

ENLARGING OUR CAPACITY TO ADAPT

REPORT

of the

COMMITTEE ON ISSUES OF THE '80s

DAVID L. GRAVEN
Chairman

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CITIZENS LEAGUE
530 Syndicate Building
Minneapolis, MN 55402
338-0791

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INTRODUCTION: HOW TO READ THIS REPORT

A special word is in order, as we send this report to the membership of the Citizens League and to the community for consideration. For this is clearly not a typical Citizens League report. It came from a specially selected committee which was asked to make an unusually broad and long-range examination of the issues in which both the League and the Twin Cities area are likely to be involved, through the coming decade. The report is organized in an untypical format, and written in an untypical style.

All of this, we think, is appropriate in order to set before you some new and unfamiliar ideas, in such a way as to capture the attention and to stimulate the debate which we believe these ideas require.

The report looks essentially toward a new concept of what we mean when we talk about 'doing something' about the problems and the opportunities this community and this state will have to face during the 1980s. It is this need to re-think the traditional methods of public action, rather than the specific problems and opportunities that would be acted-on, that we have found to be the central 'issue' of the '80s.

This report does suggest a new perspective on public action, and some ideas about the kinds of mechanisms and process, governmental and non-governmental, that might evolve out of it during the coming decade.

You will not find here the kind of finished, definitive recommendations you associate with most Citizens League reports. And for good reason. It is a very large and fundamental change that is taking place. In the CL and in the community we are only part way through the job of thinking it through. It will take time. The important thing at this point is the new perspective . . . the 'mind-set' . . . with which we urge the community's needs for action now be approached.

We propose (in terms of a concept to which we will introduce you later in this report) a shift in our method of public action, decreasing to some degree the traditional reliance on the institutions of 'voice' and increasing our reliance on a strategy of 'exit.' That is, de-emphasizing somewhat the processes of political voting and public administration, and relying somewhat more in the future on an enlarged opportunity for people (for citizens, and for elected officials) to manage and control through the choices they make among an array of alternatives available to them.

This new perspective will have a useful application especially with respect to the large systems through which the major services of the community are organized and delivered. It is these that are currently presenting the major problems now moving to the top of the political agenda, for consumers, for taxpayers and therefore for elected officials: problems of effectiveness,

problems of responsiveness, problems of accountability, problems of resistance to change and above all, problems of economy and productivity in a period of slower growth in resources in both the private and public sectors. In the '80s, the Citizens League should focus its work on these kinds of problems, in these major community service systems, looking specifically to see what might be accomplished through a strategy that emphasized the role of 'exit' and choices.

This new approach is limited in its application. It deals mainly with the way the community goes about accomplishing its objectives; not with the policy objective themselves. It does, to be sure—in suggesting somewhat less use of the political process and somewhat greater reliance on choices—open the way for different decisions to emerge, especially about the use of resources. And this is in fact one of our purposes in advancing it. But our focus—again—is on the field of public services. In suggesting a greater range of choices for individuals or some increased decentralization of responsibility to state government we are not proposing a re-opening of the policy decisions worked-out over the last several decades especially in the fields of civil rights, human welfare and the protection of the environment. The concept of choices applies to means, not to ends. Not to the fundamental 'rules' of public life.

In taking this new perspective . . . this 'mind-set' . . . the Citizens League would be in a real sense doing again the kind of thing it did 20 years ago, when its approach to the problems of urban growth came to rest on a view that this Twin Cities area is, fundamentally, a single community, and that the urban region as a whole is the logical basis from which to begin an analysis of the problems and the opportunities we face and what ought to be done about them. This was not the only question on which the CL worked in those years. And, even where it was the question, a metropolitanization of planning and decision-making was not the answer that emerged in all cases. But there was, nevertheless, an emphasis, on that large question over a period of perhaps 10 or 15 years; and a considerable enthusiasm for that metropolitan approach. It was a major community need, which provided a focus for the year-to-year programming of Citizens League work. A very large thing was accomplished.

We are enthusiastic in a similar way now about this new approach to the new problems of the community service systems. Some might say, too enthusiastic, feeling that the report holds out this idea about the strategy of choices as if it were always the appropriate and only answer. We know of course that it will not be. And yet we think it is good for an advocate to be aggressively enthusiastic. The defensive forces will be aggressive too. Out of the clash will come a sound result, as others who have to decide make their judgments where this new approach does and does not apply.

Finally, the reader will recognize that the question we raise here is addressed to what is for the Citizens League an un-typical audience. We have frequently addressed our ideas and proposals to government. Clearly, however, ideas about the basic changes in the scope and processes of the public sector must involve more than the people in the public sector. So this report will, we

hope, be read and thought-about and discussed by a much wider audience, of persons in the private and the independent sectors as well as persons within the institutions of government itself.

SUMMARY/MAJOR IDEAS

The American people in 1980 are about 15 years into the kind of fundamental change in the institutions and processes of social life that has occurred in our history about once every 100 years. We are now changing not simply the personalities and political parties and policies: we are again, now, in the process of changing idea systems. Basic underlying attitudes which began to emerge almost exactly a century ago, which looked to national governmental policy-making and administration as the principal method of social action began to be fundamentally challenged about the mid 1960s. Since then the criticism has increased, and been increasingly accepted. Leadership is confused. Policies are unclear. Institutions are discredited and in disarray—especially in the public sector. A whole philosophy is now in retreat. Yet no new idea system has emerged to take its place. The question this raises—of how we will go about acting on our problems and our opportunities—is the central issue of the 1980s, and the working-out of a positive, constructive solution will be the major challenge.

The nature of this task is best understood by looking back at its origins. The ideas introduced a century ago were appropriate and effective for their time, when the need was to assert the interests of the public and of the community against the dominant power of private interest. The country turned to government and especially to the national government, and to the executive, for leadership. Decisions were made increasingly through the processes of politics and carried out increasingly through the institutions of public administration. Much was done to strengthen these institutions, with the reform of the electoral system and of the civil service. Through these institutions then, in the years after about 1910, the major social issues were taken up and acted upon . . . culminating in a rush in the great expansion of legislation, of administrative programs and of national government and executive authority in the mid-1960s.

The critical reaction now under way grows simply out of the fact that, like physical systems and like natural systems, social policies and institutions have their own life cycle. What were new policies when enacted in time become rigid in their administration. New directions are sometimes carried to extremes. Over the years, too, the interests affected by these changes learn to adapt and to re-establish their influence within the new institutions by which they were formerly threatened. And new and unfamiliar situations appear, created in part by the original reform, with which the new institutions are not necessarily well equipped to deal. So, today, there is a cry for the reform of what were the reforms of recent decades: the centralization in the national government, the regulation of private activity, the high levels of taxation and public expenditure. And, there is a growing concern both about the power of the political/administrative system and simultaneously about its inability to take the actions that are necessary for the society in the longer term, but unpopular in the near term with the

majority itself. We worry now that a centralized, political system may more likely function to resist change than to encourage it. And all this is made more urgent by the financial problems of the public sector, as revenues rise more slowly than costs, driving public officials to a search for ways to “do more with less.”

In this report we present some of the ideas that may become elements of that needed new philosophy of public life and public action; responsive to the need for change, and to the need for the adjustment of the public sector to the reality of limited resources.

In brief, the key ideas are:

- * That the essential function of government is *deciding*. Government may later, itself, *do* what it has decided should be done. But, equally, it may not. Its basic interest is simply to see that what should be done is in fact done. Usually, in most systems, most of the ‘doing’ is in fact by others—by other governments, or by organizations that are not governmental at all.
- * **Decentralized systems are probably inherently safer, and may work better.** There is a pathology of scale. Centralization reduces options, and the scope for experimentation. In a period of change, de-centralization may be highly functional for the system.
- * It may be time to slow the trend toward institutionalization (that is, the whole trend toward professionals doing things for other people) and to re-emphasize the ability (and the appropriateness) of people doing things for themselves—individually and in groups. The same pressures that over the last 75 years have forced private households to give up maids, butlers, chauffeurs, seamstresses, laundresses and charwomen are now at work on the public sector . . . forcing consideration of new systems of ‘supported **self-help.**’
- * **Elected officials need to be freed from the notion in which they have been imprisoned:** that there should be one and only one organization, belonging directly to them, for administering the services they have voted to provide for the public. There needs to be an anti-monopoly concept applied to the public sector, to give the city councils, county boards and **other** elected bodies some leverage over **their** bureaucracy.
- * **Service systems should, equally, be made more responsive to their users.** But more advisory committees and planning committees and evaluation committees represent simply more ‘voice.’ There should be more of an opportunity for consumers/citizens/users to ‘influence’ the behavior of a service organization simply by walking away, to one **they like better.**
- * The federal government should become oriented **more toward results**, and should concern itself far less than it does with the way in which those results are achieved.

- * Public agencies . . . policy bodies and their processes, and administrative bodies and their processes . . . need still to be reformed and reorganized. But the way to get reorganization is to induce it by creating incentives for such organizations to initiate these changes on their own. Here, the move away from the monopoly public bureau is the central, critical step. Such an organization is indispensable: Why should it trouble itself to change? What will move it is the possibility that if it does not change it will fail, as elected officials and as citizens turn to other alternatives.
- * The whole question of income support will be and should be central, in working out a new approach to the organization of public services. Better use of resources may well be a high-priority need. And a pricing system encourages conservation. But substantial inequalities in incomes make pricing systems infeasible politically. The alternative is administrative rationing. But this too is resisted. Inescapably, income maintenance issues therefore should come to the top in the political debates, during the '80s with action an integral parts of the whole 'choices' strategy.

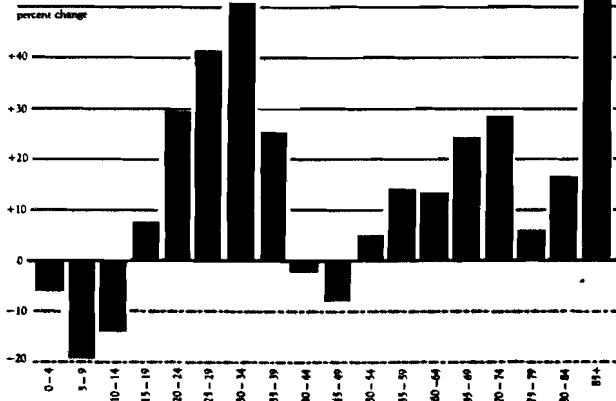
In truth, these ideas are already **beginning to appear in many of the things** that are presently being done: It does, frequently, happen that the practice precedes the theory. Consider, for example: the decision of the British government this year to end the monopoly of the Royal Mail on the delivery of messages . . . the decision of the American government to release the telephone company to compete in the computer industry and computer companies to compete in the communications industry . . . the deregulation of the airline, and now the trucking, industry . . . (closer to home) the decision 20 years ago by the Minneapolis city council to resolve its problem with the day-labor system by dividing the street work between its own crews and private contractors . . . the emergence of pre-paid healthcare delivery organizations in competition with traditional medicine . . . or St. Paul's current experiments with a diverse and non-monopolistic refuse collection system. And more, or even, in our own Citizens League reports in recent years: The preference for informal day-care arrangements as against institutionalized 'centers' . . . the advocacy of a pricing and choices approach to the problem of the excess capacity in higher education . . . the analysis that has so clearly demonstrated the efficiency of the supported-self-help systems in urban commuter transportation.

Once again: Our fundamental recommendation in this report is that these ideas be explored, and that their applicability to the problems of the public sector today be examined, by the Citizens League in its own studies and by whatever other individuals and organizations have as strong a sense as we do ourselves of their importance, their effectiveness and their political appeal.

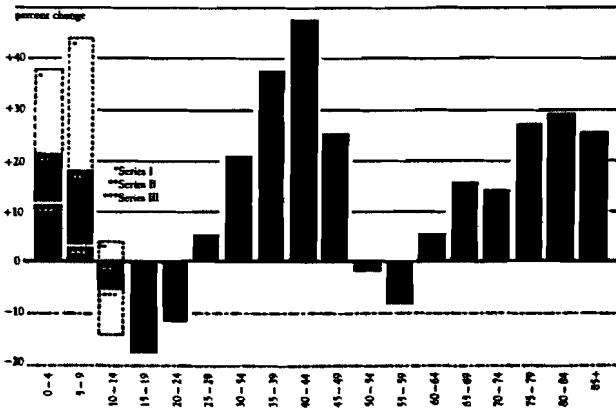
A Changing Age Structure

Some age groups that grew in the 1970s will decline in the 1980s, while others will experience greater growth.

