

a sham, endless conflict a source of joy, and the end of winning always trumps the means used to do so. By any means necessary—when the Black Panthers said it, it sounded revolutionary. When conservatives practice it, it is just as radical.

Once upon a time, liberals needed to come up with more appealing policies than those proposed by conservatives. In the present political environment, the task will be to contrast a party that still believes in ideas with one that believes in nothing. The fact that liberals will be facing a far more divided government than the one that greeted them in 2010 gives them the opportunity to spend less time trying to please an opposition party that does not wish to be placated and more time reminding themselves why they became liberals in the first place. American politics being what it is these days, voters will discover soon enough that anger is no substitute for good roads, decent health care, and all the other benefits government can help provide. They will turn to leaders who can and will govern. One can only hope that the liberals will be ready. ▀

The “More What, Less How” Government

Eric Liu & Nick Hanauer

What is government for? Over the last two years, this has been the dominant question of American politics. Yet so few leaders have offered coherent answers.

The Tea Party energized the right during the midterm elections but offered little more than a reprise of unworkable ideas and worn rhetoric about “limited government.” The left, meanwhile, has been in a defensive crouch, reluctant either to embrace Great Society methods of governing or to acknowledge their shortcomings. President Barack Obama last spring offered up a spirited defense of government in a commencement speech at the University of Michigan. But defending government is not enough. There is a higher threshold, for the President and all of us: to articulate, during this time of flux, an affirmative *progressive* theory of government.

What should we expect government to do? How should government be doing it? And when we say “government,” just whom do we mean?

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The current dissatisfaction with government is not a mere perception or marketing problem, as too many on the left still believe. It is a product problem. Government has for too many people become unresponsive, dehumanizing, and inefficient. Only when we improve government itself will our satisfaction with it improve. Unfortunately, the American discourse on government has long been frozen in two dimensions: more vs. less, big vs. small. We argue for an orthogonal approach: more government when it comes to setting great goals and investing to achieve them; less government when it comes to how we collectively meet those goals. We believe this has to be a progressive project. Because progressives remain the only group in America willing to advocate for government, we have a special responsibility to imagine its role anew.

THE MUSHY AMALGAM

Let's begin with an unpacking of the right-wing theory of "limited government." The conservatives of this era prove that a half-baked theory, like a low-grade virus, can go a long way if left unchallenged. The contemporary right's prevailing theory of government, a witch's brew of Beck, Rand, and Hayek, holds that:

- Democratic government derives legitimacy from the people (indeed);
- It should be limited and as close to the people as possible (all right);
- Its charge is to safeguard individual rights and liberties (okay, though how best to do that is a matter of contention);
- In so doing, the government's scope of power is limited to a military to secure the territory, police to enforce laws, courts to adjudicate disputes, and some taxes to cover these costs (oh, dear);
- Any other role for government is illegitimate, and any additional taxes constitute theft and push us toward communism (holy cow); and
- In any event, such redistributive policies are always inefficient compared to a free market (you've got to be kidding).

This philosophy, if we can call it that, fails on three levels: theoretical, empirical, and political. On the level of theory, limited-government conservatives misapprehend both the meaning and value of freedom, and the essential role of government in democratic capitalist societies. Conservatives thunder about totalitarianism and socialism, but well short of those extremes is a broad sweet spot where government actually *enhances* freedom and promotes wealth creation. Empirically, there is not a single example to be found of a nation that practices "limited government" and is wealthy, secure, and stable. Not one. And for all their preaching about the size of government, conservatives have

never been able to practice what they preach and shrink the state when they've been in power.

Ah, but the left doesn't fare much better. We have from progressives an approach to government that for decades has been on autopilot. Obama has put forth some positive reforms that seek to reimagine progressive governance, from Race to the Top in education to health-care innovation incubators to stimulus funding that encourages clean-energy projects. But he has not made such initiatives the signature of his governing philosophy. More to the point, he has yet to spell out a governing philosophy, a big story of what government is for. For all the self-doubt and hand-wringing among progressives today, the reality is that we still live in a nation where the New Deal/Great Society template is dominant. Far too many of us, even in this season of discontent, accept a substantial state role in every sector of the economy, in which big government is meant to counter big business. We all expect government to provide a cushion against all manner of risk and misfortune, and to right all manner of social wrongs.

