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REEXAMINING AMERICAN EXCEPTIONALISM

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P R O C E E D I N G S

MR. GALSTON: Ladies and gentlemen, we have a lot of important intellectual business to transact this morning so I've decided to break with tradition and begin on time. Let me introduce myself. My name is Bill Galston and I am a Senior Fellow in Governance Studies here at the Brookings Institution. I want to welcome you all to this event which is the latest in a continuing series of events sponsored by Brookings and Governance Studies. The series is called Governing Ideas and the governing idea of the Governing Ideas series is that public policy takes place within a context, takes place within a context of institutions, within a context of history, and within a context of a distinctive public culture and that unless we understand that, our policy discussions will be narrow, desiccated, and dare I say it, futile.

I cannot imagine a more appropriate book to feature in this series than the book that is before us today, a book that dedicates itself to a huge task of "Reexamining American Exceptionalism. This is an extraordinary book assembled and written by extraordinary scholars about an exceptional nation.

Let me make it clear that exceptional does not mean superior, contrary to what many Americans believe, and contrary to what many non-Americans believe we believe. Rather, exceptional means different. It means an instance that breaks with a general pattern. Let me give you the most familiar example of that. A century ago the famous sociologist Max Weber hypothesized that with the progress of modernization would come a steady increase in secularization. As everybody knows, he was mostly right about Europe and mostly wrong about the United States, and the question or a question is why? What does that mean? There are dozens and dozens of examples like that not all of them so dramatic, but all of them significant. It is these phenomena that this book explores.

Americans are famous rightly so for not understanding other nations, a lack of understanding that often has practical consequences. It is less well known but equally true that other nations don't understand the United States very well either. Tocqueville's book "Democracy in

America" has instructed generations of Americans in their polity, but if you look at Tocqueville's forward and introduction it was clearly designed to explain America to the French and more broadly to Europeans. It was written about America, but its target audience was overseas. This volume I think will serve to explain us to ourselves but also to the extent that these essays receive the attention they deserve, will explain us to the rest of the world as well.

Let me briefly tell you what the order of events will be for the next couple of hours. First, the co-editors of this volume, James Q. Wilson and Peter Schuck will offer a general introduction to their venture helping to frame the discussion. Then there will be two panels each with two panelists. After the general introductions are over the panelists from panel one will come up to the stage and they will if they wish deliver their opening comments from the microphone and then sit down and strap themselves in with the lavalier microphones for about 15 minutes of questions and answers. We will then repeat the process with panel two, and if there's time left over at the end, we can have a free-for-all. So without further ado, James Q. Wilson and Peter Schuck.

MR. WILSON: Thank you, Bill, and thank you ladies and gentlemen for attending. Bill mentioned Alexis de Tocqueville about whom everyone in this room is familiar. He commented on America being

exceptional because we had a general equality of condition. By equality of condition he of course did not mean we all earned the same amount of money, he meant that we are free from the burdens of having a landed aristocracy and he tried to explain the consequences of that fact for his European and French colleagues.

We can also think of other people who remarked nicely about us, Hector St. John de Crevecoeur for example wrote "The Notes of an American Farmer" and he was born in France, so we can take some pride in that. He was born in France but he lived almost his entire life in the United States and he married an American women, and so he was a Frenchman in name only. More recently, Seymour Martin Lipset, the late great sociologist published a book entitled "American Exceptionalism" in which he talked about the cultural differences between the United States and the rest of the world.

What I'd like to do is give you some data which those of you in the soc-side biz can regard as the dependent variables which are efforts and attempts to explain. You all recall the book edited by Andrew Kohut and Bruce Stokes based on the Pew surveys internationally. Let me highlight some of the central findings from that book as they describe the differences between the United States and Europe.

Three-fourths of all Americans feel proud of their country. That is true of only one-third of all Frenchmen, one-third of all Italians, one-third of all Germans, and one-third of all Japanese. Over half of all Americans think that freedom for individuals is more important than having a government safety net, but that is only true of one-third of all Europeans. Two-thirds of all Americans think success in life is the result of their own efforts, but only one-third of Europeans agree. They think success in their life is the result of forces over which they have no control. As I remarked yesterday at another meeting that Peter and I were attending, the only group in the United States that has a similar sense of despondency attributing their success to forces over which they have no control are juvenile delinquents. I don't mean to complain that the Europeans are headed toward delinquency but simply to highlight that this is a rather dramatic difference in their perceptions.

Half of all Americans think belief in God is essential to morality. That is true of only one-third of all Europeans, and the actual number in Europe is likely to be much smaller. Whereas 40 percent of Americans go to church or synagogue once a week, only 5 percent of the French go to church once a week, only 6 percent of the British, only 7 percent of the Danes. Even in overwhelmingly Catholic Italy, Spain and

Ireland, the proportion of children who are born out of wedlock has been rising dramatically.

Half of all Americans think that economic competition is good for the country. That is true of only one-third of all Frenchmen and Spaniards. Sixty percent of Americans but only 20 percent of Germans think children should be taught the value of hard work, and not only are we taught the value of hard work, we in fact work harder so that the teaching makes some difference a fact that will encourage parents who have been trying to teach their children to work when they realize that the teaching for reasons we do not quite understand seems to have an impact.

If you look at the totality of the Pew survey results you will encounter the fact that opinions abroad of the United States have declined rapidly over the last several years. Much of that decline is the result of the war in Iraq and the unpopularity abroad as is the unpopularity here at home of President George W. Bush. But the decline in opinion also refers not simply to our government or to our leaders or to the war in Iraq, but also to the people of the United States. We are less popular as individuals than we once were in almost every large country but with two exceptions. We are rising in popularity in India and Russia.

This old story about European hostility toward America has ancient roots. De Paul the Prussian remarked in the 18th century that

having visited the United States he was struck by the fact that here dogs lose the ability to bark because everything in America suffers from degeneration of monstrosity. Abbe Ranal the French scholar said no one in America can hope that they will ever produce a poet or a mathematician. The notorious German racist Gubono said the America we know will allow the Aryan race to degenerate. Friedrich Nietzsche said that America produces "spiritual emptiness." Heidegger said America is a catastrophe. And Sigmund Freud right after his famous lectures at Clark University which made him a figure of iconic significant in this country and began the tradition of psychoanalytic therapy said "America is a great mistake."

Those were the elite views and they go back for several centuries and these elite views that you encounter in France can be paralleled by some similar elite views here. If you want to encounter them, read the reports written right after 9/11 by Noam Chomsky, Gore Vidal, Susan Sontag, and Eric Foner, who said either that we got what we deserved or they were delighted that we got what we deserved.

But these views have now spread beyond elites to ordinary people abroad and to some extent toward ordinary people at home. The reasons they spread it seems to me differ by the kind of country about which we are speaking. It may be in this case that they spread in this

country because of the spread of postmodernist and anti-free speech and anti-enlightenment thought that is encouraged in some people by modern postgraduate education. It may be that it declines abroad in part because the Muslim world doesn't like us for obvious reasons and that because the ordinary person thinks that we are a superpower with great global ambitions that left unchecked will make life miserable for them. Whatever the reasons are, I think you can summarize the European view of us as follows. We are a strange combination of Paris Hilton, Pat Robertson, and the robber barons. Indeed, we are those three things in combination, but we are also the combination of many other things, brave Marines, remarkable economic entrepreneurs, extraordinary inventors, and a remarkably high standard of living. So one of the tasks of this book and the essays we commissioned to fill out the book from people such as Martha and Don and Peter and many other scholars is to try to explain how a country that is known for Paris Hilton or Pat Robertson and the robber barons can also do so many other remarkable things. To give you an overview of what we found, let me turn to my colleague and co-editor Peter Schuck.

MR. SCHUCK: Thank you all for coming. We hope that you will agree that the book is worth the effort certainly of your coming but also of our toiling over it for several years.

What I'd like to do is to explain the conception of the book and how we hope to implement that conception. We sought to answer two questions. The first question is, What is the state of the United States in 2008? In order to answer that question, we decided to ask our contributors to analyze the data of which they are masters and mistresses as the case may be in their fields and to focus on what the leading developments are, the leading trends are, and also to clarify the underlying policy issues or institutional challenges and then to suggest what the future may hold. We did not attempt to emphasize policy prescriptions though some are implicit I suppose in the analyses. In terms of selecting our contributors, we simply asked the question who knows the most about this particular topic and we recruited them. So we have a stellar cast of contributors including many associated with Brookings.

We addressed three kinds of questions. The first is institutional characteristics of American society. The second is certain policy areas that we hoped to illuminate. And the third was to identify important cultural patterns in the United States. So we have three chapters on culture for example, one on political culture by Nelson Polsby to whom the book is dedicated who was a great intellectual force and personal force in many of our lives and I suppose many people in this audience would feel the same way if they knew him. We have a chapter

on popular culture by Martha Balis and we have a chapter written by Yosef Yalfe who is a leading journalist in Germany who is also a leading commentator and student of American life and has written extensively about the United States and teaches at Stanford about American topics. So we have about 20 chapters plus an introduction and a looking back chapter devoted to these institutions, public policy areas and cultural patterns. That was our first. We wanted to know what America really is today, not what it was, but what it is today.

