

letter from the president



For over twenty-eight years, the Pacific Research Institute has championed freedom in all spheres. When PRI was founded in 1979, the cause of liberty was in apparent eclipse, as the advocates of the all-controlling state held sway in capitols across the world. Liberty's cause has had its ups and downs since, but one thing has remained constant — our dedication to keeping that cause alive.

Today, it seems that freedom's fortunes are again in the spotlight and under scrutiny: the past decade has seen tremendous advances in the forces of state control and regulation in America, ranging from the extension of federal involvement in local education, to the greatest increases in government spending in a generation, to the recent and growing pressures for the *de facto* elimination of the market economy in the name of "global warming." Indeed, the challenges to liberty now are as strong as they have ever been.

But we must remember that as strong as those forces are, freedom is stronger. Like the blade of grass that shoots up through the pavement, liberty is irrepressible — because it is the very foundational virtue of the human spirit, and because truth and history are on its side. The American Founders recognized this and held it to be self-evident. PRI agrees. That's why we've fought this fight for almost three decades.

As you read this **Impact Report**, you'll see that, as always, it is divided according to our policy areas: this month, Business and Economics, Health Care, and Education. Our Technology Studies unit is being reorganized, and will shortly return with more and better work toward the liberation of the engine of the 21st century economy.

We segment our work for the sake of efficiency and specialization, as with any scholarly endeavor or institution. But make no mistake: unlike our peers in traditional academia, we do not regard our areas of specialization as islands unto themselves. Human liberty, although exercised in a thousand different spheres, is a unity, and PRI never forgets that basic truth. That's why we are unafraid to step outside the confines of our formal research areas to support liberty-minded Americans wherever and whenever we may. Our recent sponsorship of a luncheon with the distinguished scholar of Islam and the Middle East, Dr. Daniel Pipes, is a prime example of that willingness. Freedom's cause finds a front in every realm, and PRI is its staunch ally in all of them.

As we move into the waning years of the first decade of the new century, rest assured that we are constantly assessing where we may best bring our expertise and energy to bear on liberty's behalf. Today, PRI makes its enduring mark in Business and Economics, Health Care, Education, Technology Studies, and Environmental Studies. Tomorrow may reveal new and exciting areas of research — and whatever they are, they will be for the liberty and freedom that is the American birthright.

Sally C. Pipes

President and CEO

may 2007



business and economic studies

key issue | Lawsuit Reform Battles are Reignited in Public Debate

policy briefing

While many state legislatures are out of session, lobbyists and concerned citizens have taken to the public sphere to shape next session's policy agendas. One issue that has been hotly debated has been lawsuit abuse reform, sparked by newly released findings on the cost of America's tort system.

pri perspective

According to PRI's report *Jackpot Justice: The True Cost of America's Tort System*, the annual accounting cost of the American tort system is \$865 billion. Of that amount, \$737 billion is in social costs to Americans, translating to \$9,827 for a family of four. The report also found that the excess cost associated with the American tort system is \$589 billion annually. As a previous PRI study, the *U.S. Tort Liability Index*, showed, states have adopted numerous reforms to reduce costly lawsuit abuse, but *Jackpot Justice* shows there is much room for improvement.

pri impact

• In Washington, D.C., PRI's Lawrence J. McQuillan discussed his new report *Jackpot Justice: The True Cost of America's Tort System* with executives of the National Automobile Dealers Association; representatives from the President's Council of Economic Advisers, the Federal Reserve System, the Committee on Energy and Commerce in the U.S. House of Representatives; the Federalist Society; the American Enterprise Institute; and with an assistant to Vice President Dick Cheney.

- The National Association of Manufacturers cited PRI's *Jackpot Justice* in an editorial on their website titled "Tort Reform: Lost Opportunity in Oklahoma."
- Lawrence was interviewed on "America's Business with Mike Hambrick," a radio talk show in 70 markets nationally, where he discussed the main findings from *Jackpot Justice* and stressed what they mean for families, health care, and U.S. business competitiveness.
- Lawrence gave a briefing on *Jackpot Justice* to the Operating Committee of the Civil Justice Reform Group, which consists of CEOs and general counsels of *Fortune* 100 companies.
- The *Montgomery Advertiser* (Alabama) published an op-ed by Ralph Cook, president of the Alabama Trial Lawyers Association, attacking the findings of *Jackpot Justice*. The paper published rebuttals by Lewis Fuller, owner of a medical supply company and president of Alabama Voters Against Lawsuit Abuse, and by PRI's Lawrence McQuillan.
- Senior Fellow Steven Hantler appeared on C-Span's *Today In Washington* about how tort reforms have affected state performances in indices such as PRI's *U.S. Tort Liability Index*.
- Other press exposure regarding PRI's legal reform efforts appeared in the *Detroit News*, the *Fort Collins Coloradoan*, and *Birmingham News*.

