

Reason Foundation Annual Report 1997



Founded in 1978, the Los Angeles–based Reason Foundation is a national research and educational organization that uses practical research and insightful commentary to promote public policies based on individual liberty, personal responsibility, and free-market principles.

The Reason Public Policy Institute (RPPI) fuses theory and practice with peer-reviewed research to provide hands-on advice for policy makers. Current research areas include infrastructure and transportation, urban land use and economic development, environmental quality, social policy and education. In addition, RPPI has nearly 20 years of experience in privatization, competitive contracting, and analysis of public-sector institutional reforms to enhance efficiency. RPPI promotes non-prescriptive public policies that adapt to—and harness the benefits of—a continually changing world.

Reason, the Foundation’s monthly magazine of “free minds and free markets,” covers politics, culture, and ideas from a dynamic libertarian perspective, providing its readers with thought-provoking analysis and commentary on current affairs. Like no other magazine, *Reason* consistently shows why individual choice and free markets, not government planning and regulation, are the keys to a better future.

The Reason Foundation goes beyond simply talking about liberty. It *makes the case* for liberty and invents practical ways to bring greater individual choice and responsibility to the public policies that matter most to Americans now and in the future.

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Cartoonists, *Reason*: Chip Bok, Henry Payne, Scott Stantis

President's Message



Since the Reason Foundation's creation in 1978, the world has undergone dramatic changes. The 20th century's largest and longest-lived experiment in central planning—the Soviet Union—has collapsed. The intellectual underpinnings of central economic planning, even in non-totalitarian states, have also collapsed. Over the past decade governments worldwide have sold off three quarters of a trillion dollars worth of state-owned enterprises—an unprecedented downsizing of government.

In addition, the insights of classical liberal thinkers about the importance of incentives and institutions have begun to be applied, especially in Western countries, in rethinking the role of government agencies and regulations. Public choice theory, law and economics, and rational expectations theory have all reinforced and made more persuasive the original classical liberal ideas about the dangers of interventionist government, inspiring deregulation and reform. In a few countries, such as New Zealand, these ideas have led to sweeping reforms that have dramatically reduced government's impact, increased liberty, and improved economic outcomes.

In the United States, where many of these schools of thought originated, their impact has been far less dramatic. While traditional economic regulation continues to be rolled back, environmental and social regulation continues to grow in both cost and intrusiveness. Total taxation and government spending in the United States is at an all-time high, and municipal socialism (i.e. government-run commercial enterprises) and central planning (of land-use and economic development) are alive and well in all 50 states. Despite a few modest steps toward reforming welfare and education, government still plays a massive role in health care, social services, and related areas.

In other words, while some aspects of the case for reducing government's role in the economy have been generally accepted and acted upon, opinion leaders and the general public still retain a large measure of faith in government as the major problem-solver in many areas of life—from support of the arts to the education of children, from care for the sick to the provision of infrastructure. Contemporary classical liberal understandings about perverse incentives created by entitlements and bureaucratic institutions have been slow to reach policy makers and voters.

At a deeper level, what remains poorly understood is the concept

Our worldview sees progress as ongoing and incremental, constrained by ever-present limits on human knowledge and the need for a process of trial and error.

of emergent order: the idea that evolutionary processes of trial and error, working themselves out over time, through the decentralized actions of individuals and groups, lead to gradually better outcomes. The prevailing paradigm is still the technocratic one that arose around the turn of the century via the Progressive movement—top-down design developed by the best and brightest and implemented by government mandate. Even some free-market advocates end up being infected by this worldview, envisioning their aim as the design and implementation of an idealized free society—a kind of libertarian utopia.

By contrast, the Reason Foundation takes a “constrained vision” approach, in the terminology of economist Thomas Sowell. We do not seek to prescribe or achieve a perfect end-state. Rather, our worldview sees progress as ongoing and incremental, constrained by ever-present limits on human knowledge and the need for a process of trial and error. Progress thus depends upon social attitudes, as well as laws and public policies, that support the continued search for knowledge via intellectual freedom, entrepreneurship, freedom of trade and movement, and appreciation for the scientific method.

Our effort to create this kind of world can be divided into two broad components, corresponding to our two major programs. The first, with a longer time horizon, is specifically educational: to create an expanding intellectual community, centered around *Reason* magazine, and to develop and apply our dynamic classical liberal ideas to all aspects of American society. Much as *The New Republic* served as the intellectual home for the architects and legitimizers of the Progressive ideology that transformed America in the early part of the 20th century, we aim to position *Reason* as the home base for the thinkers and writers developing a dynamic classical liberal vision for the 21st century.

The second component is more specific and shorter-term in nature: developing the specific policy ideas that can lead to meaningful change in policies and institutions. Policy development is largely empirical. While based on underlying principles, it is highly experimental in nature, trying out new things to see what will work best under various circumstances. Through careful inquiry and data collection, Reason Public Policy Institute produces detailed, technical proposals for policy reforms that are based solidly on our values of choice, incentives, and flexibility.

With your support, through *Reason* magazine and RPPI, we work to move American society toward far greater understanding and acceptance of classical liberal principles—a society more robustly embracing of innovation and change, more reliant on rational discourse and the scientific method, and more comfortable with the emergent order and creative destruction of truly free markets and limited government.

