

# Government's End

## Why Washington Stopped Working

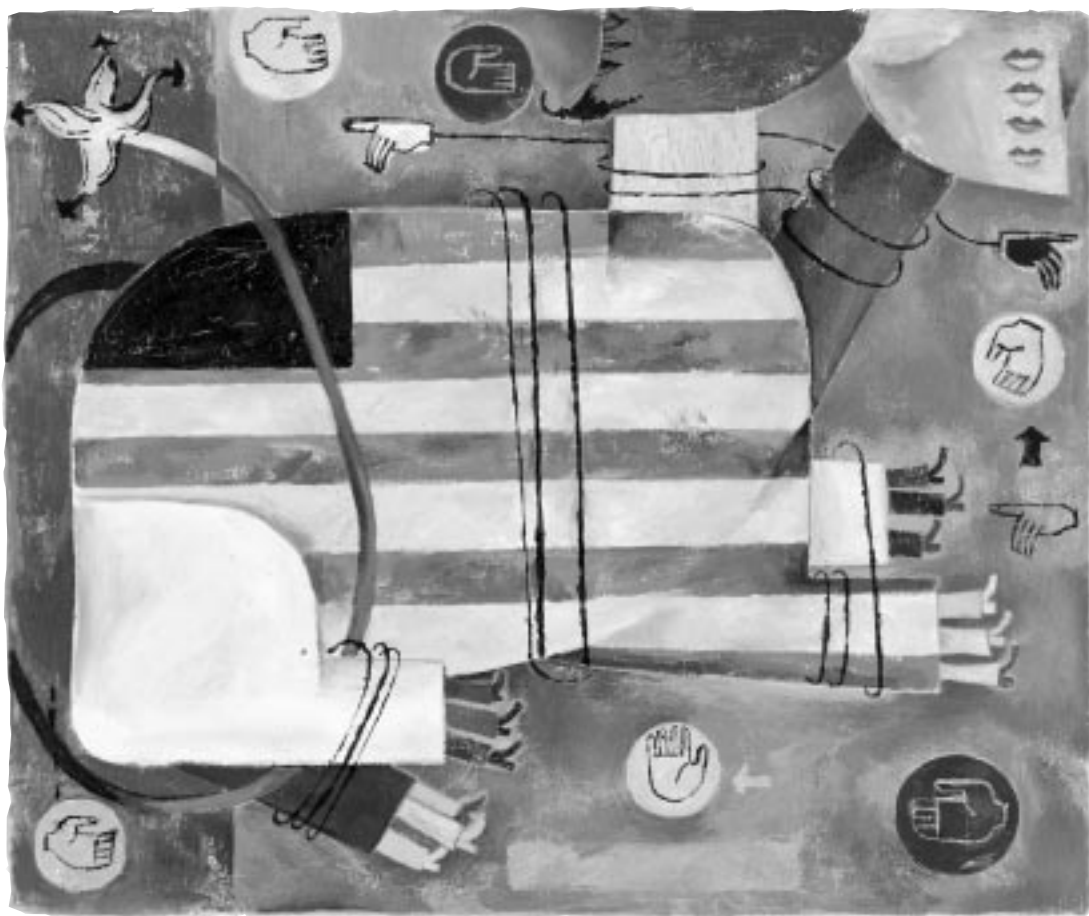
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FERRUCCIO SARDELLA

Behind almost everything written about public policy is the unstated assumption that a few smart, public-spirited technocrats could fix what the body politic has broken. Jon Rauch, the author of *Government's End* (PublicAffairs), is smart and public-spirited. And no one who reads his column in *National Journal* doubts he is well-versed in policy wonkery. But *Government's End* is hardly another set of marching orders for soldiers of the left and right eager to remake politics and policy. ¶ Indeed, some will take this revision of a book that Rauch wrote in 1994 as a rationalization for abandoning the goal of good government. That would be a big mistake. For Rauch believes that democratic capitalism can survive – even thrive – in the age of political gridlock. But fighting off what he calls “demosclerosis” requires that we abandon the utopianism that inadvertently feeds the cause of special interests. ¶ Read and be inspired: You have nothing to lose but your illusions!

BY JONATHAN RAUCH



**Between the time** the results became clear and the moment when the new President-elect emerged to acknowledge his victory, two long hours passed. A crowd of 50,000 stood waiting for their man in front of the Old State House in Little Rock, Ark., shivering in bitterly cold weather that caught people in their shirt-sleeves. Millions elsewhere waited, too. Younger people could barely remember a Democratic Presidency and wondered how the first Democratic President-elect in 16 years would sound. Their elders wondered whether the new man would show that he had learned from his predecessors' mistakes.



At 11:22 p.m., central time, on Nov. 3, 1992, Bill Clinton finally emerged, looking exhausted but happy. His speech began with the usual thank-yous. Then came what was, in effect, the first substantive statement of the Clinton years. He announced that he would “face problems too long ignored.” Then he said, “I think perhaps the most important thing that we understand here in the heartland of Arkansas is the need to reform the political system, to reduce the influence of special interests and give more influence back to the kind of people that are in this crowd tonight.”

Campaigning against special interests is a venerable American tradition. Harry Truman cried out from his railway car that his campaign was “a crusade of the people against the special interests.” Twenty years earlier, Calvin Coolidge warned his successor, Herbert Hoover, about the interested parties who would be coming to see him. “You have to stand, every day, three or four hours of visitors,” Coolidge said. “Nine-tenths of them want something they ought not to have. If you keep dead still, they will run down in three or four minutes. If you even cough or smile, they will start up all over again.”

The curious thing is that ever since Coolidge’s day, interest-group activity has increased. The more the public complained and the more the politicians promised change, the more the lobbies seemed to thrive. And so the president-elect stood there in 1992, promising more of the same.

Some years earlier, another young politician began a crusade against “special interests.” Like Bill Clinton, he set out to transform government into something more forward-looking, more responsive. He was as determined as Bill Clinton and also as bright (which was saying something). His name was David Stockman, and in those years – the

mid-1970’s – he worked as executive director of the House Republican conference. In 1975, Stockman announced himself to the world with a brilliant and provocative article that opened a new conservative front in the war against big government.

“The vast increase in federal social welfare outlays,” Stockman wrote in *The Public Interest* magazine, “has created in its wake a political maintenance system based in no small part on the co-optation and incorporation of Congress itself.” Conservatives and liberals alike channeled social spending, not to the people or places that needed it most, but to all 435 congressional districts. The maxims of real-world social spending included “don’t close the money sluice no matter how outmoded the program” and – a concise formulation of political utilitarianism – “the greatest goodies for the greatest number.” Urban-aid programs and housing programs and education programs had become for the 1970’s what dams and bridges had been for the 1930’s and 1940’s. As a consequence, “what may have been the bright promise of the Great Society has been transformed into a flabby hodgepodge, funded without policy consistency or rigor, that increasingly looks like a great social pork barrel.”

Stockman went on to become a Congressman, and Ronald Reagan chose him to be the Administration’s budget director. From that post, Stockman became the chief ideologue and strategist for what amounted to the first reformist conservative Administration since the New Deal. As the Reagan Administration began, he said, “We have to show that we are willing to attack powerful clients with weak claims.”

What happened was not what Stockman had in mind. “In 1986,” he wrote in his angry book *The Triumph of Politics*, “the Federal Government again spent 24 percent of the GNP,

compared to a pre-1980 norm of about 20 percent. Why? Because the White House has no semblance of a program or political will to spend any less.”

