

RATING THE NEW TV RATINGS ■ STAR WARS AND THE AGE OF REAGAN

THE NEW DEMOCRAT

VOLUME NINE, NUMBER 2

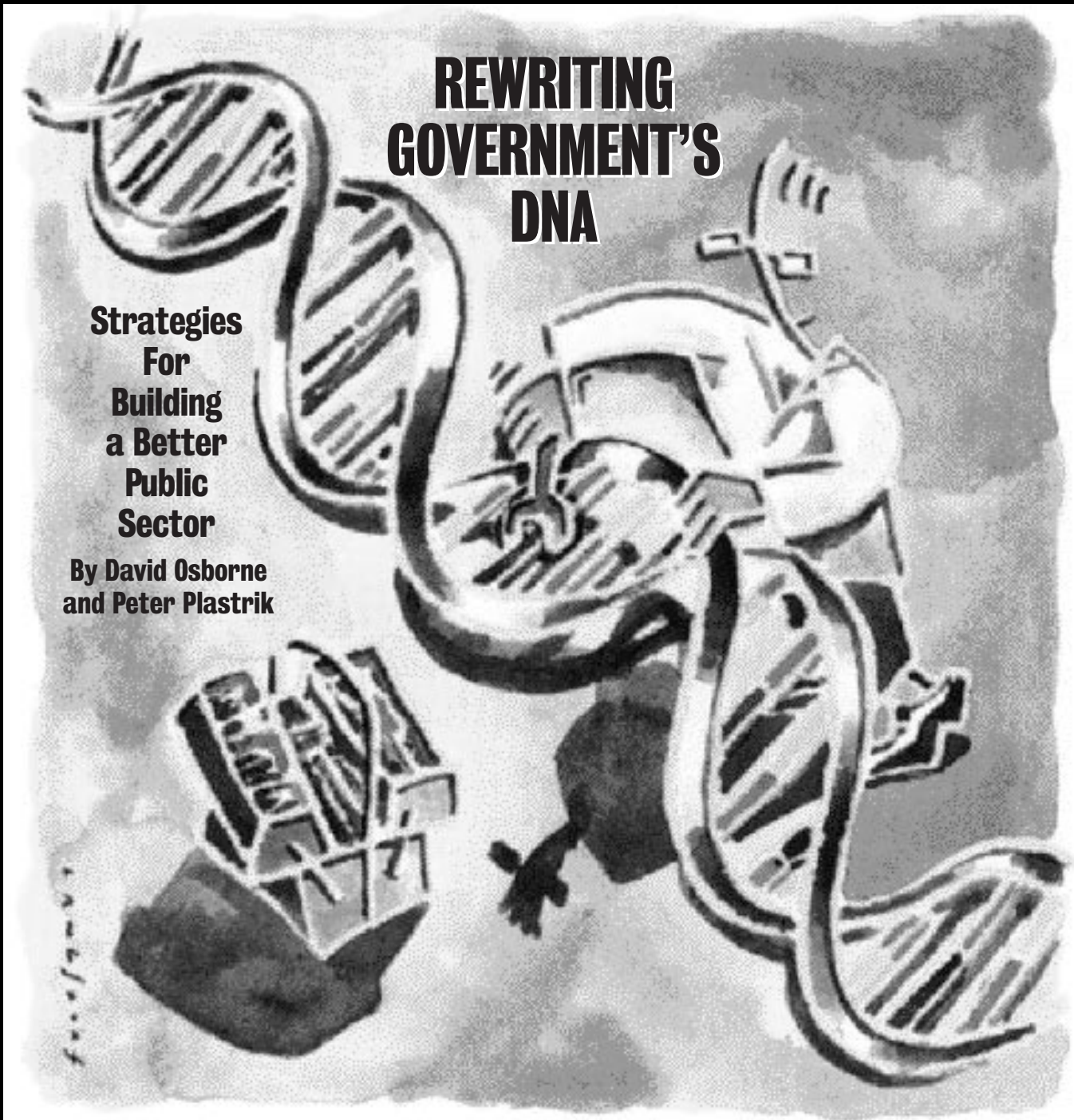
MARCH/APRIL 1997

\$3.00

REWRITING GOVERNMENT'S DNA

**Strategies
For
Building
a Better
Public
Sector**

**By David Osborne
and Peter Plastrik**



THE NEW DEMOCRAT

COVER STORY

- 8** **REWRITING GOVERNMENT'S DNA**
By David Osborne and Peter Plastrik
Strategies for building a better public sector.

ESSAYS AND COMMENT

- 13** **SECOND RATE**
By Joseph I. Lieberman and Dave Shiflett
Two views on television's new parental guidance ratings.
- 17** **BOUND AT THE HIP**
By Wellford W. Wilms
The emerging compact of cooperation in America's manufacturing sector.
- 20** **SHELTER FROM THE STORM**
By Michael J. Bean
Endangered species and landowners alike deserve a safe harbor.
- 21** **BOWERY BOYS**
By Fred Siegel
Sharpton, Giuliani, and the start of the NYC mayor's race.

DEPARTMENTS

- 2** **518 C STREET N.E.**
- 3** **LETTERS**
- 4** **UP FRONT**
- 6** **EDITORIALS**
- 23** **FILMS**
- 25** **BOOKS**
- 27** **OFF THE SHELF**
- 28** **POLITICAL MEMO**

Cover illustration © Henrik Langsdorf/SIS

Illustration credits

Page 5, Corbis-Bettmann; page 8 © Henrik Langsdorf/SIS; page 13, © J. P. Rini/The Cartoon Bank; page 17, © Will Terry/SIS; page 23, Movie Still Archive; page 25, Reuters/Corbis-Bettmann.

THE NEW DEMOCRAT

Publisher Al From**Editor-in-Chief** Chuck Alston**Editor** Tom Mirga**Editorial Board**Will Marshall, *Chairman*

Ed Kilgore

Debra S. Knopman

Seymour Martin Lipset

Robert A. Manning

Robert J. Shapiro

Fred Siegel

Kathleen Sylvester

Contributing Editor

Harlan Jacobson

Copy Editor

Maureen Nolan Rehg

Circulation Manager

Eliza Culbertson

Contributors

Debbie Boylan

Chris Soares

Stephanie Soler

Intern

Harish Shivde

THE NEW DEMOCRAT, ISSN 1045-8441, is published six times a year by the Democratic Leadership Council, 518 C Street N.E., Washington, D.C. 20002. Telephone 202-546-0007. The Democratic Leadership Council is a 501 (c) (4) nonprofit organization. The Progressive Policy Institute is a project of the DLC. Annual subscriptions are \$18.00 for one year, \$30.00 for two years; single issues \$3.00. Bulk postage paid at Washington, D.C. The ideas and views discussed in this publication do not necessarily represent official positions of the Democratic Leadership Council or its members. Unsolicited manuscripts are welcome, and will be returned if accompanied by a stamped, self-addressed return envelope. Send all correspondence, remittances, changes of address, and subscription inquiries to: *The New Democrat*, 518 C Street N.E., Washington, D.C. 20002. The e-mail address for letters to the editor is: tnd@dlcpci.org
© 1997 by the Democratic Leadership Council.

EXPLORING CHANGE

The exploration of change is a recurring theme in these pages, for a reason. A recognition of the need to adapt old arrangements to new circumstances is a building block of New Democrat thinking. In that spirit, in this issue we offer two tours of the front lines of change—one in the private sector, the other in the public sector—to look at how corporations, unions, and governments are remaking themselves.



When Professor Wellford W. Wilms and a team of UCLA students set out seven years ago to explore labor-management relations in the new economy, they decided the best way to learn what was happening in the workplace was, logically enough, to go to work. And so for the next five years, they made cars, airplanes, steel, tin, and electronic instruments at four California companies.

“Little did I realize as we began to probe deeply into these companies that we were witnessing the end of the adversarial industrial culture that mass production had spawned,” Wilms writes in “Bound at the Hip,” which begins on page 17. “We found compelling evidence that a new cooperative relationship was being born, however fitfully, between workers and managers as they strained under the crushing forces of change.”

This new compact does not spell the end of conflict between workers and management. Rather, it attempts to embrace it and make it a creative element. Neither does it spell the end of labor unions. Rather, the compact broadens their role beyond representing employees and balancing corporate power to be-

come “an instrument of productive change as well.”



Similarly, the authors of our cover story, David Osborne and Peter Plastrik, examine how the bureaucratic systems and organizations of government can be transformed into entrepreneurial organizations. Their article, which begins on page 8, is adapted from their new book, *Banishing Bureaucracy: The Five Strategies for Reinventing Government*, in which they distill lessons from governments at home and abroad into five strategies for rewriting government’s DNA. “Change an organism’s DNA and new capacities and behaviors emerge; change enough of the DNA and a different kind of organism evolves.”

But, as they also note, the genetic engineering they envision makes cloning sheep appear simple. “Reinventing public institutions is Herculean work,” they write, a statement that no doubt will resonate with our subscribers who make public policy.

This article marks the return of both authors to these pages. Osborne, a fellow at the Progressive Policy Institute, is best known as the co-author of *Reinventing Government*, the book that inspired the Clinton administration’s effort to retool federal agencies. Plastrik has written for the magazine before on reinventing job training programs.



On a lighter note, with the revival of the *Star Wars* trilogy, we asked contributing editor Harlan Jacobson to size up the Force’s place in cinematic and political history (page 23). ◆

LETTERS

Not the New Left That I Remember

To the Editor:

Writing in your November/December 1996 issue, Fred Siegel recalls a far different new left perspective on welfare than I have read about or remember (“*Planned Disaster: A Look Back at the Manufacturing of New York City’s Welfare Explosion*,” *TND*, November/December 1996).

Based in part on a selective interpretation of the book *Regulating the Poor* by Frances Fox Piven and Richard Cloward, Siegel blurs the new left with a “new conception of liberalism” that sought to create a class of “dependent individualists” who were “not only entitled to public support, but entitled to it on their own terms.”

Piven and Cloward indeed advocated a “crisis theory” of welfare rights, but only because they understood the structural limitations of an economic system that provides neither full employment nor a just distribution of resources. Furthermore, they had little faith in fundamental reforms in economic policy.

The new left with which I was familiar (see, for instance, Todd Gitlin and Nanci Hollander’s *Uptown: Poor Whites in Chicago*), organized communities in order to help the poor move themselves off welfare. This is a far cry from any putative “dependent individualism.”

The community organizing approach was inspired by faith in the ability of the poor and others to change the system and bring about

fundamental reforms. This idealism may have fallen short, but it still seems considerably more viable than a neoconservatism that simply saws off the poor and lets them lie where they fall.

— *Jay D. Jurie*
Associate Professor
University of Central Florida
Orlando, Fla.

TND Gets Hit With an Audit

To the Editor:

I can’t believe you let Dave Shiflett get away with so overstating his case to make his point about the tax bite on small businesses (“*Ouch!*” *TND*, November/December 1996). He actually sounds like a Republican congressional staffer trashing the tax system.

At one point in his article, Shiflett claims that “first off the top is the 28 percent federal hit.” He should know better. Only the portion of his taxable income *over* \$40,100 (as he alludes to in the previous paragraph) gets hit the with 28 percent rate. It’s a marginal rate, and it applies not to all income over \$40,100, but *taxable* income over \$40,100, meaning his *gross* income is likely over \$50,000.

But let’s say he earned \$50,000 of taxable income. Then his total federal income tax, filing married jointly, would have been \$8,787 in 1996. That’s only 17.6 percent of his taxable income, not 28 percent. And if his gross income was \$60,000, then

his total tax would have been only 14.6 percent of his total income.

How could you let this get by you?

— *M. Jeff Hamond*
Director of Fiscal Policy Research
Redefining Progress
San Francisco, Calif.

To the Editor:

Dave Shiflett’s article on self-employment taxes perpetuates the misconception that typical families pay almost half their income in federal taxes. He claims that the 28 percent tax bracket, plus 15.3 percent for Social Security and Medicare, add up to a 43.3 percent tax bite. One questions Shiflett’s business acumen, or whether he actually looked at his tax returns.

At the \$40,100 income level Shiflett mentions, assuming minimal deductions (single, no mortgage), he would pay \$6,267 in income taxes, or 15.6 percent. With FICA, that only adds up to a 30.9 percent tax burden. Shiflett fails to recognize that federal income tax rates are marginal tax rates, taxing only the income over \$40,100 at the higher rate.

It is a good idea to reduce taxes on the middle class, but fiscal conservatives will have more credibility if they use honest numbers and check their math.

The next time someone tells you they pay 50 percent of their income to the federal government, ask them for a loan. They must be earning more than \$600,000.

— *Carl Lingenfelter*
Washington, D.C.

UP FRONT

Glastnost at the NEA

Is the nation's largest teachers union finally climbing aboard the school reform train?

In a breathtakingly candid speech, the new president of the National Education Association recently chastised his own union for too often putting members' interests ahead of those of children and for "sitting on the sidelines of change."

Speaking at the National Press Club on Feb. 5, NEA President Bob Chase said that the "industrial-style, adversarial tactics" that have characterized the 2.2 million member union since the 1960s "simply are not suited to the next stage of school reform."

