



# Former Minnesota Governor Arne Carlson

## System cries out for courage

A Civic Caucus Role of Minnesota's Governor Interview

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### Present

John Adams, Steve Anderson, Janis Clay (executive director), Paul Gilje, Randy Johnson, Ted Kolderie, Paul Ostrow (chair), Bill Rudelius, Dana Schroeder (associate director), Clarence Shallbetter, T. Williams. By phone: Arne Carlson, Audrey Clay, John Hayden.

### Summary

Minnesota's political system cries out for courage, especially from the next governor, according to former Minnesota Governor Arne Carlson, who served from 1991 to 1999. He says instead of showing courage, candidates today are constantly running polls and being told what to say and what not to say. The result is that all the candidates look alike and none has put forth an exciting agenda for tomorrow. Carlson says we must get back to a system that de-emphasizes politics and emphasizes public policy.

Carlson believes the next governor should start out by convening a major commission on the future that could plan the state's financial future, bringing in all the various sectors that form Minnesota's economy. The commission should be independent of the governor, but should have input into how the state agencies are governed. He also believes we should re-establish the State Planning Agency, which was formed in 1965 and abolished in 2009.

Carlson recommends five fundamental reforms: (1) Put together a quality sunshine law, so taxpayers know how their money is being spent; (2) Bring back the Minnesota News Council; (3) Deal with conflicts of interest in the public and private sector with disclosure of those conflicts; (4) Bring in talented, well-meaning people from all the various sectors to figure out how we can create a better system of government; and (5) Move the party primaries to June to allow the public to choose the candidates and to weaken the caucus system.

He also says we should cut back on the number of staff at the Legislature, forcing legislators to do their own research, so they know what they're talking about. And he's open to the idea of using ranked-choice voting in the gubernatorial selection process. He says the Metropolitan Council should remain an appointed body.

## Biography

Arne Carlson is a former Republican governor of Minnesota, serving from 1991 to 1999. Prior to his two terms as governor, he served as State Auditor of Minnesota from 1979 to 1991 and as a member of the Minnesota House of Representatives from 1971 to 1979. He served one term on the Minneapolis City Council, from 1965 to 1967, and was the Republican candidate for mayor in 1967, losing to DFL incumbent Art Naftalin.

During his first year in office, Carlson battled the Legislature over how to manage a \$1.3 billion deficit. His emphasis on sound management stabilized the state's financial reserves, restored its AAA bond rating and laid plans for its long-term financial health.

Under Carlson, the Legislature created MinnesotaCare in 1992, extending health care to nearly all Minnesotans through a tax on providers. In 1991, Carlson signed the nation's first chartered school law and initiated school-choice legislation. In 1993, he signed into law the Minnesota Human Rights Act, which banned LGBT discrimination in housing, employment and education. He also fought to protect wetlands and his efforts to clean up the Minnesota River earned him the National Great Blue Heron award in 1995.

Carlson was born in New York City, the son of Swedish immigrants. He attended New York City public schools until he received a scholarship to attend The Choate School in Wallingford, Conn. He is a 1957 graduate of Williams College in Williamstown, Mass. He later attended graduate school at the University of Minnesota in Minneapolis.

Carlson returned to private life in 1999. He has remained politically active, giving speeches, endorsing candidates and speaking out on important issues.

## Background

Since September 2015, the Civic Caucus has been undertaking a review of the quality of Minnesota's past, present and future public-policy process for anticipating, defining and resolving major community problems. On Nov. 27, 2016, the Caucus issued its report based on that review,  *Looking Back, Thinking Ahead: Strengthening Minnesota's Public-Policy Process*.

In October 2017, the Caucus began **a series of interviews** with the major, announced candidates for governor of Minnesota. To accompany those interviews, which are ongoing, the Civic Caucus interviewed former Minnesota Governor Arne Carlson to probe his views on the role of Minnesota's governor and the characteristics a governor needs to fulfill that role today.

## Discussion

**Going back to the 1950s, we had certain pillars of strength in Minnesota's society that made governance a lot different from today.** Former Minnesota Governor Arne Carlson made that statement to begin his remarks. "We had a very strong partnership, formed by the Citizens League, among business leaders, who were largely Minnesotans; labor leaders, who were Minnesotans; the governing system and the political system," he said. At various Citizens League meetings, a lot of forward-thinking public policy was hashed out, he said.

"Both political parties were committed to the proposition that they owed to the community their best and brightest," Carlson said. He remembers early on being pleasantly surprised by the amount of talent in city and state government.

"And bringing a lot of that together was a very enlightened *Star* and *Tribune*," he said. "The Cowles family was among the best owners of a media system in the United States. "They were really dedicated to the proposition of what it is we can do to build Minnesota."