1970-1980



1980-1990



American Demographics

The theme for the '80s seems likely to be *change . . .* in response to powerful forces working in demographics, in the economy, in technology, and in the cost and availability of resources. We will need to adapt, and to adjust the way we do things. Essentially, it is a question of process. *How will we adjust? What will 'doing something' mean, in the '80s?*

Most of the reports, articles, analyses and 'special sections' exploring the new decade are coming back with a reasonably common picture. There are more optimistic projections, and more pessimistic. But there seems a broad consensus on an intermediate scenario. This began to emerge during the earlier meetings of our committee; it was further developed by journalists and by experts in their year-end/decade-end reviews.

It may or may not prove an accurate scenario: twenty years ago, after all, the forecast was for the 'soaring sixties.' But it does seem a consensus of the best forecasting available. We have had no independent resources to do any more, or better. So we have accepted it, as the picture of things-likely-to-be-happening in the '80s, and as the foundation for our thinking about the emerging, central issue of governance.

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Essentially, it presents five 'situations' with which this country will need to deal, during the decade.

First—and most prominent both in the public mind and on the national agenda today—is the continuing, deep-seated inflation. We are, at this moment, feeling a major pressure to do something, and—in a classic example of what we sense is the major issue of the '80s—debating the nature of that response, and of government's role in it. Inflation's impact is profound. Basic adjustments will be required . . . certainly if it continues; and certainly in order to reduce it. Combined with this, and reinforcing it, is the slowdown in economic growth. The public sector is likely to be greatly affected. It is doubly vulnerable, because labor costs are so large a part of its service; and because so large a part of its revenues is politically determined. Already, in recent years, its labor-intensive services are rising rapidly in cost: health care, education, transit, sanitation. At the same time, the rate of increase in grants and aids from the federal level of government has begun to decline. Affected in the same way, and perhaps even more severely, is the 'third' or independent sector, which depends almost entirely on gifts and grants, from individuals, from government and from business.

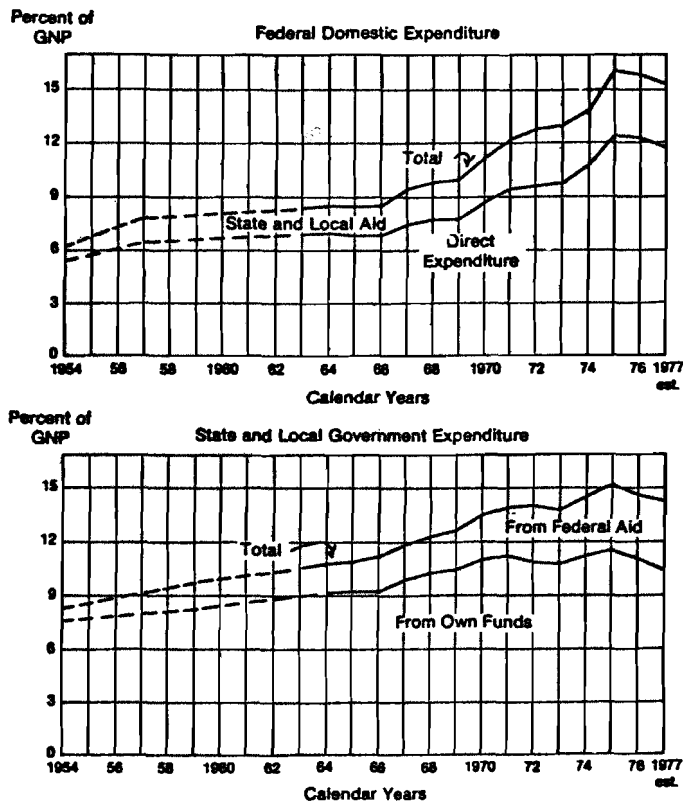
The second has to do with energy and other resources, as a result of the rise in price and the threat to availability which appeared in the 1970s. Our best sense of the evidence is that availability will not be a major problem, with energy—except for intermittent periods of crisis (which may be the most difficult situation to handle, for policy). The sources and suppliers can probably be found. It is a question of costs, and prices. Especially if our

national goal is energy-independence, prices will be higher: the investments needed to develop alternate sources of production will not be made unless those costs can be repaid; and guarantees will be needed against the possibility that the price of foreign oil, which was raised politically, might suddenly be lowered politically. It is the era of *cheap* energy that is over. Presently, the effort seems to be to experiment with a wide variety of alternate energy sources; many of which represent a change in the long trend to central-station power, back toward smaller and free-standing units. Most clearly, as the costs of alternate sources of production become apparent, there is a growing interest in conservation, as the cheapest new 'source' of energy. The problem is that this will require a basic re-structuring of incentives, from producers to consumers; and, most particularly, a willingness to face the political problem of allowing (or even encouraging) prices to rise.

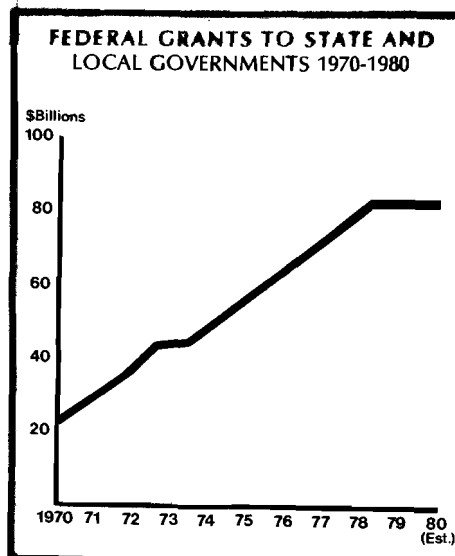
The third situation is the growing specialization of economic activity at the world scale; the decline of self-sufficiency, now affecting even our own country. Energy is, of course, a prominent example . . . with some exporting countries consuming hardly any oil, and with other countries producing hardly any of what they consume. Food is another . . . as American grains become increasingly important to the rest of the world. But so is manufacturing. The shift of factory production toward lower-wage areas . . . which during the 1940s and '50s was a shift from state to state, within our country . . . has now proceeded across the national boundary—into Puerto Rico and Japan; and, more recently, into Korea, Taiwan, Hong Kong and the Philippines. Under the competition of these imports, old industries . . . shoe- and garment-making in the United States; watches in Switzerland; ship building in England . . . decline. Even the American motor industry is now pressed into a reorganization. And Japan, finding that other countries can now produce television sets and other electronics more cheaply, is preparing to move up into the manufacture of computers. Whole countries are coming to play, within this world economy, the specialized roles formerly played by regions within countries. The competition means lower prices (and not infrequently better quality). It also means major dislocations, for the firms, the workers and the communities that cannot be 'protected.' It is accelerating a specialization in the American economy toward management and services. (From farmer, to worker, to clerk . . . the firm of Yankelovich, Skelly and White summarizes our history.) And it is driving our attention back powerfully toward the issue of productivity, in our industry and in our society generally. A major adjustment seems inevitable, to forces largely outside our control.

The fourth situation requiring response during the '80s and after is created by the changing demographics: specifically, the continuing movement of the post-war 'baby boom' cohort through the various stages of its life. Its very large size creates unusually difficult problems of adjustment . . . as the community must first expand its facilities and programs (because this age group, previously, was so much smaller) and then take down these same facilities and programs (because the age group that follows is, again, so much smaller). So, new high schools had to be built; and then had to be closed. Then, colleges were expanded; now some of them will have to be closed.

Figure 1
Government Domestic Expenditure as a Percentage of
Gross National Product, Selected Years 1954-1977
[The Dominant Federal Role in the Domestic Public Sector]



Source: ACIR.



Source: Adapted from *Special Analyses, Budget of the U.S. Government, Fiscal Year 1980*, p. 213

Next, the housing stock is being expanded; after that, the home building industry may need to be much smaller, driven increasingly by the rate of replacement and the patterns of migration. The labor force is similarly affected: one decade, with an abundance of workers; as women and teenagers pour into the labor force; the next, with a sharp decline. The adjustment is always difficult . . . for the systems involved; and for these people born in the 1950s. The generation born after 1945 suffers, because of its size. It is also, as Hazel Reinhardt has pointed out, the only generation in our history to have known nothing but affluence: its expectations are high.

Overlying the changing age structure are the movements of people from place to place. What we have heard, and seen, suggests that the trends of recent years will continue, despite (or because of) the concerns about energy: out of the metropolitan areas and toward the smaller cities; out of the Northeast, toward the West, South and Southwest. There is a much noticed, and well reported, movement of people into the center of cities. But, as Anthony Downs said to our committee, there is also a (less well reported) *moving-out*: both these trends are going on, concurrently.

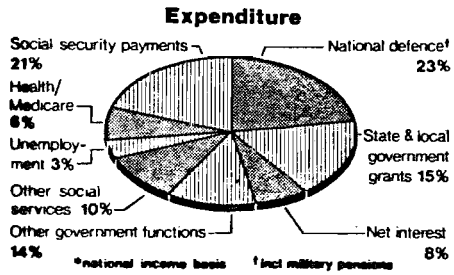
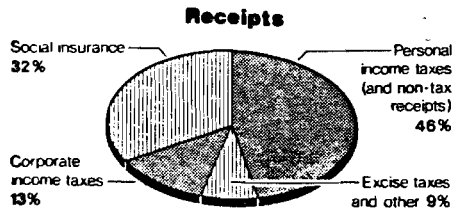
There seems likely to continue in the '80s, as well, a change resulting from immigration, legal and illegal. The biggest unknown is the movement of people from Mexico into the southern and southwestern states; and the adjustment this suggests for their politics. But northern cities are not unaffected. It is estimated, for example, that Chicago—a city of three million people, presently half white and half nonwhite—will, by the end of the century, be about the same size, with the same equal division between Black and Latino; and with a million fewer whites.

The fifth situation is likely to be created by changes in technology. Especially, the technology of communications, and of computing; and in the marriage between the two. It is difficult to foresee the changes, but it is difficult to believe the exponential decreases in cost will not lead to commercial applications at a fairly early date. Visible, now, are the improvements in telephone switching . . . the growth of facsimile transmission of printed material . . . the introduction of cable television . . . the rapid evolution and spread of ever smaller electronic calculating devices. The advertising of companies selling communication is attacking directly both the transportation industry and the mail service: Major impacts on the latter, with their high costs for energy and labor, are clearly in prospect. Medical technology continues to expand. There is (especially in Japan) the beginning of interest in the 'robot-ization' of manufacturing. John Borchert pointed out to our committee the major shifts in technology that have come at about 50-year intervals: canals in the 1820s; steam power and the railroads in the 1870s; the automobile and the internal combustion engine in the 1920s; and, now, electronic communications. All have meant major adjustments in the organization of settlement, and in the nature of the economy.

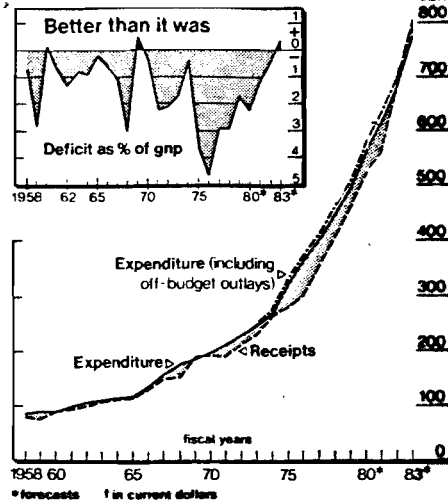
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Overall, the mood of most scenarios for the '80s is moderately pessimistic. This is more than simply the fear of change. It is concern that the change will be for the worse.

Budget breakdown, 1981 estimates*



The rising cost of government



This expectation seems a fact. Yet it could, of course, be mistaken. As the London *Economist* pointed out, the expectations have been wrong, at the turning of each quarter of the century.

	1900	1925	1950	1975
Expectation	Optimistic	Optimistic	Pessimistic	Pessimistic
Actuality	Bad	Bad	Good	?

Nevertheless, the theme of 'adjustment' would remain . . . especially for countries such as ours, whose dominance is now threatened. The pessimistic forecast may be disproved. But only by efforts certain themselves to involve quite basic change. We will be challenged to work harder, and to improve our productivity. We will be pressed to set priorities, and to improve the efficiency with which our major systems operate. We will need to learn to conserve. And to innovate, in our service systems particularly. We will have to think less about wants, and more about the old-fashioned concept of 'necessity.' We can expect tougher battles, over shares of a less-rapidly-growing economy: the question of income-support may rise to the top of our political agenda. And the increasing world economic specialization will, predictably, draw this country into major efforts toward the construction of political institutions at the international scale. Plainly, we have left the time when—as in the early 1950s—an American Secretary of State could describe the objective of our foreign policy as "to create a world in which we can live in peace and continue to develop our own society."

The question, of course, is *how* this adjustment can be made. The fact that it is desirable, or necessary, or even inevitable, does not mean that it would be easy, or welcomed.

So the mechanisms for adjusting to **change** are critical. We must understand what our present mechanisms are.

