

**"HIGH-RISK LEADERSHIP: REVERSING OUR DEMOCRACY'S DECLINE"**  
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Last year I gave a rather pessimistic talk which was reproduced in the current issue of the *Kettering Review* (which you have in your materials). In the same issue, the editor, in his "Editor's Letter," quotes some similar sentiments from other perspectives and cultures. For example, he quotes professor Erazim Kohák about democracy in central Europe. "It is particularly distressing," says Kingston, "to discover that to new democrats" in eastern Europe, "democracy means big cars, canned beer, and no obligations." Then, in another article in the magazine, he quotes Jean Bethke Elshtain:

[With] a continuing focus on individual rights and the weakening of individual responsibility, government becomes merely an instrument in the pursuit of individual group agendas. This is what Jean Bethke Elshtain refers to as "a politics of displacement," where "everything I `want' gets defined politically as a `right.'" This, she says, not only has a trivializing effect upon the concept of "rights"; it also puts government – puts "politics" – into a position where it fails to deliver for most people, most of the time and, insofar as personal agendas have become political, such failures have the impact of personal rejections.

In other words, what professor Elshtain is saying is that well-meaning but badly conceived policies have many unintended negative consequences. I think that is what we are witnessing all over the world, certainly in the United States.

The whole issue had that undertone of pessimism, for which I set the tone. Since that time, I have become somewhat more hopeful because I see more possibilities for positive and constructive outcomes than I did at that time. The reason for feeling more hopeful is not because the problems facing the United States have diminished in any way. The problems have not abated; they are just as serious as they ever were. The grave problems that threaten our future in the United States have been neglected and allowed to fester and grow worse. When I wrote the article, I had the impression that we in the United States had lost our ability to adapt to changed conditions; that we were meeting complex problems with simplistic solutions; and that we were drifting slowly and blindly toward instability, fragmentation, and loss of vitality. But I have now begun to feel encouraged that there are more possibilities for positive action and for leadership than I had realized back then.

Let me begin by first recapping some of the problems that continue to beset the society and then share with you why, despite the gravity of these problems, I feel somewhat more hopeful, and conclude with a discussion of a few specific opportunities for leadership in the United States as a basis for discussion and comparison with you on the kinds of problems and issues – comparable ones – that you can find.

Perhaps the most serious problem facing the United States is what I have come to think of as the problem of a lopsided economy. It is lopsided in several respects. Economic growth is no longer evenly spread. It has been a truism of economics that with growth the growth will benefit everyone in the society, which is why growth has been regarded in the past as a win-win formula – with growth everyone wins. That is no longer true. That sentiment was expressed by President Kennedy in the early sixties when he spoke about the rising tide of growth that raises all boats. Well, in recent years, the yachts and the bigger boats have risen but not the smaller boats. So, something has changed in the nature of our economy where you get growth, but growth is not evenly distributed. So that is an aspect of lopsidedness.

The major factor that leads to a lopsided economy is the breakdown of what I have come to think of as the two-track job system. In the decade following World War II up to the mid-seventies, if you had a college education you could make a good living, you could improve yourself and your situation and your family; if you did not have a college education, you could also make a good living, improve your situation, and look forward to material well-being. What has happened since the mid-seventies is the breakdown of that second track. The first track still, by and large, holds true – if you have a college education you can do well in our economy. But, if you do not have a college education, there no longer is a track where you can expect to make a good living and to steadily and gradually improve your situation. Now since only one out of four Americans completes a four-year college education, the breakdown of that second track, in effect, means that three-quarters of the workforce are faced with that bleak future.

There is another aspect of lopsidedness that has to do with education itself. When Mao Tse Tung launched his cultural revolution in China, part of his criticism of the existing Chinese society was what he called "educating the geniuses." If you were really gifted in China you got the best training in the world. No one could beat the training that was given to the handful of gifted Chinese. But his complaint – and it was a valid complaint – was that everybody else did not get well-educated at all. We are increasingly moving in a similar direction.

The economist Joseph Schumpeter talked about the creative destruction of capitalism – the fact that the dynamism of capitalism destroyed and built, destroyed and built. Another aspect of lopsidedness

is that the tempo of this process of creative destruction has increased, with down-sizing and displacement, so that people are experiencing a vast turmoil.

You can see the effect on the population of the United States if you think of the workforce in terms of quintiles – five twenty-percent groups from top to bottom. If you look at the postwar period, from 1945 to 1973, the picture is that every quintile moved ahead. There was significant growth in every one of those five quintiles. Since 1973, if you look at the same five quintiles what you find is that the top quintile – the top twenty percent – grew significantly, especially the top two percent. They, in this period, kept up with what is known as the American dream. The second quintile from the top remained relatively stable. They did not do marvelously well, but they stayed a little bit ahead of inflation and so they were in pretty good shape. With the next two quintiles, the third and fourth, you have a picture of stagnancy and moderate decline. With the fifth quintile, near the bottom, you have a picture of very steep decline, to the point where young men entering the workforce – the eighteen to twenty-five year old age group – have experienced, in terms of real income, something like an almost forty percent reduction in actual income. I think that gives you that picture of lopsidedness. If you have this image of the five quintiles all moving together, you do not have a lopsided economy. But if you suddenly, over a period of several decades, have the top moving ahead very quickly, the bottom moving down very quickly, and the middle – the middle-class, and lower middle-class – stagnating or deteriorating, then you see a picture of what is happening in the economy and a picture that underlines, I would say, most of our politics and our economics. Most of the uneasiness reflected in public opinion polls is a reflection of that economic change from the postwar period to this period since the mid-seventies.

Since it goes back to the mid-seventies, one can ask the question, why is it just showing up now in terms of its effects on people? It is a very good question. The answer is that that was the period from 1973 until a few years ago which witnessed the growth of the dual-earner household. As people's incomes stagnated, they offset it partly by putting another person into the workforce, and also by borrowing and by debt. So the effect of the lopsidedness was cushioned and was not visible and was not as sharp as it has been in this decade.