Secondly, and in some ways we think this is our greatest contribution, we asked each of the authors to consider the extent to which America diverges from modern liberal wealthy democracies in Western Europe, in Japan, and in other places, with respect to each of these institutions, public policies and cultural patterns. The objective in our mind was to address the ancient question with which Jim began and raised by Tocqueville as to the sources of American exceptionalism. We wanted to see to what extent is the United States still exceptional today, and more important perhaps, in what very, very precise ways, in what institutional features, in what policy approaches and definition of issues and in what cultural themes is the United States exceptional. Only then we thought can one truly understand and perhaps answer the question about American exceptionalism. Only American exceptionalism in the small in

each of these areas would enable us to come to some conclusion about American exceptionalism in the large and the exceptionalism to date has always been conducted at a fairly high level of generality with wonderful contributions by Seymour Martin Lipset among others but focused largely on questions like the lack of a strong socialist movement in the United States, the lack of a worker's party, the existence of frontier and so on. So we tried to bring that exceptionalism question down to earth to some extent.

We were animated to some extent by the perception that there is no such book about the United States nor really has there ever been a book that attempted to take this both comprehensive and microscopic view of the United States and ask the kinds of questions that we asked our contributors to address. We made a decision at the outset not to include chapters on foreign policy or national security. We do have an issue on the military but we felt we had enough on our plate, and the thickness of the book attests to the fact that that was probably a wise decision.

What assumptions other than the ones that I've just mentioned guided us? The first was that the stakes in understanding the United States today are very, very high, never higher. We are, to use several clichés, the 800-pound gorilla in the room like it or not. When the

United States gets a cold the rest of the world sneezes. When it gets an itch the rest of the world scratches, and one sees this constantly on the front pages of the daily newspaper. For better or for ill, what America does really matters to other countries and to their people however remote and obscure they may be.

Secondly, we thought that there's enormous ignorance about the United States and ignorance not confined by any means to those abroad, but Americans, and indeed well-educated Americans. I think the number of surprises that one encounters in reading the chapters of this book will suggest that even those of us in this room who think we know our subject rather well will find that in some respects we don't know it very well at all. What we thought we knew wasn't true, and in any event, what we know that is true can be understood in a variety of different ways that the data can illuminate.

We also of course were concerned with the foreign audience and Jim has already suggested the variety of ways and the long periods of time over which foreigners have shaken their heads in bewilderment and disbelief and sometimes disgust at the United States, so we feel that there's a natural outlet for these sorts of analyses abroad as well. We also thought that social science and data analysis could if not dispelling the disagreements about American institutions and American public policies

and cultural crises could at least narrow disputes over the basic facts and identify and crystallize the key issues that need to be resolved on a normative basis, and we hope that we succeed in that respect.

Just let me suggest some of the cross-cutting themes that emerged from the chapters. We summarized this in the final chapter but lots of examples could be drawn, and in the final chapter some are drawn to illustrate the findings that yield these insights. At some level of generality we're no doubt familiar with some of them, but of course God is in the details and the chapters provide an understanding of what these generalizations that I'm about to utter actually mean.

We identified seven cross-cutting themes that the analyses in the book bring to the fore. The first has to do with culture, the culture of patriotism which is quite exceptional as Jim mentioned in his introductory remarks, the culture of individualism, again some of the data that he mentioned illustrate that, and the individual commitments of Americans are quite apparent in a wide variety of institutional settings and public policy domains, and again the chapters illustrate these.

The religiosity of Americans really pervades the analyses of very many of these chapters often in surprising ways. For example, the chapter on demography suggests that as many of us suspected the United States is quite exceptional with respect to fertility, and indeed among

Western nations, we are the only leading industrial nation that has replacement rate fertility and the declines in fertility among our Western friends, and also in Japan and elsewhere, is dismayingly low, dismaying in the sense that those societies are going to age very quickly and face serious crises in terms of their social programs and other institutions. It turns out, although this is somewhat speculative, that one finds a certain optimism resulting from America's commitment to religion, again sort of hinted at in some of the data that Jim mentioned, that probably, although again this is somewhat speculative, accounts or the fact that Americans continue to bring children into the world at a much higher rate than other democratic peoples. There are other reasons probably as well, but my point only at this point is to suggest that the religiosity of American life does have impacts in areas that are far removed from church attendance. Then the last cultural pattern that I'll mention is of course the suspicion of government that Americans harbor, a very deep suspicion, which accounts for many, many features of American public life and public policy.

A second theme has to do with constitutionalism, not that we're the only Western nation or democracy with a constitution but, rather, that our constitution has some strikingly distinctive features, one having to do with the structure of government, another having to do with the

emphasis on rights, on adversarial relationships vis-à-vis government, the definition of rights in terms of individual claims rather than social claims, the decentralization that is very pronounced in American life and that Martha Derthick will discuss a bit later, and so forth.

The third pattern has to do with the nature of our economy and the kind of animal spirits to coin a phrase that animates that economy. A wonderful chapter by Ben Friedman from Harvard tells us that there is no other economy in the world that has created such a sustained level of prosperity and standard of living particularly over the last 25 years or so during which there have been only two recessions of relatively ephemeral nature, hopefully if we enter one how, it has not officially been declared yet, this too will be relatively short. And that the economy is characterized by very competitive, innovative, and commercialized aspects that account for a great deal of American life both for good and for ill.

A fourth theme is diversity. I'm going to talk about that a little bit later in conjunction with the topic of immigration, but suffice it to say that there is a no more diverse country in the world ethnically and religiously with the possible exception of India and that we have managed in extraordinarily important ways and ways that I think ought to be considered by newly diverse nations in integrating newcomers into our society. The diversity by the way is also true of our religious experience

as is decentralization. As the chapter by Bob Withno on religion emphasizes, we are not only the most religious of Western societies, we are also the most religiously diverse and the most religiously decentralized. Indeed, even the American Catholic Church which is as hierarchical as churches get in the American setting has become liberalized and much more localized in its administration and authority.

The fifth theme has to do with civil society. Again we have a wonderful chapter from Arthur Brooks of the Maxwell School discussing philanthropy and the nonprofit sector with extraordinarily interesting data coming from his very recent books one of which was just published this week about the extent to which Americans organize their lives in voluntary institutions and conduct many, many activities that elsewhere are performed by government through private arrangements many of which are religiously driven.

Sixth, the distinctive nature of the welfare state among modern wealthy democracies. We are termed usually disparagingly as a welfare laggard and our chapter by Ron Haskins and Gary Burtless of the Brookings Institution explain that that's a bit of an oversimplification if one considers the variety of ways including immense private philanthropy in which poor people are provisioned in the United States. Of course, the

nature of our welfare state is causally a very complex phenomenon and that's explored in a number of the chapters.

Finally, demography, the remarkable distinctiveness of American society in terms of its fertility patterns. This has something that has always been true. Benjamin Franklin in fact referred to the future of the United States as the great American multiplication table and that has proved to be a very enduring feature of our society in contrast with other liberal democracies that I mentioned a moment ago.

The last point I'll make is that although many of our observations may seem to be upbeat and indeed are upbeat, and I think the spirit of the book by and large is upbeat, we asked our contributors to also identify the problem areas and the failures and the challenges that lie ahead and the chapters do that. Some of them are very deeply alarming developments particularly with respect to family patterns and with respect to the underclass, the reduced socioeconomic mobility that Haskins and Burtless will discuss later on, a deeply polarized electorate, I'll stop with this, a popular culture that is at once extraordinarily imaginative and creative and at the same time utterly debased in many of its manifestations. Thank you.

MR. GALSTON: Thank you, Jim and Peter for getting us off to such a splendid start. As for the rest of you, you have your Cliff Notes,

but that's no reason not to buy the book. With that brief advertisement, let me call our first panelists, Martha Derthick and Don Kettl, up and while they're moving up to the stage I will give them very brief introductions. You all have the long form in the handouts and so I'll simply say that Martha Derthick retired from the faculty of the University of Virginia after teaching there for many years, and prior to that she spent 12 years here, the last five of them as Director of Governmental Studies, so this is in the nature of a homecoming, and welcome home, Martha.

And Don Kettl is the Fox Leadership Professor at the University of Pennsylvania where he is Director of the Fels Institute of Government as well as professor of political science. Martha is going to talk to us about American federalism and Don about American bureaucracy. They will each have 15 minutes and I will flash a sign with the number 5 on it when they have 5 minutes left, and the other side of the sign with the letter T on it which means time's up when time is up. Without further ado, Martha Derthick.

MS. DERTHICK: Thank you, Bill, and thank you Jim and Peter for inviting me participate in this admirable project, and thank you all for coming today.

My assignment from Bill I understood to be 10 to 15 minutes on American federalism or maybe this is the break I've been waiting for. I

have spent four decades more or less trying to explain American federalism at length without much success and I'm hoping that concentration is key. I'm going to deliver not new information about American federalism, but old and even obvious information in I hope a short compass.

The U.S. has a federal form of government which per se which makes it moderately distinctive. The "Handbook of Federal Countries" published the Forum of Federations in 2002 contained only 25 such countries and some of these were distinctly minor, Comoros, if I'm pronouncing that right, i.e., also known as the Federal Islamic Republic of the Comoros, the Federated States of Micronesia, and Saint Kitts and Nevis. A federal government, to go back to the basics, is one in which powers our divided between one encompassing nationwide government and any number of regional or subnational governments such that both types of government are constitutionally protected. Most have written constitutions, though some get by with documents called charters. In any case, I think it's fair to say that no member of a federation can be abolished by ordinary law. Congress, however much some members of it might like to, can't just pass a law doing away with California say by making two states of it or maybe even more.

