The Brookings Institution
Brookings Cafeteria Podcast
Alice Rivlin: A career spent making better public policy
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(MUSIC)

DEWS: Welcome to the Brookings Cafeteria, the podcast about ideas and the experts who have them. I'm Fred Dews.

My guest today has been recognized as one of the greatest public servants of our time and one of the most distinguished Brookings scholars in this Institution's history. Alice Rivlin is a senior fellow in Economic Studies and the Center for Health Policy. She was director of the Office of Management and Budget in the first Clinton administration, vice chair of the Federal Reserve Board, founding director of the Congressional Budget Office, chair of the D.C. Financial Management and Assistance Authority, and assistant secretary for planning and evaluation at the Department of Health, Education, and Welfare during the Johnson administration. And that is just a sample of her accomplishments. Suffice it to say, I am honored to speak with her today about her career and public service.

Also, on today's episode, Senior Fellow David Wessel offers his monthly economic update.

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And now, on with the interview. Alice, welcome back to the Brookings Cafeteria.

RIVLIN: Thank you, Fred.

DEWS: What year did you first come to Brookings?

RIVLIN: Believe it or not, I first came to Brookings in 1957, which was, by my

calculation 62 years ago.

DEWS: Wow. Okay.

RIVLIN: And Brookings was a very different place then. It was down on Jackson Place in a rather small building, bit it has a sort of intimate atmosphere.

DEWS: And Jackson Place is, or was, right there on Lafayette Square across from the White House, is that correct?

RIVLIN: Absolutely.

DEWS: And what was it like to be in Jackson Place as, say, compared to our current headquarters at 1775 Massachusetts Avenue? For example, I heard that there was an elevator operator in Jackson Place.

RIVLIN: There was. That was not uncommon in those days that elevators had operators. It was a six or seven story building, an old building, but not historic. It had been built by Brookings I believe in the 1920s. And it had an intimate atmosphere in the sense that there weren't that many researchers and we all ate together in the dining room.

DEWS: There was a cafeteria there too?

RIVLIN: It was not exactly a cafeteria as I remember it, I think there served meals that we sat down and ate. And senior fellows, quite senior people, much older than I—I was very young—and we all ate together, and we all talked together. So, I felt part of something.

DEWS: Were there any other women researchers when you came to Brookings?

RIVLIN: There were a few. I came as a research fellow, which meant that I was finishing my dissertation at Harvard and this was a new program to bring people who

were finishing dissertations at major universities to Washington for a year. And I think the only senior researcher at that time was a woman named Ruth Russell, who was in what we now call Global [Economy and Development Program]. She was an expert on international institutions.

DEWS: And you came from Harvard, as you said. You were working on a Ph.D. in economics?

RIVLIN: Right.

DEWS: Why did you choose to study economics in college and graduate school?

RIVLIN: Well, I almost didn't. I started out as a history major, and I still love history. But then I encountered—this is a typical story—I encountered a charismatic young professor who—and not from our college where I was actually studying—but at summer school at Indiana University where my father taught. And I took this economics course because I was home for the summer and it sounded like something I ought to know about, and I got hooked. It was very interesting, and it sounded more useful and more practical than history.

DEWS: Well, at some point then in the 1960s, or after you finished your doctorate in economics, you were I think for a while the only woman researcher at Brookings. Did that present any particular challenge?

RIVLIN: No. It really didn't. I, surprisingly I guess, never thought much about being female. It hadn't been a terrible disadvantage. I went to graduate school. There were impediments and whatnot, but I graduated from college in the 1950s, we were not a revolutionary generation. We weren't bomb throwers or flag wavers—that came in the '60s. We just sort of did our thing and if there were obstacles you found a way around

them.

DEWS: Did you ever consider a path for your career of say, staying in academia, of teaching? Because you very quickly went into the policymaking and the policy analysis side of things.

RIVLIN: I always knew I was interested in policy. In fact, I had applied originally to what is now the Kennedy School at Harvard, which was policy oriented. It was then called the Littauer School, and I found out they didn't accept women and the economics department did, so I majored in economics in college. So, I switched.

DEWS: Okay. You were the Founding Director of the Congressional Budget Office.

RIVLIN: Yes.

DEWS: A brand new agency starting in 1975. Can you first tell listeners why a Congressional Budget Office was created by Congress at that time?

RIVLIN: It had to do with conflict between President Nixon, who was a Republican, and a Democratic Congress. It was very much like some more recent controversies. Nixon wanted more for defense and less for domestic programs. And he was quite defiant of Congress about it. He did something which Congress was very upset by, namely, he did not spend some of the domestic appropriations that had already been appropriated by Congress and signed by him, and he just said I'm not spending that. And that galvanized the Congress. They had the power of the purse and they realized that they didn't have a god way of organizing their own budget decisions.