Carlson said when then-Governor Wendell Anderson was on the cover of *Time* magazine in August 1973, there was a nonpartisan, unified celebration that somehow Minnesota was now recognized and that overall, Minnesota could hold its head very high in comparison to other states. "The focus was on the phrase 'quality of life,'" he said. "It's interesting that today, that phrase is not on our lips. We're not discussing it."

**We've evolved into a system where we're managing the status quo.** Carlson made that remark and said when you're surrounded by an environment that is dynamic, you can't have a government that sees itself as static. "The result is that the public, in general, has basically concluded that government really doesn't work," he said. "Therein comes the building of a more siloed kind of society. The partnership of old, which motivated so many people both in the system and partially in the system, is kind of gone."

**Business leadership has largely been transferred from Minnesotans to non-Minnesotans.** Carlson made that statement and said, "They see their role as CEOs, CFOs and board members vastly differently than they did 40 years ago," he said. They focus on the quarterly returns, he said, and many employers do not live in Minnesota. "The same commitment we enjoyed in yesteryear is no longer there," he said.

**There has been massive turnover at the *Star Tribune*.** Carlson pointed that out and said the whole tonality of the paper and the quality has significantly changed.

"That has an impact, particularly on holding government accountable," he said.

**Political systems have slowly evolved more toward their extremes.** Carlson made that comment and said, "That makes the environment become less conducive to getting along, compromising and working together, and moves it more towards a win/lose situation. We're in the absurd situation today of a governor fighting a legislature over legislation he signed into law. And it seems to be irresolvable."

**We haven't formed the kinds of partnerships and participation in government that we used to have.** Carlson made that remark and asked if we can resurrect the partnerships. "We can't dictate

who owns a newspaper," he said. "We can't really decide how to resurrect a Citizens League. But we can use government to facilitate the same kinds of partnerships that we had in the past."

**Minnesota will be affected by external events like the new federal tax law.** Carlson made that statement and said the law will put enormous pressure on higher spending states like Minnesota, due to the non-deductibility of state and local taxes. It will make it difficult for businesses to attract middle-income employees, he said, because people will take state and local taxes into consideration.

"That will have an impact, in addition to the normal barriers we have," Carlson said. "If we don't come back with something that offsets that liability or build credibility in the quality of our governance, that will become a huge barrier."

He said Minnesota will have to review its entire tax system. "We must make sure the state spends efficiently, but how is it raising its money?" he asked. "Is it raising its money in ways that reflect today's marketplace and that maximize opportunity for all? We shouldn't assume that if something worked in 1926, it stays on forever. "We need to be a much more creative state in how we raise money and how we spend money."

#### **Carlson made several key recommendations:**

**1. We should start out with a major commission on the future.** He said we should bring in some good talent for the commission. He mentioned people like former Federal Reserve economist and early childhood education advocate Art Rolnick, former legislators and people formerly in the governance systems who excelled, former Carleton College president Stephen Lewis and retired HealthPartners CEO Mary Brainerd. Carlson's reason for recommending the commission is that Minnesotans have to be satisfied that the price they pay for their government is well worth it today.

"It's important to bring back a major commission that starts to plan our financial future and brings in the various sectors that form the Minnesota economy," he said. "It can be done in such a way that the commission is independent of the politics of the governor's office," he said, "but also has input as to how the state agencies are governed." He said he didn't think the private sector would have any problem working with the commission.

**2. We should bring in higher education for review.** Carlson said higher education has largely sat out the enormous pressure, especially on the financial front, for reform. "The result is that students are borrowing incredible sums of money," he said. "The liability rests with the students and ultimately with the public. The one institution that has no skin in that game is higher education."

We need to make higher education not just more affordable by saying the taxpayer has to pay more, he said, but also making it more affordable by modernizing higher education and making it more relevant to existing jobs. And we need to make it more cost-efficient in how it administers its own internal affairs.

**3. We should bring in reviews of K-12 education.** Carlson said too much of K-12 education is protected from realities through unions or through management. "The result is we're not serving children as we should," he said.

He said we must have an overall premise that we should offer equal opportunity to all children, regardless of their geography, regardless of their economic station in life. "Right now, we all know that we have a horrendous gap," he said. With the Internet, we can explore all kinds of creative ways to open up opportunities for a higher quality educational experience on the K-12 level than we currently have. He said we should revisit the role of chartered schools and the whole issue of school choice.

"How can we better fit those things into the overall scheme of providing better educational opportunities for our children?" he asked. "We have to be sure that the children in North Minneapolis, in Brainerd and in Edina all have equal access to quality education."

Carlson said we should be doing more like the European schools do by opening the doors to vocational training. "We lead too many students into higher education, rather than into vocational training," he said. "It's time we sorted out that issue." We should allow young people to identify their skills and then to pursue the academic career that will allow them to succeed in society, whether vocational training, college study or a hybrid. "It's imperative that we do that," he said.

