MIDCONTINENT PERSPECTIVES

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George F. Will
Author and Columnist
Washington, D.C.

The Future Of American Cities

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It is a pleasure to be back in Kansas City, to which I first came in 1976 with the Republican convention. It's always good to be outside of Washington, which has been well-defined as an enclave surrounded on four sides by reality.

Just to tidy up the introduction a bit, I did indeed work for Senator Gordon Allott. A less kind introducer would have introduced me as the man who made Gordon Allott what he is today, his having won five state elections before I went to work for him, and none since.

It is also the case that I did simultaneously work for Bill Buckley's conservative *National Review* and Mrs. Graham's liberal *Washington Post*. I am sometimes asked how you do that. The answer is in the story of the Alabama politician who was taking bold and forthright stands on all the divisive issues of the day, pounding the lectern, looking people in the eye, ducking no issues, and when he got done he looked them in the eye once more and said, "Those are my views, and if you don't like them, I'll change them!"

In the ruthless post-Watergate spirit of full disclosure, I should acknowledge that I am of somewhat conservative disposition. The reason for that is that I grew up in the Middle West in Champaign, Illinois, and at an age too young to make such momentous decisions, I became a Chicago Cubs baseball fan – and got used to losing. In fact, about three years ago I was in Topeka, Kansas, doing a television show with Alf Landon, and at one point I said, "Governor, why is it that after 1936" – when, as you all recall, he swept Maine and Vermont – "you did not again seek elective office?" He said, "Well, George, I think the Republican party needs some senior people who are not interested in elective office." I told him I thought it was the ideal party for people of all ages who are not interested in elective office.

What I have to say to you today really does not particularly derive from any political philosophy. Indeed, after living in Washington now for eight years, to the very limited extent that I believe anything at all, it is the political philosophy of Yogi Berra, who once said that "you can observe a lot by just watching."

I have watched the current practice of politics in Washington for eight years and have reflected about the problems of the cities and local governments as related to Washington. I have come to some conclusions that may or may not be of interest to you. I hasten to say in advance what I shall now promptly demonstrate: I am not an expert on local government. But all

government today depends on the federal government, on the state of the economy, and perhaps most important, on public attitudes about the public sector in general. These are, of course, related to the problems of the cities, and to the problem of how politics is practiced at all levels in the United States today.

First, I must make a disclaimer about the prospect of reading the future up to the year 2000, 22 years from now. I have no idea what I would have said in 1956 about the state of affairs in 1978, but I rather doubt that I would have gotten it right. And certainly the pace and direction of change with regard to cities is currently being misunderstood.

Our language is bewitching our intelligence when we talk about <u>the</u> urban crisis. The impression we are giving is that we are an urban nation, that most cities are in crisis, and therefore that most Americans are directly concerned about, affected by, and interested in, the so-called urban crisis.

Now, one of the ways we get to this intelligence-bewitching language is from a statistical sleight of hand. It is frequently said that 70 percent of Americans live in cities. But in the standard statistical way of speaking, anyplace in the United States with a population of 2500 or more is defined by the Census Bureau as an urban place. It is perhaps not sufficiently recognized that the percentage of Americans who live in cities of a quarter-million or more population is today approximately what it was in 1920. Then people say our cities are somehow more dense than they were. As a matter of fact, that is false. The population per square mile in urban areas in the United States in 1950 was 5400; in 1970 it was 3300.

It is said today that more people live in central cities, or some meaningful definition, than ever before. In fact, 25 years ago, as people defined central cities, about 35 percent of American people could generously be said to live in them; today about 30 percent can be said to. It seems to me that the confusion wrought by our language extends beyond this. We tend, when describing electoral problems, to distinguish with artificial clarity between suburbs and cities. I cannot for the life of me see why Hempstead, Long Island, or Bethesda, Maryland, to name just two, are clearly suburbs rather than cities.

When you begin to see that the very idea of the city has been rendered vague, both by demographic changes and by the confusion of our categories, you begin to see how hard it is to talk about "urban crisis." A crisis means some kind of syndrome, a pathology involving economic and social problems, and it does seem to me that there is a crisis in some parts of some cities in some regions. It is, however, my guess that what could be called an urban crisis directly affects no more than five percent of the American population. This is a group commonly thought of as the people "left behind" in the change of the city or the exodus from the cities. Two questions are therefore posed: Why are they left behind? And what should be done about it?

