THE G·A·O JOURNAL

A QUARTERLY SPONSORED BY THE U.S. GENERAL ACCOUNTING OFFICE

THE MANAGEMENT OF PEACE
In a world of uncertainty, some hopeful signs

EARTH DAY, TWO DECADES LATER
What we know now that we didn't know then

STATE-LEVEL SUCCESS STORIES
Some lessons for federal managers

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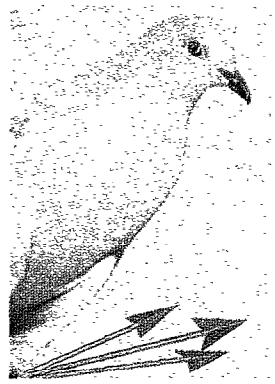
C O N T E N T S



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AS THIS ISSUE of the *GAO Journal* goes to press, there is no telling whether war will break out in the Persian Gulf by the time it appears in print. Why, then, the dove on the cover, and why a lead article on "The Management of Peace"?

The reason is that (the Iraqi invasion of Kuwait notwithstanding) the world may be ready for what Harlan Cleveland calls "the Third Try." World War I led to the League of Nations movement; World War II led to the inception of the United Nations and a number of other multinational organizations designed to promote world order. Now, a new set of changes based largely on the spread of knowledge around the world—but also on the sudden and surprising ending of the Cold War—presents us the opportunity to try again: "to do postwar planning without having the war first."

Those who pursue the idea will have plenty of data to go on. Mr. Cleveland surveys a group of international systems and arrangements already in place—a look at "what works, and why"—and locates a number of common principles of success. He examines how they might apply in a world where "nobody is going to be in general charge." The appropriate objective of "the Third Try," he says, will not be some new variation on the theme of world government. Instead, it will be a scheme of ensuring "peaceful change in a world made safe for diversity."

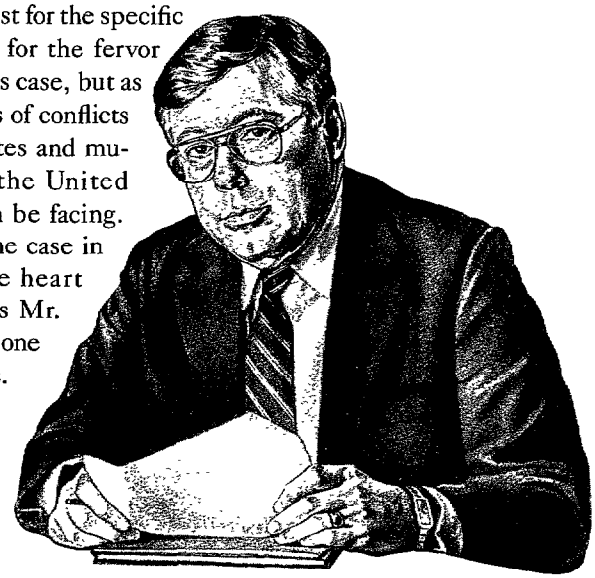
Harlan Cleveland's involvement in international affairs goes back to World War II. A Professor Emeritus of Public Affairs and former Dean of the Hubert H. Humphrey Institute of Public Affairs at the University of Minnesota, he is also a former Assistant Secretary of State and U.S. Ambassador to NATO.

John T. Hayward, who also writes for us this issue, is a retired Vice Admiral and former president of the U.S. Naval College. He, too, takes a look at recent changes on the international scene and sees "New Times, New Requirements for Defense." He also emphasizes something that *hasn't* changed: "The world is still a dangerous place; it could be fatal to forget that not all nations behave rationally." Because the Soviets are no longer our primary threat, he writes, "the United States will require more mobile, flexible armed forces that are prepared to operate in many different environments."

The federal government's effort to fight environmental dangers has also become the subject of reappraisal. Does the federal approach make the most of limited resources, employ the most effective methods of controlling pollution, target the most serious hazards? Assistant Comptroller General J. Dexter Peach and Assistant Director for Environmental Policy and Management Bernice Steinhardt offer some answers in "What We've Learned Since Earth Day."

Another pair of GAO staff members, Barbara Bordelon and Elizabeth Clemmer of the Human Resources Division, have been working lately on GAO's general management reviews of federal agencies. For the *GAO Journal*, they have looked into the experiences of state and local governments in solving some of the service-delivery problems so often found at the federal level. They have come up with some interesting success stories—and some lessons that might well prove useful for federal managers.

Our "Podium" section this issue features Felix G. Rohatyn, senior partner of Lazard Freres & Company and outgoing chairman of the Municipal Assistance Corporation of New York. Mr. Rohatyn's text falls into two parts. One is a sort of Rohatyn's-eye-view of where the United States is; where it must go ("for the next one or two decades [it must become] *the* preeminent superpower in the world"); and what it must do to get there. The other is a discussion of the fiscal crisis that once again confronts New York City—an interesting discussion not just for the specific problems he raises or for the fervor with which he states his case, but as an example of the sorts of conflicts and dilemmas that states and municipalities all over the United States are or will soon be facing. Money, as is usually the case in government, is at the heart of the matter. But, as Mr. Rohatyn always makes one remember, so are ideas.



Charles A. Bowsher

Harlan Cleveland

THE MANAGEMENT OF PEACE

Stimulated by "a cocktail of fear and hope," the world pursues the fundamentals of international cooperation.

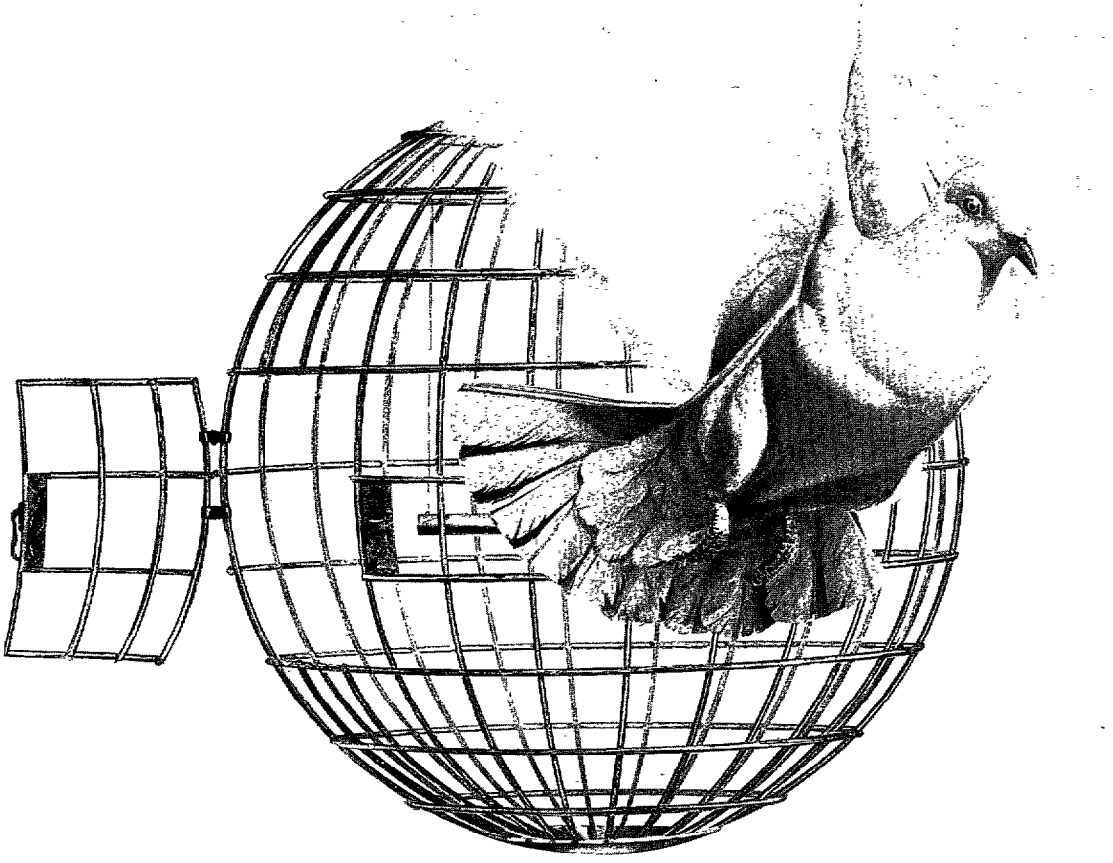
The latent causes of faction are . . . sown in the nature of man. Since the causes of faction cannot be removed . . . relief is only to be sought in the means of controlling its effects.

James Madison
The Federalist, No. 10

THE RAPID SPREAD of knowledge in the 1980s, culminating in "the Year of Democracy," not only caught a generation of communist leaders by surprise. In the noncommunist world, it also blindsided a generation of experts on the management of international relations. Their favored categories and modes of thinking quite suddenly didn't seem to be helpful in analyzing the new state of affairs.

They had developed, or at least learned in graduate school, a comprehensive mind-set: "peace" defined as the confrontation of military alliances backed by "mutual terror" between the United States and the Soviet Union; "progress" as the deployment of every inventable new technology, with Nature in the service of humankind; "growth" and "equilibrium" as the twin goals of economic activity; "development" as the trickle-down outcome of transnational business and foreign aid.

HARLAN CLEVELAND is Professor Emeritus of Public Affairs and former Dean of the Hubert H. Humphrey Institute of Public Affairs at the University of Minnesota. He has been Assistant Secretary of State, U.S. Ambassador to NATO, and President of the University of Hawaii. He is author of, among other books, The Knowledge Executive: Leadership in an Information Society. In January 1991, he will become President of the World Academy of Art and Science.



Suddenly, the very idea of "superpower" status, based on the possession of huge stockpiles of unusable weapons, was in question—weakened also by the domestic economic troubles of the Two.

Suddenly, the Warsaw Pact was going the way of SEATO, CENTO, and other forgotten euphemisms for big-power satellite systems, and the NATO allies were scrambling to find a rationale to stay together to contain (without having to say so out loud) a Germany made up of strong parts of both old blocs.

Suddenly, the backlash from Nature, and from publics moved by the emerging ecological ethic, made it imperative to rethink the impacts of human activity on the human environment—the "Global Commons"—and to invent new means of human self-control.

Suddenly, in the changing knowledge environment, the ethic of quantitative growth seemed passé and a global fairness revolution made clear that the world's now and future majorities would insist on economic management with more social conscience than the funds and banks established by economists devoted to equilibrium seemed able to muster.

"Postwar planning without having the war first"

In the spring of 1986, I invited a couple of dozen especially imaginative people around the world to join in an ambitious international but nongovernmental effort to "rethink international governance." Acting for three colleagues—Lincoln Bloomfield, Professor of Political Science at MIT; Geri Joseph, former U.S. ambassador to the Netherlands and now Senior Fellow at the Humphrey Institute; and Magda McHale, Director of the Center for Integrative Studies, State University of New York at Buffalo—and myself, I proposed that we "examine together, in its parts and their relations to each other, the international system as a whole."[1]

Suppose, I suggested, that we were all assigned to be an international "postwar planning staff" in the midst of a great war or global crisis. We wouldn't start, would we, by tinkering with the voting systems in the U.N.'s General Assembly, or by trying to reduce nuclear stockpiles by ratios that would leave us all as insecure as we were before the reductions, or by making marginal adjustments in a system of trade and money that is inherently unstable and unfair?

No. We would start, wouldn't we, by asking searching and heretical questions like "After the U.N., what?" and "After quantitative arms control, what?" and "After a defunct Bretton Woods system, what?" and "After 'foreign aid,' what?" We would feel obliged, wouldn't we, to think comprehensively and globally about a system that spans security, development, economic management, human rights and responsibilities, the migration of peoples—and especially to appraise the mix of hopes and dangers that stem from scientific discovery and technological innovation?

The trouble was: Human civilization could not, this time, afford war as the stimulus to hard thinking about peace. So, we agreed when we got together for the first time in November 1986—and dubbed ourselves, with the least immodest title we could think of, "The Group"—that we'd have to figure out how to do "postwar planning without having the war first."

The expectations and ambitions of real-life men and women in this century have proved too various for the static "structures of peace" that their leaders have established to govern them.

As The Group considered the many interwoven and interacting parts of "the international system," there emerged—among other things—a philosophy of international cooperation, an appreciation of how many kinds of international cooperation are actually working quite well, and an effort to figure out why what's working works. These findings make up the substance of the present article.

We also found that, insofar as international cooperation is concerned, the requirements for tomorrow—what we call "the functions of the future"—fall naturally into four substantive categories: world security, the world economy, development, and the Global Commons. I will not try to cover here what we thought should be done next in each of these broad fields. But I will review some relevant background regarding international cooperation, and look hard at some cross-cutting themes.

The false analogy

The pull of analogy is strong. Americans familiar with the development of the American nation-state tend to assume that a desirable world system can emerge as the next natural step along the lines of the American experience. In the American case, colonies became states, states a confederation, the confederation a union. Hence, the world order must entail the emergence of a super-sovereign power that would tax, plan for, and manage a majority of the people comprising the nation-states of the world.

This idea of governance as control was not confined to Americans. In one form or another, the analogy of the nation-state has attracted most of the philosophers of world order. The architects of the Roman Empire, the Leninist work of revolution, the League of Nations, *Deutschland Uber Alles*, Japan's East Asia Co-prosperity Sphere, the United Nations, and a hundred schemes for world government all have focused on architecture, structure, and authority and sought arrangements by which either a unitary sovereign or committee of sovereigns would plan, manage, finance, and enforce a global world order.

It was a quite natural view. The highest form of order had been the nation-state, and the nation-state had arrogated the power to govern by exercising the leadership of a few on behalf of (meaning, all too often, at the expense of) the many. Wouldn't government at the world level have to do the same? The extrapolation of history said yes.

Fortunately for the destiny of mankind, if disturbing to its planners and managers, the expectations and ambitions of real-life men and women in this century proved too various for the static "structures of peace" that their leaders established to govern them with some central authority in charge of the planning, managing, taxing, and enforcing.

The notions about world-order "architecture" that came out of World War II did not survive the urgent rush of science and technology, the mass movements of people, the rivalries of great powers, the ambitions of new nations, the awakening of submerged races and classes, and the importunities of plain people who came to consider their universal rights more important than universal order and organized to struggle for the blessings they felt were due them.

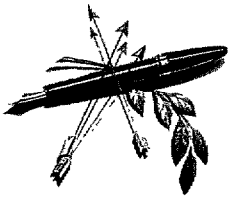
But there is more to the cautionary moral of this story. Today, national governments themselves—with all their progressive taxes, central banks, and planning commissions—are demonstrably unable to cope. Those of us who presume to prescribe for international governance had better be very careful about using national government as a model.

The national orders are leaking

Aristotle observed that physicians learn what health is by studying bodies from which health is absent. Since the existing architecture of world order was built by analogy with the modern nation-state, a first clue to building a new international system that works is to make sure we know why the several national orders are falling down on the job of governance.

The evidence is now overwhelming that every national government is beyond its depth. This is certainly true of the industrial democracies, plagued by infla-

tion, unemployment, pollution, urban congestion, insecurity, drug addiction, and juvenile crime. It has been even more true of the Soviet system, unable to feed its people and afraid to let them escape. It is true of the "China model," whose leaders used to speak openly about "10 lost years" of Cultural Revolution and political infighting, and are now losing more years in fear of that explosive mix, young people and education. It is true in most developing nations, unable to meet basic human needs or avoid the worst mistakes of the early Industrial Revolution.



Today, national governments are demonstrably unable to cope. Those of us who presume to prescribe for international governance had better be very careful about using national government as a model.

Political leaders keep up a brave front, but their incapacity for decision-making becomes more and more visible. Central economic planning, popularized around the world partly by industrial democracies that did not practice it themselves, has now been jettisoned by its main role models. Transnational companies, weathering the assaults of some sovereignties but welcomed by others, have adapted their outlook, policies, and practices to life in an interdependent world far better than governments have. A "new proletariat" streams across international frontiers in enormous numbers. Ethnic and religious rivalries and subnational separatists threaten the integrity of long-established nations. South Africa, Nigeria, Ethiopia, Jordan, Lebanon, Canada, and the Soviet Union are only the most current examples.

Part of the trouble is that the traditional institutions of national sovereignty are badly designed for the kinds of problems they now face. In the real world, the agenda for action consists mostly of interdisciplinary, interdepartmental, and interprofessional problems. Yet the traditional institutions of national sovereignty are not organized that way. They tend to be bounded by artificial frontiers that survive from the history of rational thought (physics, biology, economics, anthropology), from the history of government activity in simpler times (mining, merchant marine, forestry, the regulation of commerce), and from the historic professions (law, medicine, engineering).

In direct consequence, national government agencies in the main still are not organized to handle problems that "cut across" disciplines, specialties, and bureaucracies; to heighten awareness of the interconnectedness of things; and to encourage integrative training, staff work, and decision-making. Instead, every government is basically a collection of vertical ministries, in which recommendations travel "up" and orders travel "down." But everyone (including the inhabitants of these paper pyramids) knows that complex decisions that work are mostly the product of lateral negotiation—what we call committee work and the Japanese call consensus and the Communists used to call (without really practicing it) "collective leadership."

