

Introduction: A Grand Compromise?

by Senator Daniel Patrick Moynihan

It is getting on to a quarter-century since this series began, in 1977, and it would appear we have found an audience. Most of this, I reckon, is owing to our recent (1992) collaboration with the Taubman Center at the Kennedy School of Government at Harvard University. The researchers there have extended the analysis to all fifty states and the District, without the least touch of special pleading (save for my introduction). Something new has appeared in the literature of Federalism.

Federalism. A system of government in which central and regional authorities are linked in an interdependent political relationship . . . to maintain a balance such that neither level of government becomes sufficiently dominant as to dictate the decisions of the other.

— *The Harper Dictionary of Modern Thought*

It is a special pleasure to learn that the annual volume is now read with some attention — not necessarily agreement — in Albany. Its annual appearance is now well reported in the *New York press*.

This is surely owing in largest measure to the singular inventiveness and analytic strategies of Professors Herman B. Leonard and Jay H. Walder and their associates, Monica E. Friar and José A. Acevedo, in Cambridge. But in some measure, surely, it reflects an emerging perception of, to say again, a true issue of Federalism.

Recently, just last spring, we were reviewed as a book in *The New Yorker*. Not many academic data compilations make it into those pages. We did because what we had to say was deemed serious. To anticipate, “incendiary.” Reviewer Malcolm Gladwell writes:

Every year . . . the Kennedy School of Government, at Harvard University, and the office of Senator Daniel Patrick Moynihan have jointly released a small book entitled “The Federal Budget and the States.” The book is devoted to a very simple question: What are the differences between the amount the citizens of each state in the Union pay in federal income taxes and the amount they get back from Washington in federal contracts and transfer payments? The book’s conclusions are quite *incendiary* [my italics]. The gap between the states that get the most money back and the states that get the least, for example, is enormous. New Mexico, one of the big winners, gets three thousand four hundred and sixty-four dollars more per capita from the federal government than it pays in taxes. The average person in last-place Connecticut, on the other hand, pays out two thousand two hundred and seventy-two dollars more in taxes than he or she gets back from Washington. What’s more, the states that get more than they give — New Mexico, Utah, Arizona, Florida, Virginia, North Carolina, South Carolina, among others — represent the political bedrock of the Republican Party, allegedly the party of small government and self-reliance, while the states that support the rest of the country are the Democratic strongholds of the Midwest and the Northeast. “The Federal Budget and the States” suggests that when it comes to taxation we’ve been asking the wrong questions. . . . [W]e’ve . . . neglected the . . . politically and socially critical issue of the distribution.

Consider, for example, the biggest losers in the tax game — Illinois, New Jersey, New York, Michigan, California, and Connecticut. Collectively, they sent eighty-two and a half billion dollars more to Washington in 1997 than they received. Except for Michigan, these are states with very high costs of living, where state income taxes, local sales and property taxes, and other miscellaneous levies are among the heaviest in the country. The conventional explanation for this — at least, among conservatives — is that

these are states where spendthrift liberalism, financial mismanagement, and unnecessary regulations have created an onerous burden for their citizens. But isn't it fairer to say that they probably have such heavy tax burdens because they are forced to give away so much of their wealth to Washington?

The residents of New York City, for example, run a surplus with Washington that may be as high as ten billion dollars a year. You can argue that New York City ought to subsidize the rest of the country, because there are so many rich people here. Then again this is a city with a million and a half people on Medicaid, a crumbling infrastructure, and billions of dollars of debt. Meanwhile, the states where the wealth generated in New York City is going — such as Utah, North Carolina, and Tennessee — are in many cases in much better economic health than the regions bailing them out. If Congress were to give New York City even half of that ten-billion-dollar annual surplus back, in the form of the kind of urban grants that the present Congress seems to have forgotten about, the city might be able to get rid of its income tax, build the des-

perately needed Second Avenue subway line, repair the Brooklyn Bridge, and address any number of its pressing needs.¹

Gladwell asks why we don't notice this more. When I came to the Senate in 1977, New York City was broke. From 1976-1978 we had to get huge Federal loans totaling \$5.6 billion just to avoid legal bankruptcy. It was not until 1981 that the City had its credit sufficiently restored that it could



50 CENTS ★★ ★★

ALBANY, NEW YORK ★ WEDNESDAY, JULY 7, 1999

Census paints a picture of decline

Albany Newly released estimates indicate that nearly all Capital Region cities have lost residents

By **ELIZABETH BENJAMIN**
Staff writer

The city of Albany's population has dipped to well below 100,000, jeopardizing federal funds based on a community's size, according to newly released census figures.

