

NOTES FROM LEE HUEBNER ELABORATING SOME OF THE CONCEPTS
INVOLVED IN REVENUE SHARING AND GETTING GOVERNMENT CLOSER
TO THE PEOPLE.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

January 6, 1971

MEMORANDUM FOR:

RAY PRICE

FROM:

LEE HUEBNER

~~The Waldman memo is a workmanlike breakdown of important principles, but I think a more expansive and more colorful philosophical discussion would be more compelling both for internal and external audiences.~~

~~I'm not sure that Section B, "Public Sector Management," should be treated along with the Federalism question. It's a different matter entirely. "The Private versus the Public Sector" is a more closely related problem, however, and might be a more appropriate addition.~~

As for the Federalism question itself, I am setting out here a few ideas which are lifted from a much longer set of remarks I made on this subject last spring to a Conference of Public Executives in Wisconsin. The remarks were prepared rather hastily and delivered very informally -- but for the sake of efficiency I'll give them to you in this same raw form.

The main points are as follows:

1. Redistributing power is not a way of preventing action but a way of promoting it. (We are not seeking merely to disperse power -- in an age when the impotence of institutions already plagues us on every hand. What we are really trying to do -- even when we decentralize -- is to reconcentrate power, to refocus it, at those places where it can do the most good.)

2. Lower levels of government can meet many problems more effectively than higher levels. Decisions are more rational, competition between units is healthy, experimentalism can be fostered, and diversity breeds stability.

3. The New Federalism does not necessarily mean decentralization; it means locating power ~~at the place it can be used~~ most responsibly and most responsively, with the greatest precision and with the greatest impact.

4. The further point is made that local government can enhance the individual's sense of personal impact -- it can accommodate the proliferating demands for meaningful social roles.

One point that's not made in the text but that is often quite persuasive is the idea that ours is about the only "federal system" in the world that does NOT have some revenue sharing plan.

Attachment

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... The New Federalism is a concept which has had many fathers and many names. Some simply call it the "Redistribution of Power." Otherwise the term "devolution of power" ~~of~~ the decentralization of power, ~~terms which imply (too firmly in my mind) that the flow must~~ inevitably be downward from the Federal government to States and localities and to private institutions. Organization and management theorist Peter Drucker calls it "reprivatization" -- implying that the flow will always be outward from all units of government to private institutions which will, at the government's request, assume tasks the public sector has been trying to handle. The President's most familiar label for this impulse is the "New Federalism." It's a good phrase I think because it recognizes that there is more involved here than merely the scattering of power -- there has to be a new, constructive and cooperative relationship among various centers of influence.

Whatever the phrase which is used to describe it, the question of redistributing power will be central in the '70s and the reason it will be central is because the old alignments of power simply have not worked.

Now let me quickly acknowledge that this matter of redistributing power -- restructuring the Federal relationship -- is not a new concern in American life. It's been an issue for Americans for more than 300 years -- since our colonial beginnings. And while we are talking about

Those who talk of the "New Federalism" today tell us that we must create many more effective centers of power than we have at the present time. But note that, for today's New Federalist, these centers must not only be many to protect us from intolerance and tyranny, they must also be powerful -- in their own right -- to protect us from anarchy and drift.

Let's say I have a huge tank of water and it represents the power of the Federal government. I want to water my garden. Well, if I tip over the tank and dump out all the water at once -- I will probably drown many of the plants -- and even at best I won't do very much good. On the other hand, I could scatter the water evenly in single droplets all over the yard and that wouldn't help a lot either. That would really be dispersing power just for the sake of dispersing it. But if I take that water and pour it into various pails -- a big bucket to water the tree and a smaller pail to water a bush and a small cup to water a flower -- then I'm neither accumulating the water nor scattering it -- in fact, my redistribution of power is actually a way of concentrating it -- but at places where it can be effective, in amounts which are appropriate and for purposes which are discreet and identifiable.

