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# POWER IN THE U.S. POLITICAL ECONOMY—ISSUES AND ALTERNATIVES

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I am not a doomsayer, but I believe our political economy is in trouble. The trouble involves the structure of power—the power holders and the rules of the political-economic game. My concern is with the consequences of the current structure of power as related to a set of major evolving problems and the threat of future concentrations of power.

## CHALLENGES TO DEMOCRACY

Robert Heilbroner, in a recent book, *An Inquiry into the Human Prospect*, identified four major interrelated challenges to world civilization: uncontrolled population growth, degradation of the environment, depletion of natural resources, and the possibility of nuclear war (especially wars of redistribution). He concludes that societies are likely to turn to authoritarian forms of government in response to these challenges. He does not believe that democratic institutions can be devised to cope with these challenges, given what he perceives to be human nature. His argument includes the notion that discipline (or control) will be required to solve these problems, that citizens will not impose the discipline through democratic processes and, therefore, under the pressure of necessity, authoritarian forms of government will evolve. He paints a dismal picture.

To Heilbroner's list could be added the related domestic problems of unemployment, inflation, production substantially below potential, inequality and poverty, and disruption of law and order, which could also lead to authoritarianism if we are not able to restructure our political economy to deal with them. However, I am more optimistic than Heilbroner. I believe we can cope with these challenges within a framework of democratic institutions. But, to do so will require a great investment in understanding political economics and a willingness to alter the structure of power. Democracy is on trial. We must be realistic about the operation of the political economy. We must not underestimate the seriousness of the challenge.

I take power to mean the ability to control and influence. The concentration of power is obvious to any observer. The need for control to cope with these challenges should also be obvious. The pursuit of individual advantage without collective control will lead inevitably to the destruction of a democratic society. The issue is not control or no control, but the means by which control is instituted.

The Marxists argue that capitalism contains the seeds of its own destruction, that there is in capitalism a “supreme contradiction” between the increasingly social nature of industrial production and private ownership and control of capital and wealth. This contradiction will inevitably lead to a class struggle between those who own and control the means of production and those who do not own and thus have no stake in the private industrial system. The outcome, they argue, will be the overthrow of the owners of capital and the necessary dictatorship of the proletariat. It is usually held that since those with wealth and power will not relinquish it voluntarily, the struggle will take the form of violent revolution.

I believe there is both truth and fiction in this diagnosis. Without collective action to alter the mechanism by which wealth is distributed, a capitalistic economy will lead to increasing concentrations of wealth. The arithmetic is inescapable. And political and economic power reinforce each other. Wealth begets political power, and political power begets more wealth. It is probably also true that, unchecked, such a process would lead to a violent response by those who do not share in the accumulated wealth.

The fiction in the Marxist reasoning is that in a democratic, private enterprise system, such a process is inevitable. A democracy can and must institute means for dispersing wealth and private power, providing an opportunity for broad participation in both wealth and political control. Those who oppose all policies designed to accomplish such dispersion fertilize the seeds of destruction of the system. This, of course, leaves open many questions of appropriate means of instituting the process.

A problem with the concentration of power is that past a threshold it is not easily reversible. Since power begets power, concentrated power undermines the capacity for effective democratic action. Thus, a democracy must find ways to institute necessary collective controls and discipline while maintaining the basic democratic institutions. The United States has, to date, had reasonable success in modifying the forces leading to the concentration of economic and political power. Public education, civil

rights, antidiscrimination rules, tax and welfare policies, support of collective action by workers and farmers, and many other policies and programs have ameliorated the trend toward concentration of power. This is not to say that the system has been just, equitable, or beyond criticism. But power has been held in check, and we have maintained the basic democratic institutions. The Marxists' predictions have not come to pass. However, there are danger signals which must be heeded.

As I indicated, I believe the test of our democracy will continue as we face the challenges of an interrelated set of political-economic problems. I would like to discuss these problems, relate them to the general problems of power, and introduce some concepts I believe are useful in understanding the evolving political economy. I will close with a set of policy suggestions.

### **BARRIERS TO SOLUTIONS**

As I see it, there are three overlapping classes of barriers to dealing with such political-economic problems as unemployment, inflation, environmental protection, etc. The first class of barriers involves conflicts of interests and the problems of democratic decision making, given the pervasive influences of such conflicts. This is a problem of the structure of power.