The following pages describe our efforts to advance this understanding during 1997. We offer it as a report on your investment, and as a token of our deepest thanks for your support.

Sincerely,



Robert W. Poole, Jr.
President



RPPI celebrated the opening of its Washington, D.C., office in 1997 with a reception attended by local friends and supporters. (Top: RPPI Exec. Dir. Lynn Scarlett, NEPI's Don Ritter, Congressman Ed Royce, and Sen. James Inhofe. Bottom: RPPI Environmental Studies Director Ken Green and the Heritage Foundation's Angela Antonelli.)

Reason Public Policy Institute (RPPI) is the policy arm of the Reason Foundation. Its goal is to communicate a vision of public policy that emphasizes flexibility, competition, and localized decision making. We seek to change the values behind current policies, and steer the policy debate toward proposals that enhance choice and personal responsibility.

RPPI's policy research program consists of seven issue areas: education, environment, infrastructure, privatization, social services, transportation, and urban land use. In each area we have at least one policy analyst who specializes in the issue, developing a broad understanding of the important policy questions and proposed reforms. Our analysts network with peers at conferences, meet with public officials in their field, make speeches, and develop a presence in the debate so that they will be heard by policy makers and called upon by media to analyze issues for the general public.

During 1997, our reputation for integrity allowed us to become directly involved in the negotiations, task forces, and commissions where policy is made. Because of our first-rate, peer-reviewed research, we are invited to serve on panels and committees. We are consulted by members of Congress, governors, and mayors across the country. In issues as diverse as traffic congestion and school violence, RPPI makes a positive and durable impact on the policy debate, helping to shape a new vision of government's role for the years to come.

Seeking Truth

The public policy think tank world is diverse, including organizations that primarily advocate particular philosophies, organizations that seek to foster leadership and involvement among young people,

“The Reason Public Policy Institute has been able to live up to its name in these increasingly turbulent times by bringing reasoned and probing analysis to important public debates that all too often are marred by strident, partisan rhetoric or obscured by pious declarations of the benign consequences of the further expansion of government power.”

—Richard A. Epstein, James Parker Hall Distinguished Service Professor of Law, University of Chicago

Reason Public Policy Institute



RPPI's Urban Futures Web site (<http://www.urbanfutures.org>) is the place for information about market-oriented ideas for urban land use issues.



RPPI's examination of the EPA's proposed air quality standards earned national attention.



organizations that focus on the issues of a particular state or community, and so on.

RPPI is different. Our mission is to understand how the world works, and to show how public policies might better result in innovation, choice, and enhanced personal responsibility. We put a premium on the pursuit of truth. On the issue of climate change, for example, we did not merely criticize the plans that came out of President Clinton's Kyoto summit. Instead, we examined the assumptions and data behind the plans in order to evaluate their potential success. In late 1997, we published a well-received explanation of the issue, our "Science Primer," which described, in layman's terms, the science behind the question of climate change.

RPPI is first and foremost a research organization. Our values form a backdrop for our research that helps to shape the questions we ask, and provides an organizing framework that helps to determine what issues and questions to focus on. Our values do not lead us to predetermined answers. We seek to fill gaps in information with data, and to explore areas that have not received sufficient attention.

To fill just such a gap in information, we established the Urban Futures program in 1997. Headed by Sam Staley, Urban Futures seeks to examine land use issues such as city planning and zoning from a market-oriented standpoint. The program's first paper, *Market-Oriented Planning*, recommended that urban planners adopt market-oriented principles and incorporate the evolutionary and dynamic aspect of communities as they contend with issues such as nuisance prevention, traffic congestion, and economic vitality.

Another gap in information will be filled by our Competitive Cities project—also launched in 1997—which compares the quality and quantity of municipal services, and ranks how efficient and

“What makes a big difference is to know that there are places where we can go for information and help as we seek to privatize various services. As I sat there it was clear that in our community we soon could privatize much of our street maintenance services as well as our computer and software functions.”

—Jim Tippetts, City Councilman, Riverton, Illinois

Reason Public Policy Institute



RPPI continues to spread the word about privatization. In addition to media appearances on radio and television, we held several workshops for state and local officials on the fundamentals of privatization.

effective city governments are. The information will allow residents to evaluate their communities and demand reforms, and will offer tremendous ammunition for taxpayer groups, fiscally responsible elected officials, the business community, and other supporters of cost-effective government.

Spreading the Word About Good Ideas: “Wheel Brokers”

Seeking truth and producing research is not enough for us. As an educational organization, RPPI also seeks to increase knowledge. To do so, we develop a deep understanding in our areas of expertise and publish policy studies that can add clarity to the debate over a particular issue. We support each policy study with an aggressive marketing campaign that includes distributing copies of the study to media, government officials, and policy makers; placing the authors of the studies on radio and television; publishing op-ed pieces in national magazines and newspapers; and holding conferences and workshops that educate interested parties on the basic, nuts-and-bolts issues of implementing our ideas.

