without which all other public goods cannot be well provided.

One important aspect of new technology is that it

allows information to bubble up from more dispersed sources that are better filtered for accuracy. As a result, we can have expertise without being beholden to particular experts. For instance, information markets where citizens bet on policy results allow us to tap into the wisdom of crowds to determine which policies work. These markets have already showed great promise. On the day before the election the vote share market run by the University of Iowa foretold the vote shares of both President Obama and Governor Romney more accurately than the average of opinion polls on Real Clear Politics. The outcome should not surprise us: markets gather information effectively by encouraging people to put their money where their mouth is.

We could use these same markets to predict the results of policy as well. Markets can be made to compare the results of passing important legislation and failing to pass it, thus allowing us to better predict the effects of policy on such important factors as economic growth. Unfortunately, our laws make the effective operation of such markets in the United States impossible. Congress must legalize information markets

with a bona fide public policy focus. It should then adopt rules that require that important legislation be made available on the web ten days before any vote. Markets can then be made on the legislation and experts can comment on the details through yet another new technology—blogs and social media.

Government must also engage in fundamental restructuring to foster a more experimental politics that takes advantage of the big data generated by modern information technology. Congress should encourage



John McGinnis

**...the central problem of  
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agencies to do randomized experiments with regulation. For instance, if it is unclear whether a regulation will actually improve worker safety, an agency might apply it to some companies and not to others on a random basis and measure the results. It is not only the national government that can help create a more experimental democracy. States and local government can choose more decentralized and competitive systems like charter schools. When such schools try different policies, we can then better figure out which programs improve learning, particularly if government provides the funding for such studies.

The government should also fund research and development projects to improve policy analysis. The President's proposal in the State of the Union to build a map of the human brain is one such initiative, because it will speed the development of artificial intelligence. As artificial intelligence becomes stronger, its algorithms

will find patterns in events that now escape human understanding. AI enables us to build more accurate models to foretell future dangers and identify the policies that may forestall them.

Today, our government must use our ever better set of tools to improve governance and thus create a more prosperous, stable, and secure society. Technological acceleration simultaneously creates a greater capacity for the polity to revise policy on the basis of good information, and a greater need for modernization to navigate the rapids of social transformation. A society's capacity for learning must match its capacity for change. **RF**

**Fortunately, the  
computational revolution  
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*John O. McGinnis is a law professor at Northwestern University and author of the new book, *Accelerating Democracy: Transforming Governance through Technology* (Princeton University Press).*



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# Innovation Brain Drain

*America's immigrant entrepreneurs are taking their talents elsewhere*

VIVEK WADHWA

There's been a lot of talk in recent weeks and months about cybersecurity and America's vulnerability to online attacks. One of the fears is that ideas and intellectual property belonging to the United States will be lost to another country or group. These fears are justified.

Indeed, as the information security firm Mandiant recently found, China has been waging a systematic assault on our computer networks for years. As the President and Congress work to respond to this threat and keep our country secure from this kind of intellectual theft, it is worth noting that another type of intellectual loss is also now occurring in America.

It is a loss not so much of ideas, but of the individuals who generate them – that is, the scientists, engineers, entrepreneurs and other innovative thinkers whose creative and intellectual contributions over the years have been one of the keys to American competitiveness and economic success. Many of these individuals are foreign-born and U.S.-educated, and they want nothing more than to stay in America and put their talents to work.

Over the years, they have been doing just that. Foreign-born individuals have contributed to more than half of the international patents filed by leading companies, including Qualcomm (72%), Merck & Co. (65%), General Electric (64%), Siemens (63%), and Cisco (60%). In addition, they contributed to 76% of the patents at our top universities — especially in cutting-edge fields like semiconductor device manufacturing (87%), information technology (84%), pulse or digital communications (83%), pharmaceutical

drugs or drug compounds (79%), and optics (77%).

Yet as the research of my team at Stanford, Duke, and UC-Berkeley has shown, U.S. immigration policies are chasing this vital source of skills and talent away. Our earlier research had determined that from 1995 to 2005 — the time of the Internet boom — 52% of Silicon Valley's startups were founded by people born abroad — people like me. When we updated our research recently, we found that this proportion had dropped to 44%. This was historically unprecedented, but not at all surprising.

