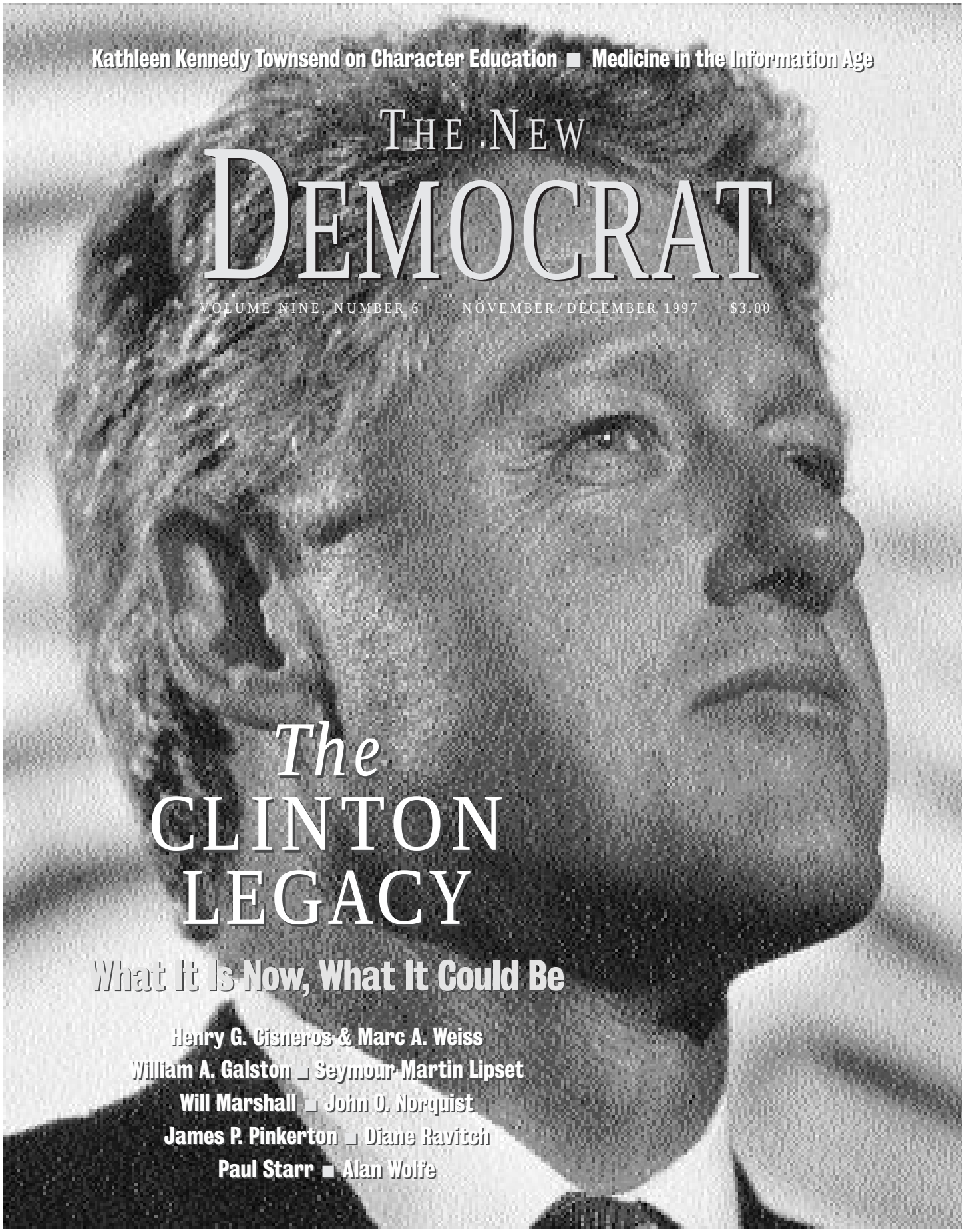

Kathleen Kennedy Townsend on Character Education ■ Medicine in the Information Age

The New Democrat

VOLUME NINE, NUMBER 6 NOVEMBER/DECEMBER 1997 $3.00

The CLINTON LEGACY

What It Is Now, What It Could Be

Henry G. Cisneros & Marc A. Weiss
William A. Galston ■ Seymour Martin Lipset
Will Marshall ■ John O. Norquist
James P. Pinkerton ■ Diane Ravitch
Paul Starr ■ Alan Wolfe

The New Democrat

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FORTUNE TELLING

This issue of *The New Democrat* traverses two questions: "What will President Clinton's legacy be?" and "What does the future hold for center-left politics?"

We tackle the first question in our lead editorial (page 6) and cover package (page 8). Al From tackles the second in his Political Memo (page 36), which recounts his recent trip to Chequers for a seminar on the future of the New Democrat and New Labour movements hosted by British Prime Minister Tony Blair.

It's no stretch to say that the two questions are inextricably linked.

As From's account of the Blair seminar makes clear, the changes Bill Clinton has wrought in center-left politics in the United States have had transatlantic implications. Clinton's New Democrat themes resonated powerfully with Blair and New Labour for a simple reason: They point the way to a progressive politics that is liberated from the grip of interest-group liberalism and popular with voters because it addresses the problems they face in their daily lives. Whether it survives, Blair believes, depends a lot on how the new center-left brand is defined in the coming years.

♦♦♦

Which brings us to Bill Clinton's remaining three years in office. Our cover package opens with assessments of Clinton's legacy as it stands today by Paul Starr, Seymour Martin Lipset, John O. Norquist, James P. Pinkerton, and Alan Wolfe. It concludes by arguing, as we do in our lead editorial, that there is no better way for Clinton to cement his legacy than by taking on the defining issues of the day: making schools work (Diane Ravitch), revamping Social Security (William A. Galston), revitalizing urban America (Henry G. Cisneros and Marc A. Weiss), and equipping Americans to succeed in the new economy (Will Marshall).

♦♦♦

Ravitch is not the only author to weigh in on education reforms in this issue. Kathleen Kennedy Townsend, the lieutenant governor of Maryland, makes her TND debut with an article (page 25) about Maryland's effort to teach character in the public schools. "Our goal is to get every school, in all its facets, to teach the civic virtues at the core of our culture—virtues such as courage, respect, responsibility, compassion and integrity," she writes.

In addition, TND editor Tom Mirga surveys the latest efforts to solve the problems of public education and concludes that vouchers, while worth experimentation in some situations, are no silver bullet for the problems of public education (page 29). A pure voucher system, he argues, lacks the key element of genuine reform: public accountability for results.

Also in this issue, Washington writer Jonetta Rose Barras reports on the Promise Keepers movement's largely overlooked efforts to promote racial healing (page 27); health writer Michael L. Millenson explains how the Information Age is transforming the medical profession (page 22); and foundation executive Bill Shore describes how charities like his have taken a page from the business world and begun generating revenue by selling products and negotiating innovative marketing arrangements (page 32). ♦

LETTERS

Book Review Contained Subtle Anti-Latino Bias

To the Editor:

Fred Siegel's review of a new book on the children of immigrants *("Yanqui Doodle Dandy," TND, May/June 1997)* is curiously schizophrenic. It blindly accepts old myths perpetuated by libertarian advocates of open borders, yet arrives at a very un-libertarian conclusion. Both aspects of the review demand a closer look.

Siegel repeats the libertarian claim that foreign-born engineers have made an "enormous contribution" to American high-tech industries. Yet the reality is that the vast majority of technological advances in computing have been made by U.S. natives. For example, of the 56 recipients of industrial-innovation awards given by the Association for Computing Machinery, only one has been an immigrant. Similarly, only nine of the 115 American recipients of computer-related awards given by the Institute of Electrical and Electronic Engineers have been immigrants.

Proponents of high immigration levels also assert that we need immigrant computer programmers to offset large shortages in our software labor market. Yet this claim falls apart when one notes that Microsoft, for example, hires only 2 percent of its applicants for software positions—hardly anyone's definition of a "shortage."

Next, Siegel cites the disproportionately large number of immigrant kids who have won the prestigious Westinghouse Science Talent Search competition. Actually, success in this contest is mainly a matter of having the right connections. Out of thousands of high schools nationwide, the same four or five in the immigrant-heavy New York City area dominate the competition every year. These schools offer special three-year "Westinghouse programs," which pair students with carefully chosen university researchers. The San Francisco Bay Area, which has no high schools with comparable programs, typically fails to produce Westinghouse finalists or winners in spite of its numerous middle-class immigrant parents, many of them Silicon Valley engineers.

On the other hand, Siegel correctly notes that immigrants, who see their wages decline in direct proportion to the rate of influx of low-skilled newcomers, are themselves among the chief victims of current immigration policy. He predicts that this situation will give rise to a militant Latino labor movement, with various "poisonous" effects on politics and race relations.

In the end, Siegel calls for a designer immigration policy that admits people on the basis of skills instead of family ties. Many Hispanics interpret such language (correctly, I believe) as code-talk for "let's take in the Asians and Europeans but keep out the Latinos," a disappointing racial stance for a publication associated with the Democratic Party.

Merely shifting the socioeconomic mix of immigrants would do nothing to solve problems caused by high immigration levels such as environmental degradation and urban congestion. In 1990, Congress increased yearly levels of legal immigration by 40 percent. An across-the-board rollback to pre-1990 levels, race-neutral in both letter and spirit, would be the more effective and just approach.

— *Norman Matloff*
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The New Democrat welcomes correspondence from readers. Address typewritten letters for publication to: Editor, The New Democrat, 518 C Street N.E., Washington, D.C. 20002. You can also e-mail them to: tnd@dlcppi.org. Please include your full name, address, and a daytime telephone number. Letters may be edited for space and style.

UP FRONT

Taking Control of "Rego"

In his recently co-authored book *Taking Control,* Morley Winograd argued that government must be reworked for the Information Age. His message made it to high places.

On Dec. 1, Winograd, a leading California New Democrat, takes the reins of the administration's National Performance Review, its signature initiative to make government work better and cost less. He succeeds Elaine Kamarck, a former senior fellow at the Progressive Policy Institute, who recently left the White House after five years to become director of Harvard University's Vision in Governance for the 21st Century program.

In *Taking Control,* Winograd (a vice president of AT&T) and his co-author Dudley Buffa (the president of the Institute for a New California) argued forcefully that "government's continued reliance on Industrial Age bureaucratic structures has . . . accelerated its decline." Drawing on in-depth interviews and case studies from the private sector, they described how government could use Information Age tools and patterns of work to solve problems in public education, health care, public safety, and the environment. In a passage particularly relevant to Democrats, the authors also argued that a "new constituency" of well-educated, adaptive, and technologically savvy "knowledge workers" has become the key prize in American politics. Reluctant to side with either major political party, these workers are waiting "impatiently for political leadership capable of coming to grips with the age they have already entered," Winograd and Buffa wrote *(see "The New Constituency," TND, May/June 1996).*

Their message apparently struck a chord at the White House. In November 1996, *U.S. News & World Report* reported that President Clinton was circulating "a heavily underlined" copy of the book among his friends.

In addition to taking the reinventing government job, Winograd will assume Kamarck's post as senior policy adviser to Vice President Al Gore. It's a reunion of sorts; Winograd, a former chairman of the Michigan Democratic Party, ran Gore's presidential primary campaign in that state in 1988 and helped organize the Clinton-Gore campaign there in 1992.

In a recent interview, the new chief of the reinventing government initiative said he intended to focus on "the 32 federal agencies out of the 300 or so in the government that account for about 90 percent of the interactions the federal government has with taxpayers." He noted that this group includes the Internal Revenue Service, the recent focus of a blistering set of congressional hearings in which taxpayers related Kafkaesque tales of government intimidation and abuse of power. The hearings led to the introduction of legislation, widely expected to become law, that would shift the burden of proof in tax disputes that reach court from taxpayers to the IRS.

Winograd said he hopes to give workers in the 32 agencies "a sense that government can provide services as effectively and efficiently as the private sector."

"If you fail to deliver high-quality customer service, people will look elsewhere for those services," he said. "And if that happens, your ability to argue that there's a role for government in representing the needs of the community in that area of service becomes unsustainable politically."

— Tom Mirga

For more information on the National Performance Review, visit its web site at http://www.npr.gov/.

Creating Smarter Patients

As health affairs writer Michael L. Millenson points out on page 22 of this issue, patients who assume responsibility along with their doctors for decisions about their care often enjoy better health at a lower cost. Sharing that belief, a nonprofit health education group in Boise, Idaho, has set out to transform the 278,000 residents of four southwest Idaho counties into "the smartest patients on earth."

The Healthwise Communities Project, begun two years ago with a $2.1 million grant from the Robert Wood Johnson Foundation, "is all about building a better patient," said Molly Mettler, the project's director and senior vice president of Healthwise Inc. "The project's goals are for patients to be informed about their health and to work in partnership with their doctors in managing their health care."

The project, which also receives financial support from most of the region's major health care institutions and employers, began in earnest in April 1996 when every household in the 9,800-square-mile area received a free Healthwise Handbook in the mail. Used by 6 million people nationwide, the self-care guide offers information and prevention tips on more than 180 different health problems, from allergies to yellow jacket stings. It gives clear instructions on how to take care of such problems at home and provides physician-approved guidelines on when to seek medical attention.

The initiative includes four other new services: community workshops to help consumers hone their medical self-help skills; seminars to help doctors adjust to newly empowered patients; a confidential, toll-free telephone line staffed by registered nurses; and free access to the Healthwise Knowledgebase, a comprehensive online medical resource, via the World Wide Web or kiosks in libraries, work sites, and clinics.

Public opinion surveys suggest that the initiative is working. "People are doing more self-care and avoiding unneeded medical visits," said Donald W. Kemper, the president of Healthwise. One out of three residents of the four-county area reported that by consulting one of the Healthwise Project services, they had avoided a trip to their doctor or their hospital emergency room. "This alone could save our community more than $2 million a year in health care costs," Kemper noted.

More than two dozen doctors and leaders in the Idaho health care community helped design the project. And in spite of concerns that health professionals might resent an influx of savvy, demanding patients, the medical community has generally rallied behind the effort.

"A project that will help people become better informed and make decisions in active partnership with their doctors will improve the quality of care I can provide at my practice and will be an enormous plus for this community," said Dr. Steven Schneider of the Idaho Wellness Center.

— Tom Mirga

For more information about the Healthwise Communities Project, contact Molly Mettler at (208) 331-6910 or visit the Healthwise Inc. web site at http://www.healthwise.org/.

It's Worth Repeating

"Our philosophy of opportunity, responsibility, and community—guideposts embraced by the [Democratic Leadership Council] before 1993—are now America's guideposts to the 21st century. Our vision has, in large measure, become America's vision. And because of that, America is stronger than it has been in a long time. . . . For nearly five years, we have worked together on a simple but profound vision to say that the American Dream should be alive for everybody who is responsible enough to work for it, that our country must continue to lead the world for peace and freedom and prosperity, that we have to find a way to bring our people together across all the lines that divide us into one America. . . . The success of the last five years owes much to the ideas and the work of the DLC and its grassroots leaders, going back to the mid-1980s, when a small handful of us organized it. Even then, the DLC was working to go beyond the stale debate and the false choices of Washington, D.C., with modern policies, good ideas, mainstream values. Today, from time to time, I still lament the fact that we have not rid the rhetoric of our nation's capital of a lot of the old debate and a lot of the old false choices. But believe you me, out there in the real world where Americans live, we're a long way from where we were just five years ago and you should be very proud of it."

— President Clinton, in an address to the Democratic Leadership Council (10-27-97)

"If national [student] testing goes down in flames, it will be because of conservatives who hate the word 'national' and liberals who hate the word 'testing.' "

— Hudson Institute scholar Chester E. Finn Jr., quoted in National Journal (9-20-97)

"Can [U.S. demands for higher labor and environmental standards] really be compelled in trade deals? Consider if the tables were reversed. If New Zealand, which has more stringent clean-air standards than the United States, demanded tougher American environmental laws as the price for a trade agreement, that demand would be rejected out of hand by Congress and by unions interested in saving jobs in smokestack industries. Will other countries respond differently [to our demands]? Which isn't to say that labor and the environment should be ignored. Ultimately, lax labor and environmental standards become competitive advantages, which is a trade issue. The trick is deciding how to address them."