And to do this, we need first to look **back** to see what have been the forces of change, in our recent past, which brought these mechanisms into existence.

Our existing process for social action has been, increasingly, the process of political life. In response to the problems created by the industrialization of the country, a new 'idea system' emerged, about 100 years ago, which legitimized the extension of governmental involvement, into areas formerly regarded as private; and of national government involvement into areas formerly regarded as state and local.

The essentials of the situation are known to everyone familiar with the history of this country, with the evolution of western society during the Industrial Revolution, and with the movement for social reform through the past century. They need only a brief summary here.

Those problems which were the focus of social protest 100 years ago had their origins, in turn, in roughly a century of efforts to expand and to change the system of business enterprise. Our American Revolution had been, in significant part, the result of the attempt—resisted by England—to develop our own commercial and economic interests. And the government established during the 1780s, as shaped by Alexander Hamilton, was designed to protect and to encourage further that growth of enterprise. It was, as has been said, “a conservative revolution” and the central government established by the constitution was a strong, if small, government. Under its policy on tariffs, and with its aid for internal improvements, business enterprise flourished. Greatly accelerated by the Civil War, the industrialization and the urbanization of the country proceeded rapidly after 1865—giving rise here as in Europe—along with enormous material progress—to the crowded cities, the exploitation of labor, the despoliation of the landscape, and—in the trusts and industrial combines of the era—an array of business practices frequently unfair to suppliers, to competitors and to consumers.

Efforts to do something about this new situation began in the 1870s, with attempts at the state level to deal with the power of the railroads. When this proved unsuccessful, efforts shifted to the national level; and the regulation of the railroads was finally accomplished with the creation of the Interstate Commerce Commission by Congress in 1887. In the 1880s also began the serious discussion of the control of monopolies, which led to the Sherman Anti-Trust Act of 1890. The reform movement grew in strength, stimulated by the investigations of journalists such as Lincoln Steffens and Frank Norris, given circulation through the newly-expanded and increasingly national magazines. With the assassination of William McKinley in 1901, and the succession of Theodore Roosevelt to the presidency, the way was open for activist reform, which proceeded rapidly until the outbreak of the First World War. It was during this Progressive period that there was fully worked-out the rationale for a strong role of government: a re-formulation of the ideas of public life, to replace the framework of ideas which through most of the 19th century had justified the free play of private activity, and restrained the role of government. Heretofore, the strong national government had been in the service of mercantile, industrial and financial interests. Against

"National efficiency has many factors. It is a necessary result of conservation widely applied. In the end it will determine our failure or success as a nation. National efficiency has to do, not only with natural resources and with men, but it is equally concerned with institutions. The state must be made efficient for the work which concerns only the people of the state; and the nation for that which concerns all the people. There must remain no neutral ground to serve as a refuge for lawbreakers, and, especially for lawbreakers of great wealth, who can hire the vulpine legal cunning which will teach them how to avoid both jurisdictions. It is a misfortune when the national legislature fails to do its duty in providing a national remedy, so that the only national activity is the purely negative activity of the judiciary in forbidding the state to exercise power in the premises.

"I do not ask for overcentralization; but I do ask that we work in a spirit of broad and far-reaching nationalism when we work for what concerns our people as a whole. We are all Americans. Our common interests are as broad as the continent. I speak to you here in Kansas exactly as I would speak in New York or Georgia, for the most vital problems are those which affect us all alike. The national government belongs to the whole American people, and where the whole American people are interested, that interest can be guarded effectively only by the national government. The betterment which we seek must be accomplished, I believe, mainly through the national government.

"The American people are right in demanding that New Nationalism, without which we cannot hope to deal with new problems. The New Nationalism puts the national need before sectional or personal advantage. It is impatient of the utter confusion that results from local legislatures attempting to treat national issues as local issues. It is still more impatient of the impotence which springs from overdivision of governmental powers, the impotence which makes it possible for local selfishness or for legal cunning, hired by wealthy special interests, to bring national activities to a deadlock. This New Nationalism regards the executive power as the steward of the public welfare. It demands of the judiciary that it shall be interested primarily in human welfare rather than in property, just as it demands that the representative body shall represent all the people rather than any one class or section of the people."

. . . From a speech, "The New Nationalism,"
by Theodore Roosevelt, delivered at
Osawatomie, Kansas, August 31, 1910.

this, the successors to the tradition of Thomas Jefferson fought for a smaller, less powerful government. It was in the Progressive period that Herbert Croly and others conceived the idea of a strong, national government . . . operating in the interests of the common people. Of a Hamiltonian state, used for Jeffersonian ends.

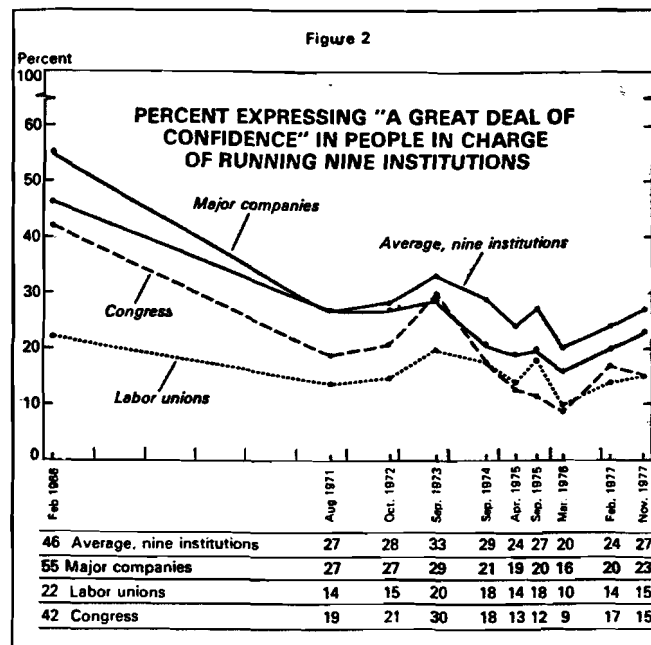
Then, and later, the change did not come easily. The old order resisted stubbornly. But the change was irresistible. It was, in part, simply the numbers that ensured the triumph of social democracy. But, more fundamentally, this was simply the American expression of an idea that was also, at that moment, having a pervasive influence in Europe: a belief in the possibility of social reform by conscious effort; a faith in the power of reason; a confidence that, working through the institutions of liberal democracy, human beings could bring economic and social justice to the people, and progress and prosperity to the society. It was a powerful idea, quickly absorbed into our political life. It was the foundation of Theodore Roosevelt's New Nationalism; of Woodrow Wilson's New Freedom; after the war, and the 1920s, of Franklin Roosevelt's New Deal; of Harry Truman's Fair Deal, and of John F. Kennedy's New Frontier. It has continued to be the dominant idea . . . marrying itself, along the way, with the advances in science, technology, engineering, medicine, education and the other professions . . . down to the present time: an expansion in the use of the political system, and government, justified by its humanitarian purposes.

It did not take, here, the socialist form it took in Europe—revolutionary or democratic— of the direct public ownership of basic industry. Rather, the effort at social control of business, and at the establishment of an American form of the social-welfare state, relied on a combination of regulations and financial grants. There were laws and regulations affecting the organization of corporations, affecting product quality, affecting the use of labor and the relationship with labor, and the practices of business; administered and enforced as the corporations grew in number and in scale, by a growing apparatus of regulatory agencies. And there were subsidies—to transportation, to agriculture . . . to manufacturing. It was primarily the large organizations of corporate enterprise that were building the nation. From the beginning, much of what the country did, and what government did, was done through them: a public use of the private interest whose terms we are still struggling to work out and about which this country remains ambivalent. In later years, perhaps as a consequence, there appeared a growing stream of entitlements to individuals, for education and for health care and for social security.

Similarly, the role of government in the direct provision of services was also held back here, by the nature of the American federal system. The policy impulse was national, and expressed through the national government; but, constitutionally, the institutions through which most major services are delivered—the schools, roads, welfare, the police— are created and operated by the states and their subdivisions. Government, therefore, was restrained in this area until the growing needs for revenue, and the development of the categorical assistance programs in the 1950s and after, made it possible for the national government with its superior resources to begin to do, through

We have seen a steady rise of mistrust in our national institutions. . . . Trust in government declined dramatically from almost 80% in the late 1950s to about 33% in 1976. Confidence in business fell from approximately a 70% level in the late 60s to about 15% today. Confidence in other institutions, the universities, the unions, the press, the military, the professions—doctors and lawyers—sharply declined from the mid-60s to the mid-70s. More than 61% of the electorate believe that there is something morally wrong in the country. More than 80% of voters say they do not trust those in positions of leadership as much as they used to. In the mid-1960s a one-third minority reported feeling isolated and distant from the political process; by the mid-70s, a two-thirds majority felt that what they think "really doesn't count." Approximately three out of five people feel the government suffers from a concentration of too much power in too few hands, and fewer than one out of five feel that congressional leaders can be believed. One could go on and on. The change is simply massive. Within a ten- to fifteen-year period, trust in institutions has plunged down and down, from an almost consensual majority, two-thirds or more, to minority segments of the American public life.²

² Daniel Yankelovich, "Emerging Ethical Norms in Public and Private Life," speech to Columbia University Seminar, April 20, 1977, pp. 2-3.



Source: Surveys by Louis Harris and Associates, latest that of November 1977.

the states and localities, what it could not do directly: federal aid to education, urban redevelopment and hundreds of other programs, all accompanied by planning requirements and regulations detailing the organizational structures to be used and the procedures to be followed.

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The present reaction against the role of government has several roots. A part of it arises simply out of a sense that the huge job, begun a century ago, is now—to a substantial degree—finished. That what has been done must be maintained, of course, but that the basic work has been accomplished. The job of building the country has been completed: all regions are linked by railroads, by highways, by airlines, by a grid of electric-power transmission lines, by television and radio and telephone, and, now, by data-transmission networks. With air-conditioning and water projects, the South and the desert Southwest have been brought into the mainstream of national life. The social-service state—free public education, health care, pensions, welfare and social services—is substantially in place, in the rural as in the urban areas. The abuses of 19th century business have been largely corrected. And on most of the major human problems of even a half-century ago, great progress has been made: the exploitation of labor; the oppression of minorities through religious and racial intolerance; the prevalence of disease; the burden of poverty. William Pfaff wrote of Europe, in 1978, that the dilemma of the contemporary left is precisely that it has won; most of its goals have been accomplished. Something similar could now reasonably be said of American reform.

This view should not be accepted too easily. Problems continue to appear, for which some action is needed. And, as our standards . . . of equality, of fairness, of environmental protection, of safety, of corporate responsibility . . . continue to rise, more progress is needed. The claims remaining unsatisfied are no less valid because they come from groups that are smaller, or that arrive later.

Still, it is a task of a different order now. And it exists in a different political climate now. After a century of effort at it, the country had come to think of reform as a continuous activity. When a military war is over, the army is demobilized. The 'army' assembled for the domestic war, on social ills, remained in place, seeking another challenge. But as major groups make progress, the support for continued new programs, for new reforms, for additional regulations, tends to diminish. And, as the earlier programs age, troubles inevitably appear: mistakes, excesses, scandals; if nothing else, simply the loss of energy, and the institutional arteriosclerosis that afflicts all policies, and institutions, in time. "Every reform," it has been said, "will in time be carried to an excess which will itself need reforming."

So, gradually, the attention and energies of reformers comes to be directed against what were themselves the reforms, a generation before. More and more, we now see criticism directed at the policies, and processes, of government: by journalists . . . by academics . . . by a growing number of political figures. The favorite targets are those that permit an attack on

government and on private influence simultaneously: the regulatory agencies, and the subsidy programs.

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Increasingly, it is this latter concern that dominates the discussion ... reflected in the widespread assertion that "things are not working well."

Yet that may be unfair to the system. The organizations and the policies and the institutional arrangements worked well, to accomplish the job they had to do—to discipline the use of private power, and to distribute fairly the growing affluence of an industrial society. It may be that the concern about the working of the system arises, instead, simply because the situation has changed: some problems have faded, and new problems have emerged. The trouble may not be in the present arrangements themselves, but in their ability to deal with the different job that now needs to be done.

Excerpts from: *The Public Use of Private Interest*, by Charles L. Schultze, The Brookings Institution. From the Godkin Lectures, delivered at Harvard University, December 1976.

In a society which relies on private enterprise and market incentives to carry out most productive activity, there is a critical choice to be made beyond the question of whether or not to intervene. Should intervention be carried out principally by grafting a specific command-and-control module onto the private enterprise incentive-oriented system, usually in the form of a regulatory apparatus, or should it be undertaken by modifying the informational flow, institutional structure, or incentive pattern of that private system. Neither approach is universally appropriate to every situation. But our political system almost always chooses the command-and-control response and seldom tries the other alternatives. What follows is an analysis of the reasons for this bias, an estimate of its costs and consequences, and suggested areas in which the alternative of institution-building, incentive and information would be superior.