At about the same time, however, another reformer stood before a small group of conservative activists and explained how the fight against entrenched Government could yet be won. I happened to be there that night and was fascinated by the peculiar but compelling visitor. Newt Gingrich talked grandly and abstractly and seemed as eccentric as his name. Yet his magnetism was apparent, and his unruly intelligence dazzling. The problem until then, he explained, had been failure to think “outside the box.”

In 1995, when he became Speaker of the House, Gingrich was determined to do from Capitol Hill what Stockman had tried to do from the White House. The result, to Gingrich’s credit, included two landmark reforms of farm subsidies and welfare. Elsewhere, however, Gingrich’s failure was complete. Indeed, for his party it proved catastrophic.

The contours of Gingrich’s assault on Washington were different from those of Stockman’s, and both differed sharply from Bill Clinton’s attempts to change things. Yet the fate of all three was more or less the same. Washington remained much as it had been before. (“Only more so,” a wag might add.)

Clinton’s fate was, in some respects, the saddest of all. No viable reform movement, conservative or liberal or anything else, remains on the field.

No doubt the future will bring more reformers. Nonetheless, the 20 or so years that began with Ronald Reagan’s election shed a cold light on what it is that government’s would-be reformers are up against. Change is still easy to promise. But it has grown a good deal harder to deliver. Politicians like

Stockman and Clinton and Gingrich cannot hope to keep their promises until they unriddle the paradoxes of a political malady whose perverse dynamics undermine Government.

Why does the “special interest” sector grow year after year, despite the politicians’ promises and the public’s disgust? Why is it that, despite America’s extraordinary wealth and the advent of all kinds of problem-solving technology, the American Government’s capacity to solve large problems appears to have diminished sharply since the 1960’s?

Why are many liberals and Democrats, with their greater proclivity to use government to right wrongs and correct flaws, paralyzing the very government that they believe they are championing? Why are many conservatives, with their blame-the-liberals rhetoric, actually feeding the “big government” that they constantly decry? Why did three waves of determined reform fail, each more spectacularly than the last?

“The clear mandate of this election,” Clinton remarked after winning in 1992, “was an end of politics as usual, an end to the gridlock in Washington, an end to finger-pointing and blame.” Alas, his attack on “special interests” was not particularly encouraging, because it implied that the problem was “them.” Wrong. The problem is us.

#### **SIGHS AND MOANS**

For me, the first inkling that something malign was happening came in February 1985, a few months after I arrived in Washington. Having just left my job with a newspaper in the South to become a reporter for *National Journal*, I wandered into the Senate press gallery and beheld the gangly figure of Alan Simpson. The Wyoming Republican was doing what’s known as “holding the floor” while leaders worked behind the scenes on some compromise or other.

Simpson was complaining about the partisan games that go on in the Capitol. "Out there in the American public," he said, "are people who are watching us go through this, trying to see who can hook the anchor on the Democrats or who can hook the anchor on the Republicans, who look upon that as a childish activity."

Simpson's speech was more than just an oration; it was an outburst. The striking thing about it, besides its candor, was the level of

telling liberals: 'It's your fault. All the years of massive social and domestic spending are responsible for these deficits. Let's gore your ox, and we can solve the problem.' And just as certainly, as you might also expect, liberals are pointing fingers and telling conservatives: 'It's your fault. These massive defense buildups and these massive tax cuts are responsible for these deficits. Let's gore your ox, and we can solve the problem.'

"The truth is, we all know who is to blame.

## **Why are many liberals paralyzing the very government that they believe they are championing? Why are many conservatives actually feeding the "big government" that they constantly decry?**

frustration it exposed. At that point, "gridlock" had yet to become a political cliché. But here was rhetoric of stagnation and defeat: "We are frozen in place."

Simpson's complaint seemed to be that groups had become adept at mobilizing fear to achieve political goals. His tone suggested the pain of one who is in a trap and does not understand why he can't get out.

In May 1985, three months after Alan Simpson's speech, a Democratic Representative from Texas, a former banker and high school teacher named Marvin Leath, rose in the House to propose a budget package that would have significantly reduced the deficit. The last provision, a one-year freeze in the cost-of-living increase for Social Security, was especially courageous because a Democrat proposing to dock Social Security was like a hemophiliac volunteering for a sword fight.

"As you could most certainly expect," he said, "conservatives are pointing fingers and

Democrats and Republicans are to blame. Liberals and conservatives and all in between are to blame. The people are to blame for believing all the garbage they get bombarded with through the mail, raising money from both parties and a thousand special-interest lobbies who circle this Capitol in their Mercedes automobiles after leaving their million-dollar homes in northern Virginia."

Practically everyone admired Leath, who told the truth and stuck his neck out. Practically everyone voted against him, too. His package was defeated, 372 to 56. In 1990, Leath announced that he would not seek reelection. He became a lobbyist.

In 1958, around three-fourths of the people said they trusted the Government in Washington to "do what's right." By about 1980, the trust level had fallen by more than half and, apart from a temporary excursion upward during the Reagan years, it has stayed in the 20 to 30 percent range ever since.

Two-thirds of Americans, Democrats and Republicans alike, say that the Government creates more problems than it solves. By more than two to one, people say that abuses by the Federal Government are a bigger problem than abuses by big business. Between the early 1950's and the early 1990's, the proportion of people saying that Government wastes "a lot" of their tax money rose from fewer than half to 75 percent. People felt they deserved more, and didn't understand why.

### **RED HERRINGS**

The easiest way to refer to Government's problems is as "special-interest gridlock." That description isn't completely wrong, but it is far enough off target to be badly misleading.

The Government, after all, passes scads of laws and scads more regulations and, by any objective measure, gets a lot done. Even the gridlocked days of George Bush saw passage of the sweeping Clean Air Act, the almost equally sweeping Americans with Disabilities Act, new money for child care and a major highway bill. The number of laws enacted during "gridlock" remained well in line with the post-1970 norm.

The question is not the quantity of activity but how effectively a given amount of activity solves problems. Political activity has become a kind of flailing that creates frenzy but does little good. Wheels spin and gears mesh, but the car goes nowhere or goes everywhere at once or shakes itself to pieces.

The other trouble with the term "special-interest gridlock" is its implication that a few fat cats manipulate the system. The era of the back-room bosses who called the shots is over. The Leath budget was not defeated by any cigar-chomping industrialist, but by a coalition of interests representing virtually everybody. The American Association of Retired Persons alone boasts well over 30 mil-

lion members. If you add the farmers and veterans and oil workers and all the others whom Simpson mentioned and Leath took on, you see there is no longer anything special about "special interests."

If, however, the interests are no longer special, they are not quite general, either. And here is a puzzle. Conventional wisdom suggests that as more Americans got organized, the claims of competing interests would be mediated in the political process, producing a more balanced result. But the public today is less happy than before, and problems seem less likely to be solved.

It is possible to cook up all kinds of explanations for what went wrong. A standard complaint has been lack of leadership. But there is little evidence that the people are electing poorer leaders. In times of crisis – the debate over whether to authorize war in the Persian Gulf in 1991, for instance – the system still rises to the challenge.

Today's politicians include a few genuine reactionaries, but also activists whose commitment and talent yield nothing to the abolitionists of 150 years ago or the labor left of 50 years ago. If the Government is becoming unable to solve problems, the change has to be on the system level.

Some people, mainly liberals, would say that the public was brainwashed by Ronald Reagan into hating Government, rendering it ineffective. Yet the wave of disgust with Government brought Jimmy Carter into office four years before Reagan.

The growing influence of money in politics is often held up as the problem, but money by itself need not lead to stultification. If the money is wielded by a few powerful interests who agree on what to do, then it greases the skids and things get done. Anyway, blaming money avoids the real question: why is there more money in politics?