As a federation I take the United States to be distinguished in a couple of ways at least. One is by the sheer number of component governments. Fifty states is a large number. It compares with 31 states in Mexico, 28 in India, 26 cantons in Switzerland, 22 provinces in Argentina, 17 autonomous communities in Spain, 16 Lander in Germany, 10 provinces in Canada, 9 in Austria, 6 in Australia, and this is not to mention also the many thousands of local governments and special districts that we have. So we're suspicious of government, as Peter said we don't like it and our response is to have a lot of them broken up into lots of pieces.

The second feature, a little less clear but one I think is the case that is prevalent is the lack of a durable and clear set of constitutional principles to govern relations among components of the federation. My sense of many other federations or at least those of continental Europe such as Germany and Austria is that there are clear constitutional norms that regulate allocation of functions and of revenues. Canada which is threatened periodically with dissolution has had to spell out the special status of Quebec.

In the United States, fundamental principles have been enunciated without being honored. Madison tells us in "Federalist Thirty-Nine" that the jurisdiction of the national government extends to certain objects only and leaves to the several states a residual and inviolable

sovereignty over all other objects. This principle was expressly incorporated in the Tenth Amendment to the Constitution which says that the powers not delegated to the United States by the Constitution nor prohibited by it to the states are reserved to the states respectively or to the people. But as Walter Burns observed some time ago in a penetrating essay, the Tenth Amendment is an accessory to interpretation of the Constitution rather than a rule of law. And in *U.S. v. Darby*, a Supreme Court case in 1941, Justice Stone dismissed it rather erroneously and what a truism. The powers of the federal government may be effectively limited vis-à-vis individuals, this is a nation of rights, but they're not limited vis-à-vis the state governments.

One might argue that if not in the Constitution itself, durable principles can be found in the decisions of the Supreme Court which is sometimes called the umpire of the federal system. The Supreme Court to be sure renders many decision on federalism and one can find in its opinions attempts to enunciate enduring principles, but one can also find many revisions and even outright reversals of such attempts. I might add that trying to get a handle on American federalism in this way, that is, by reading opinions of the Supreme Court, is harder work than most of us want to do, and even if consciously done would give a very incomplete picture of the day-to-day working of American federalism.

If one can't identify enduring principles, can one at least find solid empirical truths about our experience of federalism? Here I think the answer is yes, though I have some continuing debate with my fellow federalism junkie Dick Nathan about this. I see centralization as the dominant secular trend, Dick sees a cyclical pattern, but anyway I'm here and Dick isn't except in spirit I must say. I think one could safely say that historically the American federal system has been bottom heavy. By this I mean not just that the states prior to the Civil War asserted a claim to a separate sovereignty, less obviously I mean that American government was for a long time predominantly local government. Local governments were from the outset understood to be creatures of state governments without claim to sovereignty as they functioned with a framework of state constitutions, state law, the decisions of state courts, but for a long time they weren't closely supervised by the states. In the chapter I quote Woodrow Wilson as follows writing in 1898, "Our local areas are not governed. They act for themselves. The large freedom of action and broad scope of function given to local authorities is the distinguishing characteristic of the American system of government." At the turn of the century, that is, the 19th to the 20th, local governments were raising more revenue, doing more spending, and had more debt than the federal and state governments combined. In 1902, the debt of local governments at

$1.8 billion was eight times that of state governments and $700 million greater than that of the federal government. This situation was slow to change even as state governments assumed more financial and supervisory functions in the 20th century.

Second, I think one could just as safely say that the secular historical trend has been toward greater centralization both as between local and state governments and between both of them and the federal government. Arguably the system remains bottom heavy. State and local governments employ 18 million workers, 1 out of every 7 workers in the United States, and seven times as many civilian workers as the federal government employs. State and local governments collectively spend more on direct domestic services than the federal government, $2.3 trillion in fiscal year 2004. If governments were corporations, every state and 21 local governments would be in the Fortune 500. These are factoids I owe to Dick Nathan my fellow federalism junkie. We're back and forth on this subject all the time by email.

In elementary and secondary education, a critical function and a big employer, state spending did not pass local spending until the 1970s, and federal spending as of 2002-2003 was only 9 percent of the total. But on top of the local governments, an immense superstructure of state and federal government has risen either to perform functions

themselves or to constrain or attempt to dictate what governments at the bottom do. The legislature and the courts of the federal government intervene at will in what state and local governments do using a variety of techniques that keep multiplying and being elaborated, a process that began a long time ago and took a great leap forward in the 1960s with the civil rights and environmental revolutions and passage of federal aid to education. There isn't time to explain the techniques, but the names of the major ones will be familiar, preemption, grants and aid with conditions, judicial rulings that no longer stop as they once did with prohibitions on state actions found to be unconstitutional but which now routinely extend to affirmative commands; state and local governments which once were immune from regulation applied to private organizations are now routinely subjected to the same types of regulations.

The third general point, I think a truth, despite the steady and sometimes quite rapid advance of centralization and despite repeated claims dating from anti-federalist tracts at the founding down to our own time, federalism doesn't die or at least state and local governments don't die as the employment and spending figures show. So how can one characterize the federal form of government that we have? If one were to search for a single phrase, I think it would be hard to improve on that used by James Madison going into the Constitutional Convention. He wrote to

Edmund Randolph, "Let it be tried whether any middle ground can be taken which will at once support a due supremacy of the national authority and leave in force the local authorities so far as they can be subordinately useful." Subordinately useful. Let that settle in a moment. What we have is a system in which the states and localities are subordinately useful to the federal government, but to say that is not to trivialize them. Utility matters. They do much of the work of governing in this country as the spending and employment statistics only begin to suggest. Another simple statistic which appears in the chapter is also pertinent. This one I owe to Shep Melnick. As of 1992, the U.S. had 511,039 popularly elected officials of whom only 542 were federal officials. About 19,000 were elected at the state level and the rest locally. This tells us that almost all political careers in the United States start at the state and local level, much of our electoral politics including selection of a president is conducted at the state level as I hardly need remind people who have been waiting a long time for the results of the Pennsylvania Primary. And it's not just administration and politics that are grounded in states and localities. To a surprising degree, policymaking takes place there as well. States are often described as laboratories of experiment. This has become a trite phase, but it also a true one. Rarely is Congress the first legislature on the block to do anything. Take for example the regime of

testing and accountability that is now afflicting our schools. No Child Left Behind is a climatic event, not the first step. The first steps came from state governments.

Is this a good system? If you value transparency, the ability to comprehend government which the Founders did value, it's really bad. It's very hard to pin down who is responsible for what government does because so many governments are involved, involved in ways that are not visible, not comprehensible to the ordinary mortal. But if you value accessibility in a different sense, as openness to a variety of interests, policy initiatives, officeholders, other practitioners of politics, it looks much better. It's really hard to imagine the United States with a unitary form of government and I don't think any sober student of American government would actually want that. One close look at the politics of the nation's capital is enough to make a person grateful I think for the still somewhat decentralized system that the Founders wrought. Thank you.

MR. KETTL: My chapter is about federalism and I think I have the distinction of having the only chapter whose title is a dirty word at least here in the United States. Bureaucracy is something that people universally complain and condemn. Bureaucratic is something that is a complaint usually applied to governmental organizations. In fact, the National Archives had for a long time sold souvenirs that were actual

pieces of red tape that were cut from documents that were used after the Civil War to tie up veteran's benefits documents. So when you look at the United States and look at bureaucracy and you look at what it is that's distinctive about it, the first and the most important piece about it is that people don't much like it and that in itself is what is most distinctive about bureaucracy in the United States.

When you look at people in other countries and they look back at the United States and look at what it is that we do and how we do it when it comes to bureaucracy, the thing that overwhelmingly strikes an observer from elsewhere is the fact that in other countries bureaucracy is seem simply as a utility of government and not as this pejorative that has to be condemned, criticized, limited, and somehow leashed. That's the central part of the problem.

If you go back in fact and look carefully at the Federalist Papers, Hamilton has this wonderful piece where he writes about the judiciary and calls the judiciary the least dangerous branch of American government. Since he was Hamilton, he didn't point what everybody viewed was the most dangerous branch which was clearly the executive and the part of the executive that worried everybody most was the bureaucracy and the reason why they worried most about the bureaucracy was that was why it is they fought the revolution against the British crown.

So part of the reason why bureaucracy has been a dirty word from the beginning in the United States is that after all we fought a revolution to get British bureaucracy out of here, and the last thing we wanted to do was to create one of our own just like it. So the problem from the beginning in the United States was how to make sure that no matter what else we did, we didn't fall into the trap that led us to cause revolution to begin with. But on the other hand we've had this problem of trying to figure out from the very beginning how to get government's work done. There has been this wonderful special series on HBO on John Adams all of which is trying to figure out now that we've gotten the revolution out of the way, what do we do with the country we've created. How do we get a government that's strong enough to be able to do what we want to do? So the basic problem and the one that lies at the core of bureaucracy in the United States is that on the one hand it's clear that they viewed the Executive Branch as the most dangerous branch and the most dangerous part of the Executive Branch was the Executive Branch, but if you read carefully what the Founders wrote about it, they didn't write or think or at least talk much openly about it because to do so was in itself revolutionary, was to risk more revolution because they couldn't agree on what they wanted government to do. So the easiest was to debate, to fight but not to be very clear about it and so in many ways the bureaucracy is that great

piece of amoeba of American government that goes in the nooks and crannies of American government but always a little bit further than anybody is really comfortable with.