The fact of the matter is that foreign students graduating from American colleges have difficulty in finding jobs because employers have difficulty in getting H1-B visas. Those graduates who are lucky enough to get a job and a visa and who decide to make the U.S. their permanent home find that it can take years — sometimes more than a decade — to get a green card. If they have ideas for building world-changing technologies and want to start a company, they are usually out of luck, because it is not usually possible for people on H1-B visas to work for the companies they might start.

The families of would-be immigrants are also held hostage to the visa-holder's immigration status. The spouses of H1-B workers are not allowed to work, and, depending on the state in

which they live, they may not even be able to get a driver's license or open a bank account. They are forced to live as second-class citizens. Not surprisingly, many are getting frustrated and returning home. Some are also taking their



Vivek Wadhwa

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talents elsewhere, lured away by foreign governments who view these workers not only as the path to innovation and prosperity, but as strategic weapons in the knowledge race.

Countries including China, Australia, Chile, Singapore, and Canada, are offering stipends, labor subsidies for employees, expedited visa processes, and other inducements to bring in foreign entrepreneurs. Chile offers entrepreneurs \$40,000 just to come and live there for six months. China sometimes offers hundreds of thousands of dollars in subsidies and incentives.

In some respects, these subsidies and incentives are as great of a threat to our future economic competitiveness as the cyber attacks that are launched our way every day. For that reason, the United States must stop this brain drain and do all we can to keep and bring more engineers and scientists here.

Make no mistake -- these individuals expand the economy and create jobs for Americans. In my book, *The Immigrant Exodus*, I prescribed seven fixes to stem the tide and to attract the world's best and brightest to America, including:

- 1) Increasing the numbers of green cards available to H-1B holders;
- 2) Allowing spouses of H-1B visa holders to work;
- 3) Targeting immigration based on required skills;
- 4) Allowing H-1B Holders to change jobs without

requiring sponsorship renewal;

5) Extending the term of OPT for foreign students from one to four years;

6) Instituting the Startup Visa; and,

7) Removing the country caps on green-card applications.

As I concluded in my book, we need to do all this because a vibrant United States that opens its doors to skilled immigrants will provide a greater benefit to the rest of the world than a closed United States because the rules by which the U.S. practices the game of economic development, job formation and intellectual capital formation grow the global economic pie.

And the ethos that drives America's entrepreneurs and inventors, and has driven U.S. policy until very recently, is critically important for the continued development of the global economy. These entrepreneurs will not only better the U.S., but help better humanity and solve some of the grand challenges facing the world. **RF**

*Vivek Wadhwa is Vice President of Academics and Innovation at Singularity University, a Fellow for Corporate Governance at Stanford University, and the Director of Research at the Center for Entrepreneurship and Research Commercialization at Duke University.*

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# The Citizenship Premium

## *Some Considerations for the Current Debate on Legalization*

MADELEINE SUMPTION

Legalization for the United States' 11 million unauthorized immigrants has shot to the top of the immigration policy agenda in recent months. With a tentatively emerging consensus on the need to implement some kind of legalization, much of the discussion has focused not on *whether* to provide legal status, but what form this status should take. And, most notably, whether it should give the newly legalized full permanent residence and thus a stepping stone to U.S. citizenship.

The term "path to citizenship" is rather misleading. None of the proposals on the table would guarantee that newly legalized individuals can become citizens. Instead, the plans would provide a path to earning a green card for those who meet the criteria. Under current law, green-card holders receive the right to *apply* for citizenship after a number of years, but only if they can pass the English language and civics tests, among other requirements.

The current debate has provoked some interesting questions about the value of citizenship for immigrants themselves and, by extension, the United States. Most of the arguments on either side have been moral or social, pitting issues such as the aversion to "rewarding lawbreakers" against the risks of creating a marginalized group of noncitizens who can never gain full membership in US society. But some economic questions arise too. In particular, naturalization is thought to provide economic benefits to the individual, including access to a wider range of good jobs. Does this mean that legalized immigrants will fare better if they have a path to citizenship? Will they be better able to support their families and move

up through the U.S. labor market?

A recent report from the Migration Policy Institute raises three issues worth bearing in mind in any debate about the value of citizenship. First, naturalized citizens appear to earn a wage premium of at least 5 percent compared to similar individuals who do not become citizens, according to empirical studies. In some ways, this is quite remarkable. Compared to holding a green card, the concrete *economic* rights stemming from citizenship are relatively limited. Certain government jobs and licensed professions require citizenship (the vast majority of immigrants holding public-sector jobs are naturalized); and some employers may prefer citizenship as a signal of good integration into U.S. society. If these factors are enough to provide a 5 percent wage boost, that would make citizenship a rather cost-effective way to improve immigrants' economic outcomes.

