



# Breaking Through

**2022 ANNUAL REPORT**



AMERICAN  
COMPASS



TABLE OF CONTENTS

---

Founder’s Letter ..... 2

Breaking Through.....7

Charting the Course .....11

Our Work

    Globalization..... 19

    Industry.....23

    Education.....25

    Labor.....27

    Family .....31

    Financialization..... 33

    Tech.....35

    Understanding America..... 37

The Organization

    Membership.....39

    Compass Online .....41

    New Initiatives .....42

    Our Team.....46





An obsessive and paranoid reader of the *New York Times* opinion page might notice something peculiar about my essay, “The Communal Power of a Real Job,” published in August 2019. The byline reads, “Mr. Cass is the author of *The Once and Future Worker*,” making no reference to my employment at the time as a senior fellow at the Manhattan Institute. This was not by accident.

Think tanks tend to advertise proudly their role in work published by the Paper of Record, but here the Institute demanded to go unmentioned. It wanted no connection to the subtitle that the *Times* had written, which read, “Conservatives should look beyond libertarianism and embrace workers.” Everything about the situation was bizarre: The phrase at issue was a mild one, written by an editor, accurately summarizing the essay. If people did want to take offense and charge the Institute with anti-libertarian heresy, the particular wording of the byline would have been immaterial. No matter. Preserving the place of libertarians in the conservative coalition was this important.

“A consensus is a difficult thing to define, operating often through unchallenged assumptions, topics avoided, and subtle cues that convey within a coalition what members in good standing should believe. How can anyone determine objectively a *status quo ante* from which we depart, or chart the progress made?”

I tell this story not to impugn the Manhattan Institute, which consistently supported me in tackling such topics, even as it sought to manage the external blowback, but to make tangible the intellectual environment into which American Compass launched just a few months later, with a mission to restore an economic consensus that emphasizes the importance of family, community, and industry to the nation’s liberty and prosperity. A consensus is a difficult thing to define, operating often through unchallenged assumptions, topics avoided, and subtle cues that convey within a coalition what members in good standing should believe. How can anyone determine objectively a *status quo ante* from which we depart, or chart the progress made?

We must mark the fixed positions where the subtext bubbles to the surface and gets plainly said, allowing us to see where we have been and how far we have come. In the summer of 2019, a disavowal of libertarianism in the *New York Times* was so far beyond the conservative coalition’s pale that a leading think tank would go to absurd lengths to disassociate itself from the sacrilege. Fast forward to 2022, and Senator Tom Cotton declared in a speech at the Reagan

# Founder’s Letter

by Oren Cass



Library, “Whereas libertarian ideas have helpfully influenced domestic tax and regulatory policy, these ideas often falter in a world of borders.” A few months later, Ambassador Robert Lighthizer, U.S. Trade Representative in the Trump administration, delivered the keynote address at the Intercollegiate Studies Institute’s American Economic Forum. “Libertarianism,” he said, “is a philosophy for stupid people,” to raucous laughter and applause.

Lest one think such remarks remain a cause for embarrassment, the Manhattan Institute will present Senator Cotton with its highest honor, the Alexander Hamilton Award, this coming May. A few days after Ambassador Lighthizer’s remarks, John Burtka, president of ISI, an institution founded by William F. Buckley, Jr., took to the pages of *National Review* to publish “American Economic Forum: A Defense.” Notably, the piece was co-authored by Kevin Roberts, the new president of the Heritage Foundation.

“A new consensus” is taking shape, they wrote, “looking back to the prudential statesmanship of Jefferson, Hamilton, Taft, and Reagan to craft an economic agenda that strengthens the American nation, families, industry, and entrepreneurs.” Not by coincidence does this formulation hew so closely to the Compass mission’s “economic consensus” emphasizing “family, community, and industry.”

The decisive turn away from libertarianism, and toward acknowledgment of public policy’s vital role in fostering productive markets that deliver widespread prosperity, is just one dimension along which the economic consensus is moving. Another is the Republican Party’s turn against Wall Street’s speculative excesses. When American Compass released *Coin-Flip Capitalism* in 2020, *Bloomberg* headlined its coverage, “Private Equity, Hedge Funds Get Unlikely Foe in GOP Think Tank.” Less than two-and-a-half years later, *Politico* published its own in-depth reporting under the headline, “Republicans to Wall Street: We’re so over you.”

The most tangible results of the shifting consensus appear in the rapid conservative embrace of industrial policy to revitalize American manufacturing. Michael Strain, the American Enterprise Institute’s director of economic policy studies, steadfastly represents the old attitude toward America being a manufacturing center again: “In fact we cannot, and we should not want to be.” But such thinking now elicits audible gasps from conservative audiences. In this summer’s debate over the CHIPS and Science Act, designed to boost the domestic semiconductor industry, *Fox News* reported that Republican senators circulated American Compass’s arguments to rebut the *Wall Street Journal* editorial page. Even the Manhattan Institute’s vice president of research and policy, Brandon Fuller, highlighted our work on the topic, tweeting, “Industrial policy everyone can get behind? It’s one of the policy areas American Compass lists in their priorities for the next Congress.”

**“The most tangible results of the shifting consensus appear in the rapid conservative embrace of industrial policy to revitalize American manufacturing.”**

For their part, ISI’s Burtka and Heritage’s Roberts applauded Thomas Jefferson’s conversion to Hamiltonian supporter of domestic industry. “The example of Thomas Jefferson’s evolution on matters of trade and manufacturing does not represent moral relativism or ignorance about the fundamental laws of economics,” they wrote. “Rather, it provides a model for how conservative statesmen should exercise prudence in their defense of the American nation and economic freedom.” Contrast this with the “True North” principles released by Heritage two months before American Compass’s incorporation, which listed among “fundamental principles where we must remain resolute” the idea that America’s “system [of free enterprise] is best sustained by policies promoting free trade and deregulation.”

As the *New York Times Magazine*'s Elisabeth Zerofsky observed about my conversation with Roberts on conservatism's future, hosted by the Reagan Institute: "This week I learned that Heritage agrees with American Compass that there are limitations to the free market and that tax breaks should go to families over corporations. Seems pretty clear which way the wind is blowing."

**"A new community willing to embrace chaos as the price of progress must emerge, it must develop the better framework to supplant the old. And it must confront the establishment, bringing the frameworks into direct conflict and winning the public argument."**

Changing a consensus is an admittedly amorphous task. The best analog comes from science, where Thomas Kuhn famously introduced the concept of a "paradigm shift" in *The Structure of Scientific Revolutions* (1962). Whereas scientists and philosophers had believed that scientific knowledge advanced steadily through incremental progress, Kuhn showed that the process was one of long static periods of "normal science," during which a community of researchers worked mostly to validate their existing paradigm, punctuated by short periods of disruption when an old paradigm failed and a new one emerged. Far from pushing this process forward, scientists will tend to defend their existing paradigm from challenge and accept new frameworks grudgingly, if at all. As the physicist Max Planck observed, "A new scientific truth does not triumph by convincing its opponents and making them see the light, but rather because its opponents eventually die and a new generation grows up that is familiar with it."

Political economy lacks the clearly stated hypotheses and experimental evidence of science, but it experiences change in a similar way. Innovative ideas harden into dogma around which politicians and economists build their careers, warding off the heresy of new thinking until

they render themselves so irrelevant and inadequate to contemporary challenges that a crisis occurs, then chaos, and then a better framework emerges. In neither science nor politics does positive change occur spontaneously. New information provides a catalyst by rendering an old paradigm indefensible, but professionals whose status depends on defending the indefensible have never hesitated to do just that.

A new community willing to embrace chaos as the price of progress must emerge, it must develop the better framework to supplant the old. And it must confront the establishment, bringing the frameworks into direct conflict and winning the public argument. American Compass's strategy since its founding has been to lead those three efforts—what we call Affiliation, Deliberation, and Engagement. We have pushed conservative policy debates into the chaos stage, and we will pull them out the other side.

**"This is the 'new generation,' in Planck's formulation, committed to the new paradigm and equipped to act on it."**

We foster affiliation both publicly and privately, through the collections of essays and commentary that we publish on a wide range of topics, our collaborations with other leading organizations, and our membership group. In two-and-a-half years, we have published work by more than 100 writers. We have also brought together more than 130 policy professionals—congressional staff, lawyers, journalists, researchers, investors, and more—as American Compass members working to develop and entrench a new economic consensus. They brainstorm together, learn from each other, and work to advance each other's projects and careers. We convene them for social gatherings, daylong seminars on topics like competition policy and financialization, and an annual retreat to identify opportunities and align on priorities. This is the "new generation," in Planck's formulation, committed to the new paradigm and equipped to act on it.

Our efforts at affiliation are expanding at the start of 2023 with the launch of our Navigators Guild, which will bring together our community of donors to engage more actively with each other and with the Compass team. Of course, funding is vital to any political movement. But the nature of our project attracts an especially thoughtful, focused, and innovative group of supporters with the potential to advance our work on many fronts.

We foster deliberation, laying the intellectual foundation for conservative economics. We have published the most influential analyses challenging the stale dogmas of market fundamentalism and offering conservatives a more coherent, constructive, and compelling alternative. We have partnered with organizations across the conservative movement seeking to develop and advance their own arguments and become trusted advisors to many of the nation's most innovative policymakers. Our work is cited constantly, and our proposals are introduced with increasing frequency as legislation.

**"More often, engagement is for the benefit of observers, who discover they have competing frameworks to choose between, rather than an unquestioned orthodoxy to which they must adhere, and who can discern the failures of the old and the promise of the new."**

This fall, we released a new website, designed to provide a comprehensive resource for learning about conservative economics and translating its ideas into action. The most challenging part of the process was converting all the work we had done onto this new platform, because there was so much. In our first two-and-a-half years, we published hundreds of essays, op-eds, research briefs, and policy proposals; recorded more than 50 podcasts; hosted a dozen live events. This is both the foundation and the raw material from which the conservative platform for a durable governing majority will be built.