On the other hand, and following on the theme that Martha suggested, we have this incredible fragmentation of American bureaucracy as well that's sliced and diced in so many thin ways that it's very difficult often for bureaucracy to do anything well because power itself is not consolidated very clearly. So we've created a system where we didn't want bureaucracy to be consolidated because that would be way too dangerous and incredibly scary, but that the problem of creating a government with a bureaucracy that was so fragmented constantly poses problem of performance in America government. So that in the end is why it is that the chapter that I have that's based on a dirty word, we end up trying to find some way of struggling with the basic challenge of making government work.

Not too far from where I live in Philadelphia is a very nice building that's incredibly underused. It's the building for the Second Bank of the United States which makes this point about as well as anything possibly could be. First it was the Second Bank of the United States because the First Bank of the United States which had been established, that of Hamilton's strong arguments collapsed because everybody said

this is way too powerful, we don't like the idea of having financial power that concentrated in government's hands, let's close it down until we discovered that we needed something to replace it, to have a national bank of some kind, which was created in 1816. They built a really very nice building something like a smaller version of the Supreme Court just a block or two away from Independence Hall centered in Philadelphia to become the center of financial power which itself created the basis of its downfall back in 1833, and so now we've got this incredible building that is beautiful and which nobody knows quite what to do with because it represents this thing about a power that we weren't sure we wanted government to have and once we have it we weren't sure that we wanted to keep it but once we decided to do away with it we decided we needed it all over again.

We have this constant problem of the dilemmas that lie at the core of American bureaucracy. The basic problem is how do we empower bureaucracy without making it so powerful that we can't keep it accountable? How do we make sure that we keep it accountable without making sure that our efforts at accountability don't render it impotent when we want it to do something? One of the things that is a constant frustration for those in other fields who read what it is that people in bureaucracy write about is the difficulty of dealing with these constant

tradeoffs and dilemmas where there don't seem to very clear answers, and the reason, and this is clearly is part of American exceptionalism when it deals with bureaucracy, is we've done it to ourselves because we don't know what it is that we want or at least we can't reach a lasting peace on this balance of power between a government strong enough to be effective but an effectiveness so strong that it risks liberty, and that goes way back to the beginning and continues today.

How does this affect the way in which bureaucracy actually operates in the United States? In fact, if you look at it, there are a couple of things that are important here. One is that we create a bureaucracy that has only the power that is exercised and given explicitly by law. This is peculiarly an American formulation where instead of creating a bureaucracy strong enough, bureaucracy starts with power inherently limited. What this means is that when we go through these periodic processes where the government runs out of money because Congress and the president can't agree on how to establish a new budget, we've got to close everything down and the reason why is there's something called the Anti-Deficiency Act that forbids anybody from working if there's not money appropriated to pay for their labor. A perfectly fine point, but what it means is we go through the charade of everybody marching in, going to work, everybody's got to go home and shut the government down because

there's not sufficient money. But the other piece of it also has to do with the fact that government employees are actually not only not allowed to do anything that the law doesn't explicitly allow, but on the other hand they're required to do what it is that the law requires. That's a constant source of battle in the Environmental Protection Agency now especially in the Bush administration where people are fighting in court to argue that EPA is not living up the responsibilities that Congress has explicitly given to it. So we have this problem of trying to figure out how we set the boundaries around the action where the bureaucracy can't do what it is that Congress hasn't said, but on the other hand bureaucracy must do what it is that Congress mandates.

We have this policy administration dichotomy which is very peculiarly American where we said the way around this problem is that we will create a policymaking apparatus that will decide what it is that we want things to do and separate that from the carrying out of policy which in theoretical terms very nicely solves all of these problems once and for all because it means that policymakers will make policy, administrators will carry it out and never the twain shall meet except of course there's no possibility of any kind of division that makes any sense. So we even in theoretical terms continue this dilemma that's founded on the core of our problem. So we have this problem of limits that in the end creates limits

on power more effectively than it does empower the ability of government to act.

That gets into the second point which has to do with the nature of the politics itself and we create in many ways an image of our political balance-of-power system in the bureaucracy itself. There is one great anecdote that really captures this well. Back during the Clinton administration I visited the office of one of the members of the cabinet and in a hideaway office of this cabinet secretary whose name shall be kept confidential for reasons that will be obvious, there was a nice little hideaway office and in the hideaway office was a treadmill and the treadmill was facing the dome of the Capitol which it seems to me is the best possible metaphor for the job of a cabinet secretary. The job was is the secretary trying to stay in shape, getting on the treadmill, looking at the Capitol dome and running endlessly never quite getting there with a back to the White House. If you think about it in terms of capturing the way in which the bureaucracy operates which is often thought of as being part of the president's apparatus but which in part is the mirror of the way in which Congress has created it, there's noting that better captures the difficulty that bureaucracy sits in the peculiarly American system of having this conflicting set of political pressures where the focus of its action is

never exactly clear and where bureaucratic leaders can never quite get there.

The third thing that we need to talk about is the changing tactics of the federal government in particular and the way in which bureaucracy operates. American government is distinctive not only in the fact that it creates this weird sets of limits on policy but also in the way in which it's the mirror image of the fragmentation of political power, but also in the way in which American bureaucracy is fragmented and relies increasingly on not only intergovernmental actors but also the private sector for getting the job done. Two points. The first is that there actually are now more government contractors in Iraq than there are members of the armed forces, that in fact one of the ways that the war would have been over a long time ago is if we had just fought this war like we fought previous ways. If we had to draft or recruit twice as many members of the armed forces to go fight the war in Iraq, American support for it would have diminished ages ago. The only thing that's been able to sustain the war is our enormous privatization of the support effort. My favorite single statistic about the federal government is that the number of people who work for the federal Centers for Medicare and Medicaid Services is 4,000 who manage 20 percent of the entire federal budget. One-half of 1 percent of all federal employees leverage 20 percent of all federal

spending. How does this happen? It happens through this incredible network of federal, state, and local, public, private, and nonprofit partnerships that are responsible for the administration of Medicare and Medicaid programs that have to do with health care for the poor and for the elderly in America which tells you a lot about the way in which bureaucracy increasingly operates.

One of the basic questions in fact is whether or not there's a convergence around the world of whether or not more European countries in particular are becoming more like us with our reliance on private contractors. The answer is that the Europeans on the one hand don't like to admit anything like this could possibly be going on, on the other hand there's some suspicion that in fact this kind of government by proxy in third-party governments increasingly becoming part of the way in which European bureaucracies operate as well, but for the time being at least, American government is clearly different from the rest of the world because of its reliance on these pieces. So if you think about what it is that really makes American bureaucracy different, it's first of all the fact that it's a dirty word here, where it is not in many other countries of the world, where we have these extraordinary limits on bureaucratic power to make sure that power never gets out of control. It’s a reflection of the political system and the separation of powers that we’ve created.

It is a system that is both highly fragmented and where administrative responsibilities are shared to an extraordinary degree with state and local governments and with the private sector and where –- and here's where the big issue comes and the big problem comes in –- where the difficulty of managing government programs effectively is increasingly complex and difficult. Ensuring high levels of government performance is hard. Making sure we don't end up with Katrina-style debacles, in short, is increasingly difficult because we've created a system that's designed to make sure that we never create the possibility of another kinglike set of centralized power. But, in the process of doing that, we've, in many ways, made it hard to make government work effectively as well.

Nobody wants to go back and create a king and create such centralized bureaucracy that we won't have that kind of a problem, but on the other hand our central problem is trying to figure out how it is we can make sure that Katrina-like disasters don't recur, how we make sure that Medicare and Medicaid programs work effectively, how we make sure that we have an effective attack on global warming and that we make sure that American Airlines stays in the skies because we don't end up having a contracting out process of maintenance that ends up putting spacers on electric cables that are just a quarter of an inch too large and grounds an entire fleet.

It's a matter of trying to make sure how we import dog food that's safe from China and how we make sure that the electronics we export to Europe is material that actually will work safely, how we make sure that cell phones don't ignite in our pockets and how we make sure that the spinach that we eat is safe.

We have this increasing challenge of demands by the government and demands on government by citizens for services that, in fact, are effective, met with the challenge of making sure that we don't make government too powerful because we know where that can lead.

We have this dilemma of this second bank of the United States that still sits there, a kind of nice building but in a state of somewhat disrepair, that is a reflection of the challenges we had in the past, that is now met by our effort to try to deal with mortgage meltdown by saying what we need to do is to make sure its successor, the Federal Reserve, now has control over increasingly amounts of the financial system, so we make sure that never happens again.

We continue to fight through the same kinds of tradeoffs and never fully resolve them because so many of these things are rooted so deeply in the core of American politics.

Thanks much.

MR. GALSTON: Well, while our panelists strap themselves into

their lavalier mics, there are people with handheld microphones circulating, I believe, to help your questions to be audible not only to the panelists but to the rest of the audience.

So, who has the first question?

Amazing.

MR. KETTL: Your capsule version did say it all.

MR. GALSTON: Yes, sir.

I'm sorry. Where are the roving mics? Excellent.

This gentleman right here in the blue shirt. Thank you and if you would identify yourself, please.

QUESTIONER: Yes. Jack Coffee, retired State Department.