"We know that it's time to create a new union—an association with an entirely new approach to our members, to our critics, and to our colleagues on the other side of the bargaining table," Chase said.

The union leader's comments echoed the growing movement within both the public and private sectors to create a new culture of cooperation between labor and management (*see stories on pages 8 and 17*).

In his speech, Chase said it has become increasingly clear that while the NEA's traditional focus on salaries, benefits, and working conditions "remains important, it is utterly inadequate to the needs of the future."

"Our challenge is clear," Chase continued. "Instead of relegating teachers to the role of production workers ... we need to enlist teachers as full partners, indeed, as co-managers of their schools. Instead of contracts that reduce flexibility and restrict change, we—and our schools—need contracts that empower and enable."



NEA President Bob Chase

At the same time, he added, school quality "must begin at home—within our own ranks. If a teacher is not measuring up in the classroom . . . then we must do something about it."

Chase's remarks on that score foreshadowed a speech later in the month by U.S. Education Secretary Richard W. Riley, in which the Cabinet member said the nation must move quickly to close bad schools, even if it means replacing teachers and principals.

"In America today, there are schools that should not be called schools at all," Riley said in his annual state of American education speech. "If a school is bad and can't be changed, reconstitute it or close it down. If a principal is slow to get the message, find strength in a new leader. If teachers are burned out, counsel them to improve or leave the profession. If laws need to be changed, get on with it."

Riley's and Chase's comments reflect a growing sense of urgency about the sorry state of the nation's public schools. Recently, the newspaper *Education Week* and the Pew Charitable Trusts issued a "report card" that graded the 50 states on a

range of education measures including standards and assessment, quality of teaching, school climate, and resources. The report's authors, however, did not bother to grade the states on the basis of their students' academic achievement, noting that "if we had, all would have failed."

That conclusion was validated in turn in a recent national survey of 1,300 high school students conducted by the Public Agenda Foundation. Sixty-five percent of the teenagers surveyed said they do not try very hard to get good grades, and 50 percent said their teachers do not insist on high academic standards.

In his speech, Chase singled out the NEA's Colorado Springs, Colo., local, which has founded a charter school, as an example of the union's "new direction." Some charter school advocates have complained that state and local affiliates of NEA and its rival, the American Federation of Teachers, have fiercely resisted this promising reform.

There's some evidence, though, that the national NEA's embrace of charter schools is working its way down to the state and local levels. In Virginia, for example, the state NEA affiliate recently broke ranks with its traditional allies in the education and civil rights fields and endorsed a charter school bill that was ultimately defeated in the Democratic-controlled legislature. That measure would have authorized the creation of two charter schools in each of the state's school districts, with half exclusively tailored for "at risk" children. Amazingly, civil rights groups insisted that the last proviso was an attempt to restore racial segregation in public education.

—Tom Mirga, Stephanie Soler, and Harish Shivde

Trading Was Brisk Today In the Smog Market . . .

For several years, states have been using the power of markets to reduce air emissions that contribute to acid rain. Now, a handful of states are poised to apply those same principles in the fight against ground-level ozone, a.k.a. smog.

Recently, the Clinton Administration gave Massachusetts its blessing to open the nation's first full-scale market for trading credits for the reduction of emissions of nitrous oxides, which contribute to the formation of smog. California, Connecticut, Michigan, Pennsylvania, and New Jersey are also seeking federal approval for their own trading programs.

The Massachusetts program, which was modeled after the federal Clean Air Act's emissions reduction credit trading program for

acid rain, is open to utilities, manufacturers, municipalities, and company vehicle fleets. The state set a permanent cap on nitrous oxide emissions and then left it to the 23 participating companies and municipalities to allocate emission "allowances" among themselves. These limits are at least 15 percent below the participants' current air emission levels and nearly 60 percent below 1990 levels.

Companies and municipalities that reduce their emissions further than their caps can then sell their excess emission allowances to other sources, which then count them as reductions. The state, which regulates the market, permanently retires 5 percent of the credits offered for sale to further reduce overall emissions and to guard against inflation in the value of the credits.

As a sign that the state must be on to something, the program has

earned accolades from businesses and environmental groups alike. "Market-based air-pollution control systems . . . are moving toward treating pollution as a privilege instead of a right," said Douglas I. Foy, executive director of the Conservation Law Foundation. "They are valuable tools for protecting natural resources and the health of our citizens, and they can achieve ambitious environmental goals with great certainty and efficiency."

The program, added John Rows, president and CEO of the New England Electric System, "shows that if industry is given the flexibility to achieve environmental standards, it can be quite creative in meeting those goals."

—Tom Mirga

For more information on the program, contact the Massachusetts Department of Environmental Protection at (617) 292-5500.

It's Worth Repeating

"Everybody says [the House's vote in January to reprimand and fine Speaker Newt Gingrich for violating its ethics rules] gives us a great opportunity to move forward. I don't know. What is the next set of ethics charges to get filed? Maybe the next step . . . is that we put people in stocks out on the front steps of the Capitol and throw vegetables at them."

— House Budget Committee chairman John Kasich (R-Ohio) quoted in *The Washington Post* (1-22-97)



"Issue advocacy campaigns are the drive-by shootings of American politics. They come in disguise, escape without a trace, and leave behind nobody who is accountable. Yet in the coming debate over campaign-finance reform, they will be devilishly difficult to tame. . . . The problem comes in trying to regulate issues ads without violating First Amendment protections."

— Columnist Gerald F. Seib writing in *The Wall Street Journal* (2-5-97)

"[T]he ideological vanguard in both parties share a common vulnerability: Neither side can safely bet that if it marched back to the periphery it would carry along a majority of the country. That means however much they chafe against its boundaries, Clinton's critics on the left and right alike may find themselves trapped in his 'vital center' for a while longer."

— Columnist Ronald Brownstein writing in *the Los Angeles Times* (2-10-97)

"[H]ow does the President make the center a vibrant legislative force? The key is using the bully pulpit to reach the people. Most citizens are not motivated by issues because they are left or right, conservative or liberal, Democratic or Republican. They simply care about how issues affect their daily lives and their children's future. When they are motivated, they can force Congress toward the center. . . . This remains the most important lesson of the next four years if the President is to fulfill his ambition to have the vital center control the nation's agenda."

— Former White House Chief of Staff Leon E. Panetta writing in *The New York Times* (2-2-97)

A BUDGET WITHOUT BOLDNESS

With last year's reelection campaign safely behind him and with his approval rating at its highest level ever, President Clinton has an opportunity to make history. The President's fiscal year 1998 budget seemed to us to be a logical place to start. Unfortunately, the 2,400 page document he submitted to Congress in early February was more of a bow to politics than posterity.

Compared with his brave action in 1993 to bridge the gap between revenues and spending (without which we wouldn't even be discussing a balanced budget today), Clinton's latest actions in the war on the deficit appear less than heroic. Most troubling is the manner in which he proposes to bring the budget into balance. A full three-quarters of the required savings would come in fiscal years 2001 and 2002, largely the result of a cascade of asset sales and the conveniently-timed expiration of several new programs. Along with the savings, this budget backloading would shift the political pain of deficit reduction onto the next presidential administration.

But with a deficit that as a percentage of gross domestic product is already the smallest of any major industrial country, the total amount pared from the deficit is less important than the nature of the savings themselves. One ripe target is spending and tax subsidies for favored industries, the elimination of which would strengthen our economy. The President proposes to end several tax breaks for businesses and to implement a variety of new fees. This is progress. Still, the \$50 billion a year system of corporate welfare identified by the Progressive Policy Institute remains largely untouched.

Also, when it comes to business subsidies, Washington often takes with one hand what it gives back with the other. This budget's proposed \$400 million expansion of the tax subsidy for companies doing business in Puerto Rico, which was scaled back by Congress just last year, is one example of such pork juggling.

The President's budget also does little to reign in the explosive growth in entitlement spending. A stopgap Medicare proposal and a complete pass on Social Security reform leaves both programs still threatened by insolvency. In the meantime, deficit pressures put the

squeeze on much needed public investment.

The best budget policy is one that promotes economic growth through public investment in research, education, and training. A mere 0.1 percent increase in the rate of economic growth would translate into an additional \$34 billion in deficit reduction over the next five years. The effect on standards of living would be equally dramatic.

Innovation drives growth, and basic research is a cornerstone of innovation. Yet the federal government spent only \$33 billion on non-defense R&D in 1996. The level proposed for 1998 is only 6 percent higher. A doubling of our basic R&D expenditures would pay for itself even with the most modest boost to the growth rate.

Prosperity in today's economy depends on having a well-educated workforce and a system that permits them to continuously upgrade their skills. President Clinton has expressed a strong commitment to broadening access to education and training. His most recent proposal, the HOPE scholarship program, would provide a \$1,500 tax credit for up to two years of postsecondary education. A \$10,000 deduction for tuition expenses would also be available.

While Clinton's concern for higher education is heartening, these tax breaks could do more harm than good. First, tax incentives only help those who have enough tax liability to take advantage of them. A family of four would have to have an annual income greater than \$30,000—almost twice the poverty level—to receive the full benefit of the credit or deduction. Second, the increase in people's ability to pay for higher education could drive up tuition costs, dealing a second blow to those who are too poor to capture the tax benefit. In this light, the President's proposed 18 percent increase in Pell Grants for low-income students is not progress so much as catch-up. Finally, if prices rise significantly, college enrollment may not increase much at all.

The \$36 billion slated for these initiatives would be better spent on strengthening primary and secondary education, and increasing funding for worker training and the national service program. The President should initiate development of internationally-benchmarked

standards for education, and federal education payments should be made contingent on states' commitment to measure their students' standing. Funding for charter schools should be increased four-fold. And the currently bureaucratic federal system of job training should be scrapped in favor of the increased efficiency and effectiveness of a voucher program.

In the budget battle of the coming months, neither Clinton nor Congress should settle for budgeting-as-usual. Though the President's initial proposals leave something to be desired, it's never too late to push for real change on the issues American's care about most. Clinton still has the ability, and responsibility, to inject a shot of boldness into the budget debate.

The Last Emperor

China Enters the Post-Deng Era

The death of Deng Xiaoping in late February marks the beginning of a time of uncertainty for a China in transition. In all likelihood, Deng will be remembered as China's real "last emperor." The question for American foreign policy is how much of an authority vacuum his death will produce.

Deng left a mixed legacy. It was he who sent the People's Liberation Army into Tiananmen Square on June 4, 1989 to massacre their own people. Yet his fateful decision to open and reform China has had stunning results. China has averaged 9 percent annual growth over the past 15 years. Perhaps 200 million Chinese have been lifted out of absolute poverty. A private sector has begun to flourish, and it now accounts for nearly half of China's gross national product. Deng's ethos, captured in his slogan, "To get rich is glorious," has opened new possibilities for millions of Chinese. But it also created a moral bankruptcy which has been filled only partially with a potentially dangerous strain of nationalism.

The social bargain that has allowed the Confucian-Leninists to retain their hold on power is based essentially on performance: The Chinese people trade political freedom for increased wealth and economic opportunity. This almost certainly is not the end of the story. Across East Asia over the past three decades, economic dynamism has created large urban middle classes which have demanded more political pluralism. How and when political change will come to China is difficult to predict. Its sheer size, however, suggests that the process will be more fitful and drawn out than elsewhere in the region.

In the meantime, with its 1.3 billion people, nuclear weapons, one of the world's largest economies, and a permanent seat on the U.N. Security Council, China is an emerging great power. It poses perhaps the single biggest challenge to the post-Cold War international system. Whether the issue is population control, environmental degradation, trade, or international security,

China will increasingly be either a large part of the problem or a large part of the solution.

In Deng's absence, a relatively weak and insecure leadership will prove a difficult interlocutor for the Clinton administration, no matter how well crafted its policy toward China may be. China is an 800 pound gorilla we have no choice but to deal with. It is likely to be neither a consistent friend nor a clear enemy. Our values will certainly be at odds, and our interests will overlap in some areas and conflict in others.

F. Scott Fitzgerald once remarked that, "The mark of a first-rate intellect is the ability to hold two opposing ideas in your mind and still be able to function." That is the growing challenge of China policy, one only made a bit more complicated by the passing of Deng.

Al Shanker, Visionary

The Late Union Leader Will Be Missed

We mourn the passing of Albert Shanker, the American Federation of Teachers president who died of cancer in late February. A bold experimenter by the standards of his profession, he shared our belief that tough standards for students and teachers are the *sine qua non* of school reform.

A militant unionist in the 1960s and 70s, Shanker remade himself in the 1980s as an elder statesman of public education, espousing a philosophy that transcended the parochial interests of teachers. For example, he was willing to countenance tying teacher pay to performance and encouraged experiments in school organization that blurred the lines between labor and management.

It was a mind set that frequently set him far ahead of his union's locals and which made him a constant irritant to the far bigger and less progressive National Education Association. It is a tribute to Shanker that in the last year of his life, the rival union had moved light years in his direction (*see story on page 4*).