The other part of the trouble is that the kinds of problems national governments now face are so clearly international in the scope of their causes and the reach of their effects. The value of money, the swings of inflation and recession, the threats to the ecological systems, the production and distribution of wealth, the security of persons—and the flows of information, now the driving force of all of these—are ineluctably and increasingly international. Governments, even of the nations deemed "greatest" in weaponry or industry or science or land mass or

population, find that the forces that drive change and threaten peace are connected more and more tenuously to the "levers of power" in the chancelleries and the capital cities.

The earlier successes of nation-states resulted from their capacity to assemble power in the hands of the few, to maintain an effective government monopoly on important decisions about governance, and to manage as "domestic policy" most of what affected the security and prosperity of "their own" people. Their current incapacity is the mirror-image of their former capacities: the inability of the few to cope with the expectations of the many; the tendency of the many to take matters into their own hands; and the withering of "domestic policy" in the mistral of information and influence from "abroad."

Power is, in fact, leaking out of the national orders in three directions at once. (I will take my illustrations from current U.S. experience, not just because I have observed it most closely but because the "power spill" from Washington is, I believe, the precursor of similar trends in other "advanced countries.")

From the bottom

First, the vessel of national government leaks from the bottom, as the many get enough education to insist on participation in decisions affecting their newly understood rights and their dimly understood destinies. In the United States, the advocacy of openness—student protests, consumer lobbies, public-interest law firms, the remarkable performance of the citizen lobby Common Cause—has drained away from high officials in Washington the capacity to govern without telling people what they are doing. Indeed, it may have drained away the capacity to govern even in the open: The grass-roots tax revolt, starting with California's famous Proposition 13, lived on in the minds of elected officials long after most people had decided that the paralysis of the national government and the damage to the world standing of the United States and its currency were fates worse than taxes.

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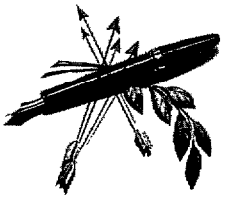
Long before the "Reagan Revolution" had scuttled the federal government's role as the lead horse in domestic policy-making, hundreds of local communities had started to decide to adopt their own policies about population, growth, and environmental protection, and use their planning and zoning authority to mold their independent futures. And in the 1980s, the deliberate attrition of the federal government (except the Defense Department) created a vacuum that has attracted a new dimension of leadership by governors as the states take more and more of the initiative on education, welfare, crime, and the environment. In the United States at least, the long history of accretion of power to the center in Washington is now clearly reversed. It was easy to see a similar trend in national governance on every continent, even before developments in Eastern Europe and the Soviet Union provided such extreme examples of people wresting power from their leaders.

From the sides

Power leaks out of national governments from the sides, too. Nongovernmental enterprise is typically faster on its feet, less constrained by national jurisdiction, and longer-range in its planning than are government agencies. This is why transnational business has been so successful: More than a third of "international trade" now consists of the internal transactions of international companies. This is also why a growing range of functions, even those fully funded by government, are farmed out to nongovernment organizations. Advanced research and development, legal services to the poor, education and cultural exchanges, the Postal Service, tax collection (through the withholding device), and weapons production are only a few of many U.S. examples.



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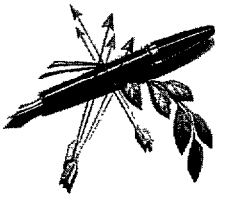
Even some of the power to make policy has leaked out to universities, research institutes and laboratories, and think tanks and policy analysis groups, which each year provide a growing proportion of the strategic thinking, forecasting, and long-range planning used by governments. This trend is farthest advanced in the United States, but is also now strongly in evidence in Eastern Europe and Japan. Some think tanks outside government are, of course, mostly or even wholly funded by government agencies; that is typically true of scientific academies even in the United States. But they "feel private," as a leading scientist once told me; and the best of them are protected by the prestige of their thinking from acting as instructed delegates of the governments that pay the bills.

From the top

Finally, national government leaks from the top into international arrangements, agreements, and agencies. This trend reduces a national government's discretion and control; it cannot act without consulting its partners, and sometimes (as in arms control) its adversaries, too. Curiously, this does not necessarily, or even usually, imply a "loss of sovereignty." Sovereignty, like other claims, is not absolute;



National governments also leak from the top—into international arrangements, agreements, and agencies. As this occurs, they cannot act without consulting their partners, and sometimes their adversaries, too.

it has to be meshed with the claims of others. Indeed, what's happening is the combining of sovereignties as the only way for each partner to exercise its own.

There is now a rapidly growing list of functions that only credibly international (and in some cases global) organizations can perform. Many of these "pieces of peace" are working more or less the way they are supposed to work. Wherever that happens, the blood of national governance gets a little thinner.

The beginnings of global cooperation

Most of the news about international cooperation is its absence: distrust, suspicion, controversy, conflict, terrorism, war. The collaborative successes—what's actually working—are seldom highlighted, whether on TV, in the newspaper, in the history books our children read, or (let's face it) in our personal interest level.

There is now a rapidly growing list of functions that only international (and in some cases global) organizations can perform. Many of these "pieces of peace" are working more or less the way they are supposed to work.

The study and teaching about international relations is usually hung up on what's wrong with the picture: riots and their suppression, military takeovers, drug traffic, corporate raids, financial psychoses, arms races, wars and rumors of wars.

Yet if you stand back and look at the whole scene, you see all kinds of international systems and arrangements that are working fairly well:

WEATHER FORECASTING. Beginning with a 1963 initiative of the Kennedy administration, the World Meteorological Organization (WMO) developed a World Weather Watch. It was based on technologies just coming on-stream in the early 1960s: picture-taking satellites, communication satellites, remote sensing satellites. These technologies, soon to be reinforced by supercomputers to help in large-scale modeling and rapid integration of global data—fast enough to be analyzed before the weather itself had come and gone—made possible a world weather system that now daily merges observations from more than 100 countries, ships at sea, and balloons, with cloud pictures and wind and moisture data from satellites. All of us now depend on this forecasting system every day of the year.

ERADICATION OF INFECTIOUS DISEASES. Diseases such as smallpox and diphtheria have been wiped out, malaria and others tackled, by combining medical science with a massive worldwide public health information system, coordinated through the World Health Organization, that requires the continuous cooperation of almost every nation on earth. Next on this never-ending agenda: AIDS.

INTERNATIONAL CIVIL AVIATION. Planes of all nations use each other's air space, control towers, and airfields with astonishingly few mishaps. There is even an agreement that all communication between planes and controllers will be in a common language (English). The alternative to agreed-upon rules of the game, negotiated through the International Civil Aviation Organization, would be mayhem compounded.

ALLOCATION OF THE FREQUENCY SPECTRUM. The International Telecommunications Union periodically assembles an all-nations "Administrative Radio Conference" to allocate the electromagnetic frequency spectrum among all users and purposes. A recent wrinkle is to get agreement on a computer program, which then does the actual allocations. What a mess our radio and TV reception, satellite phone and fax connections—and the space probes and military preparedness of the technological powers—would be if the frequency spectrum were an unregulated market!

GLOBALIZATION OF INFORMATION FLOWS. Because of global telecommunications (which often work better between than within nations), systems have developed for instantaneous worldwide delivery of data 24 hours a day in arenas such

as currency exchange, commodity markets, airline reservations, and the coverage of news and sports. These systems require a variety of hardware and software. They also require people trained to work together across political frontiers and time-zones—people able to react rapidly, accurately, and with a sense of the whole information system in which they are playing a role. The system is made possible, to some degree, by the deliberate actions of governments. But increasingly, the exchange of real-time information has taken on a life of its own to which, as in international monetary policy, governments can react only after the fact.

AGRICULTURAL RESEARCH FOR DEVELOPMENT. A network of agricultural research stations, such as the International Rice Institute in the Philippines, has made a big difference in farm productivity in developing countries—part of the success known as the "green revolution." The network is funded by a partnership among private foundations (which got the system started), government aid programs, and the World Bank. It is now working hard, through plant and animal breeding and genetic engineering, to follow up with a "gene revolution."

U.N. PEACEKEEPING AND PEACEMAKING. "Soldiers without enemies" have been stationed in many contentious corners of the world—including several parts of the Middle East, Cyprus, the Congo, Yemen, Kashmir, and Irian Jaya (West New Guinea). U.N. observers and mediators (sometimes the Secretary General himself or his personal representative) have been active in dampening conflict and sometimes settling disputes all around the world, starting with the 1946 Peace Observation Mission in Greece and featuring multiple peacemaking efforts in the Middle East, South America, and Southeast Asia; spot assignments in such places as Chad and the Dominican Republic; a critical role in defusing the Cuban missile crisis; and in recent times, helping to negotiate the withdrawal of the South Africans from Namibia, the Soviets from Afghanistan, the Vietnamese from Cambodia, and the disengagement of Iran and Iraq from their long-running war in the Persian Gulf.

COOPERATION IN OUTER SPACE. A generation ago, the U.N., with the agreement of the space powers, declared outer space and all "celestial bodies" (including the moon) to be "the common heritage of mankind." There followed formal treaties on questions such as damage to the Earth and the return to their home countries of errant astronauts and cosmonauts. As space began to fill up, other kinds of international cooperation seemed necessary: banning bombs in orbit, keeping track of launches (which the U.N. does), and sharing access to data from space vehicles. (Agreements on the latter have been possible for weather data and remote sensing imagery and impossible—so far—for military reconnaissance.)

THE LAW OF THE SEA. By an extraordinary act of consensus, the world's nations spent 15 years rewriting ocean law in a book-length treaty, leaving only one loose end. When it all began, the General Assembly declared the deep ocean and its seabed to be, like outer space, "the common heritage of mankind." In the years of multilateral negotiation that followed, the world's governments eroded that principle by permitting coastal states to reach out 200 miles from their shores to take jurisdiction over "Exclusive Economic Zones." For the sizeable "hole in the doughnut" that remained, they agreed on a way of regulating the use of the seabed (the United States and a few other nations dissenting on this one article). They also provided, by unanimous consent, for stronger environmental protection and for military and scientific use not only of the open ocean but of the important narrow places in the world's seas. Despite the absence of a U.S. signature because of the seabed issue, the White House later declared that all the rest of the lengthy text is now "customary law."

THE U.N. HIGH COMMISSIONER FOR REFUGEES (UNHCR). This useful office (a single individual, not a committee of government delegates) was set up by the

General Assembly as a way of recognizing a universal responsibility toward refugees and displaced persons for whom new homes had still to be found after World War II. Soon after the solutions were found for most of the displaced Europeans, refugee problems appeared in other continents; now there are nearly as many international refugees as there were 40 years ago, but a very different mix of peoples. The UNHCR has done an energetic and imaginative job as catalyst and coordinator, stimulating actions that have saved many millions of people from international homelessness, and many of them from disease and death; the Nobel Peace Prize has twice been awarded to a High Commissioner. In recent years the office has been less effective; but the refugee problem is now permanent, and it will be important for the UNHCR to become, once again, an operational conscience for the world community.

THE OZONE TREATY. In 1974 two chemists first guessed that human activities might be eroding the ozone shield that protects humanity from getting too much ultraviolet radiation from the sun. Only 13 years later, 50 nations agreed by treaty to slow down the use of such ozone-eaters as chlorofluorocarbons (CFCs). The issues were "staggeringly complex," the science still speculative, the evidence of damage incomplete. Yet this remarkable achievement was possible because an international scientific consensus developed, information on the subject flowed freely, the fact-finding process pulled in the nongovernments (notably the industries using CFCs), and an active international gadfly (the U.N. Environment Programme, or UNEP) spurred the process. The treaty itself was creative: It set emission targets but left to the market the task of reducing CFCs; for reasons of fairness, the targets were tougher on the richer than the poorer countries; and the targets themselves were left open for future revision in a flexible and dynamic process.

THE ANTARCTIC TREATY. Every nation doesn't have to be in on everything. Twelve countries agreed in 1959 to suspend the pie-shaped national claims many of them had made to parts of Antarctica and to open up the entire continent for scientific research. They also proscribed any military activity, nuclear tests, or disposal of nuclear wastes in this frozen no-man's-land. Six more countries have acceded to the treaty; one more has become a full treaty partner. The resulting cooperation has produced some very important scientific work; for example, core samples of ancient ice provide a historical perspective that has been valuable both to space exploration and to the analysis of the prospect for global warming.

These dozen examples are, I believe, clear cases of successful worldwide cooperation on global problems and opportunities. The list omits arms control because, as long as the Cold War was on, the outcomes of arms talks—in and out of the U.N.—were wholly disproportionate to the inputs of time and effort. But the list of successes is far from exhaustive; it does not mention, for example, the extraordinary global contributions of the U.N. Children's Fund and the here-and-there effectiveness of the World Bank and the rest of the U.N.'s unfinished war on poverty. It leaves out the successes (albeit not without controversy) of transnational business, which has been making the world much more international than national governments are comfortable with. There is also the intriguing recent phenomenon of global media events such as Live-Aid, the Concert for Bangladesh, and "We Are the World."

Regional organizations have also chalked up some outstanding successes. The European Community, after two decades of identity crisis, got its act together and was driving toward a much closer Western integration when the opening up of Eastern Europe required it to rethink just how large was the region to be integrated. The North Atlantic Treaty Alliance (NATO) certainly did successfully the two main things it was invented to do: contain Soviet military strength, and

provide a framework of close cooperation within which Germany could be resurgent without reviving old European fears and rivalries. Since the late 1960s, NATO has also been a working political caucus on how to make peace with the Soviets.

One of the most spectacular regional successes has been the agreement to clean up the Mediterranean Sea. That once-lovely body of water became so polluted over the postwar years that many thought its marine life was doomed and its appeal to tourists and residents was bound to be greatly diminished. Goaded by UNEP, 16 very diverse states bordering the Mediterranean, several of them officially at war with each other, agreed in 1976 to work out a plan of action to save its waters. Parts of the Med are already blue again.

Why does international cooperation work—when it does?

Ten common threads run through these dozen success stories—ten reasons why what works *works*.[2] The principles are not complicated; perhaps they may even seem obvious. But taken together, they are the priceless ingredients for success in international cooperation:

1. *There is a consensus on desired outcomes.* People who disagree on almost everything else can agree that smallpox is a threat to all, more accurate weather forecasts would be useful, enclosed seas should be cleaned up, civil aircraft shouldn't collide, somebody should help refugees. There has been no comparable consensus about trade or money or (until recently) about nuclear disarmament.

One principle of international cooperation is that, when it works, no one loses. Each of the dozen successes cited here turned out (sometimes after much national head-scratching and international negotiation) to be a win-win game.

2. *No one loses.* Each of the dozen successes turned out (sometimes after years of national head-scratching and international negotiation) to be a win-win game. The ozone treaty would not have been so regarded if developing countries had not been given a break on how fast CFC emissions had to be scaled down. Every country washed by the Mediterranean would win if that enclosed sea, polluted in common, could be cleaned up in common. It is in each nation's interest to have channels of telecommunication unencumbered by the electronic transmissions of others. We didn't begin to get real progress on disarmament (the 1989 "INF treaty" to eliminate a whole class of intermediate-range nuclear forces) until both the Soviet Union and the NATO allies concluded that their security would actually be enhanced by getting rid of powerful but unusable weapons.

3. *Sovereignty is "pooled."* Whenever nations cannot act effectively without combining their resources, imagination, and technology, cooperation doesn't mean *giving up* independence of action but *pooling* it. In such instances, nations use their powers together to avoid losing them separately.

4. *Cooperation is stimulated by "a cocktail of fear and hope."* Fear alone produces irrational, sometimes aggressive, behavior. Hope alone produces good-hearted

but unrealistic advocacy. Combined, reality-based fear and hope seem to provide the motivation to cooperate. In the case of the ozone treaty, even a proven threat to the ozone layer (let alone a speculative one) would have produced much scientific doomsaying and no political action. But once the major companies responsible for CFC emissions got the message, they worked hard on alternatives; by decision time, DuPont and others were pretty sure their research teams had found viable substitutes for CFCs, so they worked with, rather than against, the diplomats who were trying to negotiate a treaty.

5. *Individuals make things happen.* In the early stages of each of these success stories, a crucial role was played by a few key individuals who acted (whatever payroll they were on) as international people in leading, pushing, insisting, inspiring, sharing knowledge, and generating a climate of trust that brushed off the distrust still prevailing in other domains. On the World Weather Watch, these were mostly scientific statesmen; on smallpox eradication, public health doctors; on the Law of the Sea, visionary lawyers, including key players from the developing world; on outer space cooperation, lawyers and later some of the space travelers themselves with their visions of an undivided Earth; on the frequency spectrum, a few telecommunications experts who saw an interconnected world that cooperation could create and conflict could destroy.

6. *Modern information technologies are of the essence.* The need for complex data processing and rapid, reliable communication seem to be common to the success stories in international cooperation. This suggests an interesting idea: that the marriage of computers and electronic telecommunications is actually driving the world toward larger systems of cooperation. For example, the new systems of measurement, modeling, and mathematics these technologies make possible have already enabled experts to begin thinking seriously and systemically about environmental issues on a truly global scale.

7. *Nongovernments play a key role.* The story of international cooperation in recent decades is replete with the contributions of scientific academies, research institutes, women's groups, international companies, and "experts" who don't feel the need to act as instructed representatives of their governments. Often the need for international regulation occurs first to people outside government—scientists, for example, working on agricultural research, atmospheric chemistry, and polar research.