Finally, we foster engagement, confronting directly the outdated orthodoxy that has survived only because it has gone unquestioned. We participate constantly in public debate and panel discussions—convening them ourselves when necessary. We use social media to critique the work of others and respond in real-time to critiques of our own. We mock, gently, the inability of a 1980s playbook to address the challenges of today.

In some instances, this engagement leads adherents of market fundamentalism to rethink their own commitments. But per Planck, "Truth does not triumph by convincing its opponents and making them see the light." More often, engagement is for the benefit of observers, who discover they have competing frameworks to choose between, rather than an unquestioned orthodoxy to which they must adhere, and who can discern the failures of the old and the promise of the new.

In my first Founder's Letter, two years ago, I wrote: "A body at rest will stay at rest until acted upon by an outside force. American Compass aims to provide that force." So we have, applying ever greater pressure and finally breaking through. For the first time in decades, the conservative movement is actually moving—toward a genuinely conservative economics that aims to strengthen families, communities, and the nation rather than merely maximize consumption. We will continue charting that course, guiding conservatism toward a destination worthy of the American tradition.

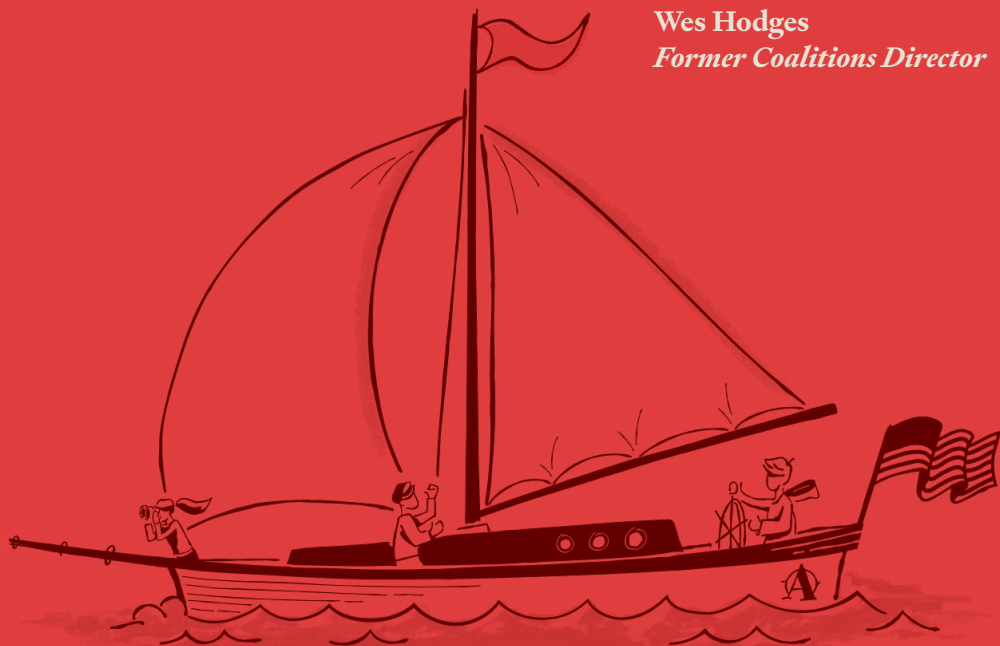


Oren Cass  
*Founder and Executive Director*



"American Compass has, by a good amount of work and a great amount of wit, built a vocabulary that allows people to talk about these economic topics in a way that is more nuanced and focused on our needs today. It has allowed offices on the Hill and young scholars-to-be to be able to actually engage on these ideas in a way that won't immediately exile them."

Wes Hodges  
*Former Coalitions Director*



# Breaking Through

**A**merican Compass reached an important inflection point this year. The platform we have built for a new conservative economic agenda, with its strong intellectual foundation, robust organizational infrastructure, and concrete policy proposals—is welcoming converts and playing host to the policymaking process. The Heritage Foundation now supports industrial policy. The American Enterprise Institute has turned against tax cuts. And elected officials are signing on, working closely with us to translate ideas into action.

**“Oren Cass’s pro-worker, pro-family think tank has exercised surprising influence on the broader conservative movement.”**

## THE AMERICAN CONSERVATIVE

Our leading role is evident on issues ranging from labor to family to education to industrial policy. The start of the year brought a meaningful shift among Republican lawmakers toward greater worker power. Drawing on American Compass policy director Chris Griswold’s “Better Bargain” white paper, Senator Marco Rubio joined Congressman Jim Banks, chairman of the Republican Study Committee,

and 14 co-sponsors to introduce the TEAM Act of 2022, which would provide workers with both a new avenue for collective representation in the workplace and a seat on the corporate board. The bill was previewed by Oren Cass in the *Financial Times*, where he described it as an example of how “the Republicans’ priorities have shifted measurably in the direction of workers’ interests.”

Conservative priorities have also shifted toward the interests of the family, with many on the right-of-center embracing the idea of a social insurance system for working families proposed by American Compass’s Oren Cass and Wells King in “The Family Income Supplemental Credit.” In June, Senators Mitt Romney, Richard Burr, and Steve Daines adopted this framework for their “Family Security Act” proposal, winning widespread endorsements from conservative organizations and scholars like the American Enterprise Institute’s Yuval Levin and Scott Winship and the Ethics and Public Policy Center’s Patrick Brown.

“There is hard work being done to shift the political and intellectual foundation of the right by figures such as Oren Cass [at American Compass].”

MALCOLM KYEYUNE, COMPACT

Growing bipartisan concerns about erosion of American technological and manufacturing prowess, and China’s control of key supply chains, built to a crescendo this summer during debate over the CHIPS Act, which directs public funding to incentivize semiconductor manufacturing in America. American Compass had been working intensively on this issue since early 2021, when we published our *Guide to the Semiconductor Industry* and a feature essay in *National Review* on “America’s Chip Slip.” As the leading conservative advocates for the bill, which represented a critical step forward in reshoring critical manufacturing and rebuilding America’s domestic industrial base, the arguments we advanced on our own website and at CNN and *The American Conservative* were cited by “multiple Republican senators ... pushing back on a *Wall Street Journal* editorial opposing the bill,” reported Fox News. The bill’s passage represents an important inflection point in the nation’s economic consensus, abandoning blind faith in globalization and signaling that America may finally be ready to get serious about returning critical industries to our shores.

In September, our major investment in building the case against the American education system’s “college-for-all” approach led to Senator Tom Cotton’s introduction of the American Workforce Act, modeled on our Workforce Training Grant proposal. The bill would provide grants to support on-the-job training in apprenticeship-style arrangements, offering support to Americans on non-college pathways equivalent to what their on-campus peers can receive.



Opinion

The New York Times

# What Republicans Should Do if They Win Big This Fall

By Oren Cass and Chris Griswold

Illustration by [Name]

Roll Call Vote

No. 33

Issue: [Topic]

Vote: [Count]

Yea: [Count]

Nay: [Count]

Present: [Count]

Excused: [Count]

Not Voting: [Count]

Roll Call Vote

No. 33

Issue: [Topic]

Vote: [Count]

Yea: [Count]

Nay: [Count]

Present: [Count]

Excused: [Count]

Not Voting: [Count]

Republicans should...

Democrats should...

Both parties should...

Republicans should...

Democrats should...

Both parties should...

A conservative agenda focused on workers and their families could foster progress.

Oren Cass and Chris Griswold's feature essay in the *New York Times*, laying out a positive conservative economic agenda.





On a panel with David Leonhardt at the Aspen Ideas Festival, Oren Cass discusses how to measure our economy's health with families, communities, and industry in mind.

In the *Washington Post*, Henry Olsen called Senator Cotton's bill "exactly what workers without college degrees need" and also "the type of flexible, nondoctrinaire thinking a conservative workers' party needs." In an interview with Senator Cotton, radio host Hugh Hewitt called it "an unqualified great idea," while the senator credited its origin to the "creative scholars" at American Compass.

**"Business-skeptical conservatives are solidifying their position in the conservative establishment... American Compass is hammering out a post-corporate conservatism."**

WASHINGTON POST

Our success has become a story in its own right. In its feature coverage of new institutions on the American right-of-center, *The Economist* highlighted American Compass as "among the more sophisticated," with a "focus on wonkish proposals," which have been "influential with lawmakers."

**"More sophisticated ... wonkish proposals ... influential among policymakers."**

THE ECONOMIST

## FINANCIAL TIMES

Opinion **Republican Party US**

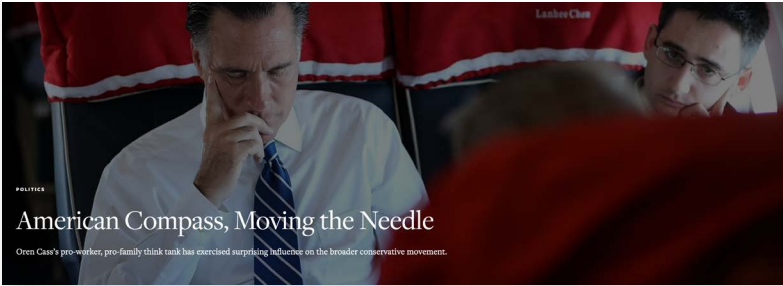
### A battle for the GOP's future is under way

The Republicans must move beyond the dog-eared 1980s playbook of tax cuts and deregulation if they are to succeed

OREN CASS

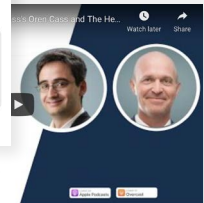


Chris Griswold and Oren Cass recording an episode of our new podcast series, Policy in Brief.