At Shanker's direction this past fall, the AFT embarked on a national initiative called "Lessons for Life: Responsibility, Respect, Results." Its aim is to get every school district to embrace a 10-point Bill of Rights and Responsibilities for Learning that posits that "democratic citizenship and productive adulthood begin with standards of conduct and standards for achievement in our schools. Other education reforms may work; high standards of conduct and achievement do work—and nothing else can work without them."

While we disagreed with Shanker on some aspects of charter schools and on experiments in private management of public schools, we respected him greatly. "Al Shanker was a champion not only of America's teachers, but of America's students," said U.S. Education Secretary Richard W. Riley upon the union leader's passing. We couldn't agree more. ♦

REWRITING GOVERNMENT'S DNA

Strategies for Building a Better Public Sector

BY DAVID OSBORNE AND PETER PLASTRIK

In March 1996, the 24-member Organization for Economic Cooperation and Development held its first ministerial-level meeting on public management. Alice Rivlin, then director of the U.S. Office of Management and Budget, chaired the meeting. In her OECD summary report, she explained that most of the 24 governments were facing the same fundamental pressures for change, including a global economy, dissatisfied citizens, and fiscal crisis. "Equally startling to me and, I suspect, to many of my colleagues," she added, "countries are responding in remarkably similar ways."

As we approach the 21st century, the reinventing government movement is like an adolescent striving for adulthood: full of energy and enthusiasm; fueled by ideals; stumbling often but learning in leaps and bounds.

By 1995, dozens of cities including New York, Boston, Philadelphia, Chicago, Milwaukee, Charlotte, Dallas, Indianapolis, Phoenix, and Portland, Oregon, were measuring performance and using that information to improve their management. Thirty-nine states reported quality initiatives, 29 indicated at least some efforts to measure performance, 28 said they were seeking customer feedback, more than 30 were simplifying their personnel systems, 10 were experimenting with eliminating budget line-items, and 10 were testing competitive public-versus-private bidding for service delivery. Meanwhile, hundreds of counties had embraced reinvention. And in 1993, the Clinton administration weighed in with Vice President Al Gore's National Performance Review.

Not all these initiatives have succeeded, of course. But for all the setbacks—and there have been plenty—American progress since 1990 has been remarkable. The debate about public sector reform is light-years ahead of where it stood even five years ago. And with their parliamentary systems, some of our overseas allies—particu-

larly the British, New Zealanders, and Australians—have put American efforts to shame.

Make no mistake, reinvention is still a work in progress. Most reinventors are still operating without a road map, making it up as they go along. The 1992 book *Reinventing Government*, which was co-written by one of the authors of this article, offered some clues about how to proceed. But it did not lay out the strategies by which bureaucratic systems and organizations could be transformed into entrepreneurial systems and organizations. Our new book, *Banishing Bureaucracy* does.

The Importance of Strategy

Reinventing public institutions is Herculean work. To succeed, you must find levers that can move mountains.

You must find strategies that set off chain reactions in your organization or system, dominoes that will set all others falling. In a phrase, you must *be strategic*.

By strategy, we do not mean detailed plans. There is no recipe you can follow to reinvent government, no step-by-step progression you must adhere to. The process is not linear, and it is certainly not orderly. Things rarely go as planned; reinventors must constantly adjust their approaches in response to the resistance and opportunities they encounter.

Rather, by strategy we mean the use of key leverage points to make fundamental changes that ripple throughout government, changing everything else. Reinvention is large-scale combat. It requires intense, prolonged struggle in the political arena, in the institu-

From the book *Banishing Bureaucracy: The Five Strategies for Reinventing Government*. Copyright © 1997 by David Osborne and Peter Plastrik. Reprinted by permission of Addison Wesley Longman. All rights reserved.

tions of government, and in the community and society. Given the enormity of the task and the resistance that must be overcome, the reinventors' challenge is to leverage small resources into big changes. Being strategic means using the levers available to you to change the underlying dynamics in a system, in a way that changes everyone's behavior.

Consider Great Britain, one of the two nations (the other is New Zealand) that have gone the farthest down the reinvention path. Margaret Thatcher did not start out with a full-blown strategy to reinvent the British government. She came into office in 1979 determined to make it smaller, privatize many functions, and force the bureaucrats to be more efficient. But unlike her American counterpart, Ronald Reagan, she learned from the failure of her "jam the bureaucrats" approach. She also had more time in office, and in her third term, she began to apply a consistent philosophy of extending choice and competition to public services and decentralizing authority so providers had the flexibility to respond to their customers' needs.

Thatcher had a team of trusted advisors who came to understand the real problems that lay behind public sector performance. In her ninth year in office they articulated a set of systemic changes that applied her philosophy to core government functions. It took them a long time to get there, and they made many mistakes along the way. Still, they managed to find and use a series of key levers:

- ◆ privatization of functions better performed by businesses operating in competitive markets;
- ◆ uncoupling policy and regulatory functions ("steering") from service-delivery and compliance functions ("rowing");
- ◆ performance contracts;
- ◆ decentralization of authority to units responsible for work;
- ◆ public-private competition; and
- ◆ accountability to customers through choice, customer service standards, and customer redress.

In our research, we have found these same levers used again and again: in the United States, in the United Kingdom, in Australia, in New Zealand, and in Canada. We have found them at all levels: national, state, provincial, and local. Why? Because these are the levers that change the framework within which organizations and people work. "It is usually not possible to command large organizations to make painful changes in long-settled routines," explains Ted Kolderie, one of the reformers who brought public school choice to America. "It is possible, however, to redesign the institutional arrangement in which they operate, so that they come to perceive these changes as necessary and desirable, in their own interest."

Dan Loritz, one of Kolderie's co-conspirators for public school choice in Minnesota, uses an agricultural analogy. "A farmer goes out and spends a lot of time making

sure that the fields are just right, gets all of the weeds out, plants the corn with great care, puts enough herbicides on it to make sure that there aren't any weeds, and hopes that there's enough water," he says. "And if everything is right, the corn grows all by itself."

Reinventors should think like farmers, Loritz argues. If they create the right conditions, the results will follow.

Rewriting the Genetic Code

To extend the agricultural metaphor, think of public systems as organisms: complex, adaptive systems that live, grow, change over time, and die. Organisms are shaped by their DNA, the coded instructions that determine who and what they are. DNA provides the most basic, most powerful instructions for developing an entity's enduring capacities and behaviors. Change an organism's DNA and new capacities and behaviors emerge; change enough of the DNA and a different kind of organism evolves. Usually organisms change very slowly, as their DNA randomly mutates and some of these mutations make them more successful in their environments.

The same is true for public systems: normally they evolve very slowly. Bureaucratic public systems were designed to be stable. But we have reached a point in history where this stability is counterproductive. In today's fast-changing, globally competitive Information Age, systems that cannot change are doomed to failure.

In this situation, the solution is genetic engineering: change the system's DNA. Our research tells us that the most fundamental pieces of public sector DNA are a system's purpose, its incentives, its accountability systems, its power structure, and its culture. Successful reinventors have all stumbled across the same basic insights: that underneath the complexity of government systems there are a few fundamental levers that make public institutions work the way they do; that these levers were set long ago to create bureaucratic patterns of thinking and behavior; and that changing the levers—rewriting the genetic code—triggers change that cascades throughout the system.

We have grouped these fundamental levers of change into five basic strategies, each of which includes several distinct approaches and many tools. For each lever, we have designated a strategy. And to help people remember the strategies, we have given each one a label that begins with the letter C.

The Core Strategy

The first critical piece of DNA determines the purpose of public systems and organizations. If an organization is unclear about its purpose—or has been given multiple and conflicting purposes—it cannot achieve high performance. As Yogi Berra is reputed to have said, "If you don't know where you're going, then any road will take you someplace else."

The Control Strategy in Practice: Mark Twain National Forest

The Mark Twain National Forest in southern Missouri was a patchwork of 1.5 million acres of Ozark foothills and plateaus—over-logged forests and worn-out farmlands when the federal government began buying it up in the 1930s. It is one of the largest forests in the U.S. Forest Service's Eastern Region, which stretches from Missouri to Minnesota and Maine. It is headquartered in Rolla, Mo., a small, bustling town.

That's where Forest Supervisor Eric Morse was in 1985 when he got a call from the regional forester in Milwaukee. "He says, 'You're a pilot,'" Morse recalls. "No one knew what that was." A while later details arrived: From faraway Washington, Max Peterson, then Forest Service chief, and F. Dale Robertson, his associate chief, had developed a pilot program freeing the Mark Twain Forest, two other forests, and a research station from many Forest Service rules. Their plan allowed these organizations to shift money around without seeking reprogramming authority. It removed their personnel ceilings. It let them keep money they saved through efficiency and spend it on other priorities. And it encouraged them to request waivers to rules that got in their way.

The moment of truth came in a St. Louis conference room. Robertson had invited pilot leaders to St. Louis to ask a committee of Washington staffers for the waivers they needed. Morse wanted about 50 waivers. "It was hotter than hell," Morse remembers. "We sat down there and started going around the room offering proposals."

Right away there were problems. "They were saying no to everything," recalls Morse. "Absolutely, we cannot do that." Robertson stopped the meeting and asked the pilot participants to leave. "For two hours we waited out in the hallway," says Morse. "We didn't know what to do." They didn't know exactly what Robertson said. But when the meeting started again, says Morse, "everything was approved—absolutely everything. And there was enthusiasm. We walked out of there with four different ways of approaching budget and spending."

Morse felt unleashed. "We were free to operate any way we wanted," he says. There were only two conditions: They had to operate in accordance with the law, and they had to meet performance expectations specified in their forest-management plan.

Morse's instinct was to push the freedom down to his lowest-level employees, the nearly 300 workers toiling in forest districts. But, again, barriers emerged—in Rolla this time. "Our staff officers had a

terrible time," he remembers. "Their role as staff officers was control of the money, control of the districts through policy and review." It turned out, much to everyone's surprise, that the forest's own bureaucracy—not Washington's—had created nearly three-quarters of the rules that tied their employees' hands. "We had more authority to do things than we knew we did," says Morse.

He stripped his headquarters staff of their power. "We took all that away from them, all their money away," he says. "It took some pain on their part to begin trying on a new role." He threw out the rule books and—along with his staff—drafted a slim handbook to replace them. It emphasized that employees were expected to solve problems and make decisions, not simply comply with rules.

Morse gave each district its own budget and the same flexibility he received from Washington. He encouraged district rangers—the system's supervisors—to help their employees organize into self-managed teams. He let district teams select their own rangers. And he told the rangers to stop asking him for permission to do what they wanted to do.

All this took some getting used to. When ranger Art Wirtz transferred into the forest, he couldn't believe the freedom he was given. "This is the first district I've ever been on where I've felt empowered to do my job, and there wasn't somebody watching over my shoulder," he says. Two months after starting, Wirtz tested Morse's new system. He called up Morse to find out what his boss thought about a small matter. The conversation took an unexpected turn:

Wirtz: What do you think?

Morse: What the hell you callin' me for?

You feel like you can make that decision?

Wirtz: Yeah.

Morse: You think you looked at everything about it?

Wirtz: Yeah.

Morse: Call me on something you really need.

That was enough for Wirtz. "From that point on," he says, "I was empowered." ♦

From the book *Banishing Bureaucracy: The Five Strategies for Reinventing Government*. Copyright © 1997 by David Osborne and Peter Plastrik. Reprinted by permission of Addison Wesley Longman. All rights reserved.

We call the strategy that clarifies purpose the core strategy, because it deals with the core function of government: the steering function. While the other four strategies focus more on improving rowing, the core strategy is primarily about improving steering. It eliminates functions that no longer serve a valid public purpose or that can be better done by the private sector or another level of government. It uncouples steering from rowing (and service from compliance), so each organization can focus on one purpose. And it improves government's ability to steer by creating new mechanisms to define goals and strategies. Because it focuses more on policy than management, it is usually driven by elected officials and their top appointees.

The Consequences Strategy

The second key piece of DNA determines the incentives built into public systems. Bureaucratic DNA gives employees powerful incentives to follow the rules and keep their heads down. Innovation can only bring trouble; the status quo brings steady rewards. Employees are paid the same regardless of the results they produce. And most organizations are monopolies—or near-monopolies—that are insulated from their failures. Unlike private firms, they do not lose revenues or go out of business if the competition does a better job.

Reinventors rewrite the genetic code to change these incentives, by creating consequences for performance. When appropriate, they put public organizations into the marketplace and make them dependent on their customers for their revenues. When that is not appropriate, they use contracting to create competition between public and private organizations (or public and public organizations). When neither is appropriate, they simply measure performance and create consequences (both positive and negative).

The Customer Strategy

The next fundamental piece of system DNA focuses primarily on accountability: specifically, to whom are the organizations accountable? (To be precise, all five strategies touch on the issue of accountability. The core strategy defines what an organization is accountable for; the consequences strategy determines how it will be held accountable; the control strategy affects who will be accountable; and the culture strategy helps employees internalize their accountability. But by making organizations accountable to their customers, the customer strategy deals most powerfully with the issue of accountability.)

Most public entities are accountable to elected officials, who create them, determine their functions, and fund them. Because these officials are under constant pressure to respond to the demands of interest groups, they often care more about where public resources are spent than about the results they purchase.