As a veteran bureaucrat, I just want to offer the observation that at one and the same time, my most exasperating and gratifying experiences were in the area of interagency cooperation in government. The need for interagency clearance, agreement to move measures, policies, at its all too common worst, it just strangles the most modest measures in the cradle. At its best, on the other hand, it prevents big errors, big mistakes. The most egregious recent example would be the policymaking running up to the Iraq War, which avoided the traditional interagency process altogether.

MR. KETTL: That's a good question that really raises two things.

One is this process of how hard it is to get coordination to get anything done. This is something that, in fact, as you talk to people in other countries, they look and see increasing as a problem of their own. The problem of stovepipes and all the other different metaphors of getting successful coordination among different agencies is something that all governments everywhere are wrestling with.

The challenge that's particular about the United States is the one that you point out. On the one hand, do we risk being crippled in our ability to be able to respond quickly enough to big problems by the fact that it's so hard to get the politics of the system to align with the administrative things that we're asking of the system to do?

On the other hand, when we say, okay, we just don't have the time for this and we bypass this, do we run the risk of creating the very kinds of debacles that you talk about the War in Iraq?

As I said, one of the things that frustrates and infuriates people who listen to people about bureaucracy talk is this constant set of tradeoffs, but it really is this mirror of the American separation of powers system that really is the core of all this stuff. We think about bureaucracy as something that is an instrumental tool. It's really a mirror held up against the political system of the United States itself.

MR. GALSTON: Yes, sir, that gentleman right there.

QUESTIONER: Thank you. I'm David Birenbaum from the Woodrow Wilson Center.

I'm not sure whether either of you consider the issue, particularly Martha, of separation of powers. That's not obviously the same as federalism, but it is American. It's an instance, surely, or feature of our government that is exceptional, at least in my experience. I don't know of another country that has a separation of powers system such as we do.

MR. GALSTON: If you could speak up just a little bit.

QUESTIONER: Oh, I'm sorry. I was asking about separation of powers particularly in relation to federalism. Is that something you considered in your chapter?

MS. DERTHICK: I didn't have to consider it in the chapter. I'm sure. I assume in Nelson Polsby's essay or somewhere in the book, separation of powers is addressed.

QUESTIONER: I see, because it surely is, at least in my experience, an exceptional feature of our system. I don't know of another country that has a separation of powers system quite equivalent to ours, and very little is understood about it in other countries. I just wondered whether anybody has addressed that subject in the book.

MR. GALSTON: The co-editors reminded me that the late and much lamented Nelson Polsby contributed an entire chapter to this volume

on separation of powers. Knowing Nelson's trenchant habits of mind, it's likely to be lively and instructive in every paragraph.

Other questions? Yes.

QUESTIONER: Pietro Nivola, Brookings.

Martha, I wanted to ask you a little bit about decentralized of electoral law in the U.S. This clearly is one area of exceptionalism.

Now, Canada takes its federalism almost as seriously as we do, if not more so. Yet, what's evolved in Canada is a much more centralized system of management of the electoral system, at least at the federal level, the national electoral system.

I wonder if you'd want to talk for a minute about what the constraints might be on sort of some greater harmonization or rationalization of national elections in the U.S. and perhaps greater congressional involvement in this. In what ways does our system differ from Canada's and what are the possibilities of reform in this field?

MS. DERTHICK: Well, I can't actually talk knowledgeably about our system in comparison of Canada. I may call on John Courtney for advice.

Certainly, electoral administration or electoral laws have been extremely decentralized for a very long time, and that's begun to change because the election of 2000, in the wake of which Congress passed the Help America Vote Act. So there's begun to be some regulation of voting

procedures at the state and local level.

I haven't followed that. My sense is that it's like a lot of centralization. There's no consensus that federal prescription or federal regulation has helped much. It's a case of trial and error.

Maybe you're talking about -- I mean there are other aspects, of course, of electoral politics: nominations, should we have a national primary? The experimentation in the states may drive us there. It's actually not something I've followed closely.

MR. GALSTON: Well, fortunately, to help us out, we have an expert on Canadian politics in the audience. John Courtney, would you like to?

MR. COURTNEY: Well, I might just make a comment, and I think Pietro's question is central, certainly to my own research and work that I'm doing here at Brookings.

One of the contrasts that I think is obvious between Canada and the United States and that Seymour Martin Lipset picked up on in many of his works, including *Continental Divide*, was the difference between the centralization of power that can come in a federal system from a parliamentary as opposed to a separated powers institutional arrangement.

I think that's been key in Canada because in many ways Canada, 140 years ago, at the time that it was created, was exactly like the United

States with locally run elections for federal office. All of the electoral administration was local. The voting laws were all local. But gradually, through a series of, as a result of some scandals, as a result of some misappropriation of public funds, the federal government took over.

The result is that you've got a highly federalized system. I mean the irony is a highly federalized system with a highly centralized electoral set of institutions.

I'm not sure that that's possible in the United States. I would think probably it is not. But Lipset saw that 50 years ago when he first began to study Canada, and I think it's an important point to make.

So I would say the parliamentary system. But in addition to that, there's something else that's institutional, and that is the non-coterminous elections. In the United States, state and federal elections, state and congressional and presidential elections are the same day at the same hours of voting.

That is not true of Canada where you really do recognize the federal differences amongst the provinces and the federal government. No one would even conceive of holding an election within a province at the same time, the same day as a federal election.

MR. GALSTON: Well, thank you for that illuminating contribution. I would love to continue this phase of the discussion, but in order to keep us

even approximately on schedule, I am afraid I am going to have to dismiss the first panel with the thanks that they so richly deserve and move on to the second.

So, Martha, Don, thank you so much.

(Applause)

MR. GALSTON: I would now ask Peter Schuck and Ron Haskins to come up.

Peter, you already know, and Ron Haskins is a Senior Fellow here at Brookings. He has a wealth of experience, both academic and political, including a very central role during the mid and late 1990s, advising the Republican majority on a range of social policy.

So, I think that I'll ask Peter to talk about immigration first and then Ron on inequality and social mobility, and then we'll proceed to a question and answer period, after which I am going to ask Father Wilson to pronounce an appropriate benediction in the form of some concluding remarks on what you've heard this morning.

So, Peter.

MR. SCHUCK: The topic of immigration is one that, like religion and some others, cuts across many different areas of American society and therefore of our chapters. It has enormous effects, needless to say, on our economy which is described in the chapter on the economic

system by Ben Friedman.

On religion, indeed the effect of immigration on religion has been most dramatic especially in recent years as we've seen the evangelicization, if there is such a word, of Catholicism in the United States, which was mentioned prominently with the Pope's visit but in many, many other ways. Indeed, the vitality of American religion has a great deal to do with immigration, the constant infusion of new parishioners.

Certainly, our political system is very much affected by immigration. One sees, for example, the major candidates reaching out for support from immigrant groups who either are now citizens or will be supplying citizens in a short period of time.

Our education system is greatly affected, if only by reason of the very large share of education expenditures that are accounted for by bilingual education.

And, of course, the chapter on black Americans by Orlando Patterson also reflects some of the tensions that have arisen in connection with immigration's effects on black America.

I want to make, in the very brief time I have, just a few points which again are elaborated on in the book.

One is that, although we consider ourselves a nation of immigrants -

- we are a nation of immigrants -- and that is as close to being a core element of our national identity as anything is, our embrace of immigrants has been punctuated by many periods of restrictionism. Not recently but in the course of American history, there have been many periods of restrictionism usually associated with war but also, of course, after World War I, a 40-year period of restrictionism and the adoption of the national origins quotas. That was a very long period of time, 45 years or so, and we ought not to overlook that as an important continuity along with the acceptance of immigrants in American history.

A second point is that the nature and magnitude of immigration to the United States has really been unprecedented in recent years. Since the beginning of federal immigration restriction in 1875, there has never been a period in which immigration has grown both in absolute numbers and as a percentage of the population as rapidly as it has since the late 1960s when the Immigration Act of 1965 went into effect.

The percentage of foreign-born in the United States is still below the peak percentage in the first decade of the 20th Century which is 14.7 percent. Now we're up above 13 percent and rising rapidly, and I have no doubt that we will set that record within the next decade or so. This sustained period of increased immigration since the late 1960s is really unprecedented.

Of course, there's no other country in the world that has admitted immigrants on this scale for any period of time, much less for over 40 years. Canada admits more immigrants as a percentage of its population, but Canada is very different in certain respects, among them, that it's a very large land mass, a very small population, and there is a national policy of attempting to grow the population in Canada. But Canada and the United States really do stand alone in this respect.

Indeed, most other countries with which we're usually compared have no immigration policies at all. If they accept immigrants, they are merely accepting refugees under duress. That is to say the duress of the states that do not want to admit refugees but do admit some. Also, they may accept immigrants who are ethnically related to them by reason of colonial history as in the case of France accepting immigrants from the Maghrebe.

Another remarkable feature of American immigration, again compared to even other countries other than Canada that do accept some immigrants, is the extraordinary diversity of immigrants in all dimensions: religious, ethnic, source countries and so forth.

From a political point of view, the most striking feature of this recent period of immigration is the utter failure of restrictionism. During this 43-year period since the Immigration Act of 1965, restrictionists have

attempted repeatedly to limit the number and the type of immigrants who can come to the United States and have repeatedly failed.

I view the current situation as being like a one-way ratchet that constantly moves our immigration policy and its generosity upward, never downward. Some may consider this a bad thing. I consider it on the whole to be a good thing, but I do think that we need to make some changes in its composition which I'll mention in a moment.