The second class is what I will call social traps. There are two types of social traps. The first exists when the short-run reinforcers (rewards and punishments) are inconsistent with the long-run well-being of the individual or group. Psychologists tell us that people learn and respond to immediate reinforcers. Thus, the institutional need is to alter the immediate reinforcers in such a way that they lead to long-run well-being. A second type of social trap is when individual reinforcers are inconsistent with the well-being of the community.

The third class of barriers is ignorance and uncertainty. Individually and collectively we simply cannot predict the consequences of public policies and decisions. We need to recognize that while ignorance and uncertainty can be reduced, they cannot be eliminated. We need institutions which can adjust to unexpected outcomes, which have feedback mechanisms for correcting errors and compensating for serious unintended effects.

### **ARTICULATION OF SOCIETAL PREFERENCES**

Another idea I find useful is the distinction between individual personal preferences and individual societal preferences. Given

the structure of society, personal preferences are expressed by individuals in making choices in their role as consumers or producers. Societal preferences refer to the kind of society one prefers and are often expressed by individuals through actions, such as voting or political activity, which affect the structure of society. Expressions of individual personal preferences are not necessarily consistent with an individual's societal preferences and cannot be expected to lead to the kind of society preferred by the individual. Societal preferences can often only be expressed through political processes, while personal preferences can more often be articulated through the market.

An example may illustrate the distinction. As a consumer I may make decisions which result in water pollution. This does not mean I prefer a society which allows damaging pollution. Thus, I might at the same time vote for laws which would make polluting activities illegal. Expressing my individual personal preferences would have no perceived effects on pollution. My preferences for nonpolluted water can be effectively expressed only by political action. Pollution is a collective social trap. Each individual acting in his immediate self-interest leads to an aggregate effect which may be preferred by no one. Collective action—that is, some socially imposed rules of the game—is required to effectively articulate this societal preference for unpolluted water.

The concept of social trap and the distinction between personal and societal preferences may also be useful in understanding the fallacy of the arguments against interference with markets through political actions in the name of consumer sovereignty or freedom. Preferences expressed through individual action in a market are no more valid than those expressed in the political process. And since it is impossible to effectively express many societal preferences through the market, we must recognize the need for establishing the rules of the game by political means as a precondition for effective expression of personal preferences. As a slogan I would support, "Citizen sovereignty precedes consumer sovereignty."

I have no way of knowing with certainty the characteristics of the political economy most people in our society want. I do have preferences myself and some beliefs, which are based upon studied observations, about preferences of our people. Dialogue is required for policy development. Dialogue is facilitated by the statement of positions on issues, which requires that we put our preferences on the line. I will discuss a set of critical issues in this context.

## SOME CRITICAL ISSUES AND POWER

### **Unemployment**

I prefer an economy with full employment. I consider a society which denies those who want to work the opportunity to work as unjust. In addition, many negative consequences are associated with high levels of unemployment. Actually I am outraged by the fact that in June, 633,500 people or 15 percent of the labor force in my state of Michigan were unemployed. Unemployment among young black males in Detroit may approach 50 percent. I cannot believe this is consistent with the societal preferences of many people in our country. Of course, many unemployed are receiving unemployment benefits, welfare, or both. This ameliorates the injustice and reduces the political pressure for solving the unemployment problem, but does not make it just.

Unemployment results from the structure of power. Those who are employed have the power to maintain their positions and even to get pay raises when others would be willing to do the same work for less return. This is related to the industrial and bureaucratic structure of the society. This is a great oversimplification, but the essential point is that unemployment is the product of power. Changes in property rights to eliminate unemployment involve conflicts of interest, and those who would be hurt have the power to resist the changes.

I believe the problem also involves a social trap. Individuals acting in their personal immediate interests do not see the connection with the resulting unemployment and its negative side effects, and they cannot effectively articulate their societal preferences for full employment.

### **Inflation**

The current inflation is also a manifestation of the structure of power. Some groups are able to protect themselves against the effects of inflation and benefit from it, while others suffer. Inflation is the equivalent of a very inequitable tax. It will lead to more concentration of wealth and power.