Any change brings losses to some. And however much we try to avoid large direct losses, there are always indirect losses as the effects of various policies work their way through the economy. But the extent of governmental moves to improve efficiency is sharply constrained, and the design of those moves importantly limited by attempts to follow the "Do no direct harm" rule. Because incentive-oriented approaches to social intervention rely on decentralized reactions to prices, they seem to remove from government the control of case-by-case results. If nothing else, this would make legislators nervous. They would have to forego the opportunity to hedge their programs about with all sorts of adjudication procedures drawn up to take care of specific losses. They would also forfeit the opportunity to second-guess administrators and to provide services for constituents through intervention in administrative decisions.

In the abstract there may seem to be no logic in our schizoid view of losses — allowable for purposes of efficiency in private markets, much less permissible for government actions. In fact, there is a historical rationale for our attitudes. The constitutional structures of most Western democracies arise as a response not to political anarchy but to the excessive power of monarchs. In the process, governmental power was not simply transferred from monarch to parliament or congress, but hedged about with safeguards. Protecting the rights of individuals in their property, as well as in their persons, against the arbitrary exercise of power by government was a dominant concern not only in framing constitutions and bills of rights, but in designing any subsequent legislation which conferred particular powers upon government. That economic change might impose severe losses on specific individuals was a fact of life, as were hurricanes and floods. Until the Great Depression they were not usually the subject of politics. What was to be prevented was the imposition of losses by government.

The central question for the '80s then is whether our process for 'doing something' about our public problems now, itself, needs to be adjusted. Political decision-making and public administration were effective, when the problems that needed to be reformed were largely in the private sector. The question is: What will be effective, as the need comes to be for some reform of the *public* institutions themselves, and for changes that these institutions now function to resist?

The current sense of the public about this, for what that is worth, is not encouraging about a continuation of the traditional approach. The existing arrangements are in disfavor. And government is by no means the only institution whose reputation has declined. The loss of confidence extends to most major institutions; including, also, business, labor, journalism and most of the professions. The causes of it all are, still, a matter of debate. But a part of it appears to be the gap between expectations (and promises) and performance. There is an inclination, now, to look realistically at what happens, and a reluctance to forgive unfavorable results simply because the action was well-intentioned. There is a widespread understanding, too, as a result of exposes of journalists and others, that decisions are not simply made; they are influenced, by a variety of 'special interests,' among which is the interest of the governmental machinery itself. The resistance of the public to the current arrangements is visible also in the response to the proposals to limit in some way or other the activity of government: Proposition 13, most notably; but also the tax- and expenditure-limitation measures at both the national and state levels. It is visible in the attack on over-regulation of business. And in the concern by local government officials about the loss of their independence, to the national government.

Most of the protest is summed up in the demand that government should be more 'responsive.' And—perhaps because it is their nature to think longer-term about the future—for other institutions to be more like government. This pressure is very strong. And it is having a visible impact on the system. It is centrally important, for our purposes here, to look closely at its implications for what we have found likely to be the imperatives of the '80s.

Clearly, a part of the pressure for responsiveness offers nothing helpful for any effort to conserve for the future. Essentially, it asks government and other social institutions simply to do less: to respond to the cry from people to "leave us alone." Not to disrupt settled routines. Not to disappoint expectations. Not to ask individuals to think about the community. Not to complicate life, for people. And the effect is the same in many cases where the demand is for the government to do more: to increase satisfactions, now; to make us more secure; to protect us from change, and from harm.

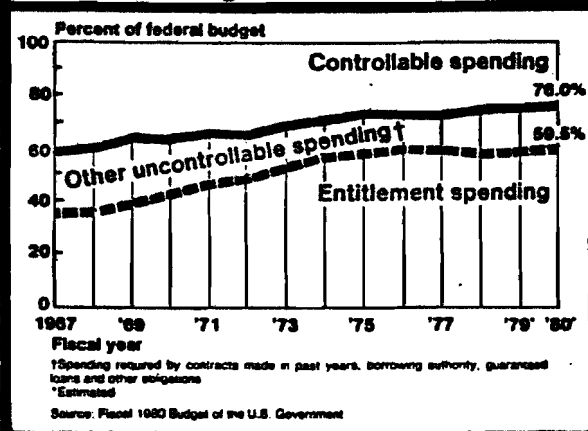
There is powerfully at work what Charles Schultze has called the rule that government shall "do no direct harm." No one, that is, should seem to be affected adversely by an action taken. By an action to take property . . . or to site a facility . . . or to close a plant . . . or to introduce economies into an

Excerpts from minutes of the July 19, 1979 meeting:

"Our system is now basically set in favor of those who want to spend more. They can concentrate their forces at particular points at particular times, when their appropriation, or tax relief, is going to go through. By contrast, the forces interested in general in expenditure control are not so easily mobilized. They cannot cover everything. They cannot focus their energies at a particular point. They are drawn out, and their energies dissipated, across a very broad front. So they need some kind of strategic, simple, focused way to get a hold of expenditure problems. And, at some point, a constitutional amendment is not out of the question. The founding fathers provided two ways to amend the federal constitution: One through the Congress, and another through the states. If the Congress thinks that the second route ought not to be used and should be deleted from the constitution, then Congress ought to draw an amendment under its powers and put this out for ratification. If, on the other hand, it is not willing to do that, then Congress ought to pass the Ervin Bill that would lay down rules about the operation of a constitutional convention that might be called some day by the states; so that if and when it is, this process can work in an orderly fashion."

-- Conversation with William Colman, consultant,
Potomac, Maryland

Congress' shrinking power over spending



operation. This obligation, he argues, lies heavily on the political system. So, he said, change occurs mainly as a secondary, indirect consequence of things done, or as a result of things that government does not do. So, for example, an industry might be hurt indirectly, as a result of a decision to reduce a tariff on the import of a competing product. Or a government bureau might be hurt by a decision to assign a responsibility to a different organization. Much of the time, people in government—knowing the importance of change and the inevitability of its impacts, short-term— seek ways to use this strategy of indirect action.

Their ability to do so is now being reduced, by the pressure for government to be 'responsive.' For the counter-strategy is obvious. The industry, or the locality, knowing the force of the rule against doing direct harm, comes with a concrete request for protection, specifically against what it knows is the **cause** of its troubles. This traps the political system against Schultze's law: to **vote** to **reject** the proposal for relief, in the spotlight of great publicity, **would be** to **do** direct harm. And so the rule prevails.

What is of central importance, for the question now before us, is the nature of the interests to which the political system is responsive. As Anthony Downs has pointed out, these tend heavily to be those interests that are affected directly, visibly and immediately. It may be a town threatened with the closing of a school or a manufacturing plant. Or a business, seeking protection from foreign competition. Or an employee or professional group, asking for a change in regulations, to benefit its members. Their numbers may be small; but their efforts are focused, organized and vigorous. Against these are those interests affected indirectly and invisibly, whose efforts tend to be unfocused and unorganized. Almost inevitably, it is the former that are effective. This is critical for our analysis of the process of 'adjustment,' because the interests of 'economy' are frequently the weakest of all, politically: its benefits are the most diffuse, and lie furthest out in the future, and are the most difficult to see and to measure. They offer few rewards, politically.

The forces resisting change are very strong, and have probably been helped still further by trends in recent years. The extension of public responsibility over a wider and wider range of social activity helps, by bringing to their defense the rule against government's doing direct harm. The centralization of recent years helps, by simplifying the defensive strategy: one point of decision now controls so much. Thus the major interest groups increasingly headquarter in Washington; urging the primacy of federal action; focusing the pressures of constituents all across the country on one point of decision. Finally, their position is made more secure against political change by the shift to less-and-less visible forms of financing: by the shift from local to state and national financing; and by the shift from direct appropriation to formulas that commit expenditure, annually, without a vote being required.

All this operates with particular force when it comes to the question of change in the public-service system itself. As elected officials have discovered, change in the operation of the permanent career establishment of

government itself is a uniquely difficult job for the political system to carry out. Deeply knowledgeable about the process, increasingly involved in political activity and unhampered by restraints on their lobbying, the bureaus are enormously influential. Indeed, elected bodies that depend on their bureaus are reluctant to offend them, even when they are seen to be defending an interest as 'special' as that of any other, or private group whose size, or income, or influence was proposed to be reduced. Least of all is this establishment likely to be the source of proposals for change. As Norman MacRae has put it: it is unrealistic to expect the monks to abolish the monasteries.

Faced with this kind of resistance from so many different quarters, to voting-through the difficult adjustments, the system hesitates. Political campaigns are increasingly emptied of substantive content. Candidates neither propose concrete programs of action, nor seek to educate the electorate about problems, nor call for sacrifices. Rather, the current tendency . . . greatly reinforced by the reliance on surveys of public opinion and attitudes . . . is to identify the concerns and the desires and perhaps also the fears of the voters; and to sympathize with these; and to seek office on a kind of implied promise that, somehow, all will be fulfilled. When it is not, there is disillusionment, and cynicism grows.

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All these characteristics of the present arrangement for handling public problems stand in some real contrast to what would seem to be the imperatives of the '80s. Looking ahead, as we have seen, the need is to conserve. To stress, increasingly, the longer-term considerations. To set priorities. To be careful about costs. To restore the concept of what is 'necessary.' To get decisions. To disappoint some popular expectations. To face reality. To assert the larger interests of the general community. To say 'no' to demands. To change. To innovate. To match promises with performance.

It is this sense of the difficulty the present system of political voting would have, in trying to address the new needs of the '80s and beyond, that is—and should be—driving the search for new approaches, and new mechanisms for 'doing something' about our public problems.

A successful presidency involves a triangle of three equally critical elements. Two of these have already been mentioned: the personal talents and characteristics appropriate to the office, and the institutional resources to sustain a President's doing what is expected of him. The third critical point is the availability of what are popularly perceivable -- and acceptable -- "solutions" to the pressing problems of the day. For example, while it may be questioned whether the programs of the New Deal actually resolved the problems of the Great Depression, it is beyond dispute that they were seen as solutions. F.D.R.'s successful presidency rested not only upon his great personal abilities -- and the adequacy of the institutional machinery that he had to work with -- but also upon the fact that New Deal liberalism came to be seen by a majority of the populace as a convincing response to the question, "What should government be doing now?" And this liberalism became an integrating ideology that conferred legitimacy upon a great variety of specific policies and programs.

Major domestic problems of today -- from the unprecedented emergence of a seemingly permanent inflation that is not war-induced, to economic stagnation, to energy shortages -- probably rival in magnitude those of the Depression era a half century ago. And like those of the earlier period, the current ones come together as a kind of "God that failed" challenge to the old reigning ideology. Just as the problems of the Depression shook the premises of the philosophy of business-led nation building, so the trials of the late 1970's wreak havoc with New Deal liberalism. What is not clear now is whether some coherent new public philosophy will emerge as decisively as did New Deal liberalism in the 1930's.

In this context, the views of the current presidential candidates on a public philosophy for the 1980's are especially important. For the success of the next presidency will depend in part on whether it can set forth some larger approach to the domestic problems of the time that a broad segment of the population believes will offer solutions.

Campaign 1980 is providing some distinctly different prescriptions for governmental philosophy and action in the decade ahead. But it has not thus far generated much popular confidence that a "solution" will emerge. Nor is it likely to do so. Americans seem in between idea systems. They doubt the old formulas, yet see little reason to commit themselves to any new ones. Whether a prevailing and unifying public philosophy will emerge from the 1980 election stays very much in doubt.

The problems facing the nation are large, past approaches are challenged, and new approaches really have not been tried.

--Everett Carl Ladd, in
Fortune, December 3, 1979.

There is now under way in this country, therefore, a discussion about alternative ways of taking action that might be more successful in carrying out the *adjustment* that is required . . . in encouraging conservation and in stimulating innovation and change.

There is, of course, much attention simply on the question of leadership. One response to the present troubles in the system is that nothing is wrong with the system itself: it is simply a problem of the people who are running it . . . or, more precisely, who are not running it effectively. In this period when no new idea system has yet clearly emerged, politics falls back heavily on the allegation of a 'failure of leadership.' Plainly, though, this simply defers—and only momentarily—the basic question . . . which is: what does the leader do, once elected?

