

## AS AMERICA LOOKS AHEAD

Serious unknowns face America in the years ahead, but one thing is certain—those societies able to enhance the human capital and social capital of their citizens will outperform those that do not. Mineral, industrial and financial capital will recede in importance relative to the intangible strengths of an educated, motivated and future-minded public, one that is ably led, with a vision of “the good life” and an ethos of personal responsibility valuing both equality and excellence, one that encourages all to rise to the extent their talent and effort permit.

The undisputed American economic, military and geo-political primacy of 1945 to 2000 is now history. We still have the world’s largest military, its reserve currency, most of its best universities and nearly one quarter of its economic activity; but forecasts are negative. The world’s eight tallest buildings, seven longest bridges, six largest dams, most creative space exploration programs and cities with highest broadband connectivity and fastest Internet service are now overseas and the best stem cell research and work on renewable energy do not take place in America. Sadly, other nations are coming to value higher education more than we do. Traditional American optimism is giving way to widespread foreboding, and our tax-conscious public seems unwilling to pay for investments in education or infrastructure. Today, nations with larger populations, more effective leadership and more prudent allocation of resources present competitive challenges that must be acknowledged.

That challenge can be met by an American public that is better

educated and vocationally trained, one that works smarter and harder, that has the necessary technological and social capital, whose goal is to increase productivity and to raise living standards for all. At the moment, our fiercely partisan leadership across the political spectrum focuses on immediate electoral issues at the expense of the longer term. Social issues, such as contraception, abortion or gay marriage, threaten to displace economic discussions dealing with our aging population, skyrocketing medical costs or the investments in education and infrastructure we must make to secure our future. No one has the courage to face the unsustainable unfunded pensions of our government employees.

The biblical Joseph's dream of 'seven fat years' followed by 'seven lean years' may be upon us, and in the period of austerity we are entering, harnessing our national brain power is more important than ever. Yet today public colleges in Florida and Texas are eliminating departments of engineering and computer science, and 41 states have made large cuts in their education budgets.

In 2008, 56% of the world's engineering degrees were awarded in Asia vs. 4% in the U.S. In 2009, 64% of U.S. doctoral degrees in engineering went to foreigners, chiefly from Asia, who were then forced by our immigration laws to return home. U.S.-based companies like 3M, Caterpillar and General Electric, now global, have spent billions of dollars expanding their overseas research labs. "Given the moribund interest in science in the U.S., this is strategically very important," says 3M's Chief Executive George Buckley.

A nation proud of Thomas Edison, Alexander Graham Bell, Eli Whitney and George Washington Carver (names unknown to most high school students today) must look to its laurels. Today, that requires 'mind workers' who process information.

For America to regain its forward momentum, we must understand why our national median wages have been stagnant for decades, why our students rank poorly in international academic ratings and why 75% of our young adults do not qualify to serve in the military, why our national transportation infrastructure is outclassed by inter-

national standards, why many of our ‘best and brightest’ college students choose careers on Wall Street rather than become engaged in the productive world. (46% of Princeton’s class of 2006 entered finance.)

Fresh thinking is required and outdated conventional wisdom discarded. We must think of under-educated or vocationally untrained young people as potential national assets whose flowering will benefit the country at large, not only themselves, as they become taxpayers rather than tax eaters. We must recognize the relevance of Schumpeter’s theory of ‘creative destruction,’ in which old jobs must yield to new jobs with more demanding requirements. Our dysfunctional, gridlocked Congress must face the pressing need for a national industrial policy and a national trade policy that will allow us to retain high-paying jobs supplying the needs of the growing middle class of the BRICs (Brazil, Russia, India, China). The leaders of our industrial trade unions must understand the constructive role they can play in restructuring labor policies (stultifying work rules, onerous jurisdictional disputes, etc.) to keep American industries internationally competitive. College leaders must give us a bigger bang for our educational buck; financial leaders must channel our nation’s savings into productive uses that keep the economy growing; political leaders must encourage the proceeds to be applied wisely and fairly. We must balance the tension between short term self-interest and long-term national interest, between the demands of the young and the needs of the old; and we must not forget Oliver Wendell Holmes’ observation that “taxes are the price we pay for a civilized society.” Transcending petty tribalisms of color, religion and ethnicity, we must aim for a meritocracy of accomplishment; and our young should be encouraged to aim high and to prepare for futures that are demanding and rewarding.