— Columnist Gerald F. Seib writing in The Wall Street Journal (9-24-97)

BUILDING A LEGACY

Five years into his presidency, Bill Clinton has already built a legacy of achievement, a record that could earn him a place in the upper tiers of American chief executives. But as the recent setback on fast-track legislation demonstrates, as impressive as his record is, his accomplishments are reversible, and it is early yet to cast his legacy in stone. Looking forward, we believe the route to securing his place in history as a truly transformative figure leads to four major challenges: equipping Americans to succeed in the new economy; building a world-class public education system; breaking the cycle of inner-city poverty; and modernizing the entitlements.

Our inventory of the President's key achievements to date includes:

♦ presiding over a remarkable economic turnaround: an era of low-inflation, low-unemployment, and low-interest-rate growth, capped by rising real incomes;

♦ restoring U.S. leadership in the global economy through trade negotiations that have opened major new markets for our goods and services;

♦ reversing three decades of rising federal budget deficits, culminating in the historic 1997 balanced budget agreement;

♦ signing legislation ending the old, discredited welfare system and fighting to replace it with an employment system that brings poor Americans into the social and economic mainstream;

♦ helping to reduce violent crime through his advocacy of community policing, tougher sentencing, and common-sense gun control;

♦ launching a "reinventing government" initiative that has reduced the federal bureaucracy to its smallest size since the Kennedy administration; and

♦ creating a national service program that addresses entrenched social problems, helps young people pay for college, and revives the civic ethic of mutual obligation.

With these accomplishments, the President has begun —and we emphasize begun, because the fight is far from finished—to transform the Democratic Party from a fractious coalition of special interests united around the defense of big government into a credible agent of national purpose that is open to new ideas and aligned with the values and aspirations of most Americans.

It is an impressive foundation for a successful presidency. But the ground beneath it is unstable. Many of the President's accomplishments depend on continued strong economic growth, and a recession is possible. Powerful forces in our own party, not to mention the Republican Party, would welcome the chance to reverse his reforms. And society is changing at hyper speed today; if the President fails to adapt his presidency to new realities, his past achievements may crumble to dust soon after he leaves office.

President Clinton cannot be content to be a Democratic Ronald Reagan, launching a few key policy initiatives and then resting on his laurels for most of his second term. That is why we believe the way to secure his place in history is to tackle four big challenges:

♦ *Equipping Americans to succeed in the new economy.* The President's economic strategy rests on three pillars: restoring fiscal discipline and stability, creating jobs by opening new markets, and investing in the skills of our people. Today's fierce debate over trade expansion has made that third pillar especially salient.

The President should stand squarely for an approach that equips Americans to manage the risks of economic globalization and take control of their own economic lives. He has backed the Democratic Leadership Council's call for a "new social compact" that "expands the winner's circle" of Americans prepared to benefit from expanded trade and increased competition. But the right message must be followed up with the right policies.

The President should intensify his push for genuine education reform, as we elaborate below. He also should: revive his plan to create a GI Bill of Rights for Workers that would replace federal training programs with vouchers and build a competitive market of public and private training resources that Americans could tap as they need; fight Republican opposition to a system of portable pension and health benefits that would make changing jobs less risky; and seek legislation that would require firms to offer tax-preferred performance bonuses and education benefits to all workers, not just top executives.

♦ *Building a world-class public education system.* The President has said time and again that providing all children with a world-class education is the overriding goal of his second term.

Given the education establishment's influence in the Democratic Party, he deserves high marks for his efforts to make public school choice and national student standards and testing Democratic orthodoxy.

Americans, however, are losing patience with the glacial pace of public school reform, and more than half now say they back Republican calls for unrestricted private school vouchers. It is also worth noting that the President's moves to expand access to higher education will be for naught if incoming freshmen are unprepared for college. To blunt the pro-voucher trend and fulfill the promise of his higher-education initiatives, the President should aggressively promote his own formula of high common standards and choice in public schools. He should explicitly endorse using the new national tests to end social promotion, and should issue this counter-challenge to voucher proponents: If a private school wants taxpayer dollars, it should agree to make itself accountable to the public for student performance as measured by national tests.

♦ *Breaking the cycle of inner-city poverty.* The President leads a party with a bedrock commitment to equal opportunity and upward mobility for all Americans. It undoubtedly disturbs him that the one blot on his superb economic record is the stubborn persistence of poverty, social pathology, and dependence on government in the inner cities. Beginning the transformation of welfare into an employment system was a courageous reversal of his party's old course. But given the entrenched nature of inner-city poverty, Clinton's welfare reform and related empowerment initiatives are little more than a turn in the right direction.

The time is ripe and the conditions are almost ideal for the President to propose the first coherent national urban strategy since the Johnson administration. The economy is strong. Business and civic leaders are growing more aware of the role that urban cores and inner-ring suburbs can play in vibrant regional economies. There is a new, bipartisan breed of big city mayors who have abandoned the old politics of dependence on federal largesse and are accepting responsibility for showing results. Even congressional Republicans are beginning to accept that there is an essential national role in revitalizing urban economies.

The President's welfare reform legacy may well depend on an urban policy breakthrough. The same can be said of his desire to achieve national racial reconciliation. The President can and should make urban empowerment a "third way" alternative to either elimination or continuation of racial preferences and other group entitlements in American life.

♦ *Modernizing the entitlements.* Social Security and Medicare reform is long overdue. If we are to maintain the basic New Deal/Great Society promise of economic and medical security in retirement, we must adjust these signal Democratic Party achievements to reflect modern realities: longer life spans and working careers, changing family structures, actual retiree needs, the regressiveness of payroll taxes, and Americans' increased willingness to manage their own assets.

Today's entitlement system directly threatens the President's fiscal and economic legacy. If we do not reform the system to account for the coming retirement of the baby boom generation, the President's successor will be forced to choose between a return to massive federal budget deficits or devastating cuts in non-entitlement spending—either of which would strangle the private and public investments needed to sustain economic growth.

If the President moves forward on this four-part agenda, he can consolidate his policy achievements and simultaneously advance his other historic project: the modernization of the Democratic Party. A new social compact would build a bridge between those in the party who embrace the new economy and those who fear it. Radical improvements in public education would both broaden the new economy's winners circle and help restore public trust in government. Breaking the cycle of inner-city poverty would help realize the long-standing New Democrat objective of uniting those struggling to stay in the middle class with those struggling to get there. And reforming the entitlements would constitute a decisive victory over those who want to take the party back to its days as a gaggle of interest groups defending the old government programs.

The political and policy mountains the President has climbed have brought him to a peak where higher mountains now loom. As the title of his 1996 book suggests, his legacy remains poised between hope and history.

Environmental Insurance

Clinton's Laudable Global Warming Plan Can Be Made Even Better

In early December, world leaders will meet in Kyoto, Japan, to hammer out a treaty to slow the build-up of greenhouse gases that appear to be contributing to global warming and other climate changes. New Democrats should view the summit as an opportunity to redefine environmentalism as the marriage of social responsibility to sustained economic growth here and abroad.

As the world's largest source of greenhouse gases, a byproduct of the fossil fuels that power our economy, the United States has a huge stake in the outcome of the Kyoto talks. After months of internal debate in his administration, President Clinton last month finally announced the U.S. negotiating position. He recommended reducing U.S. emissions to 1990 levels by no later than 2012, creating an emissions trading market to drive down the cost of reductions, using tax incentives to spur energy efficiency, and continuing scientific research.

Continued on page 34

THE CLINTON LEGACY TODAY

Five Assessments of His Presidency After Five Years

Editor's note: With the Clinton presidency nearly five years old, it is not too soon to ask, "What is his legacy?" Even the President's detractors concede he is a master politician. But surely, Clinton can claim ample substantive achievements as well, from national service to the booming economy. The editors argue on page 6 that three achievements stand out: his management of the economy and fiscal affairs, the transformation of welfare into an employment system, and the way he has changed public opinion about Democrats. We put the same question to five authors, and their responses follow.

The Three Big Gambles

BY PAUL STARR

Like writing reviews before the curtain comes down, speculating on a president's place in history before his second term is halfway over is a dangerous business. One hopes there are no surprise endings. In this case, early assessment has at least a partial rationale: With the budget agreement in place, President Clinton has foreclosed major shifts in spending priorities. Unless a storm hits (and there are hurricanes offshore), his ship seems locked on course, with almost all the big choices made.

Three of Clinton's policy choices so far seem likely to leave a lasting impact. Each one involved great political risk and exposed deep divisions among the President's advisers. Think of them as Clinton's three big gambles in national policy: his first budget, his health plan, and his decision to sign the 1996 welfare legislation.

The 1993 budget showed the characteristic Clinton progressive-conservative mix, and in the fullness of four years it looks like an unmitigated success. It was progressive because it increased both the Earned Income Tax Credit and the tax rate on the highest bracket, and it was conservative because it began to wring out the structural deficit left from the Reagan-Bush years. Republicans predicted economic disaster would follow when it passed over their opposition. The boom since then is, of course, not wholly the product of those tax and spending decisions. But as Clinton would have been blamed for a recession, he deserves a large share of the credit for the return to both solvency and sustained prosperity. And he did it without big tax cuts or, for that matter, a big public investment package.

While none of us knows how long prosperity will last, it has already had a striking effect. Compared to the anxieties about economic and moral decline a few years ago, America now shows an astonishing self-assurance. That is a legacy of some importance for the country—and for the Democratic Party. During the 20th century, there has not yet been a two-term Democratic presidency of uninterrupted peace and prosperity. I am holding my breath.

Clinton's second gamble, the health plan, was also conceived as a progressive-conservative mix: progressive in seeking universal coverage; conservative in its cost controls and reliance on competing private health plans. But the mix didn't satisfy or convince its critics. The gamble failed, and when reform collapsed in September 1994, Clinton was silent, failing to take responsibility for the debacle or to give meaning to it. What remains is a negative political legacy: a generalized self-doubt among Democrats and skittishness about any substantial plan for public remedy.

The third gamble, Clinton's decision to sign the 1996 welfare legislation, has proved more salutary than its critics expected. But the ultimate legacy is less clear. Today, states are receiving more federal money than they would have if no bill had been adopted. Their own budgets are flush thanks to the economy, unemployment is low, and because time limits have not yet kicked in, none of the hard decisions about welfare have yet been faced. Nor has much been done about the stagnant wages and negligible benefits of the jobs available to the poor. Nonetheless, welfare reform has thus far given policy a positive jolt: more constructive effort to get jobs for the poor and to improve their lives than in a long while.

Each of these gambles required Clinton to personally override discordant voices in his government. Thus they

show most clearly his stamp on the nation—his distinctive effort to combine both left and right to break out of traditional patterns. But this in itself is not new: Both Franklin D. Roosevelt and John F. Kennedy combined progressive and conservative elements and upset the left as well as the right in their day. Their liberalism was never as one-dimensional as it is now sometimes made out to be. What is so different about Clinton is not the spirit of his enterprise—certainly not in 1993-94—but rather the political context since he lost the Congress and has had to share national leadership with the Republican Congress. He lost his footing, then regained it, but has never taken full control of the agenda. Some of his greatest accomplishments are the things he has prevented—like the sundry right-wing amendments to the Constitution not adopted, thankfully, at least not yet.

Against the backdrop of American history, Clinton's legacy may seem modest. But no president today can hope to measure up if the standard is, say, Jefferson and the Louisiana Purchase or Roosevelt and the New Deal. Clinton will see his name carved into few granite cornerstones because few are being laid. We are not in a nation-building or institution-building era. But unlike the Republicans, neither are we likely to discard most of the national government that we have built this century. If Clinton finishes eight years in office with America as buoyant as it is now, this presidency will be counted as a success. And though I would have liked to see more done, more will be done only if Americans believe that their leaders and their government can succeed. The renewal of that confidence will be a great legacy indeed. ♦

Paul Starr is a professor of sociology at Princeton University and co-editor of The American Prospect.

Clinton will see his name carved into few granite cornerstones because few are being laid. We are not in a nation-building or institution-building era.

The Jobs President

BY SEYMOUR MARTIN LIPSET

Opinion polls indicate clearly how Americans view Bill Clinton today and how they think he will rank in history. The surveys suggest that the public makes sophisticated judgments.

Most Americans believe Clinton has been a good President. Almost all polls report that from 55 percent to 60 percent approve of his record. The surveys indicate that Clinton is basking in the glow of good times. And economic conditions have been excellent during the past three years. The leaner, meaner American economy has moved from downsizing to near full employment. Most incredible of all, it has done this without wage and price inflation. Most people are now optimistic about their own and their children's future.

At the same time, the public is aware of the various allegations concerning Clinton's personal life, past business affairs, and campaign financing activities. They do not like what they read, hear, and see in the media; the mud is sticking. A national survey by Yankelovich Partners in early June asked whether Clinton will be remembered in 25 years for "his accomplishments as President" or for "controversies over his personal life and financial dealings." Only 28 percent cited his accomplishments while almost two-thirds cited the controversies. Three-quarters of Republicans and of independents gave the latter response, as did 51 percent of Democrats. Only two-fifths of Clinton's fellow partisans predicted that history will remember his accomplishments.

Yankelovich followed up that either-or question with a broader one that asked respondents to select the one thing Clinton would be remembered for most: the controversies or one of five policy initiatives such as health care reform or deficit reduction. Almost half, 48 percent, continued to cite the President's personal life and financial dealings.

These numbers, of course, can and will change. An economic downturn, which is far from impossible, would probably reduce the number impressed by Clinton's accomplishments. Since the electorate does not feel very positive about him personally, he would not have a strong base of support to prevent a downswing in his approval ratings if the economy should sour. On the other hand, the media-driven fixation on his alleged misbehavior may fade away in the absence of a smoking gun.

Charges of immorality and malfeasance have tarnished the images of many politicians, Republican and

To be remembered as the president who put America back to work is a legacy worth promoting.

Democratic alike. Sad as it may sound, the President is helped by an increasingly cynical view, which sees his alleged behavior as typical of all elected officials. If all politicians are crooked and we have to live with them, the prevailing wisdom goes, we can only hope they will at least be competent. Clinton passes that test. And that appears to suit him just fine; in discussing campaign finances, for example, he argues that his party's activities were no worse than the Republicans'.

The President can and should try to improve the image he will have in history. He obviously wants to, but he has not been playing his strongest suit: job creation. Since Clinton took office in 1993, the American economy has added 13 million jobs, immensely more than the European Community and Japan, which had almost no job growth during this period. To be remembered as the president who put America back to work is a legacy worth promoting.

Clinton, however, has been hampered in his efforts to emphasize this positive aspect of his presidency. The reason, in part, is that there were so many in the first administration, led by former Labor Secretary Robert Reich, who constantly focused on downsizing and the widening of the income gap. Without elaborating, it should be noted that the growing income gap is a product of a changing economy and segmented job demand, now as in the early stages of the Industrial Revolution. In other words, it is a product of what in the long run (and possibly even in the short run) is positive economic news. Clinton is presiding over an economy that is creating gradual but steady growth in well-paid, higher status positions. He should claim and receive credit for this development. As the economy changes, coal miners, printers, auto and steel workers, and others whose skills are in less demand are inevitably being downsized. Unions cannot relieve their plight. But Clinton's government can try, through job retraining and other initiatives, as Will Marshall points out elsewhere in this issue *(see page 16)*.

Finally, I would note that Clinton's greatest legacy may well be the kind of Democratic Party he leaves behind. In Britain, Prime Minister Tony Blair understands the need to concentrate on party reform, to make sure that the Labour Party he leads will continue to be a center-left party committed to free markets and compassionate welfare policies. He has worked to reduce the influence of the socialists and leftist unions in his party who would preserve or extend statist policies.