The causes of this lopsidedness are reasonably straight-forward. First is stagnant productivity. Since the early seventies, the real national income per worker has scarcely grown at all and many economists feel that, for all practical purposes, it has shown zero or only a very marginal kind of growth, in contrast, say, to Japan and most of Europe where the real output per worker over the same period has increased from fifty to seventy percent. In the United States, it has increased ten percent or less. So you have several decades of stagnant growth, in terms of productivity.

You also have this bi-modal labor force – a very high-skill and very low-skill labor force – where the low-skill part of the labor force has lost its bargaining power. It has lost it for two reasons, and this is a factor of immense importance in the economic and political life of the United States. It has lost it to an international market. For all practical purposes, up to the seventies our labor market was self-contained. Now it has become international. Employers draw labor from all parts of the world, basically. Also, the impact of technology on the global market has had its greatest impact on replacement for low-skilled work.

What you have are these very grave, democracy-threatening distortions that pose the threat of a return to the kind of class-tensions that we saw in the 1930s, or perhaps even worse, and other forms of tension and distress. And this problem shows no signs of abatement or improvement or solution, which is, as I say, one of the reasons why I was feeling so gloomy.

A second partly related but independent problem is a widespread feeling among the public of moral decline in the nation. This conviction that something is wrong with our social morality in the United States has been growing steadily year after year, especially in the past few years. In 1995, it had reached the almost universal proportion of eighty-seven percent of the public feeling that way, up sharply over the past two or three years. And that is across the board – by age, gender, race, geography.

When you ask people what is troubling them about the nation's social morality there are a few things that stand out. First and foremost is the threat that people see to family cohesiveness. They feel that the decline in family values is the major cause of our societal problems. So you see that social morality, or the lack of it, contributes to instability in the family, and instability in the family contributes to all the other problems that we have in this society. The major signs that bother people most are the growing number of teenage mothers, extra-marital affairs, easy divorce for parents of very young children, and other signs that the family has lost some of its cohesiveness and strength and unity.

Another symptom of moral decline that people see has to do with the perception of an erosion of moral virtues. Here people see decline, first and foremost, in respect for one another – a diminution of respect – and also an erosion of honesty, loyalty, integrity, and kindness. These are the virtues people cite as having lost some of their strength in recent years. The diminution of respect stands out particularly and has a number of different aspects: the depersonalizing of relationships at the most casual level via technology (computers and answering machines and a lot of the technology that has made our life more convenient has also, people feel, depersonalized it). There are small things that bother people: neighbors do not wave, people brush by you in the elevator as if you did not exist, the feeling of being manipulated by public officials and spin-doctors, doctors and physicians who have an eye on the clock rather than

paying attention. There is a widespread feeling that the respect we used to have for one another in daily life has diminished and is bothering people – bothering people so much that it makes you realize how important that aspect of our communal life is.

Another way in which our social morality has diminished is that people feel a loss of community, and activities of people in the community. And, of course, people cite the spread of social pathology – crime, drugs, violence and the like.

A third problem any student of American society has to look at is a problem that is bound to grow more serious in the future. It is a lack of public realism about certain aspects of our social policy. Mainly, it is a failure to face the consequences of an aging population for our social welfare system, dominated by a philosophy of entitlement. In the United States, we face a problem that the public is only dimly aware of that is going to challenge our society's adaptive capabilities to the utmost. The problem is created by a peculiar combination of a number of factors: demographics, an aging population, the phenomenon of the Baby Boom aging. This year the first of the Baby Boomers born in the postwar period will begin to turn fifty. This cohort of seventy-six million people was fifty percent larger than the group that came before it. So when it moves into that phase of the cycle of dependency, especially in ten or fifteen years from now, you will have distortions in this society that are almost unbelievable.

While we face the prospect of an aging society, we have a pay-as-you-go social welfare system essentially of unfunded mandates. It is based on a very simple principle that worked very well in the past. It presupposes a very large base of a working population to support a small base of older people and children. That has always been the shape of the population curve in the past. Now we face the peculiarity of having that almost reversed. In addition to that, we have low productivity, low growth, and a lopsided economy. And in addition to those we have some changes in social values – a shift from a traditional value of living in the future and saving for the future. Now more people are living in the present and are less willing to sacrifice and save, either for themselves or the national future. In an article that will be published shortly in *Atlantic Monthly*, Pete Peterson writes about the saving gap and says that America has lost something fundamental: a commitment to our national future. With this psychology of individual rights and entitlements, you have an erosion of this sense of personal responsibility, either for oneself or for the nation.

In addition to that, you have a lack of individual realism and preparedness for the future. For example, seventy percent of the public do not even know how much money they need for retirement, let alone have made adequate provisions for it. So, they are not facing it, not thinking about it, and pushing it

off, which was maybe okay in the past, but it will not work in the future. If we were to continue with these kinds of trends, they point toward disaster.

Let me just give you just a few statistics to put this into perspective. Our present legislation involves a commitment of something like \$17 trillion worth of Social Security, Medicare and entitlements that we have promised to future beneficiaries. Early in the next century, there will be more people over sixty-five than under fifteen in the United States, which is unprecedented, I believe, in world history. (This is a very different situation from some of the countries represented here.) When Social Security was launched, the life expectancy of the average worker was sixty-one years of age. Retirement and social security kicked in at sixty-five for most people. That is one of the reasons the system worked so well: you did not live to receive the benefits. Those who did survive to receive the benefits did not live very long after that. Now what you have is a situation – and it is a blessing with strange consequences – where most people live to sixty-five and well beyond and once they make sixty-five they can expect another 17 years going toward 20 years. In 1950, there were 16 1/2 workers to support one retired person. Now there are 3.3 workers to support a retired person, and it is moving to even lower numbers. In the future, by the end of the century, it will be something like 1 1/2 workers to support a retired person. The fastest growing group in this society is the eighty-five years olds; they are growing at three times the rate that they did in 1950. Again, a miracle of modern medicine, but with social consequences that have not been taken into account. The average medical cost for someone in the 65-to-70-year age group is two thousand dollars, but once you get to eighty-five, it is five thousand. So you have an exponential rather than a linear growth in health care costs. While all this has been going on, our savings have deteriorated. The national rate of savings in the 1960s was 8.1 percent; in the 1970s, it was 7.2 percent; in the 1980s, 3.9 percent; and in the 1990s, 1.7 percent.