So, after a lot of hearings and discussion they created the Budget Reform—it's actually called the Budget Reform and Impoundment Act of 1974—which created a new

budget process and the Congressional Budget Office. So then there had to be a director of the Congressional Budget Office and I was on the short list to be that.

DEWS: So, you had previously done a stint in government during the Johnson Administration?

RIVLIN: I did.

DEWS: In Health, Education, and Welfare?

RIVLIN: Right.

DEWS: And then you were back at Brookings?

RIVLIN: Right

DEWS: So, what about the idea of taking on the helm of this new budget agency for Congress was appealing to you?

RIVLIN: Well, it was a new adventure. It was a chance to do something that I had thought was really important. I mean, I was very committed to policy analysis. That's what I was doing at HEW. And it was a fairly new thing. We were evaluating programs and making estimates of what they cost and what they were accomplishing, and so forth. And that was kind of a new idea.

And back at Brookings in that period, I had worked with Charles Schultze and some other people. Schultze was himself a former director of the Office of Management and Budget, then called the Bureau of the Budget, which I later took over. But at that point his mission was to show that policy analysis could be really useful to the Congress. And we put out a series of books, one a year, on crash schedule that analyzed the budget options for the Congress. It was called "Setting National Priorities" and it was a Brookings best-seller.

So it was that series or books and also a book I wrote about my HEW experience, called "Systematic Thinking for Social Action," which became a Brookings bestseller, it was those things that put me on the short list for running the Congressional Budget Office.

DEWS: Now, it being 1975, did you face opposition to becoming the Director of the Office from Washington because of your gender?

RIVLIN: Yes. And that allows me to tell my favorite story.

DEWS: Okay. Wonderful.

RIVLIN: Namely, I was the candidate of the Senate. They, rather stupidly, had two separate search processes, one in the Senate and one in the house. I told them they should never do that again, and they haven't. But that left them with two candidates. I was the candidate of the Senate and a very qualified man named Sam Hughes, who had been the deputy at OMB—no, at the Government Accounting Office—was the other candidate. But the chairman of the House Budget Committee was a man named Al Ullman, and Mr. Ullman had said in an off moment, over his dead body was a woman going to get this job. So, there was kind of a standoff, and then it was solved by an accidental event. The chairman of Ways and Means was a powerful congressman from Arkansas named Wilbur Mills, and he was a mover and shaker in the Congress and a very intelligent man. But he had a weakness—he was an alcoholic. And one night he and an exotic dancer named Fanne Fox were proceeding down Capitol Hill toward the Tidal Basin in his car and Fanne leapt out of the car and into the Tidal Basin. She didn't drown in the Tidal Basin—it's quite shallow—but it was a scandal and Wilbur Mills had to resign. And Al Ullman, chairman of the Budget Committee, was ranking member

on Ways and Means, so he moved up. And that left a new chairman who wasn't committed to the previous process, Brock Adams, and he said to Senator Muskie, who was my sponsor, if you want Rivlin it's okay with me.

So, I owe that job to Fanne Fox.

DEWS: That is terrific. That was a terrific story. Thanks for sharing that. Wow.

So, thinking about your tenure as director of CBO, you were later then director of the Office of Management and Budget during the first Clinton administration in the '90s, in the White House.

RIVLIN: Right.

DEWS: In terms of dealing with the policy process and politics in Washington, which job was more challenging?

RIVLIN: Well, the job I loved was the CBO, because I got to create a new institution. I'm very proud of the CBO. It's still there after 40-some odd years and still doing a good job. And I think that I and several colleagues, including Bob Reischauer, who also came from Brookings, who was my deputy at one moment, we established the traditions of quality work and nonpartisanship. And the CBO is still there.

DEWS: So, Alice, how over this amazing career—I'm looking at your CV and it's just like a book. There are so many different –

RIVLIN: Well, it's very long. If it's been 62 years you get a chance to do a lot of things. But I was very, very lucky.

DEWS: Did you career goals change over time as you were doing in government, out of government, back at Brookings, back in government, in the Executive Branch and the Federal Reserve?

RIVLIN: I don't think so. I was always interested in doing good policy analysis and improving the policy process and the notion that if Congress or the president or whoever was making the decision had good information about what the options were, what might happen if you did A instead of B, and what it might cost, that they'd make better decisions. That was kind of the religion of policy analysis in those days. And I enjoyed the CBO because it was nonpartisan.