The place to begin in these matters, fairly or unfairly, is generally with New York, and it is indeed instructive to look at the problems of New York. New York has lost 700,000 jobs in one decade. The job losses that have gotten publicity around the country from New York are the losses associated with the movement of corporate headquarters to Pennsylvania, New Jersey and Connecticut. But New York was not a city built by corporate headquarters. New York is a city that was built to a rational economic size of approximately eight million, primarily by factories, by small manufacturing ventures, by brewers, by garment makers, by shipbuilders, by bakers, and others. It grew for three reasons.

It is generally the case that great economic events have clear economic causes, and it was true in New York. New York was first of all a great rail hub of the East. Second, it was, because of the immigration, among other factors, a source of cheap skilled labor, and it was a source of cheap energy.

Today the rail system in the East certainly is a shambles, and the city is a terrible place for trucking. Labor costs are extremely high, and it is cheaper to get South Carolinians, or even South Koreans, to do many of the manufacturing jobs that once were done in New York. New York's electric power today is the most expensive of any city in the country, in no small measure because of taxes imposed to pay for the spiralling social costs of life in New York.

Now there is, I think, a lesson from New York that is more garish than any lesson to be drawn from any other city, but it has its parallels. The lesson is that New York is today a city of eight million people, but without the economic function of a city of eight million. It has a welfare system that immobilizes a surplus population and prevents an out-migration. The answer to New York's problem is not the death of New York, but <u>inevitably</u> it is going to be the death of selective neighborhoods in New York – the closing of schools, and police and fire departments, the contraction of the city, a contraction that it would be folly to resist.

New York is, I hasten to add, only the worst case. There are general lessons to be drawn from this about the general factors that are contributing to problems of great metropolitan areas. The general lesson is this. What is important in evaluating a city and its problems, particularly from the federal level, is not how big a city is, but why it got to be the size that it is, and how fast it got to be that size. In the United States today there is no public consensus on city problems because there is not one "urban public." There are many publics representing not just the many different kinds of cities as different as Phoenix and New York and Detroit and Atlanta, but also representing different publics within those cities.

This brings me to an important point that has to be made about politics as practiced in the United States. We again are bewitching our intelligence by talking about the American public and the rather futile quest for public opinion – the public's opinion – a quest conducted through an almost mystical devotion to polling.

It is important to notice that on almost no issue that comes before the federal government is there anything like a "public opinion." There is no public opinion in the United States on the proper range limits on cruise missiles; there is no public opinion about how fast M1 or M2 should expand in the Federal Reserve System; there is no public opinion on meat import quotas.

To take the question of the import quotas for a moment, there is one very strong, small, attendant public. There are 215 million hamburger eaters in the United States today; but there are about a quarter-million cattle raisers, and there are meat import quotas to hold up the price of beef. Now, if you think democracy is simply a matter of numbers, then that is not how the system is supposed to work. But, of course, democracy isn't about numbers. Democracy is a system extremely sensitive at measuring intensity of feeling. What makes the American system of government work is intensity. The question is always of who is paying attention to a particular issue, and who will vote and lobby on a particular issue. This is why the rise of the single-issue constituency that is so alarming to so many politicians. From the Washington level (and I am quite certain that it is similar at the local level) if you want to understand the federal government in the United States, do not read the federal Constitution. That has precious little to do with it. Read instead the Washington telephone directory, particularly those pages that have all the

listings that begin: National Association Of ... Those are some of the trade associations. There are 2200 of them in Washington. They are the third largest employer in Washington, after government and publishing. That's what makes Washington such a peculiar town, as you can tell. No town can be healthy with only those three large employers. But beyond that, it is the case that if you go down that list, you will see all the familiar ones -the National Association of Manufacturers, the National Association of Broadcasters – but you will also see the National Crushed Stone Association and the National Ice Association (ice has been declared a food product by the Food and Drug Administration) and the National Association of Truck Stop Operators, plus 2200 others.

They are there because there is <u>no</u> significant aspect of <u>any</u> significant American activity that is not regulated in some way, or affected in some way, by the federal government. They are there because this is the ethic of American government today, at whatever level: it is fair game to use public power for private purposes.

The bending of the government to enhance the economic position of a private interest is an activity to which no particular taint attaches. This represents a fundamental change in American attitudes toward the ostensible division between the public and private sectors.

The change in the American attitude toward government – simultaneously demanding more of government and according government less respect than ever before – has given the peculiar tenor to the Carter administration, and has filtered down to all other levels of government.