The result is a mushy amalgam that suits both parties. Democrats get to overpromise what government can do for people, while the GOP gets to underdeliver. Voters enjoy getting benefits from the state but also like hearing that they shouldn't have to pay so much for it. It's a nice arrangement for everyone but future Americans. This unspoken bargain leaves us with a national government that is ever more detached and sclerotic; that crowds out citizen action; and that is understood by the public to be the responsibility ultimately of just one party.

Sclerosis In a society as dynamic as ours, problems come too fast, and institutions are too slow. Bigness—whether at General Motors or the Postal Service—is not tolerated anymore. And people pay the price for bigness. Consider that the state of California annually spends almost \$250,000 on each youth in its juvenile-justice system—and gets an 80 percent recidivism rate. If this happened one time, with one year's cohort of kids, it would be an abysmally poor use of resources; that it happens year after year, without change or improvement, is criminal. More specifically, it is criminal that government remains so siloed, non-strategic, non-adaptive, and blind to outcomes. Once upon a time, someone built, on an industrial model and metaphor, a machine for solving the problem of juvenile delinquency. And then humans stopped running or adjusting the machine. The story plays out in our public schools, our mental-health

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system, our child-welfare system. Liberals should be outraged by this sclerosis, because it literally and routinely kills the weak.

Crowding Out Citizens Another negative consequence of the big-government bargain is that we've stopped noticing all the ways that state action crowds out community and citizen ownership of problems and solutions. When Americans come to think of government as a vending machine—drop in the coins and expect a great society to come out—then good citizenship shrivels. Citizens start to think their role is to pay, consume, and kick the machine when they're unsatisfied. Government, as it has developed, too often drains first the incentive and then the capacity of groups of people to address problems on a human scale. Economist and Nobel laureate Elinor Ostrom has written powerfully about groups of citizens, all around the world, who have created nongovernmental networks to allocate resources, police a commons, punish free riders, and sustain high norms of mutual obligation and strong reciprocity. One needn't be Newt Gingrich to ask why progressives can't foster more such nongovernmental networks. Progressives say "it takes a village," but then too often rely on an agency. We acknowledge that some problems—like the interstate behavior of rapacious health-insurance firms—happen on a scale that requires action of equal reach. We insist, however, that many more problems happen on a scale that we citizens can and should own and address.

Complaints Department One of the worst parts of the codependent left-right approach to government is that it is progressives who are blamed for this state of affairs, not conservatives. When one side is expected to do little more than rail against government, its failures at actual governance are not punished. The other side ends up bearing the full responsibility for making government work, and the full blame when it doesn't. For all their flaws, the Democrats remain the only grown-up party in America, so it's up to them to make government more responsive, adaptive, and effective—in practice, and not only in promises.

WHAT GOVERNMENT SHOULD DO

To do that, progressives need to update how they see the world. Market fundamentalists would have us believe that our success comes *in spite of* government. There is literally no evidence for this. If less were always better, then the least regulated economies would be the most successful economies. The opposite holds. It is, in fact, the rules, regulations, standards, and accountability that government provides that fuel and lubricate markets. A robust state is not mutually exclusive with a free market; it is required for it. This is why there is no robust private sector on earth that isn't accompanied by an equally robust public sector.

Societies can be successful *only* with the civic cooperation, strategic organization, and economic moderation that activist government provides. And the larger and more complex a society becomes, the more government must do to provide the basis for continued success. True prosperity is always a consequence of generalized prosperity, and *only progressive activist government* can achieve that. The law of the jungle—market fundamentalism—brings just one possible outcome: a jungle.

Government is what turns the jungle into a garden. To govern poorly is to “let nature take its course,” which results in wild growth by a few noxious weeds and the eventual collapse of the garden. To govern well is to tend the garden: to weed, to seed, and to feed. We believe firmly that a market is the best tool ever invented to generate solutions to human problems. But since there is no such thing as a market without a government, the only question is how well, to what ends, and with what skill the government shapes and adjusts the life of the market—how well it tends—so that it yields solutions for the common good.

Let’s explore in greater depth, then, the proper role of government.

Our bumper sticker is that government should do *more what, less how*: a stronger hand in setting great national goals and purposes; a lighter touch in how we reach those goals. Government should be less a service provider and more a tool creator; less wielder of stick than of carrot; less the parent than the coach; less the vending machine than the toolkit for civic action. A more what/less how government should set the bar high and invest fully in a great springboard—then let people, through dedication and practice, compete to get over the bar.