So our society is aging. Unproductive people are outnumbering productive ones. We do not have a system to pay for them. We have a psychological outlook that is the adverse of it. We have people unaware of the problem, not confronting it either in the personal sense or in terms of its national significance.

A fourth problem that I am not going to elaborate is one I have come to think of as wild subcultures. This is an issue David Mathews has been concerned with. It is the growth of an attitude of professionalism in the country, where the people who are in the professions have developed attitudes and values and points of view that separate them increasingly from the general public. We have subcultures in the United States – in the media, in the world of education, in the worlds of law and medicine and government and the professions – where the people in those professions have developed beliefs, practices, and attitudes that are so different from that of the mass of the population that you have this massive

disconnect between the leadership and professional classes and the rest of society. Each one of these subcultures is increasingly out of touch with what is going on in the country as a whole. This is particularly serious for the media subculture. The word implies that they are supposed to mediate between the public and the leadership. When they bring their own values, frameworks, and interests to bear on that, instead of mediating they become a blocking and distorting force.

So, with all those reasons, you can certainly understand why someone would be gloomy and pessimistic. Why in the world, therefore, would anybody rational find a basis for hope? The reasons are less obvious and more subtle, but, surprisingly, quite strong. I would say that the pessimism that I reflected in looking at the magnitude of these problems and being sobered by them reflected an interpretive framework that I think in retrospect was too narrow, in several respects. One is what the French call a *déformation professionnelle* – a professional distortion of people like myself who analyze trends – which is a general tendency to assume that trends continue. The reality is that only some trends continue and other trends do not continue. An aging population is likely to be a trend that will continue because, in effect, it is already there. Fewer well-paying jobs available for unskilled workers is also a trend that is likely to continue.

The assumption that trends will continue is valid only some of the time, for some types of trends – particularly demographic and economic. But even in the field of demography you get strange changes. The Baby Boom was followed by the Baby Bust, so it was not a trend that continued, it was a trend that came to an abrupt halt. The assumption that trends continue is least applicable to social and political trends. They behave differently. With these trends, instead of continuing on a straight line, maybe a little slower or a little faster but in the same direction, often they suddenly reverse and go the other direction, and then reverse again. If you take, for example, sexual morality, the sexual morality of the United States was very rigid and tight in the 1950s; in the 1960s, it did not gradually change, it swung quite remarkably in the opposite direction; and now in the 1990s, there are signs of it beginning to swing back again. So you have a different pattern.

There are different laws of motion for different kinds of trends. The phenomenon is recognized in ordinary language by people referring to the pendulum metaphor – people say, "the pendulum has swung in this direction, and now it has begun to swing back again." My empirical research shows that this is not a valid metaphor. You never go back. The pendulum never swings back. You go to a different place. This is important to see because you can misinterpret that if you see it in terms of a static movement in one direction or the other. These discontinuities are recognized in social theory by the Hegelian concept of the dialectic process. Hegel saw this as a move, and then a swing in the opposite direction to antithesis, and then synthesis and integration of elements of both. I am uncomfortable with this Hegelian notion because,

once again, empirically it seems to imply that the synthesis that is achieved is a synthesis of the positive elements of both, and that often is not the case at all.

In my own forty years of empirical experience in monitoring trends, I have encapsulated the principle of the law of motion in the phrase "lurch and learn." That is not very scientific sounding, but I think it is more descriptive of what happens. Society *lurches*, mindlessly, in some opposite direction – often in the way you see an adolescents grow. There is a sudden lurch, then after the lurch the learning takes place. It is a very dangerous form of adaptation because you leap before you look, and then you learn.

I remember in my studies of the student rebellion and the changes in social values in the sixties and seventies that that was a very apt description for many types of values. In the sixties, young people lurched away from the prevailing notion of duty to the search for pleasure. There was this valuing of hedonism for a number of years. But gradually young people found that the search for sensation – exploration of drugs and other forms of pleasure – brought the very opposite result of what was anticipated. Instead of happiness, it brought isolation and meaninglessness. So with that learning people move to a new place.

Similarly, there was a lurch away from work to leisure. The reaction of young people to their father's nose-to-the-grindstone way of life was to see in leisure the possibilities of genuine self-fulfillment. After that lurch they gradually found that the kind of self-fulfillment they were seeking often could be fulfilled better through a certain kind of work than through leisure. So we were able to see, in an almost laboratory sort of way, the way this pattern worked.

Now if you look at today's social change through the paradigm of trends and projections moving in only one direction, you get a very gloomy picture of things getting progressively worse. But if you look at it from the point of view of this lurching and learning paradigm, and you ask where we are in the cycle, my sense of it is that we are now at the bottom of the cycle. As a society, we lurched but we have not yet learned.

What I want to talk about are some of the changes that are taking place as people learn and what they get from it. I think the major respect in which my interpretive framework was forced to broaden is in giving more weight to the dynamics of how societies and communities and institutions evolve – how they learn, how they adapt to change, how they grow stronger and more dynamic, or weaker, stagnate and decline – and, most importantly, what role leadership plays, or can play, in choosing between a path of

flexibility, renewal, strength, and vitality, on the one hand, and a path of reaction, decay, rigidity, and decline, on the other.

My studies suggest that the American public is in a moment of history where the public is more flexible and open to new possibilities than in many years, presenting opportunities for leadership of a certain kind. This is the thesis, the theme, that I would like to elaborate most in this discussion.