In response to widespread abuses by politicians, bureaucratic reformers long ago established a professional civil service to insulate the management of departments from political influence. Managers and employees gradually became accountable for following the rules of the civil service. Hence, managers are held most tightly accountable for following these rules and for spending their funds as appropriated by elected officials. Rarely is anyone held accountable for the results.

The customer strategy breaks this pattern by shifting some of the accountability to customers. It gives customers choices of service delivery organizations and sets customer service standards those organizations must meet.

Creating accountability to the customer increases the pressure on public organizations to improve their results, not just to manage their resources. It creates information—customer satisfaction with specific government services and results—that is difficult for elected officials, public managers, and employees to ignore. And it gives public organizations the right target to shoot at: increased customer satisfaction.

This does not mean that public organizations are no longer accountable to their elected representatives; it means they often have dual accountability. This works best when elected officials align these dual accountabilities by stating their goals in terms of customer satisfaction and holding organizations accountable for meeting customers' needs.

Nor does the customer strategy suggest that the role of customer supplants that of citizen, as some critics argue. Both roles are important. Citizens vote, influencing the policies set by their representatives. Public organizations then implement those policies. But in bureaucratic systems, citizens have no practical way to hold those organizations accountable for their performance—or even to give them feedback on their performance. The customer strategy puts them in the feedback loop.

The Control Strategy

The fourth critical chunk of DNA determines where decisionmaking power lies. (*See related story on page 10.*) In bureaucratic systems, most of the power remains near the top of the hierarchy. In democracies, power first flows from citizens to elected officials; then from elected officials to central “staff” agencies such as budget and personnel offices; finally from those central control agencies down to agency (“line”) managers. Typically, elected officials keep as much power as possible in their own hands, and the central control agencies guard their power even more jealously. Line managers find their options limited and their flexibility constrained by detailed budget instructions, personnel rules, procurement systems, auditing practices, and the like. Their employees have almost no power to make decisions. As a result, government organizations respond to new orders rather

than to changing situations or customers' needs.

The control strategy pushes significant decisionmaking power down through the hierarchy, and at times out to the community. It shifts the form of control used from detailed rules and hierarchical commands to shared missions and systems that create accountability for performance. It empowers organizations by loosening the grip of the central control agencies. It empowers employees by pushing authority to make decisions, respond to customers, and solve problems down to those with frontline knowledge. Some reinventors use a third approach: They shift control from public organizations to the community, empowering community members and organizations to solve their own problems and run their own institutions.

The Culture Strategy

Finally, the last critical piece of DNA determines the culture of public organizations: the values, norms, attitudes, and expectations of employees. Culture is shaped powerfully by the rest of the DNA: by an organization's purpose, its incentives, its accountability system, and its power structure. Change these and the culture will change. But culture does not always change just as its leaders would wish it to. At times it will harden into resistance and resentment. Often it will change too slowly to satisfy customers and policymakers. Hence we have found that virtually every organization that has used the other four C's has eventually decided it needed a deliberate campaign to rewrite the genetic code that shaped its culture.

Bureaucratic systems use detailed specifications—functional units, procedural rules, and job descriptions—to mold what employees do. They make initiative risky. As employees become habituated to these conditions, they become carriers of the culture. They become reactive, dependent, fearful of taking too much initiative themselves. In this way, bureaucratic DNA creates cultures of fear, blame, and defensiveness.

Reinventors use three approaches to reshape the culture; they mold the organization's habits, hearts, and minds. They develop new habits by giving people new experiences—new kinds of work and interactions with new people. They reinforce these new behaviors by helping people shift their emotional commitments: their hopes, fears, and dreams. And they support this new emotional covenant by building a shared vision of the future, a new mental model of where the organization is going and how it will get there.

Increasing Your Leverage

Most reinventors start with just one or two strategies in mind. Inevitably, they discover the need for another, then another, until they are using all five. Why? Because using only one or two strategies does not give them

enough leverage. Any one strategy is to reinvention as rain is to farmers: indispensable but not sufficient. Farmers also need seeds, rich soil, adequate fertilizer, and sunshine. If all five of these elements are aligned with one another, the crops grow.

One way to put multiple strategies into play is to use what we call "metatools." They are like MIRVs—missiles that deploy multiple warheads. For example, school choice systems in which money follows the child combine customer and consequences. Total quality management and business process reengineering deploy elements of the customer, control, and often culture strategies.

Indeed, the five strategies often overlap. It is only natural, for example, to combine the uncoupling of steering and rowing (core) with a performance contract (consequences) and more flexibility for rowing organizations (control). Similarly, it is only natural to combine customer service standards (customer) with rewards and penalties for organizations that succeed or fail to meet those standards (consequences). In practice, multiple strategies are often joined at the hip—as they must be to yield maximum power.

But Will the Five C's Work Here?

Some of you may be saying to yourselves, "This all sounds logical, but it will never work here. My city (or county, or province, or country) is different." Your government may not be ready to reinvent, but when it is, rest assured, these strategies will apply. They work in small cities and large nations, in parliamentary systems and presidential systems, in strong mayor cities and council-manager cities. Purpose, incentives, accountability, power, and culture are the fundamental DNA of every public system we have examined.

In all public organizations and systems, the difference between isolated innovations and coherent reinvention is spelled s-t-r-a-t-e-g-y. If you want a qualitatively different kind of public system or organization, you must rewrite the genetic code. You can generate a series of innovations without using the five C's, but you cannot create a continuously improving, self-renewing system. Consider this the first rule of reinvention: *No new DNA, no transformation.* ♦

David Osborne, a fellow at the Progressive Policy Institute, contributed a chapter to the new PPI book, Building the Bridge: 10 Big Ideas to Transform America. To order a copy, see the ad on the back cover. Peter Plastrik is a veteran statehouse reporter in Michigan.

SECOND RATE

Two Views on Television's New Parental Guidance Ratings

Hollywood Lays an Egg

BY JOSEPH I. LIEBERMAN

If you read the label on a Nestle's Crunch candy bar, you can find out that it contains: 29 grams of carbohydrates, 24 grams of sugar, 12 grams of fat, 2 grams of protein, less than 1 gram of fiber, 65 milligrams of sodium, 10 milligrams of cholesterol, 230 calories, and 4 percent of your daily requirement of calcium.

You get all that information and more on the wrapper of a snack that you'll gobble up in a minute.

But if you tune in your television to the latest episode of *Moloney*, a police drama on Thursday nights, what do you get? A postage stamp sized TV-PG rating symbol in the upper left corner of your screen—that is, if you didn't miss the first 15 seconds of the show.

So you let your 11-year-old son watch the program with you, assured by Hollywood that it's A-OK for him. Only then do you find out the show contains a graphic scene of a man putting a razor blade in a woman's hand and violently squeezing it, which cuts her deeply and coats her skin with blood. The man then urges her to commit suicide.

"Must have been some mistake," you think to yourself as you join your 14-year-old daughter on a Monday night to watch *Cybill*, a comedy rated TV-14. No violence here, but plenty of jokes about condoms, penises, extramarital sex, masturbation, and repeated use of the word "labia," which the studio audience apparently found hilarious.

Welcome to the brave new world of television ratings, in which the same people who fill the airwaves with sex, violence, and profanity decide how to rate the shows they make. Don't get me wrong; I'm a believer in ratings. Together with Rep. Ed Markey (D-Mass.) and Sen. Kent Conrad (D-N.D.), I successfully pushed for a new law that will require the installation of a "V-chip" in all new television sets beginning next year that will let parents block out programs that are inappropriate for their kids. The V-chip can't work without a rating system in place.



"Two gentlemen from the E.P.A. to see you about a vast wasteland."

We applauded television industry executives when, after meeting with President Clinton, they agreed last year to voluntarily develop a rating system. But we became skeptical when word leaked out that the industry planned to rate shows not on the basis of sexual and violent content, the issues parents are concerned about most, but rather on a broad scale of "age appropriateness."

Now that the system has been up and running for several weeks, it's fair to assess what Hollywood has wrought. And most observers have found the system sadly lacking.

Taking the Easy Way Out

Clearly, the industry is taking the easy way out. Several independent studies have shown that well over 60 percent of all prime time shows on ABC, NBC, CBS, and Fox networks have been rated TV-PG, a category which simply suggests "parental guidance" is advised.

Tell us something we don't already know. Parental guidance is advised the second we turn on a television. What we really want to know is, are there violent scenes in the show we're about to watch with our kids? Is there sexual innuendo? Profanity? You can't find out until you

and Junior start watching, and once you begin, it's too late.

The TV-14 rating, which applies to roughly 10 percent to 15 percent of prime time shows, is another catchall into which a host of shows with violent and sexual content are dropped. Maybe a lot of 14-year-olds are inured to all that mayhem, innuendo, and profanity, no thanks to years of watching television. But it's a sad commentary on Hollywood's perception of American children today.

Parents and the Media Weigh In

The Parents Television Council, which lobbies for more family-friendly television shows, reviewed 150 hours of network programming during the first two weeks of January. It found that:

- ◆ Some programs rated TV-G included vulgarities like "ass" and jokes about breasts.

- ◆ More than half of the shows rated TV-PG included obscenities ranging from "ass" and "bastard" up to "son of a bitch" and a bleeped-out, but still clearly discernable "f___ing."

- ◆ Not one program surveyed received the TV-M rating, even though some included sex scenes, nudity, explicit violence, or masturbation jokes.

- ◆ Ratings were applied inconsistently between networks, between different programs on the same network, and even between different episodes of the same program.

Newspaper editorial boards across the country are virtually unanimous in their criticism of the system. "The ratings put forward by the industry are too vague to be of much help to television viewers," said *The New York Times*. "The classifications are so vague they look more like math formulas than helpful hints on the subject matter of TV shows," added *The Dallas Morning News*. The *Minneapolis Star-Tribune* dismissed the system as "a self-serving gesture by industry," *The Seattle Times* found it "lousy, ineffective, and watered down," and *The New Haven (Conn.) Register* concluded that "the TV industry wants to keep ratings as fuzzy and as meaningless as possible." In the television industry, reviews like those generally lead to a quick cancellation.

What do moms and dads think of the ratings system? One focus group of parents assembled by *USA Today* concluded that it was "baffling" and "indecipherable." "I wish these people would stop playing games with us," was how a Kansas father put it.

So, what do parents want? According to a national survey conducted by the National PTA, the Institute for Mental Health Initiatives, and researchers at the University of Wisconsin-Madison, 80 percent say they want a system that rates programs for sex, violence, and language content. As one respondent from Texas wrote, "We don't need anything fancy. Just let us know what is in the show (language, violence, sex) and we can then decide."

The television industry has countered that a content-based rating system is "unworkable." Tell that to the cable channels HBO, Showtime, and Cinemax, which have been using such a system for years.

Ratings and the V-Chip

Under current law, the Federal Communications Commission can review the ratings system and decide whether it is appropriate for use in conjunction with the V-chip. If the FCC finds the system lacking, it can empower an outside group to develop a better one. But as the law stands now, the government cannot require the television industry to use the new system.

Congress shows signs of responding to the public's disappointment with the age-based ratings. Hearings are scheduled and, if the television industry resists all entreaties to change the ratings, it's possible Congress will consider mandating a content-based system.

The television industry probably will try to fend off such a move by increasing the size of the rating icon or letting it linger on the screen a few seconds longer. But it appears quite unlikely the industry will bend to the public's demand for content-based ratings.

So, the stage seems set for yet another major battle in the culture wars, and the outcome is far from clear.

Taking Control

At the beginning of each episode of the classic 1960s television series *The Outer Limits*, a stentorian voice would warn: "Do not attempt to adjust your television set. We control the horizontal. We control the vertical."

But at the end of the show, the voice would come back, and say, "We now return control of your television to you." We can only hope that in the future, American parents will truly regain control of their sets.

If the rating system does not evolve into something truly useful to families, there will be increasing pressure on Congress to reopen the issue and mandate the use of content based ratings. That's not something any of us wants to see happen. But the choice rests with Hollywood.

Of course, there is an alternative to a battle over ratings. Television producers could wake up to their responsibility to the society that provides them with the airwaves. Simply put, they could start producing better programs. After all, ratings are like a sign pointing out the hazards of swimming in a nearby polluted lake.

It's good to know the lake's not safe. It's even better if someone cleans it up so we can go swimming safely again. ◆

Sen. Joseph I. Lieberman (D-Conn.) is chairman of the Democratic Leadership Council.

Rating the Dope Box Derby

BY DAVE SHIFLETT

Much has been made of the television industry's recent decision, under pressure from the feds, to voluntarily affix dreck ratings to television shows. Perhaps the most common complaint leveled at the scheme is that it was devised by the entertainment industry and is administered by it as well. "Not only do (parents) want to make a judgment," protested Arnold Fege of the National Parent Teacher Association, "but they really don't trust the same people who are producing the shows to make choices for them, their families, and their children."

Perhaps unwittingly, Fege has put his finger on the chief problem: parents who let their children watch network television at night during the school week. Most of us can probably agree that such parents have little room to complain about the nature of programming, as they have already made a choice: Their children will be illiterate. Otherwise, they would be required to study, read, or practice a musical instrument.