Most importantly, a skilled and productive middle class is the key to national well-being, and we must do all we can to reproduce, sustain and expand ours. Today our middle class is threatened by two factors: a) increasing automation, performing ever more complex human functions, and b) globalization, which encourages the work

traditionally performed by the developed world's middle class to be undertaken more cheaply elsewhere.

For the first time, Americans are looking over our shoulders to see how other nations meet these challenges. In rethinking the training and apprenticeship policies of our industrial work force, we can learn from Germany. In rethinking our narcotics policies on addiction, incarceration and rehabilitation, we can learn from Sweden. In rethinking the selection, training and retention of our public school teachers, we can learn from Finland. In rethinking our early childhood practices, we can learn from French *crèches* and *écoles maternelles*. In rethinking our national pension practices, we can learn from Australia and Chile. In rethinking our approach to transportation infrastructure, we can learn from the developing nations of Asia. In turn, if we can ever create a health delivery system that is cost-effective, efficient and whose financing is actuarially sound, we can show the rest of the world how to do it.

Singapore in the East and the Nordic countries of the West, although demographically small and relatively homogeneous, are increasingly setting the standards by which the success or failure of a society is measured; knowledge and skills are the new global currency and Americans are taking heed. International competition will encourage critical examination of means, and America will profit from being forced to view with fresh eyes practices and policies previously taken for granted.

When Americans learn, for example, that 15 year olds in Finland have the world's highest standards in reading, math and science, they should also recognize that teaching in Finland (at all levels) is a prestige profession; it is as hard for Finns to win a place in a teacher training course as it is to get into law school or medical school. No Finn can teach high school math, chemistry or physics without having majored in those subjects. Starting teachers there receive pay roughly equal to that of starting doctors or lawyers, and their careers are respected and rewarding. (And 98% of Finnish children attend excellent—and free—pre-school programs.)

In New York City, by contrast, too many of our public school teachers come from the lowest quartile of their classes in the least prestigious municipal colleges; they are granted tenure with just three or four years in the classroom. Teachers' unions fight fiercely against reasonable teacher evaluations; the union demands arbitration and appeal procedures for poorly performing teachers that can keep even alcoholics, suspected felons, sexual predators and violent offenders in the classroom (or at the least on the payroll) for years. Few low-performing teachers are fired; the best are often not rewarded nor retained. Outstanding, dedicated teachers struggle under great handicaps. Correlation is not the same as causation; but does ineffective teaching relate to the 84% rate of New York City public high school graduates requiring remedial courses in math, reading and writing when they enter CUNY community colleges?

"American exceptionalism" has been real—reflected in John Winthrop's vision of a "city on a hill," in Tocqueville's portrayal of our unique communal spirit of mutual assistance, in our unparalleled philanthropic traditions, in our culture of risk-taking and innovation, in magnificent national gestures like the Marshall Plan, in our universities and research institutes that produce a continuing dominance of Nobel prizes; and it can continue if we will it. Until recently, we led the world in social mobility, in the quality of our free public education, in the optimism and self-confidence of our public and trust in our institutions; and these can be regained.

To do so, we must re-orient public discourse which, sadly influenced by ideologically-driven foundations and their think tanks, sees government as an impediment, taxes as an unjustified imposition, unlimited political contributions justifiable as free speech, unregulated free markets as the ideal economic vehicle and socio-economic disparity as the Darwinian side-effect of a dynamic society. In all these areas, reasoned discussion rather than acrimonious polemic should prevail and thoughtful political compromise should be seen as reflecting prudence, not cowardliness.