At the next level, the answer is 'reform.' **Reorganization.** Sometimes disparaged as 'tinkering' with the system, but not unimportant, as a part of the solution. As an example, there is under way, through the Advisory Commission on Intergovernmental Relations, a huge study looking toward rearranging the roles of the various level of government in the federal system . . . sorting-out, for the next fifty years, 'who should do what.' Something like this has been proposed by Neal Peirce to the National Municipal League, as a possible focus for that organization's efforts over the coming decade. There are urban areas that have not yet developed adequate area-wide institutions for planning and policy-making. There are cities whose internal governance still needs to be reformed. There remain 'turf' conflicts between municipalities and counties, that need to be sorted out. There is a continuing need for the reorganization of the bureaucracy: for the modernization of civil service, for example, at the state and local levels. And, in this election year, there is a growing consciousness of the need for a re-thinking of the entire process by which candidates for the presidency are identified, evaluated and ultimately nominated.

But much of the discussion is about more radical change.

Some of it has a thrust that is essentially and simply negative toward the institutions of government. Limit spending. Limit taxation. Through a constitutional amendment, secured through a constitutional convention, if necessary. In this whole debate, the assertion tends to be that large areas of activity need to be—as said—'re-privatized.' Other social institutions . . . the church, the family, the voluntary association . . . are regarded by the government as its rivals for the loyalty of the people, these critics argue: over time, systematically, the political state does its best to undermine them. They need to be restored to strength.

A second line of this more radical thought is concerned about the growth in the role of institutions—private as well as public; and seeks to 'de-institutionalize.' *The system*, to these critics, is as much the great professional institutions as it is the government. This view has been most conspicuously ex-

From carapace to supermarket

The breakdown of public-sector productivity has not come about because less efficient or less educated people are coming into public service jobs. One of the troubles is precisely that a "new class" of more educated, energetic, articulate and ambitious people have come into them—but are working in an environment where cost-effective methods of production cannot now be achieved, for two reasons. The first of them will sound familiar to readers of one of my earlier surveys.

The main reason why bureaucratic production of any service or good can no longer work is that the decision-taker in any efficient productive system must now restlessly ask: "What is the best quickly-changing and labour-saving technology that I should use to accomplish this task?" In a state bureaucracy, decision-taking power falls into the hands of people who can explain most suavely that anybody who keeps asking these questions is being a bad colleague by constantly rocking the boat. In some big business corporations, with layer of management sitting upon layer, decision-blocking power has fallen into the hands of similar middle bureaucracies. These go slowly bust or their managements are more quickly taken over by more innovative concerns. But state bureaucracies are not allowed to be improved by death, and therefore carry on expanding even when their productivity per man has absurdly disappeared.

pressed, in Minnesota and elsewhere recently, by the director of the Public Affairs Center at Northwestern University, John McKnight. It is the nature of all the large service systems, he says, to transform citizens into clients. These systems make their living doing things for people. They need clients. To grow, they need more clients . . . more people, with more problems. With 'needs.' The service systems create needs, so they can continue to grow . . . doing more good for more clients. Doing well, by doing good. He makes a passionate and powerful argument . . . which appears, in other forms, as a protest against the gradual transformation of service systems into what has been termed "the medical model." The struggle goes on in the battles over the extension of certification, over licensure, and over other proposals which attempt to reserve the right to practice to those who have been admitted to the profession. Against this, there is the growing assertion of the right, and the ability, of people to *do* for themselves . . . visible, clearly, in the advocates of self-help strategies—in medicine, in education, in social services, in housing. It forms much of the basis for the neighborhood movement, in its resistance to city hall; and for the efforts (as in Minnesota, in recent years) to secure lay representation on the boards that govern and **discipline** law, medicine, the press and other professions.

There is an important dimension to this debate that exists within government. It was articulated most clearly by David Walker, of the ACIR, in a talk here in the Twin Cities area ten years ago. The central struggle in the American governmental system, Walker said, is not between the people in the different levels of government. Rather, it is between the 'federalists' and the 'feudalists' . . . between the generalist policy officials, at all levels, on the one hand; and the people who staff what he called the 'great vertical autocracies,' on the other. Between people interested in general policy, in a particular geographic area; and those who are oriented to a particular programmatic interest which cuts across all levels, who do not want to be coordinated. This struggle over 'who decides?' is, within government, the parallel of the struggle that goes on, more broadly, between experts and individuals, outside government. Who decides whether a road should be built? How a child should be educated? When, and how, life should begin and end? What the priorities are? The growing assertion of the right of individuals and of lay policy-makers to decide is one of the fundamental challenges to existing **institutional arrangements**, now being **debated**.

A third idea . . . similar, and in some ways inseparable . . . is involved in the proposals for fairly drastic change in the scale at which activities are organized. "Small is beautiful." "Appropriate scale." "Self-sufficiency." It is a combination of a nostalgic yearning for a by-gone, simpler time; and an expression of a practical concern about the vulnerability of very large-scale systems to failure, or sabotage. In 1979, when its integrated electric power system failed, all of France stopped running. Decentralized systems probably are inherently safer. There is a pathology of scale.

It is a complex debate; nowhere near resolution. For, against the pressures to reduce scale, there are arguments that the scale of organization should be increased. Some systems now have clearly world-scale dimensions: the food system . . . the energy system . . . the communications system. Our discus-

Excerpt from minutes of the June 14, 1979 meeting:

"All major change in bureaucratic systems comes from the outside: never from the inside. These outside forces may be changes in social perceptions, or major competitive factors that threaten to take the work of the bureaucratic organization, or some kind of cataclysmic rearrangement of institutions. But the kind of simple changes in organization and procedures of administrative organizations in which we sometimes indulge will not do the trick. The essence of the bureaucratic organization is its resistance to change of this sort -- through the unending cycle of reorganizations that centralize, followed by reorganizations that decentralize, which the community or policy or political leaders try to impose on it, in the hope of securing a real change in its behavior."

Conversation with Anthony Downs, The Brookings
Institution

sion about governmental organization is perplexed. Is the construction of governmental institutions around the reality of the metropolitan urban region a centralization (vis-a-vis the municipal 'city')? Or is it a de-centralization . . . an essentially conservative effort to build multiple centers of real strength, against the growing power of the national government? And, do we organize at the same scale both for *deciding*, and for *doing*? Some persons argue that decision-making should be centralized, and operations de-centralized. Some argue for the opposite. The point is still 'at issue' . . . one of the most important dimensions of the debate about how we should deal with our problems and our opportunities, during the 1980s.

A fourth idea . . . or perhaps simply another way to describe the idea that weaves its way through all these more radical alternatives . . . involves the re-balancing of the elements of *exit* and of *voice* in the system. This is a concept worked out by Albert O. Hirschman, about ten years ago; described in a small book he subtitled: *Responses to Decline, in Firms, Organizations and States*. The essential idea can be simply stated. There are two alternative ways in which an institution's failing behavior can be corrected. The people can stay, and 'talk it out': in a marriage, in a business firm, in a church, in a city. This is voice. Or they can walk away: from a marriage, from a business, from a troubled church, from the city. This is exit. Hirschman was bothered by the implications of exit. It carries a sense of disloyalty to the institution. Yet he was troubled, too, by the notion that it should be forbidden. Systems with 'no exit' oppress people. When people begin to exit it is a signal an institution is beginning to fail; that is a troubling, but basically healthy, sign that the appeals for reform inside the institution should be heeded. Exit is needed, therefore, to make voice effective. But the mechanisms of voice must be tended-to, as well: without them, inside an institution, exit is ineffective in accomplishing change.

It is an enlightening concept, for our purposes. **In Hirschman's terms, the problem in the country is an excessive reliance on voice, in responding to the problems and the opportunities that face us.** Elections are voice. Public hearings are voice. Advisory committees are voice. Initiative and referendum are voice. Goal-setting and planning commissions are voice. As more and more activities migrate into the public sector, for planning or for decision, the total volume of voice expands. And, to the extent that other institutions begin to operate like government, voice expands still further. We all begin to participate, as voting members, in more and more institutions: in city government, in our neighborhood council, in our church, in our school, in our labor union, in our political party, perhaps in the affairs of the organization for which we work. **We stay, and talk it out.**

Again in Hirschman's terms, the counter-argument is that the system could benefit from an increase in the use of exit, as supplement to the strategy of voice and as a way of making voice more effective. These are, essentially, complementary approaches to the problem of accountability, which is so central to the troubles in the system today. No one would give up the effort to make government accountable through the process of politics, or—on the administrative, service side—through the evaluations conducted by experts. Yet there is an appealing kind of evaluation conducted by the users of a system, as they choose to come or not; and to stay or to leave, as an organ-

ization and its services change. This is what is essentially involved in recent proposals for reorganizing some of the major systems. The idea has been to deregulate systems to which the framework of public utility regulation has been applied. And—where public financial assistance should be involved—to avoid funding vendors directly, to give service then to people free. The health-care system is—presently, and locally—an example of a major system in which this debate is occurring. And, of course to avoid transforming service areas now controlled largely by exit into new areas compelled to rely on the institutions of voice.

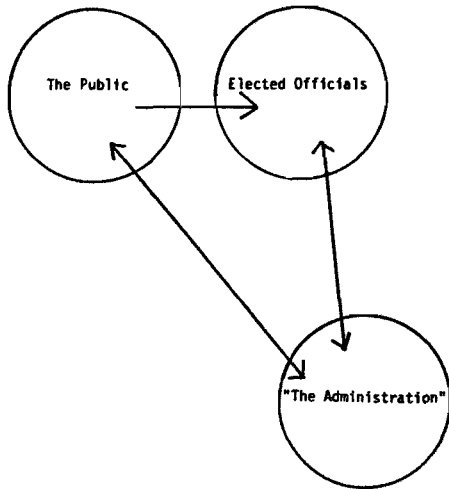
(This can be seen most easily by playing a little game. Think, for example, of what we might call 'the entertainment system.' If we had a proper study done of the problems of this sytem, an investigator might very well conclude that it is full of inefficiencies. There is obviously much fragmentation . . . much duplication. It is a kind of non-system. There is no overall inventory of what is available, nor is there any systematic method of evaluation, nor is there any kind of comprehensive planning. Obviously, something is terribly wrong here. We might then decide to lay over this whole area, by legislative action, some kind of public sector planning and management process. And this, in turn, might very well produce a plan for rationalizing the whole entertainment system. Obviously, especially with the growing concern about energy needs, facilities need to be brought within closer range of where the citizen lives. So a system of entertainment districts seems logical. Each of these districts might be broken down further into sub-areas, within which there would be developed a kind of 'entertainment center.' This would bring together at one point and in an importantly integrated way the whole range of entertainment and arts. Synergistic, we might say. There would then be, of course, a need to decide what would be displayed . . . shown . . . put on . . . in the limited facilities of each entertainment center. This would be a matter of decision jointly by the professional staff and the board of the 'Entertainment District.' (Should it be elected or appointed?) But there would, of course, be a need for participation in these decisions by the residents of the District . . . and for this purpose an advisory committee would be appointed and the appropriate public hearings held. Doubtless there would be a minority group of dissenters in any given entertainment area . . . but it is obviously not possible to please or satisfy everyone, and some hard decisions inevitably have to be made. And so forth . . . and so forth.)

The central idea in all this can be cast in different ways. To Norman MacRae of the London *Economist*, it is the choice between 'producer democracy' and 'consumer democracy.' However it is described, it is one of the most important questions being debated . . . one of the most radical alternatives being considered . . . in the whole discussion about how to handle our public affairs, and to adjust our major systems, in the decades ahead.

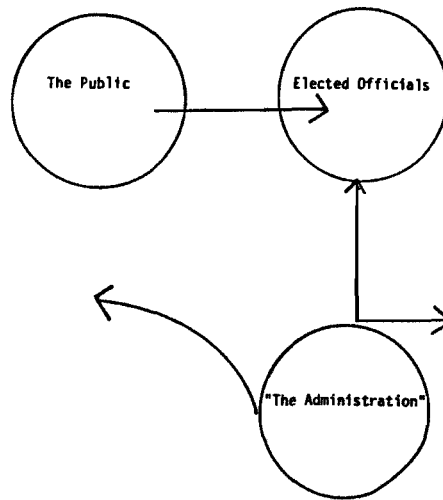
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All these ideas are present in the important—and fascinating—debate about what to do, to fix a public system perceived not to be working well. Somewhere, in all this, a new idea-system for the '80s is waiting to emerge.

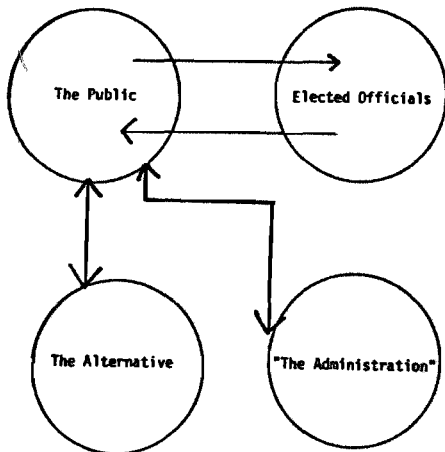
1. The traditional model: The public elects its representatives who decide what shall be done and also direct the administration which delivers the service.