Let me explain this. President Carter is the most restricted president of modern times, almost entirely through no fault of his own. It is clear that we exaggerate the range of freedom enjoyed by people in public life. Almost everyone who governs, be it in city, state capital, or the national capital, is governed by events. Beyond that, and more importantly, he or she is governed by the weight of decisions taken by previous administrations. A paradigm for this is Joe Califano, the Secretary of Health, Education and Welfare. Joe is bright, able, experienced, public-spirited, a friend of mine (and wrong on all issues of public policy). He was no doubt tickled pink when he saw the first budget submitted by Carter. It allotted HEW 37 percent of the total, much the largest share of the budget, \$162 billion. Then he looked at the fine print. He saw that of \$162 billion, \$145 billion was for mandated spending -Social Security, Medicare, Medicaid, etc. – and another \$14 billion was committed by the decisions of previous secretaries. That meant that out of \$162 billion, he had three billion dollars left.

That's quite enough for Joe Califano. But the point is that when you read the fine print of government, you begin to realize just how narrowly restricted people in public life are.

Mr. Carter's problems, of course, are compounded by certain political factors beyond his control. There is the narrowness of his victory and the fact that he lost the electoral and the popular vote outside the South. He won in the South as heavily as he did, not because he got a larger share of the black vote that Democratic candidates usually get. He got a larger share of the white vote than recent Democratic candidates had received. I dwell on this in a room full of people concerned with local problems for a reason I'll make clear in a moment. It means that Mr. Carter's most influential votes came from the most conservative voters in the most conservative region in the country. Mr. Carter, therefore, not only won a narrow victory, but he got a mandate that was peculiarly mixed for someone who has to try to be true, on the one hand, to those who voted for him, and, on the other hand, to the general nature of his political party.

There is today an unwillingness to repose confidence in any emphatic way in the public sector. Mr. Carter finds this in the disillusion and dissent within his own party in Washington. Because of the recent turnover in public life (in part because public life isn't as much fun as it used to be) there are over 150 Democrats in Congress today who had not served under a Democratic president until Carter came to town. This means they developed their habits of mind in opposition to the White House, developing institutional loyalties to Congress that do not readily change simply because a member of their party has come into power. This, too, restricts Mr. Carter. But the two overriding restrictions on Mr. Carter and facing governors and facing cities are these. The public is out of patience with government. And the government is out of resources.

It is not hard to understand why the public is out of patience with government. They have seen too much of public affairs in the last 15 years. There was a civil rights revolution on the television sets in living rooms. Then there was "a living room war" on television. Then there was the slow self-destruction of a presidency on television. Beyond that, the three great events of government in the last 15 years or so were the Great Society legislative initiatives (which are, fairly or unfairly, perceived to have promised more than they delivered), the Vietnam War and Watergate. These were instances of the public sector discrediting itself. And just as this was happening, government at all levels in the United States was intruding itself into the lives of more citizens than ever before, Americans were having more contacts with government than eve before, and more of those contacts were involuntary and unpleasant as the government became, increasingly, a regulatory agent.

As a result of this, there is a kind of general grumpiness and irritability in the country, the sense that people are not getting all the government they are paying for, and indeed they don't want all the government they are paying for.

This brings me to the overarching problem of the federal government which will, I think, condition government for the foreseeable future, almost certainly through the end of the century: the public sector is out of resources.

Now, I know it is not as bad at the state level as it is in Washington, but the states will eventually follow the path of Washington. When I say the government is out of resources, I know the federal government has a half-trillion dollar budget. But the federal government is out of resources in the strict, technical sense. We have passed that point that most maturing welfare states pass, the point at which the annual growth of mandated entitlement spending under existing programs (such as Medicare, Medicaid, Social Security, and others) is faster than the growth of revenues to the government through the healthy working of the economy. In other words, the private sector is not growing fast enough, relative to the public sector. That means that the government must have an economy working very well indeed even to keep pace with existing programs. And so the political leadership of any administration – Republican or Democratic – cannot build a record in the traditional way, with new domestic spending and issues. It must seek a new political strategy for building a record.

When you have said the government is out of resources, you have pointed to a general problem, and you need to know the specifics. The reason the federal government is out of resources is this: Since the mid-50's, the category of spending in the federal budget of "payments to individuals" has been growing fairly steadily at 8.5 percent. Ironically, it increased under the Republican administration, the Nixon-Ford administration, to about ten percent. But that increase

was disguised (double irony) because there was, at the same time, a decline in defense spending. You have had a steady increase for two decades now of about 8.5 percent, which is faster than the economy is growing. In the mid-50's, when this started, it didn't matter very much because the category of "payments to individuals" was not a significant portion of the budget. Today it is 43 percent of the budget, is growing much faster than the economy as a whole, and is going to go on growing.