In reviewing America's standing compared to the rest of the

developed world, three areas in particular cry out for fresh thinking:

- a) personal development (schooling and vocational training, along with psychological preparation for a full life);
- b) prison incarceration (who goes to jail and what transpires there);
- c) immigration (who enters the country and with what ramifications).

These three are the “low hanging fruit” which, if dealt with effectively, will have profound effects on the future of American society.

#### PERSONAL DEVELOPMENT

Most Americans feel they have the opportunity to achieve their potential; those who do not, deserve more attention, for their benefit and for ours.

All the factors that make us who we are, are what we simplistically think of as “education,” with the child widely seen as a passive recipient of what a teacher drops into an outstretched hand. Parental cultural influences from birth through age three are widely ignored. Our educational establishment’s hypersensitivity to charges of “blaming the victim” (e.g. William Ryan vs. Daniel Patrick Moynihan) encourages us to ignore or minimize home influences, along with peer pressure, community values and role model examples of family members and neighbors.

One notable exception, Nobel Laureate James Heckman, writes, “If I am born to educated, supportive parents, my chances of doing well are totally different than if I were born to a single parent or abusive parents.” Extend that differential to the child of a semi-literate, traumatized and emotionally withdrawn 14 year old single mother vs. the child of two well-educated parents who from birth talk, sing and read to their child. Imagine both children entering the same school in the same class. If the children react differently to the school

experience, it is common today to blame the school, although studies show one-third of the later achievement gap is present at the start of first grade. Studies show that children raised in a home with two biological parents do better in school and in life.

As children age, some parents express high expectations, praise achievement, devote parental time and resources to the child, speak to the child frequently in grammatically correct and expressive language, dine with the child in a congenial family setting, serve as positive role models themselves. Others either do not or cannot. Since these factors defy easy measurement, social scientists tend to downplay or discount them.

As a child continues to grow, community values come into play. For example, drug dealers with fancy clothes and expensive cars may be seen as those to emulate, or they are not. Teenage unmarried mothers and high school drop-outs are seen as embarrassments to their families, or they are not. Religious leaders and community figures praise sustained, self-disciplined effort toward long term goals, or they do not. And lo and behold! A child emerges from adolescence ready for a productive, fulfilling life, or does not.

What next, college? The Department of Education reports that more than 500,000 American students who want to go to college have no access to Algebra II classes; more than two million would-be college students have no access to Calculus classes. And as the cost of college rises, public support for it wanes.

Our education problems are serious. Many on the Left refuse to acknowledge that teaching should be a high-skill, high entry level profession; many on the Right, to save taxpayers' money, attack Pell Grants, scholarships and student loans, not realizing that in doing so we are 'eating our seed corn.' Yet advocates for the children are silent.

Do schools help? Of course, especially those with great teaching—but we forget that 'teaching' is what someone does at a chalkboard, while 'learning' is what takes place in the head of a child.

We are all creatures of habit, subject to the influence of those around us. Inculcating life-enhancing values and habits and exposing

children to constructive role models are continuing challenges. *McGuffey's Readers*, *The Autobiography of Benjamin Franklin*, the mythic stories of George Washington and the cherry tree or Abe Lincoln learning to write with charcoal on a shovel helped form American values in the past. What are the equivalents today?

Every nation has a dysfunctional segment of its population out of the mainstream. British physician Theodore Dalrymple's important book *Life at the Bottom* portrays those in England whose economic poverty is relative, not absolute, but whose mental, cultural, and spiritual impoverishment is a charge against society. Their nihilism, self-destructive patterns of behavior and social pathologies reflect a mindset in which they see themselves as helpless victims of circumstance, with no feeling of personal responsibility. Living in an eternal present with no sense of the future, they not only deride schooling for themselves, but attack those who seek it. Babies, for some of Dalrymple's dysfunctional teenage girls, are like pets for amusement or vehicles for their sense of self-importance, or an economic 'meal ticket.' Many other teenage single mothers, Dalrymple recounts, want to be good parents, but don't know how; they don't understand the difference between taking care of a child and raising a child.