8. *Flexible, uncentralized systems work best.* The more complicated the task and the more diverse the players, the more necessary it is to spread the work around so that many kinds of people are "improvising on an agreed sense of direction." The clearest case is, of course, the global flow of information about commodities, financial instruments, and money. Indeed, the essence of a market system is that decisions are uncentralized, yet compared and aggregated very rapidly in a central "marketplace" (which, with modern information technologies, is no longer to be a *place* at all, but simply the same information simultaneously available in thousands of dispersed computers). Even in activities which are inherently government functions, the complexities are best handled in an uncentralized system. The World Weather Watch, for instance, works well partly because, within standards and definitions agreed upon by governments in WMO, the actual data gathering, analysis, modeling, and forecasting are done by national weather services and experts scattered around the world in atmospheric research laboratories and university faculties; technical coordination and large computer capacity are supplied by three major system nodes in the Soviet Union, the United States, and Australia.

9. *Educated "local talent" is essential.* Especially where developing countries have major roles to play, cooperation works best when they use their own talent to

do their own thing. The colonial days are past; imported experts shouldn't plan to stay. The need to participate in the global systems we are discussing here has, in fact, pushed developing countries to grow their own experts and systems managers—and to secure aid from the technologically advanced countries in doing so. This has been particularly true in such fields as atmospheric research, epidemiology and public health administration, air traffic control, telecommunications, news services, biotechnology, and (for coastal and island states) the management of marine resources.

10. *The United States is a key player.* In all these success stories, American initiative, research, resources, and entrepreneurial bias have been important factors. The other side of the same proposition is illustrated by the record of the 1980s: When the U.S. is "dead in the water," the international system is likely to be becalmed as well.

The world of the future will be somewhat different; most of the history reviewed here started in an era when the United States was the only nation that could take large initiatives requiring major new resources and an ambitious world view. In the 1990s and beyond, it seems likely that global cooperative projects will have to depend more on leadership from Europe and Japan as well, and that there will also be important leadership roles for "middle powers" such as Canada, Brazil, India, Australia, and Nigeria. As systems for international cooperation grow out of their swaddling clothes, we can also look to international public executives, more and more, to play the kind of catalytic and energizing role that Secretary General Pérez de Cuellar has played on political and military issues and that Maurice Strong and Mustafa Tolba, the two men who have been executive directors of UNEP, have played on threats to the global environment.

But having said all that, my guess is that in the matter of international leadership the past is partly prologue. The United States is still the only country with a global reach in every domain: political, military, economic, educational, cultural. Even among more equal partners, American governments and nongovernments may have to provide more than their share of the initiative in reshaping the international system, even if the financial support and human enterprise for new forms of international cooperation will now be more widely shared.

At this moment in world history, our object should not be another try at "world order." The object this time around should be to ensure peaceful change in a world made safe for diversity.

Guidelines for the "Third Try"

We learned much about what to do and what not to do from the first two tries at world order—the League of Nations movement following World War I, the U.N. and other organizations growing out of World War II. Now, in this extraordinarily open moment in world history, we have a chance to apply these learnings to a third try—without having a third war first. From experience and several seminars with members of The Group, my colleague Lincoln Bloomfield and I undertook to derive some summary guidelines:

The object of the third try is *not* "world order." That has too often seemed to

mean the defense of the status quo by those who are temporarily the most powerful. The object of this new try is to *ensure peaceful change in a world made safe for diversity.*

Nobody is going to be in general charge. Just as the American colonists were fed up with autocratic kings, the world's people seem to have had enough of czars, dictators, commissars, and privileged authorities of many kinds. The problem, then, is not to build structures of authority and privilege (which usually go together) designed to be way-stations on the road to world government. The problem is to put in place processes appropriate to the management of pluralism.

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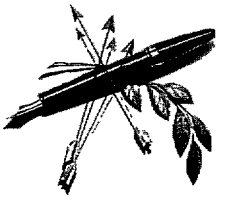


"International governance" need not be in conflict with "national sovereignty." Our search is for ways in which nations and their citizens, without homogenizing their cultural identities, can pool their increasingly ineffective sovereignties in win-win systems for shared purposes.

For much of what needs to be done, people can agree on the next steps to be taken together without having to agree on *why* they are agreeing.

But some common norms are already widely accepted: territorial integrity; the inviolability of diplomatic missions (the violations are dramatic because they are rare); the non-use and non-proliferation of nuclear weapons; the immunity of civilian aircraft and ships (a few brutal attacks have served to strengthen norms against hijacking and firing on innocent craft); an obligation to help refugees; the inadmissibility of colonial rule; the unacceptability of overt, officially-sanctioned racial discrimination; the undeniable equality of women; and the full menu of human rights described in the Universal Declaration of 1948 and reinforced in the Helsinki Final Act of 1975. Of course, wide acceptance in principle isn't universal compliance in practice—but it's a step in that direction.

Most of the world's people, and even their governments, may now agree on some even more far-reaching norms. The task, in the third try, is to make them operational:

- A third world war is wholly impermissible, and nuclear weapons should be made irrelevant to political conflict;
- Local conflicts should be insulated, whenever possible, from outside involvement to prevent their escalation. But clear cases of aggression, such as Iraq's takeover of Kuwait, will still engage the obligation of all members of the United Nations—and of the U.N. Security Council—"to take effective collective measures for the prevention and removal of threats to the peace";
- The lives of innocent bystanders should not be used as political bludgeons;
- The quality of human life worldwide must be protected from catastrophic degradation of the atmosphere and the biosphere; and
- No child in the world should go to bed hungry.

A clear distinction should be made between two kinds of international cooperation. One is a more centralized process with universal participation, where debate is encouraged and agreement is reached on standards, norms, goals, and codes of ethics. The other is at the more operational level, where many different enterprises and authorities can "do their own thing," acting within the framework

of the agreed standards and norms, but without the need for centralized decision-making, heavy regulatory regimes, or large international bureaucracies. In some cases, especially in the world economy, this "operational" level will be a market system.

This distinction between the collective establishment of norms and standards and the non-central control of bargaining, sharing, and clearing is not well described by the much misused word "decentralization." In a decentralized system, the control is still in a central office; it's the center that decides how partial controls will be exercised by subordinate authorities. This is why I use the word "uncentralized" for a system in which "many flowers" are encouraged to bloom, many "points of light" stimulated to shine.

A review of what works in today's world drives us to belated recognition of the crucial role played by major nongovernments—whether corporations whose decisions affect people's lives and fortunes, professional associations whose expertise educates and informs, religious movements with their unique capacities for love or hate, the distinctively international scientific community, or advocacy groups that mobilize people for behavioral change. We must bring the main nongovernments into the planning and decision-making, in ways that reflect their real-world roles.

Some global issues require actions by millions of individuals, families, and small groups. There will be an important role for the mass media in spreading the word and developing wide accord as a basis for political cooperation.

The experience of 45 postwar years suggests that when governments want to record their disagreements ("divide the house," as Western parliamentarians say) they resort to voting. When they have to work together to make something different happen, they increasingly decide from the outset to act by consensus. In the many cultures that are accustomed to practice decision-making by consensus, the word does not mean "unanimity." It means something more like *the acquiescence of those who care, supported by the apathy of those who don't.*

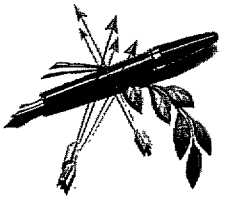
Getting things done in the future will not require the world's people, or all of the world's governments, to be involved. In practice if not in theory, most international cooperation—even within organizations with universal membership—involves only communities of the concerned. That is as it should be. Those who can and will act have to take whatever action is to be taken. If a collective task is to be accomplished, it cannot be subject to acquiescence by the least relevant or least cooperative member of the world community—nor by the most apathetic one. But in matters affecting the globe we all share, those who do act have an inescapable obligation to explain what they are doing together and why. So we also need open consultative forums where stakeholders not operationally engaged can nevertheless be heard.

The "extranational" principle

Some proposals for reorganizing and reenergizing the international system can be accommodated in organizations and processes that already exist.

Essentially these are clubs—universal or regional or functional—of sovereign governments, served by "international civil servants" appointed by the governments acting as a group, sometimes drawing in "experts" acting in their personal capacities, and funded partly by assessments that vary according to the governments' ability to pay and partly by "voluntary funds" to which only some of the club members contribute.

This is a generic description; it describes the U.N. and its specialized agencies, the World Bank group of agencies, the world's main regional alliances, and dozens of *ad hoc* intergovernmental clubs established for technical cooperation in matters ranging from water rights to copyrights. There are exceptions to this general pattern: The International Labour Organisation, for example, makes room at its committee table for people representing labor unions and business associations. Refugee issues are entrusted not to a committee but to a person, the High Commissioner; this adds a degree of flexibility, but in practice the government delegates appointed to "advise" him pull pretty hard on his budgetary purse strings and thereby act almost like a board of directors. The Antarctic Treaty—an exception to the rule—never established an international secretariat. But by and large, the postwar pattern, from 1945 until today, is the committee-of-sovereigns-with-a-staff.



Organizations like the United Nations can work if conditions are right. But the world-scale functions of the future will each require an international capacity to act, and thus more flexible and dynamic systems than we yet have in place.

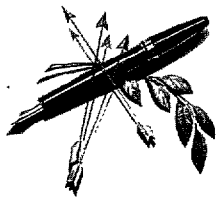
In the 1990s and beyond, what needs to be done among countries is not mostly committee work among instructed representatives of governments. The U.N. pattern is often a formula for sluggish response and inefficient follow-through, and sometimes a prescription for paralysis, especially when committees-of-sovereigns that have been set up to get something practical done are used instead as mini-General Assemblies, with technical experts arguing about the future of the Palestinians or South Africa or Cambodia or other issues they cannot do anything about.

As we have just seen, the U.N. pattern can often be made to work if the conditions are right. But the world-scale functions of the future—watching and averting international conflict, mobilizing peacekeeping forces and peacemaking teams, regulating trade and investment and money, deterring terrorism and international crime, promoting scientific research, channelling technological innovation toward human needs and purposes, educating and training many kinds of people to be both specialists and integrative thinkers, helping the world's poor "get rich by brainwork," assuring fairness and protecting human rights, regulating the exploration and use of the Global Commons—each requires an *international capacity to act*, and thus more flexible and dynamic systems than we yet have in place.

In each of these fields, we will need institutions at both tiers: a mixture of norm-setting and execution. For the norm-setting, there is no getting away from committee work. But the need is urgent for state-of-the-art equipment for monitoring and analysis, and the most imaginative and sensitive people to help committees arrive at viable norms and set well-thought-through targets and standards that governments and nongovernments can and will act upon in their own spheres and jurisdictions. In the future, moreover, some of the committees will need to include not only people from national governments but other international actors who have to be consulted about the international norms and standards if they are expected to be guided by them.

Beyond the norm-setting committee work, when it comes to getting things done we can no longer depend on large, heavy, permanent international staffs responsible to large councils of government delegates posturing with an eye to how they will look back home.

What's the alternative? In the 1970s, in the midst of the worldwide debate over proposals for a "New International Economic Order," I assembled under the nongovernmental Aspen Institute an international group to consider the elements of a "planetary bargain" among the nations. Our consensus report was then ahead of its time, but perhaps it is not so today. It seemed then, and it still seems, that there is need for a new kind of international institution, better able than committees-of-sovereigns to organize executive action, but without the dangers to fairness and human rights that might result from entrusting international functions to a single general-purpose world authority.



The "extranational" institution is more able than committees-of-sovereigns to organize executive action, yet avoids the dangers that might result from entrusting international functions to a single general-purpose world authority.

It was the French member of the Aspen group, George Berthoin, who first named this intermediate social invention the "extranational" institution. Here in updated paraphrase is how we described it, with European experience as the nearest analogy, in our 1975 report, *The Planetary Bargain*:

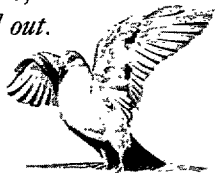
> *The extranational principle is illustrated by the way the European Community is supposed to work. Reaching for the supranational star of Jean Monnet ["founding father" of the European Community], the Europeans fell short. But in falling short, they invented something new: an executive commission operating at the political level, which internationalizes much of the initiative for action without derogating from the ultimate power of the governments who have, in effect, loaned their sovereignty to the commission for specified purposes.*
>
> *The European Commissioners are not "international civil servants." They are, for the most part, former ministers, accustomed to operating at the "cabinet level." They are appointed for a term of five years by their own governments, but are not removable by their own governments—only by all member governments acting by unanimity (which has never happened). They are therefore in a position to deal with government leaders as personal equals, not as secretaries serving committees-of-sovereigns from below. [This distinction has been clear in my mind ever I since heard a U.S. Secretary of State, in a rare moment of exasperation, say to a U.N. Secretary General, "Who do you think you are—a government?"]*
>
> *Under the Treaty of Rome, it is the commission, not the member governments, that takes the initiative in proposing "European" policies and actions. (What's "European" is defined in the treaty.) It is also the commission that carries on the necessary consultations with nongovernmental organizations (trade union groups, agricultural lobbies, and the like) and with the directly-elected European Parliament. After these very public consultations, reported and debated in the media, the commission's revised proposals are submitted to the Council of Ministers, which acts for member governments in approving or rejecting it. But—another interesting innovation—under the treaty, the council cannot edit or rewrite what the commission has publicly proposed.*

It's important not to be mesmerized by a descriptive analogy. In earlier days, the European Commission did not take full advantage of its potential; more recently, it has become the dynamic, driving force toward tighter economic, monetary, and even political links among the Western Europeans. The strong magnetic influence of the European Community is now felt in Eastern Europe, too. But my point here is not to judge how the ingenious arrangements of the Treaty of Rome have worked out in practice—though even when they weren't working well they must be judged a great improvement over several hundred years of European wars. Besides, the unfinished business of European integration is vastly different, and for all its complexities probably easier, than the global issues involved in the "third try."

So please, if you can, drain this description of its Europeanness, and consider the suggestive key elements of this social invention, the "extranational" organization:

- There is, first, the collective nature of the executive leadership, which gives some assurance that a wide spectrum of viewpoints will already have been brought to bear on its thinking before important executive initiatives are taken.
- Because of their experience and standing in their own countries, the commissioners are likely to have informed judgments about what the political traffic will bear back home.
- Because the commissioners have, in effect, a guaranteed five-year term, they can go beyond the conventional wisdoms of current national governments, find common ground among them, look ahead farther, and act more boldly.
- The commissioners are both obligated and empowered to analyze problems and formulate policies from an international point of view.
- The commissioners are able to float ideas and consult with nongovernments *in the open*, and by so doing they can frame the terms of the public discussion and debate to which governments then have to tune their political antennae.
- In perhaps the most ingenious device of all, when the governments do finally get to consider a commission initiative (after everyone else has been publicly heard from), the ministers in council can't edit. If they don't want to bless the initiative, they have to toss it, publicly, back into the public arena where the consensus for it was developed in the first place.

In the future, the "extranational" form of institution may be the best bet in situations that call for a combination of international policy analysis, international policy consensus, international policy decisions, and a "watching brief" on how policies are carried out.



An organization with these characteristics—adapted, of course, to the problems to be managed—could probably tackle, better than an orthodox committee-of-sovereigns-with-a-staff, politically ticklish yet operational tasks in fields as varied as disarmament; conflict prevention; the development of ready peacekeeping forces and logistical support; commodity price stabilization; R&D on energy conservation and alternate energy sources; the resolution of differences among transnational enterprises, home governments, and host governments; the international review of national development strategies; and monitoring the Global Commons.

The point is not that one such institution should tackle all these functions. Quite the contrary. The point is that for each "function of the future," special

processes will be needed, and that the "extranational" form of international organization may be the best bet in several arenas that require a combination of international policy analysis, international policy consensus, international policy decisions, and a "watching brief" on how policies are carried out.

International taxes

In the past, even those international programs widely agreed to be essential have been held back by chronic funding crises. It will be necessary to develop international income streams that do not depend on annual soul-searching by half a hundred governments.

Buying a world of peaceful change is much less expensive than the threat or use of force. And there are plenty of international systems and transnational transactions that depend for their viability on the management of peace.

In the past, even the essential international programs have been held back by chronic funding crises. It will be necessary to develop international income streams that do not depend on annual soul-searching by half a hundred governments.

The recommendations of several international commissions that have studied the shortcomings of the international system, including the *North-South* report by the group chaired by former West German Chancellor Willy Brandt, and *Our Common Future*, the report of the World Commission on Environment and Development chaired by Prime Minister Gro Harlem Brundtland of Norway, have included the still-heretical suggestion that international taxation is part of the solution. One of these, our Aspen Institute consensus report, *The Planetary Bargain*, advocating an international development tax, put it this way in 1975:

> *Rather than trying to pump life back into the worn out policy of year-to-year decisions by individual governments on how much to appropriate and to whom it should go, what is needed is a flow of funds for development which are generated automatically under international control . . . The idea of international taxation (on ships for the use of international waters, on international air travel, on passports, on international telecommunications, on ocean fisheries) is a hardy perennial, but we believe it should be treated as an idea whose time has come.*

As a matter of common sense, fund-raising for international functions should bear most heavily on those activities that benefit most from a peaceful and predictable world environment. Travel, transport, communication, and international transactions are the obvious candidates. As a frequent international traveler and communicator, I see no reason why I shouldn't pay a tithe of my passport fee or a fraction of the price of my airplane ticket or an override on my bill for telephoning, faxing, or sending data across international frontiers—a fee, that is, for the privilege of moving myself and my thoughts around a world that will become much more unfair, more turbulent, and more dangerous if the international system doesn't work.