Albany has lost 5,726 residents, a 5.7 percent drop, since the 1990 census, the Census Bureau estimated. The city's population, which peaked in 1950 at 134,995, has declined at each 10-year census since then, coming perilously close to 100,000 in 1990, when it hit

100,031. The latest figure estimated the total at 94,305 as of July 1, 1998.

Mayor Jerry Jennings on Tuesday said he did not believe the newest report on the city's continued population decline, adding that he is confident it will remain above the 100,000 mark when the next census count is taken in April

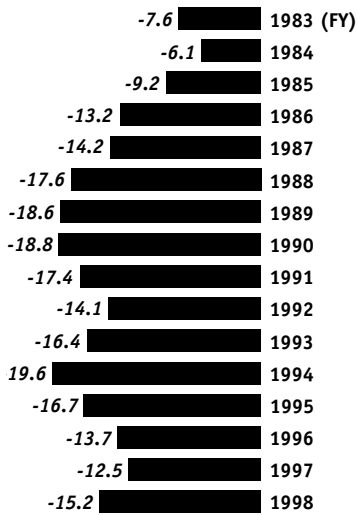
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borrow again. As I prepare to leave the Senate we find the western part of our State is in a protracted economic decline. *The Buffalo News* wrote in early August, "The Western New York economy crashed long ago." Days later the *Albany Times Union* observed, "Upstate isn't doing . . . well. . . . It's barely part of the great national economic recovery. The problem is most serious in the large cities." Doug Turner, in a November 5, 1999 *Buffalo News* article, reported that "Buffalo and Niagara Falls are among dozens of cities in the Northeast that have been bypassed by the nation's six year economic boom . . . The two Niagara Frontier cities are among the 1 in 6 cities in the Northeast plagued by a combination of persistently high poverty, population loss and unemployment . . ." And in the autumn edition of the *City Journal*, Jerry Zremski writes that while the rest of the rust belt prospers, upstate New York withers due to "toxic taxes and ruinous regulation."

But Gladwell's question remains. Why is the issue of the impact of the Federal budget so infrequently and tentatively raised?

1. Malcolm Gladwell, "Tea and Sympathy: The Truth about American Taxpayers," *The New Yorker*, April 19, 1999, p. 98.

Figure 4
New York State
Balance of Payments
Deficits 1983–1998
(in billions of 1998 dollars)



Total BOP Deficits FY83–FY98
 = \$230.9 billion.

I have some tentative thoughts. Principally, the persistence of political imagery. Gladwell notes that the southern and western states that do so well out of a big Federal budget “represent the political bedrock of the Republican Party, allegedly the party of small government and self-reliance.” Surely they would not take advantage of the free-spending ways of Washington? Let me assure the reader that they can and they do. (I can attest that this was Barry Goldwater’s cheerful mock cynical view.) And who could blame them?

The imagery dates back to the time of the New Deal, when a national government led by a President from New York, surrounded by New Yorkers, conceived program after program to help the stricken regions of one land. An all but comic routine appeared on the Washington stage. Southern and western “conservatives” denounced Federal programs from which their regions got great gains, whilst northern “liberals” took on the burden of defending the new mode of government — and paying for it. These stereotypes persist, long after economic realities have quite changed. In 1998, the poverty rate in the South — once considered the poorest area of the country — fell to a record low while the number of New Yorkers living in poverty rose by 90,000.²

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So here we are. A near quarter-century of data analysis has pretty well established that New York’s balance of payments deficit is structural — \$15 billion last year. It is not the result of one administration, one party, one business cycle, whatever. In good times it only gets worse, owing to our high tax brackets which in measure reflect our high cost-of-living. We get little from the Federal government apart from Social Security and Medicare payments which are non-discretionary, in the current usage, plus the occasional tax break or public work our delegation can pry loose. We rank 48th in defense spending; 42nd in non-defense discretionary spending. We outperform the Nation — no. 1 — only as regards social welfare programs, which I have previously characterized as a form of disaster relief.