Dalrymple despairs of Britain's ability or will to solve these problems. In the 21st century, America must resolve to face our similar problems, to deal resolutely with them and to solve them. Appropriate education is a crucial first step—pragmatic experience shows that education is not a consumable that costs, but a matchless investment that pays, not a zero-sum game of taking from Peter to benefit Paul, but a positive-sum game in which everyone wins.

There will always be differentials of achievement because of varying levels of ability, imagination, energy, ambition and effort. In the society we seek, however, one in which everyone can read, write and count, and all are exposed to as much formal education and vocational training as they can absorb, productive and fulfilling careers should be available to all.

Nobel laureate Edmund Phelps' important book, *Rewarding Work*,

discusses employment as a chief source of an individual's personal and intellectual development, a potential source of pride (Thorsten Veblen's instinct of workmanship) and of self-esteem (Ralph Waldo Emerson's self-reliance). Providing jobs (earning one's way) vs. providing benefits (a culture of dependency) is a major challenge, especially for the working poor who deserve encouragement and help. Producers have a different mindset from dependents. If we provide employment opportunities for those ready, able and willing to work, we can recall that our Founding Fathers felt responsible not for our 'happiness' but for our 'pursuit of happiness.'

#### PRISON INCARCERATION

America has 5% of the world's population and nearly one quarter of its prison inmates. Germany, by contrast, has 93 people in prison per 100,000 of population; America has eight times that rate, or 750 in jail per 100,000. Yet no one feels safer in Chicago or Boston than in Berlin or Frankfurt. Furthermore, over half those in New York State prisons are recidivists. The American criminal justice system needs rethinking about those we arrest and what happens to those imprisoned. *The Collapse of American Criminal Justice*, by Harvard Law School Professor William Stuntz, provides a good overview of the problem.

We must understand that the same well-intentioned mindset that dealt with alcoholism by instituting Prohibition (1920-1933)—with its criminal aftermath— conjured up our badly thought out and ineptly implemented War On Drugs—with its destructive consequences. In one of life's great ironies, certified liberals like Joe Biden, Rahm Emanuel and Eric Holder have endorsed incarceration practices that have devastated our inner cities: more than half of all black men without a high school diploma go to prison at some time in their lives.

The quintessentially American application of technology to crime prevention (primarily the inspired work of New York's Jack Maples' and Bill Bratton's CompStat, implementing James Q. Wilson's "broken windows" theory) has increased police efficiency significantly but with unforeseen social ramifications.

Arrests for marijuana possession in New York went from fewer than 5,000 in 1993 to over 50,000 in 1999; arrests for gambling and prostitution remained unchanged. Marijuana use, studies show, is significantly higher among whites than among blacks, and much higher for whites than Latinos. Blacks, who comprise 28% of New York's population, account for 52% of the city's misdemeanor marijuana arrests, with non-black Latinos accounting for 31% of arrests. Whites, with 35% of the population, had fewer than 10% of marijuana arrests in the years 2004 to 2008.

One obvious conclusion is to call for the legalization— but high taxation— of marijuana, a substance studies show to be no more harmful than tobacco or alcohol. Sixteen states have legalized marijuana for medical use, and a dozen more have such legislation pending. Nationally and internationally (Mexico being a prime example), the War On Drugs as presently conducted has been a failure, and must be reconsidered.

Since data does show that marijuana arrests relate well to catching violent criminals, then encourage constructive dialogue on 'stop and frisk' and similar controversial matters between the police and the inner city community, which is more afflicted by violent crime than other areas, with staggering "black on black" homicide rates. Insensitivity by some over-zealous (and sometimes racist) police and hypersensitivity by some in the inner city are an explosive combination.