I have to say a few words about what I mean about leadership. There are many different kinds of leadership. There is visionary leadership, where the leader presents an inspiring picture of what life would be like if certain negative trends could be reversed. Martin Luther King's "I Have a Dream" is the example that is given of this kind of leadership. Jean Monnet's dream of a united Europe after two world wars is another example. These visionary leaders may lack a specific strategy and timing, but they present a picture that inspires people. There is an inspirational and charismatic form of leadership, symbolized by wartime leaders such as Winston Churchill and Charles de Gaulle. I encounter daily leadership in organizational settings where leaders turn a situation around in an institution by improving its organizational efficiency and effectiveness, cutting costs and bloated overhead, rewarding good performance, raising standards of quality, and so forth. We are probably most familiar with political leadership, where political leaders make the deals needed to satisfy the various powers and interests in order to reach a common objective. In the United States at the moment, the two leading contenders for president – Bill Clinton and Bob Dole – are both leaders of that kind; that is their style.

But there is another kind of leadership that I would like to focus on. I do not have a good word for it. I am going to call it "moral-strategic leadership." It is *moral* in the sense that it conveys moral authority. The notion of moral authority is something that average people have a very good sense of. The way they express it is when they feel that something is the right thing to do and also makes sense practically. So, moral authority comes from taking actions that are morally right but also sensible practically. Social Security would be a good example. Also, when the welfare safety net was instituted – the idea of giving people a helping hand for a period of time when they needed it was the right thing to do, and it also seemed like a very practical thing to do. The leadership is *strategic* in the sense of being an effective way to achieve a societal goal. And, above all, the timing is right. The issue of timing becomes critical.

The opportunities for this kind of moral-strategic leadership always arise out of a particular historic situation that could start with the phrase "the time was ripe..." You could say, "the time was ripe to end apartheid in South Africa." "The time was ripe to make peace in the Middle East." "The time was right in Lincoln's era to end slavery in America." "At the eve of World War II, the time was ripe to come

to Britain's aid." "Some years ago, the time was ripe to end drunk driving in the Scandinavian countries." "The time was ripe to end corruption and mafia influence in Italian politics." "The time was ripe to introduce women into the Catholic priesthood."

The phrase "the time is ripe..." does not mean that it will happen, or that it will happen right away. But it means that with the right kind of leadership it can now happen where it could not have in an earlier period because the time was not ripe, the conditions were not present. This points to a certain kind of historic, societal analysis in order to understand the way the society is evolving. In these and other instances, for it to happen the leader has to be ahead of the public, but not very far ahead. The leader has to bring resources to bear. When Franklin Roosevelt came to Britain's aid, it was in the form of fifty old destroyers that we could send to Britain – otherwise it would just have been rhetoric. When the Scandinavian countries decided to end drunk driving, the designated driver technique was something they could bring to bear. So there was a resource in addition to a sense of timing that could make it practical and strategic to do.

So the opportunities for moral-strategic leadership arise out of a sense of timing in a particular historic situation. You have to have your fingers on the pulse of how our society is evolving. You have to know what is happening historically in your community or country or company. And it is out of the analysis of what is happening historically that it becomes possible to define specific opportunities for moral-strategic leadership.

What is happening historically in the United States, that we are living through, that may create this opportunity – where the timing is ripe for changes and attacks on problems that were not possible before... I think what is happening is that we are living through the end of three historic eras simultaneously. This is part of what is creating a lot of confusion. I think of them as a 30-year ending, a 65-year ending, and a 350-year ending. Let me just say a few words about the first two and not get into the third because it makes it too complicated.

The thirty-year ending is that of a sudden reversal of trends in social morality that have been moving in only one direction for the past thirty years toward unrestrained individualism, and have now abruptly shifted direction. I should elaborate this trend, because you cannot understand politics in the United States, or the societal dynamics without understanding this change.

There is a useful theory that some social scientists hold, which is that all societies swing back and forth between two polar extremes. One extreme is toward individual freedom and choice and the other pole is toward a tighter social morality, closer bonds, more cohesiveness, and less individual choice.

There are two major factors that determine when the society will swing toward one pole or the other. One is economic. In periods of affluence, societies move toward the more permissive and more-choice-for-the-individual pole. When the economics are more difficult and the economic expectations are lower, they tend to swing toward the tighter social morality.

The other factor that influences the direction of trends is how far the society has moved toward one pole or the other, because there almost seems to be an adaptive response – if you get too close to the extreme, a reaction sets in and you lurch back in the other direction. In our society at the moment, both apply. During the sixties, seventies, and eighties, our society moved toward greater individual choice, a loosening of sexual morality, and fewer demands for a sacrifice for the family or for others. We probably have moved very close to the extreme of that pole of unrestrained individualism and choice. The evolution has been from a questioning of unnecessary sacrifice by young people in the sixties and seventies to the questioning of the need for any sacrifice at all. It is that kind of movement toward an extreme that has caused this society to begin to react against it and to move in the opposite direction. Also, from an economic point of view, a psychology of affluence that has dominated the country for the past few decades has now given way to a period of economic fears and insecurities. So you have both factors that have intervened.

I think the result has been the beginning of a reaction against what has proven to be a very dysfunctional social morality that dominated the country. Dysfunctional in several respects. One is that it posed a threat to the core values that hold our society together. There may be a dozen or so core values that add the *unum* in our slogan *E pluribus unum* – "unity in the midst of diversity." This eroding social morality seemed to be attacking a number of these core values, such as neighborliness, sense of community, fairness, equality of opportunity, access to quality education as the road to opportunity, and, above all, individual responsibility. I think we are beginning to see the reaction of the public in those survey data that I reported to you a little bit earlier.

Our society in the United States has been unique in placing the value of individualism as our number one value. Most societies do not do that. Most societies place the welfare of the group ahead of the individual. That value – that priority to individualism – has worked for us in the past for a particular reason. It has worked for us because we were able to take for granted that it was accompanied by an ethic of individual responsibility. As long as the two were together things were okay. But if you have individualism as your number one value, then you no longer have a sense of individual responsibility. That is a formula for social disaster. It is *that* that has represented the dysfunctionality of this social morality that people are now beginning to revolt against.

A second reason that this social morality is dysfunctional is that it poses the threat of what sociologists call anomie – normlessness. If you have a climate of total relativism and extreme individualism, where money is all-important in a kind of social Darwinian war of all against all, you undermine the norms that hold societies together. Thomas Hobbes described life as "nasty, short, and brutish." Today, you could paraphrase that as "nasty, long, and brutish." That eroding social morality is very dangerous.