In September, *The American Conservative* published “American Compass, Moving the Needle,” providing readers with an in-depth look at our strategy and impact. “American Compass has moved the right-of-center conversation in Washington in a more pro-family, pro-worker direction,” reported John Hirschauer. “In contrast to its rival think tanks, Compass is grappling with the tensions between conservatism and unfettered capitalism.” The article describes “how Compass mobilizes its small team to move the needle on the Hill” with a “targeted strike approach,” through which we have “exercised surprising influence on the broader conservative movement.”

In January, Oren Cass joined the Heritage Foundation’s new president, Kevin Roberts, for a high-profile discussion conservatism’s future at the Reagan Institute. “This week I learned that Heritage agrees with American Compass that there are limitations to the free market and that tax breaks should go to families over corporations,” wrote *New York Times Magazine*’s Elisabeth Zerofsky. “Seems pretty clear which way the wind is blowing.”



# New Direction

## Conservative Principles & Policies for the 118th Congress

Four consecutive election cycles have confirmed both the opportunity for conservatives to build a durable governing majority and the impossibility of accomplishing this without a clear economic vision and a serious policy agenda. With New Direction, we present an overview of the conservative economic principles that should guide policymakers and a robust set of proposals for translating those principles into action.

# Charting the Course

We Are Charting the Course for Conservative Economics.

- ▶ Workers supporting strong families and communities
- ▶ Markets fostering domestic innovation and industry



# Conservative Economics

*Family, community, and industry provide the foundation for our nation's liberty and prosperity.*

*“Capitalism is just another word for economic freedom.”*

*“As we are dealing with changes in our economy, tax cuts are always a good idea.”*

*“Markets do not fail us. We fail markets.”*

For the past generation, American conservatives have outsourced their economic thinking to libertarians, whose market fundamentalism collapses into dogmas like these and a policy agenda limited to tax cuts, deregulation, and free trade.

Conservatives rightly value free markets, but they recognize that markets require rules and institutions to work well, that they are a means to the end of human flourishing and exist to serve us (not the other way around), and that larger televisions and fancier cars are not what people value most. Rather than evaluate the economy by how much stuff it allows everyone to consume, conservative economics asks whether the economy allows workers to support their families and communities, whether it strengthens the social fabric, and whether it fosters domestic investment and innovation. Public policy plays a vital role in advancing those goals.

# Conservative economics rests on three pillars, which are the focus of American Compass's work.

## THE THREE PILLARS

### *Productive Markets*

An economy must provide a nation with more than efficiency.

### *Supportive Communities*

An economy is more than transactions between individuals.

### *Responsive Politics*

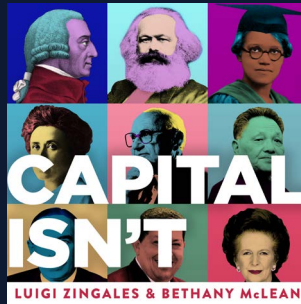
An economy is successful only if it delivers what people value.

This year, we engaged in numerous in-depth conversations about conservative economics, what its principles mean for policymaking, and how it differs from the libertarian approach to the economy.



#### Critics Corner

American Compass's Oren Cass is joined by the American Enterprise Institute's Michael Strain



#### Is Common Good Capitalism the Answer?

Capitalism's not with the University of Chicago's Luigi Zingales and journalist Bethany McLean



#### Capital Markets R'Us

*National Review's* Capital Record with David Bahnsen

# Productive Markets

*Channeling the pursuit of profit toward the nation's liberty and prosperity.*



A great benefit of the free market is the latitude it affords individuals to pursue their own self-interest however they may wish to define it. When that pursuit advances the common good as well, capitalism generates unparalleled prosperity. But the free market alone does not guarantee that individual and public interest will in fact align. Market fundamentalism's basic error is to misunderstand this point.

Conservative economics distinguishes amongst free markets and recognizes that only some have the alignment between self- and public interest necessary to harness capitalism's power for the benefit of American workers, their families and communities, and the nation.

Adam Smith shows how the system *can* work, not that it always will. Recent decades confirm that sometimes it does not. It is the productive market, not any free market regardless of conditions and outcomes, that public policy must have as its goal.

**At American Compass, we work to understand the forces rendering modern markets unproductive and develop public policies that would create conditions in which capitalism can once again flourish.**



# Supportive Communities

*Strengthening the institutions that allow markets to deliver on their promise.*



American markets will only work well and deliver widespread prosperity if they have the support of strong community institutions. Market fundamentalism often tries to reduce the complexities of a modern market to just two individuals trading on a desert island, and to define capitalism as nothing more than “economic freedom.” But conservatives recognize that a range of institutions operating prior to the market, alongside it, and within it act to shape the market’s outcomes, and market outcomes in turn exert a powerful influence on the institutions.

**At American Compass, we work to understand the role that strong institutions like the family, public education, and labor unions play in market outcomes and develop public policies that would better support those institutions experiencing significant erosion.**

# Responsive Politics

*Defining success as achievement of the outcomes that people value most.*



Policymakers have depended in recent decades on an economic model that uses “consumer welfare” as its only measuring stick. In this way of thinking, policies are successful if they increase how much we can all consume. Whether income is earned through paychecks or redistributed through government transfers, whether communities thrive or collapse, whether inequality rises, whether families form, none of that counts. If everyone has more stuff, the market has delivered.

As a result, both economists and politicians ignored Americans’ growing frustration with an economy that offered big flat-screen TVs at door-busting prices, but shipped manufacturing jobs overseas. According to the economic theory, that was a great trade. Likewise, using government checks to make

up for stagnating paychecks was widely celebrated as a solution, though most Americans saw it as a problem.

This is why economics needs politics. The market has amazing power to coordinate the actions of millions of individuals through price signals and freely chosen transactions. But the market has no power to recognize, let alone provide for, the many needs that are not reflected in price signals, even when they are more important to people’s lives and require greater coordination and cooperation.

**At American Compass, we work to identify the values and priorities that Americans hold dear but markets ignore, and to ensure that the nation’s politics and policymakers do not ignore them as well.**

A constellation diagram featuring several four-pointed star symbols. Some stars are connected by solid red lines, forming a path that starts at the top left, moves down and right, then up and right, then down and right, and finally up and right. Other stars are scattered around this path, some connected by dashed grey lines that form concentric arcs. The background is white.

# Our Work

## ISSUES AND PROPOSALS

---

### *Globalization*

Ensuring demand for, and investment in, American workers.

### *Industry*

Supporting the indispensable investment and innovation of the goods-producing sector.

### *Education*

Equipping Americans to build decent lives in their communities.

### *Labor*

Guaranteeing workers a seat at the table.

### *Family*

Supporting the indispensable institution.

### *Financialization*

Directing capital and talent toward productive investment.

### *Tech*

Developing the tools to regulate the Information Age.

### *Understanding America*

Listening to the concerns and aspirations of the American people.

# How We Advanced the Debate This Year

 <div><div>16K+</div><div>podcast downloads</div></div>		 <div><div>700+</div><div>media mentions</div></div>
<div><div>30+</div><div>broadcast appearances</div></div>	<div><div>50+</div><div>public events</div></div>	
 <div><div>80+</div><div>policy discussions with Capitol Hill</div></div>		<div><div>12K+</div><div>social media followers</div></div>
		 <div><div>40+</div><div>op-eds and essays</div></div>
 <div><div>21</div><div>policy proposals and research briefs</div></div>		 <div><div>40+</div><div>contributors</div></div>



# Globalization

ENSURING DEMAND FOR, AND INVESTMENT IN, AMERICAN WORKERS

Globalization has produced a radically different result from the widely shared prosperity that its advocates promised. Instead, production shifted from some countries to others, taking labor demand with it and leaving behind a weakened industrial base, collapsed communities, and poor employment prospects.

**T**hese shifts result not from genuine comparative advantage, but rather in response to aggressive government subsidies and the availability of exploitable labor in countries like China. Uncontrolled immigration and temporary work programs have a similar effect in reverse, flooding some countries with additional labor that releases the pressure on employers to pay good wages or invest in higher productivity.

This form of “free trade” is not the epitome of free-market capitalism; it is the antithesis. Economists and policymakers who believed that capitalism is “just another word for economic freedom” assumed that the free flow of goods, people, and capital across borders would automatically generate prosperity. But capitalism relies upon the mutual dependence of a nation’s capital and labor to produce good outcomes for both, and for consumers, too. Globalization has severed those bonds, urging the



owners of mobile capital to forsake the interests of their fellow citizens and pursue higher profits through labor arbitrage abroad. American workers, their families, and their communities paid the price. The nation’s industrial strength, capacity for innovation, and economic resilience declined.

China poses a particular problem. Globalization’s rise coincided with the Cold War’s end, in part, because a global free trade system that incorporated the Soviet bloc was unthinkable. But the “holiday from history” of the 1990s created a presumption that liberal market democracy was on the march everywhere, and globalization’s proponents argued that incorporating China into a global marketplace would accelerate its own liberalization. They were wrong. Instead, China changed us—corrupting the free

market, distorting investment flows, capturing valuable industries, and even exporting its authoritarian politics through campaigns of economic pressure.

We work to understand why globalization has failed and what alternatives exist. We develop approaches through which policymakers can rebalance America’s role in the global economy. This spring, we released a wide-ranging collection on the topic titled *Regaining Our Balance: How to Right the Wrongs of Globalization*. It opens with an essay by Oren Cass exploring how neoliberalism got globalization so wrong, arguing that it is capitalism’s antithesis, not its logical endpoint. Capitalism relies on a specific set of conditions and a well-governed market to deliver widespread prosperity—and today’s global economy lacks those prerequisites. The intellectual forebears of modern market capitalism, Adam Smith and David Ricardo, “stated their propositions in terms incompatible with modern globalization. Both assumed that capital would remain in the domestic market.” Furthermore, their theories assumed trade of goods for goods—not assets and IOUs.