I'm a Democrat; I've served in two Democratic administrations. I was happy to be in the Clinton administration, but I prefer the nonpartisan role. And I got to play that again when I got to the Fed.

DEWS: It seems like the value of nonpartisanship is perhaps even more important today than it ever has been. Would you agree with that, or has it always been a vitally important value?

RIVLIN: Well, I think it's been important, but never, never as important as it is now. I'm writing a book, which I hope will come out in the fall, making that point. I really believe that what's happened to our policymaking process is a disaster because the political parties are so partisan, and they are so focused on winning the next election and making the other party look bad that they're not working together to improve policy. And we've got some real problems facing this country. We aren't dealing with climate change, we aren't dealing with the growing debt, we aren't dealing with inequality in the way that we should be. And we aren't even talking about them. We are just saying, it's your fault, no, it's your fault. And I think that's disastrous. We've got to get back to policy negotiation across party lines because you need a consensus in order for policy to work, you need most people in the country saying yeah, that's a good law, otherwise it

doesn't work.

And I believe that's particularly true of economic policy. You know, there may be other kinds of policies where it's a yes/no question. Economic policy is usually not a yes/no question. It's a balancing act. You have to figure there are producers and there are consumers and there are people in rural areas and there are people in cities, and economic policy is going to balance all of those interests. And it has to be bipartisan to work.

DEWS: Well, in looking at this problem of polarization, did something happen that has caused this polarization? That is keeping the parties from this policy negotiation that you talk about? I mean, what would it take to overcome whatever it is that is preventing this better policy making process?

RIVLIN: I think the thing that's happened, and the political scientists have focused on this, is that the country, at least the political leaders and the political activists, have become more polarized in the sense that there is a bigger difference between their views on policy, although there is plenty of room for disagreement within the Republican Party, within the Democratic Party, and there are a lot of moderates as well, especially in the general public where people don't really focus on policy details so much. They are pragmatic, they want something to happen. But what has happened, in the Congress anyway, is that the party leadership has seized control of the agenda from the old committee chairs and people who used to have power, and they are very focused on winning. And that has meant that they are not encouraging the votes that would allow moderate Republicans and moderate Democrats to pass something like immigration reform that they could all agree on. They never let those potential laws

come to the floor for a vote.

DEWS: Well, speaking of Congress, since the 2018 midterm elections, more women than ever are serving in Congress on both sides.

RIVLIN: Absolutely.

DEWS: Do you think that will make a difference in the policymaking process?

RIVLIN: Oh, I hope so. I do believe that in general, with many exceptions, women are more pragmatic and practical, and more experienced in bringing people together and getting them to work together. I've actually seen that. I've seen it on corporate boards, I've seen it in other experiences. And I believe that the best preparation for public life is motherhood—or perhaps I should say parenthood—because if you've got a couple of squabbling kids and he says it's Johnny's fault and the other one says it's Bobby's fault, and they're fighting, it doesn't do any good to solve the problem of who is to blame, you've got to them calmed down, working together on another project. And that's what needs to happen in the Congress.

DEWS: Alice, what advice do you have for young people, and young women especially, who are considering a career in public policy?

RIVLIN: Do it. That's my main advice. I just had a very exciting time over a very long period being involved in public policy, including at the local level in the District of Columbia. And I would say public policy is interesting at all levels. Don't think you have to be running a federal program to make a contribution. A lot of what's going on that affects citizens most directly is at the state and the local level.

So, I would encourage young men and young women to consider public policy and public service as a career and just enjoy it. It's so interesting. And you get feedback

from your neighbors and your friends and people how are affected by things that they may not like, but it's a way to be engaged in your community.

DEWS: I'll point out for listeners that not only have you served in national level capacities, but you are also the Director of the Greater Washington Research Program that was affiliated with Brookings, and also the chair of the D.C. Financial Assistance and Management Authority.

RIVLIN: Yes.

DEWS: So, you've had that experience at the local level and at the national level.

RIVLIN: Right.

DEWS: What are some concrete steps that women who are in positions of leadership, positions of power, can take to support the professional development of other women in particular?

RIVLIN: Well, they can talk about it on podcasts and other places. They can teach. I have enjoyed teaching very, very much. Of course, I had male and female students, but I did think make a difference in the lives of some of the young women who might have been uncertain about a career in public policy.

DEWS: And you have been teaching at the McCourt of Public Policy at Georgetown, which is…

RIVLIN: Yes, I taught there for 14 years and I loved it, but I've taught at some other places too.