Yet there is a place for a ratings system, especially during weekends, vacations, and summer breaks. The problem with the current arrangement is that it ignores the lethal combination of hollowness, banality, and stupidity that give these shows their distinctive flavor. It is on that basis that they should be rated.

Consider some of the more popular offerings in the 8 p.m. to 9 p.m. slot—the so-called family hour—many of which have earned the TV-PG rating, which warns of mildly salacious "suggestive situations." For the purposes of this article, my 14-year-old son and I watched several of these programs, including *Melrose Place*, *Beverly Hills 90210*, and *Friends* (family hour staples), and *Men Behaving Badly* and *Party of Five* (which run in the 9 p.m. to 10 p.m. slot). This was a terrifying experience, only slightly less damaging to the brain than sniffing glue. It led to a stark conclusion: If I were a dictator, I would change the ratings to something along these lines: V for Vacant, which would cover most family hour shows, W for Wretched (for especially bad episodes), and then AS—Aggressively Stupid—for the likes of *Men Behaving Badly*.

Hump Nights

There's no shortage of "suggestive situations" during the family hour. Indeed, on network television, every night is hump night.

There is a high level of irony and obfuscation at work here. For one thing, the preponderance of sexual material is said to be necessary for the sake of verisimilitude. In other words, these shows supposedly reflect the way we live. Yet one wonders. The *New York Daily News*, for instance, recently reported that only 38 percent of long-lib-

erated Manhattanites have sex as often as once a week. More to the point, the presentation of sex on television is often Disneyesque, which is to say it is wholly unrealistic. That is a strong indictment, yet one with scientific support.

The Kaiser Family Foundation and an advocacy group named Children Now conducted a study that found that 75 percent of the programming during the family hour contains sexual material, but only 9 percent of the sex scenes deal with the full nature of contemporary sex, such as the sudden appearance of unsolicited warts, sores, blisters, terminal viruses, and unwanted tots.

This is not a minor shortcoming. Devil-may-care debauchery has caused large social problems that most assuredly will grow worse. But one would never guess from watching these shows that the ratio of illegitimate births for teenagers is soaring, and has indeed reached 96.8 percent in the District of Columbia, as Sen. Daniel P. Moynihan (D-N.Y.) recently observed in *The Washington Post*. A show featuring a gang of malevolent love children mowing down the staff and patrons of a liquor store might put the point across, yet no one should expect to see that any time soon.

Similarly, the fact that STDs are rising as fast as SATs are dropping does not seem to have made a major impression. We saw no trysts turned down because of raging cankers. The most censorious line was this gem from *Men Behaving Badly*: "I touched his pepperoni!" And it was delivered by a female character who was shocked to discover that the pepperoni she was touching was not her boyfriend's but some other fellow's. Otherwise, everyone but the cigar store Indian seems to have little trouble getting laid.

There are rare places where these shows intersect with real life. One is their dialogue, which rarely transcends the level of a John Madden meander. (Of course, Big John is making it up as he goes along.) What is left

TV Guidelines At a Glance

TV-G: General audience. Contains little or no violence, no strong language, and little or no sexual dialogue or situations.

TV-PG: Parental guidance suggested. May contain infrequent coarse language, limited violence, some suggestive dialogue and situations.

TV-14: Parents strongly cautioned against letting children under age 14 watch unattended. May contain sophisticated themes, sexual content, strong language, and more intense violence.

TV-M: Mature audiences only, may be unsuitable for children under age 17. May contain mature themes, profane language, graphic violence, and explicit sexual content.

Source: National Association of Broadcasters

unsaid is that the kid who apes the family hour's care-free sexual banter at a public school may get himself into serious trouble with the principal.

Meanwhile, contrary to some criticism from South Alabama, spiritual messages do work their way in from time to time, especially during crisis moments, as in "Oh my God, the condom popped!" All told, however, kids would be better off learning about sex in the gutter, where there remains a degree of respect for this valuable old adage: The human gonads are about the same size as a pair of dice, but can get you into a hell of a lot more trouble.

We took in an especially riveting episode that featured a slightly misguided holy man who tortured teenage boys with a cattle prod, amputation, and by forcing them to drink human blood.

Man as Wolf

We also watched some of the TV-14 shows, including the *X Files* and *Millennium*, both of which air at 9 p.m. These shows are fully capable of testing whether Junior has truly overcome his bed-wetting problem. Because they are so unsettling, a more precise rating system is probably in order.

Millennium can be especially troubling. But if you want your adolescent to learn what is meant by the program's motto—"Man is a wolf to man"—sit him before this Friday night drama. We took in an especially riveting episode that featured a slightly misguided holy man who tortured teenage boys with a cattle prod, amputation, and by forcing them to drink human blood. We also watched a TV-14 version of the movie *Die Hard*, which was cleansed of most of its bad language but not the sight of large-caliber slugs boring through well-lit foreheads. Parents who find this sort of thing unpleasant (as I do) would appreciate a rating system that more clearly reflects the exact nature of the mayhem, for instance HS (head shots—literally!), BR (bowels removed), and OJ (no explanation necessary).

Which brings us to the bad boy of the rating system: TV-M. One would think that it might apply to the popular *NYPD Blue*, a police drama hailed for its "sophistication," largely because of the occasional butt shot or "undraped breast." A great deal of rhetorical upheaval accompanied this development, which no doubt signals that we are not far from the time when soft core porn becomes a staple of late evening television. Yet it turns out

that there is no show in prime time with the M rating (*NYPD Blue* is rated TV-14).

But not all is lost. Parents can use these episodes to teach their children some of the more confusing and subtle points of life, to wit: Dropping trou in one place will get you hailed as a sophisticated artist, while dropping trou elsewhere will get you haled before the Supreme Court.

Not all shows are rated, a shortcoming that should be amended. News and sports get a bye, though a good case can be made that watching 80,000 fans (including dad) cheer on athlete/criminals does more to undermine a kid's respect for law and order than the entire prime time lineup. Perhaps a brief display of the number of felons appearing in a game would be appropriate. It would also be a great public service to apply ratings to the Washington shout shows (*Crossfire*, *Capital Gang*, etc.) according to the level of toadyism displayed by participants: S (Shameless), H (Humiliating), and SBB (Sickening Beyond Belief).

A Few Kind Words

None of this is to suggest a paucity of laudable programming. America owes much to *The Simpsons* and *Beavis and Butthead*, both rated TV-PG and both of which dare to reveal the harrowing effects of prolonged exposure to popular culture. These shows also succeed in the most important of all missions: heaping effective ridicule on big shots, as when Homer Simpson exited the space shuttle in a panic and placed a call to the White House: "I need to talk to Bill Clinton," our hero panted (I paraphrase, but only slightly). "We can't find the Tang."

Similarly, many nature shows are both engaging and of high educational value, though squeamish families might appreciate a warning of this type: MS (mating scenes) or SP (strictly platonic). During unbearable moments in our research, my son and I channel surfed into some National Geographic/Discovery Channel programming and watched lizards eating the flies off a cheetah's back and, in an especially riveting moment, a crocodile twisting a zebra's neck until it snapped like a telephone pole.

What happened next stunned us. The unsophisticated croc declined to have sex with his victim, preferring merely to eat him. We could hardly believe our eyes. ♦

Dave Shiflett is a freelance writer living in Northern Virginia.

BOUND AT THE HIP

The Emerging Compact of Cooperation in America's Manufacturing Sector

BY WELLFORD W. WILMS


LOS ANGELES

When the Sunbeam Corporation announced early this year that it was reducing its 12,000 person work force by half, working men and women across America silently whispered to themselves, "There but for the grace of God go I." For despite our economy's recent strong showing, millions of white- and blue-collar workers live in daily fear of losing their jobs. Between 1979 and 1992, the Fortune 500 companies handed pink slips to 4.4 million employees. Most of those job losses were in American manufacturing, our traditional economic powerhouse.

Some policymakers seem unconcerned about this trend, saying that the loss of manufacturing is simply a predictable step in America's evolution toward a postindustrial service and information economy. However, as falling American wages and buying power have shown, depending on such an economy to sustain the American middle class is unwise. In fact, the demand for services and information *depends* in large part on the demand for manufacturing. It is the locomotive that pulls much of the economy behind it. On its front end are the highly skilled researchers, scientists, engineers, and technicians who create products. In fact, it is companies that make things—manufacturers—that account for almost all research and development done in the United States. It is manufacturing that creates millions of jobs for production workers, jobs that are rungs on the ladder of social mobility.

In 1989, I took a team of four graduate students from the University of California at Los Angeles into the mysterious world of industrial America. If we could capture how management and labor were transforming themselves in the face of wrenching economic change, we might generate some useful theories—that were grounded in reality—to help guide policymakers concerned about the survival of our manufacturing base.

We convinced four California companies suffering from various degrees of economic hardship (Douglas Aircraft, a subsidiary of McDonnell Douglas; USS-POSCO, a joint steel making venture between the American conglomerate USX and the South Korean steel maker POSCO; Hewlett-Packard; and New United Motor Manufacturing, Inc., a joint venture between



General Motors and Toyota) to let us examine them to search for the answers. Over the next five years, we helped build aircraft at Douglas and worked in the steel and tin mills at USS-POSCO. We worked at a Hewlett-Packard division that produces sophisticated electronic instruments, and we built Geo Prizms and Toyota Corollas at NUMMI. In time we came to be trusted, which opened doors to information rarely revealed to outsiders. This vantage point as insiders treated us to a special view of this new chapter in America's history as it was being written.

A New Social Compact: The NUMMI Example

Little did I realize as we began to probe deeply into these companies that we were witnessing the end of the adversarial industrial culture that mass production had spawned. We found compelling evidence that a new cooperative relationship was being born, however fitfully, between workers and managers as they strained under the crushing forces of change.

This new compact may seem like common sense, but it goes to the heart of everything that is wrong with American industry. It suggests a new set of assumptions by which managers, union leaders, and workers can be guided into the future. I am convinced from five years of hands-on research that the companies that will prosper

are those that strike a new alliance between employers and their workers, an alliance based on mutual self-interest, fairness, interdependence, and trust.

Consider the case of NUMMI. This joint venture between General Motors and Toyota is located in Fremont, Calif., in the shell of a failed General Motors plant. For 20 years, the plant had suffered wildcat strikes, sick-outs, and numerous slowdowns. It was closed in 1982 because of the undying conflict between management and labor. When the plant was re-opened as NUMMI in 1984, skeptics claimed it would never produce a single car.

Today, NUMMI is widely acclaimed as an unqualified success. In 1996, it produced a record number 365,469 Geo Prizms, Toyota Corollas, and Toyota Tacoma trucks that were judged to be among the highest quality vehicles built in the world. The company pumps more than \$1 billion into the California economy each year, and it provides nearly 5,000 high-paying union jobs. Its employees are among the most satisfied workers in America. How was such a turnaround possible?

While NUMMI's transformation was due in no small measure to the introduction of Toyota's "lean production" system, its success ultimately stemmed from the creation of a new "third" culture that helped guide day-to-day behavior. The culture that emerged was neither completely American nor completely Japanese. Rather, it was a hybrid that combined the best qualities of both General Motors and Toyota and allowed American workers and managers to reject their old conflict-ridden relationship and create a new and productive one.

The conditions were ideal. Memories of the 1982 GM shutdown that had cost 6,000 men and women their jobs underscored the dire consequences of failure and forced the union and management to recognize their mutual interdependence. This new realization that they were in the same boat was revolutionary. For the first time, each side had to consider the effects of its actions on the other. Second, management and labor consciously committed themselves to creating a secure workplace based on fairness, mutual respect, and trust. But these qualities would have become little more than hollow slogans if they had not been embedded in the system of work.

Toyota's system is organized around a single concept: Shorten the time between taking an order and delivering the finished product by converting waste to value-adding activity. By tapping workers' brainpower to help organize and standardize work, and by removing excess inventory through just-in-time delivery, the system creates tight links up and down the entire chain of human activity. Like a supermarket, the system pulls new parts and human energies only as fast as it consumes them. But unlike the Industrial Age mass production system that produced conflict and adversarial labor relations, Toyota's system demands that individuals work together interdependently and cooperatively for the common good. A dynamic system like NUMMI's also generates conflict. But when conflict is managed well, and individ-

uals learn to respect each other and stop short of personal attacks, they learn to trust each other. And, in today's turbulent environment, trust is an asset of inestimable value.

No Garden of Eden

But such a transformation like NUMMI's is no Garden of Eden. For employees to give their utmost so that their companies can become responsive and nimble, they must be assured that everyone is in the same boat—executives and employees alike. By the same token, executives must recognize that without the hard work and commitment of their employees, a company cannot prosper. Thus, companies that will have the advantage in the turbulent times ahead are those whose executives, union leaders, and workers recognize that they are bound at the hip in the race to survive and prosper. If one partner fails, the entire enterprise will fail.