Senator Marco Rubio delivers the inaugural Henry Clay Lecture in Political Economy at the Hillsdale College Kirby Center on the 20th anniversary of China’s ascension to the World Trade Organization.

Former Senator and Attorney General Jeff Sessions contributed an essay to the collection recounting his experience as a conservative politician embracing the free-trade consensus—and how he came to see the damage it wrought over decades on the very communities he and his colleagues represented in Washington.

**“As we were getting juiced every morning by our intellectual allies, we failed to recognize that our aggressive trading competitors were advancing steadily, constantly seeking and exploiting advantages, while the economic security of American workers eroded.”**

HON. JEFF SESSIONS

1992

**+\$60 billion**

U.S. trade surplus in advanced technology products

2020

**-\$191 billion**

U.S. trade deficit in advanced technology products

WHERE'S THE GROWTH?

For decades, the Uniparty—that bipartisan set of constituencies in politics, big business, academia, and the Washington blob—had a near-monopoly on the American approach toward globalization. Our Uniparty Game gave readers a chance to test their wits against this witless case for globalization, by

trying to determine which member of the Uniparty said a series of misguided quotes. It's surprisingly difficult to tell which side of the aisle the nonsense originated from—globalization knows no national borders nor party affiliations. Meanwhile, “Wrong All Along” digs even deeper into this failed



**“The damage that [China’s ascension to the WTO] has inflicted on our families, communities, and country is almost incalculable. Instead of exporting ‘economic freedom,’ we exported our industrial strength, and the result has been an economic, social, and geopolitical disaster. ... In Washington there is a greater and growing awareness of this reality.”**

**SENATOR MARCO RUBIO  
AMERICAN COMPASS INAUGURAL HENRY CLAY LECTURE  
AT HILLSDALE COLLEGE’S KIRBY CENTER**



consensus and the fallacies on which it was built, and “Where’s the Growth?” assesses the results. Yes, trade creates both winners and losers, but the past few decades have seen the promised benefits never materialize while the costs dismissed as implausible have proved all too real.

We invited scholars from across the political spectrum to weigh in on our perspective on globalization. We published comments from the former U.S. Trade Representative Robert Lighthizer, along with scholars from the American Enterprise Institute, Howard University, Heritage Foundation, Coalition for a Prosperous America, and Institute for Progress, among others. Their perspectives ranged widely, and one of our harshest critics, Donald Boudreaux, praised

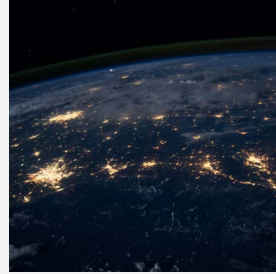


our willingness to engage in substantive debate on such a critical topic: “Oren and his colleagues at American Compass deserve much credit for publishing Stan’s harsh critique. These days, such generosity, civil-mindedness, and scientific integrity are too rare. I tip my hat to Oren and his colleagues.”

For policymakers looking ahead to a potential post-globalization world, the question is how to rebalance global flows of goods, capital, and labor. In “The Balancing Act”, we propose a series of policy shifts that would go a long way toward finding that balance in market access, investment, global rules, and immigration.

“Smith and Ricardo stated their propositions in terms incompatible with modern globalization. Both assumed that capital would remain in the domestic market. And as a corollary, both conceived of trade as occurring only on the basis of goods for goods.”

SEARCHING FOR CAPITALISM IN THE WRECKAGE OF GLOBALIZATION



# REGAINING OUR BALANCE

HOW TO RIGHT THE WRONGS OF GLOBALIZATION



“It is hard, nay impossible, to find a more sophisticated conservative critique of globalization than that articulated by Oren Cass.”

ANTHEA ROBERTS & NICOLAS LAMP



# Industry

## SUPPORTING THE INDISPENSABLE INVESTMENT AND INNOVATION OF THE GOODS-PRODUCING SECTOR

The American economy, like any developed nation's, is predominantly services-based. Most of what Americans produce and consume is health care, education, leisure and hospitality, entertainment, finance, and so on. Even in a factory town, more people likely work for the hospital, schools, and restaurants than on the shop floor. But all that services-based prosperity is built atop the foundation of the goods-producing sector.

**I**ndustries like agriculture, manufacturing, and resource extraction generate most of the tradable products that allow local economies to sustain themselves. If people in a region are all cutting each other's hair, what will they export to other regions in exchange for the vehicles, computers, and medicines they need? Those same physical industries deliver the most productivity growth, which fuels the service sector's expanding scope and rising wages. They support broader ecosystems of suppliers and customers. And they foster technological progress. Efforts to retain research and development while manufacturing departs have repeatedly failed; the expertise, investment, and innovation ultimately follow the production away.



The goods-producing sector also plays a unique role in national defense and resilience. Its knowledge- and capital-intensive operations require years to develop and, once lost, are not easily rebuilt. Its locations tend to be more rural and dispersed, providing a vital counterbalance to the urban agglomeration of industries like finance and technology. Its jobs tend to be among the highest-productivity and best-paid ones available for men without college degrees.

For all these reasons, the economists who have insisted that Americans should not worry about what we make here, or whether we make anything here, are simply wrong. Fortunately, far fewer people are listening to them than in the past. Unfortunately, recovering from the damage they have done will take a generation.

This year saw serious progress on industrial policy, with American Compass leading the fight for a more aggressive approach to bringing industry back to our shores.

We argued for more than a year for passage of what became the CHIPS and Science Act, telling the story of “America’s Microchip Slip”, preparing a comprehensive *Guide to the Semiconductor Industry*, and rebutting objections point-by-point in “Pass the CHIPS, Please”. Policy director Chris Griswold joined a panel discussion at the Bipartisan Policy Center to discuss how a smart industrial policy would boost national economic competitiveness, and was hosted by the Cato Institute twice for debates with Scott Lincicome, its leading expert on the topic. Drawing lessons from another industry, “The Import Quota That Remade the Auto Industry” tells the story of the quota imposed on Japanese auto imports during the Reagan administration. In an accompanying

essay in *National Review* research director Wells King and former summer analyst Dan Vaughn explore how, in the face of state-supported Japanese automakers outflanking their American counterparts, Reagan negotiated a quota that saved Detroit. Just four years of limits on Japanese car imports gave American car manufacturers a chance to retool, while incentivizing Japanese carmakers to build manufacturing plants in the U.S., creating hundreds of thousands of new American jobs.

AMERICAN  
*Affairs*



State Capacity in Short Supply:  
Assessing the Biden Administration’s  
Industrial Strategy  
by Wells King and Chris Griswold

“Multiple Republican senators who support the semiconductor legislation Wednesday also shared a tweet thread from American Compass Executive Director Oren Cass, pushing back on a *Wall Street Journal* editorial opposing the bill.”

FOX NEWS



Chris Griswold at the Cato Institute.

BREAKING THROUGH:

CHIPS ACT

American Compass publishes research and a *National Review* essay calling for industrial policy to support semiconductor manufacturing.

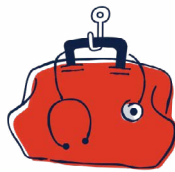
As the CHIPS Act debate heats up, members of Congress cite Compass research and commentary in arguments for strategic support of the domestic semiconductor industry.

The CHIPS Act passes with substantial conservative support, with Compass playing a critical role in providing badly needed intellectual ammunition in the home stretch.

# Education

## EQUIPPING AMERICANS TO BUILD DECENT LIVES IN THEIR COMMUNITIES

Public education is one of America's great achievements and has been vital to the nation's success as a democracy, its rise as the world's dominant economy, and the flourishing of its citizens.



Unfortunately, policymakers have forgotten what public education is for, pursuing decades of reform that sought to increase test scores and college attendance but served mainly to strip-mine academic talent from local communities and abandon the vast majority of young people. This year, we presented the latest data in our *Guide to College-for-All*, explaining how policymakers have misallocated resources in pursuit of this failed ideal of sending every young person to college.

This project has failed on its own terms: hundreds of billions of dollars in annual subsidies flow to higher education while almost no support goes toward non-college pathways, yet fewer than 1-in-5 young Americans go smoothly from high school to college to career.

And it has failed on purpose: Americans see equipping young people with the skills and values to build decent lives in the communities where they live as more important than maximizing academic achievement. That's part of what we found in our survey of American students and parents, which exposed

just how far the American education system is from fulfilling its purpose and the catastrophic outcomes that are the result.

On the other side of this failed pipeline, our report on *The False Promise of Good Jobs* demonstrates the mismatch between the obsession with producing college graduates and the skills demanded in the labor market. The jobs we're educating for simply aren't out there, leaving people underemployed and strapped with debt.

There is, of course, a better way. In *Retooling American Education*, we convened a wide range of policy experts and practitioners to describe the practical steps that policymakers can take to refocus public education on the non-college pathways that would best serve most Americans.

One proposal in particular has already gained traction. The Workforce Training Grant describes a comprehensive approach to the development of a robust, employer-led training system, a version of which Senator Tom Cotton introduced this year as the American Workforce Act.

An important argument running through our work on education is that expanding options and funding alternatives is not enough: the existing higher education industry, “Big Ed,” must be cut down to size. One reason is that much of the money is simply wasted, and reallocating it offers a budget-neutral opportunity to improve public services. Another is that excessive spending has created toxic economic and cultural incentives for young people to spend their late adolescence enjoying the “amusement park entitlement” of a college campus. In “The Banality of Student Loans”, Oren Cass makes the case for reconfiguring higher

education financing to offer a single, standard grant to cover partially the cost of a public university degree, and otherwise allow the industry to fend for itself.