It is also dysfunctional in that it is out of sync with the economy. A social morality that emphasizes individual choice and entitlements above all becomes unaffordable in a society where things are much tighter.

So that is one ending – we have reached the end of that roughly thirty-year period. That does not mean that thirty years is the cycle; historically, the cycle might be much shorter or much longer. In the 1920s, it was ended very abruptly by the stock market crash and then the Depression. But every society will show a different pattern.

I believe that that social science theory of moving, adapting and adjusting between those two poles is a valid one. And I believe that what we are living through in the United States now is one of those historic reversals. There is very good evidence for it.

There is another ending which we are also living through. I think of it as a 65-year ending. It is equally important and it is related. It is the exhaustion of a political philosophy that has endured for about 65 years, since the 1930s, the heart of which is a reliance on the central government for solving society's social and welfare problems. One might call this the ending of governmentalism. According to this doctrine, government is assumed to be the natural and automatic resource for representing and implementing the common interest. For 65 years or so, this doctrine enjoyed moral authority. It seemed the right thing for the government to do these things, and it seemed to make sense to do them. Even though this is the position that is exemplified by the left wing of the Democratic party, the hegemony of this political philosophy was the dominant factor in the administrations of Eisenhower and Nixon – conservative, moderate Republicans. We lurched from the twenties into the thirties to this doctrine and the learning has been taking place ever since. The form that this learning has taken are the principles that are central issues of our current political struggle in the United States. This learning has undermined the moral authority of this reliance on central government.

One form of learning is what I think of as the Swedish fallacy, because it was exemplified so perfectly in Sweden. It is the assumption in social policy that the economy is indestructible. You can do

whatever you want in the way of social policy and you cannot destroy the economy. This point of view dominated in England, France, the United States, Germany. Then Sweden discovered, as the other countries have discovered, that it is not true – the economy is not indestructible and therefore that calls into question everything, the whole social welfare state.

A second learning is the bitter lesson that the government does not always represent the common interest, but the most powerful special interests. The liberal Democratic position has been represented by a doctrine known as special interest liberalism, which is a doctrine that says that if everybody's interests are represented in an official way, the sum of the special interests will represent the general interest, and the play of that is the way to run a democracy. Well, part of the learning is that it does not work that way. The sum of the special interests, even though they may include not only big business but the environmental, consumer, and civil rights groups, along with old people and young people – somehow that special interest notion does not work, and government therefore does not represent the general interest.

Another learning is that leaders in government often fail to be pro-active and to make adjustments when social and cultural conditions change. I mentioned before the long-held policy in the United States of the welfare state – the idea of providing a safety net for people who need a temporary helping hand. This social policy was put in place in a cultural era when illegitimacy was taboo, when the family was strong, when people felt a sense of shame about being on welfare and got off of it as quickly as possible. But when the culture changes and illegitimacy is acceptable and there is no stigma attached to welfare, not to look at the policies, not to examine them, means that dysfunctional social policies are going to go on without adjustments made for change.

Another form of learning is that strange things happen when the government steps in. One of them is the point made by professor Elshtain, that somehow people's needs become converted into sacred rights and those rights become unrestricted entitlements on a restricted budget – a situation that simply cannot go on. You cannot have those claims.

In the United States, all of those fallacies – mistakes – are associated with the liberal wing of the Democratic party, which is why it has been so embattled in recent years. Some of you may recall that last week, when the President gave his State of the Union address, he used the phrase "the era of big government is over." Even the representative of that position is taking that point of view.

What we see in our studies is some evidence over a ten-year period of those changes being reflected in people's attitudes and values. There has been a major shift in the role that people feel

government should play in their lives over the past ten years, with a greater role for individuals. There has been a shift away from a belief in pluralism supporting differences among people toward a hunger for more shared rules, values, and culture. There has been a shift away from self-centered family toward a child-centered family, and a shift away from more liberal sexual mores to more moderate and conservative sexual mores.

I just want to mention in passing (and if we have a discussion and somebody wants to talk about it), the most fundamental change is the change that has been taking place in what is known as postmodernity, a period of 350 years of domination by a particular valuing of an ideology of science and a certain conception of scientific truth as being the only valid way of knowing and understanding toward a more broadened conception.

But I will skip that to conclude finally with two examples of opportunities for this kind of moral-strategic leadership that arise out of an analysis of these endings. One is the threat to the family. The public is full of fears about the family. There are the dangers of failing to socialize children properly, which is one of the fundamental tasks of society. There is the danger of the family ceasing to be a refuge. People find the world very difficult, but the family has been a refuge traditionally from the difficulties of the world. Massive loneliness and unhappiness and social instability – all of these terrible consequences – are seen as coming from the family moving into this uncharted territory of expressive individualism.

Now the possibilities are very considerable. There is so much instability on this front that one possibility is of a punitive backlash. You could have a very negative response to this kind of crisis, as it were, in the family. Quite specifically, you can see how that could happen very easily. Everyone agrees in the United States that welfare reform is necessary, both the Left and Right. But if you analyze welfare, it becomes clear that a proper reform of welfare would cost more money rather than less money, that the desire for welfare reform coincides with a desire in the Congress for balancing the budget and reducing costs. So welfare reform has been conceived as something that would cost less money. It will obviously make a bad situation even worse. So you have those kinds of possibilities.

I think that what we will see in the next decade will be some more constructive possibilities. (I mean, some might regard them as constructive, others might not, because they do tend in the conservative direction.) The medical profession has its Hippocratic Oath which states "above all, do no harm" as the slogan that doctors should follow – "At least do not make things worse." Maybe you cannot cure somebody, but at least do not make them sicker. Well, that principle applied to government is a very, very salutary one.