Second, most of the economic benefit that immigrants can expect from legalization comes from legal status or the green card rather than citizenship itself. Moving from illegal status to permanent residence is almost certainly more beneficial to the individual than adjusting

from permanent resident to citizen. Immigrants legalizing under the 1986 Immigration Reform and Control Act (IRCA) received an estimated 6 percent wage boost by 1992. Since several studies suggest that increased post-IRCA worksite enforcement widened the gap between authorized and unauthorized workers, any such increase could be substantially larger today. Immigrants with education and



Madeleine Sumption

**...naturalized citizens appear to earn a wage premium of at least 5 percent compared to similar individuals who do not become citizens, according to empirical studies.**



English language skills stand to gain most from a purely financial perspective, since employers in higher-paying occupations are least likely to accept unauthorized workers on their books. But even for the majority who will never move up into professional jobs and may not see large wage gains, legal status provides basic freedoms such as the ability to move between employers, to organize or complain about labor violations, and to go to work in the morning without the threat of deportation.

Third, even if a path to a green card for the unauthorized is introduced, many will never become citizens despite the potential benefits. More than 8 million lawful permanent residents are currently eligible to apply for citizenship but have not done so, for a variety of reasons including low English language proficiency, the cost required to apply, and concerns about losing one's original citizenship. Less than half the immigrants who legalized under IRCA had naturalized by 2009. Naturalization rates are lowest among immigrants from Mexico, the major source of the

unauthorized population.

In other words, whether newly legalized immigrants actually become citizens is probably not the most important issue at stake. Citizenship matters for immigrants' outcomes, but it is just one part of a puzzle that also includes the rights attached to any "probationary" status falling short of permanent residence, legalized workers' access to a green card, and the broader efforts that are made to support immigrants' integration—whether or not they eventually naturalize. For immigrants themselves, the stakes of what has become known as the "path to citizenship" will lie to a large extent in the rights and protections that they receive along the way whether or not they eventually become citizens. **RF**

**Immigrants legalizing under the 1986 Immigration Reform and Control Act (IRCA) received an estimated 6 percent wage boost by 1992.**

*Madeleine Sumption is a senior policy analyst with the Migration Policy Institute, a nonpartisan, independent think tank in Washington, D.C. that analyzes U.S. and international immigration trends and policy.*

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# Harnessing the Hispanic Impact

JARRAD HENSLEY

As Congress and the President try to reach a workable solution to the challenges facing America's immigration system, it is critical that the debate focus not just on the costs of illegal immigration, but the benefits of legal immigration and how the increase in the Hispanic American population is helping to keep some communities from fading away.

The numbers tell the story: after decades of immigrant and migrant geographic concentration around urban areas, recent data suggests that other regions of the country are benefitting from an influx of booming Hispanic population growth. In fact, according to the U.S. Department of Agriculture, the "non-metro population" in the U.S. increased by 4.5 percent between 2000 and 2010. Hispanics made up 45 percent of that growth – offsetting what otherwise resulted in net population losses during the same period.