POLITICO

IVORY TOWERS

**Opinion | Biden’s Student Loan Forgiveness is Wrong. Here’s How to Handle College Debt Instead.**

America has turned higher ed into a lavishly expensive sacred cow, and now we’re all footing the bill. Let’s make college debt boring again.

Opinion by OREN CASS  
08/24/2022 04:24 PM EDT

Oren Cass is the executive director of *American Compass* and the author of *The Once and Future Worker: A Vision for the Renewal of Work in America*.

80% of young Americans see helping students “develop the skills and values needed to build decent lives” as more important than helping them “maximize their academic potential”.

FAILING ON PURPOSE SURVEY



BREAKING THROUGH:

AMERICAN WORKFORCE ACT

DECEMBER 2021

Compass publishes Failing on Purpose survey showing Americans’ education priorities.

APRIL 2022

Compass publishes Workforce Training Grant proposal, detailing how to reorient higher education funding to support non-college pathways.

JUNE 2022

Compass hosts policy workshop on moving beyond college-for-all, convening leading experts and practitioners in the field.

SEPTEMBER 2022

Senator Cotton introduces the American Workforce Act, a bill based on the Workforce Training Grant, and recognizes the creative policy work Compass did to make it a reality.



# Labor

## GUARANTEEING WORKERS A SEAT AT THE TABLE

The American labor movement has become deeply dysfunctional. Workers feel largely alienated from the Big Labor unions, which appear focused primarily on promoting progressive politics.



At 6%, the union membership rate among private-sector workers is lower than at the time of the National Labor Relations Act's passage in 1935. That law not only fails to serve modern workers effectively, but also precludes experimentation with alternative forms of organizing.

What a tragedy. In a well-functioning capitalist system, participants meet as equals able to advance their interests through mutually beneficial relationships. Organized labor has traditionally been the mechanism that gives workers an institution of solidarity, power in the market, and representation in the workplace. Strong worker representation can make America stronger.

This has traditionally been the view of both free-market champions and social conservatives. Adam Smith warned in *The Wealth of Nations* that in the competition between capital and labor, employers have “the advantage in the dispute” over wage levels “and force [workers] into a

compliance with their terms.” John Stuart Mill, analyzing this same conflict in *Thornton on Labour and Its Claims*, denounced the morals of “whoever does not wish that the labourers may prevail, and that the highest limit, whatever it be, may be attained.” In *The Quest for Community*, Robert Nisbet calls unions “the true supports of economic freedom,” while in *The Spirit of Democratic Capitalism*, Michael Novak identifies them as one of democratic capitalism’s “chief social inventions.” In the encyclical *Laborem Exercens*, St. John Paul II called them “an indispensable element of social life, especially in modern industrialized societies.”

In a feature essay in *Comment* magazine, policy director Chris Griswold explored the role that worker power plays in civic friendship—the ties that bind us together in pursuit of a shared political project—and how a weakened labor movement threatens those bonds. As

Griswold writes, “American workers have been sent the clear message that they are not at all full participants in a shared enterprise, but every bit the disposable inputs market fundamentalists tell them they are.” Worker power is not only a matter of improving wages, but of solidarity and civic friendship.

Conservative winds are clearly shifting on the question of labor, with many more policymakers and leaders expressing the vital importance of workers having a voice and a seat at the table. Since our first collection on the topic in September 2020, when our statement endorsing a conservative embrace of organized labor was met with great interest

“Achieving the lofty goal of civic friendship must begin with accepting the practical, even mundane fact of our economic interdependence.”

CHRIS GRISWOLD, COMMENT MAGAZINE

ONLY

1 in 3

American workers has a secure job, defined as full-time work with stable earnings, predictable hours, health benefits, and income of at least \$40,000.

NOT WHAT THEY BARGAINED FOR



## BREAKING THROUGH: TEAM ACT

### SEPTEMBER 2020

Compass sets off a broad conservative discussion about labor with a statement signed by Senator Rubio and other leading conservative figures.

### SEPTEMBER 2021

Compass publishes a survey showing what workers want from labor organizations alongside a Better Bargain proposal for works councils and worker seats on corporate boards.

### FEBRUARY 2022

Senator Rubio and Congressman Banks introduce the TEAM Act 2.0, which includes works councils and worker board representation.

### SEPTEMBER 2022

The Republican Study Committee, the largest conservative caucus in the House of Representatives, endorses the TEAM Act in its Family Policy Agenda.

**74%** of potential union members say they would prefer a worker organization that focuses only on workplace issues, without engaging on national political issues.

NOT WHAT THEY BARGAINED FOR

and more than a little confusion, it is no longer taken for granted that conservatives reflexively favor capital over labor. We've seen a healthy rebalancing, most notably in the form of this year's TEAM Act, introduced by Senator Marco Rubio and Congressman Jim Banks,

chairman of the Republican Study Committee. The bill would provide workers with a seat in the boardroom and an avenue for collective voice in the workplace outside of the traditional labor union, creating more flexibility for workers who see Big Labor as overly political.



Research director Wells King speaks about labor relations at the HR Policy Association's Washington Policy Conference, alongside President Obama's NLRB chair Wilma Liebman

**Newsweek**

**OPINION**

## The Right Is Starting to Represent Workers Outside of Unions | Opinion

**CHRIS GRISWOLD**, POLICY DIRECTOR OF AMERICAN COMPASS  
ON 2/21/22 AT 8:00 AM EST



“American workers are intensely tired of getting, well, railroaded by libertarian economic ideology that treats them as cogs in the free-market machine rather than human beings whose dignity, family lives, and communities matter. And they want an economic agenda that will do something about it.”

CHRIS GRISWOLD, NEWSWEEK

The background of the entire page is a photograph of construction workers on a site, silhouetted against a bright orange and red sunset sky. A large concrete structure is being lowered by a crane on the left. Workers in hard hats and safety gear are visible in the foreground and middle ground, some standing on scaffolding or rebar structures. The overall mood is industrial and dramatic.

**"The ongoing erosion of social trust  
and the dissolution of bonds across  
American institutions and between  
socioeconomic strata represent  
losses on their own terms. When  
they reach into the workplace,  
they also threaten the nation's  
global competitiveness."**

**A Better Bargain: Worker  
Voice and Representation**

# Family

## SUPPORTING THE INDISPENSABLE INSTITUTION

The family is the indispensable institution, the only one capable of producing a next generation and preparing it for the burdens of productive citizenship. Its ongoing collapse poses the greatest threat to American liberty and prosperity.

**B**eginning in the 1960s, a rising share of children have been born to single mothers and raised in unstable households. More recently, marriage and fertility rates have fallen to the point that more 30-year-olds are living with their parents than are married and parents themselves. In 2020, only 2.1 million American children were born annually into married families, compared to 3.1 million in the late 1960s, though the population has nearly doubled over that period.

Meanwhile, and relatedly, supporting a family has become more difficult. Middle-class wages have stagnated and costs have risen, so that the essentials of housing, health care, transportation, and education that would have cost a typical earner 30 weeks of income in 1985 now consume more than an entire year's income. Many families have adjusted by having both parents work, and work more hours, and the steady drumbeat of proposals for subsidized childcare and paid leave aim to universalize that model.



But most families would prefer to have a parent staying home with the young kids they have, and financial constraints are the most commonly cited obstacle to having more.

Much of our attention this year has been focused on the idea of a “child allowance” or “family benefit.” In early 2021, Senator Mitt Romney proposed the Family Security Act, which would give each family several hundred dollars per month for each of their children. Oren Cass and research director Wells King offered their own proposal for a Family Income Supplemental Credit (Fisc), which attracted widespread interest from conservative analysts and policymakers who preferred how it targeted support to working families. Cass argued for the advantages of this approach in the *New York Times* and in an event with Senator Romney—and this advocacy paid off.



This year, Senators Romney, Richard Burr, and Steve Daines proposed a revised Family Security Act 2.0 that adopted the Fisc's structure, gaining widespread support from conservatives who value its focus on working families. Senator Josh Hawley has proposed a family benefit that uses the Fisc's framework as well.

NATIONAL REVIEW

POLITICS & POLICY

Our Politics Needs a Pro-Family Policy Agenda

By RYAN T. ANDERSON & ERIKA BACHIOCHI & PATRICK T. BROWN & ROBERT P. GEORGE & WELLS KING & YUVAL LEVIN & RAMESH PONNURU & LEAH LIBRESCO SARGEANT & W. BRADFORD WILCOX & ALLAN C. CARLSON & HELEN ALVARÉ & ABBY MCCLOSKEY  
September 21, 2022 6:30 AM



Opinion: Post-Roe, the GOP is stepping up to support American families

Opinion by Owen Cass  
Published 5:43 PM EDT, Wed July 13, 2022  
Facebook Twitter Email Print



PERSPECTIVE OPINION FAMILY

Perspective: What family policy should look like in post-Roe America

An expanded child tax credit would support parents in a way that values both work and marriage  
By Brad Wilcox and Wells King | May 12, 2022, 11:00pm CST

BREAKING THROUGH:

FAMILY SECURITY ACT 2.0

FEBRUARY 2021

Senator Romney releases his Family Security Act around the time American Compass publishes the Family Income Supplemental Credit (Fisc) proposal. Compass hosts an event with Romney to discuss the proposals and, in the pages of the *New York Times*, advocates for a reciprocal social contract model for supporting working families.

APRIL 2021

Senator Hawley releases the Parent Tax Credit, which adopts a similar structure to the Fisc for targeting support to working families.

2021-2022

In op-eds, events, and media appearances, Compass makes the case for tying the credit to work, supported by original polling showing that Americans support the Fisc's approach.