Companies that practice these principles often run into problems. As employees learn to share responsibility for a company's survival and to work smarter by eliminating wasted effort, they also learn that they can work themselves out of their jobs. To remain loyal to a company, employees must feel secure. Security, however, can take many forms. At its extreme, security can mean guaranteed lifetime employment—a policy that few corporations can carry through in today's environment. But security can also flow from a dynamic environment in which employees participate in making the decisions that affect them and in which they share fairly in the fruits of their labor and their company's continuing success.

To foster such interdependence and to unlock their employees' full potential, companies must integrate the productive work of the organization into manageable systems that *employees can control*. Total quality management, Toyota's lean production system and its socio-technical systems work design are examples of how companies can weave interdependence into the fabric of the enterprise by starting with the customer and then systematically working backwards to each supporting operation. Redesigning a company's work system is critical because the discipline of day-to-day work is what really forms and maintains an organization's culture. But implementing a new system is not easy. A company may falter because its executives fail to recognize that changing one part and failing to make corresponding changes in others is to invite failure. Also, executives may overlook the resistant power of an organization's culture and assume that change can simply be driven from the top down.

Companies that learn how to create this new pact between management and workers will be harder to manage because they are dynamic and thus less predictable. In truth, conflict becomes the rule once employees taste decision making power and unions take on roles that

were once reserved for management. How conflict is managed between these divergent interests is of crucial importance. Conflict that degenerates into hostility or lies submerged beneath the surface saps an organization's energies. On the other hand, conflict that is well managed is healthy. Not only does creative conflict resolve issues quickly and openly, it also produces a mutual confidence that is an indispensable resource of any organization. This form of trust acts like a shock absorber, enabling diverse opinions to be considered and drawn together for the larger good.

This research has convinced me that companies that are able to restructure themselves at this deepest level will have the competitive edge. Energies that in the past were poured into conflict and strife will instead be channeled into productive work. As companies prosper, so will the men and women who make them run and who share in the fruits of their labor.

There is a counter argument—that success will go to the lean and mean companies that run off the labors of nomadic workers and managers. This argument is gravely flawed. Its key assumption is that the kind of knowledge now required can be stored up and easily transferred through waves of short-term employees. But the knowledge required to prosper in today's environment runs far deeper than mere skills, and it permeates an organization from its top to its bottom. The abilities to work interdependently, to sublimate one's ego for a larger good, to value and trust others' opinions, and to take risks are not learned easily. They develop as the result of successfully working with others under pressure and are resources of immeasurable value.

Creating a New Model of Labor Relations

Reversing a century of hostile labor relations and replacing them with a new compact based on interdependence, fairness, and cooperation is no easy task. Union leaders often worry, with good reason, that these new, flexible production systems will spell the end of trade unionism. After all, how many have watched companies all but dismantle their work forces under the banner of "restructuring" or "reengineering"? But far from diminishing the union's role, this emerging compact between labor and management casts the union in a whole new light. The union continues to function in its traditional role of representing its employees and balancing management's power, but it now becomes an instrument of productive change as well. Under the new assumptions of mutual obligation and cooperation, the union's focus shifts. The union takes on a broader set of interests, including not only the traditional ones such as wages, safety, promotion standards, training, and pensions, but also new ones like child care, environmental issues, and education.

But making this transformation is difficult. Changing from adversaries to allies refutes the basic principles of

management-labor relations. Suspicion of collaborating with the company is buried just as deeply in rank-and-filers' bones as authoritarian instincts are lodged in the bones of managers. Unions' representative form of government and the turmoil of union politics also slow change and inject a certain sense of unpredictability into the process. No sooner does one group assume union leadership and head in a new direction than an opposition group advocating a return to the old way forms. Thus, trying to reshape the union while being accountable at the polls is every bit as daunting as reforming management. Working with management is not easy for elected union leaders because any move to cooperate can be quickly interpreted as selling out, which can be the equivalent of political suicide.

But even when companies and unions succeed, the newly created human relationships remain fragile. Trust and mutual respect can vanish in the face of pressures that pit individual interest (job security) against the collective interest (survival of the company). And, because trust is inherently fragile, especially because one side can default without penalty, it probably cannot be sustained without a social framework—a formal arrangement to force both parties to negotiate when conditions change to strike a balance between individual and collective interests. While existing labor law creates a social framework within which such agreements can be structured, it is an adversarial one that blinds both sides to their mutual interest. Congress's recent refusal to grant unions more power, organized labor's massive losses of membership, and the inability of President Clinton's Commission on the Future of Worker-Management Relations to offer a new legal and social framework are evidence that traditional labor relations are failing.

In the end, it comes down to balancing collective rights against those of the individual. Our research has revealed how such a balance can be struck voluntarily. It also can be reinforced by popular will—perhaps. But in America, where individualism still reigns, such a new social and legal structure can only follow a massive cultural change. Whether or not these changes ultimately carry government sanction, their implications for an uncertain future remain clear. A new social compact is needed to create the human resources that will steer America back to industrial preeminence. ♦

Wellford W. Wilms is a professor at the University of California at Los Angeles's Graduate School of Education and Information Studies, where he specializes in large-scale organizational change. He is the author of Restoring Prosperity: How Workers and Managers Are Forging a New Culture of Cooperation (Times Business, 1996).

SHELTER FROM THE STORM

Endangered Species and Landowners Alike Deserve a Safe Harbor

BY MICHAEL J. BEAN

In the Sandhills region of North Carolina, owners of small wood lots, horse farms, resorts, and other private property are participating in a remarkable conservation effort. They are restoring, enhancing, and actively managing habitat for an endangered species—on their own land.

They haven't been conscripted into the campaign to preserve the red-cockaded woodpecker; they've enlisted. No expectation of future financial gain prompted them. All it took was a simple promise: If the landowners agreed to do things beneficial for the woodpecker, they would not suffer any added legal liability under the federal Endangered Species Act.

The success of this conservation effort stands in stark contrast to those that preceded it. Despite being listed as an endangered species since 1970, the red-cockaded woodpecker has continued to decline throughout its range, especially on private land. A recent study found that in just 12 years, from 1977 to 1989, red-cockaded woodpeckers declined on private land in neighboring South Carolina by more than 60 percent. The chief reason was not timber harvest, nor the devastation of 1989's Hurricane Hugo. Rather, it was simply the failure to maintain the park-like, open pine forest conditions that the woodpecker requires. And the Endangered Species Act actually discouraged landowners from managing their forests in that manner. They feared that if they attracted an endangered species to their property, unwanted land use restrictions were sure to follow.

Creating a Safe Harbor

The new approach being pioneered in the North Carolina Sandhills goes by the name "safe harbor." In return for agreeing to carry out beneficial land management practices, landowners receive an assurance of safe harbor from added regulatory burdens. In less than two years, more than 21,000 acres of privately owned land have been enrolled in the North Carolina program, the first of its kind in the nation.

Its success has caught a lot of attention. *Audubon* magazine and *Farm Bureau News* have both praised it glowingly—probably the only time those two publications have ever agreed on an endangered species idea. Jerry Holder, who was one of the first to sign up for the program and is perhaps its biggest disciple among fellow landowners, has just won the North Carolina Forest

Conservationist of the Year award, bestowed by the North Carolina and National Wildlife Federations. The Peregrine Fund, a conservation organization that has played a critical role in saving the peregrine falcon and California condor, is using the safe harbor idea to persuade South Texas ranchers to permit the reintroduction of the Aplomado falcon, North America's rarest, to their land. Timber companies, farmers, and others are fashioning similar programs for still other species elsewhere.

Tax and Other Economic Incentives

There is a lesson in this for Congress, which has been tied in knots for six years over what to do about the Endangered Species Act. Property owners complain that the act is too onerous. Conservationists complain just as loudly that it must be strengthened. The irony is, both sides are right. And as improbable as it might seem, it is possible to simultaneously make the act less burdensome and more effective.

For starters, Congress should seriously consider using more incentives like safe harbor assurances to encourage species-preserving land management practices on private and other nonfederal lands, which make up most of the habitat for most endangered species today. Much of that habitat will decline in quality for rare species if it is not actively managed.

In addition to fear of legal liability, there's another big reason why landowners neglect to manage their land to protect endangered species—it's expensive. Congress can help ease these costs in a variety of ways, for example, by creating new cost-sharing programs and tweaking existing ones, and by providing tax deductions or credits for the costs of beneficial land management activities.

Estate tax reform is yet another area in which Congress could produce significant benefits for imperiled wildlife. This tax is simultaneously one of the most progressive and one of the most regressive of all federal taxes. It's progressive in the traditional sense that it falls exclusively on those with substantial means. But it's highly regressive in the sense that it encourages the destruction of ecologically important land in private ownership. In order to pay estate taxes, cash-poor inheritors of ranches, farms, and forests must often liquidate timber assets, subdivide the property, or otherwise destroy ecologically valuable land that had been cared for by owners who had truly loved it.

To solve the problem, Congress should let such inheritors defer paying the estate tax on such land for as long as they honor agreements designed to further the conservation of rare species on the property. These agreements could be negotiated either by the heirs or by the original landowner prior to death. The heirs could terminate the agreement at any point, but if they did so, the tax would be subject to recapture. While the actual cost of such a proposal would be relatively small, probably less than \$30 million a year, its perceived value to landowners and the conservation benefits it produces would be large, indeed.

Regulatory Reform

Tax and economic incentives aren't the only components of a new endangered species conservation program that works better and enjoys more support. Regulatory reform holds a great deal of potential as well. It is, after all, the motivating spirit behind the safe harbor idea — relief from added regulatory burdens in return for commitments that the law does not otherwise compel. The same basic concept could be used to overcome one of the toughest problems faced by administrators of the endangered species program.

Today, when a species appears headed for the endangered list, all too often the first question asked by owners of land harboring that species is not "How can I help?" but "How can I get rid of this thing before it gets listed?" The result? Species decline is accelerated rather than reduced.

Congress should authorize the government to strike good bargains with landowners before species are listed,

in which landowners' promises to conserve habitat are matched with government's promise not to unilaterally change the terms of the deals during their duration. With this sort of flexibility, it might be possible either to avoid listing the species altogether, or, at the very least, to get a head start in conservation efforts. It would also reverse the very dynamic that now impels landowners to do exactly the opposite of what the species needs.

If I Had (More Than) a Hammer . . .

Congress has never given the Endangered Species Act's administrators the full set of tools they need to accomplish the law's goals. A hammer is a useful and sometimes essential tool for building public policy. But nothing can be built well with only a hammer, especially not a program to conserve species on privately owned land.

A whole kit of other tools will be needed to elicit the sort of cooperation from landowners that can spell the difference between success and failure. If Congress makes the Endangered Species Act more effective without making it less onerous, it won't quiet the controversy that dogs the law. But if it simply makes the act less onerous without also making it more effective, it will have missed a golden opportunity to overcome a problem that has long seemed intractable. ♦

Michael J. Bean is chair of the Wildlife Program of the Environmental Defense Fund and author of The Evolution of National Wildlife Law, Third Edition (Greenwood Press, forthcoming). For more information on environmental policy, visit the DLC-PPI web site at <http://www.dlcpipi.org/commerce.htm>.

BOWERY BOYS

Sharpton, Giuliani, and the Start of the NYC Mayor's Race

BY FRED SIEGEL

BROOKLYN, N.Y.

The Rev. Al Sharpton confidently announced his candidacy for New York City mayor in late January. He knows that not even his role in helping inspire a racially motivated arson in Harlem that claimed the lives of seven in December 1995 will stir the Democratic Party. In fact, he's so sure he's getting a free ride from the other candidates in the party's September primary that in an act of bravado, he himself brought up the Harlem massacre.

Sharpton blamed the deaths on Republican Mayor



Rudolph Giuliani. "Only the city administration," he claimed, "knew of the hatred that was brewing outside" Freddy's Fashion Mart, the store that was burned. This is a strange claim since Sharpton marched with the demonstrators, who were led daily by one of his political lieutenants.

Now that the campaign is on and Sharpton has brought up the massacre, it's fair to ask his fellow Democratic candidates how they feel about sharing the podium with him. Are they so intimidated, so disposed to defer to his version of reality, that they are willing to let his comments stand? Are

they afraid to mention Sharpton's close ties with Louis Farrakhan? If not, let them come forth.

As self-described seekers of racial harmony, are Sharpton's Democratic opponents willing to sit quietly and respectfully with a man who helped perpetrate the Tawana Brawley rape hoax during the 1980s—a hoax which, to this day, Sharpton has never acknowledged? Are his fellow candidates so narrowly interested in the pursuit of victory at all costs that they are willing to overlook his role in the 1991 Crown Heights riots, where he railed against the "diamond merchants"? If they are willing to shutter their consciences for the duration of the campaign, what does that say about the future of New York's once-proud Democratic party?

No Cakewalk for Rudy

Right or wrong, it's not entirely incomprehensible why Sharpton's Democratic opponents are shying away from confronting him about his past. To do so—a potential winning move in a general election—would be to risk alienating a large block of traditional Democratic voters crucial to a primary victory.

Speaking of the general election, forget all this talk of a Giuliani landslide, some of it coming foolishly from the mayor himself. To listen to my mostly white, moderately liberal Manhattan friends—all of whom voted for liberal Democrat David Dinkins in 1993—Giuliani will win in a walk. They're feeling better, the city seems safer, and some of the Wall Street gold has been coming their way, so they assume everyone else sees things the same way. Trouble is, upper-middle-class Manhattan has usually been out of touch with citywide sentiments.