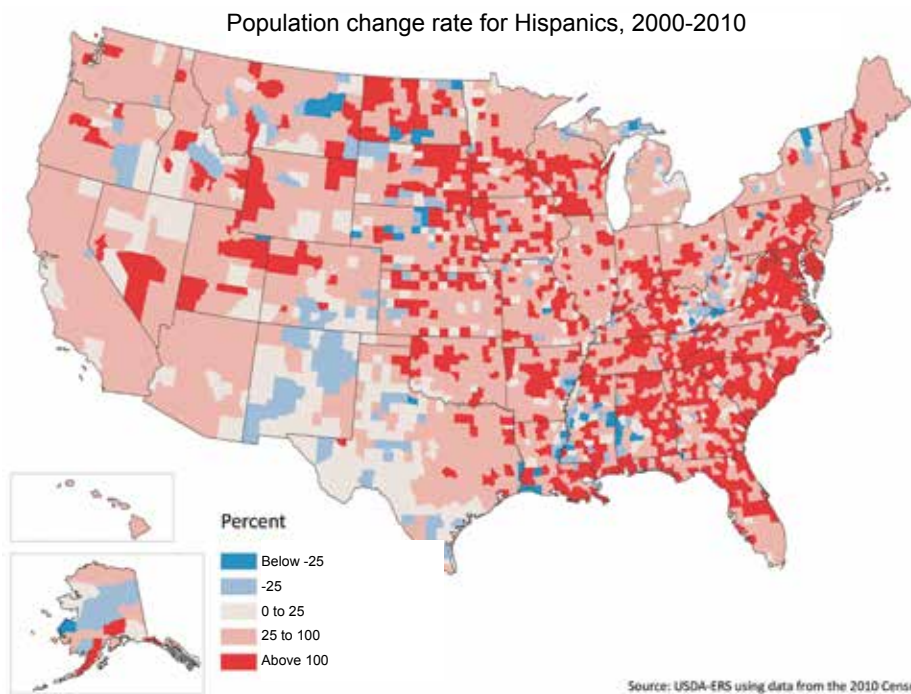
As the map above illustrates, in many small communities, the increase in human capital is helping to lay the foundation for potential increased jobs and wages down the road. More jobs and higher wages mean that tax bases will start to expand and communities will start to grow. This is key, for the sad and often unspoken other half to the story is that young and intelligent professionals are leaving rural communities in droves to seek job opportunities elsewhere. A study released last summer by Cornell University Professor Daniel Lichter

describes how some of the communities have attempted to reverse this brain drain.

"Ideas as diverse as free land programs in Kansas, student loan forgiveness programs in West Virginia and Maine, programs such as the Cool Cities Initiative in Michigan and 'Come Back to Iowa, Please,'" Lichter writes, "have all been instituted as antidotes to out-migration. However, the jury is still out as to whether many of these have the intended effect of stemming population loss and/or retaining educated young adults."

While the impact these kinds of programs and policies have on rural communities is still being debated, the impact of immigration on many of these communities is becoming increasingly clear. In North Carolina, for example, a 2006 study found that Hispanics contributed more than \$9 billion annually to the state's economy through the purchases they make. This same study found that the costs associated with the public services used by Hispanics were far less than the taxes they paid.

A 2008 study in Oregon took a different tack and focused on the economic impact of unauthorized workers. The study found that eliminating these workers would reduce state and local tax revenues by between \$400 and \$656 million per year, thereby also reducing funds for basic



infrastructure needed in any prosperous community.

It's true that low-wage, low-skilled jobs aren't – and shouldn't – be the exclusive answer to an American economic recovery, but studies like these provide an important context that the current debate over immigration reform often lacks. They also further evidence that while securing our borders must be a consideration of any sound immigration policy, the economic security of America's rural communities is also at stake.

**RF**

*Jarrad Hensley is Deputy Editor of The Ripon Forum.*

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# Building the Infrastructure for Rural Prosperity

*A success story from the states*

JOE A SUMNERS

Community-based initiatives that foster citizen engagement and support workforce development are critical to the success of rural communities. An effort underway here in Alabama is a good example.

Called the *Rural Alabama Initiative*, the effort was launched in 2007 as a way to provide financial support for worthy economic and community development projects across the state. In the years since, Alabamians have been working together to improve their communities, providing a true success story for others to emulate.

This blueprint for growth begins with leaders who work together to develop a vision and realistic plan for change. In struggling rural communities, hope for economic prosperity is often pinned on the recruitment of a large manufacturing plant to “save” the town. However, business retention and expansion, small business and entrepreneurial development, tourism, and retiree attraction are actually better determinants of strong local economies.

More significantly, local leaders often pay scant attention to building the infrastructure upon which strong local communities must be built. And yet our research over the years has indicated that this infrastructure must be in place if local economies are going to prosper and thrive.

For instance, a community with a strong civic infrastructure has many leaders. It mobilizes the knowledge, talents, and perspectives of every segment of the community and builds strong connections and partnerships among community stakeholders. Programs of government, schools, churches, the business community, and others, operate in concert with one another, rather than independently. And citizen leaders work together to address community concerns, to attract more leaders, and to boost community participation.

Human infrastructure is also important. Indeed, the number

one issue in economic development today is workforce quality. Companies will not choose to expand or locate in a community without educated and skilled workers. The highest priorities for rural economic development include maintaining excellent schools and strengthening the local workforce development system with active collaboration among business leaders, K-12 educators, and community college stakeholders.