It will go on growing because one in six Americans who works today works for the government at some level or another, and the greatest growth in recent years has occurred at the state and local level. The growth of payments to individuals as a government category is going to continue because one in three Americans today depends for his or her income on the government. It is also going to grow because of a demographic factor. Whoever said that demography is destiny would certainly have understood the importance of the aging of the American population today. There are more elderly than ever before. They are disproportionate consumers of public services, particularly pensions and medical care. They are retiring earlier than ever before, and they are living longer, and they are lobbying more determinedly for benefits. With the single exception of the public school lobby in Washington, the elderly are the most formidable lobby of all.

Now the way this is expressing itself today is commonly, loosely, and I think grossly inaccurately called, the tax revolt. I don't believe there is a tax revolt today. I think the American people are apt to remain for some while in a profoundly schizophrenic frame of mind. There is, I know, the sense that many people feel as the constituent did who collared Henry Royce, a very liberal Congressman from Milwaukee, the other day in the Milwaukee airport. He grabbed him by the lapel and said, "Congressman, when you get back to Washington, don't do anything for me. I can't afford it." That is the dawning sense in the country that indeed the country is the one that pays the bills, sooner or later. But there is, as I say, a schizophrenia in the American people: they profoundly want their public services and equally profoundly desire not to pay for them. What we have here is a voracious appetite for public services matched by an equally intense desire to shift the burden of paying for them to other people, a strategy that will not work when you have as comprehensive a welfare state as we have today.

I know that some Americans, conservative Republicans such as Ronald Reagan, give the impression that the American government we have today was imposed upon the American people surreptitiously, in the dead of night, and that if given half a chance they will dismantle it in broad daylight, so angry are they. The problem with that rather touching theory is that the government we have today has evolved in a constant direction, at a fairly constant pace, under Republicans and Democrats alike, since 1933. Neither party has come close to electing a candidate who challenged, fundamentally, the assumptions of the modern, activist, interventionist, centralizing state. The only party that tried was the Republican party with Goldwater in 1964, and the results did not encourage a second try. I know perfectly well that the American people, when asked by polltakers to describe themselves politically, describe themselves as conservative rather than liberal by a two to one majority. When you put in the same poll a list of 15 or so major domestic spending programs and ask whether Americans think the programs should be cut, held at the same level, or increased, they say, by approximately a two to one margin, that they all should be increased. What that tells me is that what is called "conservatism" today is the prayerful belief that it is time to cut thy neighbor's subsidy, and also

the belief that what people want to conserve most of all is the pattern of politics of the last 40 years. But people are not willing to pay for the inevitable cost of this.

I think we have at the federal level a fundamental degradation of the democratic doctrine of the United States – the belief that it is simply the job of the government to be "responsive." It is apparent in the Washington telephone book.

I don't care how many times you listen to a candidate this year, you will hear in 1978 the word "responsive" applied more often than not as a term of praise to politicians. It seems to me the problem is that American government at all levels is responsive to a fault. Being "responsive" means, in practice, responding to organized, felt demands made by intense, organized, interests. And there never is an organized demand for the taxes to pay for the costs of what the interests are asking.

You have Burger Kings in Kansas City. You may have heard the commercial they have now; it always reminds me of the government. Burger King's claim to fame is that they will take the pickle off your hamburger if you want them to. Their slogan is "Hold the pickle, hold the lettuce, special orders don't upset us – you get it your way at Burger King!" Government is a giant Burger King! (In several senses: it takes your money first, and gets your order wrong.) It has a "cafeteria mentality" expressed in the rhetoric of government that says: It is my job to "respond." The trouble is, you can't be a leader and be committed to that. Leadership is, above all, the ability to inflict pain. By that I mean to get people to defer their gratifications, to do things they would rather not do. It takes no leadership to get people to eat cake. It takes leadership to get them not to eat cake until they have done some work, or done some investing, or produced the goods and services to pay for the cake.

Lest this be thought of in any way as a partisan remark rather than a diagnosis of the national temper, let me emphasize that the most vivid example I can think of was given by Gerald Ford in a press conference shortly after he became president. He was asked if he favored a stiff tax on a gallon of gasoline and his answer was, "Today I saw a poll that showed that 81 percent of the American people do not want to pay more for a gallon of gasoline. Therefore, I am on solid ground in opposing it." The problem, of course, is that all ground seems solid when your ear is to it. And as Churchill said, "It is hard to look up to someone in that position."

I have made this little digression into what I take to be a national temper as manifested at the national level of government because it applies to American attitudes toward the problems of our cities. Let me sum up what I have said so far.