education studies

key issue | School Choice Progress

policy briefing

This is a banner year for school choice around the country. New voucher laws have been enacted in Utah and Georgia, while other states have expanded their choice laws.

pri perspective

In the face of school choice victories in other states, California's continuing resistance to choice threatens to leave California's kids further behind in academic achievement. While Sen. Dianne Feinstein voted for school choice vouchers for Washington, D.C., students, she and her fellow Democrats who control much of the political power in California have failed to give the same choice opportunities to California parents and students. Governor Arnold Schwarzenegger, unfortunately, has played it safe by simply proposing more education spending for things like art and P.E. Meanwhile, students are stuck in the state's poor-performing school system. If California wants to continue to be on the cutting edge of innovation, then let it address its worst problem, bad education, with school choice reforms like vouchers and tax credits that other states are implementing.

pri impact

- In New York, Lance Izumi was interviewed for a television documentary on school choice where he discussed the poor state of public education and the reasons for enacting school choice laws.
- The *Orange County Register* published Vicki Murray's op-ed, "Georgia joins school voucher states" and her "School reform not about resources" and *Flash Report* published Lance's op-ed, "How to ensure physical education accountability."
- Vicki discussed open enrollment and choice options with California Assemblyman Bob Huff, Republican Caucus chair and Assembly Assistant Minority Leader Mimi Walters.
- Vicki worked with the Georgia governor's office and legislative leaders on how the school choice law should push California to adopt similar legislation.
- Lance gave a speech on his book *Free to Learn: Lessons from Model Charter Schools* and his study *Facing the Classroom Challenge: Teacher Quality and Teacher Education in California's Schools of Education* in Carson City, Nevada in an event sponsored by Parents for Quality Education.
- Vicki was interviewed by Capitol Television News Service on California legislation to create an expensive government preschool program.
- Lance gave the keynote luncheon speech the Values Advocacy Council on the California *Education Report Card*.
- Lance met with New York City school system's deputy chancellor, chief financial officer, and chief accountability officer to discuss Mayor Michael Bloomberg's education reforms and how they may be transplanted to California.

may 2007



health care studies

key issue | Likely Health Reforms in California Will Cause Harm

policy briefing

Governor Schwarzenegger and Democratic legislators have proposed sweeping and overlapping health reforms that they wish to see approved this year.

pri perspective

As in many parts of the country, likely California health reforms are based upon a simple narrative: uninsured residents swamp emergency rooms causing financial distress to hospitals, which increase insurance premiums. To eliminate this crisis some state officials want to mandate uninsured residents to buy health insurance. PRI's analysis demonstrates that this is not the case. Medi-Cal and Medicare cause private payers to pay high prices for insurance. PRI hosted a panel this month titled *Vital Signs & Side Effects: The Consequences of Likely California Health Reform* in Sacramento where health care experts addressed Governor Schwarzenegger's universal health insurance plan and its anticipated effects.

pri impact

• John R. Graham hosted and Sally C. Pipes moderated *Vital Signs & Side Effects* with expert panelists Tine Hansen-Turton of the Convenient Care Association, J. P. Wieske of the Council for Affordable Health Insurance, Michael Shaw of the National Federation of Independent Business, and Herb Schultz, Special Advisor to Governor Schwarzenegger.

- Sally wrote "Bully Bargaining" for *RealClearPolitics.com* and *Yahoo News.com*, critiquing a recent federal proposal that would require American companies to sell drugs to foreign exporters at rates determined by foreign governments. Fortunately, the senate failed to pass the bill.
- Sally debated Jonathan Cohn, senior editor of the *New Republic*, who thinks it is a good idea to impose France's "showcase" health-care system on America. She also spoke at a health care forum sponsored by the *Atlantic Monthly* in Washington, D.C.
- Diana Ernst's opinion piece, "Labeling will do little to spur safe consumption" was published in several papers including the *Fresno Bee*, the *Miami Herald*, and the *Charleston Gazette*. In it, she critiqued legislation that mandates labels for imported foods.
- John and Diana wrote this month's *Health Policy Prescriptions*, "Health, Charity, and Leviathan," about American charitable giving to health care, and how much more Americans could be donating to health care but for the rise of the government-inspired welfare state and its drain of our tax dollars.
- Sally's op-ed in the *Boston Globe* on the first anniversary of the Massachusetts Health Care Plan, outlined some of the flaws in the plan, including high projected costs, perverse incentives, and increasing government regulations. She also appeared on *The NBC Nightly News* with Brian Williams in a segment on the issue.