I think we will see increasing efforts to get the government out of the business of undermining the family in a variety of ways – by depriving the male partner of his economic function, interfering with various forms of family discipline, and the like. I think we will see a reassertion of a culture of taboo on unwed teenage mothers having babies on the grounds that it is morally irresponsible. When I was growing up, even married couples hesitated to have children until they felt that they could provide for them and take care of them in some responsible way. To bring a kid into this world for narcissistic reasons, when you are hardly more than a child yourself – it is hard to think of anything more irresponsible for the child and the society as a whole. So that is the direction toward which the moral values and the leadership will tend.

For employers, foundations, and schools, I think we will see an effort to provide better child-care facilities, an opportunity for part-time work at home for mothers and fathers, an adjustment in school hours, an educational system that is more responsive to parental involvement and community involvement, and the like. Within communities, I think we will see the development of new institutions to care for babies and young mothers and fathers.

One final example of an opportunity for moral-strategic leadership that arises out of this understanding of the trends in the country is helping the public to develop more realism about the consequences of an aging population. The main challenge for leadership is how to deal with the public's massive denial and lack of realism. I am sure this is something that all of you confront in one or another form – a form of denial and a lack of understanding of problems. In the United States, there is the unrealistic view that the only thing wrong with the health care system is waste, fraud, and abuse, and that if you could get rid of that everyone could have all the health care they want. In the Social Security system there is the view that, "well, we are only getting what we paid for." But if you look at the numbers, it is not true; people are not getting what they paid for. The average older person is getting something like \$350,000 in benefits between Social Security and Medicare that they have not paid for, which presents a burden for the next generation and a drain for the society as a whole. People have the view that "we are entitled, we have a right."

So you have lots of contradictions, lots of denial, and if you look at it from a leadership point of view, some forms of denial are very resistant to leadership. You have a situation in Canada, for example, between English-speaking and French-speaking factions, which is so deep, so fundamental, that it is hard to conceive of normal leadership being capable of dealing with that issue. All over the world you find conflicts and forms of denial that have that emotional and ideological component.

If that was the kind of denial that I saw in the country right now, my pessimism would continue. But the reason I am less pessimistic is that the form of denial that prevails in the United States on the issues I have been talking about is a more benign, manageable, and responsive form of denial – one I call cognitive denial, to distinguish it from emotional and ideological forms. It is the form I encounter most frequently in my work on public opinion. It comes from a number of sources. It comes simply from a failure to make a connection. People do not make the connection between low savings and economic growth. Economists make those connections, but people do not make those connections. Factual misunderstandings – the real conviction that you are only getting what you paid for – is another source. Unresolved contradictions – people endorse both the notion of entitlement and the notion that people should not get something for nothing – is another source. They have not confronted their own contradictions. And wishful thinking – "If we could only get rid of waste, fraud, and abuse, we could have anything we want." And, above all, people's denial that is associated with the fact that they need time to accept new and unpleasant forms of reality. It was only until very recently that people could expect a raise every year. That is no longer the case. It takes time to adapt and adjust your expectations downward. We see people doing that, and doing it very constructively.

So the forms of leadership, if they are cognitive, are fairly straight-forward. They have to do with, first of all, finding out if it is cognitive denial, whether it is factual misinformation, a missing connection, or wishful thinking. Each category requires a different approach, but each is relatively easy to fix once you know the problem. The parents of school-children say typically, "my kid is getting just as good an education as I got" without realizing that is not good enough, that the demands of the global economy call for them to get a much better education. Once you understand what the missing connection is – the misinformation, the contradiction – very few leaders have that understanding because of this disconnect. This is a form of bringing the public up to speed, engaging the people in dialogue if possible, giving people time.

I think the point that I would make is that, to the extent that some of these problems reflect the unwillingness up to now of Americans to confront some of these unpleasant realities, there is an opening now – an opportunity – for the kind of leadership that can do that.

Let me summarize simply by saying that this analysis sounds more complex than it is. I would sum it up this way: There are powerful adaptive forces at work in any society. People want to take some control over their own fate. Unfortunately, most of the time adaptive change is very difficult because most people do not understand the forces that are affecting their lives, and leaders do not have the will and the means to exercise control and give them that understanding. At certain historic moments opportunities for adaptive change appear in a society. These are most likely at the end and at the beginning of historic eras.

It is at moments such as this that what I called moral-strategic leadership can work wonders. It can do so by deploying three techniques: first, exquisite timing, above all – just being a baby step ahead of the public, but in a direction that you want to lead the public; second, engagement through dialogue appropriate to a particular model of how the deliberative process in dialogue works; and, above all, a generous allocation of time to counter denial and to mobilize the will and the means.

So where I have come around is not to feeling that these problems are any less serious, but to feeling that there are countervailing opportunities. It does not mean that those opportunities are going to be realized. But there are now, I think, positive opportunities that were just not visible a few years ago – at least to me – that are becoming increasingly visible.

I apologize for that very long analysis. But it might give you something to react to. Thank you.

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*Hal Saunders: Since not everybody is back, I will take advantage of that for the luxury of extending your remarks on the 350-year perspective that you deliberately set aside, because I think there is some relevance to this group. Neatly coinciding with your 350-year perspective, of course, is the broadening beyond the concept of the nation-state which was created at just about the same time. The meaning for this group is that as we begin to think not just of what governments do to each other but of bodies politic and civil societies interacting across boundaries, that means that the focus on the human relationships, the political processes of relationships that flow from that, which is what this group is involved in, but it also requires the decline of the focus on the scientific framework because these relationships are not objectively defined, they are not linear in their logic or in their actions. They are fluid and interactive on many levels at the same time. So one of the things that suggests that this group has come into being at one of those historic moments is the fact that they have this opportunity to build a new kind of politics across what we use to refer to as state boundaries.*

I think that it stands to reason that the 350-year change would be the most fundamental, the one we are least aware of, and one that unfolds over a long time. But I think that one unmistakable characteristic of it is the breakdown of boundaries. It is almost one of the defining characteristics of the

350-year way of conceiving the world, conceiving it in terms of boundaries, specializations... And, of course, the fact that it lasted for 350 years shows how much power it has. It does have power. The impetus for it was to get a little more control over nature and to master a certain kind of knowledge. But it has played itself out. It has exhausted itself. One of the ways in which it has exhausted itself is by saddling us with all these artificial boundaries, whether it is boundaries between departments of a university or boundaries between nations.