It also has the characteristics of a social trap. This is especially true as the inflation begins to affect expectations and money circulates faster. Each individual and group, as they attempt to protect their wealth, feed the inflation. Uncontrolled, the inflation will undermine the political economy and most of society will suffer. Collective control is essential.

### **Inflation with Unemployment**

The coexistence of unemployment and inflation is especially unjust. The policy discussion is usually in terms of the trade-off between inflation and unemployment. But such discussion implicitly accepts the structure of the political economy. It is because of the power to influence wages and prices—to protect positions—that unemployment and inflation can coexist. We must initiate policy discussion of institutional innovations that can address these closely related problems. The question must not be how much unemployment can we stand to reduce inflation, but rather how can we have full employment with a manageable level of inflation. I believe this question can be answered.

### **Decline in Available Natural Resources**

Related to unemployment, inflation, and the concentration of wealth is the apparent trend toward a decline in available natural resources relative to demand. Oil and gas are, of course, the current object of attention. Collective decisions must be made about conservation for future generations, but also we must be concerned about the effects on employment, inflation, and the distribution of wealth and power. Land rents have been low compared to some other societies due to the abundant land resources and agricultural technology. But much of the technology is based on petroleum. As world population expands and oil supplies dwindle, land rents can also be expected to increase.

Even under recent conditions some of the great fortunes have resulted at least in part from economic rent on natural resources. This is more likely to be true in the future unless policies are adopted to counter the effect. Under our current system, great increases in economic rent will result in great increases in the concentration of wealth and power. Clearly, this problem involves major conflicts of interest.

### **Distribution of Income**

It appears that as our political economy evolves over the next decade seeds exist for a major struggle over the distribution of wealth. This struggle will contribute to inflation and unemployment. It will be fertilized by the declining availability of natural resources, the growth of world population, and the necessity to invest more in environmental preservation.

### **Distribution and Productivity**

The conflict over distribution will continue to reduce total production unless we devise improved institutions to settle the

conflict. Every group attempts to establish protective institutions. Success often involves restricting output by some means. Frequently the practices increase the costs of labor and other inputs and reduce their use. Again, we may fall into a social trap with every group exercising its power to improve its share, resulting in a diminished output, which will intensify the struggle and lead to a situation where everyone is worse off.

The distributional issue will put substantial pressure on our political and social institutions. It must be placed high on the policy agenda.

### **Population**

We have always considered the decision to have a child to be a private one. As long as natural resources were plentiful and the numbers in the tribe were important to defense, population growth was not even seen as a problem. But given the pressure of population on natural resources and especially the threat to the environment arising from a large population with a high materialistic level of living, procreation becomes a social trap. The short-run reinforcers are positive, but the collective and long-run consequences are negative. As with all social traps, the solution requires some kind of collective control.

### **Environment**

Environmental degradation is a very difficult problem. It involves major conflicts of interests and trade-offs. It is fraught with uncertainties and social traps. And in some important instances it must be dealt with on an international basis. The rules we adopt for environmental protection affect the availability and cost of natural resources, influence the distribution of wealth, affect employment, especially in the short run, and are related to population growth.

### **Law and Order**

The final related critical issue I wish to introduce is law and order. A significant component of the quality of life is security of person and property without the inhibiting effects of personal guards, elaborate security measures, and restricted movement. The deterioration of law and order is also sequential. A high crime rate creates fear. Victims lose confidence and respect for government, especially when the criminal is not made to pay. And pressure is created for repressive measures which are also alienating.

While the causes of crime are many and uncertain, we can generalize that they are associated with alienation, the structure of

rewards and punishment, and the economic opportunity set. One problem is that crime does pay. An unemployed auto worker implied a relationship between employment and crime when he said, "I will not let my family be hungry."

When the law is arbitrary and applied unequally, as it often is, people's attitudes must be affected. The fact that petty crime is dealt with much more severely than white collar crime, involving large sums of money, is evidence of differences in power among classes. Worst of all is lawlessness among those within the government. The feeling that the political economy is unjust and corrupt must contribute to a negative attitude toward the laws of the system.