All rural leaders also understand the importance of the physical infrastructure. They know that roads, water, gas, electricity, and sewers are necessary to support economic growth. For many companies and industries, transportation of data, images, voices, and sound is at least as important, if not more so, than the transportation of goods by highway, rail, and air. Communities without access to high-speed Internet cannot compete in the 21<sup>st</sup> century economy.

One of the goals of the *Rural Alabama Initiative* is to help make sure that civic, human, and physical infrastructure is present in local communities across the state. The Initiative was designed and is managed by the Economic & Community Development Institute, which is a partnership between Auburn University and the Alabama Cooperative Extension System. Over the past five years, RAI has committed over \$1.3 million to fund 157 community projects statewide, helping communities in a range of areas including leadership, workforce development, entrepreneurship, tourism, the arts, planning and design, youth programming, technology, conservation, and small farming.

In the interest of building a stronger civic infrastructure, over

75 percent of RAI projects have gone toward supporting adult or youth leadership development programs. These programs foster collaboration across community sectors, build the relationships needed to design and sustain holistic community



Joe A. Sumners

**...local leaders often pay scant attention to building the infrastructure upon which strong local communities must be built. And yet our research over the years has indicated that this infrastructure must be in place if local economies are going to prosper and thrive.**



growth, and bolster community pride and energy. RAI projects have also enhanced civic infrastructure via a new regional elected officials consortium, strategic planning sessions, and a community study circle on youth violence. In one of the state's most rural counties, an RAI project supported establishment of a new community center that focuses on maintaining local traditions and culture. Another project brought community residents together to develop ideas for new community landscaping following a devastating tornado.

A similar investment has been made in building a stronger human infrastructure. To that end, many RAI projects are geared toward workforce development, including career fairs, teacher trainings, workforce development academies, technology camps for high school educators and counselors, high school robotics competitions, Hispanic work-readiness programs, women's job-readiness programs, entrepreneurship training, and business-education roundtables. One very successful project brings local high school faculty and administrators together with area business and industry officials to share information and better align school curriculums with the employment requirements of businesses.

The RAI has also sought to strengthen physical infrastructure in rural communities. Though several RAI projects have focused on increasing computer skills and broadband use in rural communities, the Initiative also aims to raise digital literacy in a much broader scope. One such effort

is called "Connecting Alabama: Boosting Broadband to Bridge the Digital Divide." Now being utilized in all 67 Alabama counties with the help of County Extension Coordinators, this effort seeks to educate rural residents and local leaders about the social and economic benefits and applications of broadband technology.

The bottom line is that investments like these in community infrastructure will significantly boost the chance for economic success in rural communities. By enhancing civic leadership, workforce readiness, and community access to broadband, the communities become more attractive to both existing and potential residents and employers. Ironically, strategies emphasizing community development ultimately make small rural towns much more attractive in the competition for those large manufacturing plants they covet.

Today, even small communities must compete in the global arena. As the days of communities chasing "smokestacks" come to an end, towns across Alabama are successfully building the community capacity needed to meet today's challenges and to take advantage of emerging economic opportunities – making the *Rural Alabama Initiative* not just a success story for our state, but an example for the rest of America as well. **RF**

*Dr. Joe A. Sumners is the Director of the Economic and Community Development Institute at Auburn University.*

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## Ripon Society Mount Vernon Symposium: Panel Discussion Looks at Changing Electorate and the Need to Broaden the Base of the GOP

WASHINGTON, D.C. – With the GOP working to chart a course for itself in the wake of the 2012 general election, The Ripon Society held a panel discussion at a February 8<sup>th</sup> symposium for top congressional aides to look at the changing American electorate and how Republicans can use conservative principles to expand the party and broaden the GOP base.

Called “Beyond the 47 Percent,” the panel featured four of the top communicators and policy professionals in Republican politics today, including: Kim Alfano, President & CEO of Alfano Communications; Alex Castellanos, Founding Partner of Purple Strategies; Mark McKinnon, Senior Advisor at Hill Knowlton Strategies and co-founder of No Labels; and, Robert Traynham, Washington Bureau Chief for Comcast and a Georgetown University Assistant Dean.

Moderating the discussion was Maria Cino, who serves as Vice President for Americas and U.S. Government Relations at Hewlett-Packard. A veteran of Republican Party politics who previously served as Deputy Chairman of the Republican National Committee, Cino kicked off the discussion

by highlighting the results of the election and how GOP candidates fared.