I was involved with the Canadian government in an effort by the government to understand what is going on in Canada to deal with that. They came to the conclusion that the single biggest problem they had were boundaries, that the boundaries of the government's definitions of problems had no relationship with the way in which the problems actually grow. And there was no way of dealing with that. They could coordinate for a hundred years and still not be responsive, unless they destroyed the boundaries.

I think that those are one set of boundaries – artificial boundaries – that are part of that 350-year legacy of thought. It is so difficult... It is like a fish being aware of the water it swims in – we are so immersed in it that we cannot help but think of it as being the objective truth. But it does not really correspond to the reality.

So I think that is absolutely right. That is one of the artificial boundaries that is causing lots of problems and lots of headaches. I think one of the opportunities of our era is that it is time we looked at some of those boundaries and not just take them as a given.

*Hal Saunders: Just a technical question, what phrase did you use when you described the ending of that 350-year cycle.*

Well, my shorthand term for it is "scientism," as distinct from science. Most scientists do not buy into the ideology of science. Science is not the same as scientism. It is worth taking a minute...

One philosopher has described Thomas Kuhn's book *The Structure of Scientific Revolutions* as probably the most influential book of the 20th century. It is an amazing claim. Kuhn started to write this book when he was a graduate student at MIT. The concept was very simple – it was a sort of emperor-has-no-clothes concept. He kept reading about the way science is done, and he kept seeing it, and he saw no relationship between what he was reading and what he was actually seeing in the way that science was actually done. He is the one who has foisted upon us the word *paradigm*. As he dug into it, he came to the

discovery that you could distinguish very sharply between the actual work of science and the paradigm of how science is supposed to work, which is what we are saddled with.

The attack on 19th century positivism was given the term "scientism." It distinguishes between science and this false ideology of science. So, I have used that term. I think that other terms that other people use are "postmodern," "post-industrial." But they do not really say that much, and they have a lot of baggage that goes with them. So there is no one useful term. But it seems to me that the 350-year era started with science, and a particular interpretation of science. So I find that word "scientism" to be a useful shorthand for the subject.

*Paul Salem: You started off your analysis by looking at the economics of the situation – the global economy, the global labor force, and the effect they have on the "quintiles" that you talked about. In the reversal of trends, you talked about moral trends, social trends, psychological trends, and things of that nature. But what about the global economic trends, like, for instance, the fact that the U.S. might be influenced by decades of economic decline – the economic pie is getting smaller. In other times and in other countries that usually means that the poor get brushed off to the side, the rich band together to protect what they have, and the poor get left aside. That seems to be what is happening in this case. In your quasi-optimistic view, what can be the New Deal in America, given that the pie is getting smaller and might continue to get smaller, or at least not expand?*

There are a number of possibilities, some of them very negative. At some point an economic problem becomes a political problem. The way the politics are dealt with could be very destructive. Among the possibilities, one is people accepting lowered expectations. We see this happening already. There is a sense that materialism and consumerism should not be, need not be, the end all of existence, that a return to the family and other non-material goals, more concern with a life of the spirit, with children, those intangibles, and living with less... That is one of those expectations that takes time and has a lot of pain associated with it. But it is happening, and it is happening in a way in the United States that is not negativistic.

The British psychology is such that the enemy-factor is so great that people will actually take less if they think it is a way of depriving the wealthy of more. That is not the expectation we have. The American attitude is, "Who knows?" "Maybe one day..." [Laughter] So it is a little bit easier going and accepting. So I do not see this kind of angry egalitarianism.

Another possibility is that, from the point of view of social policy... I think you are going to have a continuing disparity. But there will be a growing concern particularly for that bottom quintile. They cannot help but be. If you were able to get rid of middle-class entitlements – which is the major force driving the budget deficit, the monster that is consuming the savings of the United States – you could actually free resources for a social policy of paying more attention to that quintile.

I do not think that the economic trend is necessarily downward. The United States has done a rather good job in the last ten or fifteen years of getting rid of a lot of its economic complacency and being more competitive, in taking advantage of the world market. One of the positive things about the new technologies is that they do not consume resources. If you take the old technology that burned up forests and stripped land for energy and you compare that with electronics, it does not consume resources in that same voracious way. So it is a change in the model of the limits to growth that was based on the assumption that growth involves the consumption of resources. I think that the United States is in a pretty good position to take advantage, to grow again, to become more productive. It is beginning to do so.

Then the question becomes, if it is able to create the wealth, is there some way other than redistribution through taxation of going to a more equitable society? There is if some of that wealth is used for training. The United States spends vast billions of dollars on training, but it is mostly training of the haves – it is mostly executive training, it is not the kind of training that would help the people on that second track. One of the most successful institutions in the United States are community colleges which are concerned with those people and that issue.

So you could see continued growth, you could see resources brought to bear that would use the fruits of that growth in a somewhat different way – not in social policy but in economic policy. I think you will certainly see some effort not to give incentives to American industry to export jobs, particularly low-paying jobs. There will be a rethinking of that. In that sense, it has repercussions for other countries. But looking at it from a solely domestic point of view, I think that global economic forces will continue to move in the direction in which they are moving.

One of the positive features of the world market is a world middle class. It is a remarkable phenomenon. This world middle class has more in common with each other than they do with people in their own country (which is part of Hal's point that you are going across boundaries). This creation of a world middle class presents opportunities for everybody.

So the forces that make the global economy have only begun to make themselves visible. We in the United States have not yet understood those forces. Our policies are not based on them. There again, it is a matter of the time factor. We have not learned. People use the phrase "global economy," and they see some of the features of it, but almost no one has thought through the consequences – and gone beyond that and thought through what this means for leadership.

So if I were developing another example of how this analysis could create opportunities for moral-strategic leadership, that would be a very good one – to say that we are at the early stage of a global economy, the country has not taken it into account, the economic and political policies do not take them into account, therefore it is having unintended consequences that are very destructive. But if you were to take them into account, what could you do to mitigate its consequences and take advantage of them?