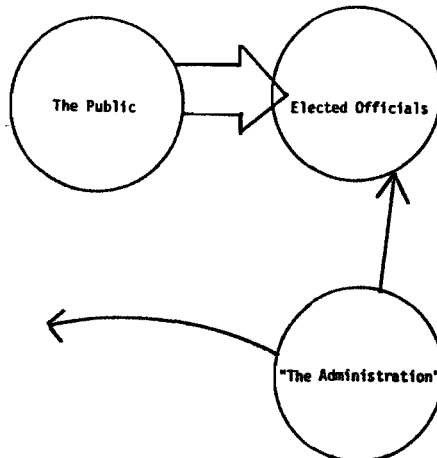
2. Sometimes problems develop: service falls short of expectations; and the administration resists policy direction -- or intervenes politically to change it.



4. A second delivery organization changes the picture: Elected officials worry about policy and about financing, and the service organizations become responsive to their users.



3. Elected officials are then caught in conflicting pressures: from the public, dissatisfied about services and costs; and the administration and its constituents, protesting cuts in budgets and in service.



Our conclusion is that, strategically, the way to increase the ability of elected officials to induce change and adjustment in the major public systems is to encourage a broad innovation in service-delivery, and to permit *decisions* then to emerge increasingly through the pattern of choices made by the people who are the users. Government should be less an operator; and more an agent for its citizens, with—also—a growing role in income-support.

Let us say clearly: this is not an expression of philosophical or ideological preference. It is a pragmatic conclusion, based on (a) our findings that the 1980s are likely to require some painful adjustments, and the disappointment of some expectations; (b) our observation that—especially today—our governmental institutions find this difficult to do; and (c) our judgment that other, more diverse and pluralistic institutions, and other mechanisms, are likely to be more effective in securing acceptance of the need for conservation, and for innovation and change.

The system we have was built up over the last 100 years, when the essential job was to assert a majority interest against the power and privilege of a minority; when the job was to carry out a peaceful re-distribution of a growing 'pie.' It worked well, for that. Now, the interests that must be attacked are *majority* interests: the waste, the energy consumption, the lack of productivity, the dis-inclination to save, the unwillingness to trade off today for tomorrow, the reluctance to be disrupted in the comforts of our life. There is truth in what Walt Kelly had Pogo say: "We have met the enemy . . . and he is *us*." It should be no surprise that majority-oriented political systems are not outstandingly successful in this new, changed situation. Existing interests do not easily give up their subsidies. There is a momentum built in to programs that makes it hard to taper off the funding even when the original need is met. The future has small beginnings; not influential politically, against the weight of existing forces. To vote against these forces asks almost too much of the person who depends on the votes of the majority for his office, and for the continuation of his career. It is not, as they say, politically realistic. Nor is this kind of change, and adjustment, characteristic of the bureaucracy. Its function and its nature is to routinize and to maintain the organization. In times of shortage, its impulse is to reduce services and to maintain staff. Economy . . . productivity . . . is especially unappealing, to both. Few if any jobs are created. No contracts are let. No new bureaus are required. There is little dramatic 'action' and the results—being so diffuse and so intangible—are often not even visible. The media will not be impressed.

The question is: where to begin? where to focus? We cannot and we should not decentralize everything: much must remain properly and necessarily national. And certainly we cannot devolve all decisions outside the political process: there remain basic policy questions which are properly and necessarily governmental.

" . . . But what is often beyond federal capability is the efficient delivery of public services. For many public needs, we cannot insist on providing a uniform standard of service for the entire nation without hassle, hardship, backlash and distrust.

The federal government is too big, too unwieldy and ultimately too distant to adjust services to fit particular areas.

The traditional liberal hope has always been that elected representatives of the people could oversee the federal bureaucracy and all its functions. It is an idle dream. If I have learned nothing else in my first eight months in Washington, it is that the federal government is inadequately supervised by elected officials.

It is not because we don't want to do better. It is because demands on the time of elected officials -- from the President and the Vice President to Senators and Members of the House -- are so intense and the size of the bureaucracy so large that we elected officials can maintain very little control over the quality of services.

Why is this so?

People in federal service are not basically different from their counterparts in state and local government. They are dedicated public servants. But they are farther from the scene of delivery, farther from the consequences of their acts, farther in a sense from accountability.

Because they are farther away, protected as it were by miles and layers, it is easy for them to believe that the way they think is always right. What follows is a tendency to be inflexible . . . forcing people to conform to their regulations rather than shaping regulations to meet the special needs of people. That kind of red-tape destroys support for humane programs.

For all the success of our liberal and progressive efforts, for all the decency and good sense of our leaders from Franklin Roosevelt to Harry Truman to John Kennedy and Hubert Humphrey, we stand today in jeopardy of rejection by people whose hearts remain compassionate but whose politics appear more conservative. We would be foolish not to recognize this fact and not to admit it to ourselves."

" . . . The federal government should concentrate its resources and its administrative responsibility in areas which have a national impact, particularly matters that are part of the national market. This includes labor relations, minimum wage, banking laws, unemployment compensation, and income policy.

Let us try at this point in the development of the American government to leave the delivery of services to state and local governments, as in education -- and, while providing funds for welfare, housing and health, leaving decisions on administration and spending up to states and local governments.

If people believe that government is not out of control, they will support a compassionate government."

--Congressman Martin Olav Sabo in a speech to the Minnesota AFL-CIO convention, September 1979.

To ask the question is to suggest the answer. We should try to focus the national government onto truly national issues, and should try to direct elected officials onto what are truly policy issues by concentrating our efforts on re-structuring the area of public life in which they are today excessively and un-necessarily involved. This is particularly the area of local public service delivery. We should try to demonstrate to the national government that this area can be handled effectively—and perhaps better—by the states. And, within the state, we should try to demonstrate to elected officials that they do not need to be drawn ever deeper into the management . . . as members of an over-involved board of directors . . . of the operational affairs of the public-administrative organizations which deliver (some of the) public services in our communities. Increasingly, 'responsiveness' and 'accountability' and 'efficiency' should become issues not between the administrators and the elected officials, but between the administrators and the citizen/consumers directly. We cannot load onto the elected policy officials, today, the impossible burden now of *re-directing* the whole public-service apparatus into a new mode of operation that would serve the interests of innovation, and conservation, by the traditional devices of public administration.

Rather, the need is to adapt our traditional activist impulses and to take a new and different approach, much as Schultze suggests. Policy officials should find ways to open up—for themselves, as well as for citizens—a somewhat greater element of exit in the system . . . encouraging a more diverse arrangement to appear by soliciting initiatives from a variety of organizations for new ways of delivering services; and then letting 'decisions' emerge increasingly through the pattern of choices made by the people who use those services. It is these decisions, made this way, that will enforce on all the delivery organizations the new imperatives of responsiveness, accountability, effectiveness and economy, for the 1980s.

There is almost certainly much slack . . . much potential for improved efficiency . . . in most all our major systems. But the hardest thing is to have them reorganized, and tightened up, directly by government action, given the power of the interests affected to intervene politically to protect themselves, and by the quite rational reluctance of elected officials to antagonize major constituencies. Especially is this unlikely to be done by action of the national government. Its great resource is its access to revenue. It cannot directly change the 'delivery' systems which belong to state and to local government, or to the private sector. Moreover, the national government will be—and should be—heavily preoccupied, over the next decade or more, by issues of international affairs.

It is not inconceivable to us, however, that the sort of restructuring of the system which we believe is necessary could be stimulated by public policy at the state and urban level. At this level, government faces the reality of limited resources. There is some real record of innovation. There is much greater formal authority, over the organization and financing of major public systems. And outside forces, with ideas for change, have perhaps some greater influence.

It is our conclusion, at least, that it is at this level that the effort at adjustment ought to focus . . . and where the attempts to work out a new approach to social action, adequate for the 1980s and after, ought to concentrate.

A THEORY OF BUREAUCRACY

By ANTHONY DOWNS
Real Estate Research Corporation, Chicago

An organization is a bureau if and only if it possesses the following four primary characteristics:

1. It is large; that is, the highest ranking members know less than half of all the members personally.
2. A majority of its members are full-time workers who depend upon their employment in the organization for most of their incomes.
3. The initial hiring of personnel, their promotion within the organization, and their retention therein are at least theoretically based upon some type of assessment of the way in which they have performed or can be expected to perform their organizational roles rather than upon either ascribed characteristics (such as religion, race, or social class) or periodic election by some outside constituency.
4. The major portion of its output is not directly or indirectly evaluated in any markets external to the organization by means of voluntary quid pro quo transactions.

10. Top-level officials of bureaus consider personal loyalty to be an important attribute among their immediate subordinates. Such loyalty is important because every top-level official is required to perform acts which would be extremely embarrassing if made public. Hence he needs subordinates whose discretion he can rely upon.

11. Bureaus have predictable life-cycles, except that once established, they rarely (within a given historical era) die. They come into being through routinization of charisma, splitting off from an existing bureau, entrepreneurial development of a new idea by zealots initially outside any bureau, or creation *ex nihilo* by powerful social agents. As they grow older, they learn to be more efficient, develop more and more extensive rules and regulations, shift their goals from performing their functions well to maintaining their organizational structures, become increasingly subject to inertia, and expand the scope of their functions.

Ad Sci 655a *The Organization Life Cycle.*
J. R. Kimberly and R. H. Miles

Examines the various stages in the evolution of organizations in the public and private sectors. Three stages in particular are explored: organizational birth and the role of entrepreneurship; organizational maturation, growth and the problem of internal and external control; and organizational decay and death. The implications of each stage are examined through case analyses and field projects.

This opening-up of choices, as a stimulus to innovation and to change, can be led by policy officials in the state and local government. It should begin, strategically, by increasing the responsiveness of public administrative organizations to their users.

Probably no one has a clear and final answer to the question of what should be done. We offer no utopian blueprint. It would not be possible, and it would not be desirable, to work out such a design, in advance; in theory. All we say with some confidence, is that we think we know, now, what are the directions in which some answers lie. We are convinced that substantial adjustments need to be made, and substantial changes, looking toward greater conservation. We think this requires, in turn, a change in the institutions and mechanisms of governance. We think this will need to be more than reform. If something is to be done . . . something must therefore be *tried*. We think this kind of thing can be tried as appropriately and as effectively in Minnesota as anywhere in the country. We think it is time to begin.

As much as anything, this effort will require some slightly different, some new, way of thinking about community systems and public services, especially having in mind a metropolitan definition of the community.

It's helpful to recognize that none of the major community life support systems are entirely—or even primarily—governmental in character. In housing, for example, only a small fraction of the dwelling units, and only a small fraction of the dollars spent on construction and maintenance are government dollars. In transportation, only a small part of the vehicles are government-owned vehicles, and only a small number of the drivers are public employees. There are, in the protection system (while there are substantial public police forces and fire departments), also private security forces . . . and burglar alarm and smoke alarm systems that are also a part of the system. In education, while there are the public schools, there are also nonpublic schools . . . and, far beyond this, there are—as teachers are quick to remind us—vast influences that become part of the educational experience of a child, for better or for worse: television, newspapers, magazines, and the teaching of parents and friends. In health care, while there are some public hospitals and some public doctors and a great deal of public money . . . there is also a much larger element of private hospitals and private doctors and private money, in private insurance systems.

It is helpful to see the role of government as essentially one of *deciding*. And government is the appropriate body for decision, on matters that—because they affect everyone, and because they reach out into the future—are essentially public in character. Public policy sets objectives. Public policy can set the standards for program operations. Public policy can determine the level at which services are financed, and redistribute resources to make sure they are equally available. It is not in all cases essential (even with respect to services used by everyone and essential to the community) that government itself *do* what public policy has determined shall be done.

Government may be a do-er, itself, in a particular service area. Or it may not. Would the central functions of government be weakened if the administrative agencies became accountable rather more to the users of their service? Or strengthened? Would a public program be weakened if one of the agencies responsible for delivering it was allowed to fail? Or strengthened?

It might be possible to accept and to tolerate somewhat more diversity than perhaps we have in the past. There is almost certainly no single *best* way to handle anything. Parts of the country differ; parts of the state differ; parts of the metropolitan area differ; people differ. Increasingly, through the coming decade there ought to be opportunities for these differences to be reflected, as people make their decisions about what to do and how to do it. Probably, it is best that new ideas be allowed (indeed, required) to spread gradually . . . as they are tested and accepted by others: It is best not to mandate them, uniformly, early. Encouraging and accepting initiatives from a variety of sources should considerably increase the chances for innovation, and change. Certainly this has been the experience in the Twin Cities area in recent years, with the evolution of its health care system as prepaid plans (HMOs) have grown, in competition with the fee-for-service systems and with each other.