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There are several reasons why -- in a large and complex society -- decisive government is more likely to exist at levels which are closer to the people. The first argument I would make is that, by and large, smaller units of government will make more rational policy decisions than larger ones. A rational decision can be defined as one in which the benefits outweigh the costs. But one cannot weigh the costs of a decision against its benefits unless he can measure all the results of the action with a great deal of sensitivity and precision.

~~Those who live day in and day out with the consequences of an action~~ are usually in the best position to make that measurement. ~~As the~~ economists put it, there is a greater "coincidence" in the distribution of costs and benefits at the local level. Moreover, those who look on from the outside, even if they have a clear view of the facts, are likely to evaluate them according to their own notions of what is desirable and undesirable, forgetting that those who are directly affected by such decisions may have very different standards of value.

Secondly, strong States and localities foster more competition between governmental units. Diversity -- in and of itself -- gives citizens a wide opportunity for choice. A family or a business can move out of State or city if they do not like the way it is governed. And even if they do not pick up and move, the mere fact that they can simply look over the border to another jurisdiction and compare the

the performance of their own government with comparable units elsewhere helps bring added pressure for reform.

Third, experimentalism is encouraged by a diversity of governing units. New ideas can be tried out on the local or State level more easily and less expensively than on the national level. If a new approach worked in one area, it can then be extended to others. If it fails, less has been lost. The cities of the East and Midwest, the States of the West and South, were known as "laboratories" for modern government during the Progressive Era just after the turn of the twentieth century.

For here new ideas could be tested and retested, the results could be assessed, the failures repaired, the successes proven and publicized.

Finally, stronger States and localities will also tend to provide greater stability in government. The genius of the American Federal system has been its ability to hold together widely diversified regions and cultures and peoples with a minimum of friction and conflict. In a very heterogeneous society, this has been possible over two centuries only because decision-making at the State and local level has allowed a variety of values to flourish, protecting legitimate minority and regional interests. Our Federal system offers a variety of outlets for creative energies which would produce conflict and frustration if they all were focused too exclusively in the same national arena.

These are some of the reasons -- rather familiar ones, I am sure, that more decentralization might make government more effective. But let me enter an important reservation at this point. I use the phrase redistribution of power -- the term, the New Federalism -- precisely because they do not imply that the proper flow of power must always be from the top down and toward the bottom. To be sure, I think this will usually be the case in our time -- given musclebound nature of our present Federal establishment. -- But we should never get so wedded to any one GENERAL alignment of power that we forget to test that alignment by the results it produces. I would hope, in other words, that our very proper concern with localizing power would not become an end in itself -- so that we call for local power in every situation including those where it may be inappropriate. Nor can we let "reprivatization" become such a fetish that we forget about those situations in which more public power might be wise.

~~There are a number of areas where the Federal government ought to play a stronger role. The organization of health services might be one -- the provision of mass transportation could be another. Only Federal resources can provide the kind of crash research we need on major problems like drug addiction, teaching methods, and prison rehabilitation. But, to move again from the specific to the general, we can suggest that a strong central government can do at least two~~

things better than its local counterparts: 1) it can set goals and standards on those matters where nationwide uniformity is appropriate; and 2) it can raise money more efficiently than lower governmental units.

[Discussion of Revenue Sharing follows.]

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When all is said and done, then, the whole point of the New Federalism is this: that we come to see the various levels of government not as rivals for power -- but as partners for progress, each doing the things it can do best. Our ultimate goal must always be that of locating all power at that place -- public or private, Federal or local -- where it can be used most responsibly and most responsively, with the greatest precision and with the greatest impact.

I place great emphasis on this idea that the New Federalism must produce more decisive government -- that it must NOT be allowed to further the atrophy of social institutions. That process has already gone far enough! I subscribe to the New Federalism, in fact, precisely because it promises to cure this sad state of affairs. In my view, the New Federalism addresses, in a heartening and promising way. The condition which is at the root of our current distress: the growing sense that neither the individual nor the society is able any longer to master the tremendous problems of our complex times.

Emerson once said that things are in the saddle and they ride mankind. Those words seem to describe our present situation very well.

There is a feeling abroad the land that no individual can master his personal environment, that no institution can bring society under control, that no force can bring peace and order on the international scene.