The urban crisis, as it is advertised – over-advertised in my judgment – is not what it is cracked up to be. It is not a comprehensive and enveloping crisis of all cities, and it certainly does not directly concern and energize the majority of Americans. It is in its most serious phases the product of basic economic and social transformations, such as those demonstrated in New York. The conclusion to be drawn is that the crisis will not be readily reversed by remedial government action, and it is far from clear that government should try. Again, my paradigm is the possibility of a policy of selective neighborhood death in New York, rather than a foredoomed policy of pouring resources into an attempt to bring urban life back to, for example, the south Bronx.

The fourth point to be drawn from what I have said so far is that government is very unlikely today to have the resources for the kind of dramatic remedial actions that have, for the

last 20 years, appealed to politicians – state, local and national alike – as coming from an energizing, directing federal government.

Having said that, the question again is whether that is bad news or not. The results of such programs indicate, it seems to me, that it may be fortunate that the government is out of resources. Anyway, should government reverse the evolution of cities as we have seen it occur? It is conceivable that we are going to change our ideas of what a city is. It is, I think, a very open question whether we need cities today of five million or more population.

The old economic rationale for such urban concentrations is passing. It had to do with the need to concentrate information, labor, and energy transmission. And it had to do with urban land values. These have, I think, dramatically changed. It is said that government caused these changes. It is frequently said that the government caused the flight from the city with FHA subsidized new housing and federal government subsidized highways. And but for that, the suburbs would not have developed as they have. That explanation, comforting though it may be, suggests that a reversal of policy can reverse basic social changes in the United States. I think the analysis is wrong because it blinks the fact that there is a great national desire in the United States to live in less dense ways. It is probably universal; it is certainly American.

Thomas Jefferson expressed the great national anti-urban prejudice, making a political point in doing so, when he said that democracy is possible if, but only if, Americans are not piled up in cities as they are in Europe. Remember, Jefferson was unquestionably the most optimistic of the founding fathers. His idea of a city was Boston, and Boston's population then was approximately that of Muskogee, Oklahoma, today.

The country was founded by men who believed profoundly in the political dangers of the kind of clamorous politics that develop in an urban setting. I recently saw some public service ads from Atlantic Richfield telling people to be good urban citizens. One of the ads is terribly instructive, and rather sad. It is a minute shot of a man driving a street sweeper late at night in a decaying part of a city. He is talking in a monologue about the kind of city he dreams of someday. He says, "I see this city someday with no crime, no pollution, no noise, no crowds and no parking problems." He dreams of a city which has none of the inevitable attributes of a city.

The problem today is implosion: a collapsing inward and downward of economic forces. In New York City the high cost of social services has meant the high cost of taxes, which has driven out business, which has increased welfare costs, which has led to an increasing tax on a shrinking tax base, and a spiral that no one has yet figured out how to break. Now, because the government at all levels, but especially at the federal level, is out of resources and cannot undertake large new appropriations, there is an impulse, particularly at the federal level (seen most clearly in the last week in the new clean air standards) to impose the costs of achieving social goals -environmental health, safety and others – on the private sector. It is a way of disguising the social costs of achieving social goals by keeping those costs out of the budgetary process. But I do not need to tell you how shortsighted this can be because American business can move from American cities. American business is increasingly mobile, and not only because it is increasingly sophisticated politically, and is increasingly sensitive to its competitive situation as it is affected by local government policies. Also, the technology of American business makes it easy and economic to disperse manufacturing, for example, particularly because of information-transferred technologies.

So the question confronting you in this somewhat gloomy recitation is what is to be done about cities. It seems to me quite clear that there is a role vividly demonstrated in Kansas City, especially here in Crown Center where we sit, a role for the public sector in a city in which the relations between the public and private sectors are good. But go to Cleveland, and go to Detroit, and go to New York, and go to Philadelphia and see what happens to a city when this essential truce breaks down between public and private sector. If the situation is as I have analyzed it, that the growth of mandated spending in a matured welfare state will absorb resources for the foreseeable future; and if I am correct in saying that the American people are of two minds, that they want their services but don't want to pay for them; then it seems to me that the American people, in their exasperation with the federal government, are going to turn with increasing vigor, even increasing irrationality, to making demands on state and local government. You see a general turning up of pressure on the public sector at the local level because it is at the local level alone that the American people feel that an individual exertion can have some effect.

Now this is not quite as alarming as some people say. The cities, I hasten to reemphasize, are not in crisis, and there is a great reservoir of goodwill in the American people to be brought to bear at the local level. In my judgment, the most profoundly encouraging change in the American political temper in my time has been the decline of confidence in the public sector at the federal level, because into that void has inevitably flowed a new interest in government at the local level.