The city is in for its third consecutive closely contested election. Yes, Giuliani is likely to win another term, but even that isn't certain. A tight election can be like the fourth quarter of an NBA game. When the underdogs can keep it close enough going into the fourth quarter against a stronger team, they can pull off an upset if they capitalize on a few breaks going down the stretch.

The general election will be close because the city is divided into two roughly equal voting blocks. One is composed largely of black and Latino voters, along with gay and liberal activists and whites who work in social services. These voters depend heavily for their daily bread on funding for the city's public sector. The other block, Giuliani's coalition, is composed of Italians, Jews, and other white ethnics with a smattering of Latinos and workers from the city's uniformed services: police, fire, and sanitation. By and large, these voters earn their income in the private sector. Each of the blocks can command about 45 percent of the vote regardless of who wins the Democratic nomination.

Together, the pro- and anti-Giuliani coalitions contain 90 percent of the city's voters, and few of these people will be swayed. To give you an idea of how hard it will be to move these votes, in 1993 David Dinkins lost nar-

rowly despite presiding over the loss of more than 300,000 private sector jobs. The Dinkins voters and supporters accepted those losses calmly but were extremely agitated when Giuliani began reducing the public payroll by a tiny fraction of that amount.

It's easy for families doing well in the private sector economy to dismiss the fears of those dependent on the public sector. But from the point of view of most families whose breadwinner works for government, Giuliani's New York offers the prospect of expanded risks and reduced rewards.

Giuliani's budget and job cuts haven't revived the private economy. Nor should they be expected to; they've been far too modest to have much effect. But even if he had made large cuts, there would have been a delay between reduced taxes and government costs and the probable rebirth of private jobs. There's bound to be a considerable lag time between reform and revival, so that the pain of the transition might have been unbearable both politically and for those individuals and neighborhoods dependent on government.

The central and not unreasonable fact is that for many, given the misshapen structure of New York's economy, gradual decline is preferable to the promise of capitalism's "creative destruction." Slow decline will, in the short run, provide security against the dangers posed by full-scale reform. That's why there's little chance that the mayor will be able to broadly expand his coalition.

There is a small group of voters up for grabs. Although swing voters in most elections are the least informed, these will be the exception. The swing voters in this election are exceptionally informed and engaged. Soft liberals like my Manhattan friends, these voters are part of the reason why Manhattan Borough President Ruth Messinger, another candidate in the Democratic primary, has already been moderating her message.

The danger for the Democrats in this campaign is that if they tried to mobilize turnout among their core supporters by emphasizing issues like police brutality and the need for more social spending, they're likely to lose these moderates.

The danger for Rudy is Rudy. The man can't keep quiet. Instead of sticking to his Rose Garden strategy of ignoring the Democrats until a general election opponent is chosen, he continues to come off as unnecessarily mean by constantly needling the hapless Dinkins. And now that Messinger has wrapped herself so tightly around the former mayor, he has to avoid the temptation of playing the bully by going after "Ruth Dinkins."

Neither candidate is likely to experience a breakdown of support. But neither candidate will be able to break out beyond their core constituencies, either. The differences are just too deep. ♦

Fred Siegel is a senior fellow with the Progressive Policy Institute. This article was adapted from his weekly column in the New York Post.

RONALD RAY GUN

If We Had Watched Star Wars Closely, We Would Have Seen Him Coming

BY HARLAN JACOBSON

Recently, I heard my friend David Ansen, film critic at *Newsweek*, discussing a new book by Steven Bach. He's the fellow who supervised production on Michael Cimino's *Heaven's Gate*, the notorious 1980 flop which cost more than \$40 million at a time when the typical American film was just approaching the \$10 million mark.

When *Heaven's Gate* went in the tank, it finished off what was left of United Artists Pictures, which for 25 years had been the very model of a major motion picture company. In his latest book, according to Ansen, Bach says that everything that's wrong with Hollywood today stems not from *Heaven's Gate* and the budget-busting blockbuster syndrome he helped create, but from *Star Wars*, the 1977 sci-fi classic which has been packing theaters since its re-release in late January. *Star Wars*, says Bach, transformed Hollywood from a movie-making town to a synergistic marketing town, where tie-in merchandising is more important than the film itself.

Well, Bach is partially right on that score. As if suddenly discovering the king's nakedness, Hollywood is all agog over the nearly clean sweep by foreign and independent American films of this year's Oscar nominations, when it's been perfectly plain for years that the industry has all but ceased making films it can credibly honor with its most prestigious award.

But don't blame *Star Wars* for



Hollywood's recent dismal performance. I covered United Artists for *Variety* 20 years ago, and I have a few insights about the fall of *Heaven's Gate* and the rise of *Star Wars*. *Heaven's Gate* was a disaster for three simple reasons:

- ◆ It cost too much (and Bach presumably was the production executive in charge).

- ◆ It shouldn't have been made in the first place. *Heaven's Gate* was a western, a genre that passed into old age with *Shane* in 1952 and effectively died with *The Wild Bunch* in 1969. Making a western in 1977 was like exhuming Seabiscuit to run against Secretariat in the Kentucky Derby.

- ◆ Finally, just beneath the surface of *Heaven's Gate* lurked this message: Government and industry cynically work hand-in-hand to sacrifice the common good and the lives of its young people. In other words, it was an anti-war film. And while the public would have embraced that message in a small personal film, as we were entering

the 1980s, we were hungry for a new myth.

Everything about *Heaven's Gate* pointed backwards: in time, in genre, in its concerns. *Star Wars*, in contrast, looked forward. It was about the way the world would look and feel and move in the not-too-distant future. True, it had some disturbing Freudian undertones (nothing more than the customary rivalry between father and son, with a little flirtation with incest thrown in, to name two). But its real subliminal achievement was to advertise what America does best: make weaponry. However the kids perceived the film, when our foreign weapons clients saw all those X-wing fighters zipping around, you can be sure they got on the phone to Lockheed and said "I'll take 20 of those, please." But if politicians understood movies as a reflection of public yearning rather than as a prescription for behavior, in *Star Wars* the "ins" would have understood that the "outs" were just around the corner. In other words, they would have seen Ronald Reagan coming.

Generational Films

Film genres, like people, are generational; they reflect the transformation of a generation's vision as time passes. Hence, the western began with optimistic young men and ended with hard-boiled old men. Film genres also reflect the changing nature of a generation's main concerns. The western revolved around

one central problem: how to dispense justice in a world transforming itself from frontier to fences to factories. When the western wore itself out, it was replaced by the urban western—Steve McQueen in *Bullit*, Charles Bronson in *Death Wish*, and most notably Clint Eastwood in *Dirty Harry*.

In the early 1970s, *Dirty Harry* was thought to be Nixonian and was correspondingly denounced by liberals for its presumed message that rampant crime was due to the Warren Court's liberal construction of the Bill of Rights. Viewed properly, though, *Dirty Harry's* subject wasn't rampant crime at all, but bureaucratic paralysis. It was about the workplace in America. It expressed what would come to be understood as the Reagan Democrat's point of view: The country had tied itself in knots, starting with the government. How do we blast our way out of here?

At first, it appeared that Stanley Kubrick's breathtaking 1969 classic *2001: A Space Odyssey* might set the tone for the next generation of film. Kubrick, however, misread the public's pulse. He essentially possessed the secular humanist's despair about the future. In *2001*, people and computers were converging on the same point: controlled, antiseptic lifelessness. In his bleak vision, there was no difference between HAL, the computer which malevolently declared its independence from man, and the culture that created it.

Kubrick seemed to say that a hopeful future rested in the mystery of the unborn and unknown. Hope was inside us—outer space, inner space, the same profoundly beautiful mystery. In short, Kubrick was the perfect poet for those who revolve on the Harvard-Stanford axis.

George Lucas was having none of this. A California dreamer of the sci-fi nerd school, his *Star Wars* fantasy focuses on a noble population that has been driven to the edge of the galaxy by a totalitarian regime. The Empire is on the verge of exterminating this population and its culture of the Jedi Knight: the individual moti-

vated by a vision of the good, a belief in one's self, and the Force. Dispossessed and on the run for a generation, in *Star Wars* they storm back and end the long nightmare.

In short, *Star Wars* is your basic Goldwater take on the New Deal and the slippery slope to socialism, picked up in turn by Reagan and sold as the shining city on the hill. Reagan, who understood a thing or two about Hollywood and the power of popular culture, milked the Lucas fantasy for all it was worth—concocting the gee-whiz anti-nuke scheme that came to be known as *Star Wars*, and denouncing the Soviet Union in a March 1983 speech as the Evil Empire itself.

The difference between *2001* and *Heaven's Gate* on the one hand and *Star Wars* on the other is the difference between the liberal Democrats of the 1960s and the Reagan Democrats of the 1980s. The liberals promised a path to the future based on the values of Harvard, which is to say a reverence for *noblesse oblige*. The Reagan Democrats understood Reagan to mean a return to the past through the unfettered use of instruments of the future.

Recycled Refrigerator Parts

Seeing *Star Wars* again, I was struck by how hokey it looks now. The laser effects seem rudimentary. The live-action creatures that were once so stunning are now passé. The acting is bad. For all the hoopla 20 years ago over shifting into "light speed," when the entire audience would slam back in its chairs as if hit by a punch (is there a rating for "Subtextual LSD Sequences"?), much of the action is mired on a narrow set tricked up as a spaceship corridor. There Luke, Han, Leia, and Chewbacca, dressed in modified hippie regalia, exchange low-rent laser fire with the same six Empire storm troopers, who clunk around in white recycled refrigerator parts.

Such is the fate of genre trailblazers. They set the foundation on which everyone else builds. Looking

at *Star Wars* now, I see what has survived into the 1990s. Listen closely to the language R2D2 spoke—it's the sound of your modem living out E.M. Forster's dictum from *Howard's End*: "Only connect!"

Star Wars cost about \$7 million to make, compared to the \$40 million-plus spent just a few years later on *Heaven's Gate*. Steven Bach should have learned from Lucas how to spread the financial risk of movie making with merchandising tie-ins. Ironically, 20th Century-Fox didn't think the tie-ins were worth anything and ceded them to Lucas.

In fact, Fox didn't think theaters would play *Star Wars*. So, it conditioned exhibition of its big summer picture, Sydney Sheldon's *The Other Side of Midnight*, on a theater's agreement to play this little thing called *Star Wars*. Fox had to scramble to make *Star Wars* prints to fill all the theaters when the Sheldon picture dropped dead. And then Fox was fined by the Carter administration Justice Department for violating a key tenet of the motion picture antitrust decrees. The Reagan Justice Department subsequently threw out the decrees.

When Marcia and George Lucas split up, those merchandising tie-ins were worth . . . billions? (When my ex-wife and I split up, our merchandising tie-ins looked like R2D2, too: We called them pots and pans.) Lucas is still vital. And now, 20 years too late, Steven Bach has it all figured out about what happened to Hollywood.

Well, it wasn't *Star Wars*. And it wasn't runaway greed. Hollywood has always been about—in fact, was founded on—greed. In some quarters, so was the country.

No, Hollywood suffers from what the rest of the country suffers from: a lack of leaders secure enough to risk everything on a new vision, and wise enough to say no when the lunatics try to take over the asylum. As they did on *Heaven's Gate*. ♦

Contributing editor Harlan Jacobson writes about film from New York.

HIT THE ROAD, JACK

The Rise and Fall of the Age of Collectivism

BY FRED SIEGEL

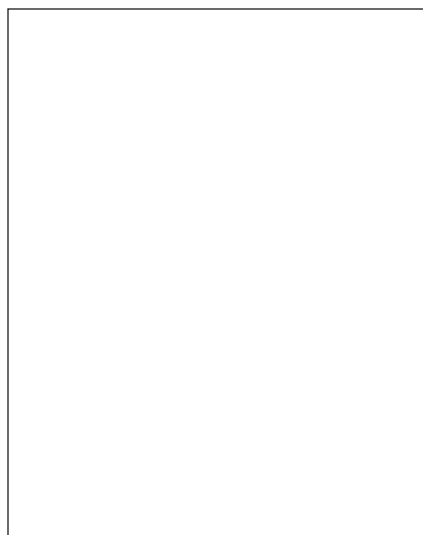
The Road From Serfdom: The Economic and Political Consequences of the End of Communism

By Robert Skidelsky

The Penguin Press ♦ 214 pp. ♦ \$26.95

Robert Skidelsky's *The Road From Serfdom* is the best account to date of what has been called the short 20th century—the period from 1914 to 1989 defined by war and totalitarianism. The author of two acclaimed volumes on economist John Maynard Keynes, Skidelsky has written not a conventional history, but an analytic essay that tries to explain the rise and fall of collectivism—not only in its extreme communist manifestation, but in its milder Western welfare state forms as well.