Another easily-understood device would be a tax on the use of a part of the Global Commons. Rent for a parking stall in geosynchronous orbit; licensing fees for the exploitation of resources in the deep ocean, on the seabed, and on the con-

tinental margin; an easement for work in Antarctica; payments for the international transfer of genetic resources; taxes on transborder data flows and especially on international financial transactions; a tax on the deliberate emission of "controlled substances" (such as CFCs, carbon dioxide, and methane), intended as a disincentive as well as a revenue measure—the list is limited only by the human imagination.

Over the years, a good deal of thinking has been done on the subject of international taxation. No national government or major international leader has espoused it in a way that led to action. Sooner or later, someone will. Whoever does so first will make an unforgettable contribution to a workable system of peaceful change.

The management of pluralism

This "workable system of peaceful change" is a feasible goal. Steps in the right direction already have been taken (albeit in piecemeal fashion), and the necessary guiding principles have, by now, made themselves apparent. The problem now lies in how to move in an orderly way toward carrying into practice what we have learned in theory.

Our challenge is strikingly similar to the one successfully confronted by Thomas Jefferson, James Madison, Alexander Hamilton, and the other founders of the United States. In America, we recently celebrated the 200th anniversary of the Constitution, which was written to govern a large, diverse, developing nation through institutions crafted to ensure that no one would be in general charge.

The real-life management of peace worldwide is likely to mean a Madisonian world, a world of bargains and accommodations among national and functional "factions," a world in which peoples are able to agree on what to do next together without feeling the need (or being forced by global government) to agree on religious creeds or political credos. A practical pluralism, not a unitary universalism, is the likely destiny of the human race. •

1. By way of background, I should explain that all of us had experience in government and intergovernmental dealings. On the basis of that experience, we judged that governments and committees of governments couldn't and shouldn't be expected to start this kind of root-and-branch rethinking. Except in times of deep crisis, such as a great depression or war, governments are, paradoxically, too "responsible" for things as they are to take the responsibility for charting the direction of change.

The best bet was therefore to assemble an *ad hoc* group of wise and experienced rethinkers, working together in a manner that did not engage whatever professional responsibilities they might otherwise be carrying, to sketch a credible, workable system of peaceful change.

At the time we started, it was inconceivable that either a Soviet or a Chinese colleague could get away with playing so serious a "let's pretend" game; but two Eastern Europeans, a Hungarian and a Romanian, did agree to join in—along with rethinkers from Belgium, Canada, Chile, Colombia, Egypt, France, India, Indonesia, Israel, Jamaica, Japan, Kenya, South Korea, Mexico, Morocco, Singapore, Spain, Sweden, Switzerland, Uganda, the United Kingdom, and the United States. Altogether, over the group's four-year span, 31 people from 24 countries participated, along with a dozen close consultants and uncounted others who helped by listening, reacting, writing, and reading as the work went on.

By 1988, as the passion for political choice spread with the spread of knowledge around the globe, what had seemed three years before an engrossing but academic exercise, unlikely to have much to do with real-world international politics, suddenly looked both urgent and opportune. At our last meeting, in Barcelona in October 1989, the group asked—in lieu of a "consensus statement" that might risk being too brief and too bland to do justice to the depth and breadth of our work together—that I write my own version of the strategies and structures that we had discussed. This article is adapted from that just-completed writing.

2. In two recent years, my Humphrey Institute colleague Geri Joseph and I posed this problem—to discern not just how these successful international programs were working, but *why*—to two groups of graduate students. Their research became the basis for a working paper for The Group; the essence of their findings was presented at the 20th Anniversary Meeting of the Club of Rome in 1988, and at the 1988 annual meeting of the American Society of Public Administration. I am indebted to these bright and creative students for what appears here.

John T. Hayward

NEW TIMES, NEW REQUIREMENTS FOR DEFENSE

Strains in the budget and changes on the international front are spurring a new look at U.S. defense needs.

As RECENT FISCAL maneuverings have made clear, cutting U.S. defense spending is an exceedingly tricky business. Not only must this country's fiscal resources be considered, but so also must its overall defense requirements. Given the breakneck pace of changes on the international scene, it is no easy task to specify exactly what those overall requirements are—much less how they break down into specific mission, operational, performance, or staff requirements.

Nevertheless, the fact of the matter is that, even if this country did not face a fiscal crunch that made defense cuts necessary, the recent changes in the international environment would force us to reevaluate our defense strategy. The budget crisis only makes this reevaluation all the more urgent. Fortunately, the radical shift that has taken place in East-West relations will facilitate cuts in certain areas of military spending. This is not to suggest that the process of rethinking U.S. defense requirements will be painless. But it does seem possible—and, in fact, a sensible and desirable step at this time.

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Old threats, new threats

After the widespread optimism generated by the political and economic revolution within the Soviet Union and Eastern Europe, Iraq's invasion of Kuwait dashed some cold water on America's hopes for an extended peace, serving as a reminder that the communist countries were not the only threats to international stability. The world is still a dangerous place; it could be fatal to forget that not all nations behave rationally. Real threats exist, and this country must be prepared to meet them.

But it is one thing to prepare to meet the range of likely contingencies with an appropriate response, and quite another thing to prepare to respond to every threat with maximum force. The latter is equivalent to killing a flea with a hammer, and just doesn't make sense. When the Soviet Union was this country's foremost adversary, U.S. defense requirements of course had to match Soviet capabilities. Now that the threat from the Soviets is

drastically reduced, U.S. defense requirements should no longer be based on the philosophy that all our military forces must be technologically superior to the Soviet Union's. Instead, military strength should be based on a broad assessment of the likelihood of various events across the entire spectrum of conflict.

One possibility for which U.S. forces have kept themselves prepared is that of a major land war in Europe. But such a conflict no longer seems likely. Instead, it seems more probable that the United States will need to fight smaller wars in more far-flung locations. These kinds of wars would occur under different conditions than those we might have found in Europe and consequently would have different requirements.

Consider, for instance, the possibility of a major conflict in the Persian Gulf (which, as I write, is still just a possibility). The Iraqi crisis has generated debate in this country over the weapon systems most appropriate to combat in the Middle East. For example, some have argued that the B-2 Stealth bomber would be the ideal weapon to fly over Iraq. But the B-2 is designed to evade sophisticated Soviet radar systems. It would be technological overkill to pit it against Iraq's relatively crude and poorly manned air defenses. Even the smaller F-117A Stealth attack aircraft, which has been deployed to the region, may be more technologically sophisticated than necessary; smaller, conventional planes, such as the F-15E, might do the job just as well.

Another weapon system worth rethinking is the A-10 airplane, a sturdy, well-armed attack plane that is superbly equipped for taking out enemy tanks. Despite its capabilities, its slow speed has made it unpopular with the Air Force, which was glad to see it go out of production in the early 1980s. But the Gulf crisis makes it clear that the A-10 can fill a very real need just as effectively as more sophisticated systems. Perhaps we should consider putting it back into production.

Even U.S. soldiers' uniforms need to be rethought. Many of the troops initially stationed in Saudi Arabia wore the green camouflage fatigues designed for use in Europe. But there's not much vegetation in the desert; something the color of sand might be more appropriate.

Of course, fighting in the Middle East is only one possibility we must prepare for; conflict could crop up in a number of different hot spots. The important principle to keep in mind is that the Soviets are no longer the primary threat we face and that our forces therefore need to be prepared to meet a wide variety of threats. The United States will require more mobile, flexible armed forces that are prepared to operate in many different environments. Similarly, military technology should be geared to a variety of potential situations, not all of which will require the most sophisticated and expensive technology that exists. Finally, it is crucial that, as the armed forces fine-tune their requirements, intelligence- and data-gathering capabilities be maintained: We will have to keep abreast of potential military threats in order to make sound readjustments in military requirements.

Nuclear strategy

Another area that needs rethinking is the structure and mission of U.S. nuclear forces. Nuclear deterrence should remain high on our priority list. The Soviets, whatever their intentions, still are capable of destroying us with their nuclear arms. A nuclear threat could also emanate from other countries. But deterrence doesn't need to be as expensive as it is now and is projected to be in the future.

The current nuclear triad—nuclear forces that can be delivered from land, sea, or air—is out of date. In particular, fixed-based missiles on land should be phased out. Fixed-based systems were appropriate back in the 1950s, when the United States began constructing its intercontinental ballistic missile (ICBM) force. At the time, fixed-based systems were more accurate than submarine-based systems and could accommodate larger warheads. Furthermore, they served the political purpose of reassuring our allies that the United States was as much of a target for Soviet nuclear attack as they were.

But those conditions no longer hold. As the Iron Curtain has fallen, the threat of a Soviet nuclear attack on either the United States or Europe has become much less probable. And submarine-launched ballistic missiles have become more accurate and capable of carrying larger warheads. For

example, the D-5 missile system carried on the Trident II submarine is extremely accurate and has sufficient payload to deter a Soviet nuclear attack. This system, in combination with nuclear weapons carried on bombers, would constitute a perfectly adequate deterrent. To determine exactly how many bombers and how many submarines are needed, one might establish a requirement that each system alone should pose sufficient threat to deter a first strike.

As this argument suggests, I would recommend doing away with land-based missiles entirely. In other words, we should not proceed with Midgetman missiles and we should discontinue the MX program. Existing MX missiles should be put in silos, and existing Minute Man missiles should be kept in place until they become obsolete, at which point they should be decommissioned. Such a gradual transition would ensure a continued viable sea- and air-based deterrent, and would allow for considerable budget savings at a time when defense funds will be declining.

The U.S. defense industry

In determining which weapon systems to cancel, one has to consider the impact of those cancellations on the U.S. defense industry. For one thing, the health of U.S. industries directly affects the health of the U.S. economy, and if this country is not strong economically it cannot be strong militarily. More specifically, there is the question of how large a defense industry the United States needs in order to meet the spectrum of conflicts ahead of it. We cannot ensure national security without maintaining adequate industrial backup. At the same time, however, military cuts will make it inevitable that the present defense industry shrink in size. Where should it shrink? What companies should the government allow to fold?

For example, consider the construction of nuclear submarines. Although I have advocated continued reliance on submarine-based nuclear weapons, it is likely that future production of submarines will be at a lower level than is now projected. At present, two companies manufacture nuclear submarines: Newport News and Electric Boat. If submarine production drops significantly, these companies could be jeopardized. In that case, the U.S. government might decide that national security dictated keeping both companies afloat. This kind of support is not affordable in all instances; therefore, some contraction of the U.S. defense industry seems inevitable.

"Economy" measures

A related concern is the old one of how to get more bang for the buck—how to minimize defense costs while maximizing defense quality. All too often, attempts at economizing have only ended up imposing extra costs in the long run.

For example, new weapon systems may now be developed in one of two ways. Under the first and more common method, operational requirements are written for a particular weapon system, a contract is awarded, and (if all goes well) the product is delivered on time and works according to specification. The problem is that all does not always go well: Cost overruns, time delays, and technological snags frequently bedevil the process.

This leads us to the second method—the prototype approach. A prototype is a first full-scale and usually functional model of a new type of weapon, vehicle, or other mechanical system. It may be used to test new technologies and to serve as a basis for final decisions about product design. For example, the Navy is currently developing an advanced tactical fighter, the A-12. Two teams have been awarded fixed-price development contracts, each of which focuses on slightly different requirements, such as agility and supersonic capacity. Moreover, each team is to build two prototypes, each of which will utilize a different engine. When the prototypes are completed, they will all go through complete flight tests. Only then will the Navy make final decisions on the requirements for the A-12.

This might sound excessively time-consuming

and costly: Shouldn't the Defense Department have a clear enough idea of its needs to be able to write operational requirements without going through the process of getting prototypes built? But in fact, according to a recent RAND Corporation study,[1] over the long run the prototype approach is no more expensive than the way large systems are more commonly procured today. Furthermore, the prototype approach provides a more specific basis for estimating costs as well as much more assurance that the system will actually work.

Another "economy" measure that can sometimes backfire is the awarding of contracts to the lowest price bidder. Often, this practice does not make good sense—in acquiring ammunition, for example. Although one can test aircraft, tanks, missile launchers, and so forth, one simply cannot test every round of ammunition that is produced. But try offering that excuse to a soldier whose ammunition has failed during combat! Beyond a doubt, this is one area in which John Ruskin's common law of business should be applied:

"It is unwise to pay too much . . . but it's worse to pay too little. When you pay too much, you lose money—that is all. When you pay too little, you sometimes lose everything, because the thing you bought was incapable of doing the thing it was bought to do . . . If you deal with the lowest bidder, it is well to add something for the risk you run. And if you do that, you will have enough to pay for something better."[2]

Taking the broad view

I have argued here that the process of establishing military requirements needs to be revamped—from the macro level of assessing likely military threats to the micro level of making trade-offs between cost and quality in individual weapon systems. For such changes to occur, there must be not only a political decision but also some institutional mechanism for implementing the changes. I believe that, as events on the world scene continue to unfold, this nation will develop the political will to make significant revisions in its overall strategy. How those revisions can be carried out, however, is still an open question.

In 1986, the Packard Commission recommended the establishment of a Joint Requirements Management Board, which would represent both military users and experts in acquisition and technology. Such a body would be able to coordinate overall mission requirements and make informed trade-offs between user requirements and schedule and cost considerations. Unfortunately, the Joint Requirements Management Board never operated as intended; the need for this kind of oversight is still going largely unmet. Some observers have suggested that the same purpose could be served by an already existing body, the Joint Requirements Oversight Council (JROC). But the JROC is only chartered to consider operational factors, not affordability issues, and to review the requirements for programs that are—or could be—developed by joint action between two or more service branches. (For example, if both the Navy and the Air Force were interested in developing a new radar system, the JROC would try to consolidate their requirements so that one new system could serve them both.)

I am not suggesting that the JROC, as it currently operates, does not serve a valuable function. But the present security environment demands some mechanism that can take a much broader view of U.S. military requirements. With America's fiscal health in jeopardy, and the world in such flux, the stakes are too high for us to continue to let the parochial interests of individual service branches determine military requirements. Instead, the process must be driven by a searching reassessment of the overall world situation and by careful consideration of the threats this country is likely to face in the years ahead. •

1. Michael D. Rich and Edmund Dews, *Thoughts on Reforming the Military Acquisition Process* (Santa Monica, CA: The RAND Corporation, 1987), p. 7.

2. Quoted in *Essays: English and American* (New York: Collier and Sons, 1910).


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J. Dexter Peach & Bernice Steinhardt

WHAT WE'VE LEARNED SINCE EARTH DAY

With too many problems and too few resources, we need to target the environmental problems that threaten us most.

PERHAPS MORE THAN at any other time in our history, Americans expect that government will act to clean up and protect the environment. Some time soon, we will see the Environmental Protection Agency (EPA) elevated to cabinet level. Congress has just enacted a new and much more stringent Clean Air Act, capping a string of environmental laws passed in the last few years to deal with such threats as asbestos in schools, unsafe drinking water, and toxic pollutants in sewage. Over the next few years, Congress is also likely to return to the problem of solid and hazardous waste disposal and cleanup—particularly the massive cleanup of Defense and Energy Department facilities—and to the more recently identified issue of global climate change.

Hailed as the decade of the environment, the 1990s began with the celebration of the 20th anniversary of Earth Day. The occasion was used to showcase such environmental successes as the dramatic decline in lead levels in the air and the improved condition of the Great Lakes and other major water bodies. More frequently, however, public attention in the last couple of years has been drawn not to successes but to disasters: a massive oil spill in Alaska, a giant hole in the earth's stratospheric ozone layer, and a buildup of greenhouse gases in the atmosphere that has triggered global warming. Meanwhile, old problems that brought people together for the first Earth Day—urban air pollution, for example—have not gone away.

This is not for lack of interest or investment. Over the last 20 years, Congress has enacted close to a dozen major pieces of environmental legislation, each time adding stricter and more costly requirements. During this same period, the United States spent some $700 billion on pollution control. We now spend about $90 billion a year on pollution control, or roughly 2 percent of our gross national product.

In the coming years, the price tag (see table 1) is going to be even higher. For example:

- The Congressional Budget Office estimates that it could cost the nation more than $150 billion over the next three decades to clean up hazardous wastes at federal facilities, the consequence of some 40 years of poor operating practices and neglect.
- According to EPA, the cost of increasing wastewater treatment plant capacity to meet anticipated demands could require an investment of more than $75 billion by the year 2005.
- According to the Council of Economic Advisers, the new Clean Air Act Amendments could cost up to $25 billion a year when fully implemented.