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Some liberals complain that the problem is the power of corporations to block changes in the public interest. There was no lack of corporate influence in the days of Andrew Carnegie and J.P. Morgan, and those magnates were unable to stymie the trustbusters. What is new is the proliferation of nonbusiness activists, many of them representing what they believe to be the public interest. They wielded enough power to push through, for instance, the massive Clean Air Act of 1990, which most corporations would happily have done without.

Still others have blamed recurrent episodes of divided control of the Government. However, Democrats held both branches under Carter and had plenty of problems. Republicans held effective control of both branches in 1981 – and rather than defeating the interest groups, they handed out tax breaks like party favors.

Moreover, a number of countries with parliamentary systems, under which the ruling coalition controls the whole government, have had problems of “special-interest gridlock” comparable to our own. In France, opinion polls show that a record share of the public is dissatisfied with the way the country

is being governed. In Japan, decades of single-party control turned Government ministries into special-interest protectorates, so that crucial reforms were blocked to the point of dragging down the entire economy. Whatever has happened does not seem to be wholly peculiar to the American system.

#### **DEEPER CURRENTS**

I have come to believe that ad hoc explanations based on personalities or political parties are too superficial to explain what has happened. And I have come to suspect that the conventional wisdom is backward: the worrisome thing is not so much that American society is in the grip of its gridlocked Government but that American Government is swept along in the powerful and broad changes in American society.

Because this book emphasizes the darker side of redistributive Government programs, it may be most congenial to conservatives, who have always resented programs that take money out of some pockets and put it into others. I hope, though, that nonconservatives will also think hard about what follows. To understand Government’s debilitation, you don’t need to believe that all Government

programs should be abolished. Far from it. Redistributive programs are in use everywhere, and should be.

Aid to the unemployed provides security against the most bruising trauma of capitalism; aid to the elderly provides security in old age; aid to students opens doors and raises incomes. All of those goals are worthy, and all of those programs serve real social purposes. The problem is understanding and then minimizing the cumulative side effects, which turn out to be both nasty and inherent.

The power of Government to solve problems comes from its ability to reassign resources. But that very ability energizes countless Americans to go digging for gold by lobbying Government. Moreover, as the client groups proliferate and professionalize, Government becomes more difficult to control.

Like the bacterium that mutates to stay ahead of the latest antibiotics, programs change. But they do so in ways that preserve their existence and keep their clients happy, rather than in ways that solve social problems. And as the programs and their protectors adapt, Government reaches a point from which there is no turning back.

That point has arrived. After a 150-year period of relative modesty and quiescence and then a 50-year period of high ambition and rapid expansion, Government has become what it will remain: a large, incoherent mass that is impervious to reform.

That is what I mean by “Government’s end.” Government has evolved to a steady-state condition from which it cannot be dislodged. What we see now in Washington is basically what we will get for a very long time to come – even though most people wish and vote for something quite different.

This is not necessarily bad. It is certainly not anybody’s first choice, but whether it is a crisis or merely a less-than-ideal fact of life

depends, like so many other facts of life, on how well we cope. Unfortunately, the political system has had a hard time adjusting, no doubt because reality is so deeply in conflict with the rhetoric of politicians and the expectations of activists.

But the public is growing gradually, if grudgingly, more accepting of the limits on Government’s ability to change society. Not even the most liberal Democrats talk anymore of nationalizing industries or guaranteeing incomes for everybody. Beyond that adjustment, however, lies another, which is subtler and harder. The public needs to accept the limits on its ability to change Government.

In spring 1994, this book’s predecessor was first published under the title *Demosclerosis*. Shortly thereafter came Clinton’s dramatic attempt to overhaul health care, and after that, Gingrich’s attempt to overhaul everything. Those events showed that what I call *demosclerosis* held an even more powerful grip on Washington than I had originally thought. They raised a further question, too: what happens next?

The first version of this book focused on the mechanisms of sclerosis. I’ve since thought about the lessons of the failed reforms, about the possible routes to doing better and about ways the country can develop a less pathological relationship with its Government.

“Government’s end” doesn’t mean that change can never occur. It does mean that there are basic facts we need to understand about the malady that grips our Government:

- *It is inherent.* Democracies are necessarily vulnerable to what I call *demosclerosis*. The problem is encoded in democracy’s DNA.
- *It is progressive.* The disease is gradual, but its effect is cumulative. Resisting it requires constant effort and attention.
- *It is cunning.* The syndrome exploits the

voters' knee-jerk attempts to fight it. It ensnares the unwary in a trap baited with subsidies, and it wraps itself in the language of fairness. It revels in hyperbolic political promises of "revolution" and in rhetorical attacks on "special interests."

- *It is not someone else's fault.* At Government's end, scapegoating ("Liberals did it!" "Business did it!") is obsolete. The problem is not the political group you most despise. The problem is the system, and everyone is deeply implicated.

I am not saying that nothing can be done. I am saying that the voters will continue to be frustrated until they learn how to treat the syndrome rather than just shaking their fists at it. I sketch the sorts of reforms that can be the foundation for a new entente between Washington and the public. Highest on that list are the reforms we must make inside our own heads. America's Government has grown up, and the citizenry can grow up with it.

### **TOCQUEVILLE'S GHOST**

A century and a half ago, Alexis de Tocqueville concluded that democracy's Achilles' heel was tyranny of the majority. "The majority in the United States has immense actual power and a power of opinion which is almost as great," he said. "If freedom is ever lost in America, that will be due to the omnipotence of the majority driving the minorities to desperation and forcing them to appeal to physical force." But democracy has not succumbed to majoritarian tyranny. In fact, America has probably done a better job protecting minorities than any other society in history.

A century after Tocqueville, many people worried that democracy's vulnerability lay in its lack of resolve in the face of totalitarianism. Dictators, after all, could make decisions at will, while democratic institutions

dithered. That fear, too, was misplaced. American democracy saw the dictators to their graves. It saw the cold war through in a display of resolve that history can hardly match.

Today it appears that democracy's vulnerability lies closer to home – in the tendency to form ever more groups clamoring for ever more goodies. This drift may represent the most serious challenge to the vitality of democratic Government. One reason democracy didn't succumb to majoritarian tyranny or to the dictators' resolve was that people became worried about both threats and so managed to defeat them. The current threat is more insidious. It is a crisis of collective appetites, one in which well-meaning people interact to produce a stalemate.

### **ADJUSTING OUR WORLD**

"The end of history," wrote Francis Fukuyama in 1989, "will be a very sad time." But the end of Government will not, I think. It may, indeed, be a cheerful, resolute, politically healthy time. Much depends on whether Americans make some changes in their world and whether they make some other changes in themselves.

I often notice how people who take good care of themselves and lead vigorous, engaged lives not only live well but age gracefully. They know that human beings live along time's arrow, but they also understand that a life in which the past cannot be undone is not necessarily a life that gets worse. When they receive their first membership solicitation from the American Association of Retired Persons, they react with a chuckle instead of an anxiety attack.

The analogy between an aging person and an aging democracy is flawed in obvious ways. Human aging stops with death. Democratic Government, however, goes on and on – or so one hopes.



Still, the analogy is useful. It explains why a proper understanding of a frustrating situation need not lead to despondency. Once you stop banging your head against the wall, you can think better and maybe try a more effective approach.

This book is about time's arrow. Underlying the concept of Government that I grew up with is a picture of the political system as a neutral tool in which Washington reflects the people's desires and changes accordingly. My objective here is to challenge this "time symmetrical" view.