JUNE 2022

Senators Romney, Burr, and Daines propose the Family Security Act 2.0, modeled closely on the Fisc, gaining support from across the conservative spectrum, laying the groundwork for serious progress in the next Congress.

# Financialization

## DIRECTING CAPITAL AND TALENT TOWARD PRODUCTIVE INVESTMENT

Robust financial markets are vital to a productive economy. But they are not an end unto themselves. Their task is to facilitate investment by connecting capital to its most valuable uses at the lowest possible cost.



**I**n recent decades, American finance has metastasized, claiming a disproportionate share of the nation's top business talent and the economy's profits, even as actual investment has declined. Businesses, rather than invest their own profits in growth and innovation, increasingly disgorge capital back into the market, where it flows into speculative frenzies that drive the prices of existing assets higher rather than creating new ones. The private equity and hedge fund industries have captured hundreds of billions of dollars in fees while underperforming simple market indices. Strategies that load debt onto companies place workers and their communities at risk while transferring the profits far away. This "financialization" of the American economy weakens the nation and threatens our future prosperity.

The policy problem is one of omission: Economists and regulators expect investors pursuing profit to allocate capital "efficiently," which they assume also means "productively." But as Adam Smith knew well, the pursuit of private interest will only advance the public interest under certain conditions. Clearly, those conditions do not hold today.

Building on our work on Coin-Flip Capitalism and research on how corporations are failing to invest in our nation's productive capital base, we've continued to engage with the financial industry's staunchest defenders.

47%

of publicly-traded corporations return so much cash to shareholders that they allow their own capital bases to erode, up from just 6% from 1971-85.

THE RISE OF WALL STREET AND THE FALL OF AMERICAN INVESTMENT



Early this year, the American Enterprise Institute's Michael Strain spoke with Oren Cass on our Critics Corner podcast series, where we invite our critics to join us for a good-faith discussion of where and why we disagree—and some unexpected common ground. Oren also joined David Bahnsen for a two-part conversation on his Capital Record podcast at *National Review*, digging into where our perspective departs from that of free-market fundamentalism on everything from trade to labor to financial markets.

POLITICO PRO

Republicans to Wall Street: We're so over you

GOP lawmakers are singling out major asset managers as likely targets because of climate investing practices they see as hostile to oil, gas and coal.

BY ZACHARY WASHBROOK, SAM SUTTON | 11/20/2022 10:30 AM EST

6P Sunday, December 18, 2023

dallasnews.com The Dallas Morning News

By WELLS KING

A billboard in London recently featured a bare advertisement for the tobacco giant H&M. It depicted an androgynous person using a massive and a bold message: "Gender's just too f---ed for brands."

ES&C would seem to have no business interest in gender theory, except that the bank, too, rejects borders. The bank lobbied aggressively against Brexit in 2016 and has positioned the result ever since. The line of capital flows is no coincidence.

The same goes for much of corporate behavior today. On the inside of the board, major corporations have aligned themselves publicly with progressive political and social causes, from LGBTQ+ pride and abortion rights to racial justice and climate change. A certain business long served as the artist: cultural institutions, universities, think-tanks and so-called Republicans.

But the U.S. Chamber of Commerce has since given up its old partisan loyalties, and "woke" corporate think tanks have been replaced by a new golden rule. As Apple Inc. chief executive Tim Cook has said: "You don't have to choose between doing well and doing good." The pursuit of profit now follows the march of social justice.

Observers have struggled to make sense of these developments. But conservatives are puzzled in finding betrayed just as progressives are right to be wary of their new corporate allies. While corporate activists, as the ES&C example attests, is primarily an attempt to launder self-interest through liberal ideology and to renege on actual obligations.

While corporate publicizing takes many forms, American business has interested in public relations in a variety of ways in recent years. The marketing has become commission-based, pushing progressive political narratives under the pretense of fairness. Climate change has become "socially responsible," the NFL declares that "Black is best" and so on.

Beyond this so-called brand activism, corporate activism has become a regular tactic in Republican politics. For the past 30 years, corporations have used their market power to force the repeal of legislation, threatening high-profile boycotts in states like Illinois, North Carolina and Georgia.

Some corporate activists can plausibly be explained by a straightforward business logic. After all, maintaining a progressive reputation can serve the bottom line. For example, a company that is seen as socially responsible can attract more customers, employees, business partners, communities and shareholders.

But historically, legislation granted corporate charters for narrowly prescribed purposes, the statement, signed by nearly 200 CEOs, contained a particular set of responsibilities to customers, employees, suppliers, business partners, communities and shareholders.

What often distinguishes woke capitalism is how it employs quasi-governmental power to enforce its ideology. Nonprofit organizations like the Open Society Foundations, the

where direct accountability is more achievable, shareholders and workers.

To better hold woke corporations accountable to their shareholders, policy reform could open new avenues for litigation. For example, shareholders could be granted the privilege to sue corporations for violating their fiduciary duty when they engage in political activities unrelated to their primary business.

Expanding public companies and their executives to litigation in this way could prove to be a powerful countervailing force against the worst woke impulses. See, Marc Rubin's Mind Your Own Business Act would create just this sort of legal constraint on public corporations and their executives on behalf of shareholders.

Other reforms could build structures within companies for workers to ensure their voice in the boardroom. A 2019 report from the

any parties involved the

THE SMOKE SCREEN OF CORPORATE ACTIVISM

American business tries to launder self-interest through liberal ideology, renege on obligations

Wells King's feature essay in the *Dallas Morning News* on how to hold corporations accountable for their responsibilities to workers, communities, and the nation.



Oren Cass discusses the downsides of financialization at the Intercollegiate Studies Institute's American Economic Forum.

“The more leveraged takeovers and buyouts today, the more bankruptcies tomorrow.”

JOHN SHAD, SEC CHAIRMAN, 1984

# Tech

## DEVELOPING THE TOOLS TO REGULATE THE INFORMATION AGE

The Information Revolution of the past 30 years has wrought the most dramatic economic and social transformation since industrialization. Its products, services, and infrastructure mediate the transaction of most commerce, the dissemination of most ideas, and an increasing share of human interactions.

As with any wave of technological progress, these changes bring enormous benefits in efficiency and flexibility. And perhaps the costs are less obvious than during the early years of industrialization, when adults saw not only their life expectancy, but also their wages and their heights decline while children came to account for half of textile workers and a third of coal miners. Still, the costs are real. Our attention spans are getting shorter, and our children have nearly unlimited access to hardcore pornography and addictive social media. A new form of economic precarity has taken root all around us, as “gig” platforms attempt to convert stable jobs into on-demand temp work. Investors snap up real estate in residential neighborhoods to list online as hotel rooms.



It is no longer 1995. America adopted a spirit of so-called “permissionless innovation” in the Internet’s early years, when the footprint of digital technologies was small, the pace of change rapid, and the contours of what might emerge not yet apparent. But cutting-edge innovations have matured into the world’s most valuable corporations, and policymakers must begin grappling with the resulting challenges, which extend far beyond the free speech and market concentration concerns associated with debates over “Big Tech.” Someday, Americans will contemplate the ungoverned days of the Information Revolution as incredulously as they look back at the early decades of the Industrial Revolution. *Children did what?!*

We have focused particular attention on the issue of protecting children online. Chris Griswold's lead essay in the spring issue of *National Affairs*, "Protecting Children from Social Media", draws an analogy between current debates and ones early in the prior century over child labor. A range of economic interests and ideological commitments stand arrayed against what should be a fundamental concern for the well-being of children. Rather than worry about implications for "growth" and "innovation,"

American policymakers should focus on preserving an appropriate environment for children's development, for instance by creating an easy mechanism for online age verification.

Newsweek

OPINION

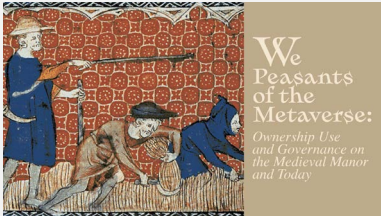
An Early Conservative Victory in the War on Big Tech | Opinion

WELLS KING, RESEARCH DIRECTOR, AMERICAN COMPASS  
ON 10/3/22 AT 6:30 AM EDT



“Policymakers will need to resist the temptation to consider technology policy primarily through the lens of what will maximize economic dynamism or best promote innovation. These are not the concerns that we should allow to dominate, nor are they typically ones we consider, when confronting issues of child safety.”

PROTECTING CHILDREN ON SOCIAL MEDIA



POLITICO

The GOP's new path to the future

By DEREK ROBERTSON | 11/30/2022 04:00 PM EST

“The slogan-filled non-arguments about ‘permissionless innovation’ being the source of American power and of Silicon Valley's greatness are fundamentally false.”

WELLS KING

The American Conservative

Myth-Busting Silicon Valley

If America's technology sector had a "founder" it was Uncle Sam.

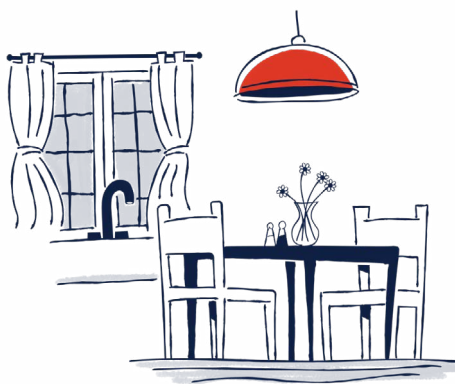
Wells King  
Nov 28, 2022 | 12:00 PM



# Understanding America

## LISTENING TO THE CONCERNS AND ASPIRATIONS OF THE AMERICAN PEOPLE

The Americans who become policymakers and pundits are, generally speaking, drawn from a remarkably narrow sliver of the national population. They tend to be academically gifted and career-oriented. Their lives tend to follow a particular script that takes them far from home, to selective colleges and then white-collar jobs in a small set of coastal cities. They get married to each other and have children on a schedule conducive to their professional goals.