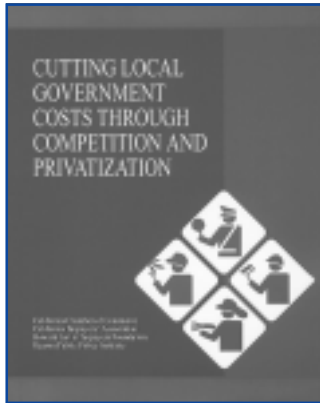
RPPI’s goal is to evaluate and communicate ideas, so that cities and states do not have to “re-invent the wheel.” Our State Environmental Innovations project—launched in 1997—has surveyed all 50 states for the most innovative and effective methods of protecting the environment and reducing pollution. The project continues to build data which will serve as a resource for communities as they pursue these goals. As part of our effort to spread our ideas, we held a workshop in Washington, D.C., that brought together public officials to discuss the methods we documented. Co-sponsored with the National Environmental Policy Institute, the workshop was attended by members of Congress and other policy makers.

Our study *School Violence Prevention: Strategies to Keep Schools Safe*

“RPPI has been at the forefront in promoting the private practice initiative in education—allowing teachers to ‘hang out a shingle’ like all other professionals and market services by results!”

—Chris Yelich, Executive Director, Association of Educators in Private Practice

Reason Public Policy Institute



In a unique collaborative project with the California Chamber of Commerce, the Howard Jarvis Taxpayers Foundation, and the California Taxpayers Association, RPPI released *Cutting Local Government Costs Through Competition and Privatization*, a handbook for public officials contending with shrinking budgets and expanding costs.

catalogued innovative ideas in education while surveying Southern California public and private schools for their experiences with violence prevention. The study indicated that violence prevention measures are like anything else: they work in some places but not in others. We believe that individual schools will most likely succeed when they have many ideas to choose from, and the flexibility to decide which proposals are most appropriate for their communities.

“Reality Is Tricky”

Our search for truth demands intellectual honesty and integrity. As RPPI Executive Director Lynn Scarlett says in her speeches, “reality is tricky.” We recognize the complexity of the world, and understand the perverse incentives that result from attempts to control behavior through public policy.

It is a natural human instinct to want to “solve” problems. Unfortunately, faith in “solutions” ignores the question of tradeoffs. Most policy problems cannot be “solved”; solutions only shift the balance between competing goals. You cannot, for example, mandate massive reductions in air pollution without economic consequences that may cost lives. We must ask ourselves whether the lives saved by improving air quality outweigh the hardship suffered because of economic effects.

Our work is motivated by this understanding of tradeoffs. In environmental issues, for example, we point out the many unintended consequences of mandates designed to protect air quality, or reduce waste. We work to promote a new vision of environmental policy, one that understands the question of competing goals, the role of incentives, and the value of decentralized decision making.

“Constrained Vision”

Aside from “reality is tricky,” RPPI’s focus is also consistent with

Allow Charter Schools to Reach Their Full Potential

By Richard C. Seder

Charter schools are founded on an appealing premise: that all children deserve the best of education. In exchange for a fixed amount of public funds, charter schools agree to operate independently of the public school system. In return, they are granted the freedom to experiment with innovative practices and to hold themselves accountable to the public for the results. Charter schools are not a new invention. They have been around since the 1990s, and their numbers have grown steadily. In 2000, there were over 10,000 charter schools in the United States, serving more than 2 million students. This growth has led to a variety of innovative practices, such as longer school days, extended school years, and the use of market-based incentives. Charter schools have also been successful in attracting private investment and in providing a choice for parents. As a result, charter schools have become an important part of the education system, and their success has led to a renewed interest in public school reform.

CHARTER SCHOOLS INNOVATIONS: KEYS TO EFFECTIVE CHARTER REFORM

By Richard C. Seder
Reason/Charters Institute

RPPI’s education work helps bring innovative ideas like charter schools to greater prominence.

“The Reason Foundation consistently challenges conventional thinking and is a regular source of new ideas.”

—Michael Cameron, Environmental Defense Fund

Reason Public Policy Institute



Our study *Replacing Amtrak: A Blueprint for Sustainable Passenger Rail Service* was released just as Congress was debating reauthorization of Amtrak subsidies, inspiring a slew of op-ed pieces featuring RPPI's ideas.

Congress should stop runaway funding of Amtrak

WASHINGTON has a way of doing things. It's a habit that has become a tradition. It's a habit that has become a tradition. It's a habit that has become a tradition.

Amtrak: Chugging Toward Oblivion

It is a habit that has become a tradition. It's a habit that has become a tradition. It's a habit that has become a tradition.

Reinventing Amtrak

John P. Fullam, the federal judge who reorganized the U.S. Postal Service, never liked Amtrak. He thought it was a waste of money. He thought it was a waste of money.

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economist Thomas Sowell's “constrained vision.” RPPI maintains a realistic perspective about the way the world changes. We do not seek to prescribe or achieve a perfect end-state. Rather, our world view sees progress as ongoing and incremental, constrained by ever-present limits on human knowledge and the need for a process of trial and error. Our policy proposals try to change assumptions about the potential for utopian solutions, and show how processes can be introduced that will increase the opportunity for innovation and experimentation. We see change as building upon the past, moving incrementally and in an evolutionary fashion, taking advantage of the feedback and local knowledge that emerges from experience and situation.

Feedback is most available in private endeavors, where success in the marketplace demands it. Thus, we embrace private institutions as the way to provide services and protect people, as they bring decision making to its most direct and relevant level. Mandates from the federal government, with specific instructions on how to maintain a landfill or educate a child, take decision making far away from the community, with one-size-fits-all policies that are destined to fail.