What possibility is there for change? Many suggest that we change these outcomes by adding yet more Federal programs. This outcome is not possible. Anything that grows the size of the Federal government will grow the deficit of New York and other such states. Hence Political Economy 101 — when you are in a hole stop digging.

But that need not be the end of it. If only we can think — how do they put it nowadays? — outside the box. Or as James P. Pinkerton said when he was an advisor to President Bush, if we can create a “New Paradigm.”

Follow me.

The first thing is to recognize the force and legitimacy of the conservative argument against “Big Government.” “Big Brother” — as the English writer George Orwell wrote in 1949. A life-long socialist, Orwell was also a realist writing in the age of totalitarianism. Likewise F.A. Hayek, an Austrian, in his classic work, *The Road to Serfdom*, published in 1944. He argued that with the best of intentions the growth of the modern state will lead to a loss of liberty. (Has anyone noticed that in the United States there are now something like 1.8 million persons in prison or jail?³ A number exceeded only in Russia and possibly not there.)

2. See “New York’s Poor Showing: A New Report on Poverty Shows the Need to Expand the Earned Income Tax Credit,” *Times Union* (Albany), October 5, 1999, p. A8.

3. Darrell K. Gilliard, *Prison and Jail Inmates at Midyear 1998*, U.S. Department of Justice, Bureau of Justice Statistics, (Washington, D.C., March 1999).

Economists such as Milton Friedman and essayists such as William F. Buckley, Jr., fashioned a powerful critique that continued in this tradition. In time, many persons who had thought themselves liberals found that they were “neo-conservatives,” simply for questioning the efficacy, and on occasion, the morality of big government.

In time these ideas crossed over into electoral politics. Just after World War II Lionel Trilling, in *The Liberal Imagination*, argued it was time liberals begin to put some pressure on their own ideas as there were no longer any serious conservatives that might do so. But by the time I arrived in the Senate in 1977, this was clearly no longer the case. The next year the Republican National Committee launched *Commonsense: A Republican Journal of Thought and Opinion*. Former Senator Bill Brock of Tennessee, then Chairman of the RNC, wrote in an introduction:

We must not forget that the last great partisan coalition of American politics was built on ideas. These were no less forceful and appealing, if also debatable, for all their identification with a political party. The notion of an activist federal government, with an obligation to use its centralized power “to meet new social problems with new social controls,” was a new idea of the 1930’s. But it took hold, built a durable coalition, became the foundation for decades of programmatic public policy, and tended to capture the terms of the political debate.

As an idea, it had consequences. Only lately have these come to be generally understood as having mixed implications for the nation and for individuals in it. Accordingly, the Republican Party finds itself in opposition, at this writing, not only to a majority party that controls the machineries of government, but to the force of certain ideas. It is our continuing obligation, therefore . . . to articulate our own.⁴

A counter coalition began to form. (Witness the Congress today!) In 1980, I wrote about the new journal:

Not by chance, but by the dint of sustained and often complex argument there is a movement to turn Republicans into Populists, a party of the People arrayed against a Democratic Party of the State.

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[The] journal has been faithful to its promise: The material is first-rate. . . . Of a sudden, the G.O.P. has become a party of ideas.