Some paranoid intellectuals (e.g. Michelle Alexander in *The New Jim Crow*) see the criminal justice system merely as a vehicle to oppress blacks; they make little effort to understand the problems of the police or to seek constructive solutions, such as more effective community policing. Public safety, on the one hand, and proper respect for the public, on the other, are important "rights." That is why the ancient Greeks defined tragedy as the conflict between two rights. Those who decry the use of metal detectors in schools must reflect on the impact of lethal hand guns and switch blade knives in those schools.

Best practices in criminal justice internationally treat drug use as a public health problem, with free detoxification programs for addicts; drug sale is treated as a serious criminal problem. First offenders

are segregated from hardened criminals and are taught to read, write and count before release. Vocational training (as auto mechanics, pastry chefs, refrigeration and air conditioning repair personnel, etc.) is provided. The success rate in Nordic countries in rebuilding lives and in turning dysfunctional addicts into productive citizens is impressive. The financial return to any society on investment in “human capital” for first offenders is immense—for the former prisoner (whose life is turned around), for the taxpayer (fewer expenditures, more receipts) and for the public (reduced crime).

Many excellent studies have made constructive recommendations for U.S. reforms. Decriminalizing marijuana possession heads most lists, followed by: converting drug possession crimes to misdemeanors or civil penalties (e.g. California in 2010, Kentucky in 2011); limiting pre-trial detention to those who pose high threats to public safety; eliminating mandatory minimum sentences; reclassifying low level felonies to misdemeanors; and rethinking of parole practices.

No society wants to encourage drug addiction, but no society wants the violent and corrupting drug cartels or drugs’ devastating impact on the lives of the poorest. The presidents of Guatemala, El Salvador, Costa Rica and other Latin American countries have pleaded with the U.S. to rethink its drug laws, and they are right.

The U.S. rate of homicide and of gun ownership is another scandal. Gun lobbyists have made certain that the issue receives little objective public discussion. Guns are more easily available in the U.S. than anywhere else in the world, including hand guns and automatic weapons like those used in recent mass murders; our homicide rates, though recently declining, are still “off the scale.” Ownership of hand guns and automatic weapons is largely a “non- issue” in American life. Our Constitution protects the right to bear arms just as it does free speech. Libel, slander and shouting fire falsely in a crowded theater are prohibited, however, and so should be brandishing a loaded sub-machine gun.

After the assassinations of John F. Kennedy, Martin Luther King, Jr. and Bobby Kennedy, and the shooting of Ronald Reagan and

Gabrielle Giffords, it is hard to believe that some states (such as Alaska, Arizona, Vermont and Wyoming) require no permit at all to harbor a hidden weapon. Thanks, National Rifle Association.

#### IMMIGRATION

A country that calls itself a nation of immigrants is hard-pressed to address calmly and rationally a subject with such emotional baggage.

On the one hand, we forget the “No Irish Need Apply” signs, the restrictive covenants against Jews, the Chinese Exclusion Act, etc.—all aimed at people whose children and grandchildren became full-fledged, productive citizens. (The current governor of Maine, a Republican leading the battle against immigration, is a direct descendent of French Canadians whose entry into America was fiercely opposed by his predecessors.) On the other hand, today’s immigrants are seen by some as competitors for jobs or as expensive public charges.

Emma Lazarus’ verse inscribed on the base of the Statue of Liberty was written in 1883, when the tired, poor “huddled masses yearning to breathe free” were welcomed as cheap labor for an expanding economy. Frederick Jackson Turner’s “frontier thesis” was put forth in 1893, when the West, still open to settlement, was the home of rugged individualism, personal initiative and personal responsibility. Today, the American taxpayer is increasingly reluctant to pay even for increased educational opportunities or social uplift for the deprived in the hollows of our rural South or in our Northern inner cities, let alone pay for services to immigrants. The time has come for us to ask, “Which of the seven billion people beyond our borders should we admit to U.S. citizenship— and for whose well-being should we accept responsibility”?