Joseph Kraft's column (March, 1970) linked the postal strike to the same problem:

" 'We're the most powerful union in the country,' the head of of a Brooklyn branch of the letter carriers shrieked after his men voted to walk off the job. And that pathetic cry from the heart provides a sure clue as to what the postal strike is all about.

"At the core there are the same feelings that have inspired indignant protest from blacks, young people, commuters, stockholders, consumers and millions of other Americans. There is the sense of impotence -- of absolute helplessness in the fact of institutions made impervious to ordinary people by size, bureaucratic structure and mechanized routine."

As someone has said, the hero in modern literature is not the hero who does things, but the hero to whom things are done: he is not the man who makes things happen but the man to whom things happen. And it's really the same problem, whether the protestor is a black man who feels trampled, a lower-middle class laborer who feels forgotten, a rich white student who feels useless, or a suburban housewife who feels neglected.

Walter Lippmann wrote a book in 1914 called Drift and Mastery

and I think those two terms are appropriate in our day. Modern man still has the sense that he is drifting, that his institutions are drifting and that no one is able to reach out and restore a sense of mastery to life.

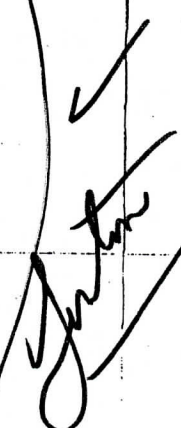
I really don't think that many people now fear government so much because it is tyrannical, because it interferes with their liberties. I think they resent it because it's ineffective. The average citizen gets up in the morning to find that the air grows more foul, prices rise, the war slogs on, crime increases, students riot, bombs explode, his car breaks down, the phones don't work, the mail doesn't come, and the more he pays in taxes, the worse these problems seem to get.

People are not saying to government "get off my back," so much as they are shouting "don't just stand there, do something!"

Now, unless we do something, this feeling could be terribly dangerous. For if we cannot meet it by redistributing power downward, then the public will try to meet it in some other way; probably by voting for someone who will concentrate power as it's never been concentrated before. They just aren't going to stand by and watch their country disintegrate. The New York commuters, like the Italians of the 1920s, simply want their trains to run on time. If the Rockefellers of the world cannot whip the Long Island Railroad into shape, then the

Mussolinis of the world will. If we are to avoid a reaction which brings endless action for the sake of action and limitless power for the sake of power, then we will have to prove our capacity to act decisively and effectively within reasonable bounds.


This sense of the powerlessness of institutions is also reflected on the individual level. The contemporary Russian novelist Solzhenitsyn has written a book called Cancer Ward in which he compares a political prison camp with the cancer ward of a hospital -- and uses both situations as a metaphor for modern life. The destructive feature of all three, according to one of his characters as he lies in the hospital, is the loss of personal sovereignty. Once again, he says, "I become as a grain of sand, as I was in the camp." Once again, "nothing depends on me." Nothing depends on me -- as an individual I have no sense that I make a difference -- that I am in control -- that something important has happened that would not have happened if I had not done it.



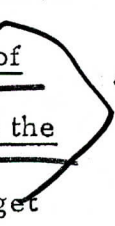
The French aviator-writer, Antoine de St. Exupery, puts it this way in his book, Wind, Sand and Stars:

"What all of us want is to be set free. The man who sinks his pickaxe into the ground wants that stroke to mean something. The convict's stroke is not the same as the prospector's, for the obvious reason that the prospector's stroke has meaning and the convict's stroke has none. It would be a mistake to think that the prison exists at the point where the convict's stroke is dealt. Prison is not a mere physical horror. It is using a pickaxe to no purpose that makes prison...."

When we talk about enriching the quality of life -- this is really what we are talking about. When we talk about the rebellion of youth -- this is really what's at the root of the matter -- not Vietnam, or the draft, or the environment. People want to count for something, they want their own unique life to have its own unique value. They want something to happen because they have been there. They want something to be different because they have lived.