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Table 1
PROJECTED COSTS OF ADDRESSING MAJOR ENVIRONMENTAL PROBLEMS

Action	Projected Cost
Compliance with new Clear Air Act provisions (annual costs when fully implemented)	$25 billion
Asbestos removal and other abatement measures in buildings (total costs)	$150+ billion
Radon mitigation in schools (median projected total costs)	$135 million
Wastewater treatment plant construction (new plant capacity costs by 2005)	$75 billion
Implementation of 1986 Safe Drinking Water Act amendments (costs to public water systems)	$2.5+ billion (annual compliance costs) $10 billion (capital requirements)
Cleanup of 1,200 priority Superfund sites (total costs to federal government and responsible parties)	$60 billion
Implementation of EPA corrective action program at nonfederal hazardous waste facilities (costs by 2040)	$1.5 billion to $2 billion
Improvements to 400,000 underground storage tanks (inspection, replacement, and repair costs by 2020)	$70 billion
Compliance and cleanup at federal facilities (costs by 2020)	$150 billion
Reductions in chlorofluorocarbon (CFC) and halon production and use (costs by 2000)	$689 million to $1.8 billion

- EPA projects that $60 billion will be needed to clean up 1,200 priority Superfund sites. Given current site cleanup costs, however, these estimates may be low.
- Over $150 billion, by EPA estimate, will be needed for asbestos removal and radon mitigation in schools, improvements to some 400,000 underground storage tanks, and other national priorities.

If opinion polls provide any measure, the American public is increasingly prepared to pay more than it does for environmental protection. According to a *New York Times* opinion poll conducted in June 1989, 80 percent of those polled agreed that "Protecting the environment is so important that requirements and standards cannot be too high, and continuing environmental improvements must be made regardless of cost."[1] But can the nation afford to address *all* its unmet environmental needs?

Certainly government will not be able to do so, at least not all at once and not in the ways in which it has traditionally gone about addressing environmental problems. With the federal budget deficit now at its highest peacetime level in U.S. history, it will be difficult for the government to take on any new and costly initiatives. Moreover, there is good reason to question whether programs already in place are being adequately funded. Federal spending on environmental regulation has lagged behind EPA's program responsibilities for at least a decade or so, during which the number of environmental laws has grown with no corresponding increase in federal outlays. In constant 1988 dollars, EPA's operating budget, which covers everything other than the Superfund program and construction grants for sewage treatment plants, rose to $1.8 billion in 1979, fell steeply in 1981 and 1982, and began to rise after 1983, but still reached only $1.9 billion in 1990. The operating budget of $2.3 billion for fiscal year 1991 represents some increase, but when inflation and federal pay increases are accounted for, it appears that most program funding is increasing only marginally if at all.

One might argue that environmental protection should be assigned higher priority within the federal budget than it receives today; but other national needs—such as low-income housing, health care for the poor, or a functioning national transportation system—are also deserving of federal attention. One might also advocate, as the federal government has attempted in recent years, transferring the responsibility for funding environmental programs to the states and local governments. But states and local governments are not necessarily in any better position than the federal government to take on added expenses. EPA is projecting that, by the year 2000, annual environmental expenditures by local governments will have nearly doubled in 20 years; state governments will need to spend more than twice as much in 2000 as they did in 1987 to administer water programs alone. In

addition, EPA acknowledges that it will be difficult, if not impossible, for many small and medium-sized communities to pay for current and expected environmental requirements.

Even if the United States had enough money to clean up the environment, it would still need a more effective approach to the task. The federal government's strategy for controlling pollution has been largely one of "command and control"—imposing a system of standards and regulations aimed primarily at large industrial facilities. But this strategy does not address the millions of small sources of pollution, including individual households, or the large sources outside the borders of the United States.

In light of the government's financial constraints and a more seasoned understanding of the nature of environmental problems, the 1990s ought to be more than just another decade of environmental awareness. The coming years could, in fact, mark a fundamental change in how the nation addresses its environmental ills.

WE SEEM TO BE SPENDING MORE OF OUR LIMITED RESOURCES ON PROBLEMS THAT HAVE CAPTURED PUBLIC ATTENTION THAN WE ARE ON PROBLEMS THAT ARE LESSER-KNOWN BUT POTENTIALLY MORE SERIOUS.

Risk-based priorities

The first issue to consider is whether we are spending our limited resources on the problems that pose the greatest risk to the health of the planet and its inhabitants. The evidence thus far suggests that we are not—that we are, in fact, devoting more to problems that have captured public attention than we are to problems that are lesser-known but potentially more serious.

In 1986, then EPA Administrator Lee Thomas commissioned a special task force of about 75 senior agency managers and staff to assess and compare the risks associated with a range of environmental problems. The result was an eye-opening report entitled *Unfinished Business: A Comparative Assessment of Environmental Problems.*[2]

The report identified 31 environmental problems, ranging from global climate change to drinking water contamination to air pollution, and ranked them according to four broad categories: cancer risks; non-cancer health risks; ecological risks; and welfare risks, such as damage to crops, vegetation, or buildings. The study concluded that many problems the task force considered to be of relatively low risk, such as contamination from active and abandoned hazardous waste sites, were receiving extensive public attention and federal resources. (The disparity in rankings by the task force and the public are highlighted in figure 1.) By contrast, problems the team judged to be of higher risk, such as indoor air pollution, were receiving far less attention and resources. Overall, the team found that EPA's funding priorities appeared to be more closely aligned with public perceptions—often expressed through congressional mandates—than with the agency's own assessment of relative risk. To a great extent, this disparity has its roots in the nature of EPA's statutory authority. Because EPA was created under an Executive Reorganization Plan, it has no formal, overarching legislative mission. Instead, its statutory responsibilities are set forth in nearly a dozen separate pieces of legislation that tend to assign pollution control responsibilities according to environmental medium (such as water or air) or category of pollutant. The statutes reflect differing regulatory philosophies and standards. The Clean Air Act, for example, emphasizes the protection of human health, and stipulates that particular levels of technical control must be applied. During the development of these protective standards, cost considerations are specifically prohibited. On the other hand, under the Toxic Substances Control Act and the Federal Insecticide, Fungicide, and Rodenticide Act, EPA must balance the risks, benefits, *and* costs. Pursuing differing legislative mandates, program offices within EPA have developed differing information systems geared to their own needs and regulatory approaches. As a result, EPA has little flexibility to set agencywide priorities based on its assessment of the risks involved across the spectrum of environmental problems.

In a 1989 interview with the *GAO Journal*, former EPA Administrator Lee Thomas suggested that having the majority of EPA's actions driven by statute might be acceptable, but only if the United States also had in place a rational process

Figure 1

HOW EPA EXPERTS RANK ENVIRONMENTAL RISKS (Highlights)

Overall High/ Medium Risk	High Health; Low Ecological and Welfare Risk	Low Health; High Ecological and Welfare Risk	Overall Medium/Low Risk Ground-Water-Related Problems	Mixed and/or Medium/Low Risk
• "Criteria" air pollution from mobile and stationary sources (includes acid precipitation) • Stratospheric ozone depletion • Pesticide residues in or on foods • Runoff and air deposition of pesticides	• Hazardous/toxic air pollutants • Indoor radon • Indoor air pollution other than radon • Drinking water as it arrives at the tap • Exposure to consumer products • Worker exposure to chemicals	• Point and nonpoint sources of surface water pollution • Physical alteration of aquatic habitat (including estuaries and wetlands) and mining waste	• Hazardous waste sites—active (Resource Conservation Recovery Act) • Hazardous waste sites—inactive (Superfund) • Other municipal and industrial waste sites • Underground storage tanks	• Contaminated sludge • Accidental releases of toxic chemicals • Accidental oil spills • Biotechnology (environmental releases of genetically altered materials)

HOW THE PUBLIC RANKS SELECTED ENVIRONMENTAL RISKS

High Risk	Medium Risk		Low Risk	
1. Chemical waste disposal 2. Water pollution 3. Chemical plant accidents 4. Outdoor air pollution	5. Oil tanker spills 6. Exposure to pollutants on the job 7. Eating pesticide-treated food	8. Other pesticide risks 9. Contaminated drinking water	10. Indoor air pollution 11. Exposure to chemicals in consumer products 12. Genetic engineering (biotechnology) 13. Waste from strip mining	14. Non-nuclear radiation 15. "Greenhouse effect" (carbon dioxide and global warming)

Source: EPA Journal, November 1987, p. 11.

for setting priorities. "We do an awful job of deciding which problems are the most important," he said. "Instead of ranking our priorities as one, two, three, and four, we rank them as one, one, one, and one."[3]

When William K. Reilly became EPA Administrator in 1989, he turned *Unfinished Business* over to EPA's Science Advisory Board, asking the members to evaluate its findings and develop strategic options for reducing environmental risk. Their report,[4] released in September 1990, differed somewhat from *Unfinished Business* in its approach to ranking problems, but it reaffirmed its basic findings and message. First, it concluded that the most effective use of national resources to promote environmental quality would be to target those resources at the problems that pose the greatest risk. Second, it found that the risks considered most serious by the American public have not necessarily been those identified as such by the experts.

These findings have profound implications for the crafting of future environmental policy. Congress has so far been highly responsive to the public's perception of risk, much to its credit; but the

public may not be fully apprised of the relative gravity of the problems, or, indeed, of the full range of problems. It is the responsibility of the nation's leaders, both in the administration and in Congress, to inform the public about the relative risks of environmental problems and to apply this knowledge in setting priorities for action.

EPA has obviously taken some important first steps in this direction, moving toward a more risk-based approach to environmental protection. GAO has supported EPA in this effort, pointing out, in a 1988 general management review, a series of actions the agency could take to further this goal. EPA has been very responsive to GAO's recommendations, and has begun to institute a planning system that identifies budget priorities based on relative risks.

EPA could move even closer to risk-based management if it had a better basis for evaluating its programs. Many of the agency's efforts are now assessed according to activity-based indicators, such as numbers of enforcement actions taken or permits issued. GAO's general management review pointed out that EPA needs to develop indicators of progress that are based on environmental conditions—improvements in air or water quality, for example. Here too, EPA has begun to develop an agencywide system to evaluate each of its programs against measurable goals that are clearly related to reducing health and environmental risks.

AFTER 20 YEARS OF EXPERIENCE WITH THE TRADITIONAL "COMMAND AND CONTROL" APPROACH TO POLLUTION, IT MAY BE TIME TO TRY NEW, MORE EFFECTIVE, LESS COSTLY WAYS OF REACHING OUR ENVIRONMENTAL GOALS.

Finally, EPA must communicate—to the public and to Congress—its assessment of environmental risks. The possibility of risk-based management is severely limited under EPA's current legislative framework; until Congress comes to share EPA's understanding of environmental problems and its evaluation of risk, budgeting will continue to reflect existing legislative priorities rather than a sound assessment of which conditions pose the most serious hazards. And, of course, unless the public receives better information, it will continue to press for action on problems that are defined primarily by the media and by other sources that are less authoritative.

Market-based approaches

Working with limited resources obliges us to maximize the return on every dollar we invest in environmental protection. After 20 years of experience with the traditional "command and control" approach to pollution, many experts are now suggesting that the time has come to try new, more effective, less costly ways of reaching our environmental goals.

Generally speaking, the system that has grown up over the past 20 years has focused on controlling large, obvious sources of pollution (such as factories and power plants) by setting health- or ecology-based goals and requiring, through the issuance and enforcement of permits, adherence to certain performance- or technology-based standards. Insofar as pollutants originate among sources of this type, we have made relatively good progress. By constructing wastewater treatment facilities, for example, we have been able to improve the quality of rivers and streams. By imposing controls on industrial sources, we have reduced the emission of particulates into the air by 61 percent since 1970.

By contrast, we have not been able to make significant inroads where the sources of pollution are small or diffuse. The command and control regime is not well-suited, for example, to dealing with contamination caused by chemicals in agricultural runoff or to addressing the presence of radon in homes. The system also does not work well when a problem is international or even global in scope—in which case cooperative efforts (such as the Montreal Protocol on Substances that Deplete the Ozone Layer) based on mutual understanding and international negotiation are needed.

Among the alternatives that have been suggested to supplement the traditional approach are market-based incentives. The rationale here is to give polluters a financial reason to reduce pollution, without imposing specific requirements as to

how to achieve those reductions. Market incentives might include taxes on pollution, fees on discharge permits, emissions trading rights, assignments of liability in cases of environmental damage, and requirements that polluters disclose ongoing pollution activities.

Some of these incentives are already part of the law. The Superfund law, for example, makes any party that stored or disposed of hazardous wastes in the past liable for the costs of any necessary cleanup. Amendments made in 1986 added a public disclosure requirement, stipulating that all companies emitting toxic pollutants into the environment report those emissions to EPA for inclusion in a nationwide toxic release inventory. While the effects of these requirements on pollution levels have not been formally evaluated, a number of industry officials have reported that concerns about both liability and public opinion have led to significant changes in corporate behavior.

Proponents of economic incentives argue that these can help the nation achieve environmental goals more effectively and at lower cost. They also argue that the potential for long-term innovations spurred by financial incentives may surpass traditional regulatory approaches in solving environmental problems. Incentive systems may also offer industry more flexibility than the traditional approaches in deciding when and how to meet environmental goals.

Attractive as market-based approaches may seem, some serious questions exist as to their feasibility and cost-effectiveness. For example, because incentive systems allow greater latitude in how and where pollution reductions occur, a reliance upon them might increase the need for detailed monitoring and enforcement, at either government or industry expense. In addition, an array of possible market imperfections, including a lack of buyers or sellers or of adequate information, could reduce the effectiveness of any incentive approach. Even ardent advocates of market-based approaches generally view them as a way of supplementing rather than replacing conventional regulation. But despite the potential pitfalls, market-based alternatives deserve a significant measure of consideration.

PERHAPS THE MOST EFFICIENT WAY TO DEAL WITH POLLUTION IS TO PREVENT IT. DOING SO MEANS FEWER COSTS FOR REMEDIAL MEASURES ON THE PART OF INDUSTRY AND FEWER COSTS FOR ENFORCEMENT ON THE PART OF GOVERNMENT.

Control vs. prevention

Perhaps the most cost-efficient way to deal with pollution is to prevent it. Reducing the waste by-products of various industrial processes means having to spend less to clean them up: fewer costs for remedial measures on the part of industry and fewer costs for enforcement on the part of government. Most importantly, reducing the level of pollutants avoids the likelihood of shifting the problem from one medium to another. This consideration is already apparent in the area of hazardous waste disposal, where the land disposal of untreated wastes is widely prohibited in order to avoid contamination of soil and groundwater. In many instances, however, the only practical alternative to land disposal may be incineration—sending the offensive substances into the air instead. If

fewer wastes were produced at the outset, they would not have to be dealt with later in any form. EPA Administrator Reilly has put forward this line of reasoning as a basic tenet and has set a goal of 25 percent reduction in the nation's wastes by 1992.

POLLUTION PREVENTION WILL REQUIRE MILLIONS OF INDIVIDUALS TO FORGO SOME CONVENIENCE OR COMFORT FOR THE SAKE OF THE ENVIRONMENT. BUT AS A TOOL—AS PERHAPS AN ETHICAL PRINCIPLE—POLLUTION PREVENTION IS WORTH STRIVING FOR.

Pollution prevention can also play an important role in allowing the federal government to avoid future environmental liabilities. Years of neglect and inappropriate practices at Department of Defense and Department of Energy facilities have resulted in potential cleanup costs that could ultimately run well over $100 billion. Substantial sums will also be needed for other federal facilities. Practicing preventive measures could lessen future environmental debts of this kind and help revise the unfortunate but accurate impression that many federal facilities are major polluters.

As a concept, pollution prevention is a difficult one with which to take issue—the environmental equivalent, one might say, of motherhood and apple pie. In practice, however, a number of barriers crop up. A June 1987 report of the Office of Technology Assessment pointed out that company managers are still more familiar with techniques to control pollution than with ones to prevent or reduce it. Managers also face regulatory pressures that focus more on compliance stipulations and deadlines than on waste prevention or reduction. Local communities have had some success with recycling as a waste reduction technique, but the market for recyclable materials has not always been reliable. Even more important than the technological advances that have yet to be achieved may be the crucial changes in behavior on the part of millions of individuals, as they are asked to forgo some convenience or comfort for the sake of preventing pollution. Nevertheless, as a tool—as perhaps an ethical principle—preventing pollution is something worth striving for.

After all, U.S. environmental policy has evolved, however haphazardly, out of a set of ethical principles, one that the majority of us now seem to have accepted. The environmental statutes of the past 20 years or so reflect a concern for the plight of those, such as the residents of Love Canal and Times Beach, who were unfortunate enough to bear the brunt of industrial progress, as well as of those who will have to live in the world we are creating today. But we still have to be mindful of how much our compassion will cost, not only in dollars but in our ability to compete economically with other countries whose priorities may differ from ours. There will always be some tension inherent in trying to do the right thing. But that makes it all the more important for us to continue searching for new and better ways to achieve our environmental goals. •

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1. See Roberto Suro, "Grass-Roots Groups Show Power Battling Pollution Close to Home," *New York Times*, July 2, 1989, pp. 1, 18.

2. Environmental Protection Agency, *Unfinished Business: A Comparative Assessment of Environmental Problems* (Washington, D.C.: EPA, February 1987).