Those of you who are in city government are in the cockpit of democracy. The federal government is regarded as a cumbersome leviathan and indeed a foreign and hostile presence by a good many Americans. It is your task to rise above the hope that the federal government will be the source of the energy, vision, and the resources needed to solve local problems . You are going to have to come to a kind of truce, to put it politely, and a working partnership, to put it optimally, with the private sector. That sector is going to be the source of jobs, and the source of capital for change.

Well, I have depressed you at inordinate length, and I will now subside. I hope I have helped you to have a new sense of how things look, at least from Washington. I know I have sounded a bit like the British diplomat who cabled back to the foreign office in London and said, "The gravity of the situation here is impossible to exaggerate – but I'll try."

I do not think I have exaggerated. And I hope we will disagree in the amicable spirit of the small town in Illinois near where I grew up. There, two preachers, one a rather sour Methodist and the other a jolly priest, had competed for the souls of the community for 20 years. They met on the street one day, and the jolly priest said, "Ah, pastor, can't we be friends? After all, we both serve the same God." The sour Methodist said, "Yes, we both serve the same God—you in your way and I in His." Needless to say, being opinionated to a fault, I identify with the Methodist.

QUESTIONS AND ANSWERS

QUESTION: Do you want to comment on the attitude in Washington toward President Carter? I am led to the suggestion by a one-liner in a column yesterday which said that the president was working very hard doing the job of two men – Laurel and Hardy.

ANSWER: As registered by the Washington press corps, which is a very sensitive, not to say neurotic seismograph, the president is in an "up" period. Camp David is going to produce something; he is sustaining vetoes, and getting his way with the natural gas bill.

But over the long haul, the president's difficulties are substantial. He is, for many of the reasons I have suggested the most vulnerable elected incumbent of modern times. There is this tremendously divided mood in the country. Americans don't like the government, but they are asking more from it than ever before, and don't want to pay for it. Furthermore, Mr. Carter is in an office that has been devalued by recent history. All public offices have been tarnished, but the presidency more than any others. The Great Society legislative initiatives, Watergate, Vietnam, are, fairly or unfairly, thought to have been expressions of a strong president's personality. There is, therefore, a tendency to distrust an energetic executive.

So Carter won a tarnished office, at the head of a government that is out of resources, and he won the office with a narrow and divided majority from a country out of patience with government. That is not a very promising beginning. He is facing a Congress that is increasingly hostile, institutionally, to executive power. So he faces a very difficult time trying to get a handle on this elusive, inert federal establishment. For that reason, it seems to me, he is terribly vulnerable.

The economic numbers that are already visible and are going to be felt for the next three or four years are not going to work in his favor. This is, in large measure, due to the impact of the public sector on the private sector. Perhaps the economists are right who argue that we have passed a point at which rapid economic growth is no longer possible, because the welfare state has matured as much as it has, and the public sector has become as dominant as it has.

Mark Keane, who is Executive Director of the International City Management Association, headquartered in Washington, wrote a very good speech entitled "The Crumbling Consensus and the Shrinking Pie." That sums it up adequately. There is a crumbling consensus about what to do now that the pie is not growing as fast as it once did. All of our political habits, and our political moderation, have been a product of the assumption that economic growth is easy and democratic, that it is virtually automatic and that a rising tide raises all boats. People are losing confidence in that.

One of the most alarming polls I have seen recently is that 50 percent of the American people believe that inflation will get worse over the next five years. The economy today is being sustained, and has been for two years, by a rapid increase in consumer installment debt as a tactic for enduring inflation. If inflation is going to be here forever, then you pile up debts in 1978 dollars and pay them off in 1985 dollars.

You are getting unofficial indexing throughout the economy in private contracts. This is all a part of a pattern of surrender, of people saying the government causes inflation, the government has not the political will to cure it. Therefore, let's devise strategies for coping with it. Again, it is another aspect – a sinister aspect – of a widespread malaise about public life.

QUESTION: I think your comment on the alliance of local government with the private sector is very fetching. It seems to me at best it is a long transition business period. Witness Ford Motor Company in Detroit where their private civic involvement has been, as I understand substantial and the federal government is all over their backs in every which way.

COMMENT: The state of Indiana is getting in their licks too.

QUESTION: So they haven't got a lot of brownie points. If as you state, the Constitution is no longer an applicable document in practice, how would you react in parallel with your suggesting – if it were possible – limiting the term of office of representatives and senators to a certain number of years without reelection?