### **Carlson said we must put in place the following fundamental reforms:**

#### **1. Put together a quality sunshine law so taxpayers know how their money is being spent.**

Carlson said it's an issue of transparency and fairness. There are too many areas of darkness, he said, particularly with regard to professional sports. "Increasingly, local government is closing its doors to voters, citizens and taxpayers relative to how their money is being spent," he said. "You're not entitled to know how your money is being spent, but you are entitled to pay the bill."

**2. Bring back the Minnesota News Council .** The News Council, which was founded in 1970 and folded in 2011, mediated disputes between the news media and the public or government officials. Carlson suggested there are ways government could put money into the News Council, but clearly stipulate that the council would be independent. "The News Council of yesteryear worked very, very well," he said. "It brought a sense of trust between the public and the providers of news. It had the ability to hold news organizations accountable."

**3. Deal with conflicts of interest in the private sector and in the public sector in a similar fashion.** When the conflicts involve government money, Carlson said, the public has a right to know from a very public disclosure. "That would go a considerable way toward trying to restore some sense of trust between those who govern and those who are served by government itself," he said.

**4. Bring in talented, well-meaning people from all the various sectors—the private sector, the labor sector, the nonprofit sector, the news sector—to figure out how we can create a better system of government.** "Government must recognize as it functions alone, it's not doing all that well," Carlson said.

**5. Move the party primaries to June and allow the public to choose the candidates.** That would weaken significantly the precinct caucus system, Carlson said. "That would be a blessing if we could democratize the process as to how we select our candidates," he said. "I think that would help draw some better quality into the system as a whole."

**The system cries out for courage.** Carlson gave that reply to an interviewer's question about what the single most important personal characteristic of Minnesota's next governor should be. He said former Minnesota Attorney General Warren Spannaus and former legislator Tom Berg were both very good public servants. "But their careers were destroyed because they had courage" regarding the issue of gun control, Carlson said. "One has to admire that. We need courage."

In a Nov. 28, 2017, letter-to-the-editor in the *Star Tribune*, Carlson said both Spannaus and Berg would have been "superb" governors.

Carlson said candidates today are constantly running polls and being told what to say and what not to say. "The result is there's a look-alike to all the candidates," he said. "I don't see anything that resembles an exciting agenda for tomorrow."

An interviewer asked Carlson how to get the kind of person he's suggesting we need to run for governor and how to get that person elected. Carlson responded by noting that candidates can face terrible, even libelous, personal attacks on social media that can have an enormous chilling effect. He said we must get back to a system like we used to have that de-emphasizes politics and emphasizes public policy.

Carlson said when he came to Minnesota in 1957, he was pleasantly surprised by the enormous amount of talent on both sides of the aisle. He noted the quality of the debate, the appreciation for public policy and the understanding of legislators that we're here for just a short time to get things done.

**We should cut back on the number of staff at the Legislature.** Carlson made that statement and said, "the more staff legislators have, the less they have to know. It's important that they know." He said we should cut back almost entirely on partisan staff at the Legislature and make legislators learn how to do their own research, so they know what they're talking about. They need to feel the importance of public policy, he said. "Right now public policy is treated as some kind of a pawn on the chessboard."


**Ranked-choice voting (RCV) tones down extreme rhetoric in elections.** Carlson made that statement in response to an interviewer's question about using RCV in the gubernatorial endorsement process or primary elections. Carlson said possibly using RCV in these elections would encourage candidates to be more compromising in their views so voters would choose them as a second or third choice.

**It would be very helpful if all institutions insisted on quality, honesty and integrity.** Carlson made that statement and said we've lost sight of our values to a very large extent. He said the University of Minnesota (U of M) has fallen far short of those standards in its leadership positions and there has been virtually no accountability.

He is concerned about serious economic conflicts of interest at the *Star Tribune*, where publisher Glen Taylor owns three professional sports teams: the Minnesota Timberwolves NBA team (majority owner); Minnesota Lynx WNBA team; and the Minnesota United FC soccer team (partner). All are dependent on taxpayer giving. "The amount of disclosure is, at best, minimal," Carlson said. "There

should be full and total discussion of all their financial interests and a firewall between reporting and the conflicts of interest."

Rather than just holding government accountable, he said, we should look at every single sector, including the business sector. "All of these sectors must elevate people who can go beyond the immediacy of their own financial well-being," he said. "Minnesota has traditionally produced magnificent leaders in all those areas and there's no reason we can't do it again."