3. Lee M. Thomas, "Government and the Environment," the *GAO Journal*, No. 6 (Summer 1989), p. 16.

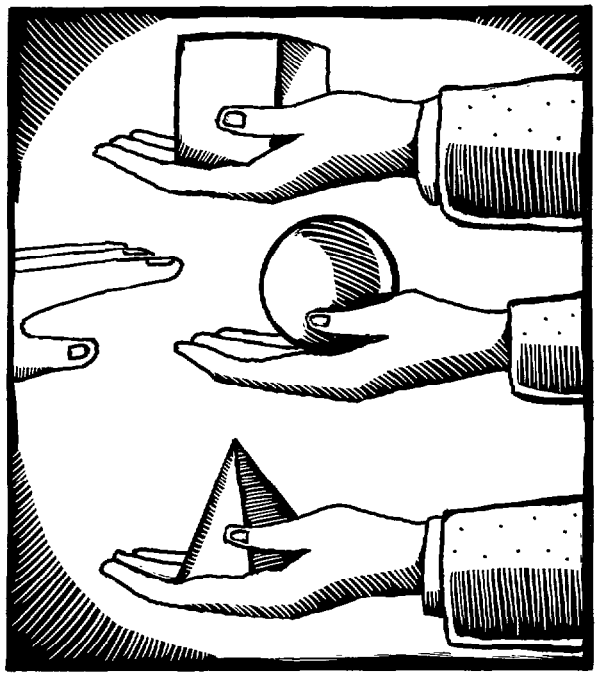
4. *Reducing Risk: Setting Priorities and Strategies for Environmental Protection, Report of the Science Advisory Board* (Washington, D.C.: EPA, September 1990).

Barbara Bordelon & Elizabeth Clemmer

CUSTOMER SERVICE, PARTNERSHIP, LEADERSHIP: THREE STRATEGIES THAT WORK

Successes at the state and local levels point the way for making federal programs work better, too.

IN THEIR MOST extreme attacks, fed-bashers depict the federal government as a bureaucracy too bloated and demoralized to struggle out of the tangle of its own red tape. This characterization is not accurate. It fails to do justice to the excellent work being done in many areas of the government and to the sheer complexity of the problems in many of the areas that do not function as effectively as they might.



Still, there is no denying that federal agencies and programs do not always run smoothly. Delayed IRS refund checks, $7,000 Defense Department coffee machines, inadequate oversight of public housing—everyone seems to have a favorite federal mismanagement horror story. Rather than offer yet another anthology of them, we'd like to focus on more fundamental issues—how people think about the government's role in advancing public policy, and how government management might be improved by changes in that thinking.

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PennDOT

One source of ideas and inspiration is the growing number of success stories about management reform undertaken by state and local governments. We'll start with an example from Pennsylvania's Department of Transportation (PennDOT). This particular instance conveys a sense both of the history of government management reform in this country and of the origin of certain management problems that are now fairly common.

In 1979, after a governor's election that had turned partly on the wretched condition of Pennsylvania's roads, Tom Larson took office as the new secretary of PennDOT. He found the situation worse than he'd feared. Most of the 11,000 state maintenance jobs were controlled by county political chairmen. These chairmen and their hirelings may have benefited from this patronage system, but highway repairs certainly didn't: At any given time, half the maintenance equipment was out of service. Things weren't much better over at the motor vehicles office. Boxes of undeposited checks littered the floor, and workers there took 30 days to process title applications and 13 days for registration renewals.

People are recognizing that, although uniform rules imposed by centralized staffs may produce efficiency, they may also inhibit flexibility and discretion to an excessive degree.

Within three months of taking office, Larson had implemented a new merit system in each county. Every system was controlled by a committee of elected officials and representatives of political parties and interest groups. Collectively, these committees reviewed 25,000 employment applications and replaced 65 of the 67 county maintenance managers. A few years later, state maintenance had 15 percent fewer workers but had dramatically improved its record; the number of potholes, for example, had dropped by two-thirds.

The motor vehicles office had shown similar improvements. Processing time for title applications was down to eight days, and registration renewals now took only three days.

How did Larson accomplish all this? He developed centralized structures for control and accountability. These structures included centers for fiscal and systems management, an inspector general's office, and a powerful program committee to ensure that each program's work reflected departmental priorities.

Effective as these reforms sound, and impressive as their results were, they hardly reflected up-to-the-minute management theory. What PennDOT had just experienced, during the early 1980s, were the benefits typical of the public service reform movement of the early 20th century. Reformers of that era aimed to improve efficiency and equity in government and to eradicate the patronage and graft that were then rampant. To those ends, they established centralized staff units that would exercise impersonal authority, adhering to procedures and standards laid down in rule books and policy manuals. The prescription worked, both for a variety of government agencies during the 1920s and 1930s and for PennDOT during the early 1980s.

Although this type of reform has proved effective at increasing uniformity and reducing corruption, it has its costs. At PennDOT, the reformers soon realized that their new "control-oriented" management style wasn't maintaining productivity or morale. Workers complained of feeling disconnected from the reform process: They were so cut off from management, they claimed, that they had no way to know what contribution their own efforts might be making to PennDOT's revitalization. This sense of alienation fueled the discomfort they already felt at being expected to "do more with less."

At this point, Larson concluded that PennDOT needed another round of reform. He sought to enhance accountability and productivity by cultivating a set of values emphasizing service to PennDOT's customers—the citizens of Pennsylvania. Soon, quality circles were undertaking projects dealing with everything from employee work schedules to cost savings. A broadened worker recognition program and a campaign that expanded two-way communication between workers and management also helped PennDOT sustain its productivity gains and evolve into an organization equipped to provide the high-quality service that Larson had set as a standard.[1]

The pattern PennDOT's development followed is fairly typical. Around the country, people in and out of government are recognizing that, although uniform rules imposed by centralized staffs may produce efficiency, they may also inhibit flexibility and discretion to an excessive degree: Productivity is not guaranteed simply by ensuring that

employees fill out paperwork correctly. In many agencies, the rules and procedures that originally served to reduce corruption have, over the decades, mushroomed. This proliferation of regulation, along with the fishbowl environment created by a vigilant press, makes it difficult for a manager or worker to exercise independent authority or risk failure by attempting an innovation that varies from standard procedure. In this way, the standard reform prescription has come to hobble government efforts to solve problems or to serve citizens' needs.

Another wave of reforms is necessary in a broad range of government (and private-sector) organizations. A vision of exactly what's needed is slowly emerging from reform ventures under way in several state and local agencies. Three factors seem to play a key role in moving an organization past the control-oriented management style: an emphasis on providing quality service to customers; the formation of strategic alliances with other public- and private-sector groups that have a stake in the issue at hand; and strong leadership that can instill new values within the organization. These three themes recur in the stories of reform efforts in a number of state and local agencies.

A focus on customers

Agencies are now realizing that, to serve external customers effectively, they must "empower" their employees to do so, giving them the latitude and authority needed to make significant case-by-case decisions.

The theme of government as a service enterprise is promoted by a number of analysts and managers, including Thomas Peters (co-author of *In Search of Excellence*), academicians such as Harvard's Michael Barzelay,[2] and administrators in states and localities from Alabama to Minnesota. They assert that every work unit in a government agency has customers, and that the principal purpose of the unit's employees should be to meet those customers' needs. An emphasis on customer service can help government employees better understand the purpose of their work, their accountability to the customers they serve, and their relationships with other work units. Each work unit, as it develops strategies to implement public policies, must identify its customers, determine the customers' needs, and decide how to measure the customers' satisfaction with its performance.

The private sector has always had to look at things this way, but it is only now becoming clear that government also has customers it can "touch." For some units in an agency, customers are external to the organization—citizens, typically. For other units, however, the customers are internal—other units or, quite often, other government agencies. Identifying who the customers are and finding out how to meet their needs demands a new way of thinking and doing business.

More than in any other state, agencies in Minnesota have explored this new approach. These agencies are realizing that focusing on the customer, whether external or internal, can benefit that customer while also advancing the aims of public policy.

One example is the Minnesota state government's centralized staffing agency, the Department of Employee Relations (DOER). In the past, DOER staff were strong defenders of "the system"—the standards they imposed on line managers to uphold merit principles in order to ensure efficient and fair recruiting and hiring. Not surprisingly, in those days line agency managers described DOER as "anti-management, slow, rigid, unfair, uncaring, incredibly frustrating."[3]

DOER's transformation began with the recognition that these line agency managers were actually its customers, that its aim should be not only to uphold merit principles but also to meet customers' needs, and furthermore that DOER should be held accountable to these customers. Accordingly, it now defines quality service as that which is flexible enough to give customers timely solutions without sacrificing "reasonable statewide consistency."[4] Listening to customers has meant that DOER's managers have collaborated with its line agency clients to develop the standards by which DOER's performance is assessed. For example, DOER is now to take only one day to produce lists of already certified candidates for job openings.

This new focus on listening to customers has paid off. According to recent surveys, line managers are much more satisfied with DOER's performance in "making the system understandable," "helping to solve problems," and "helping managers to hire staff to serve the public."[5]

STEP program, encouraging experimentation and helping to assure state employees that their budgets would remain intact even if their innovations did increase productivity.

Values-driven leadership

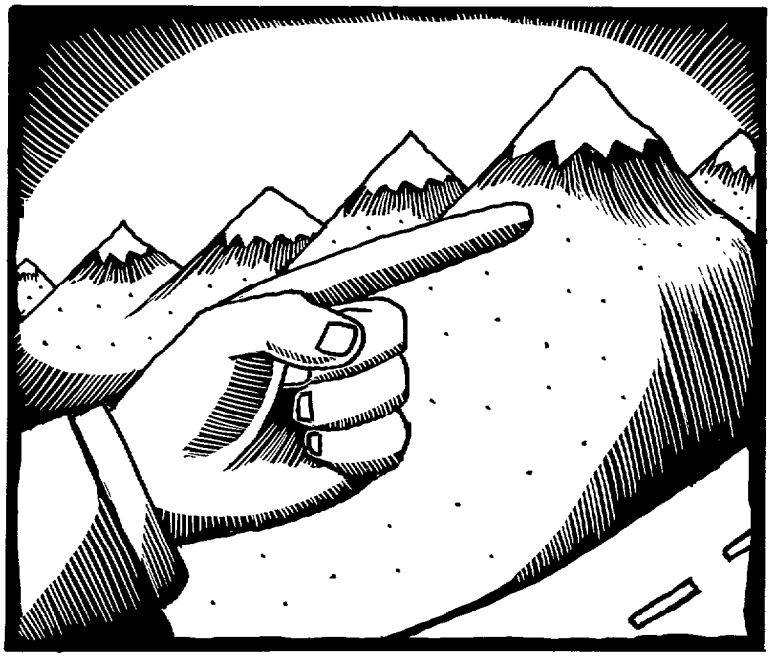
A third key element in improving government service to citizens is values-driven leadership. The leaders who have brought about big changes have been more than just competent professional managers; they have infused their organizations with strong values that engaged the "personalities and lives of people in their work," generating deep personal commitment.[13]

The leaders who have brought about big changes have been more than just competent professional managers; they have infused their organizations with strong values that engaged the "personalities and lives of people in their work."

For example, Illinois's Gregory Coler "didn't just talk change" in the "One Church, One Child" program. Rather, through his actions he demonstrated a commitment to the goal of making the adoption program work. His high-level personal representative attended every meeting of the "One Church" program board, listening to the ministers' concerns and providing direct communication to Coler. Coler added black adoption workers to what had been a primarily white staff. He made bureaucratic adoption procedures more flexible, and proposed legislation to overhaul Illinois's adoption laws. These actions impressed a prominent black minister, "because that meant then that the workers on lower levels would get involved because they know that this is something that Greg is very interested in."[14]

In Minnesota, Commissioner Sandra Hale displayed leadership by communicating pride in public service. In conversations with the news media and with business leaders, she articulated her faith in the competence and dedication of government employees and in their ability to innovate if empowered to do so. She also helped the business community understand the constraints on the public sector that make public management different from private management. By fostering this "climate of success," Hale was able to build a coalition that has supported innovation and given the reform process additional momentum.

Under Lamona Lucas, the Alabama Rehabilitation Agency articulated values emphasizing staff contributions and participation. Lucas displayed commitment to these values in all she said and did. She pushed decision-making to the levels closest to the work. Under her guidance, promotions were based not on seniority but on competence. Her leadership style was consultative, not authoritarian. Like other leaders in the agency, she conveyed a new set of values by providing, in her own behavior, a model for staff to follow.



Federal applications

The principles of customer service, partnership, and leadership that have been applied at the state and local levels have begun to be applied at the federal level as well. In fact, GAO has begun advocating some of these approaches in its recent general management reviews. For example, GAO recommended that the General Services Administration (GSA) emphasize quality service and a customer-oriented focus in the day-to-day operations of its Public Building Services (PBS). GAO also suggested that PBS establish regional councils and forums of agencies served by GSA to "foster better relations, communications, and understanding with GSA's customers."[15]

The IRS Service Center in Ogden, Utah, saved the government more than $3.5 million by helping taxpayers file their returns. The center has built a partnership with its external customer—the taxpayer—throughout the entire process.

Leadership, partnership, and customer service emerged as three of the key themes at a 1989 GAO-sponsored symposium on effective management of information technology. The government and industry leaders gathered there concluded that "commitment and vision begin at the top" with a leader who has a "clear vision of how the organization can benefit from information technology and a commitment to making this vision a reality."[16] Because partnerships and alliances can create access to the knowledge and fresh perspectives of other parties, they are often crucial to achieving that vision. The symposium also emphasized that partnerships *within* an organization can improve communication and working relations; within the federal government, for example, the executive agencies might benefit from working more closely with Congress. Finally, partnerships should also be formed with the customer so that, in this case, the customer's needs might "dictate how technology is used."[17]

The values being articulated in symposiums such as this one are also, in certain areas of the federal government, being implemented. For example, it is generally overlooked that, amid all the exposés of skyrocketing defense costs, there are some defense agencies with success stories to tell. At the Naval Aviation Depot in Cherry Point, North Carolina, the cost of repairs to aircraft has dropped steadily over the past few years while the quality has shot up. Rework or retesting has been reduced by 73 to 90 percent; turnaround time on repairs is down by as much as 50 percent. Crucial to this achievement has been the recognition that "each shop is a supplier providing products and services to the customers who may be in the shop next door." Communication between the shops—that is, listening to the internal customer—allows for "continuous feedback for problem identification and improvement." Not only are workers communicating and working more effectively, they are reaping rewards for their efforts: The Cherry Point Depot has the first organizationwide gain-sharing program in the federal government. In the first quarter of 1988, for instance, productivity gains were such that each employee received an additional $265.[18]

Another naval agency, the Naval Publications and Forms Center in Philadelphia, ships 25,000 packages a day and deals with 170,000 customer requests a month. Until recently, the Center had been faced with serious delays in reconciling receipt discrepancies. But now those delays have been cut in half. The improvement has been credited to a cross-functional team that pointed out that the staff who research receipt problems did in fact have internal customers—the other staff members who received and made use of these processed receipts. "This was a whole new concept for many employees," according to an OMB report. "For the first time, warehouse personnel and inventory management personnel, employees at various points in the process, were communicating with each other." That communication has led to the installation of measurement systems to track how well different shops are meeting the needs of their internal customers.[19]

Similar strategies have been successfully applied in the civilian sector of the federal government. Several Internal Revenue Service Centers, for example, have made customer service a priority. The Ogden Service Center in Ogden, Utah, which is responsible for processing more than 30 million tax documents from a 14-state area each filing season, saved the federal government more than $3.5 million between 1987 and 1989 by helping taxpayers file their returns more efficiently. One of Ogden's key strategies is to establish a partnership with its external customer—the taxpayer—throughout the entire process. Through an advisory committee representing tax practitioners from each of the 14 states in Ogden's area, the

IRS is able to discuss tax issues with professionals and thereby better understand the impact of its operations and policies on taxpayers. The Ogden center also communicates directly with its customers through a booklet of hints on tax preparation and by providing special assistance in solving complex tax issues through its Tax Practice Priority Program.[20]

An experimental approach

The approaches we have discussed—a customer-oriented focus, partnerships with public and private institutions, and values-driven leadership—appear frequently in stories of successful management reform at various governmental levels. But it's important to note that, although the prime movers behind these success stories had a clear vision of what they wanted their organizations to be, they did not necessarily know right from the start exactly how to achieve the desired end. Success required persistence, a commitment to serving the citizenry, and a certain amount of trial and error. So, too, more widespread application of these guiding principles at the federal level will necessitate giving managers the latitude to experiment and the time to adapt their organizations to new ways of doing business. •

Successful application of innovative principles at the federal level will necessitate giving managers the latitude to experiment and the time to adapt their organizations to new ways of doing business.

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2. We gratefully acknowledge Michael Barzelay and Babak J. Armajani, Minnesota's Deputy Commissioner of Revenue, for background material on the 20th-century public service reform movement as well as their research showing the merit of customer focus as an alternative to the rules and procedures that can hamper government's effectiveness. These ideas have been made available to us through Michael Barzelay and Linda Kaboolian, "Structural Metaphors and Public Management Education," *Journal of Policy Analysis and Management* (Fall 1990), and through Barzelay and Armajani's forthcoming *Breaking Through Bureaucracy: A New Vision for Managing and Government.*

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16. *Meeting the Government's Technology Challenge: Results of a GAO Symposium* (GAO/IMTEC-90-23, Feb. 1990), p. 5.

17. GAO/IMTEC-90-23, p. 8.

18. *Quality Improvement Prototype: Naval Aviation Depot, Cherry Point, North Carolina, Department of the Navy*, The President's Productivity Improvement Program (Washington, D.C.: Office of Management and Budget, 1989).

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20. *Quality Improvement Prototype: Ogden Service Center, Internal Revenue Service, Department of Treasury*, The President's Quality and Productivity Improvement Program (Washington, D.C.: Office of Management and Budget, 1989).