The same elements are strong among American Democrats. Tom Hayden and Ruth Messinger, the recently defeated Democratic mayoral candidates in Los Angeles and New York, respectively, typify this mindset. John Sweeney, the president of the AFL-CIO, is a member of the Democratic Socialists of America, and his secretary-treasurer, Richard Trumka, is to the left of him politically. Although he cannot run again, Clinton has to make sure that the Democratic Party remains true to his centrist line. If he does, the party will win elections. ♦

Seymour Martin Lipset is the senior scholar at the Progressive Policy Institute.

Believer in the Power of Work

BY JOHN O. NORQUIST

If you come to Milwaukee, you're liable to see a billboard for our local Goodwill organization. Its message is simple and clear: "Believe in the power of work."

When I think of President Clinton's accomplishments in the area of welfare, the word that first comes to my mind is not "welfare," but "work." Like the people who run Goodwill, Clinton believes in the power of work. From his first day in office, he's had the courage to treat the poor who are able to work as workers. And he's made that belief the cornerstone of his domestic policy.

Viewing the able-bodied poor as workers is a public policy sea change. When Clinton and others who came of age in the 1960s entered politics, work was commonly viewed as an option. If able-bodied parents declared themselves to be out of the labor force, most policymakers thought it was perfectly fine for them to live off tax dollars extracted from those who worked for a living.

But as Franklin D. Roosevelt understood, it is morally, economically, and politically wrong to treat adults who

can work as dependents of the state. FDR is often credited with creating the federal welfare system. In fact, he inherited it from Herbert Hoover, hated it, and replaced it with a work-based system not once but twice—in 1933 with the Civil Works Administration and in 1935 with the better known Works Progress Administration. Roosevelt directed Harry Hopkins to transfer the millions of able-bodied adults who were enrolled in federally funded "relief" programs into subsidized jobs—real jobs that paid a real wage and did useful work for the nation.

By the mid-1980s, more and more Democrats had come to re-learn the lesson that welfare is a prison for the able-bodied poor. Clinton has now translated that vision into reality. Many have criticized him for signing the Republican-authored bill that repealed Aid to Families with Dependent Children and replaced it with Temporary Assistance to Needy Families. I will not argue that political expediency had nothing to do with it. But I am convinced that Clinton's prime motive was his deep personal conviction, drawn from his party's rich history and his experience in politics, that the able-bodied poor must be treated like workers if we are ever to help them escape poverty.

The same conviction led him to obtain a huge expansion of the Earned Income Tax Credit, to increase funding for Head Start, to promote national health insurance (which died in Congress), and to press for a new health program for low-income kids (which Congress passed). Whatever his political calculations, in the end the President signed the welfare bill because he believed it would give the poor a much better chance of getting the jobs, the earnings, the child care, and the health care they need to give their families a decent life.

As he prepares to enter his sixth year in office, the President's legacy to the nation is not the elimination of "welfare as we know it" but the rebirth of a powerful set of beliefs: that the poor are workers, that work should be rewarded, and that helping the unemployed escape poverty through work is one of the essential missions of government.

To solidify this legacy in his remaining time in office, Clinton now must challenge the states to make wise use of the new tools they have been given. The new welfare law is open-ended. It allows states, if they are perverted enough, to recreate much of the old welfare system: to give the poor grants instead of jobs, to obstruct work rather than reward it, and to subject participants to the arbitrary rules of a massive bureaucracy rather than connect them to the discipline of the job market.

But the new welfare law, in tandem with the EITC and expanded child care and health care funding, also gives states the freedom they need to create truly effective work-based systems. They are now free to treat every able-bodied poor person as a worker who deserves a decent-paying job; to reduce barriers to employment and link the unemployed poor to the labor market; to support the working poor in their struggle; and to keep bureaucracy to a minimum and use competition and incentives to produce results.

It is now up to Clinton to use his bully pulpit to hold states accountable—not just for reducing welfare caseloads, but for connecting the poor to real jobs that lift them out of poverty. ♦

John O. Norquist is the mayor of Milwaukee.

The American Gorbachev

BY JAMES P. PINKERTON

After the results of the 1992 presidential election clarified my career options, I began a new career as a writer. Five years later, I'm still pleased with the point I made in my first column, dated January 7, 1993, comparing President-elect Bill Clinton to President-ex Mikhail Gorbachev. "Like Gorbachev when he assumed office," I wrote, "Clinton knows that 'new thinking' is necessary to solve the chronic problems he inherited." And yet I predicted that Clinton, like Gorbachev, would be hard pressed to mediate between the desires of his political base and the need for change.

Consider the Clinton record on education. Riffing on a particularly lame promise of George Bush, candidate Clinton pledged to be "the *real* education president." No doubt he thought he could charm the national education establishment into reform, just as he had done in Arkansas. Mindful that Gorbachev found it easier to start a revolution from above than to control it on the ground, I foresaw "a flurry of activity from the new president—speeches, summits, programs."

The problem for Clinton, as it was for Gorbachev, is that public expectations are rising faster than the *apparat* can deliver. "Reinventing government" or not, the performance gap between the bureaucratic public sector and the streamlined private sector widens every day. "Having raised hopes for change, [Clinton] will not be able to keep up with the demand for change," I wrote. "The school choice movement, popular in inner cities but loathed by the bureaucracy, will eventually spread as parents of all classes, frustrated by failure, seek to open up education to new ideas."

True to the script, new polls show a dramatic rise in public support for private-school vouchers, particularly among African-Americans and other racial minorities. A host of New Democrats, most notably Sen. Joseph I. Lieberman (D-Conn.) and former White House aide William Galston, have endorsed vouchers for low-income kids; *The Washington Post*'s editorial page has, too. The education paradigm has shifted out from under Clinton, and he has only himself to blame.

For all the positive change he has unleashed, the stain on Clinton's legacy is that he always knew how to improve the status quo. He just wasn't always willing to say it out loud.

First, in contrast to Jimmy Carter two decades ago, Clinton conspicuously sent his daughter to a private school. It was the profoundest possible commentary on the District of Columbia public schools, which spend more than $9,000 per pupil per year and can't even keep the roofs fixed, let alone provide a decent education. No wonder a recent poll shows that 86 percent of black adults in their prime childbearing years support school vouchers: If private schools are best for the Clintons (and the Gores), why not for their kids, too?

Second, after Dick Morris convinced him that tax credits for higher education—public, private, or religious—would play in Peoria, Clinton embraced the idea. Indeed, it helped him sweep suburbia in the 1996 election. But then Sen. Paul Coverdell (R-Ga.) had the bright idea of extending the same idea to K-12 education. When nobody was looking, Coverdell slipped tax credits (vouchers by a different name) into last summer's balanced budget deal. Clinton spiked the tax credit with a last-minute veto threat, but he didn't bother to give a policy rationale for his threat. But then again, how could he? The only difference between the college tax credit and the K-12 tax credit is that the teachers unions at present have the muscle to block the latter.

While power may obviate persuasion at the national level, there's nothing Clinton can do to stop governors such as Arne Carlson (R-Minn.) and Terry Branstad (R-Iowa) from pushing the same tax credit idea through their legislatures. And Clinton is undercut even more when local Democrats such as Milwaukee Mayor John Norquist spearhead full school choice.

Clinton's third Gorby-like action was national testing. His strongly held belief in tests obviously resonates with the voters. But renegade Democrat Diane Ravitch has argued even more passionately for a stronger test—no calculators, no bilingualism, and test results tied to real consequences *(see article on page 14)*. Some sort of national test is likely to emerge. If that happens, the chasm between the performance of public and private schools will stand out in even sharper relief. The education establishment, of course, will argue that the solution is more money. But the pro-voucher arguments of African-American Democrats such as Floyd Flake, who is resigning his seat in the House to spend more time overseeing his church's private school in Queens, N.Y., will ring louder than ever.

The irony is that Clinton once supported vouchers. In 1990, he wrote a letter on official gubernatorial stationery to Democratic State Rep. Polly Williams of Milwaukee, who had been pushing vouchers through the Wisconsin legislature. "I am fascinated by that proposal," Clinton wrote, adding, "I'm concerned that the traditional Democratic Party establishment has not given you more encouragement."

That long-ago letter clarifies the difference that looms largest between Clinton and Gorbachev, despite all their similarities. Whereas the Russian was clueless about what might replace the system he was dismantling, Clinton's actions on behalf of Chelsea Clinton (Sidwell Friends '97) suggest that he understands, for example, that school choice is the best way to improve education.

So for all the positive change he has unleashed, the stain on Clinton's legacy is that he always knew how to improve the status quo. He just wasn't always willing to say it out loud. ♦

James P. Pinkerton worked in the White House under Presidents Ronald Reagan and George Bush. He is a columnist for Newsday, *a contributor to* USA Today, *and a lecturer at the Graduate School of Political Management at George Washington University.*

Middle-Class Suitor

By Alan Wolfe

Bill Clinton's greatest legacy surely will be his reorientation of American politics. During his presidency, both major political parties rediscovered the middle class. This observation may sound odd. A majority of American voters are middle class, after all, and it would seem obvious that Democrats and Republicans would compete for their votes. Yet for decades the Democrats appeared to avoid the middle class, appealing either to the very poor or to upper-middle-class suburban liberals, while Republicans, even as late as the Reagan administration, developed policies and images that appealed to the very rich.

All that has changed. The Republicans have discovered that they have to put forth at least some populist ideas if they are ever to become a majority party. And whether in the style of Patrick Buchanan or Newt Gingrich, they have turned their backs on key elements of Reaganism. Likewise, the Democrats have realized that they must put their McGovernism to rest if they are to succeed. By pulling his party more to the center, where the middle class likes its political parties to be, Clinton not only halted the emerging Republican majority but gave the Democrats a base from which to attempt to recapture Congress.

For Clinton and the Democratic Party, welfare has been the issue most crucial to bringing in the middle class. Although middle-class Americans believe strongly that all people are obliged to help the poor when they are in trouble, they had increasingly come to see welfare as a flawed method of fulfilling that moral duty. Welfare, they believed, had evolved from a temporary program to get people back on their feet into one that encouraged permanent dependency. From the middle-class moral perspective, it is wrong not to have control of one's own life. And a person on welfare by definition could not be in control of his or her destiny. Whether Clinton was right to sign the Republican-inspired welfare reform legislation can still be debated. But what cannot be debated is that there was a deep sense in the country that something, even something radical, had to be tried to reduce welfare dependency.

Welfare, however, does not exhaust middle-class concerns about morality. In a forthcoming book *One Nation After All*, I report the results of interviews with 200 suburban Americans from across the country about their moral beliefs. Many respondents told me that to be middle class is to be suspicious of the extremes of great poverty and great wealth. They also told me they believe there is a form of upper-class dependency that parallels welfare dependency and that is equally suspect. If a person has sold his integrity and moral principles for cash, from the middle-class perspective that person is just as unlikely to be his own person as a welfare dependent.

One of the most striking features of middle-class morality is the degree to which ordinary Americans consider politicians, especially those who are in debt to people with deep pockets, to be in roughly the same situation as welfare-takers or rich people who have sold out their principles. If a politician is rich enough to afford his own campaigns, he is not middle class by definition. Or, if he is middle class in origin, he must beg for funds and in the process lose the sense of autonomy and moral balance by which middle-class people believe they lead their lives. Either way, Americans increasingly think all politicians will not or cannot be middle class. That is reason enough for them to dislike politicians in general.

In their rush to create tax breaks and direct benefits for luxury-box-owning tycoons, the Republicans, for all their new-found populism, risk defying middle-class morality. In fact, they are giving the Democrats an opportunity to solidify their hold on the middle class. One way for Democrats to take advantage of this opening would be to sponsor vigorous efforts at campaign finance reform, which would help diminish public cynicism about the role of wealth in politics. Although Clinton often calls for such efforts, he rarely does so with conviction. By not taking on this fight, Clinton runs the risk of leaving his legacy half complete.

Campaign finance reform does not register high in the polls as a source of public concern. But people can respond to pollsters out of cynicism as well as conviction. My research convinces me that the misuse of wealth and power causes significant public unease. As both parties sell themselves to the highest and most self-interested bidders to finance uninteresting, if not negative, campaigns, the public turns down the volume. Democracy can survive under such conditions, as can the Democratic Party. But few are proud and almost no one is inspired.

If ever an issue called out for the kind of leadership a second-term president can provide, this is it. Campaign finance reform presents complicated constitutional issues, and politicians and their financiers will always find loopholes in even the most carefully drawn laws. But this ought not excuse the evasion of responsible leadership. Middle-class Americans will not give enthusiastic allegiance to a political system unless they are convinced that its leaders share their moral code. As long as the rich and powerful can blatantly buy legislation, the middle-class belief in moral balance, righted with respect to welfare, will be capsized by political corruption—no matter how legal and constitutional it may be. ♦

Alan Wolfe is a professor of sociology at Boston University. His book, One Nation After All, *will be published in early winter 1998 by Viking.*

THE CLINTON LEGACY TOMORROW

Four Ways the President Can Write His Own Page in History

Editor's note: So little time, so much to do. Three years is precious little time on Washington's political clock, and some would argue that a second-term president's ability to effect change evaporates rapidly after just one year. The authors of the next four essays can only hope that is not the case with this President. In their view, Clinton can burnish his legacy best by tackling the major issues of the day. For TND's view, please turn to the editorial on page 6.

Reshaping Public Education

BY DIANE RAVITCH

In his five years in office, President Clinton has shown that he cares more about education policy than did any of his predecessors. However, unless he launches a sharp midcourse correction, he will leave a disappointing legacy—increased funding for the status quo without systemic changes in the status quo.

The President's 1992 campaign document *Putting People First* proclaimed: "We have to work hard to see that every American school has a challenging, rich curriculum. . . . Too often our schools move people up the ladder whether they study or not, graduate people whether they know anything or not, and dump people in the workforce whether they have real skills or not. And that is wrong." Among other things, candidates Bill Clinton and Al Gore pledged to create "tough standards" and a "national examination system" to measure progress toward meeting those standards.

The President has fallen far short of these goals. His Goals 2000 program, which was supposed to prod the states into establishing high standards and good tests by the end of the century, was sorely compromised by congressional Democrats before it was enacted in 1994. Goals 2000 money was made available for a bevy of unrelated purposes. States also were barred from using exams paid for with Goals 2000 funds for promotion, retention, or any other purpose having consequences for students, which deprived the tests of any possible incentive value. Republicans completed the program's evisceration when they took control of Congress. Today, Goals 2000 funds can be used for almost anything that strikes the fancy of school officials.

National Standards and Tests

In his 1997 State of the Union address, President Clinton announced his intention to establish voluntary national tests for fourth-grade reading and eighth-grade mathematics. This was a big step in the direction of the "national examination system" that candidate Clinton had pledged. But then his administration proceeded to bungle the initiative. Historic changes such as the introduction of national testing cannot succeed without a solid base of political and popular support. But instead of building that base, the President permitted the Education Department to move precipitously and without congressional authorization to develop the tests.

Predictably, this attempt to do an end-run around Congress and create tests without bipartisan, independent oversight ran into huge trouble. Members of Congress who might have supported the tests had they been consulted beforehand became opponents; critics who claimed the tests were based on pedagogical fads opened fire in the press. The House voted overwhelmingly against funding the tests, and the Senate voted to transfer their control to the National Assessment Governing Board, which sets policy for federal tests now administered to samples of students. The initiative's fate remained in doubt as this magazine went to press.

Even if the tests go forward, the idea of national testing has been sorely damaged by the administration's ineptitude. Only a handful of states and a dozen or so big-city districts have agreed to participate; the controversy has caused many to steer clear. It is possible that the first administration of the tests may also be the last, since the federal government intends to pay only for the first round. At this point, it's fair to say that the Clinton administration has not yet created a solid foundation for the "tough standards" and "national examination system" promised in 1992.