Government, like our bodies, is a complex organism whose internal dynamics flow predominantly one way over time. New activities in Washington stimulate new lobbies, which reduce Government's flexibility. As the groups accumulate, the logic of collective action

makes it steadily harder for any leader or coalition to organize broad reform.

The Government's entire past is encoded in the accumulation of subsidies and programs and client groups that define its present. Never again will Washington be small or simple; never again will politicians go about their business unmolested by pressure groups. And never again can the electorate exert more than marginal control over the vast political biosphere Washington has become.

#### **TREATMENT WITHOUT CURE**

Begin by giving up on the goal of a cure. If you are fat, it doesn't pay to wait on your sofa for a magic bullet. But that is what the public has been doing with Government. Prodded by voters and encouraged by "outsiders" who hold Government in

contempt, politicians trumpet "real change." A Gingrich or a Clinton is elected on expectations that explode, leaving the viscera of reform spattered around the capital.

Although demoscclerosis can't be cured, it can be managed. The suggestions that follow – in roughly ascending order of importance – aren't exhaustive. Nor are they mutually exclusive. In fact, they tend to reinforce one another, much as exercise, diet and stress reduction fight heart disease.

#### **FIXING THE PROCESS**

For many, it's an article of faith that political reform is the key to revitalizing Government. If Americans can't stop forming interest groups, then at least we can reduce their influence. The three kinds of reform most talked about are tighter limits on lobbying,

reform of campaign finance and term limits.

Some of these ideas are worth trying. Nonetheless, expectations for process reforms are generally too high – and miss the point. The process isn't the problem; the problem is the problem.

Consider lobbying restrictions. Disclosure rules should be tightened. But impose actual limits on lobbying and you tread on the First Amendment's explicit guarantee of the right "to petition the Government for a redress of grievances." Reduce that right and you compromise democracy itself.

Anyway, as long as seeking Government goodies is a lucrative business, people will

has been the effect of reforms since the 1970's: making money harder to get has made politicians more obsessed with raising it.

Besides, political money is not the main cause of demoscrosis; votes are. You may limit the money that the sugar farmers' lobby can give to a Louisiana Congressman. But that lobby can still deliver the votes of the people in its industry; it can still inundate wavering Congressmen's offices with mail.

The root problem is that the groups with the money represent millions of American voters and are engaging in practices that their members, rightly or wrongly, support. You need to weaken the groups, or else they sim-

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invest in it. Reforms of lobbying may force you to use more devious channels. But the ingenious lobbyists whose livelihoods are at stake will always be ahead of the reforms Congress passes.

Though campaign-finance reform is a more promising route than the suppression of lobbying, it faces analogous problems. "I don't think that would affect me one iota," an anonymous "veteran Washington lobbyist" told *National Journal* when asked about one leading campaign reform plan.

Many cleanup proposals would limit political spending, the theory being that money corrupts the system. It's a weak theory. If you restrict the supply of money without reducing the demand, you just force politicians to search more frantically for cash. In fact, that

ply pick up another weapon.

Advocates of limiting money in politics argue that such reforms can at least make the process more equal. The trouble with this argument is that it's about three decades out of date. Environmentalists, unions, small businesses, veterans and the elderly are not "the rich," and they are all busy lobbying. In fact, it's partly because the fat cats lost control that lobbying has entered its debilitating spiral. Limiting donations may actually tilt the playing field toward the insiders.

Don't get me wrong. Public financing of campaigns might give politicians a respite from the ceaseless search for cash. Disclosure rules for lobbyists and large-dollar political donors let people know who is seeking what goodies and at what cost. But remember that

changing the money rules can be, at most, a small part of coping.

People who believe the root of the problem is the professional political class suggest another reform: term limits. The idea is to make the Government less beholden to lobbies by reducing politicians' stake in their jobs. Instead of being in business for themselves, the argument goes, politicians would be real people with real lives.

Term limits might weaken the culture of professional politics. Or politicians might enter one office and immediately begin scheming and jockeying for the next. Instead of getting careerists out of politics, term limits might just shorten their attention span.

That is not to say term limits are a bad idea. At bottom, though, the roots of Government's decline lie not in the careerist culture but in the transfer-seeking logic that shapes and drives that culture.

Ultimately, the problem with all the process reforms is that the Government-friendly environment of the mid-20th century is gone forever. There is no repealing the technologies that have made lobbying so cheap and so fast. There is no dismantling the infrastructure of professional subsidy brokers and lobbies.

### **LOCKING THE CUPBOARD**

We Americans organize into lobbies because Government can feed us. So some libertarians and conservatives would solve that problem by putting the food out of reach. That is, they would make the entire transfer-seeking business illegal.

James Madison was aware of the dangers of transfer-seeking. "The sober people of America have seen with regret and indignation that sudden changes and legislative interferences, in cases affecting personal rights, become jobs in the hands of enterprising and

influential speculators, and snares to the more industrious and less informed part of the community," Madison wrote in *The Federalist No. 44*.

Madison's idea was that Government should have little power to reassign property. Thus does the Bill of Rights say, "No person shall be deprived of life, liberty, or property without due process of law; nor shall private property be taken for public use without just compensation."

For decades the Supreme Court more or less held to the Madisonian vision. But in the last third of the 19th century, the courts began upholding transfer laws. And during the New Deal, the Supreme Court yielded more ground by blessing President Roosevelt's interventionist economic program. Since then, constitutional restraints on transfer-seeking have been few.

Suppose the situation were like the state of affairs pre-New Deal. If Smith wanted to put a billboard on his property or pave over his wetland, the Government could stop him only by compensating him. Necessarily, then, the Government would have a harder time giving away favors to people who wanted benefits at Smith's expense.

This is the general approach favored by the so-called property-rights movement. It has a big advantage and a big disadvantage. The big advantage is that it would work: no point lobbying a Government that can't do anything for you.

The big disadvantage is that any plan restricting the Government's ability to subsidize merchant mariners would also restrict its ability to run Social Security or to enforce environmental laws. Everything the Government does requires the power to take tax money from one place and put it somewhere else. The dream of turning Leviathan into a mouse is just that – a dream – and its persis-

tence blocks acceptance of realistic measures. So on to more practical suggestions.

### **SCATTERING THE GOODIES**

One reason Washington is suffocating under the swarm of client groups is that Washington is an irresistible target. It is one-stop shopping for the parasite economy.

If the central Government is so big that it attracts every manner of opportunistic interest, why not decentralize?

Although states and cities aren't immune to sclerosis, far more of them exist. Decentralization means that lobbies need to spread their resources across more governmental units. Just as important, decentralizations offers the possibility that programs would compete with one another. If Hawaii discovers a better kind of health-care program, it would gain an advantage over less effective states. And if, in the end, a local Government does turn sclerotic, people can leave. Meanwhile, if the Federal Government is given less to do, it may do it better.

A thoughtful plan to rearrange responsibilities was proposed in 1992 by Alice M. Rivlin, the director of the Clinton administration's Office of Management and later vice chairman of the Federal Reserve Board. By the 1970's, Washington "resembled a giant conglomerate that has acquired too many different kinds of businesses and cannot coordinate its own activities," she wrote in *Reviving the American Dream*.

Under Rivlin's plan, the Federal Government would be in charge of the health-care system and broad social-insurance programs like Social Security. Washington would cede control of most programs in education, job training, economic development, housing, transportation and social services. "Once clearly in charge," Rivlin argued, "the states would compete vigorously with each other to

attract business by offering high-quality education, infrastructure and other services."