In education, we seek to maximize feedback by increasing choice for parents and students by creating competitive alternatives to the traditional public school “one-size-fits-all” monopoly. We see this enhanced choice as emerging incrementally through all kinds of simultaneous experiments—charter schools, satellite schools, vouchers, private-practice teaching, homeschooling, etc.—rather than promoting a panacea.

Incentives Matter

Our larger goal is to change, or make people aware of, how values motivate and uphold public policy. Current policy proposals are

“[Los Angeles] is going to have to survive...in a capitalist global setting. The only institute that seems committed—that is committed to the debate to date—has been the Reason Foundation.”

—Joel Kotkin, Research Fellow, Pepperdine University

Reason Public Policy Institute



Robert Poole is a frequent speaker on transportation policy.

RPPI's transportation work helped shut down construction of Los Angeles's proposed subway system, and is bringing HOT lanes to a city near you. We have also made much progress in promoting the benefits of private airports and private air traffic control.



often based on a model of coercion, in which behaviors are mandated and failure to comply is punished. RPPI's vision is of policy motivated by incentives, which we believe to be a more just and effective way to encourage certain, mutually-agreed-upon values.

Our work on transportation issues has always been based on incentives. In proposals like value pricing and toll roads, our goal is to make people aware of the link between their behavior and their finances. Our proposal for High Occupancy Toll (HOT) Lanes is one of our most successful projects, having been adopted by several U.S. cities and on the drawing boards in a dozen more. HOT lanes let individual drivers pay to use “high occupancy” (carpool) lanes instead of congested freeways. The approach embodies our commitment to practical solutions based on choice and flexibility.

Our newly created Center for Social Policy attempts to answer the many basic, practical questions involved in reforming our current welfare system. Rather than defending the existing system with vague, emotion-laden words such as “protecting children,” or attacking it under the guise of “family values,” we ask more fundamental questions. If we “end welfare as we know it,” what will take its place? How do we encourage personal responsibility without abandoning children to abusive parents or leaving adults mired in dependence?

This emphasis on practicality is one of the hallmarks of our work, and one of the reasons for our success. By examining pressing policy questions with rigorous research, and by maintaining a consistent intellectual framework, RPPI distinguishes itself within the free-market community as a source for innovation and demonstrable change. In the future, we will continue to examine neglected questions, clarify muddled issues, and serve as a voice for a dynamic vision of public policy.

More public transportation not better, LA expert says

By Kathleen Ingley
The Irvine Register
More public transit outside the gate-way Valley residents will become another Los Angeles transportation fiasco, said Wednesday, Robert Poole, former

Opinion

THE ORANGE COUNTY REGISTER

MONDAY, SEP. 16, 1997

**THE ORANGE GROVE
HOT lanes are gaining speed with motorists**

The Orange County Register
Traffic Authority (OCFTA) has been talking more than ever about HOT lanes.

By ROBERT W. POOLE JR.
The Orange County Register
The OCFTA has been talking more than ever about HOT lanes. It's not just to get the kids from day school. That's why services here in Orange

Monday 17, 1997

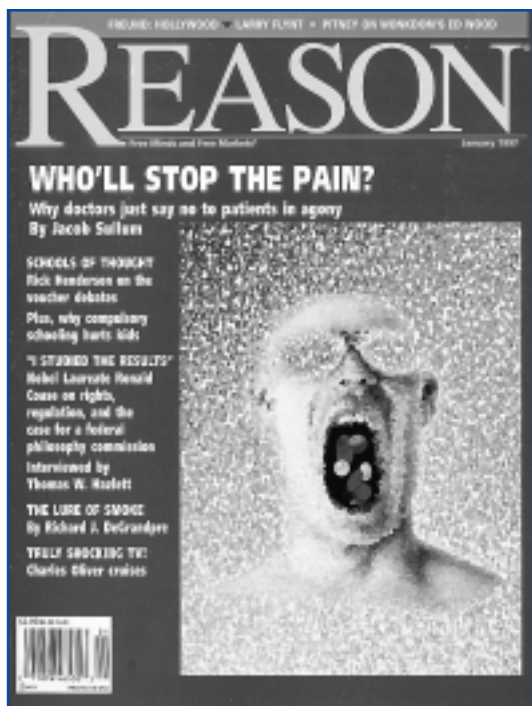
HOT Lanes a Smart Traffic Solution

By BENN THORNTON
and ROBERT POOLE

Los Angeles is a city of freeways. It's not just the freeways that make it a city of freeways, but the way the freeways are used. The freeways are used as a way to get people from one place to another. The freeways are used as a way to get people from one place to another. The freeways are used as a way to get people from one place to another.

Occupation: Traffic isn't just a hassle—it wastes time and creates stress.

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Reason magazine is an award-winning commentary magazine that explores policy, culture, and ideas from a dynamic libertarian perspective. Under Editor Virginia Postrel, *Reason* has become a powerful voice in the marketplace of ideas, covering important stories long before the mainstream media, challenging the assumptions of both liberals and conservatives, and producing solid reporting on a diverse set of issues.