This expansionism has occurred not simply in the area of legal immigration, which now consists of over a million immigrants a year and has for the last 5 years or so, previously in the 900,000 range, but also in the area of illegal immigration. Here, I refer not simply to the influx of illegal immigrants who now constitute an estimated 12 million, increased by about 250,000 to 300,000 more a year who come to the United States and remain, thereby increasing the permanent total or permanent cohort of illegal immigrants, but also in the sense that public policies have legalized or given amnesty to illegal immigrants in very, very large numbers.

In 1986, about three million; in the late 1990s, a number of amnesties that you're probably not even aware of, several million more mostly from Central America; and I have no doubt that in the next Congress there will be another amnesty and a generous one at that. So

there's been expansionism across the board with respect to immigration, legal and illegal.

To some extent, this reflects some very distinctive features of immigration politics in the United States, again quite exceptional in the world including even with respect to the comparison that I made before with Canada. We have no nativist party in the United States. We have not had a nativist party in the United States for over a century. We have no restrictionist party in the United States.

One of the most striking features of recent immigration politics is the Republican Party, which previously contained many restrictionist elements, as did the Democratic Party, has now become neutralized or pro-immigration by reason of the conclusion reached by political leaders in the Republican Party that there are more gains to be had in the future for the party by accepting immigration and embracing it and appealing to new groups than by opposing it. That is not to say that there aren't people like Tom Tancredo in the Republican Party, but they are very isolated as his performance in his presidential campaign would suggest. So that's a very, very important element, and it's utterly unique, at least with respect to our European and Japanese fellow democracies.

The politics of immigration is driven by very powerful interests that favor more immigration: growers, businesses, ethnic groups, religious

groups. Another striking development is that unions, which were previously the most important restrictionist interest group in American politics, no longer oppose immigration across the board. The AFL-CIO made a decision in the early part of this decade that they, like Republicans, would embrace immigration and try to organize the newcomers rather than insisting upon restriction. So this contributes to the one-way ratchet that I mentioned earlier.

This is a politics of elite influence. By that, I mean if Americans are polled on this question, which they are constantly, as to whether they want more immigration or less immigration or the amount of immigration that they now have, for as long as this question has been asked which is now I think 40 or 50 years, they have said they want less immigration. Some significant minority has said the same amount. But nobody, almost nobody, maybe 10 percent or less, says that they want more immigration. Yet, we are, as I mentioned before, experiencing a very significant increase in the numbers both for legal and illegal immigrants.

Another point I emphasize in the chapter is the extraordinary success of our project of integration of newcomers in the United States by every measure, by every measure including the acquisition of English. The immigrants in the United States have continued to assimilate. It's difficult to say whether they are assimilating at precisely the same rate as

earlier cohorts. There are different views on this question, but I think the best data suggest that in terms of acquisition of English, which is a predicate to successful assimilation, they are acquiring it at roughly the same speed that earlier generations did.

Of course, many of us as children or grandchildren of immigrants romanticize the past in what analyst Rita Simon described as rose-colored glasses looking backwards, forgetting that there were many failures, that one-third of the immigrants who came in the 19th Century went back, and there are many other difficulties that they experienced that current immigrants are experiencing as well.

My last point has to do with the fact that there are a number of problems that are confronting us in connection with immigration. One most obvious one is the large number of illegal aliens, whose presence here without many legal protections and vulnerable to what some may consider exploitation is obviously inconsistent with many of our values.

Secondly, the naturalization rate for some immigrant groups is rather low, especially among Mexicans, the largest by far of the immigrant groups. To the extent that one believes that naturalization is essential for full assimilation, that is a problem.

The fiscal mismatch between the burdens that immigrants impose on local governments and the resources that they generate through their

work and payment of taxes which go largely to the federal government and the failure of the federal government to allocate funds to localities in order to support those services, especially schools and hospitals and law enforcement, constitutes a very serious burden on the localities.

Finally, I believe that the balance that has been struck between family-based immigration and skills-based immigration has gotten badly out of whack. Well under 20 percent of illegal immigrants who are admitted are admitted for their skills. In a time when we are competing ferociously with other countries for talent, we ought, I think, to adjust that to increase the number of or percentage of our immigration stream that comes here because of their demonstrated talents and not simply because they know somebody or are related to somebody in the United States.

Thank you.

MR. GALSTON: Thank you.

(Applause)

MR. HASKINS: I certainly was flattered to be asked and invited to participate in this volume. For those who haven't seen it, here it is. I remember when I first got it and opened it quickly, and it slipped out of my hand, and it landed on my toe. You will be hearing from my lawyer.

So, if you get this thing, it is a wonderful volume. I have read about

half of it. It is really good.

SPEAKER: (off mike)

MR. HASKINS: For what?

SPEAKER: Foreseeable negligence.

MR. HASKINS: Yes, I've heard that line before, mostly from my wife.

Well, so our assignment was to talk about inequality and poverty and social policy in general. IN this area, certainly America is very distinctive. So there is a lot to say, and I want to say it clearly.

Gary Burtless, unfortunately, could not be here today because he has a conflict, and that is a problem for which all of you will pay for the next 15 minutes as you will soon see.

So, let me begin first with inequality. I think we have to admit right off the bat that we do have a problem with inequality. It's been getting worse.

Oh, this is even better. Okay, so this shows the 10th percentile compared to the 50th percentile. As you can see, really inequality didn't change much between the middle and the bottom. Then it began to inch up a little bit, and this is primarily because the middle is doing a little bit better than the bottom.

The story that the middle class is falling apart and so forth, I think,

might be slightly exaggerated. Over the last 25 years or so, their income increased –- there's a lot of different measures -- but about a half a percent a year. So they have been doing a little better.

But at the top, at the 95th percentile, divide by median income, and this would be even more spectacular if you divided by the 10th percentile. There really has been a big increase in equality. If you do this for the first percentile or the top 1 percent or for the top 1/10th of 1 percent, then this number, we really are a great economy at producing rich people, then just at the very top.

This is a very interesting chart that we used in the volume. Ignore this because it's wrong. This is 2004, and this 1980. All this is in constant dollars. So it's categories from the bottom, up to the top.

As you can see, all the bottom, they're losing people and still, even here, from $50,000 to $75,000. But over $75,000, we're producing more people. So the economy has been terrific at creating households and families that are over $75,000 in income. To the extent that we have lost middle class members, it's because they moved up, not because they moved to the bottom.

I'm not arguing there's no problem at the bottom. I already showed you a slide that showed you there is. But we've also done a very good job at the top.

If we look at this international perspective, you can see how distinctive we really are in inequality. This is dividing the 10th percentile by the 50th percentile, and you can see here that we have the most inequality of any of the countries we looked at

We actually looked at a lot more countries, and the story is always the same: The United States has higher inequality than other nations do. So, inequality is a problem, although we've done very well at the top.

In poverty, we also have a problem, and this is relative poverty. This would be about 40 percent of median income which is actually very close to the poverty line in the United States where 40 percent of median income is something like $19,000, and the poverty line for a family of 4 is $20,000. So it's very close.

As you can see again, the United States leads the world in a category that we might not be too happy to lead the world in. We have more poverty, at least measured as it's usually measured, than other countries.

So, let's talk about poverty for a minute because this certainly is something that the public is somewhat concerned about. Our politicians seems to avoid it. None of the campaigns have made much of it, especially since Edwards left. Hillary Clinton did say that she was going to have a poverty czar. I am not exactly sure if they probably sit around

unemployed in the White House, but anyway she mentioned the word, poverty. So that's a step in the right direction.

But if you look at poverty, the data are really, truly extraordinary. In the sixties, when we essentially had no federal spending for poor programs, I mean virtually none, and we made dramatic progress against poverty because of the market and more people working. Since that time, we have essentially made no progress against poverty despite the fact that we now spend well over $600 billion on programs where we give either actual things -- food, housing, so forth -– or cash to local income families. So, no progress against poverty.

Now, why is that? The answer is that there are so many forces in our society that are working against reducing poverty, that it's amazing. If you look at each one of these in turn and the more you look at it, the clearer it is that this is a real problem for anyone who wants to reduce poverty.

So, work rates, especially for certain subgroups: Now women, as you know, have been working more and more and more. Men are working a little bit less, not only in the United States but all over the world. But black males, especially between 18 and 24, huge declines in work, exactly, precisely at the moment when black females are going to work like mad. I'll show you some more on that in a few minutes. So there's a

big problem with work in the United States, especially among subgroups.

Wage rates are also a big problem. I'll talk more about that in just a minute, especially at the bottom.

Family composition is a huge problem. Professor Wilson has written often about this, and so have many of the rest of us. I'll show you in a minute why it's such a problem in poverty.

And, education is a big problem because we are essentially flat, especially at the lower percentiles, the 10th and 20th percentiles. We have not made much progress in recent years.

The last one is immigration which Peter has already talked about. I am just going to say about two words about immigration, but the basic idea is that because of our immigration policy we have a lot of foreign immigrants, much more than in the native population. So, mathematically, it's certain to raise the poverty rate, which indeed it does.

Here are wages. This is the problem. Again, this looks like the other chart I showed you. Real nice progress, this is at the 95th percentile. In the middle, you can see it was flat, but then it went up and, at the bottom, this extraordinary decline and then an increase. Over almost a quarter of a century, essentially at the 10th percentile, and we are always going to have people at the 10th percentile -- think of that -- no progress, 25 years.

So, if you're trying to fight poverty and these are exactly the people that are most subject to poverty and the market is not giving them more wages, then you have a serious problem.