Here are the elements of a big *what*:

To *set goals* for the community, whether it’s a nation or a state or a city, and to do so with prejudice—that is, with an implicit moral opinion that some outcomes are preferable to others. Clean energy is better than dirty. Going to college is better than not. Real food is better than junk food. Generating credit for productive economic activity is better than casino capitalism. And so on. When a market is left to itself, what ensues is a race to the bottom. The government’s job is to set in motion races to the top.

To *equip every citizen* with the greatest possible capacity—and equal opportunity—to join in the pursuit of those goals. This begins with common defense and police and courts and so forth. It means spending some of the common wealth—generated by taxes—to improve education and health and to ensure that the disparities between the wealthiest and the poorest never grow so wide that it undermines social mobility. It also means investing heavily where it’s strategic and where national scale is essential, whether that’s physical or technological infrastructure, and where only the government can build a wealth-generating commons that market participants alone would never venture to build.

To *generate trust* and to encourage cooperation. In a capitalist society, competition is not actually the prime imperative—cooperation is. Trust is the most precious form of capital, generating prosperity and security. That is especially so in a society like ours, so prone to fragmentation along so many lines. One of government's core purposes is thus the active promotion of trust—not just a personal ethic of honesty but a collective condition of reciprocity built through shared experiences. This is why national service matters, and why it should be mandatory: It enables people who wouldn't otherwise cross paths, let alone work together, to do so. It's why any government-funded project should require robust collaboration as a condition of funding. It's why, at a local level, seed funding that helps neighborhood groups get started is a wise investment.

To *sustain true competition* and break up concentrations of wealth and power that are unearned and self-perpetuating. In a nonlinear, complex world like ours, advantage and disadvantage compound rapidly. Inequities of opportunity become self-reinforcing. This entails redistribution of wealth through progressive taxation. But let's be very clear. Conservative leaders already redistribute wealth—toward

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the already wealthy. This is not consistent with any idea of America. Market fundamentalists contend that inequality is natural and inevitable. We concede that talent is not equally distributed and outcomes will never be equal. But in true capitalism there is true competition, in which unearned and inherited advantage is leveled so that talent can compete against talent. True capitalism is more competitive for being more fair and more fair for being more competitive. This is the opposite of trickle-down economics; it's bubble-up economics. Government's job is to foster and sustain it.

HOW GOVERNMENT SHOULD DO IT

If government is to do more what and less how, here are some of the ways to approach the *how*:

Radically Relocalize

If, as we propose, the federal government is to nationalize goals, then it needs also to radically relocalize the means—and, in contrast to the “devolution” of the Reagan era, actually provide robust funding for those local means. Obama's Race to the Top education initiative is a good example of combining leverage

at a higher level of government in an area of strategic national interest with responsibility and creativity at lower levels. We would go even further. There should be strong national content standards in education, with far more federal education funding. And that funding should then go to a diverse ecosystem of educators who develop a multitude of ways to get kids to the standard. Thus, the parents at each public school should take far more ownership of the quality of the education within the building. That means having more choice about how to staff and run the school, and the style of pedagogy, but it also means taking more responsibility for the results. Creating high and common standards. Funding them fully. Pushing authority ever downward. Setting off waves of experimentation. This is network thinking—or, to use a more old-fashioned term, self-government. The same Brandeisian approach to radical relocalization and powerful webs of small enterprises should be applied to energy policy, health care, and other arenas.

Be a Smarter Prime Contractor

Liberals too often see government as a service provider of first resort. That outlook is inadequate to the times. Government bureaucracies are generally incapable of providing high-quality, low-cost services that adapt to the changing requirements of citizens. At every level, we think the progressive imperative should be to shift responsibility for executing what are now government services to private competitive organizations. This can and should include non-profits, particularly where profit motives in the delivery of social services would be harmful. Government must become a highly disciplined contracting agent with the ability to set standards, create transparency, and hold accountable those who do the work. Wherever possible it should get out of lines of business that it can't do better than others. The postal service, for instance, does not need to be a public function. Nor does government printing. The licensing of drivers or hunters or boaters should be franchised. As with any franchise model, there ought to be uniform standards of product and service and even branding—but local owners of the actual organization will deliver the service.