DEWS: Terrific. I got a graduate degree from there before it was the McCourt School. So, Alice, just thinking on your CV, for example, is there any one project or, say, research paper that you've pursued here at Brookings that you're particularly proud of,

that you would commend to our attention?

RIVLIN: Oh, I think a number of the things that I worked on were important in establishing the role of policy analysis in Washington. Certainly the "Setting National Priorities" series was. My early book, called "Systematic Thinking for Social Action"—horrible title, by the way—but it became a classic in the public policy schools and it was about the strengths and the weaknesses of policy analysis in making policy.

I hope that my current book will have some impact, because I think it's so important to get back to serous negotiation across party and ideological lines on policy.

DEWS: Alice, I want to thank you for taking some time with in the studio today.

RIVLIN: Well, I enjoyed it. Thank you.

DEWS: Thank you also for your service to this community, and to this nation, and really to making this world a better place.

RIVLIN: Thank you very much.

DEWS: Here's David Wessel with his economic update.

WESSEL: I'm David Wessel and this is my economic update.

The U.S., Europe, China, and Japan have lots of differences, but one common problem, each of their populations is aging, each faces a future with a shortage of young workers. But the U.S. has one big advantage, immigrants. You've probably heard a lot about the graying of America, the retirement of the baby boom, but much of the rest of the world is aging faster than the U.S.

According to projections by the Population Research Bureau, in 2050, 30 years from now, 22 percent of the U.S. will be over 65, but 26 percent in China, 31 percent in Germany, 36 percent in Japan. Longevity is, of course, generally a good thing, but the

economics of this are straightforward, a growing number of retirees for each working age person to support. For instance, with higher taxes to pay for their retirement and health benefits.

So what accounts for the U.S. advantage? One, although fertility in the U.S., the number of children born to each woman, has fallen lately to historic lows, the fertility rate in the U.S. is significantly higher than the ones in Germany, Italy, China, or Japan, and, two, we attract a lot more immigrants. If you can't grow your own, you can import them.

Immigrants are usually younger than the people already here, more likely to be workers than retirees, and immigrant women tend to have more kids than their native counterparts. Pew Research Center estimates that more than half the population growth in the U.S. since 1965 has come from immigrants, their kids, and grandkids. Looking ahead to 2050, Pew says that without immigrants the U.S. population wouldn't be growing at all. Deaths would equal the number of births.

Now, you hear a lot today about the overall rate of growth in the economy, and in general, the faster the population, the faster the workforce grows, the faster the economy grows. But what matters to living standards isn't that top line GDP grown number, it's GDP per person. So, Nigeria's population is growing at 2.6 percent a year. Just to deliver the same amount of goods and services to each person on average, its economy has to grow faster than 2.6 percent a year. But our population is growing much more slowly, less than 1 percent a year. So, we can deliver more stuff per person with a much slower economic growth rate.

But it's not only the number of people that matters, it's their age. The more

working age people the easier it will be to care for the large and growing number of retirees. The more people paying taxes to keep social security and Medicare going, and the more people available to care for the elderly. And that's where immigration plays a very important role. Of course, immigrants get old and retire and go on Medicare too. A National Academies of Science panel a few years ago examined all the economic aspects of immigration. Just looking at the impact on government budgets, here's what they found. One, immigrants are generally a plus for federal government budget, but because they tend to have more kids, that means more spending at the state and local level. On the other hand, those kids, the second generation of immigrants, tend to pay more in taxes than either their parents did or the rest of the native-born population.

More broadly, we know there are all sorts of other economic aspects of immigration. In some occupations and some communities, immigrants do compete with workers who are already here, which is one big economic reason to make sure immigrants, both legal and illegal, aren't exploited by their employers. We also know that immigrants tend to be more likely to be entrepreneurs than others, and that the immigration of talented and hardworking people has been a huge boost to the U.S. economy over the decades. Thirty-three of the eighty-five American winners of the Nobel Prize since 2000 have been immigrants, and about one-fourth of all technology and engineering companies started in the United States between 2006 and 2012 had at least one immigrant co-founder.

So, when you hear about immigration, remember that the economics of immigration are complicated, but on balance they are good for the U.S., in part because we are an aging society and we need more workers.

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DEWS: The Brookings Cafeteria Podcast is the product of an amazing team of colleagues, including audio engineer and producer Gaston Reboredo, with assistance from Mark Hoelscher. The producers are Chris McKenna and Brennan Hoban. Bill Finan, director of the Brookings Institution Press, does the book interviews, and Eric Abalahin provides design and web support. Our intern this semester is Quinn Lukas. Finally, my thanks to Camilo Ramirez and Emily Horne for their guidance and support.

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Until next time, I'm Fred Dews.