#### **STRUCTURE OF POWER IN THE POLITICAL ECONOMY**

Before turning to some proposed policies directed toward the management of this list of interrelated critical issues, let me try to comment briefly on the structure of power in the U.S. political economy.

First, we have to recognize the relationship between economic and political power. They are inseparable. Assume that a firm or individual will use resources to provide the greatest return in profits and satisfaction. The decision then must be made about how much to spend on production and consumption and how much to spend changing the rules. Those with more wealth and those who are organized will have much more incentive and ability to influence the rules. This fact is not usually recognized in policy analysis based upon traditional economic theory. In our political system, very substantial gains can be achieved by influencing government.

#### **Concentrated Versus Dispersed Interests**

We need much more work on the economics of political power. While ultimate political power resides with the mass of voters, the difference in cost-benefit ratios between the individual voter and the concentrated interest groups is enormous. The cost of acquiring information is high for the ordinary citizen compared with any possible payoff from acquiring information on any given policy issue. And the probability of his influence counting is very small. Thus, there is limited incentive to be informed and to participate in the political process.

Similarly, there is little incentive to monitor regulatory functions or the implementation of programs for the same reasons. Thus, regulations often work to the advantage of those being regu-

lated, for they have the incentive to influence it. And many well-intended programs originally adopted with the apparent intent to help the disadvantaged have quite different outcomes.

The fact of uncertainty greatly affects the exercise of political-economic power. When the effects of public decisions are uncertain, the concentrated interests have an advantage in persuading legislators and regulators to take their side.

It can be assumed that incentives for elected officials include being elected, influencing policy consistent with their societal preferences, and enhancing their incomes. Election seems to depend upon favorable publicity and organized support. Thus, elected officials are most likely to respond to the preferences of those who can provide campaign funds and organized support.

Elected officials may invest their time in activities which generate publicity rather than in the careful design of legislation, because the payoff is greater. Who ever got publicity for his contribution to the careful wording of a bill? Some have argued that many programs to assist the disadvantaged have not succeeded because the political payoff was in the pronouncements of support for legislation addressed to these problems, not in the design of effective programs. The problem is legislative accountability, and it is a serious problem.

For the concentrated interests, however, there is a substantial payoff in influencing the design and implementation of policies and programs. They can afford to do it, and the system is very susceptible to their influence. They can supply information and promise rewards in political support and perhaps the possibility of future employment. They can afford to invest in lobbying and monitoring efforts. The ability to supply information and persuasion in a situation of uncertainty is a source of power. This is an important aspect of the economics of political power.

### **Persuasion and Power**

In most political systems, and especially in a democracy, the source of power lies more in the ability to persuade than in overt coercion. The advent of television has enhanced the importance of public relations. Thus, the persuasive arts and the media have become major instruments of political power. The individual citizen again receives little payoff from investing in either lobbying or public relations activities. In contrast, the concentrated interests do. They can afford to invest in persuasive activities to influence attitudes on policy or specific rules.

If power is the ability to control, persuasion is the most significant factor in the ability to control, and the mass media are the most economical means of mass persuasion, then advertising and other means of influencing the content of the mass media are a source of power. Clearly, the large corporations with enormous advertising budgets have great power in this context. Advertising promotes a materialistic value system. The image of a good life portrayed by the mass media is one based on the acquisition of things, not of doing good works. It generally supports the status quo and thus the established rules of the game.

I am more concerned with the large corporation as an instrument of control through its ability to persuade than I am concerned with its ability to extract monopoly profits. This puts a very different light on the problem of corporate concentration and the control of corporate behavior.

### **Combinations of Power Groups**

Government bureaucracies also have great power to influence both public opinion and legislative action in more direct ways. Employees of government agencies often act as concentrated interest groups not unlike the great corporations. Other organized groups, such as unions, also have great economic and political power. The power of unionized government employees is just beginning to be fully recognized. When corporate interests, unions, and a government agency combine their efforts, the protection of countervailing power is lost. The dispersed interests are at an extreme disadvantage compared with such combined concentrated interests.

### **ECONOMIC SYSTEM REFORMS**

I believe we should be discussing a whole set of possible reforms in our political economy. It is a role of public policy educators to get issues identified and discussed. I believe discussion is improved when specific institutional changes are considered. We also need to encourage politicians to discuss real program alternatives. A public with better understanding of issues would stimulate a higher order of political debate and a more responsible government.