What makes collectivism important is that it has been until late the dominant form of political organization in industrial societies for most of the 20th century. And what makes it different from all earlier forms of state control, argues Skidelsky, is its “privileged claim to knowledge.” At the end of the 19th century, the concentration of power in big steel, big oil, big labor, and big cities was “the dominant fact which seized the imagination,” he writes. The idea of free markets seemed an absurdity amid economies organized and managed by giant trusts. Only the state and its experts, it was argued, could close the widening chasm between the classes and manage the



economy for the common good.

World War I, the greatest organizational undertaking in human history so far, dramatically intensified the tendency toward big government. Mass war required mass production organized by the state. The war, writes Skidelsky, was “a watershed—before it there were collectivist dreams; after it, collectivist projects.” Nationalism, imperialism, socialism, fascism, corporatism—anti-liberal forms of collectivism all—offered a solution to the class divisions born of industrial society.

Hayek's Predictions

The title of Skidelsky's book is a play on the title of economist Friedrich Hayek's most famous writing, *The Road to Serfdom* (1944), which has been credited with reviving interest in free market econom-

ics during collectivism's heyday. Hayek argued that the absence of a price system would inevitably doom the Soviets. More ominously, he also insisted that if free societies intervened too extensively in the economy, they too would tread down the road to totalitarianism. Hayek's worst predictions never came true. But his insistence that there was no lasting third way between a capitalist and a command economy has been borne out.

Communism's collapse was so complete that it's hard now to imagine that its inevitability was not resoundingly obvious to all. But as Skidelsky's book shows in one of its greatest strengths, in the years after the 1973 oil shock, Western academics spent much of their time and energy predicting the imminent demise not of communism, but of capitalism.

In 1988, just months before the fall of the Berlin Wall, Paul Kennedy's *The Rise and Fall of the Great Powers* was a bestseller. In the book, Kennedy portrayed the Soviet Union, which he mentioned only in passing, as staid and stable, but the United States as irremediable decline. America, he insisted, suffered from imperial overreach, which was bankrupting us at home. His assumptions about American decline were a variant of the many arguments made from the 1930s onward that overestimated communism and underestimated capitalism.

The extraordinary expansion of

communism between 1917 and 1950 was truly earth shattering. Not since the Islamic conquests of the eighth century had a doctrine spread so rapidly across the globe. Marxism seemed to be the wave of the future, a communist Calvinism whose austere demands paved the way to modernization.

As Skidelsky points out, in the 1950s, China's "Great Leap Forward" seemed likely to vault her into the first rank of industrial powers. These also were the Soviet Union's peak years. Its military-industrial complex won the race to put the first man in space, and its economic growth rates were about double those of the United States. After returning home from his June 1961 confrontation with Soviet Premier Nikita Khrushchev in Vienna, President John Kennedy told an assenting British Prime Minister Harold Macmillan that the U.S.S.R. had "a buoyant economy" and they "will soon outmatch capitalist society in the race for material wealth."

Western leaders, says Skidelsky, turned to greater government planning to meet the challenge. They were confident they could use aggressive Keynesian fiscal policies to drive and direct the economy. Robust economic growth and full employment would be achieved by the "best and brightest" managing aggregate demand in the name of the collective interest. If all went well, liberal economist John Kenneth Galbraith argued enthusiastically, Western social welfare states would "converge" with a de-Stalinized Soviet Union in a common model of industrial governance.

Demand-driven growth did produce a convergence between East and West, but not of the happy sort that Galbraith envisioned, Skidelsky notes. Between 1960 and 1979, government outlays in Western industrialized countries rose from 37 percent to 49 percent of gross national product, producing an era of "stagflation" (sluggish economic growth coupled with high rates of inflation and unemployment) and

provoking yet another crisis of confidence in capitalism. The respected economist Robert Lekachman saw the return of the 1930s in these economic trends and asked "Is the system finished?" Historian Geoffrey Barraclough saw the inevitability of "a coming depression," economist Robert Heilbroner saw the end of capitalism at hand, and historian Arnold Toynbee predicted a "stockade society and a siege economy" with "ruthless authoritarian governments." Even so thoughtful an observer as Daniel Patrick Moynihan warned in 1975 that for many, "liberal Democracy . . . is a holdover form of government . . . which has simply no relevance for the future. It is where the world was, not where it is going."

While the Western welfare state was suffering this crisis of legitimacy, Eurocommunism was blossoming in Italy and France. In the latter, an alliance of Francois Mitterrand's socialists and pro-Moscow Marxists at one point seemed poised to capture the 1977 parliamentary election, which would have brought communists into a Western European government for the first time since World War II. With the long predicted crisis of capitalism apparently at hand, the moldering decay of the U.S.S.R. was invisible to many Western observers.

What Comes Next?

Western liberalism seemed to be at a crossroads. But rather than accelerate the collectivist trend, the crisis of the 1970s, for reasons Skidelsky does not do a very good job of explaining, did the opposite: It led instead to a loss of faith in big government. This turnabout occurred at different times in different countries—in the late 1970s in Britain and the United States, and a few years later in France. The drift to the left was over by the early 1980s, and the end of the decade was characterized by newfound confidence in markets and decentralization.

If the age of collectivism was pro-

duced by the conjunction of big business, big government, and big unions, the new era was produced by the microchip, the computer, and the entrepreneurs who built and sold them. By breaking big government's monopoly on knowledge, the new economy robbed it of its power. In America, this development is manifesting itself in a resurgent federalism; within the European Union, it is fueling regional separatism.

Hayek has won, markets have triumphed. We live in an age of dispersed production that is beyond the coordinating capacity of government. What now? The discussion of what is to come is the weakest part of *The Road From Serfdom*. While Skidelsky does not fall entirely into the Whig version of history in which everything will get better and better, his optimism seems somewhat ungrounded.

The rigors of the new economy leave little room not only for the lazy, but for the lame, the unable, and the unlucky. This holds true for nations as well as individuals. The danger is that the economically buoyant United States will bind itself to Asia's fast growing markets while distancing itself from more feeble old partners like France, where the rigors of global competition have produced panic and paralysis.

The post-communist challenge, Skidelsky concludes, "is to restore the authority of states without recollectivizing societies." State repair, he goes on, "is the main condition of market based prosperity."

Skidelsky is right. In the coming era, government will have to cope with market successes as well as market failures. As smaller companies begin to dominate the economy, the social insurance that big businesses once offered to its employees will be shifted onto the back of government itself. For many, government will become more important, not less, in the age of Hayek. ♦

Fred Siegel is a New York-based senior fellow with the Progressive Policy Institute.

OFF THE SHELF

A Brief Look at New and Interesting Books

Not Out of Africa: How Afrocentrism Became an Excuse To Teach Myth as History

By *Mary Lefkowitz*
BasicBooks ♦ 222 pp. ♦ \$24.00

The book: Lefkowitz shows why there is no reason to think that the Greeks stole their civilization from Africa. She also shows why teaching “feel good history” is dangerous and explains why these myths keep students from learning about the real ancient Egypt and Africa.

The author: Mary Lefkowitz is the Andrew W. Mellon Professor in the Humanities at Wellesley College.

An excerpt: What will happen some years from now, when students who have studied different versions of the past discover that their picture of events is totally incomparable with what their classmates have learned about their own ethnic histories? Will students of one ethnicity deny the existence of other “ethnic truths,” with dire consequences akin to the ethnic conflicts

in the former Yugoslavia? Perhaps they will be reassured that the differences do not matter because all history is a form of rhetoric, and narratives of the past can be constructed virtually at will. When that time comes, and I hope it never will, our students will be no better off than the Jews who claimed that Plato studied with Moses: They will have no respect for evidence, no concern with chronology, no understanding of the differences between languages and cultures. ♦

POLITICAL MEMO

Continued from page 28

that Dick Morris now gets for the President’s political recovery, argues that voters want big change, but in bite-sized, digestible pieces. At the end of a four year term, he says, the cumulative effect of those small steps adds up to something big.

The President will probably heed Penn’s advice, and there’s merit to it. After all, in politics there’s always the risk of scaring off support for major reform before it has a chance to coalesce. Nonetheless, the danger of the Penn strategy is that in the end, a disparate collection of small initiatives may add up to just that. In that case, we would wind up with what political analyst and former Clinton domestic policy advisor Bill Galston calls “lofty aspirations, low performance.”

Let’s examine the President’s education agenda. Over all, it contains a lot of good and some not so good. To me, its best parts are its calls for national standards and testing to enforce them, for rewarding good teachers and firing bad ones, and for

restructuring precollegiate education by dramatically expanding charter schools—the one element of the President’s 10-point program that received no applause during his State of the Union Address.

Clinton has rightfully been hammering away for standards and has taken his case to the country, including a stop at the Maryland legislature. Standards have great public support, and even the forces in the education establishment who don’t want to be held accountable for performance have a difficult time opposing them. So stumping for standards is a good place for Clinton to start. And, it can be instrumental in building support for the big structural changes necessary to make standards more than cosmetic.

However, if the President fails to follow up his call for tough standards with tough-minded structural reform, four years from now we will still be dealing with a failing public school system. Likewise, without fundamental public school reform, his laudable goal of universal access to two years of postsecondary education and his less meritorious higher education entitlement will be built

on a foundation of quicksand. Bill Galston’s concern will be realized.

In the end, whether the President takes Penn’s small-step approach or takes a riskier strategy of bold reforms from the start, if he really wants to bring about big changes, there will be no way to avoid taking political heat. President Clinton understands this. If he didn’t, he would not have fulfilled his pledge to “end welfare as we know it.”

We have a rare opportunity this year to fulfill the promise of the new politics, to create a new government for a new century as the President put it in his inaugural address. Personally, I don’t care which strategy he chooses for getting there. If small steps add up to big change, that’s fine. If bold initiatives are necessary, I hope the President offers them. The important thing is that by the end of this term, we will have moved beyond the old political arguments and we will have begun restoring the American people’s faith in the government to do the public’s business well.

Al From is president of the Democratic Leadership Council.

THE NEW POLITICS

They've Finally Arrived in Washington, But Are They Here to Stay?

BY AL FROM

Despite the Washington press corps' scandal mania, the most enduring political story of 1997 may turn out to have nothing to do with Whitewater, Ken Starr, Newt Gingrich's troubles, or the fundraising excesses of both parties.

That story could be the arrival of the new politics in Washington. It clearly was in evidence at an unusual meeting at the Capitol in mid-February, where the President and congressional leaders agreed on five priorities within the context of balancing the budget: reforming education; moving welfare recipients to work; dealing with youth crime, gangs, and violence; rehabilitating the District of Columbia; and taxes.

Of course, it's easy to make too much of one meeting, and progress in Washington doesn't often come in a straight line. No doubt, the hard right and hard left in Congress will each try to exact its pound of flesh before the year is out. But it is striking that a Democratic President and Republican congressional leaders who were at loggerheads a year ago could agree on a sensible set of priorities without having to make major concessions to their parties' ideological extremes.

That says a lot about the evolution of American politics. Voters are tired of the old partisan arguments. They have lost faith in big government, but they aren't ready to abandon all forms of public activism. Their mood was evident in 1994 in their rejection of President Clinton's health care plan as too much big

government, and last year, in their abhorrence of the Republican shut-down of the government.

As New Democrats have long argued, voters want public activism that is fiscally disciplined, reflects the values most Americans believe in, and empowers people rather than bureaucrats. And with a little luck and bold presidential leadership, this year they might even get it.

Call it what you will—the new politics, the third way, or as President Clinton prefers, the politics of the vital center—this new conception of government was born out of voters' rejection of the choice between big government and unrestrained markets posed by untempered liberalism and conservatism.

It transcends both ideology and party labels. On the national scene, it has been embodied in President Clinton's New Democrat philosophy and in bipartisan actions like the passage of the North American Free Trade Agreement and welfare reform. At the state and local level, innovators like mayors Rich Daley (D) of Chicago and Rudy Giuliani (R) of New York, and governors like Roy Romer (D) of Colorado and Tommy Thompson (R) of Wisconsin have been practicing third way politics for a long time. As if to emphasize the point, *The New York Times* recently ran this headline: "In New York, Giuliani Is Playing the Role of New Democrat."

The President, who practiced the new politics as governor of Arkansas, has long wanted to bring

it to Washington. Now, for the first time in his presidency, there's a real chance he can.

But here's the \$64,000 question: Will the President and the Republican congressional leaders do what's necessary to meet the full promise of the new politics, or will they just tinker enough with the old politics to get by until the next election?

Will they tackle Medicare and Social Security reform to save them for future generations, or will they leave the tough decisions to future presidents and Congresses? Will they have the courage to take on the public elementary and high school establishment, the real source of our education problem, or will they "save" education simply by creating an entitlement to college? Will they create a "work first" system that moves welfare recipients into jobs, or will they try to get by with lofty rhetoric and a few tax credits for businesses?

It will take bold presidential leadership to fulfill the promise of the new politics, and President Clinton seems to recognize this. For example, he broke from the prepared text of his State of the Union Address to urge Congress to take on entitlement reform, and he promised to give them all the political cover he could. Unfortunately, his speech failed to lay out a credible plan for reform, and he hasn't offered one since.

Mark Penn, the brilliant strategist who deserves much of the credit

Continued on page 27