Decentralization has been batted around for years; President Eisenhower named a commission to study it, and a decade later President Nixon named another. President Reagan touted a "new federalism." Yet, through it all, nothing happened, except that the Federal Government's bloat grew worse.

No one quite agreed on which functions to strip from the central Government or how to rewrite its charter. Rearranging local and Federal roles is a project that will take decades.

In the meantime, we need measures to manage demosclerosis in the nearer term. So skip ahead – this time to what I think is the most promising class of options. We can't stop each other from forming interest groups and fighting to preserve subsidies. We can't shut activists out of politics. But what if we subject them to forces that soften them up?

### **CUT THE LOBBIES' LIFELINES**

By now, one prescription should be obvious: wherever possible, get rid of things to make room for other things. Cut entire programs loose and pitch them overboard.

Killing low-priority programs strengthens Government by freeing space for innovation. At least as important, it weakens the parasite class by shutting off the money that sustains lobbies. Why is there a sugar lobby? Because there is a sugar subsidy to defend.

Getting the job done requires at least three ingredients. First, there must be leadership from the very top. The President is the one politician with a stronger professional interest in the whole Government and the whole country than in any particular piece of either. Second, determination and realism are essential. You need to come back year after year, never ceasing in the search for opportunities to clean house.

Third, and not least, you need liberals. As long as the Government keeps doing everything it ever did, it cannot function well and the public will resent it. What the political writer Kevin Phillips once called “reactionary liberalism” – liberals’ tendency to cling to every governmental program as though it were their patrimony – has been the death of the American left. To change the political culture so that housecleaning becomes routine, liberals will need to take the lead in scouring for programs to eliminate rather than merely launching the occasional symbolic attack on “corporate welfare.”

Reformers should remember that the reason to prune is not to kill Government but to restore its effectiveness. Voters won’t believe this if they hear it from right wingers. But they may believe it from liberals.

#### **DOMESTIC PERESTROIKA**

Lobbies live to lock money in and competition out. Their fondest love is a monopoly on public funds or private markets. Fruit growers defend rules letting them limit the number of lemons that can be sold. Cable-television companies defend regulations keeping phone companies out of the entertainment-transmission business. Public-school employees and postal workers fend off competition from private providers.

How to weaken them? Competition not only helps make the economy more efficient but also weakens entrenched lobbies. It forces transfer-seekers to sink or swim according to their skill at producing rather than their skill at lobbying.

Domestic perestroika starts with removal of government restraints on competition. Jimmy Carter’s deregulation of transportation industries was an antiparasite tonic to match the 1986 tax reform. Deregulation created some turmoil in the marketplace, yet it

produced better deals for travelers, greater efficiency in the transportation industry and, for the most part, better service. Air fares fell by more than 20 percent, and the number of passengers doubled, even as accident rates were cut by almost half.

No less important than exposing private interests to competition is exposing Government to competition. Today the public sector, not the private sector, is the biggest haven for monopoly. There are dozens of ways to send overnight mail, but only one way to send a first-class letter. In most places, if you want your household trash collected, you have to pay the Government’s rate.

“It is one of the enduring paradoxes of American ideology that we attack private monopolies so fervently but embrace public monopolies so warmly,” write David Osborne and Ted Gaebler in *Reinventing Government*. Both produce high prices, poor service, slow innovation and entrenched arrogance. Both breed lobbies whose mission is to see that the coddling never stops.

Wherever possible, then, bring perestroika to the public sector. Force Government providers to compete against private business. The city of Phoenix forced its trash-collection agency to compete with outside bidders, with notable success. Various studies, note Osborne and Gaebler, show that “on average public service delivery is 35 to 95 percent more expensive than contracting, even when the cost of administering the contracts is included.”

Bringing competition to Government is no longer a radical idea. By the mid-1990’s, at least 15 states had passed laws letting private operators run roads. But allowing competition within Government is no substitute for the kind of public-sector perestroika that counts the most: Government monopolies should be swept away altogether.

Schools are a good example. The wealthy can flee dysfunctional public schools. The poor are left behind to take their chances in the name of “saving the public schools” – meaning, saving the jobs of the people who run them.

The public-school lobbies argue their monopoly claim on taxpayers’ money is in the public interest. But, like so many monopolies, this one serves its holders better than its captives. It resembles other monopolies in its black-hole-like ability to suck in money without noticeably improving performance. Since World War II, spending per student has doubled every 20 years. Yet test scores have fallen and horror stories about what students don’t know have become legion. Public schools weren’t under pressure to perform, because most of their “customers” – students and parents – could not afford to vote with their feet.

If you hand every parent – or, at the least every lower-income parent – a ticket applicable toward school tuition and say, “Find the best school you can,” you force entrenched providers to fight for their paychecks. Breaking the public-school monopoly is not bad for public schools. After the initial shock, competition from Toyota and Honda made American cars better and American car companies stronger. The same would happen to the public schools. It is no coincidence that the strongest and most effective branch of public education, the state university system, is also the branch that competes against private providers. No one seriously believes that competition with Stanford makes Berkeley any worse.

Not every Government agency can be forced into competition. Building three competing private airports in Cincinnati might not work (though, on second thought, it might). Yet the lobby-weakening potential of market-opening is large and still largely

untapped. A good rule of thumb: where you see a Government restraint on private competition, look for a way to get rid of it. And where you see a Government agency sheltered from competition, look for a way to expose it.

#### **FOREIGN COMPETITION**

Opening a protected niche is very difficult, and success comes sporadically. The forces of stultification, however, operate continuously. Fighting back requires a counterforce capable of weakening entrenched interests day after day, year after year. Foreign competition is just such a counterforce.

The voracious European farm lobby has mercilessly cultivated the parliaments of Europe, eating tens of billions of dollars a year in direct subsidies and much more in indirect costs to European consumers and American farmers. What does this potent lobby fear most? Foreign competition. In the 1990’s, as Americans pressed the Europeans to open their agriculture markets, French farmers made their views known by throwing eggs at Cabinet members, dumping produce in town squares, burning American flags and vandalizing a McDonald’s.

By taking on the French farmers the Americans do the whole world a favor, but they especially do the French a favor. The Japanese rely so heavily on foreign pressure of this type that they have a word for it: *gaiatsu*. Economic *gaiatsu* is one of the great progressive forces in the world today.

Trade introduces new actors and new technologies, which help keep the economy vital. Just as important, because there is no World Congress to lobby, the job of winning anti-competitive goodies on a worldwide scale is almost impossible. When you expand trade, therefore, you almost automatically weaken local interests.

In this context, the best parasite-weaker

in the world may be the World Trade Organization. The WTO and the periodic rounds of multilateral trade-opening negotiations that empower it are the most effective form of global *gaiatsu* in operation. The standard arguments for the WTO are economic, but the most important benefits of trade-opening measures are political. By weakening lobbies, trade can help invigorate democratic government – not just in the United States, but all over the world.

That would be impossible if all countries had the same interest groups and the same cozy deals. But they don't. If Europe's farm protectionism is steeper than America's and if America's maritime protectionism is steeper than Europe's, then the Europeans can attack the American shipping interests, the Americans can attack French farmers – and both can attack the Japanese securities cartels. In effect, governments pick off each other's parasites.

The lobbies fight back by wrapping themselves in the flag. When the French farmers blocked the streets and trashed McDonald's, they claimed to be representing France's national heritage. Manufacturers insist that defending their markets (and profits) from foreign "threats" is vital to the national interest, to the technology base, the job base, whatever. Unions insist that foreign competition destroys domestic jobs. Greens protest that competing against dirtier countries undercuts environmental standards at home.

This last argument is worth examination.