Sealing our now-porous borders seems a ‘no-brainer’. Encouraging the entry of immigrants we want and facing the eleven million-plus undocumented immigrants already here are other challenges.

For the undocumented, those who unlawfully entered the country, pragmatism, common sense and a realization of the profound so-

cial upheaval attendant on any other solution would seem to lead to granting some form of amnesty, mandatory registration of aliens, and a procedure by which undocumented persons living here productively for a certain number of years—avoiding serious crime, paying taxes and not becoming public charges—could become legal citizens, with educated, upwardly mobile children. “Bad eggs” could be deported.

Thereafter, immigration could be limited to individuals meeting appropriate standards of education and skills, or with vocational abilities of value to the U.S. Severe penalties should then be imposed on employers of future undocumented workers.

Undocumented immigrants reflect a large percentage of adults in America not possessing a high school education, with little command of English, major handicaps to their advancement. It is in the best interest of the American public, to help them become full-fledged, productive members of society.

The third best financial investment ever made by the United States government was the G.I. Bill, providing for the educational expenses of WWII veterans (the best investment was the Louisiana Purchase and the second best, the purchase of Alaska). Case studies of lifetime earnings and lifetime income tax payments of identical twins, one of whom went to school on the G.I. Bill and one who did not, show a large return to the government on the funds invested.

There may be a better formula for achieving national well-being than by enhancing the human and social capital of all citizens; but if so, it is a closely guarded secret.

#### CONCLUSION:

America of the future will be what we make it.

We can choose to go the route of failed societies—self-indulgent, ignoring future rewards for present benefits, demanding more from the economy than it can afford, treating tax evasion as a game (distinguishing public from private morality), focusing on narrow self-interest rather than on the common good, with the richest and most

powerful ‘gaming the system’ for their own benefit.

Or, with renewed acceptance of our traditional social contract, we can revert to an appropriately modified version of America’s historic ethos—one that values hard work and savings, character and competence; that willingly sacrifices luxuries today for a better life for our children tomorrow; that is proud of contributing to the common good and that has trust in the integrity of our institutions and our leaders. That ethos sees universal education as the vehicle for upward mobility, with “need-blind” admission a goal. “And, yes,” Americans have traditionally thought, “I am my brother’s keeper!”

Equality and excellence are not mutually exclusive, and a healthy society reflects both. Equal access to public goods—education and health, museums and libraries, parks and playgrounds—does not require neglect of the needs of individuals whose achievements are national treasures. How to identify, encourage and reward greatness, while providing opportunity for all, is a continuing challenge.

America today is at a major inflection point as it faces a changing world beyond our borders and complex factors at home. The more wisely we set our national goals; the more prudently we allocate our resources—human and material; the more effectively our political system adjusts to the emerging challenges, the brighter that future will be.

The difficult choices we must make require more thoughtful, considerations than we are devoting to them. Our transition from creditor to debtor nation and from budget surpluses to massive deficits will force prudence on us. For example, the public must demand from our legislators commonsense balance—between the unrealistic profligacy of a California and the stingy backwardness of a Mississippi.

In an increasingly complex world, less government is probably not feasible; but more transparent, more efficient and more responsive government certainly is, if not corrupted by the legal bribery of improper political contributions.

Our hope lies with the Internet Generation, the young people who will one day pay the bills acquired when we cut taxes as we in-

creased military spending, stopped investing in infrastructure and promised government workers pensions we could not afford. Opinion polls say the young understand better than we do that productive free markets must work with government, that political institutions must regain public confidence, that taxation must be rationally apportioned, that we are not only heirs of the past, but stewards of the future.

The young are our stewards of the future, and our hopes are with them.

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