Thus, in the interest of stimulating discussion of what I consider critical issues, I will propose a program of economic and political reforms. I believe that progress toward a more effective political-economic system will come from discussion of real alternatives rather than from discussions of philosophical or ideological

positions. I hope you will consider these proposals worthy of discussion, if not adoption. In this section I suggest economic system reforms concentrating on the problem of distribution. In the following section I suggest some policy directions for making government more responsive to critical issues.

### **Objectives**

The proposals outlined below are intended to:

1. Eliminate unemployment.
2. Improve the quality of life by increasing the production of goods and services and providing meaningful work for everyone.
3. Manage the inflationary pressures by increasing the available goods and services produced by the otherwise unemployed, by reducing the cost of labor, and by the use of more effective monetary and fiscal policies.
4. Reduce the inequities of mild inflation for those who saved for their old age.
5. Emphasize incentives to work and produce.
6. Assure access to a minimum level of living for all.
7. Reduce the concentration of wealth.
8. Reduce private concentration of power and the ability of corporations to influence government policy and public attitudes.
9. Reduce concentration of power in government agencies by not having the government act as an exclusive and large-scale employer of last resort and by reducing the need for government regulations such as price controls and the need for a large bureaucracy to administer social welfare.
10. Reduce alienation from the political economy due to a feeling of exclusion by creating a feeling of participation in the economy and thereby improve attitudes toward society and reduce crime or at least remove one of the excuses for criminal behavior.
11. Be consistent with the societal preferences of the majority of the citizens.

I do not know that these proposals will accomplish all of these objectives. I do believe they are appropriate objectives and that the

policy agendas should deal with such objectives. Let us encourage meaningful discussion of the alternatives.

### **The Wage Supplement**

The Employment Act of 1946 states that full employment is a national policy. This policy could be implemented by specifying that every adult citizen who wishes to work shall have the right to a job at a minimum wage. The basic mechanism for assuring employment would be a wage supplement program. I do not wish to argue over the specific level of the supplement, but I do believe the design is very important; thus, let me sketch a proposal in some detail. Obviously, the design requires substantial work and debate.

Consider a wage supplement paid to the employer, who would be required to certify payment to qualified employees in the same manner and under the same sanctions for accuracy as applied to income tax reporting. The wage supplement would replace most of the transfer programs for all who are able to work.

A private employer would be required to pay \$1.00 per hour minimum of his own funds. The wage supplement would amount to 50 percent of the difference between the wage paid by an employer and \$4.00 per hour. Thus, any worker receiving a wage of less than \$4.00 per hour would receive a supplement. A worker paid the minimum of \$1.00 per hour would receive a supplement of \$1.50 (50 percent of \$3.00), which establishes the minimum private employment wage of \$2.50 per hour. No worker would be eligible for a supplement on more than 2,000 hours per year. However, a worker who was covered by the wage supplement program for 1,600 or more hours in a year would be eligible for two weeks' vacation paid at the minimum wage of \$100 per week.

Low-income workers deserve paid vacations, and this would make work more attractive. Workers could negotiate with employers for supplemental vacation pay if it did not exceed their regular weekly wage. A worker receiving the minimum wage could then earn an income of \$5,200 per year. Workers would have an incentive to seek employment at higher wages, and employers would have an incentive to pay higher wages to attract employees.

I believe it is important that youth also have an opportunity to work. Thus, consider including those between 14 and 18 years of age under the wage supplement program, but at a reduced minimum level.

Public agencies and certified nonprofit organizations would be eligible to participate in the wage supplement program on the same

basis as private employers except that the public employer would not be required to make the minimum \$1.00 contribution. A public agency might be able to hire workers at no direct wage cost and such a worker would receive \$2.00 per hour (50 percent of the difference between 0 and \$4.00). However, competition among public and nonprofit agencies could be expected to raise the offer for all workers willing and able to make a positive contribution. Bidding for workers and workers' choice would allocate subsidized work in the public sector.