School Choice and Higher Education

On the issue of school choice, the President can be rightfully proud of his support for charter schools, which now number nearly 800 and enroll more than 150,000 students in 23 states and the District of Columbia. The competition created by these new independent public schools has been healthy for public education.

Less admirable is the President's adamant refusal to

permit states or localities to experiment with broader forms of choice. In particular, he has resisted even limited programs in which low-income students in big urban districts would get state scholarships to attend any accredited school, be it public, private, or religious. The President's allies in the teachers unions appear to have had the final word on this subject.

The President can claim credit for expanding access to higher education, but here too is a missed opportunity. He wants every student to complete not just high school, but two years of college. To that end, he has won additional funds and tax breaks for both poor and middle-class students. These moves, while immensely popular, duck the critical problems of pre-collegiate education: low standards, social promotion, and grade inflation.

Expanding access to college without insisting that students are adequately prepared is no accomplishment. Already, 29 percent of college freshmen need remedial education, and that percentage will only grow as the doors to college open wider. Increasing the ranks of college students (now at an all-time high) is not the crucial issue of our time; the crucial task is improving students' skills before they enter college so that they are more likely to stay on and graduate.

Establishing a Worthy Legacy

The President will get plaudits for other education initiatives—expanding schools' access to the Internet, paying for reading tutors, creating a national service program, to name a few. But none is sufficient to fulfill his promise to be the "*real* education president." Without real changes in standards and accountability, the President will be remembered for leaving schools doing the very things that he criticized in 1992—moving people up the ladder whether they study or not, graduating people whether they know anything or not, and dumping people into the work force whether they have skills or not.

Bill Clinton knows more about education policy than any of his predecessors, and he can still establish his legacy as the education president. Here is what he needs to do:

♦ The President should abandon the politically motivated goal of having national tests in place by the time he leaves office in 1999. He should declare that he wants to lay the groundwork for a system that becomes a permanent part of American education. He must acknowledge that this will take several years to do right, but that doing it right is more important than doing it fast. He should turn over test development to an independent and bipartisan panel and pledge that no exams will be given nationally until they have been field-tested. The goal of national student testing is right; Americans need better information about student performance based on high standards. The President should take his case to the public and build the broad, informed, bipartisan support that national testing needs.

♦ The President should insist that students who seek federal grants and loans for higher education pass an examination. As Robert Samuelson has convincingly argued in *The Washington Post*, no one is entitled to federal aid for college; to get it, students should have to demonstrate college-readiness in reading, writing, and mathematics. Such a test would have an enormously positive effect on student behavior in high school. Today, students can get federal grants and loans even without a high school diploma. Making college aid available to students who don't work hard in high school undercuts the efforts of high school teachers and principals. A federal aid test would stimulate students to take their studies more seriously and save hundreds of millions of dollars in remedial costs now incurred unnecessarily by colleges and universities.

♦ The President should immediately change the focus of the federal Head Start preschool program for poor children. At present, Head Start emphasizes social development, which is important, but pays far too little attention to cognitive growth. This is a sadly wasted opportunity. The federal government could go far toward leveling the playing field for poor kids by providing them with a rich and intellectually stimulating curriculum in their formative years.

♦ The President should support choice, competition, and accountability in K-12 education. Just as American higher education has gained a reputation for excellence because of its pluralism and diversity, American public education will benefit if students and their families can choose among a variety of schools that compete to meet high standards. Single-sex education for adolescents, for example, is one model that offers promise; so do charter schools aimed at different constituencies; so do programs that allow public/private choice for poor kids.

With his detailed knowledge of American education, President Clinton could change the landscape dramatically for the better. Now that he no longer must worry about re-election, he is free to push hard for what is in children's best interest. He knows third-rate schooling jeopardizes their future. He knows that access to education is a good thing, but that access to high-quality schooling is far better.

President Clinton has done much to strengthen the existing system. But that is not enough. He has levers at hand to change it in important ways. If he uses those levers, he will be remembered as the President who reshaped American education for the 21st century. ♦

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The New Social Compact

By Will Marshall

President Clinton, having made good on his promise to "grow the economy," is basking in public approval. Even if a "Clinton recession" arrives in the next three years, as many economists think likely, he will still leave an important legacy for preparing the nation to win in the new global economy.

By restoring fiscal discipline, opening foreign markets, and spurring international efforts to set fair and reciprocal rules for trade, the President has laid a solid foundation for healthy and sustained economic growth here and abroad. His overriding task now is to ensure that all Americans can share in that growth.

Unlike many in his party, President Clinton grasps the new realities of economic integration and has argued persuasively that Americans must embrace rather than resist the global imperative. But to counter the backlash against globalization from both the left and the right, he must articulate an equally compelling domestic strategy for equipping all Americans to succeed in the new global economy.

The Collapse of the Old Social Bargain

Economic change has always created losers as well as winners. What's different today is that technological advances and globalization are rewriting the rules of economic competition. In the process, these forces are dissolving the social bargain that protected working families against the cruelties and volatility of industrial capitalism.

In the postwar era, public policies and informal understandings between big business, big labor, and big government promoted upward mobility, stabilized business cycles, and cushioned families during economic downturns. Americans looked to the national government to keep the economy stable and to their companies and unions to provide a secure livelihood in return for hard work and loyalty.

Since the early 1970s, however, slower growth, technological innovations, and global integration have eroded the big institutions' ability to hold up their end of the bargain. The assumption that most Americans would work in the same jobs or for the same companies for a lifetime is obsolete. No matter how enlightened a corporation, how militant a union, or how caring a government is, none can guarantee anyone a particular job for life in today's churning global marketplace.

The old social bargain doesn't work in what business writer Michael Mandel aptly describes as America's new high-risk society. We need a new social compact that lessens the dangers of economic change for all working Americans. It should reduce workers' dependence on big institutions and empower them to take charge of their own bottom line. And it should be more than a simple redistribution scheme in which the winners in global competition compensate the losers. Rather, we need a comprehensive strategy for expanding the winner's circle by offering everyone lifelong access to career training; providing more effective help for workers in transition; enabling individuals to control their health insurance and pensions; and empowering workers to take an ownership stake in the new economy.

This approach rejects both the old left's reliance on big government solutions and the new right's breathless claim that the dawn of markets without borders inevitably means the twilight of government. Instead of either providing paternalistic caretaking or leaving people to fend for themselves, the new social compact should embody the key New Democrat principle of mutual responsibility—government should equip working Americans with the tools they need to manage their economic careers and security.

The Four Elements of the New Social Compact

A new social compact that empowers all Americans to succeed in the global economy should include these four elements:

A 21st Century School System

In the Information Age, knowledge is the wealth of nations. What working Americans need most from government is not insulation from global competition but a reinvigorated public education system that meets world-class standards of performance. Today, all workers—not just top managers and professionals—must become proficient learners. They must master the problem-solving skills that the best-paying jobs in the new economy demand.

Yet pumping more money into our factory-style school system is not the answer. Instead, we must replace today's highly centralized and bureaucratic public school monopoly with a system that is decentralized, flexible, innovative, and dedicated to excellence. Building such a system entails three key steps: setting high, common standards so that we can measure and compare student competency; expanding choice and competition to drive innovation in public education; and demanding accountability for results.

Replacing Welfare with Work

America's welfare system had many flaws, but none was more serious than its tendency to isolate low-income families from the world of work and responsibility. Over time, that isolation proved self-reinforcing, as long absences from work meant that welfare recipients were not exposed to either the discipline of work or the market's changing signals about what skills were in demand. In the name of compassion, the old system deprived poor Americans of any meaningful economic role. It told

them, in effect: Our economy doesn't really need you, so we'll dole out just enough public aid to allow you to subsist on the margins of one of the world's richest societies.

President Clinton's courageous decision to "end welfare as we know it" was a decisive step toward a very different compact with America's poor. The new bargain assumes that all work has value and that every citizen, regardless of circumstances, has something to contribute to the commonwealth. It does not abandon the government's duties toward needy families but redefines them, shifting public subsidies from things we don't want to encourage (i.e. idleness and dependency) to things we do (work and self-sufficiency). The new work-based social policy restores full citizenship to poor Americans by reconnecting them to the economy. Based on the progressive principle of mutual responsibility, it guarantees that no family with a full-time, year-round worker will live in poverty.

Lifetime Learning for All

A third critical challenge is to bridge the gulf between formal education and work. As earnings in the new economy increasingly track learning, America needs a comprehensive system of lifelong education and training that enables all workers to constantly update their skills or acquire new ones.

While President Clinton has lavished public resources on middle-class families facing big college tuition bills, he has offered only modest proposals aimed at helping non-college-educated workers caught in the global economy's down draft. Yet it is precisely these workers with middling skills who are at the greatest risk of falling out of the middle class as the Information Age eclipses the old mass-production economy. For them, the erosion of the old social bargain is no mere abstraction, but a palpable threat to their economic security. For them, globalization means plants moving overseas, workers getting "downsized" with scant prospects of finding other jobs that pays comparable wages, and companies demanding "give backs" on pay and benefits to put themselves on a stronger competitive footing.

The new social compact cannot restore the stable employment these workers once enjoyed. But it can stimulate greater public and private investment in developing the skills that today constitute these workers' main source of economic security. Government should redesign its employment and job-training policies to help workers adapt to the new economy's more flexible, high-performance organizations. And it should encourage businesses to invest more in training all workers, not just top executives.

Here are four specific examples:

♦ *Job-training vouchers.* Congress should act promptly on a Clinton proposal to replace a welter of ineffective federal job-training and adult-education programs for poor and displaced workers with a single pool of money to fund training vouchers for individual workers. This innovation would let workers rather than bureaucrats decide where to find the training they need to secure good jobs and wages in today's fast-changing economy.

♦ *Career-opportunity accounts.* Workers shouldn't be forced to wait until they've lost their jobs to upgrade their skills. Congress therefore should fund an experiment with tax-preferred career-opportunity accounts that encourage all workers to set aside money to enhance their career skills throughout their working lives.

♦ *One-stop career centers.* In addition to more resources, working Americans need more effective links to training and job opportunities. We should replace the old state employment offices with a nationwide network of one-stop career centers operated by public agencies and private outfits. The centers would compete to offer employment services and supply reliable information and guidance to workers about training providers. To foster both competition and public accountability, Congress should require all training institutions, including community colleges and proprietary schools, to publicize data on results. This would let workers make intelligent choices based on known performance.

♦ *Equal access to taxpayer-subsidized training.* Most companies provide training mainly to highly paid employees and then write off the costs as a business expense. We should adopt a non-discrimination rule that requires any firm providing tax-free training to its managers and professionals to make comparable opportunities available to all its employees, not just its top executives.

Workers as Stakeholders

The essence of the new social compact is empowering all working Americans to share in the rewards as well as the risks of global competition. If the new economy demands that all citizens assume greater responsibility for managing their economic security, it also creates opportunities for workers to become stakeholders instead of cogs in the industrial machine.

The new tools of work—knowledge and problem-solving skills, the personal computer, and communications networks—empower the individual worker and facilitate more flexible, participatory ways of organizing work. They point to the possibility of a more democratic capitalism that breaks down hierarchies within the workplace and gives workers a chance to participate in strategic decisions, share in their company's success, and become owners as well as wage-earners.

Government, for example, can encourage businesses to adopt performance-based compensation and equity-sharing to give workers both real incentives to do their jobs better and a chance to share in the company's success when they do. We should extend the non-discrimination principle to compensation: Companies would have to offer all employees—not just executives—access to tax-favored, performance-based bonuses.

When wage earners change jobs, they should have the

same control as top executives over the principal sources of family security such as health insurance and retirement income. Along with providing a universal system of private health insurance that moves with the worker, we should make private pensions portable and gradually convert Social Security from a transfer program to a system of individual private savings supplemented by public pensions for the needy.

In addition, President Clinton should use his bully pulpit to stimulate a national discussion about corporations' responsibilities to workers and communities in a global marketplace, as well as about organized labor's need to develop a less adversarial model for protecting workers' interests.

As our stake in the global economy increases, so does our responsibility to ensure that all Americans have the opportunity to compete effectively. Like Woodrow Wilson and Franklin Roosevelt, President Clinton has a historic opportunity to reconcile the nation's democratic values with new economic realities. Striking a balance between economic innovation and security could be his greatest legacy. ♦

Will Marshall is president of the Progressive Policy Institute.

Modernizing Social Security

BY WILLIAM A. GALSTON

Over the past six decades, the United States has built its own distinctive system of social insurance for its elderly citizens. As a result, tens of millions of Americans have enjoyed health, security, and independence. But today, the cornerstones of this system—Social Security and Medicare—are under intense pressure economically and politically.

Modernizing and stabilizing these programs for future generations is perhaps President Clinton's greatest remaining domestic policy challenge. He has the opportunity and, I believe, the responsibility to spark a public debate over how best to do so. That dialogue could yield the President's most significant and enduring domestic legacy. But if the effort is to succeed, the President must lead it.

The new Social Security Commissioner, Ken Apfel, recently observed that the coming debate over Social Security "will test this nation—test its values and what we stand for." That is clearly correct, and an important counterweight to those who see this issue in narrow fiscal or actuarial terms. But this debate will also test our capacity to respond to changing conditions while honoring enduring values. This will, in turn, challenge us to consider new ideas on their merits in a spirit of hope rather than of fear, and to avoid the reflexive political rhetoric that turns every reform proposal into a plot to "gut" the program, "shred" the safety net, and "abandon" the elderly.

Enduring Values

There is a basic social compact at the heart of Social Security: As fellow citizens, we are interconnected in ways that transcend individual choice. While our lives will take very different courses, in some respects we agree to share a common fate.

Social Security rests on reciprocity—a balance between individual and social responsibility. All individuals must seek gainful employment and, when working, contribute their fair share to the system. In return, society helps every worker achieve a decent and secure retirement by providing a reasonable (not necessarily optimal) return on contributions.

But Social Security is intended as a foundation for retirement security, not its totality. All individuals are expected to build on that foundation—by saving, investing, or contributing to a private pension when available. Of course, workers with different incomes will be able to save to different degrees. Social Security necessarily represents a larger share of retirement income for lower-income than for higher-income workers—a fact we must take into account as we consider how to honor our continuing responsibility to one another.

Beyond providing reciprocity, Social Security balances our individual and our common needs. One could imagine a retirement system in which everyone received the same benefits, regardless of the size of individual contributions, or, alternatively, a system in which benefits were in strict proportion to contributions. Social Security is at neither extreme: Wage earners who make larger contributions do receive larger benefits in retirement, but most lower-income earners receive a higher rate of return on their contributions. In part, this reflects the fact that we are not entirely sure how we will fare in life's economic lottery. We willingly give up maximum returns to insure ourselves against the possibility that we will retire on less favorable terms than we now anticipate.

Social Security is mandatory. This reflects our shared understanding that not all individuals would adequately provide for their retirement otherwise. For the most part, even the most severe critics of the current Social Security structure acknowledge that government should require individuals to provide for their retirement.

Social Security also reflects our shared understanding that, in a modern society, public programs play a leading role in helping us honor the Biblical injunction to honor our parents. Neither retirees nor their working-age children would willingly return to an era when the elderly were directly dependent on younger family members. Social Security thus represents a combination of generational interdependence (through the system's contributory provisions) and generational independence

Clinton should foster the public dialogue that can help reform Social Security in a genuinely democratic way.

(funds flow directly and reliably from the government to individuals rather than from family members at their discretion).

Finally, Social Security embodies the understanding that government has a role in creating and maintaining stable expectations that individuals can rely on as they make life choices. The point is not to eliminate uncertainty, but to confine it. This principle constrains our choice of changes to the program. Workers at or near retirement should not be forced to make changes to which they lack the time and resources to adjust.