PODIUM

Felix G. Rohatyn

"THESE ARE WARS WE HAVE TO WIN"

AT THE NEW YORK PUBLIC LIBRARY: The Richard Salomon Distinguished Lecture, November 13, 1990

BARELY A YEAR AGO, the sun was shining on the Western democracies. The collapse of the communist system, first in Eastern Europe, then in the Soviet Union, brought about a general euphoria that reached deceptive proportions. An essay entitled "The End of History" suggested that we had reached the end of conflict in the world and that, consequently, history itself was now obsolete. This essay was seriously received and seriously reviewed. A year later, chaos is all around us. In the Persian Gulf, Iraq's invasion of Kuwait has led to a confrontation in which it is impossible to predict any reasonable outcome. The status quo is unacceptable; yet war could be catastrophic. Practically any possible scenario involves major risks of bloodshed, significant worldwide economic and social dislocations, and a permanent and unpredictable change in the configuration of the Middle East.

At the same time, the inevitable breakup of the Soviet Union creates equally unpredictable and potentially dangerous scenarios. What if economic collapse and political disintegration cause an exodus of millions of Russians this winter toward a Europe unable or unwilling to absorb them? What if some of the thousands of nuclear weapons located all over the Soviet Union fall into the hands of political adventurers or are simply sold to a Qaddafi, a Saddam Hussein, or similar types? We have clearly not reached "The End of History" but, on the contrary, we have stumbled into a world situation as unpredictable and dangerous as any we faced during the Cold War. We have derived great and justified comfort from our new cooperative relationship with the Soviet Union. But what if there is no Soviet Union? Who will help us to maintain peace in the world? Maybe a new Europe 10 years from now, but certainly no one today. The appearance of alliance presently in the Persian Gulf is mostly cosmetic. This is an American effort backed by a certain

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amount of Soviet benevolence. For the next decade we can count only on ourselves. Seen from this perspective, what has happened to America for the last decade is particularly troublesome; it becomes frightening when we see that government at every level in our country is unwilling to come to grips with its problems. The United States must, for the next one or two decades, be *the* preeminent superpower in the world. This requires military strength, financial power, industrial competitiveness, and the highest level of intellectual capacity. Other than in the military area, none of these are in evidence today. In order to deal with them, we must be able to govern—which we seem unable to do at this time.

The bizarre spectacle of the budget negotiations in Washington was a reflection both of presidential weakness and of the power of every possible special interest to prevent a real change in the direction of our country's overriding problem: its addiction to debt. Amidst all the hoopla about a $500 billion five-year reduction in the budget deficit, very little notice was paid to the fact that, even after this supposed reduction, the national debt will still *increase* by 50 percent from its 1990 level of $3 trillion to more than $4.5 trillion in 1995. In 1980, 200 years after our political independence, it stood at $1 trillion; it tripled in the next decade and will have *quadrupled* in 15 years. Two hundred years after our political independence, our financial independence came to an end. A larger and larger proportion of our national debt is held by foreign owners.

It is also worthy of note that throughout the debate, which was full of the rhetoric of "soaking the rich" and "protecting the middle class," there was no attempt whatsoever to deal with this country's basic problems: our loss of industrial competitiveness, the inadequacy of our public investments, the failure of our public schools, the capital inadequacy of our financial institutions, the losing fight against drugs and crime.

> WE HAVE NOT REACHED "THE END OF HISTORY" BUT, ON THE CONTRARY, WE HAVE STUMBLED INTO A WORLD SITUATION AS UNPREDICTABLE AND DANGEROUS AS ANY WE FACED DURING THE COLD WAR.

It is easy to understand why neither the administration nor Congress was eager to refer to these issues. For the last decade, a government consisting of the Republican administrations of Presidents Reagan and Bush and a Democratic Congress have combined in the most gigantic spending and speculative binge in the country's history. By recklessly cutting taxes while dramatically increasing defense spending at the federal level, they have bankrupted the richest country in the world and devastated state and local governments, thereby intensifying the basic needs for which these governments are supposed to provide. This is the real price we are paying for the 1980s. In New York City alone, if the federal government had maintained its aid to the city at 1981 levels, our 1991 budget receipts would have increased by $2.4 billion. This would more than close the looming city deficit and eliminate the need for the tens of thousands of layoffs, the service and construction

cutbacks, and the tax increases that will do enormous damage to our city. What is true of New York is true of every major city and state in this country.

It is almost pointless to speak of remedies unless we face the basic reality that divided governments are willing to dispense only pleasure today, no matter what the cost tomorrow, and that television makes it impossible for a politician to explain the need for sacrifice when his or her opponent, in 30 seconds, can promise the moon. It is equally pointless to advocate constitutional changes in our form of government. It may be an interesting intellectual exercise to argue that a parliamentary system, which allows for positive action by a party in power and less reliance on state and local governments to deal with essentially national problems, would be more appropriate for the world of the 21st century. But advancing this argument will not change anything, certainly not in time to deal with our present problems.

Neither the national economy nor our social structure can function unless state and local governments can fulfill their roles. In many instances, they no longer can. Neither New York State nor New York City, for example, can face up to their responsibilities without a change in the federal role and a reallocation of national resources. This can happen only if, for some period of time, be it four or eight years, a national administration, elected on the basis of a specific national recovery program, and commanding a majority in both houses of Congress, is able to put this program into effect. Although I am a Democrat, and I believe that the Democratic party, if it adapts to the reality of the 1990s, is most likely to come up with such a program, I would cheerfully support a Republican and his or her party if they were to propose one. I know that any call for strong government immediately evokes cries of authoritarianism; but there is something between fascism and anarchy, just as there is something between war at any cost and peace at any price. That something is a democratically elected government that can act on the basis of policies that the voters understand and support.

> THE UNITED STATES MUST, FOR THE NEXT ONE OR TWO DECADES, BE THE PREEMINENT SUPERPOWER IN THE WORLD. IF WE CONTINUE ON OUR PRESENT PATH, WE MAY QUALIFY ONLY AS A MILITARY SUPERPOWER. THAT IS NOT GOOD ENOUGH.

What would be involved in such a national recovery program?

The United States, today, is the only superpower with the military and economic power, together with the political stability, to exercise influence anywhere on the globe; and of all the major powers, it has the most benign tradition in terms of its geopolitical history. The current situation in the Persian Gulf makes it clear that we have to maintain the unquestioned military capability to deter aggression and to punish it, if need be. Yet if we do not deal with urgent domestic problems that have long been neglected, we will have neither the means nor the reach to exercise our influence as powerfully as we have to.

For example, much needs to be done if we are to ensure the vitality of America's industries. Tomorrow's leading industries will revolve around investment not just in

plant and equipment, but in knowledge and technology. They will require national commitments to education as well as to research and development. They may also require, unless Japan and some European countries change their way of doing business, some variants of industrial policy to maintain a strong international position.

On the financial side, it is likely that there will be a worldwide shortage of capital. The political necessity for the development of Eastern Europe and of the Soviet Union, of China and of other parts of the Third World, will require more surplus capital than the developed world is capable of generating. This requirement will include huge investments for environmental cleanup and control—investments that are barely surfacing at this time. Tomorrow's superpower will have to generate capital through high savings and productivity rates; the capital will have to be cheap in order to provide a competitive advantage; the capital will have to be available for the superpower to export to other countries. To achieve our objectives, we need a strong dollar—not a weak one.

On the military side, a nuclear deterrent and the ability to project conventional power to defuse regional conflicts or to punish terrorist states will be required. There will be other Kuwaits, other Iraqs. A serious study of the level and the type of forces required should be conducted, along the lines proposed by Senator Sam Nunn. In tomorrow's world, sizeable reductions in military spending should still be possible without hampering our ability to deal with regional conflicts. The European Community will have to carry a much larger share of responsibility for regional stability.

IF WE DO NOT DEAL WITH URGENT DOMESTIC PROBLEMS THAT HAVE LONG BEEN NEGLECTED, WE WILL HAVE NEITHER THE MEANS NOR THE REACH TO EXERCISE OUR INTERNATIONAL INFLUENCE AS POWERFULLY AS WE HAVE TO.

By the year 2000, Germany and Japan will clearly qualify as superpowers insofar as both industrial and financial power are concerned. The United States, if we continue on our present path, may qualify only as a military superpower. That is not good enough.

After four months of sheer agony, the administration and Congress have come up with a budget plan that barely scratches the surface with respect to our most basic economic problems: our borrowing requirements, our dependence on foreign capital, our dependence on foreign energy, and our collapsing currency. In the future, foreign capital may not be available at reasonable cost, or in sufficient amounts, because of the continuing erosion in the value of the dollar and the huge needs for capital in Europe and Japan. We will have to provide our own capital and we will have to invest it domestically, both in the private and in the public sectors. Nothing was changed in the recent budget struggles. It will have to be done all over again. And it will have to deal with the sacred cows: social security; Medicare; military cuts; taxes.

In order to determine what we have to do, it is well to look at what other advanced industrial democracies are doing; after all, in a global economy, this is what we are competing with. France is investing $100 billion in a national high-speed rail system and is exporting electrical energy from its successful nuclear generating program to other West European countries. France and England are investing in the Tunnel-under-the-Channel, which will improve tourism, communications, trade, and transportation. A West European industrial consortium, with government support, is racing Japanese technology for the high-definition television market of the 21st century. France and England are developing, jointly, the successor to the supersonic Concorde. Japanese banks are replenishing their capital and refocusing their lending to domestic needs in support of the Japanese government's policy of increased public investment. Backing up these national industrial and investment policies are public education systems that, at the primary and secondary levels, are far ahead of ours. An American reconstruction program will have to recognize these competitive realities and deal with them at the federal, state, and local levels.

Financing such a program, with reduced call on foreign capital, will require a mobilization and a reallocation of domestic resources requiring a warlike determination and a willingness to experiment that we have not seen since the New Deal.

A vast national public investment program must be started promptly, both to meet the needs of the country and to provide a countercyclical effect to the coming recession. Schools and airports, roads and bridges, and many other types of public facilities must be built. To finance such a program, state and local governments should be supplied with capital coming from a portion of public and private pension funds. The assets of these pension funds presently amount to almost $2 trillion; 5 percent or $100 billion could, over the next five years, have a significant impact on our social needs and our economic health. This resource could be tapped by the purchase of special state bonds, guaranteed by the federal government and serviced through a portion of a national gasoline tax. These funds could be channeled through a system of state or regional development banks that would be responsible for the actual construction of the projects.

As we enter into what could be our most dangerous recession since World War II, our banking system is in urgent need of new capital. The greatest danger to our economy today is the inability of our financial institutions to meet the credit needs of a stagnant economy. The savings and loan (S&L) industry is moribund; insurance companies are under significant pressures; the banking system is woefully undercapitalized and is compounding our economic downturn by drastically shrinking the availability of credit. The total market value of Chase Manhattan and Chemical Banks today is about $1.25 billion each. Citicorp's value is about $3.5 billion. Compare this with the Union Bank of Switzerland's $10.25 billion, Deutsche Bank's $15 billion, and Sumitomo Bank's $41 billion.

In the next year or two, legislation will be taken up in Congress to rationalize our banking system. The demise of Glass-Steagall, national banking, and many other issues will be considered in order to provide our country with a banking system that can respond to our needs. As part of that effort, the Federal Reserve Bank could, for instance, encourage the creation of institutions of sufficient size and efficiency to enable our economy to grow and to compete worldwide. The Fed should be authorized to inject new capital as part of such a program through the purchase of new nonvoting bank securities to provide an adequate capital base. This was done by the Reconstruction Finance Corporation in the 1930s. Our banking system, today, requires a minimum of $25 billion and more likely $50 billion of new capital to function effectively. I am fully aware of the political problems in even suggesting

such an approach after the fiasco of the S&Ls. I am opposed to government ownership of banks. However, the Fed is not the Texas S&L Commissioner and an appropriate regulatory environment can protect taxpayers by, for instance, tightening the standards and the amounts of federal deposit insurance.

Reallocation of resources to assist state and local governments is another necessity. It is impossible to speak of improved public education, fighting drugs and crime, providing adequate public transport, and many other necessities if local governments are starved. Continued federal cutbacks, as well as governmental mandates for support services, have forced these governments to raise taxes continuously while cutting back on vital services. The taxes raised are the most regressive ones: sales taxes and property taxes. Sooner or later, we will have to devise a program of raising revenues at the federal level to allow for a new revenue-sharing program aimed at reducing local taxes. This should also be designed to offset the dramatic regional transfers of wealth that have benefited some parts of the country at the expense of others. The S&L bailout and the federal rescue of several

> WE HAVE TO RECOGNIZE THAT WE ARE NOW AT WAR, NOT ONLY IN THE MIDDLE EAST, BUT HERE AT HOME. IT IS A SOCIAL WAR AGAINST IGNORANCE AND POVERTY; IT IS AN ECONOMIC WAR AGAINST DECLINING COMPETITIVENESS AND DEPENDENCE ON FOREIGN CAPITAL AND ENERGY.

Texas banks injected tens of billions of dollars into the Southwest and West at the expense of the northern half of the country; to this, we can now add $10 billion per annum flowing to our oil-producing regions as a result of recent price increases. The political difficulties of such a program are immense, but it should, nevertheless, be debated and examined.

Over the longer term, we may have to consider some version of industrial policy to ensure our capabilities going into the 21st century. This will require business-government cooperation and the targeting of priority areas. In the field of energy, it may include the development of safe nuclear generating technology as well as long-term oil and gas supply agreements with Mexico, Venezuela, and Canada to minimize our dependence on imports from unstable Middle Eastern sources. In order to secure such agreements, we may have to supply capital to those countries to finance the expansion of their productive capacity. In the field of transportation, it may include public-private partnerships to link up high-speed rail systems with new airports and improved local mass transit systems. There are many other important areas in which a certain amount of planning for the future, with government and business acting in concert, is necessary if we are to keep up with our competition. We must also have a somewhat more aggressive international posture. If we cannot obtain adequate reciprocity from our partners in freedom of trade as well as freedom of investment, we must take those steps required to protect our vital interests for the next decade.

There will inevitably be questions about how to pay for any of these initiatives, especially since, after our recent budget battles, federal deficits will still be running at the rate of over $200 billion per annum. The answer is twofold.

First, there are areas such as public education where more money will not be the only answer; presently available funds, under a system of choice, coupled with a systematic shrinkage of the educational bureaucracy would be a good beginning. Experiments along these lines are already under way in Minnesota, Wisconsin, and Oregon, and a comprehensive program recently proposed by the Brookings Institution could serve as a model. Federal involvement in education could also include two additional areas: decent physical facilities and the application of technology. Insofar as physical facilities are concerned, the ability of pension funds to invest in state and local government bonds for infrastructure projects could be a very significant factor in local school construction. We have school buildings in New York City that make our jails look hospitable. In addition, the federal government should devise programs, in partnership with private industry, to bring technology to the public school. Public schools may be one of the last places in America where technology has had practically no impact. This technology must be aimed at parents as well as children. The use of computers, television, and VCRs as part of the teaching process, beginning in kindergarten, must be attempted as part of a program to reverse the very negative achievement and dropout rates of our public school systems. A quick look at some of the minimum educational standards being recommended to the European Community for 1992, and at the uses of technology in other countries, should convince Americans that, unless we change, we will be falling further and further behind.

Second, our country, compared to other developed democracies, is not overtaxed. If we were forced to do so, it would not be difficult to impose a temporary 5-percent surcharge on personal and corporate income to pay off the S&L losses over five years, instead of borrowing $500 billion over 30 years. We are now cheerfully paying an energy tax of $100 billion a year to Saudi Arabia and the United Arab Emirates as a result of oil price increases, in exchange for the privilege of defending them against Saddam Hussein; as prices come down, after this crisis is over one way or another, we can surely tax ourselves by 50 cents per gallon, or $50 billion per annum, to invest in our own country instead of the Persian Gulf. Other sources include public and private pension funds, which have accumulated $2 trillion, tax free, over the years and are now among the largest owners of corporate America. Is it unthinkable to tax the income on these funds at, say, a 20 percent rate, thereby raising $40 billion to $50 billion annually? If we were at war, we would do these, and many more painful things, without a murmur. We have to recognize that we are now at war, not only in the Middle East, but here at home. It is a social war against ignorance and poverty; it is an economic war against declining competitiveness and dependence on foreign capital and energy. It is a military war against Iraq. These are wars we have to win. I am fully aware that recent elections have suggested that even talking about taxes will result in political suicide. I disagree with that conclusion. I believe that voters are looking for political leaders with a serious program to deal with this nation's problems. Taxes, by themselves, are not a program. The right leader, with a coherent program, can convince the country that some taxes will have to be included to pay for such a program, as long as the taxes are clearly dedicated to a particular purpose.

I have to make one additional comment about our economy. We have just seen the end of the greatest decade of speculation and financial irresponsibility since the 1920s. Financial deregulation, easy credit, and regulatory neglect combined with a degradation of our value system to create a religion of money and of glamor. The achievement of instant wealth and instant fame became the ultimate standard,

to be achieved at any price. The most conservative and traditional professions, such as the law and banking, became the engines of contemporary behavior that would have made the Great Gatsby and Diamond Jim Fisk look like Little Lord Fauntleroy. Beginning first in New York, but subsequently spreading to the rest of the country and the world, the junk bond peddlers and the raiders, the speculators and the S&L hustlers, with their legions of consultants, their lobbyists, and their friendly politicians, turned this country into a vast casino and its value system into show business. As we now watch the indictments and the trials, as we hear the defense arguments about technical violations and innovative financial techniques, let us not forget that the basic crimes committed here were crimes against the entire nation. These will cost hundreds of billions of dollars. They have also undermined standards of conduct and confidence in our system that were built up over generations. Those are not technical violations; they are crimes. The nation will need a lengthy recovery from this madness.