The Republicans’ dominant idea, at least for the moment, seems to be that the social controls of modern government have become tyrannical or, at the very least, exorbitantly expensive. This oppression — so the strategic analysis goes — is made possible by taxation, such that cutting taxes becomes an objective in its own right, business cycles notwithstanding.⁵

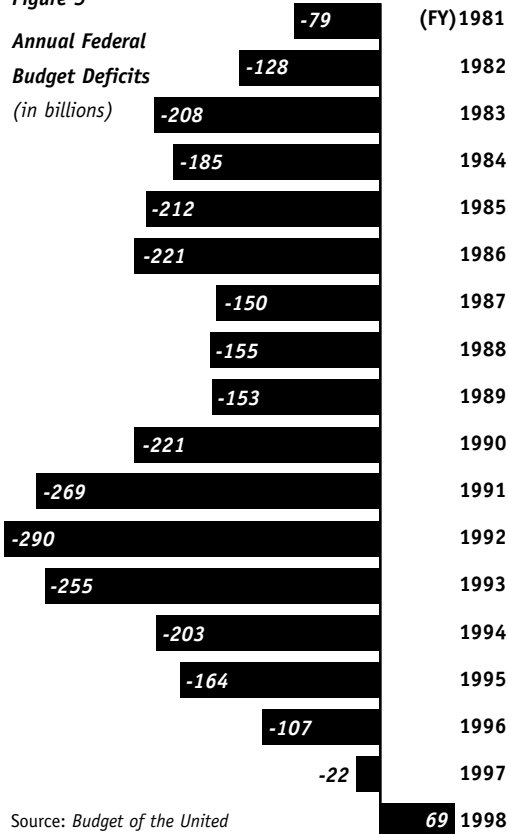
Whereupon, not for the first time, a party of big ideas got into big trouble.

President Reagan came into office, bringing with him young assistants much seized with this idea. They were too young. They did not have the experience to realize how their strategy would work out in practice. The new President was disarmingly open about it, stating just after his inauguration in 1981,

. . . [there] were always those who told us that taxes couldn’t be cut until spending was reduced. Well, you know, we can lecture our children about extravagance until we run out of voice and breath. Or we can cure their extravagance by simply reducing their allowance.⁶

4. William E. Brock, *Commonsense: A Republican Journal of Thought and Opinion*, vol. 1, no. 1 (Summer 1978), p. iv.
 5. Daniel Patrick Moynihan, “Of ‘Sons’ and Their ‘Grandsons,’” *New York Times*, July 7, 1980.
 6. Ronald W. Reagan, “Address to the Nation on the Economy,” February 5, 1981, *Public Papers of the Presidents of the United States: Ronald Reagan, January 20 to December 31, 1981* (Washington: Government Printing Office, 1982), p. 81.

Figure 5



Source: *Budget of the United States Government: Fiscal Year 2000 — Historical Tables*, (Washington Executive office of the President, Office of Management and Budget, February 1999).

health maintenance organizations.) I offer in evidence an exchange that took place at the opening of the House and Senate Joint Conference on H.R. 2488, “The Financial Freedom Act of 1999.” The Conference Chairman was Bill Archer of the 7th District of Texas, the retiring Chairman of the House Committee on Ways and Means, and a legislator of the utmost courtesy and integrity. I was present as the sole Democratic Conferee from the Senate:

Chairman Archer: Over the next ten years taxpayers will send more money to Washington than the government needs to pay its bills. That is called a surplus. Both the Senate and the House on a bipartisan basis have passed bills to give people the opportunity to keep just a little bit of their money. They are different, the House and Senate bills, but they are both based on the principle that all Americans earned the money and deserve to keep a part of it.

I say to the President tonight, please don’t veto this bill. Please reconsider your staunch opposition to giving the people their money back. Please resist the temptation to spend this money on more government programs. *We don’t need a full-time government and part-time families. We need a part-time government and full-time families* [my italics] . . .

The Chair recognizes Senator Moynihan.

Senator Moynihan: I do thank our congenial and always gentlemanly Chairman. . . . There is such a thing as government that is too big, but government in some of its aspects is essential. You wouldn’t want a part-time Marine Corps, and you wouldn’t want a part-time Federal Bureau of Investigation. We have to provide the essentials of government. They are indispensable to civil society.⁷

7. Congress, House-Senate Joint Conference, H.R. 2488, *The Financial Freedom Act of 1999*, 106th Cong., 1st Sess., August 2, 1999, pp. 4-8.