“I know that many of you are continuing to look at the polls,” Cino stated. “As a former pollster myself, you never stop. But just taking a couple of steps back, it is worth noting that a majority of Americans support keeping our

We won the white vote by 5 percent and independent voters by 7 percent. But we lost nationally by 4 percent. So what’s happening? The American electorate is changing. Today, the percentage of African American voters is 13 percent – 93 percent of whom voted for President Obama. Latino voters make up 10 percent of the electorate -- 71 percent

voted for Obama. Asian Americans comprise 3 percent of the electorate -- 73 percent of whom voted for the President. We see where this is going. We can talk about women. We can also talk about young voters. But the reality is this electorate is changing, and we’ve got to figure out how we can expand beyond the 47 percent.”

Cino then turned over the discussion to the four panelists,

beginning with Alfano, who was both succinct and self-critical in her assessment of what is ailing the GOP.

“I think the biggest problem with our party is us,” Alfano said. “We the consultants, and the fact that politics over the past 20-some years has become big business -- not just from the standpoint of corporations who engage and big money people who now engage, but from the standpoint of people like



(from l to r): Kim Alfano, Robert Traynham, Alex Castellanos, and Mark McKinnon participate in a panel discussion on broadening the base of the GOP at The Ripon Society’s Symposium at Mount Vernon on February 8, 2013. The discussion was moderated by Maria Cino.

nation secure. They support lower taxes. And they favor a smaller government -- one that’s accountable to the American people. These are the same principles and ideals that serve as the foundation of our Republican party. So as we look at an American electorate, a majority of whom support these fundamental goals and ideals, we need to ask -- how can they vote against us?

“You all know what happened in 2012 with regard to the numbers.



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us doing the job and electing people through tactics and technology and new-fangled gizmos and this and that. We're now able to elect people because we're smart about elections, but we don't have super smart people throwing around ideas who were elected. We've kind of dumbed ourselves down, and that's our fault.

"We want to win elections, but that's not very appealing to people who -- after we win -- want to see results. They want big ideas. We have stopped talking about finding people who have these unique solutions -- who can inspire us to move toward a big goal as a country. Things are done on a daily basis.

Communications and politics these days happen over 24 hours. There's no narrative anymore in campaigns. We're not telling stories and having conversations. We are winning the day's cable news debate, but that doesn't get us anywhere. And as a party, we let ourselves become a victim to that. It's all

about tactics and not heart or soul or thought process. Until the party gets back to being the party of ideas, we're going to be in a bad place."

In his comments, Traynham echoed Alfano's remarks and said that the GOP message is alienating individuals who are otherwise sympathetic to the Republican cause.

"It's more than just a number," he said, referring to the 47 percent. "It's people who are living paycheck to paycheck; people who are learning English for the very first time; people who have a very strong work ethic; people who believe very strongly in their God and their family; people who love this country, whether they came here legally or not. And so, when I hear these individuals who love their country and love their families just as much as I do, they're

in sync with the Republican Party. They just don't know it. And when you tell them they're in sync with the Republican Party, they recoil from that, because what they hear is a group of individuals who can come across as sanctimonious and sound as if they are talking down to them. Nothing could be further from the truth. And so it really is about messaging and how we say things.

"Just to put this in a little more perspective, my grandfather is 85 years old. He served in World War II, retired as a general, and never voted for a Democrat, except for Franklin Roosevelt in 1944. He said to me, 'I'm part of the 47 percent. I

**"A majority of Americans support keeping our nation secure. They support lower taxes. And they favor a smaller government ... So as we look at an American electorate, a majority of whom support these fundamental goals and ideals, we need to ask -- how can they vote against us?" – Maria Cino**

get Medicaid. I get Medicare. I get benefits as a retired air force general. I'm going to vote for Governor Romney, but I'm going to do so reluctantly. And the reason I'm going to do so reluctantly is because it's not really about these 'gifts.' It's not really about these handouts. It's about earning these things and the process of entering into a contract that the government made with me and I made with the government.' And so what we have to do as a party is step back and realize that there are real lives and real stories behind the 47 percent."

Castellanos struck an upbeat note in his remarks, saying that while today's GOP had failed to keep up with many of the changes taking place in the world, he believed the next generation of Republicans was

well in tune with the times.