An additional institution would be useful in implementing this program. Call it the Employment Agency. This agency would: (1) have the employment brokerage functions of the present employment services; (2) develop public employment jobs; (3) act as the employer and contract with small firms and individuals needing only a few workers or temporary or part-time help, taking care of all bookkeeping, paying social security, and providing some supervision and charging a fee for the service; (4) provide auxiliary services such as organizing transportation and child care; and (5) act as the employer of last resort for any day a person did not have alternative employment.

Unemployment compensation would be altered to cover only three weeks, after which the unemployed workers would come under the wage supplement program. Employees could negotiate unemployment benefits in addition, but the payroll tax for long-term unemployment compensation would be eliminated. This would reduce the payroll tax and make it less expensive to hire labor and, thus, increase the incentive to employ people.

### **Some Categorical Aid**

The wage supplement would eliminate unemployment and provide a minimum income for all who are willing and able to work. However, households with several children or with adults unable to work would need additional income. Thus, consider developing or maintaining some categorical assistance programs such as food stamps and health insurance. The categorical programs allow the expression of societal preferences for maintaining adequate nutrition and health of the total population.

### **The U.S. Inheritance Fund**

In addition, consider establishing a right to a portion of our inherited wealth for each citizen. Tie the return to this inheritance to the productivity of the economic system, giving each citizen a direct stake in the system. The mechanism I suggest for consider-

ation is the U.S. Inheritance Fund. The fund could be established by allocating the proceeds from the sale of public resources (such as oil and coal from public lands), television channel rents, etc., to the fund. In addition, a portion of a revised inheritance tax and resource severance taxes would go to the fund. The fund would invest in corporate stocks and each year the earnings from these stocks would be distributed with an equal share going to each citizen. The payment would be subject to regular income taxes.

### **Tax Reform**

Revision of the inheritance tax is critical as a means of preventing great accumulations of individual wealth and power. Consider applying the inheritance tax to the recipient rather than the estate and treating inheritance or gifts as ordinary income with some special deductions. Thus, a poor person would pay less tax on inherited money than a rich one. And the holders of wealth would have more incentive to disperse their wealth during their lifetime.

Additional tax reform would be desirable from the point of view of equity, the effect on incentives, and funding of the wage supplement program.

### **Monetary-Fiscal Reform**

Given the wage supplement program, monetary and fiscal policies could be followed to deal more effectively with inflation with less concern for the trade-off between unemployment and inflation.

However, with the structure of our political economy, inflation is likely to continue. Thus consider: (1) tying the wage supplement to a cost-of-living index to provide for automatic adjustment, and (2) offering a special series of government bonds which would provide for a fixed real return to be made available within some limits to individual savers and to pension funds meeting certain criteria regarding reliability, investing, etc.

### **Corporation Reform**

President Ford has proposed reducing the regulation on business and stepping up enforcement of antitrust laws. Certainly our regulatory system needs to be reviewed and reformed. And antitrust laws need to be enforced. Consider some change in antitrust laws and procedures. For example, some limit on absolute size seems reasonable. And let us shift the burden of proof on mergers. In order for large corporations to merge it seems reasonable to require that they first prove that such mergers: (1) would not lessen

competition and (2) would result in economic advantages to society. But I do not believe antitrust enforcement is in itself sufficient to deal with the problems associated with concentration of economic power.

The laws prohibiting corporation expenditures for political purposes should be faithfully enforced. Similar rules for labor unions and professional associations should also be considered.

Something should be done to make corporations more responsive, to reduce the accumulated wealth in stock appreciation, to reduce corporate growth through retained earnings, and to get yearly earnings paid to the Inheritance Fund. We might consider requiring that all corporate profits in excess of \$1 million, plus a percent of assets which could be retained as a contingency reserve, be paid out to stockholders, subject to tax as ordinary income to the shareholder. I realize this would increase the transaction cost for capital. However, the pension funds and the proposed Inheritance Fund would generate large amounts of funds for investment in large blocks at relatively low transaction cost. Also consider adoption of Louis Kelso's employee stock ownership trust to stimulate additional capital investment and give workers a greater stake in the corporation they work for.

While I am somewhat uneasy about it, consider some control of advertising and public relations expenditures by corporations. Perhaps expenditures for advertising and public relations combined in excess of \$1 million should not be counted as costs in calculations of corporate income taxes.