Environmentalists worry more about trade than they need to. If you plot countries' environmental records against per capita income, you see that countries become cleaner as they grow richer. There is no historical reason to think that dirtier countries "win" in trade; if they did, it would be hard to account for America's continued economic

dominance since the 1970's, when the Environmental Protection Agency opened for business.

Moreover, the discipline of foreign competition keeps environmental rules economically sensible: if you know that Kodak must compete with Fuji, you'll be more careful to reduce Kodak's chemical waste emissions in a relatively efficient way.

The impassioned 1993 debate over the North American Free Trade Agreement brought front and center one of the most common objections to foreign competition – namely, that it reduces employment. Yet imports have more than doubled as a share of the American economy from the early 1970's to the late 1990's, even as the economy added more than 50 million new jobs and the percentage of the population employed rose.

The problem isn't that foreign competition destroys American jobs but that it shifts jobs from one sector to another in ways that sting specific groups. And that, again, is the point: foreign competition hurts entrenched interests. Sympathize with them, help them adjust, but expose them to competition.

Business groups that argue for protection, whether in steel or agriculture, never fail to invoke the threat that foreigners will "take over" some important sector. What they do not say is that protection of one American industry necessarily comes at the expense of others. Protect American car-makers and higher prices hurt thousands of American businesses that buy cars; protect American manufacturers of flat-panel computer displays and higher prices hurt the competitiveness of American computer-makers.

I don't want to oversell foreign competition. Interests that aren't directly involved with trade – veterans or seniors, for instance – aren't much affected by foreign competition. Still, of all the weapons in the arsenal,

foreign competition may offer the best combination of effectiveness and accessibility. As the tax reform showed, if you scatter parasites only once they soon reassemble. But foreign competition pounds them all the time.

#### **NOT ENOUGH**

At this point, after I have put my stack of suggestions on the table, you may feel unsatisfied. On one side, there are powerful ossifying forces that well up from deep within society. On the other is yet another call for free trade.

The complaint, alas, is just. The measures I have discussed are not solutions; they are treatments. A country that follows the path of openness will not be immune to the calcification of Government. But it will slow the process, and in a good year, when America wins a major international trade agreement or scrubs the barnacles from its tax code, the country can recover lost ground.

Now arises a second objection – one that goes deep. I propose to deal with ossification with the very measures that ossification blocks. If we could wave a magic wand and get rid of well-protected programs, this book wouldn't be needed. The lobbies fight subsidy reductions, decentralizing moves, trade liberalization – everything I advocate. How are we supposed to use competition to weaken lobbies when the whole problem is that the lobbies are blocking competition?

David Stockman and Newt Gingrich and Bill Clinton attempted to gather up the whole system in their arms and rearrange it. The right way to fix things is a little bit at a time, steadily, constantly. If you're overweight and have a bad heart, you don't go off to a spa for three weeks and expect to come back a new person. You eat a little better, walk a little more and reduce stress where you can. You don't expect to have the heart or body of a 20-

year-old. But you do not view this as failure.

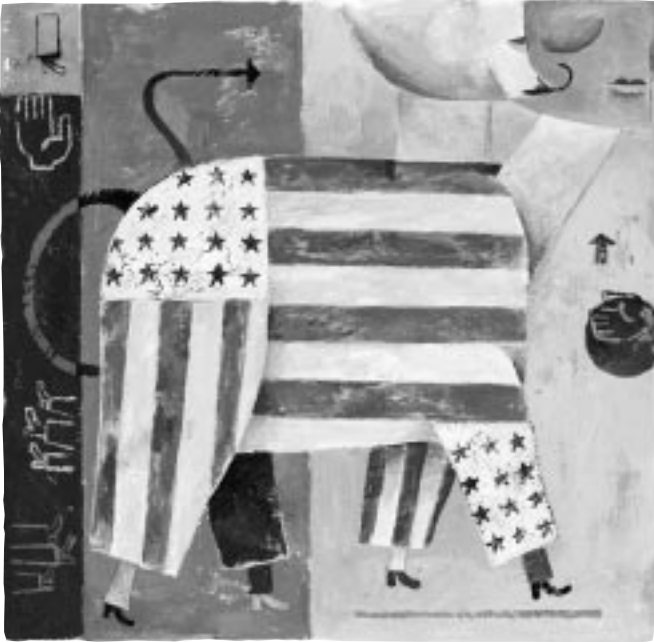
#### **ADJUSTING OURSELVES**

People have told me that bullfighting is an exercise in choreographed cruelty, in which what is mainly interesting is the stupidity of the bull. The picadors and toreros stick the beast with darts and jab him with lances, and still he charges to receive more torments.

A British journalist I know, who reported on a bullfight in Mexico, was particularly startled to see how the matador would turn his back on the bull and strut slowly, arrogantly away. But fighting bulls, said this correspondent, "are bred more than anything for surpassing stupidity. While the guy with the sparkly costume and the insufferable airs is swaggering off, bum waving practically in the creature's face, it never once occurs to any bull that this is the time to summon up a bit of strength, lower those horns and transform his tormentor into a swivel chair."

The famous 1974 fight in Zaire between Muhammad Ali and George Foreman was a fight that Ali was supposed to lose. Foreman was nine years younger than Ali, bigger, stronger and fiercer. No one had withstood the elemental force of his punches. As the audience looked on gasping, Ali went to the ropes, covering his face while letting Foreman pummel him with blow after blow and taunting him to punch some more. At length, Foreman was exhausted, punched out. Ali's superior agility could come into play, and Ali took down Foreman in the eighth round.

When I think of the American electorate's spasms of discontent and fury at Government over the last few decades, I sometimes think of that bull. When I think of the ability of all the little transfer-seekers to prevail against headstrong reformers, I think of Ali's rope-a-dope. Every now and then, a matador is gored; and every now and then, the voters



**R**eformers should remember that the reason to prune is not to kill government but to restore some of its flexibility and effectiveness.

overturn some furniture. But at the end of the day, the bull is still stew, and Washington is still Washington.

If you believe the old civics-book view of the world, then the rise of the transfer-seeking economy represents the triumph of a meddling class standing between the people and their Government. And the mission is to sweep the intermediaries away.

If that is your plan, you may well be as successful as George Foreman or the bull. On the other hand, if you understand the forces that have brought America's Government to its present end, you are likely to realize that the transfer-seekers are no more separable from Government than trees are from a forest.

The future belongs to a governing philosophy that I think of as "radical incrementalism": the determination to foment revolutionary change over a very long time scale. That means looking every day for opportunities to push policies in pro-competitive directions. But it also means accepting Government as it is, replacing immoderate expect-

tations and sporadic reform efforts with moderate expectations and determined incremental change.

#### **WHY LIBERALS AND CONSERVATIVES WILL BE UNHAPPY**

As the reality of Government's irreversible (but manageable) sclerosis sinks in, many traditional liberals are bound to squirm. They have long assumed that Washington can do almost anything it puts its mind to, if only the right people are in charge.

I hope I have persuaded you that the liberal assumption is wrong. By initiating programs that create lobbies that lock in programs, Government chokes on its own output. Liberals need to stay aware of the limits on how much Washington can do, and they need to respect those limits.

Some liberals will dismiss sclerosis as conservative cant – more defeatism from the people who have always told us to give up. Another, more common, form of denial is "Yes, but never mind."

A few weeks before Bill Clinton took office, I met with a Clinton adviser who advocated fistfuls of targeted Federal investment programs and industrial policies (and who went on to play a leading role in the administration's inauspicious health-care reform effort). Demosclerosis implies that it's impossible to insulate such programs from interest groups that capture the benefits and then hoard them. How, I asked, would you get around that problem?