We prefer to define *Reason's* world view in terms of a spectrum divided between the proponents of stasis, who seek to maintain the central control and who fear innovation, technology, and choice; and the proponents of dynamism, who are comfortable with the competitive trial and error exemplified by such open-ended processes as market competition, scientific inquiry, and cultural evolution. We believe that the political and intellectual landscape can be increasingly defined in these terms, rather than the old division between “left” and “right.”

Reason does not seek to create or communicate a solution for every problem. Instead we hope to make people comfortable with evolutionary change by demonstrating how dynamic approaches produce the greatest wealth, innovation, and freedom.

As a magazine with a particular point of view, we seek to uncover stories and ideas that add clarity to our vision. We also develop and communicate this vision through features in newspapers and other magazines, through radio and television appearances, and through speeches and conferences. These are our daily activities, but our larger goal is to create a “community of mind” among our readers and writers, establishing a home for public intellectuals interested in approaches that value choice, flexibility, and personal responsibility.

Good Journalism

As journalists, the writers and editors of *Reason* primarily concern themselves with good reporting, digging up the facts other media



“So, if I have been able to develop a true life of the mind (as I bit middle age with a begrudging thud), it has been in some considerable measure thanks to your magazine and your efforts. I read other magazines, of course, but Reason resonates and inspires, and its vision of Liberty must be an enduring one.”

—George R. Hughes, Reason reader

Reason Magazine



ignore. Science Correspondent Michael Fumento’s story “Gulf Lore Syndrome” (March 1997), a finalist for a National Magazine Award, challenged the much-ballyhooed Gulf War Syndrome and uncovered the mainstream media’s shoddy reporting techniques. He showed how influential journalists had willingly ignored medical experts who challenged the existence of a single malady attributable to service in the Persian Gulf.

Senior Editor Jacob Sullum’s January 1997 story “No Relief in Sight,” (also a finalist for the National Magazine Award—the “Oscar” of magazine publishing) chronicled the suffering of patients sentenced to a life of constant pain by “opiophobia”—the reluctance of doctors to prescribe drugs derived from opium because of their addictive properties and their fear of scrutiny from the Drug Enforcement Administration. In a pathbreaking article, Sullum chronicles the history of opiophobia and the suffering of its victims.

“No Relief in Sight” is also an examination of how regulation hurts people. *Reason* is well known for its coverage of regulatory issues, and how regulation, by stifling innovation and choice, costs lives. Our coverage of the Food and Drug Administration’s activities in articles such as “Software Pirates” (Alexander Volokh, November 1997) and “Malignant Law Enforcement” (Brian Doherty, May 1997) examines cases in which the FDA has hurt promising new treatments or interfered with patient choice.

We advance our vision by seeking out stories that show dynamic approaches in action. On the issue of immigration, Peter D. Salins’s February 1997 article “Assimilation, American Style” showed how the process by which immigrants become Americans is less like the “melting pot” metaphor than it is a continuous process, in which both natives and immigrants play a role.

Another way we promote our vision is by demonstrating the power of private institutions and property rights as the foundation of a dynamic society. In “Wild Success,” (October 1997) Karl Hess, Jr. told the story of private nature conservation in Africa. By returning

“Reason’s articles are grounded in reality. With opinions and rational conclusions based upon hard facts, it is an important resource for today’s decision-makers.”

—Robert L. Scott, President, Los Angeles City Planning Commission

Reason Magazine



Virginia Postrel (top right), Nick Gillespie (middle right), Jacob Sullum, Michael Lynch, and Rick Henderson

management of wildlife to local villages, South Africa was able to reduce poaching, preserve habitat, and vastly increase the populations of endangered species.

Beyond Public Policy

In 1997, *Reason* continued to broaden the scope of its reporting beyond issues of politics to include topics such as the role of the marketplace in the creation of culture. Our goal is to add depth to our vision of “free minds and free markets” by demonstrating how dynamic processes work outside the narrowly economic arena.

Cultural criticism until now has largely come from the left, which sees market forces as contrary to artistic goals, and the right, which believes that culture should be directed and censored by “gatekeepers.” Each maintains a definition of culture that depends on a static vision. We intend to provide a voice in the “culture wars” that will help people understand that the creation of culture is a continuous, complex process dependent on millions of individual decisions, rather than a monolithic force that can be controlled.

In “Adieu to the Avant Garde,” (July 1997) Kanchan Limaye documented one example of the growing diversity of the art scene, as a wide variety of thinkers challenge the art establishment’s identity politics. The article described the Derriere Guard movement, founded by figures such as author Tom Wolfe and poet and *Reason* Contributing Editor Frederick Turner, which seeks a return to classical forms, and which celebrates technique and the pursuit of beauty. Continuing its tradition of spotting stories before the rest of the media, *Reason’s* article was one of the very first on the Derriere Guard, and has since inspired articles in other publications.

Other 1997 articles on cultural issues include Assistant Editor Brian Doherty’s article on how artistic entrepreneurs in “indie” rock and independent comics embody the very capitalism they often reject (“The Embarrassment of Riches,” August/September 1997); Contributing Editor Frederick Turner’s exploration of the econom-

“Reason magazine is a feast for the (free) mind! [T]he writing is sharp, witty, intelligent and provocative, on subjects from literature to sociology to economics to popular culture. My only complaint is that each issue is so slim, that I have to work hard to make it last more than a few days.”