There are some attractive opportunities to build on the competence of people. Individuals face reality fairly well: they make adjustments and set priorities. Relying increasingly on this capability can increase the element of adjustment in the system. People are well educated; in good health; increasingly well served by communications. A large proportion of the individuals and families are competent to arrange a great many services for themselves—far more so than in the past. Some obviously cannot. But, the more we devolve responsibility back onto those capable of handling it, the larger the resources of manpower and of money we will have with which to provide assistance for those who do need help.

It is worth thinking, too, about that concept of 'helping' people . . . and what kind of a system does that best—from the standpoint of the individual or family. It may not be the traditional system of private and public welfare and social service . . . doing things *for* people. It might very well be a more diverse and less monopolistic system: certainly a system with more choices will give the disadvantaged more leverage—along with more responsibility. There are now appearing some increasingly organized arrangements for 'supported self-help.' These provide to the individual or to the family the equipment, materials, designs, know-how, and sometimes the facilities that make it possible to do much more for themselves. In the food system, it means powered equipment, fresh ingredients, cookbooks and cooking lessons or, for those who prefer to save time, prepared foods and microwave ovens. In the housing system it means power tools, plans and designs, resources of the local hardware store, the racks of how-to-fix-it books that represent a system of maintenance built around the work of the individual householder. This concept of supported self-help can be extended to the service, and to the public service, sectors as well: to health care, to protection, perhaps to education. It can apply to groups of people, in neighborhoods, as well as to people in a single household or to groups defined *other* than geographically.

Excerpt from *The Economist*, February 9, 1980; "Hung for a Lamb," page 13.

" . . . Mrs. Thatcher's government came to power with a domestic polity built on two principles: the promotion of private-enterprise-led growth and the freeing of individuals and organisations from a relationship of dependency on central government. Both were presented as exciting and positive initiatives. Both have come to seem dull and negative.

The first principle required a dramatic reduction in the proportion of the gross national product devoted to government current expenditure. This has not been achieved. In the recession year 1980-81, while real gnp goes down, the proportion of gnp taken by current government expenditure will now probably go up. One reason for this is a revolt by her ministers. After Mr. Francis Pym was given the rise in defence expenditure he had been promised, many spending ministers last week reverted to traditional type, egged on by civil servants to defend their own budgets and to threaten the cabinet with political cataclysm if they were cut.

A bigger reason for the failure has been the government's acceptance of its civil servant's traditional methods of achieving cuts. The response of the central bureaucracy to attempts to reduce its size and thus its expense has been cynical -- justifying the prime minister's own bitter disaffection from the Whitehall ethos. If civil servants are constrained by cash limits to choose what to cut, they choose to keep up their own empires and cut down on the services they give to the public.

In Labour-controlled town halls, there is an even more enthusiastic coalition intent on doing the same . . . As a result, many million pounds a year will continue to be wasted on duplicated local bureaucracy, and civil service pay will continue to outstrip inflation, while the pressure will be met by trimming of mental hospitals, school welfare programmes and meals-on-wheels.

In their steadfast pursuit of non-intervention, the government has thus put itself in the worst of all worlds. By laying down fixed cash limits on local services, but not stipulating the services it wishes to see protected, it is handing the political initiative to its opponents, on a plate. Local authorities and health councils are relentlessly cutting services and investment rather than staff, and sending the political bill to Mrs. Thatcher. . . .

The cabinet should give its supporters an indication of the sort and scale of public services it feels the country can afford. . . . It should compel local authorities to make adjustments necessary to maintain services, rather than simply . . . to maintain staff. In all other industries for higher productivity means trying to increase production while reducing workers, but in national and local government a search for economy is now taken to mean the precise reverse."

Individuals have a considerable capacity, which should be neither underestimated nor ignored, to figure out what works, for them . . . who is a good mechanic; what is a good grocery store; whether the kids have been well cared for during the day; who is a good coach. The pattern of their choices produces perhaps the most sophisticated kind of evaluation that could be done. Who knows better?

Any such effort will imply a considerable expansion and strengthening of income-support programs. Things that are offered free tend not to be conserved. There is much more incentive to be careful about what is used, when it has to be paid for. And, people like an opportunity to decide on their own priorities: what should come first, in the allocation of their limited resources; and what should be deferred. It would probably be helpful, therefore, if more of the decisions about the commitment of resources could be made in a more decentralized fashion, and by individuals. This should be superior to continuing the practice of funding vendors to deliver the service for free, given their tendency—and their strong initiative—to intervene politically in any question about conserving to prevent an interruption of their own revenues. A pricing strategy, then, should be increasingly helpful to any strategic effort aimed at conservation. The problem, of course, is the income inequalities which exist. Increases in the price of the various necessities of life could result in making them unavailable to a good many individuals, and to families. This would be regarded as unfair, and would not be tolerated. Rather than this, the society would move to some form of administrative rationing. The effort to maintain the strategy of pricing, therefore, appears also to require substantial efforts at income support for those individuals and groups that are poor and disadvantaged. Fundamentally, though, the emphasis on the need for income support has a moral rather than a pragmatic basis: the move somewhat away from the earlier philosophy of universal tax support for universal free services must not be used as an occasion for the society to renege on the commitment arrived at in recent years to improve the situation of the poor and disadvantaged. We think it will not be. And we hope that those groups that have in recent years looked heavily to government for the enhancement of their status will view the change we propose as helpful to them. Surely they must be apprehensive about their future, as a majority oriented political system comes under increasing fiscal pressure. The opportunity to relate their legitimate claim on society to improvements in the productivity of the major public systems, rather than to the re-cutting of the existing economic ‘pie’ will, we hope, be seen and capitalized upon.

Finally, it would be helpful if the federal government would relax a number of its rules and regulations, and become a good deal more results oriented. A substantial body of directives, guidelines, and regulations has built up around the flow of federal aid into government and program services at all levels. These tend to deal with structure and process: They specify the organizational arrangements that must be used, and the procedures which must be followed. They tend *not* to be oriented to results: something that works, here at the state or local level, is not exempted from pressure by the federal government, to be changed to conform with its requirements. It would be helpful if the state government—for itself, and on behalf of its subdivi-

Three major factors contribute to the feeling of powerlessness today. All can be expected to influence politics in the year 2000—but to a lesser extent.

The first factor is the pervasive central (or federal) government intervention in community and local government life. It has come to dominate a score of activities that once were solely local in nature. The vehicle for the involvement has been the expansion of the grant-in-aid system, and the requirements and obligations that these grants place on local governments today. The result has been that as much as one half of some local governments' budgets are provided and controlled directly by the central government. The result now is that few local decisions or initiatives may be undertaken without close attention to central government regulations, dictates, policies, and opinions—which are frequently inconsistent and conflicting.

The second factor in the powerlessness comes from the courts. The courts now are part of virtually every major decision that a local government would care to make. The courts either play direct roles in the final decisions, or the decisions have the threat of court intervention hanging over them in the process. Major zoning decisions are appealed to the courts and settled there. Administrative policies affecting prison systems, schools, hospitals, personnel systems, and solid waste and waste water disposal frequently are settled in the courts. And in extreme circumstances the courts actually have taken over the day-to-day administration of local government functions.

The courts have become the final appeal on thousands of decisions that once were thought to be thoroughly legislative in nature. These decisions frequently go beyond overriding national concerns such as civil rights.

Finally, a factor in the feeling of powerlessness is the whipsaw of public opinion. It is caused by powerful but contradictory forces. One dimension of the whipsaw is the dominant feeling of the public that they pay too much in taxes, and that government spends too much. This is the tax revolt that has been so popular the last year or so. But at the same time, governments still are besieged with requests from special groups in the population for greater services. Sometimes people seem to be part of the tax revolutionaries and the special groups simultaneously. There is no constituency for holding the line against specific expenditures, but there are many constituents for holding the line generally.

-- From the *Horizons* report of the
International City Management
Association.

sions—would increasingly test and challenge this practice. People in Minnesota should look for opportunities to seek waivers and exemptions from federal regulations—negotiating, in return, about the objectives to be sought, and met. People at the state and local level will need to be aggressive and determined about this. Almost certainly, the idea will be resisted by the federal government . . . and by other institutions whose interest lies in keeping things simple and standardized, on a nationwide basis. The centralizing pressures in the system are very strong, and will not yield easily. At a minimum, it will be essential for the states not to tie their own hands, by restricting their own authority—legal or financial—to take major initiatives.

And the state must put its own house in order. While many more things must begin to occur outside government, much will continue to be done within government. It must be done well . . . better, in fact, than it is being done today. The state government itself is the key to it all, since it is the master institution that makes all the rest. It should free itself up for that central task—of making the system that will make the decisions. On the executive side, there should be a strengthening of the institutions that develop proposals, for governors to present. On the legislative side, there should be an ability to critique and to react. There should be, too, an increased ability in the state to oversee not only the state's own agencies but also the institutions of local government through which so large a part of the public program is actually carried out. In order to free up the central policy-making institutions, delegation will need to be a theme—downward to local government; and perhaps outward, as well, to semi-autonomous operating organizations. In this geographic delegation there will need to be a careful thinking about the definition of community, and a growing use of what the urban geographers would call the real urban system. We are familiar with this, now, as the metropolitan definition of the city, in the Twin Cities area. It has its counterparts, in urban regions elsewhere in Minnesota. It is when we thus equip ourselves really to handle our own problems that we can legitimately, and effectively, begin to argue with the national government for a larger role for the states, and a role for the nation more concentrated on the problems of those relatively few urban regions that are significantly disadvantaged, or truly inter-state in nature.

The Citizens League along with other similarly-interested organizations should devote a substantial part of its effort, over a five-to-ten-year-period, to exploring alternative ways of seeing change and improvement in the major community service systems in the Twin Cities area, and in the state of Minnesota.

The situation is not unlike the one that existed twenty years ago. Then, there was a growing sense that the urban area, which had been until that time almost entirely Minneapolis and Saint Paul, needed to adjust, to the reality of metropolitan scale. This meant that the system of governmental organization and finance, which had served the region adequately until that time, would also need to be changed. What, precisely, the new arrangement should be was unclear, then. But the sense was sufficiently strong for the Legislature to authorize the establishment of a metropolitan planning commission, in 1957. And, in an inexplicit but quite real way, the Citizens League about 1960 made a decision to focus a substantial part of its efforts, for a considerable period of time, to exploring what might then have been called the central issue of the 1960s. That was done, in a series of individual studies, which over the next fifteen years explored different aspects of regional governance, and identified the opportunities to give expression to the increasingly regional character of problems and opportunities.

The key, in all this, was not the topic-areas or problems studied: it was in the approach taken toward their solution. It was a metropolitan approach, which began with a clear sense of the need for action on sewage disposal, on transportation, on open space, which was concerned about the inability of the existing governmental system to deal with problems at regional scale; and which looked to a fairly dramatic restructuring of the systems of planning, decision-making and finance, for these and other major community service systems.

We see a comparable opportunity now, with respect to the question of *how to do* what it has been decided should be done: of organizing and delivering the services in the major community life-support systems. In a way that is remindful of what was occurring twenty years ago, this question has begun to be raised, and addressed, in a series of discussions in committees of the Citizens League in recent years: dealing with health care, with education, with day care, and with refuse disposal. Some suggestion of the idea about relieving policy officials, gradually, of detailed supervision over program operations can be found in the work of the Citizens League on the question of metropolitan governmental organization, about 1968 . . . and in the work of the Program Planning Task Force in 1970-71. Again, the essence of it all is a new approach to the solution of problems.

* * * * *

One major dimension of this new effort, now, clearly would be to strengthen the capacity in government in the state for policy leadership on the question

of major system change. Again: we cannot begin to know the answers at this point. Minnesota has plainly not yet adequately worked through the question of how to organize and conduct the 'forward formation of policy.' Mechanisms have not yet focused on issues that lie out beyond the two-year budget cycle that is turning at any given point in time. The mechanisms, that is, for issue-identification and for the development of proposals, where more than a one-year period of analysis and discussion is required.

All the pressures tend to pull the time and attention both of elected and appointed officials down toward the problems of the present. Sadly, this seems true even of the institutions created to do longer-range thinking: the planning mechanisms in state government, and the Metropolitan Council in the Twin Cities area. Nor do we seem to have developed adequate mechanisms for educating people in the community to the significance of the issues involved in longer-range studies of this sort. The mechanisms for reporting these issues to the community are, if anything, deteriorating. The 'public affairs process,' and ways to improve it, should continue to be a substantial part of the work of the Citizens League in the years to come.