The Committee on Conference ended just about there. The majority went off and drafted the final bill which thereupon passed the Senate 50-49. The President vetoed it and the argument for tax cuts will go on into the next administration. The trouble is that should any real revenue reductions take place, we will not end up with a part-time government. We will, once more, end up with big-time deficits.

How is that? Not that complicated surely. Go back to Bill Brock's comment that the "notion of activist government . . . was an idea of the 1930's. But it took hold, built a durable coalition, became the foundation for decades of programmatic public policy." Each program has a constituency. Not always made up of what you would call New Dealers. The farm lobby, the highway lobby, the oil and gas lobby, the ethanol lobby, and so on, are fiercely "conservative." *But don't touch their programs!* This was the fate of the celebrated "Contract with America" of 1994. Little of it came about, the exception being "welfare reform: the government should encourage people to work, not to have children out of wedlock." In the event children had a small constituency. But the Contract's success ended about there.

In 1976, Herbert Kaufman of the Brookings Institution published a small book, *Are Government Organizations Immortal?* He had gone back to 1923, recorded 175 government organizations, fast-forwarded to 1973. Of the 175 organizations he had identified, some 148 were still intact. Others persisted, albeit with different names and locations on the organization charts. But alive and well.⁸

Still with me? The point is that the formidable critique of modern government, which conservatives have been developing for so very long now, has not been matched by real-world analytic skills. Conservatives, at the Washington level, don't seem to grasp how things actually work. Or not enough do. The supreme example, in my view, is to be found in the first clause of their Contract with America:

Balanced budget amendment and line-item veto: It's time to force the government to live within its means and to restore accountability to the budget in Washington.

The line-item veto bill allowed the President to strike appropriations items, and some tax items presented to him for signature, whereafter the bills became law. This was plainly unconstitutional. But more on that later. For present purposes, the most important point is that far from reducing expenditure (the celebrated categories waste, fraud, and abuse), the law would almost certainly increase government expenditure, especially in the least defensible areas.

In his courses at the Kennedy School, Dutch Leonard divides public policy analysis into stages:

1. **description** of how things are and have been;
2. **diagnosis** about why they have turned out that way;
3. **creation** of alternatives that might make the situation better;
4. **prediction** of how these different alternatives would be likely to work out in practice; and
5. **selection** of the most appropriate alternative to pursue.

8. See Herbert Kaufman, *Are Government Organizations Immortal?* (Washington, D.C.: Brookings, 1976).

Conservatives have been fair to good, on occasion more than good, at describing how things are. They were right that welfare was doing wrong. They have been good at diagnosing how problems come about. They think up alternatives. But they can be hopeless at predicting how their alternatives will work out in the real world. There is a time lag here. Conservatives have been reading too much free-market economics, which is after all a venerable school, and not enough of the more recent economics (and political science) of strategic behavior and reactions to incentives.

Game theorists might put it this way. The line-item veto advocates thought of Congressional-Presidential interaction as a one-round game, when it is (at very least) a two-round game. These errors are fatal to the correct analysis of the outcome of a line-item veto legislation.

Here was the conservative prediction. Congress would make a law providing for the general purposes of government, but also include some “extras” to serve the special interests of powerful chairmen, powerful lobbies, whatever. This bill would go to the President, who would recognize the legitimate measures in the bill, and veto the special interest items, or merely the extravagant items. Result, smaller government.

Right? Wrong. Or almost certainly wrong if the predictive power of game theory is adequate to this purpose. Which I very much hold to be the case. Far from reducing government spending and, in consequence, the power of government, a line-item veto would almost certainly result in an increase in government spending and a corresponding increase in the power of the Presidency. Why? First, because they analyzed only the second round of a two-round game. And second, because they analyzed even that round incorrectly.

Let’s start with round two, which begins when the President gets the bill. Once a bill has been sent to the President, is there any reason to think that most of that species would settle down in their study and ponder the wisdom of this item or that, and so proceed to judicious excision? Is it not more likely, far more likely, that they will settle down in the war room and look for items of particular interest to particular Members of Congress that offer the opportunity of exchange? I will keep your dam, but I need your vote on NATO expansion. Bargain? Most of the time, surely. Here we confront a simple constitutional fact. Members of the House of Representatives, and only to a somewhat lesser degree, Members of the Senate, represent local interests. It is the President who must — make that ought — think of the national interest, especially on foreign affairs. Hence the line-item veto would considerably increase the power of the Presidency, not high on the list of conservative hopes.