None of these characteristics are necessarily bad ones—to the contrary, in many cases they are quite admirable, and ones useful to effective policymaking. The problem emerges when the people exercising political power all have the *same* characteristics and, in contact only with each other, come to assume that the people they serve must all be like that, too.

At American Compass, we work to understand the wide range of values that shape American lives and the ways those conflict with the assumptions that guide national policy debates. We develop tools to help policymakers better understand their constituents and the areas in which their policy agendas are falling short.

For instance, rather than generating the usual partisan fodder, our public opinion surveys explore Americans' life circumstances and priorities. Our Home Building Survey examines the family structure and caregiving arrangements that Americans of different education and income levels prefer, while our Not What They Bargained For Survey examines the employment conditions of American workers and the labor-management relationships they desired. A two-part survey, Failure to Launch and Failing on Purpose studies the paths that young Americans take through the education system and the purposes they and their parents most want that system to fulfill.



Our Compass Point essay series featured contributions from writers across the political spectrum on issues including trusting experts, home-work balance, and the intellectual lineage of "free trade."

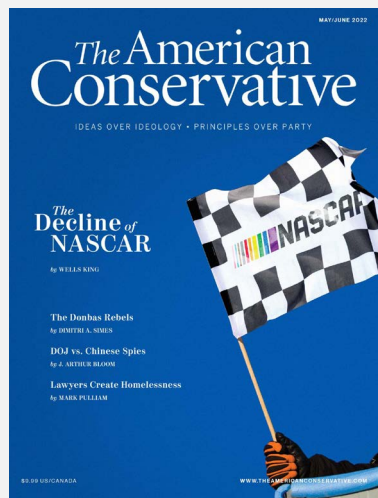
For every young American on the idealized path, there are ten who never enroll in college or else fail to complete a degree.

In a *Compass Point* essay, philosopher Oliver Traldi discussed the difficulty and importance of protecting the public square from the "cult of expertise," writing:

"This rational populism has not been sitting well with the expert class, which finds democracy an inconvenient obstacle to technocratic rule. Thus the recent emphasis on 'cognitive biases,' which treat the typical citizen as not only a non-expert himself, but also incapable of identifying the *real* experts or aggregating his opinions with other non-experts to achieve a reasoned result. ... Alongside the technically framed analyses of how people misprocess correct information comes an assumption that they are also cheaply programmable, easily gulled by puppeteer propagandists and 'Fake News.' Only the experts, then, can tell us who is truly an expert. Only someone untrustworthy would not trust them."



At the Aspen Ideas Festival, Oren Cass joins a panel with Sarah Bloom Raskin and Gene Ludwig, moderated by David Leonhardt, on new ways to measure our economy.



Wells King's cover story in *The American Conservative* on the decline of NASCAR and how elites have betrayed their working- and middle-class base.

# Membership

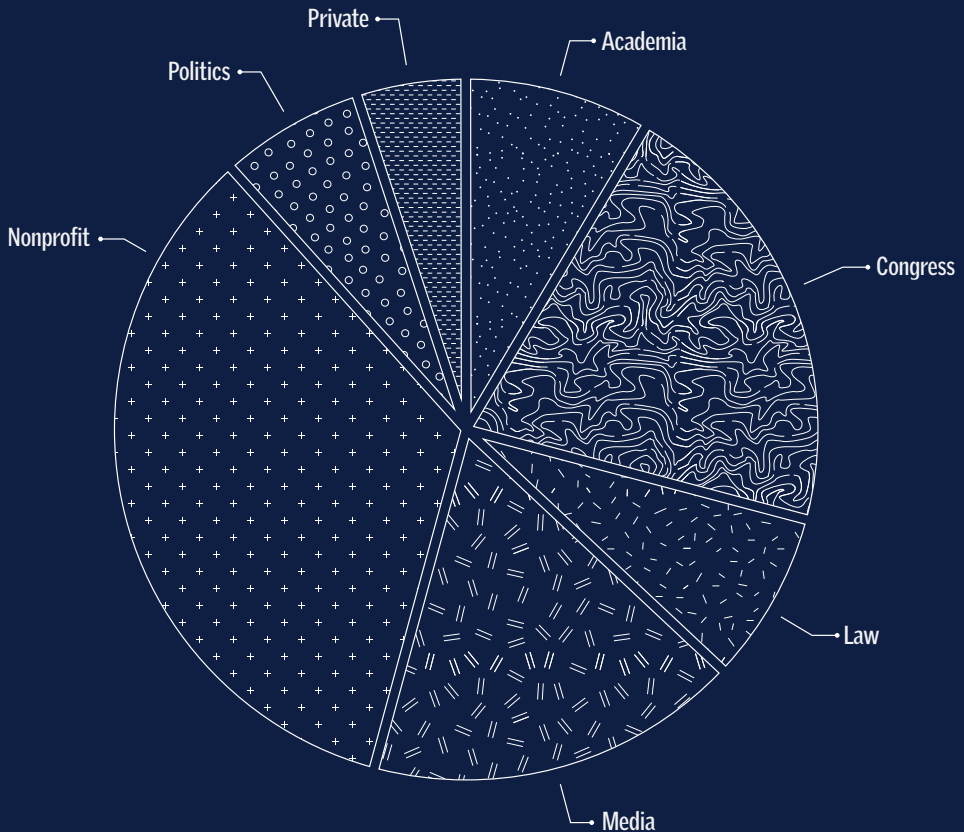
## OUR MEMBERS

137 members

Living in 15 states

Working in 15  
congressional offices

## FULL BREAKDOWN





The American Compass membership group swelled to over 130 members this year, spread across 15 states and playing leading roles on Capitol Hill, at nonprofits, and in media, law, and academia. Our members comprise a truly engaged community, which gathers every month for a happy hour at the American Compass office, for salon dinners and day-long workshops, and for a reception to give career advice to summer interns in Washington. At our annual holiday party, which kicked off at the “Coin-Flip Capital” headquarters—our lighthearted jab at the private equity industry—new and old

friends came together, many with family and children in tow.

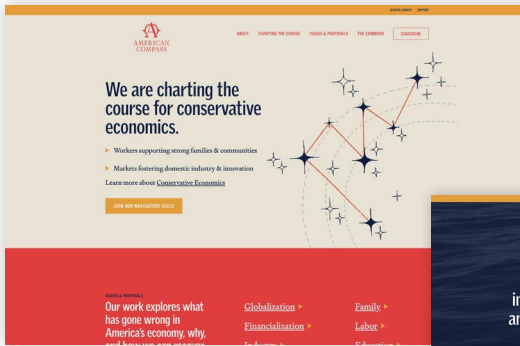
The highlight again this year was our second annual membership retreat, where members convened on the Eastern Shore of Maryland for a weekend of policy discussions, a boat ride, trivia, and time with good friends and their families. The program featured discussions about realignment politics and messaging, media and institutions, corporate governance, and national security. Featured guests included Hon. Jeff Sessions, *Washington Post* columnist Henry Olsen, and *American Affairs* editor Julius Krein.



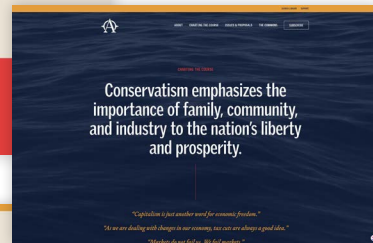
# Compass Online

We rebooted AmericanCompass.org this year. When it was first built for our launch in 2020, we didn't have much to feature; over the last two-and-a-half years we have produced hundreds of essays, proposals, blog posts, podcasts, and more.

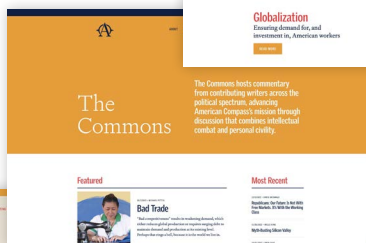
We aimed to rebuild it with policymakers in mind, creating a truly in-depth resource on every topic we work on, explaining the roots of conservative economic thinking and laying out actionable policy proposals.



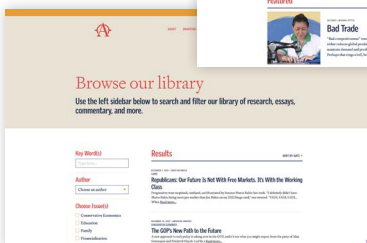
Charting the Course presents the underlying principles of conservative economics, introducing visitors to the importance of Productive Markets, Supportive Communities, and Responsive Politics.



A page dedicated to each of our policy areas explains in detail our approach to the topic and highlights our most important work.



The Commons is our home for commentary from across the political spectrum, including our popular *Compass Point* essay series.



Our new Library makes it easy to search and filter our research, essays, commentary, and more.



# New Initiatives

As the go-to source for serious, conservative policy ideas, this year we launched several new initiatives to reach policymakers and other leaders more effectively with our thinking and proposals. These new tools have multiplied our reach and influence.

## POLICY BRIEFS

Our policy brief series presents policy proposals in a digestible format, laying out the case for action, the steps policymakers should take, responses to “frequently raised objections,” and reading suggestions to dig into the issue further.

Thus far, we have proposed the following ideas in our policy briefs:

- Workforce Training Grant
- Online Age-Verification System
- Import Certificates
- Market Access Charge
- Global Tariff
- Worker-Run Benefits
- Student Debt Relief in Bankruptcy
- Self-Financing by Colleges
- Family Income Supplemental Credit

Alongside each policy brief, we release an episode of our new podcast series, Policy in Brief, in which executive director Oren Cass and policy director Chris Griswold discuss the proposal, the research backing it up, and come up with some creative bill names.