ANSWER: I see the charm of your suggestion, that the only way to break this reckless use of the public sector is to break the electoral nexus – the "next year's reelection" impulse that makes people do that. But I am ardently opposed to breaking that nexus. Let me tell you why.

Politics in the United States is not an amateur's business anymore. Politics at the federal level is complicated and subtle. Washington politics are the most complicated in the world. Politics is a <u>learned vocation</u> which takes a long time to learn. If you limit the number of terms people can serve there, you are going to diminish the power of Congress relative to the executive bureaucracy. It takes you six years to learn where things are in the federal government, to learn the handles. No longer, under constitutional limitations on terms, would you have the great legislative careers – the Henry Jacksons, Henry Clays, Hubert Humphreys. These careers depend on longevity. It seems to me the country needs the John Stennises.

So a limitation on terms would have social costs in depriving the government of expertise that I would like to see another way of doing it. Will's pension reform might do it. Will's plan for pension reform is that everyone who goes to Congress is immediately granted a pension of a quarter-million dollars a year. It would decrease by 20 percent for every term you serve. After five terms you would know who loves their country.

There is no blinking the fact that the problem in the country today is ideas. People have certain ideas about the government and about how the system works, and unless those ideas are changed, institutional tinkering won't suffice.

QUESTION: One of the things that Bill Simon cited in his book as the main problem of New York City and, by inference, other areas, was not so much the social programs as we traditionally view them, but what he seems to refer to as "welfare for the middle class" – the high salaries, the pensions, higher education. Do you agree with that analysis, or is that true?

ANSWER: I would never disagree with Bill Simon. It's not permitted. I flew to Florida with him two days ago and compared, to my disadvantage, how his book and my book are selling. Bill is absolutely right. Again, if I am correct that the government is responsive to a fault, it obviously is going to be (in a middle class nation) responsive, above all, to the middle class.

Who is the middle class in the United States? A bus driver in San Francisco makes \$17,000. A street cleaner in San Francisco makes \$17,000. I am not going to rule on the equity of that, but that is the middle class. Most programs passed in the United States constitute aid for the middle class. But there is a problem with that. Senator Kennedy is particularly eloquent on the subject. He says you cannot target programs to the poor because you cannot get public support for them unless you sweep in middle class beneficiaries. That may be true or it may be false. But again, it is the poverty of persuasiveness of political leadership: they are saying they can't persuade people to do something equitable unless we make it in their interest. That is really the argument Kennedy is making: that equity is not enough of an appeal. I think that is the council of despair, and the results are calamitous for the country. To understand the tax revolt you have to bear three statistics in mind. If you make \$17,000 in the United States in this rich, prosperous, comfortable society, you are in the top 25 percent of income earners. If you make \$20,000, you

are in the top 20 percent; and if you earn \$31,000, you are in the top five percent. If you are in the top quarter of a rich nation, you are statistically rich, objectively rich. Yet I have not met anyone in that bracket who feels rich. In fact, there is nothing an American audience more bitterly resents than being told that it is rich (in part, because many of them were, not long ago, undergraduates, and their political philosophy was soak the rich, and now they are the soakees.)

Suppose you are governing in the United States at any level, and you say, "We've got to get more out of the rich." Statistically you are talking about a San Francisco street sweeper. You are talking about a senior New York subway operator who is getting nearly \$30,000. So the middle class is everywhere. A reverse way of putting the point is there just aren't enough poor to go around. If you aggregate all the demands made by the really poor on the public sector, you would have only about one-fifth of HEW's budget.

QUESTION: In your parable between the gloomy pastor and the jolly priest, they both were selling passages to heaven on a different ship, but in that trip they would have to worry about the nuances of regulation. Carry that one step further and you are talking about the relationship between local government and the private sector. You are attempting to alleviate suspicion. Who has, or who should have, the catalytic leadership to move toward bringing about that working partnership at the local level?

ANSWER: The public sector, I think, for the following reasons. I have talked to an awfully lot of businessmen in the United States, and they have the most extraordinary persecution complex these days. In a way, they are wrong. Large corporations, particularly, are fair game for demagogues. Businessmen believe that they have not been well-heard at the federal level or at other levels. They feel that because of budgetary tightness, governments have tended to push the costs of social goals onto them and require them to pass it along as a business expense, and to receive the brunt of resentment. (Utilities are a classic example.) This is changing a bit, because in Congress the business community has been winning a lot more this year than ever before – on labor reform law, minimum wage, and some other matters.