—Lindsay Peet, Reason reader

Reason Magazine



Reason holds cocktail receptions around the country for its supporters and friends. Attended by our editors, the events help us to understand our audience, and develop relationships with our readers. In 1997, we visited Princeton and San Francisco. Look for us in your town soon.



James Plummer, a junior at the University of Virginia, was the 1997 Burton Grey Memorial Intern.

ics of Shakespeare (“The Merchant of Avon,” March 1997); and Senior Editor Charles Freund’s column on Russian reading habits (“Readin’, Russians, and Romance,” October 1997). In 1997, *Reason*’s popular December Book Issue symposium recommended books that further a dynamic vision of culture. Contributors included such original thinkers as music critic Martha Bayles, poet Dana Gioia, architect Paul Shephard, and new-media designer Nathan Shedroff.

Reason’s perspective is not unique among cultural thinkers. To the contrary, ideas about the elitism and irrelevance of the cultural establishment are increasingly prominent. But thinkers along these lines, who are interested in alternative visions, have no home. They are out of place in the hegemonic cultural scene dominated by the cultural elite and incompatible with a concept of culture that sees good work as ratified by central authorities, funded almost entirely by government, and polluted by any contact with commerce.

Through conferences and publications, *Reason* has the opportunity to build—and call attention to—a coalition of people who share a dynamic cultural vision but who might not otherwise be aware of one another’s work. *Reason* is working to become the place where articles exploring dynamic cultural processes have a home: reporting on new cultural movements, exploring cultural history, examining and debating the implication of cultural trends. It can also provide connections between cultural enterprises and broader political, economic, and scientific ideas. Along the way, it will publish and publicize excellent and interesting criticism, analysis, and reporting on the cultural creations and currents of our time. All these activities will serve to build a cultural community among a diverse group of once-scattered individuals.

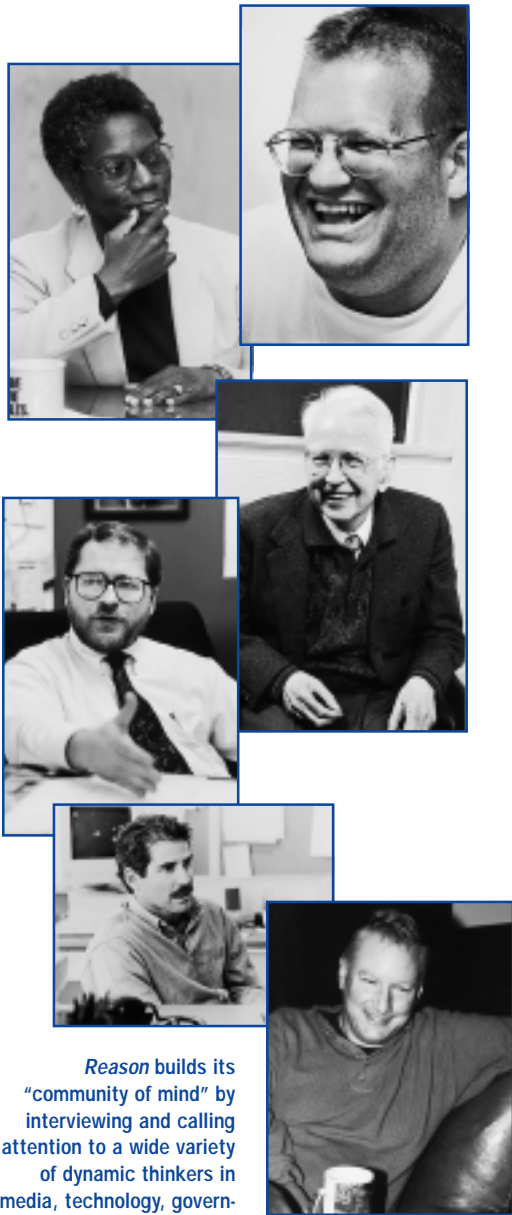
A Community of Mind

Reason is an activist magazine, which seeks to advance a particular vision and build a community of like-minded readers and thinkers. We build this “community of mind” by getting our readers involved

“I am writing to express my thanks for your publication. I look forward to each issue, usually reading them cover to cover the day they arrive. I can honestly tell you that Reason magazine has a subscriber for life! I have no complaints. Keep up the OUTSTANDING work.”

—James R. Colbert, Jr., Reason reader

Reason Magazine



Reason builds its “community of mind” by interviewing and calling attention to a wide variety of dynamic thinkers in media, technology, government, and business.

(Left: Eloise Anderson, Grover Norquist, John Stossel; right: Drew Carey, Ronald Coase, Tom Peters.)

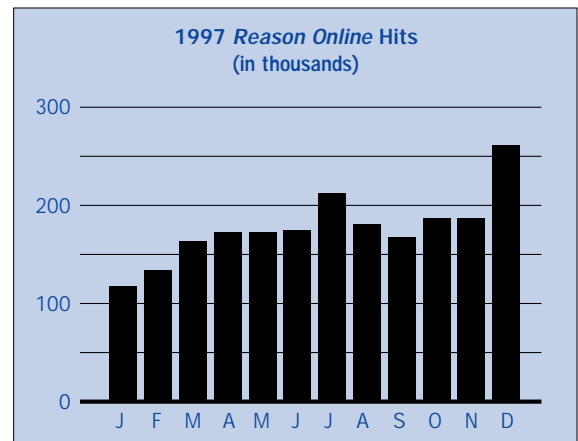
through events, by publishing articles and editorials in magazines and newspapers, and through our Web site, which offers frequently updated content that does not appear in the print magazine. We also make a concerted effort to introduce a wide variety of dynamic thinkers to our readers through interviews and commissioned articles.