"We have to make this kind of thing work," he shrugged.

Liberals who want to start a new program ought, at least, to design their program with the realities of demosclerosis in mind. That may mean, for example, channeling services through providers who compete with each other for the "business" of the program's end users, rather than running programs through Government bureaucracies or monopoly contractors. It is no coincidence that the GI Bill (education vouchers for veterans) and the food-stamp program (grocery vouchers for the poor) have been so successful.

By a similar token, liberals need to understand sclerosis as a byproduct of Washington's own activities, and not as a product of corporate baddies. Washington is like a town whose factories are poisoning its water supply: at some point, the town needs to stop building new factories and start cleaning up the water. If liberals really care about making Government better, they'll need to see cleaning up the accumulated muck as part and parcel of the liberal agenda, rather than as a concession to conservatism.

Until they do, their hope of using Government in ever more creative ways is self-defeating. Visions of technocratic activism – sharp-eyed Government entrepreneurs making cutting-edge investments, agile officials fine-tuning innovative social programs – are mirages.

And those who deny Government's limits invariably make the situation worse.

Government's end thus spells the end not of liberalism but of liberalism without limits. If politicians pick their shots carefully, they can solve a handful of problems pretty well. But if they try to solve every problem at once, they feed the very process that destroys Government's ability to adapt.

Too few liberals understand this. They're loving Government to death – which really means loving liberalism to death, because liberalism relies on Government to solve problems. When Government fails, liberalism fails. And that is the story of the last 20 years.

Conservatives are more comfortable with the notion of limits on what Government can do. But they have some adjusting to do, too. Demosclerosis turns Government into a rambling shambles that often gets in the way but can't be eliminated. And if it fails to serve a liberal agenda, it is equally likely to block a conservative one. Liberals may not get new job-training programs that work, but conservatives can't get rid of archaic regulations.

Conservatives would thus be foolish to think that Government's end is a victory for them. They, too, need to fight it. That means throwing coddled business lobbies into the cold. Above all, it means telling the voters the truth.

For decades, the American conservative movement has been founded on two promises. One of them it kept: Soviet communism was not just contained but defeated. The other promise, however, was to reverse the onslaught of big Government. And that promise was built on an evasion. Conservatives kept saying, "It's those liberals who keep building up Washington!"

What the conservatives did not say was that the average American Government-basher reaps a golden harvest of tax breaks and

subsidies. “As far as Federal expenditures are concerned,” wrote the late Herbert Stein, the chairman of President Nixon’s Council of Economic Advisers, the “welfare state for the not-poor is about five times as big as the welfare state for the poor.”

Tax breaks and regulatory protections are even more heavily skewed toward the not-poor. By the early 1990’s, the former commerce secretary Peter G. Peterson noted, an average household whose income was over \$100,000 collected almost twice as much in Government entitlement and tax benefits as did a household earning less than \$10,000. If the Government’s goal is to equalize incomes, he said, “it would do a better job if it simply scattered all the money by airplane over every population center.”

Newt Gingrich’s 1994 *Contract with America* was full of poll-tested bromides and bumper-sticker favorites – term limits, balanced-budget amendment, middle-class tax cuts, anticrime measures. What it did not contain was the groundwork for any unpleasant reduction in Government’s scope. Ronald Reagan, in his successful 1980 campaign, told the people that smaller Government meant cutting “waste.” Even Barry Goldwater flinched. When Goldwater first ran for the Senate in 1952, he described FDR’s New Deal and Truman’s Fair Deal as “a devilish plan to eventually socialize this country.” But he also hastened to reassure his listeners that their favorite transfer programs were secure: “No responsible Republican has any intention or desire to abolish any one of them.”

The reluctance of conservatives to sell themselves as the party of pain – the root-canal party – is understandable. Nonetheless, as long as conservatives are unwilling to level with voters, they will remain enablers of the public’s addiction to transfers.

Can either side adjust? It’s not easy, partly

because the conservative and liberal ideologies stymie each other. Conservatives hate to say no to their subsidized friends because they believe liberals will take the money and spend it on big-city mayors. Liberals hate to say yes to program reductions because they believe conservatives will spend the money on tax cuts for the rich. Both sides compete for the affections of a middle class that would just as soon not be told it’s part of the problem. So Government stays too big for conservatives and too inflexible for liberals. It neither solves problems nor goes away.

#### **HOW MODERATES CAN HELP**

Politicians are always going to overpromise and activists are always going to bite off more than they can chew. That’s life. In fact, having some unrealistic reformers around is all to the good, because they generate energy and ideas that over the long haul change the boundaries of the politically possible. Carter’s deregulation, Reagan’s tax reform, Clinton’s welfare reform all began as gleams in the eyes of unrealistic people.

But hope lies less with the activists at either end of the spectrum than with ordinary voters. Those of us who live in the broad middle, and who devote our everyday lives to life rather than to politics, are the ones who bear the real burden of adjustment.

The adjustment begins with mature expectations. If the public is going to reward politicians who chip away at the empire of the entrenched interests, then it will need to appreciate what the politicians manage to do. We should not let blustery rhetoric define what we mean by success.

Radicals promise a new era of popular Government or smaller Government or whatever because they believe it is achievable. Politicians promise new eras because they find it expedient. In 1999, Presidential candi-

date Lamar Alexander made a habit of promising to “cut federal regulations exactly in half.” He named only one regulation to be cut, an Environmental Protection Agency rule having to do with propane storage on farms. The other thousands of regulations to be swept away would presumably be identified after the election. This sort of rhetoric amounts to a blithe denial of what Government is.

At Government’s end, success comes in

are the big potatoes.

#### **WHY A DREAM MUST BE BURIED**

The radical incrementalism I’m suggesting amounts to accepting a different and discomfoting view of the public’s sovereignty. Voters and politicians are not absolute lords of the realm. They are more like kings in the age of Magna Carta, constrained by powerful barons who could be cajoled but not commanded. Washington, we have all grown up being

## **G**overnment’s end thus spells the end not of liberalism but of liberalism without limits.

dribs and drabs. The transportation reforms of the 1970’s and the tax reform of 1986 and the World Trade Organization agreement of 1993 were all powerful and important anti-sclerotics. The farm bill of 1996 may prove to be another, and so might last year’s reform of the banking laws. But none of those measures could transform Washington into a City of the People. Real-world success does not mean “returning Government to the people,” but simply putting additional pressure on particular lobbies at every opportunity.

One or two major programmatic reforms in a decade, plus a drizzle of incremental reforms along the way, seem small potatoes if you’re used to politicians’ promises. But incremental change on a steady course can be surprisingly powerful. In the mid-1980’s, the Federal budget deficit looked intractable. Yet patience and persistence did pay off.

None of the budget agreements made lasting structural changes in the Government. And all were derided at the time – by me, among others – as inadequate. But the increments added up. The moral for smart reformers: at Government’s end, the small potatoes

assured, is our servant. We command it! In fact, at Government’s end, we must negotiate with it. And if we do not negotiate cleverly, it gets the better of us.

Not so long ago, the promise of American Government seemed boundless if you were anywhere to the left of Barry Goldwater. In practice, of course, Washington still fell short. But most of us assumed that Government, like technology, would improve rather than decline with age.

Even today, many people are unwilling to give up on the idea that Government can be the tool of their dreams. They call upon it to fix low productivity, high hospital bills, teenage pregnancy and cable-television rates. But instead of improving its grip on national problems, it has lost traction. That doesn’t mean that Government is dead. It does mean that the Government of our dreams is dead.