Then I've already mentioned a few minutes ago about single families. This is truly extraordinary. The percentage of our kids who live in single-parent families is now hovering around 30 percent. The trend has moderated a little bit in recent years, but it's still a serious problem, and here's why.

Here's the poverty rate among female-headed families. Here are married-couple families. Depending, you are four, five, six, seven, eight times the rate of poverty. So the more kids that you put in female-headed families, the higher your poverty rate is going to be.

Now we've got two solutions to poverty. One is illustrated by the elderly, and the second I'm going to show you single-parent families.

The reason the elderly have such low poverty rates now and there has been this very remarkable progress is a very complex policy. It's called give them money. Give them money, and that's what we did primarily through social security. By the way, if you add in-kind benefits like foodstamps and so forth, these lines go parallel but they're even lower. So the true poverty rate among the elderly under official definition is more on the order of 3 or 4 percent.

And, for low income adults, especially females, we changed poverty. Bill already mentioned this, and this is the essence of what we did, and this is very distinctive in the world or at least it was at the time. It has changed a little bit now. We ended the entitlement. People no longer had a legal right to insurance, yes, but not welfare, no legal right to it.

We gave financial incentives to the states to help people get off welfare. We had very strong work requirements, and if you didn't meet the work requirements, in the old days, they sent you a letter. If you didn't do it, they sent you another letter. Now they cut your benefit in 37 states. They end your benefit, and then there was a five-year time limit.

As a result of that, people left the welfare rolls. We virtually never had declines in welfare rolls. Welfare rolls declined 60 percent. They are still declining. They have been declining for 13 years.

Women went into the labor force at a remarkable rate. Low income women, never married women, the most disadvantaged women had a 40 percent increase over a 4-year period. There's nothing like that for any demographic group in the history of Bureau of Labor Statistics records. So it's a really remarkable performance.

Look what happened to child poverty. This is black children, and this is children in female-headed families and here's all children. Notice that these lines are even steeper. So the greatest progress was among

precisely the poorest group, female-headed families, and there are other Census Bureau records. This is an elaborate story, but their welfare was declining throughout this period. It was due to earnings, without question.

I'm going to skip that.

Now, at the end on immigration which, of course, is one of the most distinctive features of America, as Peter was just arguing, but I just want to make the point. We've had a lot of immigration, both legal and illegal, unprecedented in many ways historically, but this is the real point for anyone concerned with inequality and poverty. Point one, not shown in this chart, if you look at the countries they come from, America is a machine for economic advancement.

A high school graduate from Mexico earns five times, six times as much in the United States as in Mexico. That's true for a very high percentage of our immigrants. They really do well here even though they're below average. This is relative to American workers. As you can see, going all the way back to the forties, on average, immigrants made more than Americans. So we were getting immigrants of high quality with a lot of education and job experience.

It's declined through the years, now in the most recent group, 20 percent less than the average American worker. So this makes Peter's point very clear, that we're getting a different type of immigrant than we

got in the past. They do well. They're much better compared to their own nation, but it makes it much more difficult to attack poverty in the United States.

Now just one word about social programs and that is if you look at these international data from the Luxembourg study, you can see that on public expenditures the United States -– this is kind of like the inverse of the poverty charts and inequality charts -– we spend less of our gross domestic product than other countries, but we spend a lot more in the private sector. Arthur Brooks has just written a very interesting book about this, that Americans give money away more than anybody in the world, money and other things of value.

These data are a little misleading because we spend more on healthcare than anybody in the world and healthcare is not represented here. So I think this picture is a little exaggerated, but again we do spend a lot of money on low income families as you can see by this chart. This is all spending on means-tested programs, about eight categories of programs, and the United States does spend a lot of money.

I think it's somewhat of a myth that the United States ignores the poor. There were some very nice lines about this in the introduction to the volume. We do pay a lot of attention to the poor. We do have a lot of programs for the poor, but our programs are more demanding especially

for able-bodied poor than any of the other nations.

Let me just end by saying it's remarkable to me, especially having been to European conferences back in the nineties, when many Europeans thought we were nuts and cruel and so forth. There are words like this in the introduction too. But now, many other nations are demanding much more of their unemployed workers and even of their mothers. Israel is a very clear example. Sweden has moved in this direction, shockingly, and so has the Netherlands. There is somewhat of an export of American social policy in being more demanding that people should be more responsible for their own behavior and then build programs on top of individual responsibility and that government have programs that reinforce individual responsibility.

So America is definitely distinctive in many ways and, as for the future, my prediction would be more of the same.

Thank you.

(Applause)

MR. GALSTON: Well, Ron, thank you for that superb imitation of the famous Fed Ex fast-talker. You've gotten us back on schedule. We have about 10 minutes now for questions and comments from the floor, after which we'll proceed to the closing remarks.

Yes, over here.

QUESTIONER: Hi. I'm Carolyn Poplin from the Center for American Progress and a physician.

One of the areas in which America is most distinctive from the other liberal industrialized economies is our healthcare system, and there's not a lot of evidence that the Europeans and the Canadians want to move towards us. We spend the most money for the least results. You have to say it's not a satisfactory system, but it is American exceptionalism. I was wondering, out of all the things that you've mentioned, to what you attribute this and what you think might happen.

MR. SCHUCK: Do you want to take several questions at a time?

MR. GALSTON: No. We'll just do one at a time.

MR. SCHUCK: We have a very powerful chapter from David Cutler who is actually Barack Obama health policy adviser.

MR. GALSTON: Do you have your lavalier mic on?

MR. SCHUCK: I guess not, sorry. Is this it?

MR. GALSTON: That's it.

MR. SCHUCK: How do I take it off? Oh, I see.

MR. GALSTON: Put it on your tie.

MR. SCHUCK: I'll just hold it.

He analyzes this question in great detail, and I refer you to that chapter. It's a very complex story. It has a lot to do, I think, with American

preference for certain values in the delivery of social services that cost a lot of money. Individual choice is very important. Privatization of healthcare, in part because of our suspicion of bureaucracy, in part because of our experience with mass delivered healthcare in the Medicaid program, but Americans are eager to retain the vestiges of the private healthcare system. I suspect any new national health insurance program will retain those characteristics.

But it's a much more complex story than that, and the chapter deals with it very well.

MR. HASKINS: Two brief points: First, nobody pays for healthcare directly. We created a system that has the greatest incentive you could possibly have to consume all the healthcare you possibly could use. So that is certainly right at the heart of why we spend more than countries.

The second point is it will stop. It has to stop. Herb Stein famously said any trend that can't continue, won't. We are using more and more of our gross domestic product. It's bringing the government into financial bankruptcy. So we will have to change. Stay tuned to figure out how we're going to do it.

MR. SCHUCK: Just one thing I'd add that I should have, that David Cutler emphasizes: Although our healthcare system is very, very costly and very inefficient in many ways, he emphasizes the fact that in terms of

the quality of life, it really does deliver some significant benefits that aren't necessarily captured in infant mortality rates or some other indices.

In fact, in terms of infant mortality, it's one of those situations that I just learned, although he doesn't say this, that we measure infant mortality quite differently than other countries do. If we measured them in comparable terms, our infant mortality rates would be roughly the same as those of other countries.

That's just sort of side note, but the important point is we do get a lot for our money. The point is that we could get a lot more for our money or spend a lot less and get what we're getting now.

MR. GALSTON: I'm going to take one more question from the front and then move to the back.

QUESTIONER: Ron, I know you're an expert on welfare reform, and you went over it very quickly in the slides there you presented. What are the downsides of welfare reform and what would be your recommendations for fixing it?

MR. HASKINS: The most important one is that since 1995, we passed legislation in 1996. Since 1995, if you look at the number of mothers who have no earnings and no cash welfare, that number has doubled.

These are mothers with serious problems. They have mental

illness. They're addicts. They have a lot of kids. They have transportation problems. They have personality disorders. We are doing very little to help them unless they can qualify. If their disability is serious enough, then we have a very good program, SSI. So that, to me, is the most serious problem.

I thought it was unfortunate -- and I accept responsibility in part for this because I was in the administration -- the Republicans did not look at this at all. It was very evident when the bill was reauthorized in 2005. The debate started in 2002, and this was not a focus of the debate, and it should have been. You can see why in Washington our politics is not conducive to admitting that there are problems with the policy. Rather, Republicans glorified the achievements of welfare reform, and so we didn't look at this.

I think the solution is some exceptions for people who have long-term problems. We have some in the law now. We may need more. But, more importantly, I think we need special programs with more casework and more services for this group of mothers. Unfortunately, none of those programs have been shown to be very effective. So I'm not sure exactly that we're going to ever figure out how to deal with this group of mothers, but we need to do more than we're doing now.

MR. GALSTON: Yes, the gentleman on the aisle.

QUESTIONER: Hi. Alan Levine, American University.

I have one quick question for each of the panelists. First for Peter Schuck: I was really struck by the gap you cited between public opinion polls on immigration that are against increasing it or keeping it the same and the policies of the elite to maintain high levels of immigration. So my question to you is how do you explain that gap of the policy elites ignoring the will of the people, so to speak, on that question?

For Ron Haskins, my question is what percentage of the 10 or 12 percent recalcitrant poor is due to immigration, poor people coming here?

MR. SCHUCK: Okay, I'll go first. Can you hear me?

MR. GALSTON: If you lift your lavalier mic up about four inches, you'll do a lot better. There you go.