Our Web site, *Reason Online* (www.reason.com), brings in new readers who would not ordinarily be aware of us, and gives current subscribers a resource for further exploration of the topics covered by our print magazine.

Frequently updated, visitors to the site can learn about particular issues in depth through threaded discussions and links to information sources. They can learn about media appearances

by *Reason* editors and sign up for our e-mail mailing list for timely information. They can also hear television and radio appearances by *Reason* editors in RealAudio.

Reason also gains attention for its ideas by publishing in national newspapers and magazines. Editor Virginia Postrel’s column in the bi-monthly technology magazine, *Forbes ASAP*, brings our ideas to thousands of new readers every month. Senior Editor Jacob Sullum’s weekly column with Creator’s Syndicate, launched in 1997, is published in newspapers such as *The Washington Times* and *Conservative Chronicle*. Senior Editor Nick Gillespie regularly broadcasts editori-

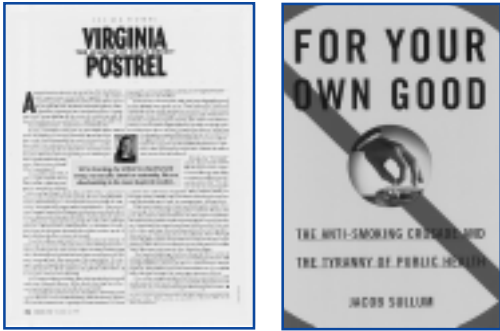


Our Web site, *Reason Online*, adds depth to the print magazine, with threaded discussions, links to information sources, and notification of radio and TV appearances by *Reason* editors.

“By the time I finished reading my first issue of Reason, more than three years ago, I realized that mankind was not totally devoid of reason after all. The revelation that there are others in the world that recognize the value of truth and freedom has given me hope, hope that the small seeds sowed by the words of Reason and its subscribers will some day become the roots of salvation for this once great nation of ours.”

—Kurt L. Peterson, Reason reader

Reason Magazine



Reason editors broaden their impact with articles in magazines and newspapers around the country.



Reason Editor Virginia Postrel and Trustee James Glassman caused a stir in 1997 with their *Wall Street Journal* editorial “National Greatness or Conservative Malaise?” Conservatives are depressed, they argued, because too many are alienated from the dynamism of American life and look to government activism for “national greatness” and meaning.



als on National Public Radio, and the national Bridge News Service syndicate carries about one Reason editorial per week.

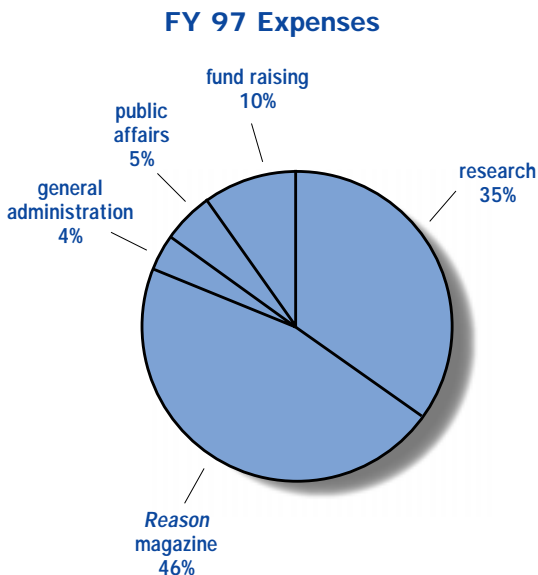
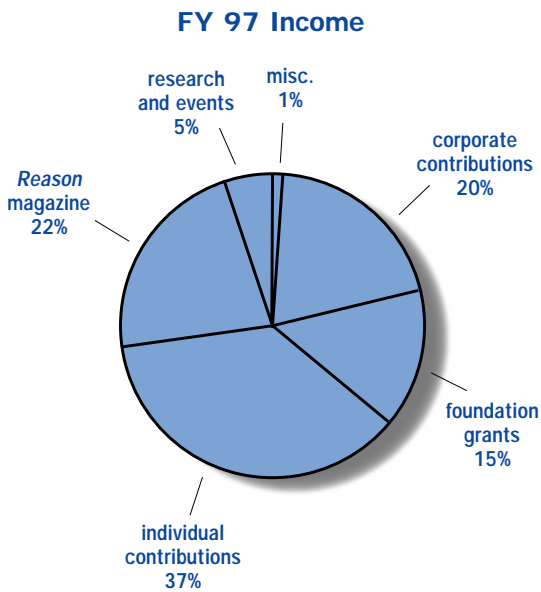
Much of Editor Virginia Postrel’s and Senior Editor Jacob Sullum’s time in 1997 was spent writing books to be published in 1998. Sullum’s book, *For Your Own Good: The Anti-Smoking Crusade and the Tyranny of Public Health*, examines the effort to end smoking and its implications for personal freedom. Postrel’s book *The Future and Its Enemies* explores the tensions between dynamic and static visions.