## CASE STUDIES

Many of our policy proposals have a proven track record of success that few people are aware of. Our case studies dig into these stories, showing the critical role government has played in the success of industries like auto manufacturing and technology.

Few Americans would think of President Reagan as an industrial policy booster, but in “The Import Quota that Remade the Auto Industry,” we show how he negotiated a quota on Japanese car imports that bought Detroit time to retool and spurred massive foreign investment in a new manufacturing base in the South.

Capitol Hill may be far from Sand Hill Road, but Congress has its own, incredibly successful venture fund in the form of the Small Business Innovation & Research program. “Uncle Sam’s Top-Performing Venture Fund” shows how early stage investing through “America’s Seed Fund” has provided critical support to the major technological breakthroughs made by many of America’s most innovative companies.

Silicon Valley’s “cult of the founder” has led many to believe that our most successful technology companies were the result of “permissionless innovation” in a Palo Alto garage. But in “Silicon Valley’s Public Garages,” we examine the indispensable and effective role of public policy in building the digital age.

EST



2020

AMERICAN

COMPASS

CASE STUDY

The Import Quota That Remade the Auto Industry

Wells King & Dan Vaughn, Jr.

September 2022

EXECUTIVE SUMMARY

In 1980, Japanese automakers were trouncing Detroit’s “Big Three” in the American car market. After decades of intensive state support, Japanese firms had developed the world’s most efficient production processes and made the highest-quality cars. Without the time and resources to retool, American automakers risked bankruptcy and mass layoffs. President Ronald Reagan negotiated a quota on Japanese imports that stemmed competition for four years, bought Detroit time to retool, and spurred massive foreign investment in a new manufacturing base in the South that created hundreds of thousands of American jobs.

KEY LESSONS

**International economic competition defies free-market dogma.** According to market fundamentalists, free markets are supposed to create incentives and competitive pressures that spur productivity and innovation. Active efforts by policymakers are supposed to backfire.

The Japanese auto industry, insulated from foreign competition and subsidized by the state, was not a catastrophic failure, but a global leader in quality and innovation. America’s open market did not foster more resilient, productive, or innovative firms; it exposed them to near-fatal import competition. Only when American policymakers stepped in did the domestic manufacturing base improve and grow.

**Rounded markets channel investment and competition in the national interest.** Blunt constraints that set market boundaries, while encouraging competition therein, help to ensure that capitalism’s power is serving the national interest. Rather than fostering sclerosis and cronyism, the import quota encouraged innovation, spurred investment, and boosted long-term production.

*Trade barriers create new incentives for investment.* Cars made in America were exempt from the import quota, which led Japanese automakers to invest in U.S.-based assembly facilities.

*Production is a function of past policy and investment choices.* Once assembly moved onshore, Japanese firms had incentives to onshore the rest of their value chain—production, research, and design—and they’ve chosen to continue their American investments long after the import quota was lifted.

KEY FACTS

\$25+

BILLION

in foreign capital investment (2022 dollars)

8

new auto assembly plants

300+

new production facilities

100K+

new American jobs

Today, Honda and Toyota have among the highest domestic content of cars sold in America.

## HILL BULLETINS

---

Several times a month, we share this work with policy staff on Capitol Hill through our Hill bulletins—curated emails from policy director Chris Griswold that explain our latest policy proposals and offer our expertise to offices interested in pursuing them. Through these bulletins, we have reached several thousand House and Senate aides, leading to productive discussions and inroads to policymakers open to our approach to conservative economics.

## POLICY WORKSHOPS AND SORTIES

---

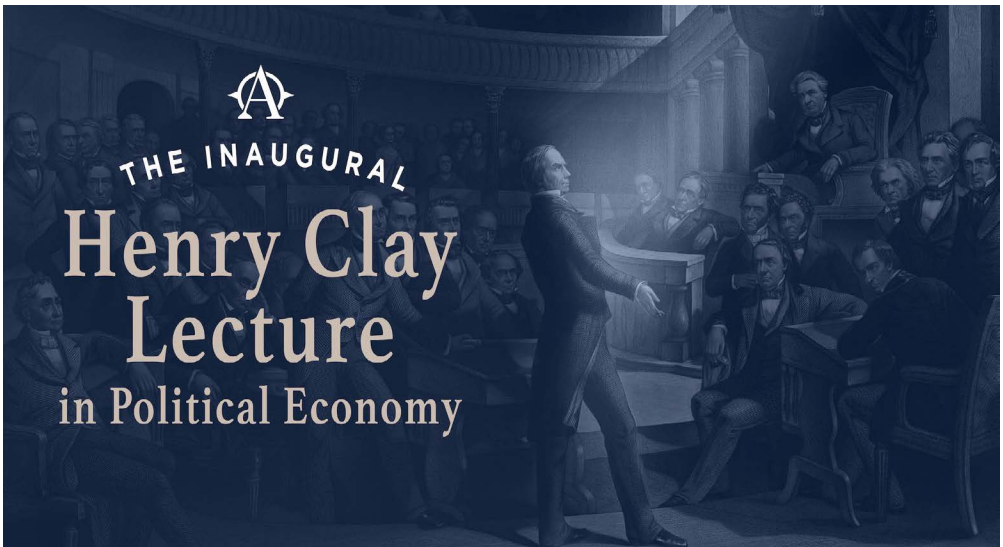
This year we began bringing together experts, writers, and practitioners for day-long workshops on pressing issues like financialization and education reform. At our Sorties, we invite a select group of our members to join a featured speaker for a day of learning and discussion: This year, we hosted a Spring Sortie on monopoly power and competition

policy and a Fall Sortie on the financialization of the American economy. Over the summer, we convened education experts, reformers, and practitioners for a policy workshop on rethinking the “college-for-all” model in the U.S.

## HENRY CLAY LECTURE

---

At the very end of 2021, we hosted our first Henry Clay Lecture in Political Economy, featuring Senator Marco Rubio on the 20th anniversary of China’s ascension to the World Trade Organization assessing how the flawed bipartisan economic consensus went so tragically wrong and where conservative economic policy should go from here. Following the lecture, the *Washington Post*’s James Hohmann interviewed Senator Rubio about the U.S.’s stance toward China, the decades-long, failed embrace of globalization, and how conservatives should think about revitalizing American industry today.



## New Office



Early this year, we pulled up our stakes at a coworking space we'd outgrown and settled into a new home in Eastern Market, a converted yoga studio that, delightfully, had been called the Realignment Studio. Thus far it's been a fantastic home for conservative economics, playing host to several events, happy hours, and strategy sessions already this year.

## Summer Analysts



We launched our first-ever internship program this year, hosting three summer analysts for 10 weeks. They worked as integral parts of our team, focused on research, policy, and communications, and engaged with all that Washington has to offer at events, lectures, and a day trip to Mount Vernon.

# Our Team

## BOARD OF DIRECTORS

**Amb. Robert Lighthizer**  
*Former U.S. Trade Representative*

**Oren Cass**  
*American Compass*

**Neil Patel**  
*The Daily Caller*

**Julius Krein**  
*American Affairs*

**Jonathan Baron**  
*Baron Public Affairs*

**Michael Neeedham**  
*Office of Senator Rubio*

**David Azerrad**  
*Hillsdale College*

All institutional affiliations are provided for identification purposes only.

## AMERICAN COMPASS TEAM

**Oren Cass**  
*Executive Director*

**Abigail Salvatore**  
*Communications Director*

**Wells King**  
*Research Director*

**Emily Davis**  
*Chief of Staff*

**Chris Griswold**  
*Policy Director*

**Duncan Braid**  
*Program and Policy Manager*



## OUR MISSION

To restore an economic consensus that emphasizes the importance of family, community, and industry to the nation's liberty and prosperity.

## OUR PRINCIPLES

**AMERICAN COMPASS** strives to embody the principles and practices of a healthy democratic polity, combining intellectual combat with personal civility.

We welcome converts to our vision and value disagreement amongst our members.

We work toward a version of American politics that remains inevitably partisan and contentious but operates from a common commitment to reinforcing the foundations of a healthy society.



**Reorienting political focus** from growth for its own sake to widely shared economic development that sustains vital social institutions.

**Charting the course** for a nation where families can support themselves, contribute to their communities, and prepare the next generation for the same.

**Helping policymakers navigate** the limitations that markets and government each face in promoting the general welfare and the nation's security.

## OUR ACTIVITIES

**AFFILIATION**

Providing opportunities for people who share its mission to build relationships, collaborate, and communicate their views to the broader political community.

**DELIBERATION**

Supporting research and discussion that advances understanding of economic and social conditions and trade-offs through study of history, analysis of data, elaboration of theory, and development of policy proposals.

**ENGAGEMENT**

Initiating and facilitating public debate to challenge existing orthodoxy, confront the best arguments of its defenders, and force scrutiny of unexamined assumptions and unconsidered consequences.

# Help us build a strong foundation.

When we formed American Compass, we knew that the standard base of financial support for right-of-center organizations might not be available to us because of our willingness to question ideas that have long since become stale dogma. For this reason, an active part of our project is developing a network of people and institutions who are committed to a healthy conservatism and a strong nation. **We hope you'll join us in that cause.**

## How to Support American Compass

You can donate to American Compass via check, wire, stock transfer, or online at **[americancompass.org/donate](https://americancompass.org/donate)**.

The **Navigators Guild** is our engaged community of dedicated donors. To learn more about opportunities to participate, please visit **[americancompass.org/guild](https://americancompass.org/guild)**.

## CONTACT US



**American Compass**  
300 Independence Ave SE  
Washington, DC 20003  
[contact@americancompass.org](mailto:contact@americancompass.org)