Allow me to end on a somewhat personal note. As many of you know, I have recently announced my decision to step down after 15 years as Chairman of New York City's Municipal Assistance Corporation (MAC). I will do so partly because 15 years is time enough for anyone, and partly because I am unable to support policies that I believe will inflict serious and needless damage to the city, its economy, and its social fabric. Despite what you may have read, I am not leading a war against the city's unions. On the contrary, I believe that city teachers deserve wage increases. They also deserve job security, decent new schools, clean and safe streets, viable mass transit, affordable housing, and lower taxes. The same is true for all New Yorkers, whether they work for the city or for the private sector. However, they will get none of the above. The city's current financial plan does not really face up to the

REALLOCATION OF RESOURCES TO ASSIST STATE AND LOCAL GOVERNMENTS IS A NECESSITY. IT IS IMPOSSIBLE TO SPEAK OF IMPROVED PUBLIC EDUCATION, FIGHTING DRUGS AND CRIME, AND PROVIDING ADEQUATE PUBLIC TRANSPORT IF LOCAL GOVERNMENTS ARE STARVED.

grim reality that next year will bring about. Because the plan provides unaffordable wage increases, at this time when the city is facing a potential deficit of $1.5 billion or more, tens of thousands will have to be laid off, vital services will have to be curtailed, taxes will have to be raised once again, and more and more New Yorkers who can afford it will be encouraged to leave. As always, those who will suffer the most from the cutbacks in programs will be those who can afford them least: the poor and minorities. We are not talking about trifling numbers here. If all current wage increases were deferred for two or three years, and the pension fund assets to pay for them were used for the benefit of the city, next year's budget deficit would be reduced by $1 billion. This would eliminate the need for tens of thousands of layoffs and hundreds of millions in new taxes, along with the pain and agony that go with them. It might allow the city to close its remaining budget gap with a rig-

orous program of attrition and moderate property tax increases. It would be a painful but viable program for the city and for its workers. It would enable the city to uphold acceptable quality-of-life standards in order to maintain its key business sectors and to provide support for its needy citizens. Instead, in addition to a weak private-sector economy, there will be massive layoffs, big new taxes, and further significant service reductions. Coming on top of last year's $800 million in new taxes and service cuts, they will create needless and significant suffering.

The city's fiscal problems did not start with the Dinkins administration. The administration inherited a weakening city economy and an overly expanded work force. It was perfectly obvious that the city would be facing very serious problems. However, we were given the hope that the close relationship between the administration and the labor leadership would allow for the kind of cooperation that saw the city through its darkest moments in the 1970s. This did not turn out to be the case. The real test of city government is not simply to prepare a financial plan that will allow it to sell city notes. New York City will sell its notes. The test is whether the administration can guide the city through difficult times with the least possible damage to the city's economic and social structure. Judged against this test, I believe, the city administration and the labor leadership are failing both the city and the union rank and file. I have opposed this policy, first privately, then publicly—to no avail. The rest was inevitable. I have no regrets about waging the struggle. I regret only the suffering and the pain that will be the result of the present policies. I voted for David Dinkins. I hold him in the highest personal regard as a man of decency and character struggling to satisfy conflicting constituencies. However, in good conscience, I cannot participate in these policies.

My successor at MAC will find an organization of which he can be proud. Over the last 15 years, we have provided almost $10 billion of financing to the city; we have returned almost $3.5 billion of surplus funds to build schools, improve mass transit, and support city services in general. We have a tiny but dedicated staff and a board of directors who, over the decade and a half, have been courageous, wise, and consistently united in the formulation of our policies. At a time when overall credit quality is deteriorating steadily, MAC's superior credit ratings will allow it to provide cheap and ample financing for the city's capital programs, should the city so require.

A new Chairman will face the same realities that I have faced. However, he may bring to the task fresh insights and different approaches to deal with them. At the very least, he will start with a clean slate. My own 15 years as Chairman have provided me with as much personal and professional satisfaction as anything I have ever done in my life. I love New York and I am enormously grateful to two governors, Hugh Carey and Mario Cuomo, for giving me the opportunity to repay some of what I owe this great city.

New York will now go through a very difficult period. It will survive, and then prosper, as it has always done before, if it remains the capital of ideas. Ideas are the most powerful force in the world today, for better or for worse. The ideas of democracy defeated two kinds of totalitarian ideologies in this century, and brought new hopes to the world. The ideas of religious fundamentalism and fanaticism may bring about the next threat to world peace. It is appropriate to so remember as we sit in this building, the house of the book and of ideas, the New York Public Library. New York needs to rededicate itself to the great ideas contained in this library, the ideas of racial harmony, of cooperation and tolerance, of community and caring, and, to put it simply, of civility. If New Yorkers and their political leaders can live up to this challenge, the city will weather whatever storm it may face and come out of it stronger than ever. I devoutly hope that this will be the case. •

REAGAN IN RETROSPECT

David Mervin

RONALD REAGAN AND THE AMERICAN PRESIDENCY

London and New York: Longman, 1990. 237 pp.

Mary E. Stuckey

PLAYING THE GAME: THE PRESIDENTIAL RHETORIC OF RONALD REAGAN

New York: Praeger, 1990. 127 pp.

Peggy Noonan

WHAT I SAW AT THE REVOLUTION: A POLITICAL LIFE IN THE REAGAN ERA

New York: Random House, 1990. 353 pp.

Kevin Phillips

THE POLITICS OF RICH AND POOR: WEALTH AND THE AMERICAN ELECTORATE IN THE REAGAN AFTERMATH

New York: Random House, 1990. 252 pp.

By Eileen Sullivan

These books invite the reader to look back at American political life in the 1980s and to think about the changes the Reagan administration brought to national goals and policies. All of the authors assess Ronald Reagan as an effective president—perhaps simple, perhaps lazy, perhaps ultimately detrimental to the country, but skillful in articulating his goals and in using the powers of his office to implement them.

They come to this conclusion from very different perspectives. Kevin Phillips helped develop the strategy that led to Reagan's election: His 1967 book, *The Emerging Republican Majority*, predicted that an alliance between conservatives and Republicans would dominate the presidency for a generation. David Mervin is a British political scientist struck by the differences between the political worlds in which American presidents and British prime ministers operate. Mary Stuckey and Peggy Noonan both focus on the rhetoric of the "Reagan Revolution," Stuckey as an academic and Noonan as a true believer and veteran speechwriter of the Reagan years.

Mervin argues that most American presidents are unable to substantially affect the country's policies—primarily because the political culture and institutions of the United States are hostile to the exercise of power. In contrast to a British prime minister, an American president faces a suspicious public, an independent and sometimes uncooperative legislature, and a pair of weak political parties. Given that Reagan confronted all these obstacles, and that his immediate predecessors were notably unsuccessful, Mervin judges it remarkable that Reagan was as effective as he was—the most effective president, in Mervin's opinion, since Franklin Delano Roosevelt.

Mervin bases this assessment of Reagan's presidency on several considerations. Reagan altered the terms of political debate by replacing the public philosophy of the New Deal, which had dominated American politics since the 1930s, with a public philosophy emphasizing minimal government, low taxation, domestic program cuts, and strong defense. He successfully implemented his domestic agenda through budget changes, tax cuts, tax reform, administrative deregulation, and judicial appointments. He can also claim some credit on the international front for the new relationship between the United States and the Soviet Union that began to take shape during his tenure. Finally, Reagan helped restore Americans' belief in the legitimacy of their institutions; he revitalized the presidency; and he made possible his succession by a candidate of his own party—the first president since FDR to do so.

How did Reagan do it? In Mervin's view, he had a few clear and relatively simple goals that he articulated skillfully and often. In this age of mass

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electorates and mass communication, Reagan's training as an actor and his likeable public persona were great advantages. He was also politically astute, knowing when to compromise and when to hold out for a whole loaf. Furthermore, the excellent White House staff of the first term quickly developed legislative priorities, cultivated relationships with Congress, generated outside support for Reagan's policies, and managed his public communications. Mervin argues that, even though Reagan delegated responsibility to this staff, for the most part he made the key decisions throughout his administration.

Noonan and Stuckey focus on one aspect of Reagan's effectiveness: his ability to articulate a consistent message and to mobilize public support for it. Noonan, unlike Stuckey, subscribes to this message. In her opinion, it reminded Americans that their values, institutions, and collective efforts had moral worth. She regrets, however, that the speechwriting and policymaking staffs in the Reagan White House were separated. The relative absence of policy substance in the president's speeches, she believes, explains his inability to translate electoral victories into a permanent party realignment.

Stuckey, on the other hand, sees Reagan's message simply as an artful reiteration of the American dream. It promoted a "feel-good Americanism" and required nothing at all in the way of disciplined thought or action. As a result, Stuckey concludes, Reagan's "grand moral pronouncements" contributed little to public debate except "slovenly language" and "foolish thoughts."

Another question Noonan addresses is that of the president's role in his own administration. She focuses this discussion on Reagan's personality. In her mind, that personality is still an enigma; as she puts it, "Who was that masked man?" She met Reagan very infrequently during her years at the White House and never had a substantive discussion with him. She gleaned his message from the public record of his 20 years in politics and his "sound" from the speeches of FDR. Reagan, as she depicts him, was "a gigantic heroic balloon floating in the Macy's Thanksgiving Day parade" who involved himself only in the few issues that captured his imagination—taxes, defense, abortion. Otherwise, Noonan says, the president counted on his staff to articulate, implement, and defend the goals they knew he had—a picture quite different from the key decision-maker that Mervin describes.

Of course, a president's place in history is not determined by his management style, or even by his success in implementing policies. It is determined finally by the public's assessment of the consequences of those policies. Phillips considers Reagan within this context, asking whether his administration made the United States a stronger polity or a better society. As Phillips describes it, American presidential politics follows fairly straightforward cycles, or "pendulum swings," with Republican periods dominated by capitalist principles alternating with Democratic periods dominated by statist and egalitarian principles. The engines driving the cycle are the inevitable excesses of each era and the populist majority's revolt against them.

The Reagan administration represents the culmination of the Republican and capitalist "heyday" that began in the late 1960s as a revolt against the New Deal coalition of bureaucrats, judges, and "social planners," as well as their allies in interest groups, the media, and academia. The Reagan era mirrors previous Republican heydays of the 1890s and 1920s in its promotion of national unity symbols, capitalist expansion, entrepreneurship, and economic inequality. Phillips contributes to the evidence that Reagan's administrative, tax, and spending policies brought additional wealth to the top 20 percent of American society, stagnation to the middle 60 percent, and real loss to the bottom 20 percent. In contrast to previous Republican eras, during the 1980s the interests of the wealthy did not coincide with the economic interests of the country as a whole. The new fortunes reflected and produced a nation that consumed, rearranged, and borrowed more than it built—in short, a debtor rather than a creditor. Phillips anticipates that the excesses of the Reagan era will produce the inevitable reaction: a Democratic-led coalition that defines the good society as one that promotes equality, community, and economic nationalism and that is prepared to use government to accomplish these goals.

Beyond vague references to a program of regulation, taxation, and spending, Phillips does not say how a government facing Reagan's legacy of budget and trade deficits would be able to promote community and equality. His difficulty, and that of current political leaders, may be the ultimate indicator of just how effective Reagan was in implementing his agenda.

THE BASICS OF FREEDOM

Dusko Doder and Louise Branson

GORBACHEV: HERETIC IN THE KREMLIN

New York: Viking, 1990. 421 pp.

Elie Abel

THE SHATTERED BLOC: BEHIND THE UPHEAVAL IN EASTERN EUROPE

Boston: Houghton Mifflin Company, 1990. 262 pp.

By Beverly Ann Bendekgey

A year ago, the Cold War came to a dramatic end with the tearing down of the Iron Curtain and the toppling of totalitarian governments throughout Eastern Europe. The highly charged transformation of the region occurred under the very nose of the Soviet Union, which was itself embroiled in radical change. These events have presented all of us with a rare opportunity to see fundamental political forces at work on a grand scale. Questions that are usually raised in textbooks have suddenly been answered in the real world.

One such question that springs to mind is this: Given that Eastern bloc societies were so closed, where did the impetus for these astonishing changes originate? Dusko Doder and Louise Branson in their marvelously written political biography, *Gorbachev: Heretic in the Kremlin*, and Elie Abel in *The Shattered Bloc: Behind the Upheaval in Eastern Europe*, provide important insights into two fundamental issues: the impact of freedom of speech—or its suppression—on political systems; and the relationship between a nation's economic health and its political stability.

Although freedom of speech and of the press was denied the Eastern Europeans and Soviets, the availability of information from unofficial sources provided a kind of counter-intelligence that fueled the questioning of communist dogma. Doder and Branson note, for instance, the critical impact that extra-official information and firsthand experience had on Mikhail Gorbachev's character and on his eventual determination to move the Soviet Union and Eastern Europe away from Stalinism. They credit Alexander Yakovlev, currently considered "number two" in Gorbachev's Kremlin, with showing Gorbachev that Western economic policies could create the kind of success that had eluded the Soviet system. Previously exiled to the diplomatic corps for outspokenness and sent to Canada for 10 years, Yakovlev became one of Gorbachev's closest advisors after Gorbachev's first visit to Canada, during which Yakovlev gave him a tour of the country and, at the same time, an appreciation for the achievements of Western economies.

Another influence on Gorbachev was his grandfather's arrest and exile to "Stalin's notorious gulag of prison camps flung across Siberia." Although reared as a good Communist, Gorbachev apparently grasped early in life the distinction between what was true and what was the "'truth' dispensed by the party, which so often engaged in the falsification of the past and the alteration of reality." In 1986, after watching an anti-Stalinist film, *Repentance*, Gorbachev confided to visitors that he had to choke back tears during several scenes. One scene showed the secret police arresting an innocent musician; it reminded Gorbachev of "his grandmother's stories of the night when his grandfather was arrested." Gorbachev later ordered enough copies of the film to be made so that everyone in the Soviet Union could view it.

In Eastern Europe, the drive toward openness did not start at the top as it did in the Soviet Union. Instead, as Elie Abel observed, the dissatisfaction among young workers and students was fueled by access to Western television and radio broadcasts. Exposure to outside information had opened their eyes to the contrast between their

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life and life in the West, between their governments' rendition of events and that of others. Abel was "impressed by the number of young Hungarians, children of Communist militants, who wanted nothing to do with the party."

The wave of revolutions that swept across the region has shown just how necessary freedom of speech is to the stability of political systems. Instead of securing a government's existence, suppressing the free exchange of ideas and information threatens it by denying the people legitimate avenues of change. In this situation, a government must use force, or the threat of force, to retain authority. Such was the case in Eastern Europe. When Gorbachev removed the threat of force to suppress dissent, the people of Eastern Europe responded by overthrowing governments that were set on maintaining the status quo.

Within his own nation, Gorbachev removed government controls on public dialogue and access to information. Even internal Communist party debates were aired on television. Doder and Branson observe that "virtually all shadowy aspects of Soviet life came under public scrutiny through a chorus of old and new supporters of *glasnost* and *perestroika* . . . the entire country seemed to have become a vast debating society . . . It was no longer clear what constituted the party line, since the party itself was bursting with polemical arguments . . . The debate over proposed reforms started an avalanche of new ideas." And although the Soviet Union continues to undergo traumatic change, the transformation is occurring—at least so far—within the legitimate processes of government.

The changes under way in the Soviet Union and Eastern Europe reflect the relationship between economics and politics. Doder and Branson state that the primary motivation for *perestroika* was the potential economic devastation facing the Soviet Union. After failing in his initial attempts at economic restructuring under the existing political system, Gorbachev concluded that a more open political system was needed to galvanize economic activity. "The only way out," the authors note, "seemed to be a change in the political system so dramatic that it would prod the country to learn political skills." Later events confirmed that view; Gorbachev's "Moscow Spring of 1988" saw "the first inkling of revival of public interest in politics, and thus raised hopes for a possible transformation of national values and purposes."

Abel notes that popular dissatisfaction in Eastern Europe also grew out of economic backwardness, even in those nations that seemed relatively well-off. Hungary, for instance, enjoyed several years of rising living standards before economic decline set in. But, as the Communist daily *Nepszabadsag* observed, "The yardstick is not the narrow range of goods available to some of our [Eastern] neighbors, but the very full supply seen in Western shop windows." Still, the Stalinist regimes of Hungary and its neighbors did not support Gorbachev's *glasnost* or *perestroika*, nor did they acknowledge the need for basic reform. It took their overthrow to bring about change.

Recent events in Eastern Europe and the Soviet Union present the United States with food for thought. One gets the idea that the West's "victory" in the Cold War is more a reflection of its economic success than its military strength. In the Soviet Union, Doder and Branson assert, economic collapse was hastened by heavy military spending. The link between economic performance and military investment presents intriguing prospects for the United States. One can't resist noting that America's most significant economic competitors today were forced to severely limit their military expenditures under the terms ending World War II. Such restrictions may well have been a key to their postwar economic achievements. With the Cold War behind us, the opportunity to spend less on defense here in the United States may free up the resources necessary for our own economic well-being in the coming years. •

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