New Conditions

Societal changes since Social Security's invention more than six decades ago are forcing us to rethink how to provide all Americans with a secure and decent retirement. The first set of changes is *demographic.* Americans today live much longer than they did before World War II, and some analysts believe our longevity will increase at an even more rapid rate in coming decades. The aging of the baby boom generation will impose huge new costs, which will accelerate after 2010 and which will have to be financed by the payroll taxes of the much smaller baby bust generation born from 1965 to 1980. Furthermore, a system designed in an era with low rates of divorce and few working women is ill-suited to today's realities.

There have been important *economic* changes as well. The shift from an industrial to a service economy permits aging Americans to remain effective workers far longer than before. In the 1930s, policymakers coping with high unemployment sought to promote the retirement of aging workers to make room for younger workers. Now policymakers face the opposite problem: low unemployment, coupled with a workforce that will soon shrink relative to the number of elderly Americans needing support. And thanks in large part to Social Security, the economic circumstances of older Americans have improved dramatically, both absolutely and relative to younger workers.

Social Security itself is changing. The system is now mature, with workers contributing for their entire working lives before receiving benefits. It is no longer possible, as it once was, for all workers to receive returns far in excess of their contributions. Rates of return are declining for most workers and turning negative for some. The failure of the 1983 Greenspan Commission to deliver on its promise of long-term financial stabilization has called attention to the system's structural deficit, now placed at more than 2 percent of total payroll over the next 75 years.

The policy context is changing as well. Now, unlike 60 or even 30 years ago, Social Security must be addressed in tandem with other important issues affecting the elderly. In particular, the Medicare fiscal crisis is more imminent and far more acute. If Medicare's stability depends in part on a large infusion of new public resources, as many analysts believe, it would be irresponsible to commit new tax dollars to Social Security without carefully considering the programmatic and political opportunity costs.

Finally, *public opinion* is shifting. By this I do not mean the much-debated loss of confidence in Social Security. Rather, I refer to an increased understanding, fueled by the surge in the stock market, of the long-term disparity between returns on equities as opposed to bonds; to increases in individuals' investment options and the availability of timely information on which to base investment decisions; and to changing attitudes, especially among younger workers, toward self-reliance, greater individual choice, and acceptable levels of risk in retirement programs.

Educating the Citizenry

Within this context of changed conditions and enduring values, there is room for significant debate about how to modernize and stabilize Social Security. Should we phase in a significant increase in the retirement age, above the increases contemplated in current law? Should we reverse long-standing incentives for early retirement, which have reduced workforce participation rates by men 65 and older by more than two-thirds over the past half century? Should we make the system more responsive to women who work outside the home and to younger families with dependent children? Should we increase individuals' control over their retirement strategies? Should we invest new public resources in Social Security or focus instead on adjusting the benefits structure?

These and many other questions call not only for

technical expertise and policy experience but for public understanding, judgment, and consent. As Social Security Commissioner Apfel has rightly said, this issue cannot be resolved without an "educated citizenry, corny as that sounds."

During the past five years, President Clinton has demonstrated his ability to master and explain complex policies to the American people. He should use his gifts, harnessed to the powers of his office, to foster the public dialogue that can help reform Social Security in a genuinely democratic way. In so doing, he can restore trust in the capacity of our tattered democratic institutions to conduct the people's business fairly and honorably. ♦

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Building Regional Prosperity

BY HENRY G. CISNEROS AND MARC A. WEISS

During his first term, President Clinton focused on building a strong national economy. And despite the stock market's recent gyrations, his economic program has been a clear success. Still, an alarming number of inner-city neighborhoods remain devastated by joblessness. This lack of meaningful employment has walled off a generation of youth from the wider community and left them with little hope for a better future. The President's challenge now is to build on the solid economic foundation he has created and enable inner-city youth to live with the dignity of work instead of the stigma of welfare, crime, teen parenthood, and drug abuse.

At the White House, the Department of Housing and Urban Development, and other agencies during the President's first term, we generated new ideas and fresh approaches to longstanding urban problems. We replaced the old paradigm of bureaucratic programs that reinforce dependency with a new paradigm of empowerment that puts tools directly in the hands of individuals and communities and generally gets government out of their way. We began working with the urban private sector rather than against it. We brought homeownership to an all-time high, within reach of millions more Americans, especially women, minorities, legal immigrants, and young families. We emphasized work over welfare and expanded employment and training opportunities. We insisted on personal responsibility as the necessary flip side to rights and instituted community policing and tough law enforcement. Finally and perhaps most dramatically, we demolished 30,000 units of vacant and deteriorated high-rise public housing and replaced them with attractive, mixed-income townhouse developments.

While it may take many years to solve urban problems accumulated over decades, President Clinton has set us on the right course.

The Next Challenge: Thinking Regionally

But if we are to fully revitalize the cities, we must begin to look beyond the cities. This is not as paradoxical as it sounds. Even a cursory look at the new economy reveals that metropolitan regions have become the building blocks of national prosperity and improved quality of life. The dynamic industry networks that are driving economic growth operate regionally in all their facets—production, research, labor, supply, sales, and distribution. The fates of urban, suburban, and outlying communities are inextricably linked by the metropolis, which cuts across city and county boundaries and in some cases even state and national borders.

The future health of urban communities depends on regional thinking and action. We must act regionally because businesses do. When they make decisions to locate or expand a facility, they look at the entire metropolitan area—its transportation and infrastructure, its workforce, its educational and cultural institutions, its environment and amenities, and its existing industry networks. We must act regionally because workers and consumers do. People who commute to work and shop increasingly do so throughout their metropolitan regions. We must act regionally because all of our major institutions do. Universities, hospitals, museums, sports teams, print and broadcast media, performing arts groups, convention centers, churches and synagogues, labor unions, civic groups, foundations, and charities—all serve a metropolitan population rather than hiding behind neighborhood walls.

We also must act regionally because problems once confined to the inner city have spread to the suburbs. Unemployment, anemic tax bases, troubled schools and neighborhoods, deteriorating housing stock, crime, and environmental degradation are now part of our suburban legacy, particularly in older inner-ring suburbs. From south of Chicago, to north of Minneapolis-St. Paul, to east of our nation's capital, the revitalization of urban America must include suburban America.

Regions as diverse as Austin, Texas, and Akron, Ohio, are pointing the way to successful metropolitan economic renewal. During the past decade, Austin has transformed itself from a state capital and university town to one of the nation's fastest growing computer technology centers. Akron, meanwhile, reacted to the demise of its tire manufacturers by becoming the world capital of science and engineering for polymer-based synthetic materials. In both cases, civic leaders from the public and private sectors and research and educational institutions

worked in partnership to design and implement a winning regional strategy.

Connect and Invest

Efforts to expand economic prosperity and improve the quality of life throughout our metropolitan regions cannot succeed without directly addressing the problems of the inner cities and inner-ring suburbs and the people who live there. We need a two-pronged approach that both invests in and connects people and places.

Connecting Urban Residents to Metropolitan Prosperity
Much of the nation's job growth is occurring outside the central cities, near suburban airports, warehousing districts, research parks, technology centers, and shopping malls. Many of these businesses are actually suffering severe labor shortages. At the same time, large numbers of people in our cities and inner-ring suburbs have no jobs. Connecting urban residents to regional employment growth areas is the most important economic challenge of our time. The onset of work-based welfare reform makes this task even more vital. Our agenda must include: basic education and job skills training, transportation and child care, networking and job placement, and other supportive services.

Fortunately, we have many good models to emulate. In St. Louis, for example, the East-West Gateway Coordinating Council, a regional transportation planning agency, is using federal and foundation grants to train inner-city residents for suburban jobs, match them with employers, and transport them to their new work sites. And in Baltimore's federal Empowerment Zone, a community development corporation known as HEBCAC is using funds from HUD's Bridges to Work initiative to connect inner-city workers to suburban jobs near Baltimore-Washington International Airport.

Investing in our Cities and Inner-Ring Suburbs
Connecting the urban poor to regional jobs is only half the task. We also must begin to rebuild our central cities: repair their crumbling infrastructure, expand their job bases, make their neighborhoods more livable and attractive to the middle class, improve their schools, and make their streets more safe and secure.

Even in the new world of metropolitan economies, cities remain their regions' most visible symbol and are still an important asset. Cities serve vital economic functions, as centers of innovation and advanced services; transportation and trade; education, research, and health care; culture, conventions, sports, entertainment, and tourism; labor and consumer markets.

Metropolitan Atlanta is one of America's fastest-growing regions. But Atlanta's business and civic leaders long ago recognized their region could not be "world class" without a vibrant city at its core. So, they used the 1996 Summer Olympic Games as an opportunity to rebuild the downtown and surrounding neighborhoods and make the city more attractive to businesses, suburbanites, and tourists from around the world.

In Cleveland, regional business and civic leaders rallied after the city's 1981 bankruptcy to rebuild the downtown with $4 billion of new investment. Now, they are focusing on rebuilding inner-city neighborhoods through homeownership, including the construction of more than 600 new homes in the HUD-financed Homeownership Zone.

Similarly, Detroit's reinvigorated automotive industry and its dynamic new mayor, Dennis Archer, have forged a partnership to reinvest in the downtown and revitalize the city's neighborhoods. The Big Three automakers have pledged to do more business with minority-owned parts suppliers in the city's Empowerment Zone, creating thousands of jobs and millions of dollars in new business opportunities. Meanwhile, public and private investment is flowing into downtown Detroit for office buildings, sports stadiums, casinos, performing arts centers, hospitals, universities, and hundreds of new homes and condominiums.

Bringing People and Communities Together

If President Clinton makes the conceptual leap to "thinking regionally," he can build a powerful legacy of healing and rebirth for urban America. And he will have plenty of help in the process. "New wave" mayors—including Democrats Archer of Detroit, Edward Rendell of Philadelphia, and Richard Daley of Chicago, and Republicans Richard Riordan of Los Angeles, Stephen Goldsmith of Indianapolis, and Rudolph Giuliani of New York—understand the new regional dynamic and can be counted on as allies. The President also can turn to the rapidly growing ranks of female and minority entrepreneurs, who are proving to be effective leaders in bringing diverse constituencies into the mainstream of urban policy and prosperity.

There is a new spirit in urban regions across the country, invigorating public-private partnerships that are making city streets cleaner and safer, expanding employment and homeownership, raising incomes, and improving schools. Democrats, Republicans, and independents are proving they can work together on common strategies of regional prosperity and community empowerment. If President Clinton builds on these efforts, he can help restore vitality to urban America and simultaneously help heal the many wounds that still divide our nation. That would be his most impressive legacy of all. ♦

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THE ADVENT OF INFOMEDICINE

Performance Measurement Is Changing the Face of Health Care

BY MICHAEL L. MILLENSON

In 1970, the American aerospace industry was considering whether to build a fleet of supersonic passenger airplanes similar to France and Britain's Concorde. Since development hinged on a substantial federal subsidy, a fierce debate broke out in Congress. Critics warned that the plane's exhaust during its flight in the stratosphere would damage the ozone layer. The plane's advocates stoutly denied the accusation.

At the time, I was researching the plane as a congressional intern, and I asked a well-known senator about the alleged pollution problem. He promptly dismissed it by citing his experience as a pilot. He had flown right next to planes at that altitude and gazed directly at the tailpipes. "There was nothing coming out of there," the legislator assured me. Sincere as this eyewitness report was, it was contradicted by objective scientific analysis. Congress refused to finance the plane for environmental and economic reasons, and the project died.

Observers of American medicine often fall into the same trap as the senator. Just as the supersonic passenger plane's speed enthralled aviation fans, American medicine's technological triumphs can mask its serious flaws. Like a supersonic jet's emissions, these shortcomings become clear only when one examines the scientific evidence.

The evidence shows that a very small percentage of contemporary medical practices have been scientifically validated, while effective therapies can take years to become common. Medical textbooks are frequently outdated, and journals go unread or unheeded. According to one study, when a group of doctors is asked whether the care in a particular case meets the highest professional standards, the "physician agreement . . . is only slightly better than the level expected by chance."

In illness after illness and disease after disease, there is almost random variation in how different doctors treat patients with similar clinical symptoms. In the absence of reliable information about the outcome of care, patients and physicians alike accept proxies such as "trying hard," "doing everything," or "caring." Yet the heart surgery team whose patients consistently die at a higher rate than expected may well be trying just as hard as the team whose patients are more likely to live. The intensive care unit in which a greater-than-expected percentage of patients die may be just as well-equipped as the ICU where many more patients survive. And the physician who is the most caring may not always be the most competent.

New Villains, Same Old Plot

What holds true for the individual physician-patient relationship also characterizes our public policy. The United States has argued on and off about health care "reform" for most of the 20th century, but the debate has centered more on insurance arrangements than on the content of care. Today, the stock villain of "socialized medicine" that dominated the public policy debate for so long has simply been replaced by "greedy capitalists." Like a spy movie retooled for the post-Cold War era, the characters have changed while the plot remains the same. In the case of health policy, the public is cautioned that it faces a choice between medical decisions made by "good" doctors or by "bad" government and managed-care bureaucrats. Preserving maximum physician freedom "preserves" high-quality medical care; any other path leads inexorably to ruin.

This good guys–bad guys script was played out in late 1996, when the revelation that a few health plans were denying overnight hospital stays to women with mastectomies blossomed into a national scandal. Outpatient mastectomies, it was said, graphically illustrated the danger of letting bureaucratic "bean counters" override physicians' judgment. Yet an equally worrisome story about breast cancer earlier that same year attracted far less attention. A Dartmouth Medical School study showed that nearly 35 times as many elderly breast cancer victims received mastectomies as got breast-conserving surgery. This study deviated sharply from the standard plot: Unlimited freedom for physicians produced not reliable excellence, but enormous variation.

Which is more disturbing, a woman's being treated callously after losing a breast to cancer or her unnecessarily losing that breast in the first place? One might respond that motivation is the critical difference: The health plan was trying to save money, while the surgeon was trying to save a life and did not knowingly recommend inappropriate treatment. While this formulation perhaps excuses the individual doctor, it begs the larger question of why the profession as a whole tolerates such widespread variation from achievable excellence.

In fact, the absence of good information systems in medicine is as intentional as any health plan's budget cuts. There has been little effort to systematically examine what treatments work best, little effort to help doctors consistently apply scientific findings to patient care, and little or no effort to hold doctors accountable for improving care. To the contrary, "defining what does and does not work in medicine is a professional responsibility of the highest order . . . [but it is] one that physicians have resisted," as Samuel Thier, then-president of the National Academy of Sciences' Institute of Medicine, acknowledged in a 1991 article.

From ulcers to urinary tract infections, tonsillitis to organ transplants, back pain to breast cancer, asthma to arteriosclerosis, the evidence is irrefutable. Tens of thousands of patients have died or been injured year after year because readily available information was not used—and is not being used today—to guide their care. If one counts the lives lost to preventable medical mistakes, the toll reaches the hundreds of thousands. The only barrier to saving these lives is the willingness of doctors and hospital administrators to change.

The practice of medicine can be dramatically improved. The opportunities for consistent excellence are real and within our grasp. We have seen that patients who share responsibility for decisions about their care often enjoy better health than those whose doctors act out a traditional paternalistic role. Their care can cost less, too. We have seen the growing use of health status measurements that gauge the success of treatment based on how well the patient functions afterward in everyday life. We have seen how reaching out to the chronically ill and other vulnerable populations can help people who otherwise would fall through the cracks of the health care system. And we have seen that such changes do not happen easily or quickly. Still, thanks to the convergence of three powerful forces, a new kind of medical system is finally emerging.

Marcus Welby, Meet Adam Smith

The first and most important motivating factor is economics. Demand for medical care is steadily increasing (there are already as many Americans over 50 as under 18). At the same time, technological discoveries continue to make expensive treatments such as organ transplants routine. Yet resistance to higher health care spending has never been greater. Medicare and Medicaid expenditures are hemmed in by drum-tight federal and state budgets and public antipathy to either deficit spending or higher taxes. In the private sector, low inflation and intense international competition mean that higher medical costs can no longer be tucked unnoticed into a price increase for a product. New accounting rules have also forced companies to reduce today's profits to account for tomorrow's expected retiree medical expenses. This linking of health care costs to the balance sheet has put the issue of cost containment permanently on the agenda of America's most powerful corporations.