**Minnesota's  Loaned Executives Action Program (LEAP) was a worthwhile program.** Carlson made that statement in response to an interviewer's comments about LEAP, which was convened in March 1972 by Governor Wendell Anderson's executive order. The program had three basic objectives: to assist the state government organization in becoming "more viable" and to improve its efficiency and its responsiveness.

LEAP brought 100 business executives into state government to help with understanding the mechanics of management and the delivery of services. The LEAP executives were assigned to scrutinize all aspects of state government from a businessperson's perspective. Carlson said the program also built a greater understanding among the business sector and the public about how government actually works.

An interviewer commented that LEAP set up the opportunity for the private sector to learn more about how government works and for the private sector to share with government what the private executives brought to the table. "Neither one has a complete hold on exactly how to get things done," the interviewer said.

"Anytime you form a partnership, both sides really gain immeasurably," Carlson said.

**We should bring back the State Planning Agency.** Carlson made that statement and said the role of the agency should be to plan, not to become a political arm of the governor. He said we should start with the premise that what we have now is not working very well. "The idea that we could continue this into the future is really very harmful to all of Minnesota," he said.

Carlson said a newly returned State Planning Agency would have unlimited potential. He appreciated the partnerships the former agency had with the Humphrey School of Public Affairs at the U of M and the agency's long-term financial planning for the state. "All of that is extraordinarily necessary," he said.

Part of the mission of a State Planning Agency, he said, could be seeking even more partnerships—particularly to bridge the gap between urban and rural development.

"In this day of the internet, we have the capacity to grow more jobs in the rural part of Minnesota," Carlson said. The metro area, he said, does not need more people, more jobs and more fights over funding. But we could have more employment opportunities in the rural areas. "That's one of the things the State Planning Agency could really do some good work on," he said.

**There should be uniform outrage that we could pass national tax legislation without a single public hearing.** Carlson made that statement and said, "It voids any meaning of the Constitution." He believes governors and legislators should have been speaking out about that. "I've been surprised at

the silence of governors on the federal tax bill," he said. They could have used hearings to mobilize the public.

Carlson said when he became governor in 1991 and the state was battered by large deficits, there was an enormous amount of sharing about policy solutions across state lines and between the parties. "It was a very healthy time," he said.

The National Governors Association was active and governors pushed to bring more power and responsibility back to the states. But, he said, around 1994, an enormous level of partisanship came into play and the governors association started to decline.

**One of the things we've lost sight of is that this government is still "We the People."** Carlson made that statement and said somehow we've allowed ourselves to think we cannot effect change, when, in fact, we can. "How do we galvanize people in such a way that they start to participate in the process and define their loyalties?" he asked. It should be nation and community over party. "Party is a vehicle," he said. "It's nothing more than a car; it's not a destination. It allows you to get where you're going."

In recent years, Carlson said, some governors have bucked the party and gone straight to the primary and prevailed. The problem becomes one of money, he said. We should still be alarmed at the role of money in elections, but in the age of the internet, the importance of money dissipates. It allows a candidate with limited means to compete against a person with great assets.

**For all practical purposes, the role for moderate Republicans has disappeared.**

Carlson made that statement and said the Republican Party has become adamantly pro-life and adamantly pro-gun. "I did take them on and I did prevail, but how much luck was in that, I have no idea," he said. "With open primaries, good moderate Republican candidates can prevail. I would strongly encourage them to take the party on."

**In the higher education and nonprofit world today, CEOs feel they can't engage in conflict, because it harms their ability to raise funds.** Carlson made that remark and said the CEOs feel they can't get involved in the outer world because it affects their ability to raise money. He said there used to be a whole host of college presidents who felt it was part of their role to participate in the national discussion. "We need that back," he said, "and we're not getting it." Now there's more emphasis on how to raise big money for academic research and athletics.

"We need leadership that has the ability to put courage and the well-being of the public in the long term first," he said. "Right now, we're into short-term survival."

**Over the years, the appointed Metropolitan Council has worked extraordinarily well.** Carlson made that statement and said in its first years, the council drew a good amount of talent. He said that wouldn't happen if its members were elected. He believes there *should* be a pull between the Met Council and counties and cities.

"Each governor should take responsibility," he said, "for putting up the kind of talent that the Met Council actually needs—people who have the ability to broker disagreements between local government and the council. We have an extraordinary pool of talent that would love to be tapped. We need people who have the vision, the stature and the ability to do it right."

An interviewer commented that his preference is that eligibility for serving on the Met Council should be open to citizens and shouldn't be restricted to people who are serving in other elective offices. Carlson agreed.

**Tell corporate America that the reason they should expand in Minnesota is that we give you a good return on your investment.** Carlson concluded with that statement, saying Minnesota provides good research access, a good labor force, and access to students and faculty in broad areas of public policy that companies can use when they get involved in the global picture. "The pluses vastly outweigh the minuses," he said.