Opportunity

During 1997, the differences between conservatives and libertarians became more prominent, as the old Cold War alliances continued to break down. Reason Editor Virginia Postrel and Reason Foundation Trustee James Glassman took center stage in the debate over a new direction for conservatism in December with their *Wall Street Journal* op-ed piece “National Greatness or Conservative Malaise,” which took issue with calls for a new conservatism based on “national greatness,” equated with activist federal government. Since then, Reason has been a central voice calling attention to the growing divisions among conservatives, as their varying opinions of government’s role become more important.

With the advent of decentralized technologies such as the Internet, and the rise of a Silicon Valley–inspired entrepreneurial culture based on trial and error, we believe that the opportunity exists for a dramatic shift in perception, away from government activism and toward a society built upon individual liberty and decentralized decision making. Just as *The New Republic* helped usher in the age of Progressivism, we believe that Reason, with the right resources, can be the voice of a new vision, based on choice, flexibility, private property, and individual liberty.

Financial Growth

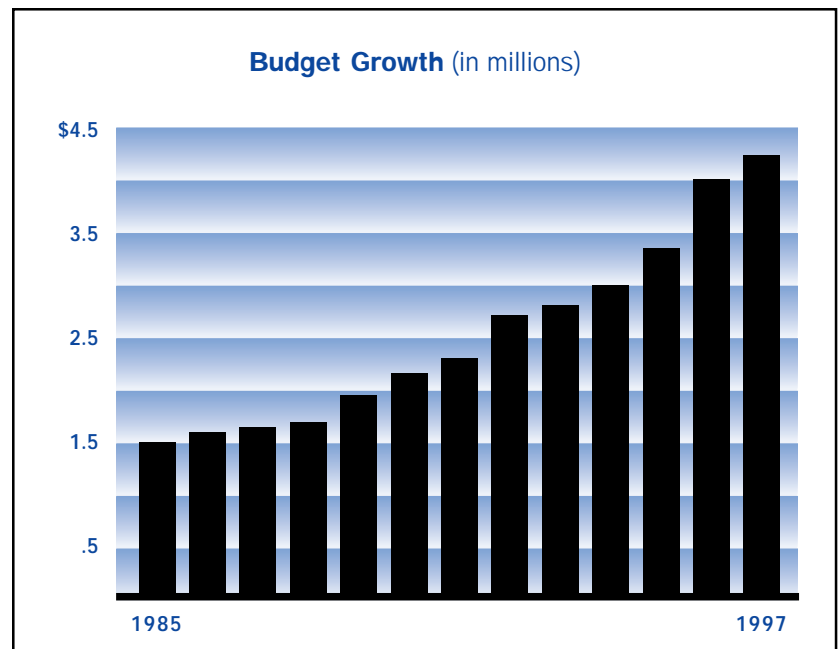


The Reason Foundation is a nonprofit, educational organization, exempt from federal taxation under IRS Section 501(c)3. Contributions to the Foundation are therefore tax deductible.

The Foundation is supported entirely by the sale of its publications and services and by voluntary grants and contributions. Government grants are neither sought nor accepted.

In 1997, the Foundation's revenue grew to a new high of \$4.23 million. There were 31 private foundation contributors and 73 corporate contributors. Contributions from individuals provided 37 percent of total revenue—the majority of the 1,842 individual donors are in the \$50 to \$500 range. Larger individual donations are made each year by Sponsors (\$1,000 or more) or Patrons (\$2,500 or more).

The Reason Foundation meets the standards of the National Charities Information Bureau. Its financial records are audited each year, and an audited financial statement for fiscal year 1997 prepared by KPMG Peat Marwick is available upon request.



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Mission Statement

The Reason Foundation is a national research and educational organization that explores and promotes the twin values of rationality and freedom as the basic underpinnings of a good society.

- *Reason* magazine is an independent national monthly covering politics, culture, and ideas from a dynamic libertarian perspective.
- The Reason Public Policy Institute fuses theory and practice with peer-reviewed research and practical, hands-on advice for policy-makers.

Vision

Reason Foundation upholds the classical-liberal approach to seeking truth via rational discourse, free inquiry, and the scientific method. We support the rule of law, private property, and limited government. We promote voluntarism and individual responsibility in social and economic interactions, relying on choice and competition to achieve the best outcomes.

Long-term Goals

1. Reason Foundation seeks to demonstrate the power of private institutions, both for-profit and non-profit, to create a good society.
2. Reason Foundation seeks to preserve and extend those aspects of an open society that protect prosperity and act as a check on encroachments on liberty. Among these are free trade and private property, immigration, labor and capital mobility, scientific inquiry, and technological innovation.
3. Reason Foundation seeks to foster an understanding of and appreciation for the limits of conscious planning in complex social systems.
4. Reason Foundation seeks to foster policies and attitudes that link individual actions to personal outcomes.
5. Reason Foundation seeks to promote the use of economic reasoning to understand a world of scarcity and tradeoffs.
6. Reason Foundation seeks to reverse the public perception that government intervention is the appropriate or efficient solution to most social problems.