A 19th century British novelist wrote: "A reform is a correction of abuses; a revolution is a transfer of power." Managed care, corporate purchasing coalitions, and state health-data organizations are all weapons of revolution. Their common purpose is to take power away from the suppliers of care and give it to the buyers. The sellers' loss of power has, in turn, exposed the results of years of immunity from economic accountability: too many medical specialists, too many hospital beds, too many unnecessary procedures and surgeries.

When the suppliers (doctors and hospitals) held power, they fiercely resisted comparisons. In a competitive marketplace, however, superior performance cannot be rewarded unless it can be identified. Consider the following exchange in an Internet discussion group. Wrote one participant: "I am wondering if anyone has encountered effective mechanisms or methods for persuading physicians and other clinicians to participate in outcomes projects. We are encountering a little resistance with some surgeons." Back came the reply: "Tell them that tracking outcomes will demonstrate what a good job they're doing, it will get them more patients, and if they don't, they'll be out of jobs, since everyone else is . . ."

Health plans are rushing to grab the quality measurement and management banner. HMOs have been stunned by the magnitude of the backlash against cost-cutting excesses. In self-protection, the industry has

endorsed ever-more ambitious reporting requirements and accreditation standards from its trade group and from the voluntary National Committee for Quality Assurance.

Just as the sellers of care are embracing quality measurement from motives that mix self-interest and idealism, so too are the buyers. Contracting with a health plan that does things right the first time may be less expensive; "Quality is free" is how management consultant Philip Crosby memorably phrased it. Moreover, considering quality as well as cost may well help companies avoid lawsuits and other negative economic consequences of subpar care.

The Advent of "Infomedicine"

The Internet exchange cited above highlights the impact of technology, the second major force behind the quality measurement and management revolution. Traditional sources of information in medicine are giving way to an "infomedicine" that both incorporates new kinds of information and uses traditional kinds in new ways. The health care industry, accounting for an estimated one-seventh of the U.S. economy, is finding itself (willingly or unwillingly) swept into the digitalizing of America.

Like much else in quality measurement in medicine, using computers has been technically possible for a long time. The technology was available, and some research pioneers were using it. But computers were expensive and exotic, and it was easy to ignore their capabilities even as late as the 1980s.

Today, by contrast, many doctors realize that computers are essential for helping medicine deal with its 21st-century version of the Industrial Revolution. Throughout the country, hospitals and physicians are banding together into integrated health systems that require sophisticated clinical data both for internal management (to produce a consistent "product") and for external marketing. As health systems evolve to coordinate sickness care and wellness outreach, the need for better information systems will become even more urgent. Medical leaders see these systems as a chance to preserve physician autonomy and ward off micro-management.

"Are we going to manage the care of the sick or are we going to manage the providers who manage the sick?" demands Dr. Robert Waller, chairman of the Mayo Foundation. "What we will all ultimately be accountable for is quality."

The Spirit of the Times

The third powerful force for change is the *Zeitgeist*, or spirit of the times. Intellectual and social trends can help an idea flourish or let it wither. In our times the information explosion, the global marketplace economy, and a general acceptance of the principle of accountability are all helping to advance the objectives of the quality measurement and management movement.

For example, education was once considered impervious to objective measures of achievement. Now, policy analysts discuss national standards, teacher competency tests, and linking reimbursement to results. Similarly, Vice President Al Gore speaks of turning government agencies into "performance-based organizations." In the business arena, meanwhile, intense global competition has underscored the importance of systematic measurement and improvement.

In this environment, how long can the local hospital continue to plead ignorance about the treatment in its emergency room? How credible is it for a health plan to be in the dark about which members have diabetes? How believable is it for every surgeon to claim, when asked about outcomes, "*My* patients are sicker"?

The concept of quality measurement and management is now becoming integrated into the mainstream of medicine. For example, the idea that employers should contract with health plans based on both cost and quality measures has been endorsed by major business organizations and featured in national business publications. Virtually every medical specialty society has formed a committee to evaluate outcomes measures. Similarly, scholarly articles about medical quality, appropriateness, and cost-effectiveness have become routine in clinical literature. Equally important, courses in evaluating clinical effectiveness are making their way into the medical school curriculum.

Destruction Often Precedes Renewal

For all the progress that has been made, however, this remains a young and fragile revolution. Systematic quality improvement is not easy, culturally or technically, and it can be expensive. Even in the most advanced markets, candid physician leaders acknowledge that the pressure for accountability must continue if the transformation is to be completed.

Will we—patients, medical professionals, citizens—be better off with a health care system based on performance measurement? Certainly there are dangers. Consistent excellence will always be a challenge to the human soul, not just the intellect.

Critics worry that information-based medicine will devalue the human touch. But this is no more true of using a computer than of equipping doctors' offices with telephones. In fact, the opposite may well be true. "There is a real possibility that the information highway and reorganization of the health-care system can create an opportunity for the physician, in collaboration with other members of the health care team, to provide an even more sensitive, caring, and compassionate service to their patients and society," says Kenneth Shine, president of the Institute of Medicine. "To the extent that data make the practice of medicine more scientific, health care reform could bring both science and caring to a new

high level over the next decade."

The destruction of the old ways of medical practice may well cause anxiety, but it should not be a source of despair. Patients and care givers alike should celebrate better days ahead. Destruction often precedes renewal, and it is in that renewal that the future of American medicine lies. ♦

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THE FIRST LESSON

Character Education Is no Magic Bullet, But it Can Help Improve Our Public Schools

BY KATHLEEN KENNEDY TOWNSEND

Fort Foote Elementary School, which lies just outside the District of Columbia border in Fort Washington, Md., faces problems typical of urban public schools. On their way into school, students step over the shards of broken liquor bottles that neighborhood gang members tossed aside the night before. Outside the school's walls, these young children live amid chaos and violence.

Earlier this year, Principal Robyn Zgorski was having trouble with a student, so she walked him home to talk to his mother in person. The mother wasn't home when they arrived. The boy then looked the principal in the eye and said: "There's a gun in my house, I know where it is. It's in my brother's room, on the shelf in the red bag. I know where he keeps the bullets."

"I'm going to get the gun and shoot you."

The boy was seven years old.

Despite the mayhem encircling Fort Foote, there is peace within. This spring, the school went 120 days without a fight. Disciplinary referrals are down sharply. The hallways are clean and orderly. The lunchroom is about as noisy as the average restaurant. In the classroom, children are engaged and spirited, but they talk in turn and listen to their teachers.

The majority of students not only behave well, they stand up to friends who do not. When a small group of fifth-graders was asked, "Is it hard to tell your friends that you don't like the way they are acting?" one student, Ashley, didn't hesitate: "Oh no. We're leaders, and we have a responsibility to the other students and to our teachers and to our school. And we have the bravery and courage to stand up and tell them when they're acting bad." Another girl, Kelly, added, "Yeah, what's there to fear?"

Teaching Children To Be Good

Listen to the words coming out of the mouths of these children: "leaders," "responsibility," "bravery," "courage." All public schools should be teaching these values; all should be such a model of order and achievement. And they can be.

My home state, Maryland, is the first in the country to implement statewide a reform known as character education. Our goal is to get every school, in all its facets, to teach the civic virtues at the core of our culture—virtues such as courage, respect, responsibility, compassion, and integrity.

Hundreds of schools around the country have experimented with character education with results just as remarkable as Fort Foote's. The challenge now is to analyze what works and what does not. What practices are replicable? How can we systematize character education?

This is something I have worked on for many years. I saw the potential for character education during my work to make Maryland the first state to make community service a high school graduation requirement. Students facing the requirement leaped at the opportunity to do good. I realized the need for and the deep potential of a comprehensive character education initiative. When Gov. Parris Glendening asked me to spearhead Maryland's crime control and prevention efforts more than two years ago, I didn't want to simply punish kids for being bad, but to teach them to be good.

The character education initiative was based on four principles. First and most fundamentally, we insisted that schools could in fact teach good character. Second, we agreed on the need for maximum community in-

volvement. Third, we agreed that we needed a central, statewide character education office to coordinate schools' efforts and hold them accountable. Finally, we knew we would have to set standards to get schools thinking in terms of results.

Morality Isn't Programmed

Morality is not programmed into our genes, as our stratospheric crime, drug abuse, and teen pregnancy rates prove many times over. Children must be *taught* to be good, as they are being taught at Fort Foote. They learn to be good the same way they learn anything: by hearing, by seeing, and by doing. That is, they learn by being told what qualities are good, by witnessing examples of moral behavior, and by practicing these virtues themselves.

Schools can't teach these lessons simply by adding a course titled "Character." Moral questions aren't independent from our daily lives. The best way to teach morality is to integrate it into the everyday workings of the school. The whole culture of the school needs to be changed, not just the curriculum. This gets to the root of schools' educational mission. How can children learn American history and the meaning of democracy, for instance, without understanding, in the most personal and direct manner, the spirit of community service, justice, civic participation, and freedom?

It is important to describe what character education is not. No students are tested on their political or religious beliefs. There is nothing political or even controversial about the virtues our schools teach. The qualities are, simply, those that the overwhelming majority of parents want their children to practice. More to the point, they are the qualities that the nation needs its students to practice if we are to reduce disruptive behavior, delinquency, drug abuse, and teen pregnancy, and to prepare our children to participate fully in our democracy.

Small Changes Yield Big Results

At Fort Foote Elementary, the first 15 minutes of every school day are now devoted to a class discussion of the week's character topic (e.g. generosity, honesty, integrity) and behavioral topic (telephone etiquette, restaurant manners). Students read aloud essays they've written on the topic and hear comments from teachers and classmates.

There have been other changes as well. A cadre of trained student mediators arbitrate petty disputes between classmates before they spin out of control. The students vote for a "citizen of the month," who is featured with his or her family on a bulletin board in the hallway.

These are small changes, to be sure. But they have added up to something greater and have brought about an unmistakable shift in the school's culture. Students congratulate other students who have read aloud essays on courtesy and generosity. Citizens of the month become schoolwide celebrities for being honest and brave. Peer mediators become leaders for helping others work through their problems.

This works because every child is starved for the approval of his or her peers. Sometimes students fit in because of their clothes; sometimes, because of their gun. But Fort Foote has redirected that desire toward citizenship. The students' need to belong hasn't changed, but the manner in which they do belong has. And the entire school has changed as a result.

"Why Didn't We Have This Sooner?"

Character education is not a magic bullet, but it can profoundly affect children's behavior in and outside the classroom. A survey of nearly 200 schools around the country that had instituted such programs found that 77 percent reported fewer disciplinary problems; 68 percent saw attendance increase; and 64 percent experienced less vandalism. In the first three years of a character education program at one New Haven, Conn., high school, teen pregnancies per year dropped from 16 to zero.

Of course, parents are children's best teachers of appropriate behavior. If parents treat others with concern and compassion, love their children, and respect the law, odds are their children will turn out well. However, no one is served—least of all parents—when children are sent into a moral vacuum for seven hours each day. Character education is meant to supplement, not supplant, good parenting. We should acknowledge, though, that not all children are lucky enough to have good parents. Some parents do not teach their children to respect others or to obey the law. For these children, the school may be the only teacher of moral behavior.

Maryland parents have shown near-unprecedented support for character education. Jim Sarnecki, the Baltimore City Schools character education coordinator, reports that even with about 50,000 elementary students involved in his character education programs, he has not heard a single objection from a parent. The only complaint he does hear is, "Why didn't we have this sooner?"

Alexis de Tocqueville said that America would remain great as long as it remained good. For a long time, building the character of our children fell off our collective list of priorities. It's time we put it back on top. ♦

Lt. Gov. Kathleen Kennedy Townsend of Maryland chairs the state's Cabinet Council on Criminal and Juvenile Justice. To learn more about the state's character education initiative, call the lieutenant governor's office at 1-800-811-8336. Additional information on K-12 education is available on the DLC-PPI World Wide Web site at http://www.dlcppi.org/texts/social/ischool.htm.

YES, WE CAN ALL GET ALONG

Without Much Fanfare, the Promise Keepers Are Busy Demolishing Racial Barriers

BY JONETTA ROSE BARRAS

As a teen-ager at New Orleans' McDonogh #35 Senior High School in the early 1970s, I had already begun to spew the racially explosive Black Power language that expressed the prevailing mood of many African-Americans. With my hair in an Afro and my fist in the air, at protest marches I shouted invectives at any white who dared come near or dared to challenge our philosophy. "By any means necessary" was our motto, even if that meant "offing" the "pigs" or "honkies."

A decade earlier, the Rev. Martin Luther King Jr. dreamed of a day when "little black boys and black girls will be able to join hands with little white boys and white girls as sisters and brothers." But that was his misdirected vision, not mine. Freedom could never arrive in racist white America, I reasoned. In 1903, W.E.B. Du Bois predicted the problem of the 20th century would be "the problem of the color line." I saw no evidence he had been wrong or that things would change dramatically.

In 1997, Du Bois' prediction rings more true than he might ever have imagined. As Dale Minami, an Asian-American activist in San Francisco, recently said in *The Washington Post:* "You see Chinese parents fighting admission policies that favor blacks and Hispanics. You see hate crimes increasing among African-Americans, Asians, and Latinos. Today, the tensions in America are multiracial. Everybody has a problem with everybody, to be honest."

The Search for Solutions

Clearly, America is as fractured by race today as it was that August afternoon 34 years ago when King shared his dream. Nationally, citizens and their leaders are searching for ways to reconcile the races. Earlier this year, Rep. Tony Hall (D-Ohio) and five other lawmakers introduced bipartisan legislation that would have required Congress simply to apologize to blacks for slavery. President Clinton, meanwhile, established a commission last June charged with creating a "national dialogue on race."

But all this hand-wringing seems to have led nowhere. Hall's proposed apology was so roundly criticized you would have thought he had called for the bombing of an ally. He eventually pulled the bill. The President's race commission hasn't fared much better. The five-member panel can point to little for the $4 million invested in the operation. The first presidential town hall meeting on race won't be held until December at the earliest, months after the commission's creation. Clinton has "got to do more," said George Mason University professor and longtime civil rights leader Roger Wilkins. "He can't have a meandering conversation. This situation has to be animated by the President's energy and so far . . . that energy doesn't seem to be focused."

Then there is California's anti-affirmative action Proposition 209, the Texaco "jelly bean" episode, and the black-Hispanic power struggle over the Dallas public schools ignited by a racially tinged corruption inquiry—all raising the question, will racism in America ever be buried?

Hope From an Unlikely Source

Amid this turmoil, hope for genuine progress toward racial reconciliation is coming from an unexpected source—the Promise Keepers men's movement begun by former college football coach Bill McCartney. Political pundits have focused almost exclusively on charges—

unfounded, I believe—that the Christian group is a dagger pointed at the heart of feminism. But behind the scenes, Promise Keepers is working to forge the kind of "committed relationships" between people of all races that I have found in my own life to be the beginning of the end of racial hatred.

The group's Oct. 4 "Sacred Assembly" on the Mall in Washington, which drew an estimated 500,000 men, offered a glimpse of King's dream. Seated on blankets and park benches or standing shoulder to shoulder, men of all hues and from all backgrounds held hands, prayed, laughed, and shared family stories. A *Washington Post* survey put the crowd at 80 percent white, 14 percent black, 5 percent Hispanic, and the remainder Asian or members of other races.

The men read the Bible to each other and participated in a game of religious call-and-response. Prayer tepees, brought by the Oklahoma Kiowa tribe, dotted the landscape. On huge screens, participants watched an all-male chorus belting out inspirational songs: "Let us be a holy nation. . . . Let us be a generation of reconciliation and peace." In the program's most emotionally charged moment, men of all races mounted the stage to publicly confess and apologize for acts of racial discrimination and hatred they had committed during their lives.