The second dimension of the job looks toward the redesign of the arrangements for managing the delivery of services in the major systems, as these gradually come to rely less on political mechanisms of accountability to policy bodies, and become increasingly responsive and accountable to their users. In some cases, this will require efforts by committees actually to re-design the services involved . . . as work by others in the Twin Cities area has redesigned the service of medical care from the fee-for-service pattern into the prepaid group practice pattern. In some cases, it will require committees to come up with imaginative ways of paying for services. In some cases it will involve looking for new and different organizations—commercial or non-profit—that can become a part of the system for providing services, thereby expanding the range of choices available to users. At times, too, there will be a need for committees to deal directly with public policies, and the pressures of producers, which would tend to restrict the elements of choice, and the opportunities for change and innovation, in the major systems.

Along with this there will continue to be a need for CL committees to come up with imaginative and effective new ways of measuring and monitoring both the problems of the community, and the progress of programs undertaken to deal with them. This is a key element of any effort aimed at better 'oversight' of the way an entire service system is working. One particular possibility to be explored is the use of sampling and survey research. This has traditionally been thought of in relationship to measurements of *opinion*. It can also be used as a way of testing *fact* . . . and holds out the promise of information in substantially less time and at substantially lower cost.

WORK OF THE COMMITTEE

Background of the Study

This study of "issues of the '80s" had its origin in the work of the Program Planning Task Force, chaired by Allen Sacks, which reported to the Board, July 27, 1978. That task force had addressed itself fundamentally to the question of the way in which the Citizens League, during this coming decade, should organize itself to continue its mission of "helping this community understand its problems and what ought to be done about them." Its basic conclusion was that the "The Twin Cities area is coming into a period of major uncertainty and change, both with respect to the nature of its community and public problems, and with respect to the ways in which these should be addressed. The Citizens League should move, during 1979, to prepare itself to provide major policy leadership in the decade of the '80s."

As recommended by the Sacks task force, a special study committee was organized, whose members were appointed by the Citizens League Board of Directors. Some were members of the Citizens League who had had experience with one or more of the CL studies of major service problems in recent years. Others were from the community, without experience in the Citizens League. In all, 53 persons participated as members in the work of the committee. They were:

David Graven, chairman

Robert Andringa	Virginia Greenman	Robert Owens
John Archabal	Neil Gustafson	Medora Perlman
Bye Barsness	Ruth Hauge	James R. Pratt
Thomas Beech	Judith Healey	Hazel Reinhardt
Francis M. Boddy	Peter Heegaard	Mary Rollwagen
Lloyd L. Brandt	Peter Hutchinson	Allen Sacks
Ronnie Brooks	Donald O. Imsland	Thomas Scheuerman
Jean Burhardt	James W. Johnson	W. C. Shull III
John Cairns	Verne C. Johnson	Duane Scribner
Charles Clay	William C. Johnson	A. Kent Shamblin
Eleanor Colborn	Andrew Lindberg	Glen Skovholt
Roland W. Comstock	Charles P. Lutz	Robert J. Taylor
John Costello	Mary Lynch	James Toscano
Pat Davies	James McComb	Imogene Treichel
Gary Dodge	Arthur Naftalin	Tom Triplett
Gordon Donhowe	Martha Norton	Carol Trusz
Dennis Dorgan	Wayne H. Olson	Peter Vanderpoel
Scotty Gillette		

For the study, the Citizens League benefited greatly from additional financial assistance provided by the Minneapolis Foundation, by the McKnight

Foundation, and Williams Steel and Hardware Co., We are very grateful for that help.

This special financial assistance made it possible to enrich significantly the work of the committee during the period of its discussions with outside resource persons. In the regular meeting room a special telephone hookup was arranged, through which the committee could visit with experts all around the country, talking from their own offices. Those who met with the committee, either in person or by telephone, were:

Donald O. Imsland, Executive Director, **Minnesota Project on Corporate Responsibility**

Richard Scammon, political analyst and former Director of the Bureau of Census

Hazel Reinhardt, former Minnesota State Demographer

John Borchert, Professor of Geography, University of Minnesota

Wayne H. Olson, Chairman, Citizens League Committee on the Twin Cities Economy

Larry Kappel, Northwestern Bell Telephone Company

Francis M. Boddy, former Professor of Economics, University of Minnesota

Luther Gerlach, Professor of Anthropology, University of Minnesota

John Maas, then Executive Director of Minnesota Association of School Administrators

Dr. Paul Ellwood, President, InterStudy, Inc.

John Carmichael, Newspaper Guild of the Twin Cities

Ted Mills, American Quality of Work Center, Washington, DC

Robert Leik, Family Study Center, University of Minnesota

Jane Whiteside, Program Manager, Metropolitan Council Advisory Committee on Aging

Donald M. Fraser, former member of Congress and then candidate for Mayor of Minneapolis

Tom Dewar, The Minnesota Project

Jack Davies, member, Minnesota State Senate

Everett Ladd, Roper Center, University of Connecticut

David Walker, Advisory Commission on Intergovernmental Relations

Larry Rutter, International City Managers Association

Anthony Downs, The Brookings Institution

William G. Colman, consultant, Potomac, Maryland

These discussions began in the spring of 1979, and ran through the summer, until the fall of that year. Through the fall the committee members discussed the nature of the issues raised by what they had heard. In the late fall of 1979, following an internal discussion about the basic policy direction of a report, the work was referred to a small drafting committee. Its members consisted of the chairman, Mr. Graven, and Francis M. Boddy, Dennis Dorgan, Verne C. Johnson, Duane Scribner, Ronnie Brooks and Peter Vanderpoel. This group worked through the winter of 1979-80, shaping a full report for consideration by the full committee.

The committee, and the drafting committee, was assisted by Ted Kolderie, the League's executive director; the support services were provided by Vera Sparkes of the Citizens League's office staff; the report was produced by Hertha Lutz, Paula Ballanger and Richard Johnson, also of the League's office staff.

BOARD MEMBER MINORITY REPORT

On page 16, the report of the Committee on Issues of the 80's says "...this (report) is not an expression of philosophical or ideological preference." It is my view that this is not true. The report is, in fact, an expression of economic class self-interest. Not malignant, not predatory, and the report tries to express the commitment of the Citizens League to poor people. The report says (on page 21) that:

"the emphasis on the need for income support has a moral rather than pragmatic basis: the move somewhat away from the earlier philosophy of universal free services must not be used as an occasion for the society to renege on the commitment arrived at in recent years to improve the situation of the poor and disadvantaged. We think it will not..."

Not a malignant or oppressive preference, but, in my view, clear nonetheless. The benefits of the prescriptions proposed or implied in the report will only redound to the benefit of the top levels of our population. For that reason this view must be opposed.

With that introduction, let me indicate those major premises, conclusions or recommendations in the report with which I agree. There are many other points with which I agree, but these are the major ones:

1. The 1980's and beyond will and should be a time of change and a time of adjustment.
2. There is clearly a different political climate now. The existing arrangements are indeed in disfavor. And it would be foolhardy to stubbornly defend all of the existing institutions as is.
3. And it is probably "unrealistic to expect the monks to abolish the monasteries." Bureaucracies (both public and private) and individual bureaucrats and managers function within timeframes that are so short, that it is almost impossible for them to see their own self interest in fundamental, restructuring of how they operate, to say nothing of eliminating the entity.
4. 'Responsiveness,' 'accountability' and 'efficiency' should indeed be major criteria for judging ourselves and our institutions over the next couple of decades.

Despite these and other points of agreement with the report, disagreements are deeply rooted. They stem from a fundamentally different and less sanguine view of how and in whose benefit the society functions. My major points of disagreement with the report are:

1. The report states that "the central question (not *one* of the important questions, not something we should all work on, not even something we ignore at our peril, but *the* central issue), for the '80's then is whether our process for 'doing something' about our public problems now, itself, needs to be adjusted." To make that 'the central question' is a luxury that only some can afford. It is not my view that the question should not be raised by the Citizens League or that the particular 'solutions' suggested in the report ("exit") should not be discussed. But all other matters (including income support) are either forgotten, subordinated to 'the central issue,' or transformed into process issues where "exit" is the only solution.

2. The large centralized government does pose problems for all of us. I would add that this is probably more so for the poor and disadvantaged than others. However, large government is not the only concentration of economic, political and bureaucratic power that affects our lives. It is troubling to me that this report joins the current trend to severely restrict, if not dismantle, government initiatives and involvement but with little or no concern about the power of big labor or big corporations or big media. It is not insignificant, at least to me, that the federal government is the *only* protection for the lower half or more of the society. These other institutions are not necessarily more insensitive, or more racist, or more oppressive. But in a time of contraction (which I believe will be with us for a long while) the sense of self-interest is much more acute. And it is not in the self-interest of the other large institutions to look out for the bottom of the society. And that is essentially in whom the Citizens League in this report (by suggesting a market model for our public problems) is entrusting all of its 'interests.' These other institutions are the "powers that be" in the market. The prospect of them as sole protector of the poor is downright frightening.

3. The report does not just present a set of problems but offers a solution: "exit" or choices. This economic model assumes that with competition and people leaving the major public institutions, these public institutions will change in order to survive. That is, in my view, an overly sanguine assumption. It is just as easy to assume that the public institutions will be left to serve the most difficult, most recalcitrant, most expensive 'clients' with an older, less caring, less willing to change personnel. Look at what routes a deregulated airline industry wants to serve and which it wants to abandon and think about who will be served by private schools under a voucher system and who will be left as students and as teachers in the public schools.

In conclusion: this dissent from the majority view of the board of directors tries to say a) that the issue/problem of this report while appropriately framed is grossly mispositioned b) that the targeting of villains (governments) is much too narrow and c) that the choice of the market model over a political model to achieve accountability is an ideological preference and probably will not work as asserted.

Earl D. Craig, Jr., Member of Board of Directors

WHAT THE CITIZENS LEAGUE IS

Formed in 1952, the Citizens League is an independent, nonpartisan, nonprofit, educational corporation dedicated to understanding and helping to solve complex public problems of our metropolitan area.

Volunteer research committees of the Citizens League develop recommendations for solutions after months of intensive work.

Over the years, the League's research reports have been among the most helpful and reliable sources of information for governmental and civic leaders, and others concerned with the problems of our area.

The League is supported by membership dues of individual members and membership contributions from businesses, foundations and other organizations throughout the metropolitan area.

You are invited to join the League, or, if already a member, invite a friend to join. An application blank is provided for your convenience on the reverse side.

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WHAT THE CITIZENS LEAGUE DOES

RESEARCH PROGRAM

- Four major studies are in progress regularly.
- Each committee works 2½ hours per week, normally for 6-10 months.
- Annually over 250 resource persons made presentations to an average of 25 members per session.
- A fulltime professional staff of seven provides direct committee assistance.
- An average in excess of 100 persons follow committee hearings with summary minutes prepared by staff.
- Full reports (normally 40-75 pages) are distributed to 1,000-2,000 persons, in addition to 3,000 summaries provided through the CL NEWS.

CL NEWS

- Four pages; published every other week; mailed to all members.
- Reports activities of the Citizens League, meetings, publications, studies in progress, pending appointments.
- Analysis, data and general background information on public affairs issues in the Twin Cities metropolitan area.

PUBLIC AFFAIRS ACTION PROGRAM

- Members of League study committees have been called on frequently to pursue the work further with governmental or nongovernmental agencies.
- The League routinely follows up on its reports to transfer, out to the larger group of persons involved in public life, an understanding of current community problems and League solutions.

COMMUNITY LEADERSHIP BREAKFASTS

- Held from September through May at 7:30 - 8:30 a.m.
- Minneapolis breakfasts are held each Tuesday at the Grain Exchange Cafeteria.
- Saint Paul Breakfasts are held every other Thursday at the Pilot House Restaurant in the First National Bank Building.
- South Suburban breakfasts are held the last Friday of each month at the Northwestern Financial Center Cafeteria, Bloomington.
- An average of 35 persons attend each of the 64 breakfasts each year.
- The breakfast programs attract news coverage in the daily press, television and radio.

QUESTION-AND-ANSWER LUNCHEONS

- Feature national or local authorities, who respond to questions from a panel on key public policy issues.
- Each year several Q & A luncheons are held throughout the metropolitan area.

PUBLIC AFFAIRS DIRECTORY

- A directory is prepared following even-year general elections and distributed to the membership.

INFORMATION ASSISTANCE

- The League responds to many requests for information and provides speakers to community groups on topics studied.

Citizens League non-partisan public affairs research and education in the St. Paul
Minneapolis metropolitan area. 84 S. 6th St., Minneapolis, Mn. 55402 (612) 338-0791

Application for Membership (C.L. Membership Contributions are tax deductible)

Please check one: ☐ Individual (\$20) ☐ Family (\$30) ☐ Contributing (\$35-\$99) ☐ Sustaining (\$100 and up)
Send mail to: ☐ home ☐ office ☐ Fulltime Student (\$10)

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