This is no disaster. The Social Security checks will still go out, the budget will still be passed (most years), and patchwork reforms will still be approved. When a program goes totally haywire, it will be stopped from exploding altogether. True, the Government

has become less agile. But that's a prescription for frustration, not death.

In some ways, in fact, death of the dream may be to the good. Americans tend to be obsessed with Government. Liberals hunt for a governmental solution for every problem; conservatives hunt for a governmental cause for every problem. All of them are governmentalists, in the sense that they define their ideologies and social passions in relation to Government. In fact, many people's first impulse is to think that if American Government calcifies, so must American society.

It isn't so. One way or another, social change finds ways to flow around obstacles. Technology and ingenuity work to undercut anachronisms. The Postal Service's monopoly on first-class mail has not stopped the onslaught from fax technology, to say nothing of e-mail and the Internet.

Besides, there are many ways to solve problems besides Government. When General Motors found that its workers couldn't read and add well enough to run a new high-tech plant, it started teaching them. Today, many corporations are delivering education that the public schools are not.

Such ad hoc arrangements may not be ideal, but the point is that Government calcification does not necessarily mean that problems don't get solved. If Government's condition deteriorates instead of stabilizing, we'll just need to think harder about non-governmental ways to solve problems.

#### **ON BEYOND GOVERNMENT**

If Washington had to succumb to old age, it could have picked a worse time. Although America's Government is decreasingly flexible and adaptive, America's leading problems are increasingly non-governmental. Strangely, Government's debilities may have the perverse but useful side benefit of forcing Americans

to focus less on Washington when our problems have become singularly unresponsive to Federal solutions.

A few years ago, at an embassy party on a sticky summer day, I chatted with a man whom I regard as one of Washington's leading analysts of public policy. We got onto the subject of how his outlook had changed since the 1970's. Even back then, he thought well-designed Government programs might be able to improve social conditions by no more than 40 percent. And today? Probably more on the order of 5 percent.

Although he was well aware of Government's weakening record, he wasn't thinking about Government. He was thinking about a profound change in the nature of the country's problems.

Large, centralized Governments are best at four kinds of missions. First, they can wage or prepare for war – something no other institution can do. Fighting two world wars and then the cold war was easily the Federal Government's most important project in the 20th century, and also its most successful.

Second, Governments can build big national infrastructure projects: one-shot bricks-and-mortar programs that are designed to leave tracks (or roads) on the ground for years. The Federal Government built the interstate highway system, ran the Manhattan Project and flew astronauts to the moon. Insofar as those were focused, do-it-once projects, they succeeded. By contrast, when the Government tried to convert NASA to an ongoing concern without a clear mission, the space program ran into trouble.

Third, although Government is lousy at providing services or manipulating human behavior, it is good at writing checks. Washington set up the basic safety-net programs, like Social Security and unemployment insurance.

Finally, Government is good at setting minimum standards of political and social freedom. Thus it struck down local barriers to opportunity for blacks, something no other institution could have done.

On balance, Washington did all those things quite well. Then, having done them, it looked at itself and found that it had been transformed, and it looked around and saw that the world, too, had been transformed. Today we meet the result of both transformations: Washington's golden age is over.

Government was transformed partly by its prior successes; it was a victim of its own brand of imperial overstretch. Encouraged by the accomplishments of a relatively flexible Government doing relatively manageable tasks, people began to say things like "If we can send a man to the moon, then by God we can solve [here insert favorite unmet social need]" – as though because Government can do some things well, it can do all things well. People didn't see that a Government adept at mailing Social Security checks is not necessarily adept at running a health-care system. Nor did they see how they might calcify Government by demanding too much from it. That, of course, is the story of demoscclerosis.

Meanwhile, however, the world was changing. By the 1990's, America's leading problems related not to the physical infrastructure but to the social infrastructure. American high-school students performed less well than either their parents' generation or their peers in other developed countries. In 1970, one in nine American children lived in a fatherless home; by 1997 more than one in four did. The link between fatherlessness and pathology – poverty, violence, mental illness, poor education – is now beyond denying.



The point is not that these problems are getting worse. Indeed, some of the alarming trends have begun to turn around. Rather, the point is that the nature of the country's most pressing problems changed. Government no doubt had some role in creating these problems; no doubt it must play some role in ameliorating them. But in comparison to family, community, church, school and self, Government is the social institution least well adapted to solving them. Washington can write a check and build a bomb, but divorce and violence are not the kinds of problems the Government can solve with a crash development program.

As I write these words on the doorstep of the new century, America is enjoying a resurgence. The economy has been performing remarkably well; crime rates have declined, although they remain well above the levels of the early 1960's; people are living longer and staying healthier. No doubt the future will bring setbacks. Still, the contrast between the Government's decline and the Republic's vigor serves as a powerful reminder that Government's end is a disappointment, but not a death warrant.

## ON BEYOND BLAME

When he left office in 1981, Jimmy Carter delivered a warning. “We are increasingly drawn to single-issue groups and special-interest organizations to insure that, whatever else happens, our own personal views and our own private interests are protected,” he said. “This is a disturbing factor in American political life. It tends to distort our purposes, because the national interest is not always the sum of all our single or special interests.”

He was right then, and he is still right. To hope that Americans will desist from joining groups that advance their interests or from voting for politicians who do them favors is neither realistic nor fair. But to hope that they will understand how their activities contribute to their Government’s problems – that doesn’t seem so crazy. Understanding isn’t a solution; it is a big help, though. It can make the political climate more congenial to radical incrementalism by showing people why consistent pressure from the political center can work and why spasmodic “revolutions” from the political extremes so often fail.

The rise of the professional transfer-seeking economy, with its breathtaking ability to mobilize antagonism and neutralize enemies, is, of course, a problem. But behind every transfer-seeking professional is a client saying “Gimme.” Generalized voter discontent and inflated political rhetoric about “change” trouble the transfer-seekers not at all. As the people become angrier, the associations and lawyers and lobbyists and politicians tell them: “Hire me to protect you before they rob you blind!”

Blaming some villain for what is in fact a systemic problem is a guarantee that the real problem will not be confronted. Dogs gnaw through fur and flesh to rip out ticks or fleas. So the American body politic flails against the parasite economy, casting votes for politicians

who claim to be “outsiders” or who promise to fight the “special interests.” Who finances and sustains the parasite economy? Look in the mirror.

## A NEW ENTENTE

So the end of Government is not, after all, a sad time. It’s sad, I suppose, if you happen to be a liberal idealist or a conservative revolutionary, for whom nothing less than a new dawn will do. For the rest of us, it is a time of maturely diminished expectations combined with maturely persistent ministrations.

That combination, admittedly, isn’t an easy balance to strike. One message seems to be: “It’s all over. You can never win, so give up.” The other message seems to be: “Keep at it! You’ll never finish the job, but every little bit helps!” It’s fair to wonder: if there can be no promise of final victory, how can anyone sustain enthusiasm for the fight?

I think this sort of mental adjustment is under way. It seemed to begin somewhere around the time the second Republican Revolution flared and burned out. The Washington of the late 1990’s was a more jaded but also more realistic place than the Washington of the late 1980’s. If you squint, you can just make out the way ahead toward a new entente between the people and their Government – one that deals with Government as it has come to be and as it will remain, rather than as we may wish it were.

After half a century of ballyhooed “new deals” in American political life – the original New Deal and then the Fair Deal and the New Frontier and the Great Society and the Reagan Revolution and the Republican Revolution and whatever else – comes a hush, and then a small voice. It speaks, to those who have the patience and maturity to listen, of what is perhaps the most momentous new deal of all. Call it Real Life. **M**