#### **INSTITUTIONAL CHANGES TO PROMOTE MORE RESPONSIVE GOVERNMENT**

The second major policy thrust I wish to discuss is the change in institutions designed to make governments more responsive in meeting: (1) the challenges facing our society and (2) societal preferences. I purposely separated meeting the challenges from meeting societal preferences. I do not believe that simply catering to the preferences of an uninformed electorate bombarded by thousands of commercial and superficial political messages will result in policies and programs which will meet the critical challenges.

#### **Education for Democracy**

A responsive democratic government depends, first of all, on the beliefs, values, and behavior of its citizens. The beliefs, values, and preferences of citizens are too important to survival to be left to chance. Somehow we must deal with the design of our

culture—with the process by which a society teaches its members what they have to do in order to make the society work. Thus, we must be concerned with the development and imbuing of an ethical system. Behavior which is consistent with the long-run community welfare must be positively reinforced and that which is inconsistent be negatively reinforced. We must learn to conserve. Thus, the promotion of wasteful consumption through advertising and the mass media must be controlled. We must promote a respect for the law and have laws and government which can be respected. We must develop a deep sense of community among all our citizens. We must each come to understand our interdependence.

Thus, education and the production and distribution of information become the most important responsibilities of a democratic government. We must devise a system which fosters freedom of expression and thought, but at the same time attends to the requirement for lifelong education consistent with the survival of the community. I believe we must invest much more in basic education contributing to effective participation in the democratic processes.

### **Jurisdictional Boundaries**

A second major thrust to achieve responsive government has to do with jurisdictional boundaries. We must re-examine the question of the appropriate unit within society for various classes of decisions. New technologies, knowledge, and organization result in new patterns of externalities, requiring new institutional boundaries. We need to re-examine the hierarchical relationships in government. Every function needs to be examined to determine the appropriate unit of “government”—from the family to the United Nations—for its proper performance.

### **Stronger Legislatures**

I believe we need to strengthen our general purpose legislative bodies and make them more important. To do this we must give them more resources and force them to accept more responsibility. It is in these legislative bodies that major trade-offs among alternative futures should be debated and decided. To accomplish this many marginal reforms in legislative and election procedures would be required.

### **Planning**

I believe we must develop some kind of planning institution to deal with long-run problems and to help set up guidelines for current policy decisions to avoid a series of short-run expedient decisions which lead to long-run disaster. At the national level perhaps we could institute a prestigious fourth branch of government on a

par with the Supreme Court, with similar tenure and responsibility, for long-run policy planning. This planning institution would propose long-run plans and policies to the other branches of government and, once such plans and policies were adopted by the legislature, would have some type of veto power over critical decisions inconsistent with the adopted policies. Again the need is clear, but the means of instituting it are not.

### **Personal Responsibility**

We need some new institution to make individuals in both our private and public bureaucracies more personally responsible. Sanctions against a corporation or agency have a different effect than sanctions imposed directly upon the individual.

### **Overview Institutions**

We also need to build in more overview institutions to balance concentrated power. These institutions are needed to counterbalance the difference in the benefit-cost ratio between those with concentrated interests and those with dispersed interests in relation to legislative, regulatory, and program implementing agencies. The institution of special public counsel responsible for helping to identify and articulate citizen interests in relating to these governmental functions has considerable promise.

### **Reform, Not Revolution**

I am suggesting reform, not revolution. I believe we have three alternatives: (1) reforms to make our democratic mixed public and private enterprise system responsive, (2) revolution substantially altering the system, or (3) a drift toward authoritarian governments.

My radical students ask, why reform? Why will those with wealth and power accept reform? The answer, I believe, is important. We do have a system for expressing individual societal preferences, and the electorate has a strong sense of community and justice. Even those who would lose in terms of individual short-run personal preferences will often support policies for the good of the community—because they want to live in that kind of society. While concentrated interests and those with wealth have substantial incentive and capacity to influence the political system in their favor, it is also true that the system is open to reformers and groups through the organization of information and organized political activity. Thus, the reformers should not be turned off. And they should fight to keep a system which is subject to reform.

The role of public policy education in all this is, of course, critical. It carries a responsibility not to be taken lightly.