This problem of individual powerlessness also leads us back to the concept of redistributing power. For if the country persists in focusing its attention and its hopes on Washington, New York or Los Angeles or Chicago, then there is no way under the sun it can accommodate the proliferating demands for meaningful social roles. There won't be enough such roles to go around! The sudden explosion of an able, idealistic, ambitious, informed, and relatively leisured citizenry has caused much frustration already; already, tens of thousands of able young people are bumping their heads against the low ceiling of significant opportunity. The problem will only get worse unless we expand opportunity -- and again we can do that best by creating more centers of effective power.



David Lilienthal, the former head of TVA, made the point this way in 1944:

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"Centralization in administration increasingly denies to the individual the opportunity to make decisions and to carry those responsibilities by which human personality is nourished and developed. I find it impossible to comprehend how democracy can be a living reality if people are remote from their government and in their daily lives are not made a part of it..."

And the historian Lewis Mumford has put it in these words:

"Small groups, small classes, small communities, institutions framed to the human scale are essential to purposive behavior in modern society. Very stupidly we have overlooked the way in which large units limit opportunity all along the line: not merely by physical friction of space, or the burden of a vast mechanical and administrative overhead, but also by diminishing opportunities for people with special capacities. Thus twenty communities with a population of fifty thousand people would not merely be more adequately governed, probably, than one city that contained a million: it would, for example, give an opportunity for twenty mayors or city managers, against one in the big center. This rule holds true in every other part of society. We demand the impossible in the way of direction and specialized service from a few people, and we fail to demand the possible from those who are better equipped to handle adequately a smaller job."

Well, enough on this subject. The point is that decentralization, New Federalism, the distribution of power, is going to be a dominating theme of the 70s. It is critical, however, that this trend not be seen as a way of limiting opportunity for individuals to reform their society but as a way of expanding that opportunity. We must regard it not as a way of fighting power but as a way of focusing it.

Now, how do we accomplish all this? It's not easy. It will require an inspired effort by those at all levels in society's pyramid of power.

In Washington, for example, it will require a new attitude -- one might call it an attitude of humility, a willingness to admit that no one man or one administration or one level of government knows all the answers or can provide all the solutions. It will require a willingness to share power -- to regard other power centers as allies rather than rivals and to work to strengthen them rather than fighting them.

All of this will involve a great deal of self-restraint. One analogy might be that of a parent who lets his child make his own mistake -- knowing that he will never grow up to be independent and responsible unless he is given that freedom. The wise parent knows that the more a child is trusted, the more trustworthy he will become and that in some situations, at least, power does not corrupt, it ennobles.

At the topmost level, all of this means that the President delegates more power to his staff and to his Cabinet. And they, in turn, delegate more responsibility to Bureau Chiefs, to Regional Directors, to field officers, to State and local governments. And so on down the line. [Long discussion follows of how Nixon Administration has delegated and decentralized power.]

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These are just a few examples of what the Federal government is trying to do to distribute power more effectively. But if these efforts

are to be successful, then they must be matched at other levels as well. That means I suppose that executives at all levels and in all sectors of society must be willing to delegate power in their own right. But even more importantly, -- it means that they must exercise more aggressively the authority which is delegated to them.

If they are prisoners of the old mentality, if they are afraid to act on their own, if they always turn to the State Capital or the big city or to Washington for advice, if they shy away from making tough decisions and merely buck them up the line -- then the redistribution of power will never take hold.

Dean Acheson's recent volume of memoirs is very warm in its praise of President Truman -- and the key phrase in its description of him is that he liked to make decisions. He thrived on being decisive, he got a kick out of solving problems, he enjoyed settling conflicts. Like a good pro football player, he enjoyed the rough and tumble, he liked to "hit," as the sportswriters put it. And whether he was right or wrong, at least he was clear and prompt. The sign which sat on his desk read, as you know, "the buck stops here."

What we need today, I think, is a sign like that on the desk of every public executive -- at every level of government -- and perhaps on the desk of every executive in private life as well. For, if government is to act decisively -- and if -- as a result -- we are to deal

effectively with the tangled challenges we face -- then the readiness to redistribute power to the places where it can best be used, must be complemented by a new readiness, at those places to use that power, to use it responsibly -- and to use it well.

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