But now let’s go back and look at round one, which occurs as the Congress prepares the bill, knowing the President will have the next shot at it, line-item pen in hand. Game theorists refer to this as a situation of “last clear chance” — the President has the last chance to make everything right. (Kids would call it a game of “hot potato” — only there is no one left for the President to toss it to.) Congress can add certain special interest projects to the bill, making the President take the heat for not letting them through. The President will either allow us to accommodate our local need, or veto it, and, at the very least, we can go back to our constituents and say, “I know this project is important. I

got it in the bill, but the President knocked it out.” Either way, Congress is better off putting more projects in the bill — not fewer — so long as the President has the last clear chance, and can be blamed for the outcome. So we will load up these bills, and let him (or her!) take the heat.

I have seen the equivalent all the time on tax bills, through my service as both chairman and ranking member of the Senate Finance Committee. A bill comes to the floor. It is open to amendment. Senator after Senator offers amendments that, in effect, offer cash to some constituency. After a point the harried managers (the chairman and ranking member) have to finish. And so they start accepting all manner of amendments without the least intention of pressing them in conference with the House. Isn't this just what will happen as Congress prepares legislation to be sent to the President? Contrary to the impression we sometimes give, members of Congress prefer to be collegial. So why not accept the amendment of the Senator from New York? Surely, it is outlandish enough that the President will strike it. But what if the President wants the Senator from New York to vote to pay our dues for United Nations peacekeeping expeditions? Don't count on a line-item veto! And so the budget will bloat and bloat.

Think of the previous section as a thought experiment because, as noted, the line-item veto was plainly unconstitutional and was doomed from the start. In essence it would allow a measure to become law which had never passed the Congress. An earlier version, to be sure, but not the version that would enter the statute books.

No matter, the line-item veto measure passed the House and Senate by two-to-one margins, and was signed by President Clinton on April 9, 1996. A number of us, led by Senator Robert C. Byrd of West Virginia, immediately challenged the law on constitutional grounds. The U.S. Circuit Court for the District of Columbia agreed with us, but the Supreme Court ruled that we lacked standing, not having “alleged a sufficiently concrete injury to have established Article III standing.”⁹ I could argue that, but let it pass. We would have to await an actual veto. This came soon enough. A significant amount of money that was to go to New York for Medicare reimbursements was vetoed. The City sued and we joined in as *amici curiae*, friends of the Court. On June 25, 1998 the Court held for the City in a 6-to-3 decision written by Mr. Justice Stevens. The Justice chose the narrow grounds.

We have been favored with extensive debate about the scope of Congress' power to delegate law-making authority, or its functional equivalent, to the President. The excellent briefs filed by the parties and their *amici curiae* have provided us with valuable historical information that illuminates the delegation issue but does not really bear on the narrow issue that is dispositive in these cases. Thus, because we conclude that the Act's cancellation provisions violate Article I, Section 7, of the Constitution, we find it unnecessary to consider the District Court's alternative holding that the Act ‘impermissibly disrupts the balance of powers among the three branches of government.’¹⁰

The Court was right to confine its decision to a strict reading of the Constitution, but we are not wrong to suggest that much more was involved. Great issues of state. At the trial we three *amici*, Senator Byrd, Senator Carl Levin, and I, were provided fine seats in the first row of the rather confined spectators section of the courtroom. Save for lawyers, there are not that many seats. The more the surprise then when I

9. *Raines, Director, Office of Management and Budget, et al. v. Byrd et al.*, 117 S. Ct 2312 (June 26, 1997).

10. *Clinton, President of the United States, et al. v. City of New York et al.*, 117 S. Ct 1374 (April 27, 1998).

noticed over on the right an old and special friend, one of the Nation's revered political scientists, now retired. He had come from God knows where, and found a ticket God knows how, to be present at a moment of large importance, as he saw it. Afterwards we met on the steps of the Court. He had but one comment concerning the Government's defense: "If you have an empire, you've got to have an emperor."