It wasn't the first time some of these black, white, brown, and red men had come together. Vincent Bonner, a reporter for the Voice of America, remembered his initial contact with the Christian organization while covering a 1995 rally in Washington.

"I almost cried, I had never seen so many men praying together," said Bonner. "Not only did I see black men, but I saw black men crying while holding white men." Bonner was among the thousands of men who volunteered at the October assembly, performing major and menial tasks including trash collection.

The Sacred Assembly stood in stark contrast to the Million Man March, held on the same site and in the same month two years earlier. Then, an estimated 800,000 black men heeded Nation of Islam leader Louis Farrakhan's call to come together for a "Day of Atonement and Reconciliation." But there was little talk of racial healing that day. Instead, Farrakhan used the occasion to advance his racially divisive agenda and to lambast "white supremacy." This year, Farrakhan urged black men to commemorate the march by taking the day off from work and school.

Forging "Committed Relationships"

The Promise Keepers' aggressive racial reconciliation program has received scant media attention. The group, which has a multiracial board of directors and a staff that is 37 percent African-American, has spent more than $1 million on the effort.

"America is in a constant cycle of racial conflict," said the Rev. Raleigh Washington, Promise Keepers' vice president for racial reconciliation. "Each time it gets worse. It is a powder keg and ultimately it will blow."

Washington, pastor of Rock of Our Salvation Free Church in Chicago, hopes to dampen if not prevent that explosion by creating "reconciliation councils" at all Promise Keepers church affiliates by the year 2000. Like many other Promise Keepers ministers, he calls 11:00 a.m. on Sunday "the most racially segregated hour in America." Washington mused at what would happen if someone repeating Rodney King's famous plea, "Why can't we all just get along?" heard his church reply, "Check us out at 11."

"When the face of the church changes, then we as a church can finally say to the world, 'We have an answer,' " he said.

According to Washington, the principal answer to the country's race dilemma rests in the creation of "committed relationships."

"If everybody made a covenant to initiate a personal, committed, deep relationship with somebody of another race," he said, "you could virtually eliminate racial strife overnight." Through such relationships, we give ourselves opportunities to "appreciate and become sensitive to our racial differences. . . . Ultimately, we root out the pain, anger, and bitterness."

A Personal Journey

The solution sounds so simple that most people might toss it aside. But it worked for me. In the early 1970s, I

left New Orleans looking to disempower whites throughout the country. Eventually, I came to Jackson, Miss., to work as a community organizer. As was my custom, I had opened my apartment to a wandering soul whom I thought I could save. Instead, he left me with three broken vertebrae. For nearly a month as I lay recuperating, two white women from my job prepared and delivered dinner to me on alternating days. Often they stayed for a while chatting about children, men, and jobs.

A year later, I left Mississippi for San Francisco. A predominantly white organization, the Movement for Economic Justice, enrolled me in an organizers school. While the group covered the expense of the school, I had no place to stay in San Francisco and didn't know a soul I could ask. No problem, said Bert DeLeuw, MEJ's executive director. A Jewish couple in their early 30s met me at the airport and opened their home to me for nearly a month, giving me advice about living in the new city.

These two experiences and hundreds of others I subsequently had as an organizer before settling in the District of Columbia taught me we are really all the same. We all struggle for the same things; we love and sometimes are annoyed with our spouses; we worry about our bank accounts; we agonize over our children's future and pray their generation has a better, more humane America.

The Real Meaning of "Joining Hands"

When King talked about joining hands, many Americans got it wrong. We thought he simply wanted to change the laws: to provide more opportunity for blacks to vote and to have access to public accommodations and good schools. But his true vision was for a society in which people are not judged on the color of their skin and in which our humanity is not distorted by the prism of race.

"I think Promise Keepers has realized the dream that Martin Luther King had," the Rev. Michael Golphin, former assistant pastor of Deliverance Church near Pittsburgh, told me as he prepared to travel to the Promise Keepers rally. "We thought we had won the battle" with the passage of civil rights legislation "when we weren't even on the battlefield."

Back at McDonogh #35, I was too young, too impetuous, and too angry to grasp the deeper meaning of the battle in which King and other civil rights stalwarts were engaged.

Some people want government to referee racial reconciliation: congressional apologies, presidential commissions, citizen initiatives, affirmative action. Some blacks want reparations, payment for the ill visited upon them. But as A.R. Bernard Sr., pastor of New York Christian Life Center in Brooklyn, admonished, the entire burden of racial reconciliation cannot be placed on whites: "We are not exempt as men of color from repentance."

Racial hatred cannot be legislated out of existence. Everyone has a role to play in its extirpation. As Patrick Glynn, associate director of the Institute for Communitarian Policy Studies, said, "Politics strives to transform people by altering the structure of society; religion strives to change society by transforming individuals. Both are essential for social change." But long-lasting change of the type we need in America can only be had through the transformation of individuals. ♦

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CREATING ACCOUNTABLE SCHOOLS

More Money Won't Solve Public Education's Problems, But Neither Will Vouchers

BY TOM MIRGA

In late September, a dozen of Washington's most influential public education lobbies announced that they were "setting aside their differences" and forming the Learning First Alliance, a coalition ostensibly dedicated to improving student performance in reading and mathematics.

And by the way, the association leaders added, we're also going to fight hammer and tong against private school vouchers.

It's a familiar pattern. Whenever a threat to public education's status quo arises, the same people appear before a lectern, profess to put aside non-existent disagreements, and launch a political counteroffensive disguised as a campaign on behalf of "the children." The

last time they did so was in May 1995, when 10 of the same 12 groups plus four others "put aside their differences" to march under the banner of the Education First Alliance. That time the challenge came from Newt Gingrich and his little-lamented Contract With America.

Next April will mark the 15th anniversary of the release of "A Nation at Risk," the seminal report that initiated what has come to be known as the school reform movement. When the movement began, public school educators made a bargain with the public: Agree to be taxed at higher rates, and we will deliver the goods. Much of the additional revenue, collected and spent mainly at the state level, went to raise teacher pay, reduce class sizes in the early grades, and equalize spending between rich and poor school districts by "leveling up." Even during the Bush recession of the late '80s and early '90s, Americans continued to give generously to their public schools in hopes of a turnaround.

During the past 15 school years, real national spending per pupil (from federal, state, and local sources, adjusted for inflation) grew by roughly 40 percent, from about $4,700 in school year 1982-83 to $6,600 this school year. Total annual inflation-adjusted spending grew by nearly 60 percent, from roughly $180 billion to $280 billion. If money was as vital to educational excellence as the public education community loudly insists it is, you'd think we would have seen some return on that investment by now, if not a 40 percent spike in student test scores.

Well, we haven't. If you drew a chart measuring average student performance in reading, writing, science, and math over the same 15 years, you'd essentially have four flat lines. And all would fall far below the level on the chart labeled "proficient."

Given the outcome of this bargain, is it any wonder that the public has finally soured on public education? If you gave someone a 60 percent raise above the cost of living and he or she didn't measure up, how would you react? A Gallup Poll conducted this summer showed that 55 percent of the general public, 71 percent of African-Americans, 68 percent of all non-whites, and 59 percent of city dwellers now believe that government should help pay the tuition of children in private and parochial schools. A second recent poll by the liberal Joint Center for Political and Economic Studies showed that an astonishing 86 percent of African-Americans in the prime childbearing 26-to-35 age group now support vouchers.

A Squadron of B-2s and Nothing to Show for It

Which brings us back to the Learning First (a.k.a. Education First) Alliance. Alarmed by those poll results and by astute congressional Republican moves to play to the shift in public sentiment, the education establishment is once again promising to produce results it has amply proved it cannot deliver. Bob Chase and Sandra Feldman, the new presidents of the National Education Association and the American Federation of Teachers, respectively, seem to grasp the depth of public disquiet over the public schools' dismal performance. Chase has bravely called for new thinking in his own union and in the school reform movement at large; Feldman has continued the late Albert Shanker's campaign for tough standards and discipline. But the broader education community's reaction to the voucher threat suggests that these union leaders will have a hard enough time convincing their own members, much less the entire public school lobby, of the need for radical change.

The reasons most public educators give for opposing vouchers are illuminating. They almost never argue that children would be ill-served in their new private or parochial schools. That's because they can't; research from the late James Coleman's pioneering work in the early 1980s onward consistently shows that private schools (and Catholic schools in particular) out-perform public schools, tellingly with less money per pupil. Instead, the education establishment invariably couches its opposition to vouchers in terms of the money that would be lost to—you guessed it—the education establishment. Education lobbyists are fond of saying what good works they could perform if we would only build "just one less B-2 bomber" and give them the money instead. Well, since 1983 we have given them the equivalent of 60 B-2s for "reform," and we still have nothing to show for it.

If a public institution cannot be reformed in 15 years for $100 billion, it is fair to conclude that it cannot be reformed at all. It's time to call an end to the school reform movement and to begin a serious national conversation about creating new "public" schools that are founded and sustained by local communities and that are truly accountable to those communities for their performance.

The Problem With Vouchers

A small but growing number of Democrats—ex-, old, and New—have moved into the pro-voucher camp. And it does seem hard to oppose the emergency expedient of rescuing even a few thousand children from the deplorable conditions endemic to urban school systems such as the District of Columbia's. But a full-bore voucher system as envisioned by most Republicans is not the right response to the problem of student underachievement.

Taxpayers have a right to demand accountability from those who would spend their taxes. You'd think Republicans, of all people, would understand and champion this principle. Taxpayers aren't getting that accountability now from public schools, which have spent with impunity and with no fear of retribution for poor outcomes. But they wouldn't get that accountability either under a pure voucher system, in which Adam Smith's "invisible hand" would be the only guard

against the tax-supported teachings of racists, lunatics, or well-intentioned but incompetent educators. Despite the research-validated academic edge that private schools now hold over public schools, and despite the fact that most private schools are motivated by an altruistic or religious mission, the public should heed Ronald Reagan's oft-quoted advice: Trust but verify.

The solution lies in a synthesis that melds the best aspects of public and private education. It's based on the common-sense desires of every American parent: a school with a demonstrable record of superior achievement, strict but fair discipline, and respect for community values. As University of Washington education researcher Paul T. Hill has suggested before in this magazine, we need to redefine what it means for a school to be public *("Reinventing Public Education," TND, November/December 1996).* If a school opens its doors to the whole public *and* agrees to make itself publicly answerable for student outcomes and the maintenance of community standards, it should be deemed a public school and receive public financing for each child enrolled.

It's time to call an end to the school reform movement and to begin a serious national conversation about creating new "public" schools that are founded and sustained by local communities and that are truly accountable to those communities for their performance.

Creating Truly Public Schools

Every public school and every private school that desires public funding should be chartered as a public school under contract with an elected community school board. All schools would be forced to compete for students on the basis of quality, and all parents would bear the responsibility of shopping for the best schools for their children. No private schools would be forced into this new system; they would be free to continue operating with minimal government interference, but without taxpayer subsidy. Schools that consistently underperformed, as measured by a new system of tough national standards and student examinations, would lose their contracts and be denied public funding.

These new public schools would be freed to strive for high outcomes without central-office micro-management. They would, of course, have to abide by civil rights ordinances, revised to free them from having to enroll dangerous or chronically disruptive students or having to use politically dictated curricula and teaching methods. Students who excelled on the new national tests might be granted preferential access to entry-level jobs, apprenticeships, or college financial aid; likewise, teachers and other staff might see their pay linked to student performance.

Changes that Deserve the Name "Reform"

Building this system won't be easy. Clearly, there aren't enough existing non-public schools today to meet the likely demand. But this roadblock would vanish quickly as new, smaller community schools emerged to cater to parents desperate for change. Transportation also might be a problem at first, as the familiar big yellow school bus gave way to car pools and new, nimbler fleets of school vans—operated perhaps by enterprising former welfare recipients or stay-at-home parents looking to supplement family income. And yes, the influx of "private" students into a new "public" system would put pressure on existing school budgets. But even this problem can be surmounted if the new schools are more efficient than the ones they would replace, and if we are willing to contemplate the heresy of requiring affluent parents to bear some or all of the cost of their children's K-12 education (as most of those parents already do, and as we always have required with college education and countless other public goods and services).

These are radical ideas, no doubt. But Americans are demanding nothing less than radical change. If the education establishment continues to defend pumping more money into an indefensible system, it will surely lose the voucher battle and thus ensure the demise of public education. And we will have lost the one national institution that has done more to create a shared sense of American identity and common destiny than any other save perhaps for the U.S. armed forces. If the education establishment honestly believes that public education is worth preserving, it will stop paying lip service to reform and begin working for structural changes that truly deserve the name. ♦

Tom Mirga is the editor of The New Democrat. *From 1981-93, he was a writer for and later the news editor of the independent national newspaper* Education Week. *For more information on public education policy, visit the DLC-PPI web site at http://www.dlcppi.org/texts/social/ischool.htm.*

NONPROFITS THAT TURN A PROFIT

Charities Need to Stop Relying Exclusively on the Kindness of Strangers

BY BILL SHORE

Kurt Vonnegut once said, "There is no reason that goodness cannot triumph over evil so long as the angels are as organized as the Mafia."

"Angels" are at work in America today, feeding, healing, sheltering, and teaching less-fortunate Americans, mainly through nonprofit institutions. But they are not triumphing because they are not organized for success. They lack the tools, training, finances, and resources they need to reach their full potential.

Most of the 570,000 community nonprofit institutions in the United States are underfinanced and overworked. Constantly preoccupied with fundraising, they cannot meet all the needs they seek to address. Like Blanche DuBois in *A Streetcar Named Desire*, nonprofit groups depend on the kindness of strangers. They settle for that fragment of the financial universe that consists of leftover wealth—the excess funds people donate after their own needs have been met.

Total private giving to charities in constant dollars grew very slowly from 1990 to 1994, and it is projected to grow by no more than 3 percent annually through 2002. To compound the problem, by one estimate the federal balanced budget deal worked out this summer will reduce nonprofit groups' revenues by more than $40 billion between 1997 and 2002. Private giving would have to increase at three times the current rate just to make up for that loss.

Nonprofits Run for Profit

Government funds, charitable solicitations, and foundation grants all have one thing in common: They're somebody else's money. Nonprofit groups that rely on these resources shift limited dollars from one place to another, dividing the philanthropic pie rather than working to create a bigger pie. To meet the challenges of the future, nonprofit organizations must be reinvented to create new wealth—*community wealth,* or resources generated through profitable enterprise to promote social change. In other words, we need to begin thinking in terms of nonprofits run for profit.

That sounds like a contradiction in terms, but it doesn't have to be. A new entrepreneurial hybrid is emerging in the space that traditionally separates for-profit and nonprofit groups, known in the philanthropic world as *community wealth enterprises.* These ventures turn a profit by selling something of value that people buy for reasons independent of their charitable intentions. Cause-related marketing and sponsorship and licensing agreements are also parts of the trend. No matter what form they take, these ventures return the wealth they generate back to the community.

The creators of community wealth are emerging in unlikely places. An order of Roman Catholic priests produced a feature film, *The Spitfire Grill,* that won the Sundance film festival audience award in 1995. The priests then sold the film to Castle Rock Entertainment for $4 million and are using the money to support the church's social service programs. In Newark, N.J., Roman Catholic Monsignor Bill Linder oversees the New Community Corporation, which owns two-thirds of a Pathmark supermarket (one of the most profitable in the 150-store chain), a Taco Bell, a Dunkin' Donuts, and other tax-paying businesses that fund day care, job training, and other services while providing sorely needed jobs in the inner city.

Socially Conscious Business Practices

Other pioneers in this movement include:

♦ Rubicon, a San Francisco social and rehabilitative services group supported by business ventures that generate about half of its $6 million annual budget. Rubicon Buildings and Grounds provides landscaping and janitorial services in eight Bay Area cities, while Rubicon Bakery sells premium desserts to stores, restaurants, and hotels. The bakery employs eight people full-time and provides training and part-time jobs for more than 25 others. The profits fund Rubicon's job training, employment, housing, and mental health services for the disabled and the homeless.