Business is becoming more aggressive. That is why they are winning more. They are coming out and engaging in political argument. But the average American businessman is a genius in the boardroom and an incompetent in the public arena. He doesn't want to argue on public issues; he wants to be let alone. He wants to make widgets, at which he is a genius. He is very slow to come to terms with all the anachronisms in his political categories, such as the tidy division between public and private sectors. Basically, it is not an individual businessman's job to provide a healthy economic climate in his community. He can't. One city council can really destroy a business climate -a climate for labor relations for all kinds of things. So it seems to me that the burden is not on the private sector.

QUESTION: In view of your remarks about the response of neighborhoods, what is your assessment of the very strong neighborhood movements which we are certainly seeing here in Kansas City and many other cities, both as a source of urban rejuvenation and political clout? Does it matter?

ANSWER: It matters, because this is the political equivalent of the commercial interests I am talking about in Washington. The American system doesn't work for individuals; it never has. It always works for people who get organized, and Americans have been very good at that. They are very good at looking at government and finding the levers. I am profoundly encouraged by what is happening in neighborhoods.

QUESTION: So you see this as hopeful?

ANSWER: Absolutely. Again, I tried to indicate (in my small concession to encouragement) that the good effect of the collapse of confidence in governing a continental nation from a city on an Eastern shore is that it does create a vacuum that is going to be filled. Americans are not going to withdraw entirely from public life.

People say Americans are apathetic today. I don't know what the turnout was in the Proposition 13 vote, but it was dramatic. It was very high. People may say, "Well, that's a negative, unfortunate vote." I don't know what your political views are, but it indicates that where people think they can have a direct impact, they vote. This is why I would expect voting in local elections to go up relative to voting in national elections. I would be hard put to explain why one ought to vote in a national election, if you really give it a public "economic" analysis. But it makes sense at a local level.

QUESTION: In terms of political parties, where does your analysis take them? Where will they turn?

ANSWER: To use the magic word, they are responsive. The Democratic party today is a party that is, in a sense, an exhausted volcano. It governed for 40 years and put its ideas to work. Some of the ideas worked, and some didn't. But there is a sense in the country that we need the first new departure in thinking since the New Deal – since the Democrats had their way.

On the other hand, the Republican party is today the closest thing the Americans have ever had to an ideologically pure party. This is unfortunate, but it is the case. In 1964, you still had two fairly strong battalions fighting it out – fighting the Battle of 1912 when Teddy Roosevelt and Taft split. But that battle has been won by the conservatives, partly because the country is more conservative, and partly because if you are a liberally inclined person, you don't naturally gravitate to the Republican party. But it is a very conservative party now.

So you have a party – the Republican party – that offers a message too pure in its ideology for the American people. And you have the Democratic party, which has exhausted its ideologies. What you have is a period of considerable flux. The people who have seized best on the Republican issues have been Democrats. When Democrats lose their intellectual baggage they travel light, and fast. As Disraeli said, "We will catch the Whigs swimming and steal their clothes." The Republicans are out there splashing around and the Democrats are governing.

So I don't quite know how to give you a definitive answer to the question, but there is a great period of flux in the parties, at least in the Democratic party. And the Republican party is taking a great wager, a very mistaken wager, on the assumption that the country is as conservative as your typical Republican activist. It isn't.

Proposition 13 (and this is the great irony of 1978) may be taken by many to be an expression of the Republican hour come around at last. So it may be the worst thing that ever happened to the Republican party if they misread it, which I think they are in the process of doing. Republicans do not acknowledge this voracious appetite for public service that has not, in my judgment, abated.

GEORGE F. WILL is one of today's most widely read columnists. Edwin Diamond, writing in the Columbia Journalism Review, called Will's work "the freshest political analysis to appear in years." And fellow columnist James J. Kilpatrick called Will "a brilliant mind, clean thinking, good writer, not predictable, no knee-jerk type." In May of 1977, he won the Pulitzer Prize for Distinguished Commentary.

From 1970 through 1972, Mr. Will was on the staff of Senator Gordon Allott of Colorado, then chairman of the Republican Policy Committee. From 1973 through 1975, he was Washington editor of National Review Magazine, and in 1974 he began a syndicated newspaper column, which today appears in 300 newspapers.

George Will became a contributing editor of Newsweek in 1976, writing a bi-weekly column that appears on the back page of that magazine. He is a commentator for the Post-Newsweek broadcasting stations and appears frequently on Agronsky & Company, Meet the Press, and other television shows. He is the author of the book The Pursuit of Happiness and Other Sobering Thoughts.

Mr. Will is a graduate of Trinity College in Hartford, Connecticut, received a degree from Oxford University, and a Ph.D. from Princeton University. He has taught political philosophy at Michigan State University and the University of Toronto.

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