There it is. A conservative Congress, meaning to reduce the size of government, was proposing, albeit unwittingly, to expand the powers of the Presidency toward the realm of the imperial. On rare occasions there conceivably could be a President who would want to reduce the size of government, and could use the device for this purpose. But the Framers wouldn't have counted on it. They would have assumed that a President with such power would use it as a bargaining chip to *grow* the size of government. They knew the history of Rome. They wanted *Congress* to make the laws. Not the emperor. Mr. Justice Kennedy, in a concurring opinion, got it just right:

Separation of powers was designed to implement a fundamental insight: concentration of power in the hands of a single branch is a threat to liberty. *The Federalist* [No. 47] states the axiom in these explicit terms: "The accumulation of all powers, legislative, executive, and judiciary, in the same hands . . . may justly be pronounced the very definition of tyranny."¹¹

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The Framers were not economists; they were engaged in what Madison termed "the new science of politics." Whatever the case it is time for liberals to offer help. To suggest, if this does not sound too dramatic, a Grand Compromise.

The Compromise goes as follows. Liberals must somehow come to see that the Federal government is draining resources from just those regions and states which were the source of so much liberal social policy. As these states and regions decline, so does the vitality of liberalism. Anyone wishing to deny that?

Would it be wrong, for example, to say that the principal social legislation enacted in the last decade of the twentieth century was the 1996 repeal of Title IV-A of the Social Security Act of 1935, which is to say the provision for dependent children? (Spare us school uniforms!) It is time to trade. Less activism in Washington in return for more revenue at home, for whatever active measures recommend themselves to the state or municipality in question. Conservatives can then bring about or watch being brought about a genuine shrinkage in the size of the national government.

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There is more to be gained. An old minimalist formulation holds that the task of the national government is to deliver the mail and defend the coasts. Can we think about that? If by "deliver the mail" we signify a national government that ensures that all citizens have equal access to the larger society — start with Rural Free Delivery — on equal terms, with equal opportunity, that is not a bad settlement. If to "defend the coasts" means to pay attention to foreign affairs, there could be no more urgent imperative in Washington today. We are now and for the foreseeable future the most powerful nation on earth; an indispensable state. But foreign affairs are no longer the

11. *Ibid.*

major concern of our national government. Foreign visits, yes. But not the deep strategic concentration concerning a new world order that we either lead in shaping, or which will shape us in surprisingly unpleasant ways. (Anyone notice nuclear weapons moving across frontiers in Asia, soon the Middle East? And then?) Ethnic conflict abounds and seemingly knows no boundaries. In 1993, with the dissolution of the Soviet Union and the end of the Cold War, I published a small volume, *Pandaemonium: Ethnicity in International Politics*. I received a grand letter from the eminent sociobiologist Edward O. Wilson with a not entirely encouraging perspective: “a coiled and ready ethnicity is to be expected from a consideration of biological evolutionary theory.” Once “the overwhelmingly suppressive force of supranational ideology was lifted” ethnicity would strike. “It was an unintended experiment in the natural science mode: cancel one factor at a time, see what happens.” See the rape of Kosovo.

The American government was not prepared for this. Still is not; the end of the Cold War turned attention elsewhere, such that foreign policy has become a matter of reacting to unanticipated crises. In international economic affairs our institutions remained alert and proactive, but crises such as the Russian economy require unprecedented attention. The more then to look to the states’ capacity to take on matters too readily consigned to the Federal government years ago. David S. Broder of *The Washington Post* writes: “The legislatures have been overhauled in the past quarter-century, and it’s a good thing, too, because they’re taking on a lot more responsibility from the overloaded and wheezing institutions in Washington.” George V. Voinovich, former Governor and now Senator from Ohio, speaks eloquently of this matter. Perhaps others will join him.

Will a Grand Compromise emerge? I suppose not. Certainly not in one great signing ceremony. But as the scientist and philosopher Michael Polanyi used to remark, “People change their minds.” Often in ways they hardly notice at the time.

D.P.M.

Summer - Fall, 1999