MR. SCHUCK: The first point to be made is that this phenomenon that you're inquiring about is not distinctive to immigration. I happen to highlight it because I mention this area, but it's true in a number of other areas of public policy where there isn't a total congruence between public opinion as it's measured by survey evidence and political outcomes, and that might be a good thing. We do elect leaders in part because we think that they may be wiser, more deliberate and have more information than we do.

My explanation for it is the structure of immigration politics that I

mentioned before, which is the existence of very, very powerful groups pressing for more immigration and very few groups pressing for less. It used to the labor unions. It's no longer the labor unions. Now the main opponent of immigration is an organization called FAIR which consists largely of population control people, environmental protection people and some cats and dogs, but they're not terribly effective.

MR. HASKINS: By the way, this same situation existed in welfare reform. We had a situation in the United States up until Bill Clinton arrived on the scene, where certainly the leadership of the Democratic Party and virtually the entire professoriate in the United States thought that we had to give a lot of stuff to people on welfare and really protect them, and the American public always emphasized work when asked about this in polls.

I remember Vin Weber once, who was a very powerful Republican, and we were talking about welfare. I told him about time limits. This is approximately 1992. He seemed somewhat horrified that we were actually going to put a time limit and tell people, we're going to throw you off welfare at the end of five years. I said, ask your constituents.

So he went to a town hall meeting, he said. He came back and he told me repeatedly that the opinion was: You mean there isn't a time limit? A person can go on welfare and stay forever? So I think that's a great example of the difference between elites and the population.

I would say the answer to your question is about one percentage point. The poverty rate among foreign-born is around 17 percent and among native-born is around 12 percent, and they're roughly 18 percent of the population. For kids, it's more. It's almost 20 percent, and their poverty rate is a little bit higher than 17 percent. So it at least raises poverty in the United States by one percentage point.

MR. GALSTON: Thanks.

I'm going to give the final question to a gentleman who had his hand up, on the aisle right there, and then we'll turn to Jim Wilson for final remarks.

QUESTIONER: Thank you.

Peter, about immigration, you used a continuum of 40 years.

MR. GALSTON: You are? Why don't you identify yourself?

QUESTIONER: Oh, my name is Bob Stein.

MR. GALSTON: Thank you.

QUESTIONER: You did not at all mention 9/11 and what the impact of post-9/11 would be on immigration both for immigration and for non-immigrant visas that potentially could lead to immigration. My understanding is that many people who are illegals came here legally and then overstayed whatever grounds there were. Could you comment on whether it still is a continuum or that is a change point?

MR. SCHUCK: First of all, some facts, about half of the illegal immigrant population came here legally and violated the visa conditions. The other half entered illegally.

It's also the case, well, I'm not sure your question encompasses this, that more than 50 percent of those who receive legal immigrant visas each year are already in the United States, either in legal status or illegal status. So it's not that we have a million new people coming each year. It's more like half a million of both.

Now, as far as 9/11 is concerned, it did lead to a severe slowdown in the processing of visas. That was a serious problem and continues to be a slight problem because we're now back to the pre-9/11 level of processing.

There was a period of time during which administrative ways, nothing more than administrative ways. I don't think the standards, the eligibility criteria changed during that period either in theory or in practice, but the amount of time taken for screening increased dramatically. That deficit has now been overcome, and I think we are back to the pre-9/11 level of processing, pretty much.

MR. GALSTON: Well, let me take this occasion to thank panel number two, Ron and Peter, for splendid presentations and a good discussion.

(Applause)

MR. GALSTON: Now for the promised concluding remarks, James Q. Wilson.

MR. WILSON: Ladies and gentlemen, let me make just a few concluding remarks to try to summarize what is in the book as a whole as well as the presentations you've just heard.

My central argument is this: that the American system is different from that of other advanced industrial democracies in that our political system and our culture create a great deal of open space, open space that has to be filled by something if action is to occur.

The separation of powers means it's difficult to get a new program adopted, not only because the President may veto a bill or the Supreme Court may rule it unconstitutional, but because the complex system of committees and subcommittees means that achieving consensus is extremely difficult in Washington.

Federalism, as Martha Derthick has explained it, has undergone some centralizing tendencies, but this does not overcome the fact that the major decisions about law enforcement and land use and public education and countless other subjects are made by millions of local officials who, with some exceptions, owe very little to Washington. So, if you wish to change the circumstances in which you live, it's often easier to move to a

different community than to lobby Congress for a change.

The bureaucracy, as Don Kettl has rightly pointed out, persists by government by proxy negotiations between the bureaucracy and Washington and comparable bureaucracies at the state and local level and with private organizations, in some cases even with overseas organizations.

The Bill of Rights which is, as all legal scholars know, not part of the Constitution is, for the average American, very much part of the Constitution. Therefore, we take pride in rights. We assert them vigorously. We have a kind of adversarial pluralism in this country in which if we are offended or I am offended, just as Ron Haskins was offended by our book falling, through his fault, on his foot, he threatens to sue Chuck and me.

MR. HASKINS: You caused the excitement.

MR. WILSON: That's right, and we plan to sue back on behalf of the class of all people who have published fat books. We expect our attorneys are going to collect a large amount of money, and Peter and I will each get $1.35.

If this open space is created by a loose, split, proxified, adversarial political system, the interesting question in the United States is what fills this open space?

Tocqueville put it very clearly in 1835. He said, if you look abroad and you see a new venture, it's headed by a government official or a prince or an autocrat. If you see a venture here, it is headed by a private person.

Private action in both the economic and social and political spheres is the principal driving force of politics. You can see it not only in the high level of entrepreneurship that Ben Friedman talks about in his chapter on the economy, not only the high level of religious involvement and religious creation of megachurches that Robert Wuthnow talks about in his chapter on religion, you see it also in the kind of private action in which people decide that they will behave as they wish, sue as they wish and vote for persons as they wish.

Americans, when they confront the political system, are not like Don Quixote. They do not like tilting at windmills. If they wish to tilt at the political system, they want to make their actions effective, and that is much easier to do here than abroad. If you want to change the politics in Stockholm or Copenhagen or London or Paris, you have a large challenge on your hands because you must change the policy of the entire national government.

Here, it is only necessary to begin to challenge the policy of your school district, your city government, your state government. In the case

of California, that's very easy to do because we have disempowered the legislature. We vote on everything and ballot initiatives to decide, for better or for worse, what it is to be done in our state.

So Americans, not like being Don Quixote, act on their own, and this increases the total level of civic involvement in the country. We did not accurately measure the level of civic involvement. It's one of the chapters which we would have liked to put in, but we didn't.

But by any significant measure, not voting turnout where we vote better than many Americans think because you have to deduct from the denominator of the equation, all of the felons and illegal immigrants who are not allowed to vote. If you do that, we're voting at roughly the middle level of what voting rates are like in Europe, but voting rates are not the key issue. It's activity. It's protests. It's demonstrations. It's organizing activity. There, I think we lead the world.

Much of this open space, filled by private action, teaches immigrants what to learn when they come here. Peter Schuck has pointed out quite accurately that immigrants learn English rapidly. If you look at one group of immigrants, let us say Muslims, for example, not only do they learn English. They are earning more money per household than are ordinary Americans, that is to say non-Muslim Americans. They're doing exceptionally well.

Why is this? Well, partly it's because we have Muslims from so many different parts of the world that they do not form a coherent block and partly because they come here out of a desire to make money and out of a desire, in the case of the vast majority of them, to become much like Americans.

These gains from private action help us explain the difference between the United States and Europe, but they create some problems. We have a very low savings rate. It's hard to calculate the savings rate because it's difficult to estimate, but by almost anyone's estimates we don't save as much money as we should. We borrow it from abroad.

We have an intense level of partisanship because so much action is done in the private sector, that people choose up sides in the private sector, aided by the internet and the blogs in ways that produce rather coherent blocks of opinion, that when they become in politics are confronting each other, challenging each other. The old role of the political parties as moderators of disagreements has been seriously undercut by the action of the government to deprive them of the money and the resources with which to engage in any moderation at all.

It seems to me the main threat of the McCain-Feingold Act is not simply that it threatens free speech, worse than the Alien and Sedition Acts of the 18th Century. What it really does is threaten the role as

moderators of opinion once exercised by the political parties, and it means that since action is slow in the public sector, correcting action in the public sector is also slow.

Let me end with one example of this. We have a social security system which we know in the long run we can't sustain, and people spend time trying to figure out what to do about it. George W. Bush proposed adding a private account system to it. His view got nowhere. It wasn't even reported out of committee.

Sweden, which has a parliamentary system, that is used to swift action and takes swift action whenever the parliamentary majority changes, has already adopted George W. Bush's privatization scheme. Denmark, which has observed the debate over vouchers and charter schools in the United States, has already adopted.

So we gain something, a commitment to liberty, a commitment to individualism, a commitment to entrepreneurship, and we lose something, the ability to correct past mistakes.

Thank you very much.

(Applause)

MR. GALSTON: Well, let me once again thank the co-editors of this volume, Jim Wilson and Peter Schuck, for a truly splendid accomplishment which I think will shape debate, I hope, at home and

abroad for quite some time to come and to the panelists -- Martha Derthick, Don Kettl, Ron Haskins and Peter Schuck as well -- for splendid, concise presentations of their individual chapters.

I hope everybody's appetite has been whetted for the other 18 chapters that you didn't hear about this morning.

We are adjourned.

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