"We just saw how the world is changing," he stated. "We saw it in the election. One campaign was a campaign of the future which empowered people naturally and organically. That campaign won. The other campaign was an old, top down factory-like machine campaign. That campaign lost. We're moving from the age of a factory to the age of the network. We're moving from the age of political decision making at the very top, to the day of a bottom-up structure. And here we are. Republicans are supposed to be the party of the people. We're supposed to be the party of individual power.

But we haven't applied it very well. We need a new direction. And what is it? I'll offer you this -- Democrats won the middle with Republican ideas a while ago. They created a new Democrat. If they can win the middle with liberal Republican ideas, maybe Republicans can win the middle with Republican ideas, too.

"I think you're going to see a new kind of Republican emerge. It's going to be a communications age Republican, not an industrial age Republican. This is really about old versus new -- about communicating instead of compromising our principles. If you really believe that freedom works -- if you really believe that freedom is the best way to produce progress in the history of man -- then look around. It's heading that way, right? If you believe that, then pragmatism isn't a problem. It's a good thing, and that's where I think the next generation of Republicans are. So I'm optimistic."

In his remarks, McKinnon spoke of the importance of having a positive and inclusive message, and pointed out that one of Mitt

Romney's greatest weaknesses last year had just two elections ago been a source of Republican strength.

"What we need today is the message I heard 20 years ago when I was a conservative Democrat leading an increasingly unhappy life with the Democratic Party," McKinnon stated. "The Republican response up until then had largely been to shut government down and eliminate departments. And then along came this guy named George W. Bush who started talking about immigration reform and education reform and being a different kind of Republican. That got my attention. It was a positive movement about reform and caring about other people. I want to see us back with a message that is compassionate and inclusive.

"During the 2004 campaign, we

talked about four attributes -- that he was a leader who cared, that he shared your values, and that he had a vision and a plan for the future. I'm not going to tell you the fourth one -- I will in a second. Those were the things we focused on, and

**"I think the biggest problem with our party is us. We the consultants, and the fact that politics over the past 20-some years has become big business." – Kim Alfano**

we won on those attributes. In the last election, Mitt Romney also won on these attributes -- of strong leadership, sharing your values, and having a vision for the future. The fourth attribute – that he cares about you -- he lost 86 to 16, by 60 points. That's where we've got to go.

We've got to find policies and ideas and a framework that expresses that we care about the rest of America -- about the 47 percent."

The panel discussion took place at *The Ripon Society's 2013 Legislative and Communications Directors Symposium on Leadership at Mount Vernon*, which was held at the home of our Nation's first President on February 8<sup>th</sup>. A group of over 200 senior policy and communications aides attended the day-long event, which also featured presentations by former Mississippi Governor Haley Barbour, former HP Chief Executive Office Carly Fiorina, and top members of the House Republican Leadership staff, among other political, legislative and business leaders. **RF**

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## Profile

**Name:** Brian E. Sandoval

**Occupation:** Governor of the State of Nevada

**Where and when was the first speech of your political career, and how many people were in the room?** My first political speech happened around the time I ran for the state Assembly in 1994. I remember giving a speech to the GOP Central Committee in a theater at Wooster High School in Reno. There were probably about 50 to 100 people in attendance.

**Thinking back on that speech, have the issues you talked about changed, or have the basic themes and priorities you first ran on essentially remained the same?** The basic themes and priorities I first ran on have essentially remained the same – Nevadans, and I think all Americans, want economic opportunity, they want responsible government, and they want a better future for their children and grandchildren. I think then, as now, it's about the quality of life.