I am answering your question from the top of my head, but if you gave it some thought I think you could come up with dozens of changes at all levels that would be responsive to it.

*Dora Scacciati: When you talk about moral-strategic leadership, who would be the leaders? I would like to learn more about it. What are the characteristics of moral-strategic leadership. Are you talking about political parties or institutions? If you are talking about individuals, what are their characteristics?*

One striking point which I did not mention but which I think is all-important... John Gardner, who has written a lot about leadership talks about dispersed leaders. His rough approximation is that one percent of the people in the country hold leadership positions. That is a couple of million people. So you are not talking about political leadership. You are talking about community leaders. You are talking about leaders of organizations. You are talking about leaders of gangs. Almost anyone in the society. I think that dispersed leadership, especially if you move away from the idea, if I am writing about governmentalism, the end of that era is... It seems to me that the lessons of what happens in government in the United States are lessons that are pretty universal. The mistakes that government makes, or the political doctrine that the government represents the common interest is a very difficult doctrine to justify. Every society that you look at shows you another pattern of corruption. The patterns vary, but there is hardly a government anywhere in the world that does not have these distortions, that truly represents the common interest. I think there is only one lesson to be learned from that, which is that government cannot be the one and only source of leadership in society. So as you build a civic society, you build a society in which you do not deliberately weaken the government, but you strengthen the other pluralistic aspects of the society. If

you were to strengthen all of the leaders in all of these communities, organizations, professions across the board, it may be that the government leadership would then fall into the right perspective. It is when you use central government to make up for the weaknesses of the other kinds of... Part of what the United States is struggling with is the present conservative doctrine of devolution – "devolution" being the phrase to pass power from the central government to the state and local governments. At the present moment, devolution is used as a fancy phrase to avoid the responsibility for the problems that the central government cannot solve. So it is a cop-out.

But the notion that we need to strengthen leadership at every level... And, of course, the closer leaders are to the problem the more opportunity there is to go about creating a civil society with civil leaders who exercise this particular kind of leadership. Moral-strategic leadership, I think, lends itself to leadership in almost any context that I can think of, whether it is individual companies, or whether it is in other civic organizations, or whether it is within local communities – cities, states, regions, multinational entities, and the like.

*Eric Apelgren: The concept you raised of shifting from pluralism to more narrow minority interests is a worldwide trend, not just in the United States. In South Africa, in the province I live in, there is a serious battle that has led to a lot of loss of life of wanting more power from the center. The challenge to me, and to all of us in civil societies, is whether to fight against that trend. Is it so big and powerful that we are going to have to run with it? Or do we try to influence it so there is no loss of life? What I am trying to say is, can we make it a positive thing? Is it only a negative thing? – some people say it is.*

It is such a good question, and it is such a powerful force in today's world. It makes you realize how powerful tribalism is in human history because this is a reversion to tribalism and fragmentation. I think that tribalism can be regarded in today's world as almost uniformly bad. You have fierce arguments. For example, my point of view is a very simple one. The diversity of American life works for only one reason, because of the small number of shared values. The stronger that unity is, the more diversity you can tolerate. If the central values are weak, you cannot tolerate much diversity at all. So that is where the balance comes. And it gets down to very concrete things. For example, it seems to me that the effort for every group to insist on having their own language (the teaching of Spanish as a first language, for example) is the first step on the slippery road to the French-Canadian disaster. I think you have to have a

concrete, empirical feeling of what these core values are, how you strengthen them, and what weakens them.

The irony in the United States is that people are using individualism and freedom as a basis for policies that will destroy you. They are taking refuge in those core values in order to suggest policies that are going to undermine you. It is a difficult call because people say they have a right to their own culture.

Now, my point of view is not one that is from theory, it is really from observing how these shared values form what it means to be American. And I think that is a formula that can be applied to any group. You have some shared sense of values and the stronger they are the more diversity you can tolerate. Policies that weaken those shared values are policies that should be opposed, on that ground – they weaken those core values and therefore they really are destructive of the cohesion of the society.

I do not know whether that is fully responsive to your concern. Maybe you want to stay with it for another minute or two because it is such an important issue. Does that make sense to you?

*Eric Apelgren: It does. I think this whole question of tribalism is actually building a new Berlin Wall, literally, between people. But one thing I would like to suggest is that your first point about the economy. I think that the weaker the economic base of the entire country, the greater the potential for minority groups to cling to things that would hopefully give them a sense of security and enable them to get their share of the little bit that is left of the economy.*

I think that you are absolutely right. It is not an accident that a lot of the tribalism is to be found in the groups that are the most deprived of the goods and services of the larger society.

But it comes back to these fundamental values, the core values, because the way it works in the United States is very simple. One of the core values is equality of opportunity – not equality of results, equality of opportunity. The theory is that the equality of opportunity is achieved by individual self-help through education. Now if you have a system where it is basically a meritocracy, where people are told "you have to make the effort, but if you make the effort we will provide you with the education and the training and the opportunity, and the opportunity is there." If that happens,

people regard the system as fair even if it results in vast disparities of wealth. In fact, they might insist upon it because that is the economic system they believe in.

So then the question in another society would be: What economic system would people regard as fair? It will not be the same from one society to another. But a conception of fairness that dominates the economic system is indispensable. And I think that one of the things that worked in the United States was a privileged class that did not try to hold on to everything, and was enlightened enough to open up opportunity to immigrants, and who developed a system of values and an economic system that is not perfect but has worked for us.

Now we are up against a new challenge. I think that our problem of correcting a lopsided economy that is wealthy is an easier problem than correcting a lopsided economy that is poor because creating the wealth is more difficult than finding better, fairer ways to deal with it once you have it. So it seems to me that we do have an advantage over a lot of other societies. But even when there is a lot less, if it is regarded as fair and if it is regarded as not destructive of other values people hold dear, I think that through policy and through awareness that you can prevent the tribalism. And the tribalism is to be prevented at all costs.

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