♦ Pioneer Human Services in Seattle, which provides employment, training, and rehabilitation aid for more than 3,000 recovering alcoholics and substance abusers, ex-convicts, and parolees each year. Pioneer's $30 million annual budget is funded by 10 business enterprises, including: a downtown Seattle hotel; a workshop that makes parts for Boeing and other area manufacturers; a wholesale food business that serves nearly 400 food banks in 20 states; a corporate cafeteria for the Starbucks Company; an institutional food business that prepares 1,000 meals a day; and a property management company.

♦ The Patterson, N.J., Diocese of the Roman Catholic Church, which since 1954 has operated Straight and

Narrow, a residential treatment, health, education, and job training facility for indigent male alcoholics. Straight and Narrow has a staff of 200 serving 750 clients a day. About a third of its $9.5 million annual budget comes from a recycling business that operates in seven cities; a kitchen that prepares food for the Meals on Wheels program; and a gas station.

♦ Asian Neighborhood Design, a community development corporation in San Francisco's Chinatown focused on housing and job training. Founded in 1973 by civic-minded architecture students at the University of California at Berkeley, it has a $5.2 million annual budget, $2 million of which comes from a furniture, cabinetmaking, and woodworking business that employs 40.

♦ My own group, Share Our Strength, which since 1984 has distributed more than $43 million in grants to groups fighting hunger and poverty. SOS raises the vast majority of its revenues by providing marketing and promotional advantages to corporate partners who contract with us for such services. One example is our partnership with Calphalon, a manufacturer of heavy-duty cookware. Together with American Express, Calphalon sponsors Share Our Strength's "Taste of the Nation," the nation's largest culinary benefit, and also has raised more than $500,000 for us through the sale of specially branded Taste of the Nation pans. SOS also united with American Express from 1993 through 1997 in the Charge Against Hunger campaign, the nation's most visible and successful cause-related marketing partnership.

Generating More Than Revenue

The advantages of generating earned revenues go beyond simply having more money with which to do one's work. For example, revenues generated in this manner have no strings attached. No government or foundation regulations limit their use. This frees an organization to spend dollars on grass-roots advocacy, community organizing, and other vital activities that may be politically unpopular and that often fail to yield the short-term "impact data" most funders demand. Equally important, nonprofit groups that want or need to expand can invest earned revenues into their own operating capacity. In the philanthropic world, funds for expansion are the most scarce—and consequently, the most valued—of all.

The most important benefit of community wealth, however, has nothing to do with money. Nonprofit groups, community institutions, and companies generating this type of wealth typically are re-energized by an enhanced sense of social purpose.

For example, when I walked through the Calphalon headquarters in Toledo, Ohio, I noticed that the computers' screen savers had the SOS logo and that workers' cubicles and cork boards were decorated with anti-poverty and anti-hunger posters. This potential to transform the way citizens think is the real opportunity before us.

Working Both Sides of the Street

None of this should be construed as a dismissal of the value and importance of traditional charity. American philanthropy has a distinguished legacy, one that has produced fantastic results and that reflects the best and most generous aspects of our national character. Every nonprofit institution ought to go out and get every private and public dollar available.

But nonprofit groups should not limit themselves to philanthropic dollars if they can help it. There's nothing wrong with appealing to people's generosity and charitable impulses. But why stop there? Why not appeal to their self-interest as well? Self-interest is and always has been one of the most powerful community-building generators. Why not develop a business that produces products and services that people want and need and that creates community wealth at the same time? Nonprofit organizations that rely solely on charities, foundations, and government are working just one side of the street. It is foolhardy to ignore the industries, manufacturers, and service providers on the other side. This approach might not be suitable for all nonprofit organizations, but it certainly is suitable for many more than are using it now.

Crossing a Cultural Divide

The nonprofit and for-profit sectors alike will have to cross a cultural divide if the community wealth notion is to thrive. Many nonprofit groups think "profit" is a dirty word, while many businesses can't fathom how anything branded "nonprofit" can help improve their bottom line. Both sides must become fluent in each other's language and enlightened about each other's value in the difficult task of strengthening our communities.

Both will also have to learn to see themselves through new eyes. A vision of the world that categorizes everything as being either for- or not-for-profit is too cramped and suffocating. The best practices of philanthropy and business must be melded into a third way — community wealth. We tend to think of wealth in personal or corporate terms, something that makes our wallets thicker, our houses bigger, or our stocks more valuable. But there is another kind of wealth that makes our children healthier, our schools better, and our communities stronger. It is community wealth, and it is America's promise for a brighter future. ♦

Bill Shore is the founder and executive director of Share Our Strength and the author of Revolution of the Heart: A New Strategy for Creating Wealth and Meaningful Change *(Riverhead Books, 1995). For more information on SOS and the groups described in this article, visit the SOS web site at http://www.strength.org or call 1-800-969-4767.*

EDITORIALS

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The U.S. position has been denounced by the Europeans and others as too little, too late. Even if the President brings home a treaty to his liking, Senate approval is iffy. Most business and labor interests dismiss the benefits of reducing greenhouse gases and inflate the costs; most environmentalists dismiss the costs and inflate the benefits. The Senate is on record as opposing any treaty that fails to include developing nations like China, India, and Brazil—big greenhouse gas producers who will only grow bigger.

The President understands the connections between the economy and the environment better than his foreign and domestic critics. He knows that sustainable economic growth depends on responsible environmental action and smart energy policy. He also knows that economic growth is the only way to generate the investments we will need to cope with the environmental challenges posed by climate change.

Although he didn't phrase it this way, the President in effect declared that the United States and the rest of the world needs to buy insurance to protect the global environment and economy from the risks of climate change, but at a cost that won't send us to the poorhouse. His critics on the left argue for high premiums and gold-plated coverage; his critics on the right want us to skip insurance altogether and take our chances. Based on current scientific understanding of climate change, neither extreme is justified. The only question is whether the President has indeed bought the best policy.

Why buy insurance at all? We know that natural forces play a big role in climate change, such as the El Niño effect that warms Pacific Ocean waters and triggers floods in some parts of the world and droughts in others. But we don't know precisely how human activities such as the burning of forests and fossil fuels are contributing to the natural effects.

Research, however, suggests the human role in increasing greenhouse gases is beginning to influence climate beyond natural variability. Moreover, it suggests that these effects will grow more severe as we pump more carbon dioxide into the air. Climate change might be welcome in some places. But most regions, particularly in the developing world, would be unable to adapt to change rapidly enough to forestall major economic losses. By the time we know for certain that greenhouse gases are indeed a major cause of climate change, it will be too late to stop their consequences.

The President's policy is designed to hedge this enormous bet—just what insurance is all about. It's a good policy, but it can be made even better. Here's how:

♦ *Use markets now to reveal the cost of the premiums.* No matter whether the Kyoto summit produces a treaty, the President should commit the United States to capping greenhouse gas emissions at 1997 levels by 2002, and 1995 levels by 2005, through a national greenhouse gas trading program. The idea is simple: Government sets a cap on emissions, then gives out or auctions emission "allowances" to power plants, factories, and the like. If a factory emits more gas than its allowances allow, it must either find ways to cut its emissions or buy allowances from those who have extras to sell. The President's proposal would unnecessarily delay the opening of the emissions trading market for 10 years. Capping and trading emissions at today's level through 2002 would be relatively easy and would have a negligible effect on the economy. At the same time, the cap would reveal the actual market costs of reducing emissions, the viability of broad-scale emissions trading in the United States, and the attractiveness of the concept to the rest of the world.

♦ *Expand the number of policy holders.* All current and future major greenhouse gas producers should be brought into the insurance pool. In Kyoto, developed nations will set targets for themselves. Developing nations, too, must set their own targets, however modest, before the Senate will even take up treaty ratification. The President's proposal talks about meaningful participation on the part of developing nations. The terms of their participation need to be spelled out. No developing country should be exempted from immediately establishing mechanisms to track emissions and from pursuing energy-efficient technologies. Talks leading to binding emission levels for developing nations, linked to industrialized nations' performance, should begin immediately after the Kyoto meeting.

♦ *Cut and invest.* The President and Congress should phase out tax and spending subsidies that promote greenhouse gas emissions and invest the savings in assistance to displaced workers and affected regions, research, and improved monitoring. Before we even think about new energy taxes or tax credits, we should eliminate counterproductive subsidies from the tax code. For example, we could reap big environmental benefits by restructuring the tax subsidy for employer-provided parking. Employees could be encouraged to "cash out" their share of the subsidy and use it to pay for less energy-intensive ways to get to work. If implemented now, this measure alone could offset most of the projected U.S. growth in annual greenhouse gas emissions by 2000.

We have no idea how energy-inefficient the U.S. economy really is. We do know that between 1973 and 1985, our energy use remained about the same while our gross domestic product increased by 35 percent. The steps we recommend would go a long way toward revealing our economy's true capacity for higher energy efficiency. They also would help us pay for even greater greenhouse gas reductions should the need arise. New Democrats should encourage the President to buy an insurance policy commensurate with the risks and rewards of the challenge. ♦

OFF THE SHELF

A Brief Look at New and Interesting Books

The School-to-Work Revolution

By Lynn Olson
Addison-Wesley ♦ 328 pp. ♦ $25.00

Summary: Many children lack either the skills, inclination, or encouragement to continue their schooling beyond 12th grade. Are they doomed to a lifetime of dead-end jobs and bleak economic prospects? Olson, a senior editor for the independent national newspaper *Education Week,* says there is reason for hope. Drawing on several case studies from around the nation, she describes how educators and employers are collaborating to prepare young people for jobs in a knowledge-based economy. They are doing so, Olson says, by tying schools more closely to the realities and demands of the modern workplace.

An excerpt: . . .[C]hanges in the economy require schools to reach much higher. Schools must ensure that most young people acquire the skills and knowledge once reserved for a few. They must emphasize a whole new set of skills—such as computer expertise and the ability to work in groups—that were never on their agenda. "School" may not even be the best place to teach some skills, such as how to learn in the context of work or how to use the latest high-tech equipment.

One solution is to reach beyond the boundaries of the school by creating a new relationship between schools and employers. . . . The approaches differ, yet all share common features. They use exposure to the world of work to motivate young people to learn more rigorous academics. They give young people a better sense of how to take advantage of career opportunities. They foster the work ethic and social skills that employers say they want. And they teach young people how to learn in the context of work, as they will continue to do all their lives.

POLITICAL MEMO

Continued from page 36

To meet the challenge, Blair said, New Labour and the New Democrats must "brand" our politics and "colonize" the political territory around us. By branding, Blair meant defining our politics so clearly that voters can instantly recognize and differentiate them from those of our political adversaries. By colonizing, he meant expanding and strengthening our base—holding on to our traditional allies on the left and winning over new supporters in the center.

For New Democrats, these interrelated challenges are formidable, indeed. The party discipline of Britain's parliamentary system ensures that all of Labour must act as New Labour, like it or not. But our system is different; all Democrats are not New Democrats. We have not yet cemented brand identity or captured the political territory around us, even in our own party. On welfare reform, the balanced budget, and trade—three of the most defining New Democrat issues—powerful Democratic Party interest groups and their key congressional allies have opposed President Clinton. In the United States, that is the biggest obstacle to perpetuating New Democratic politics into the next century.

If New Democrats and New Labour are to meet Blair's two challenges, we must capture the "progressive" political brand away from the old left. If ordinary voters associate our values and ideas with left-of-center politics, our movements will triumph over a bankrupt right and continue to win more voters in the political center. But if ordinary voters believe they are buying the tired ideas and excesses of the old left when they vote Democrat or Labour, they will turn once again to the Republicans and Tories as they did during most of the 1970s and 1980s.

Tony Blair has it right. If we want the new progressive movement in world politics, as symbolized by the New Democrats and New Labour, to prevail, we must win not just political power, but the battle of ideas. ♦

Al From is president of the Democratic Leadership Council.

SECURING OUR GAINS

New Democrats and New Labour Must Now Win the Battle of Ideas

BY AL FROM

I had the privilege in early November to participate in a daylong meeting on the future of center-left politics hosted by British Prime Minister Tony Blair at Chequers, the British head of government's country retreat. The seminar brought together government officials and policy analysts from both sides of the Atlantic to discuss how to advance the New Democrat and New Labour movements. First lady Hillary Rodham Clinton led the nine-person American contingent. The British group was led by Blair and Chancellor of the Exchequer Gordon Brown, one of Blair's closest allies.

Blair called the meeting to explore how New Labour and New Democrats could avert what he called the danger of winning power but not the battle of ideas. Unless we define the political territory with our ideas, he said, voters will grow disillusioned with us, just as they did with the governments we replaced.

After 12 hours of talks with our British counterparts, I'm more convinced than ever that if we press forward and consolidate our victories, the New Democrats and New Labour will shape politics across the globe well into the 21st century.

Shared Central Principles

The similarities between our movements are striking. Both were born out of frustration with repeated losses in national elections due to our parties' far-left policies. Both aimed to build a majority coalition composed of those who are in the middle class and struggling to stay there, and those who aspire to get there. Both led our parties out of the political wilderness by offering voters new, progressive ideas that rejected our parties' recent excesses but remained true to our parties' first principles.

In our opening session, Blair outlined the central principles undergirding the new center-left politics of New Labour and the New Democrats.

New Democrats and New Labour, Blair said, stand for progress and justice.

He defined our core ethic as enlightened self-interest, the concept that as citizens of a community, we have obligations to others and not just ourselves. It's what New Democrats would call the ethic of mutual responsibility.

Economically, Blair said, we stand for the concept of an enabling government. We believe that government contributes to the creation of wealth through public investments in education and infrastructure—in short, a third way that gives citizens and communities the tools they need to get ahead. We believe in fair taxes, the Prime Minister said, not tax and spend.

Socially, Blair said, we stand for the concepts of inclusion and opportunity for all. We reject the false choice between welfare that breeds dependency or no welfare at all, and instead stand for a new vision of welfare that moves people into the workforce. We believe in strengthening civic, community, and family bonds; in being tolerant of differences; and in being tough on crime.

Politically, Blair said, we stand for the concept of citizenship. We believe that government cannot do everything, and that we must develop the voluntary sector to do those things that government cannot.

Internationally, Blair said, we stand for engagement, not isolationism.

In sum, Blair's definition of the new progressive politics rests on the three cornerstones defined last year in the "New Progressive Declaration," published by the Progressive Foundation, the Democratic Leadership Council's affiliated foundation: equal opportunity, mutual responsibility, and an empowering government that equips people to solve their own problems.

Branding and Colonizing

We have a clear philosophy, and it has proved successful in recent elections for both President Clinton and Prime Minister Blair. The challenge now is to ensure that the New Democrat and New Labour movements continue to grow and prosper after these two leaders pass from the scene (in the United States, just slightly more than three years from now).

Continued on page 35

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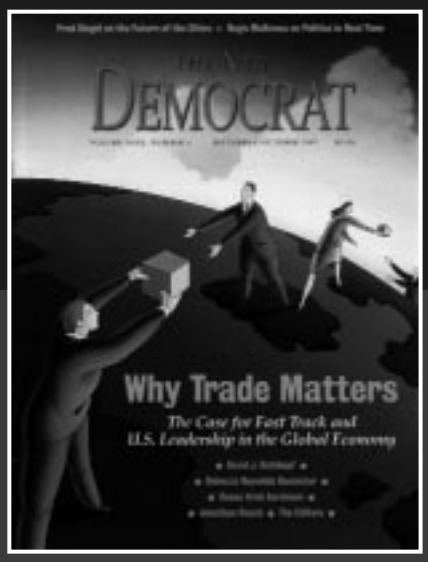

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—VICE PRESIDENT AL GORE, JULY 18, 1997

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