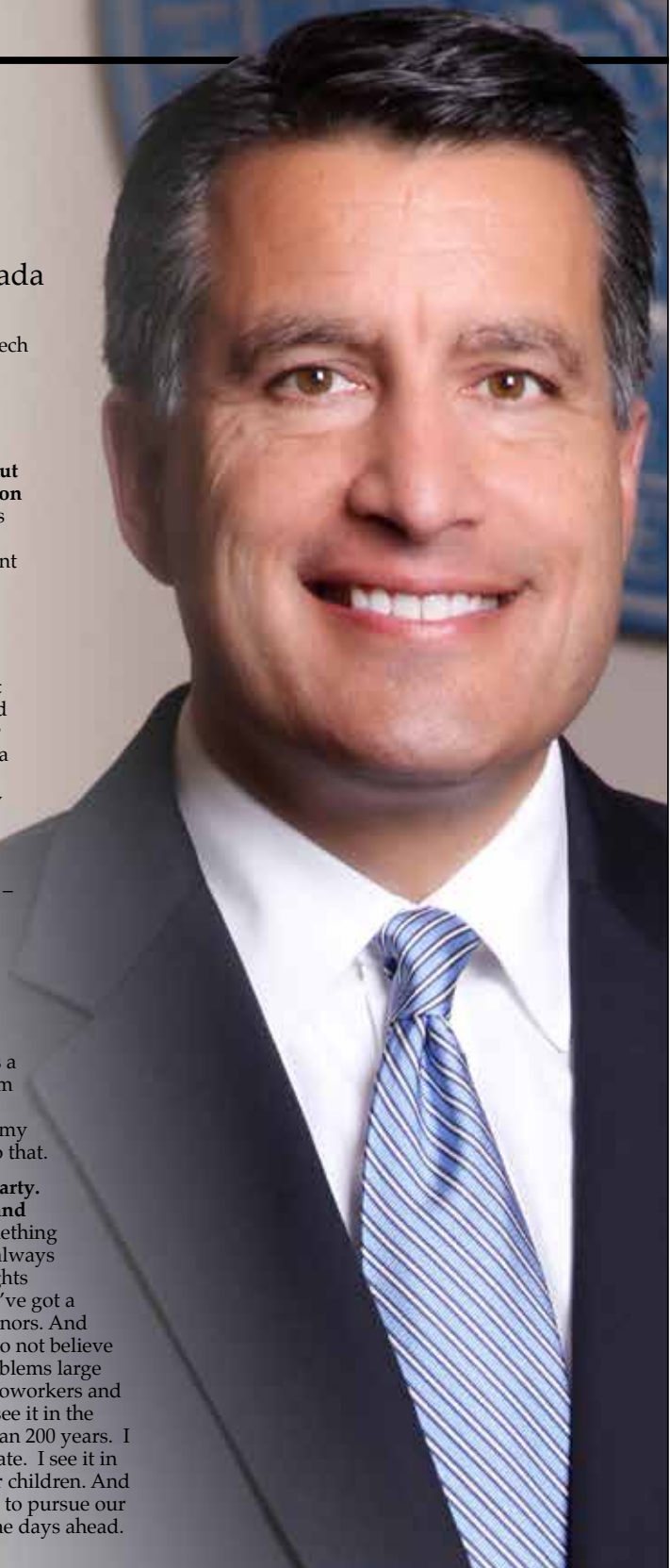
**As you enter the third year of your first term in office as Nevada's Chief Executive, what has surprised you most about being Governor?** I haven't been surprised so much as reminded of the resiliency of people and the love Nevadans have for their state. From my weekend travels to Elko and Ely in rural Nevada to reading to 1st graders at schools in Las Vegas and Reno, and the Nevadan who stops me in the grocery store to ask how they can support our troops, my fellow citizens share a deep and profound love for our state. From the thousands of miles we've put on the car to the hundreds of businesses I've visited, I've never once ceased to be amazed by how much we can – and do – accomplish together.

**How has being a former state legislator and federal judge impacted and informed your approach to the job?**

My experience has helped me exponentially. As a former state Assemblyman, I understand the Legislative process, I've sat on the committees, and I've moved bills through. As a former federal judge, I've evaluated all the facts. My training as a judge built on my experience in the Legislature – I've heard from lawyers and I hear from constituents and I listen to the facts. I want to make the best decision for the people of my state and my experience across all three branches of government helps me do that.

**You are considered one of the rising stars of the Republican Party.**

**What does the party need to do to expand their constituency and broaden their base?** The gloomy predictions remind me of something President Lincoln said: "No matter how much cats fight, there always seems to be plenty of kittens." Some observers look at the catfights only and tend to miss the evidence of success and strength. We've got a Republican House of Representatives and 30 Republican Governors. And we debate. All across my state and our county, we debate. We do not believe in exactly the same things, or support the same solutions to problems large or small. But I believe that by reminding our friends, families, coworkers and neighbors of the values of the Republican Party, we will win. I see it in the waves of immigrants who have come to our county for more than 200 years. I see it in the stunning success of small business owners in my state. I see it in families, where parents strive to secure the future hopes of their children. And I find it when I remember that each one of us deserves the right to pursue our dreams. There is much to be built upon and I look forward to the days ahead.





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