It's true that there's plenty of contracting already happening in government, particularly at the municipal level. But too much government contracting today merely replicates the non-adaptive, non-competitive dynamics of government agencies. And the job isn't done once an outside non-governmental contractor has been found. It's done when the government, like an effective philanthropist or investor, challenges the firms in its operating ecosystem to learn from each other, to improve and exchange practices, to pool resources and leverage learning.

Create and Amplify Positive Feedback Loops

One of the central features of open complex systems like our economy is feedback loops, both good and bad. Government plays a central role in setting both kinds in motion. Governing to anticipate socially destructive feedback loops like financial bubbles or storms of fraud is a central role. But a modern government should seek also to create hurricane-like storms of pro-social activity as well. The national government can and should create prosperity and positive feedback loops by using its capacity to birth new markets through basic research (as DARPA begat Google) and to create demand through its enormous buying power and leverage (as should be happening in alternative energy).

Deploy Pounds and Pounds of Prevention

An effective epidemiologist invests more in prevention than in cure, nipping epidemics in the bud rather than trying to contain them after the fact. Every part of government needs to think more like a public health officer: to be mindful always of desired outcomes, track closely trends in behavior, look at the world like a network of networks, identify the key nodes of virulence, and focus energy and effort on those nodes to foster contagions of good and to contain contagions of bad. To put it simply, focus on prevention rather than cure. In the last 20 years, urban policing has moved this way, as shown by the emergence of national coalitions of cops and children's advocates like Fight Crime: Invest in Kids. So now must efforts to combat obesity or teen pregnancy, or to promote stable families or responsible environmental behavior. Government is in a unique, bird's-eye position to map the network and set off the epidemics it wants. It can and should make networked collaboration and early intervention—things that most public entities are not incentivized today to pursue—actual conditions for continued public funding. Government should scale up proven, evidence-based pilot projects since investment early in the pipeline yields far more dividends than investment at the end. Does that mean that starting today the state should stop funding prisons and fund only early learning? Of course not. It does mean, though, that the state today must set an intention and a timeline, at the end of which we are indeed investing far more in early learning than in prisons.

Create Incentives and Rewards for Overperformance

Ex-ante regulation and ex-post punishment are the two tools that government uses most often to affect the behavior of firms and individuals. A third tool is missing, the critical one from an adaptive government perspective: incentives for excellence. Government anticipates and punishes underperformance. It

also must create massive and system-wide incentives for overperformance. The Race to the Top is a template that should be applied in many more settings across government—in building codes, early learning, health care, car gas mileage. There should be challenge awards like the X Prize—given by a private foundation to innovators in aerospace, energy, and other fields—in every part of government. The strategic recognition and rewarding of overperformance is the fastest way to set off cascades of innovation in the public sector. In the case of pollution, bad performers should pay extra fines that subsidize rewards for high performers. Overperformers should get “E-ZPass” advantages—expedited regulatory approval, easier access to credit for productive investment, and more—so that government can help the excellent perpetuate their success and pressure the bad to end their failure.

Design More Nudges

By this point it should be clear that we believe government should be very judgmental—call it paternalistic, if you must—about pro-social goals and activities. More than Cass Sunstein, the head of Obama’s Office of Information and Regulatory Affairs and co-author of *Nudge: Improving Decisions About Health, Wealth, and Happiness*, we believe that such judgment should sometimes be expressed in direct government action. But like Sunstein, we are fans of what he describes as “nudging”: designing “choice architectures” that give citizens the liberty to choose but steers them toward the more pro-social choices. Whether it’s designing opt-outs rather than opt-ins for retirement saving, or labeling food ingredients or household appliances for energy use, nudging and the application of behavioral science to policy-making is smart and adaptive.

Tax More Strategically—and Progressively

America’s tax code today is an incoherent jumble. The power to tax should be used more strategically, in line with the broad goals the national government sets. We should use the tax code like a personal trainer: to get us in shape by reinforcing good habits and punishing bad ones. A strong carbon tax, to reduce energy consumption. Soda and candy taxes, to attack obesity. Estate taxes, to correct for unearned advantage and to stave off aristocracy. But the most strategic tax is a progressive income tax, the cornerstone of every prosperous nation. In 1980, the wealthiest 1 percent of Americans accounted for 8.5 percent of national income; the bottom 50 percent, 17.8 percent. By 2007 the top 1 percent accounted for 23 percent of national income and the bottom half, just 12.5 percent. If the trend continues, by 2040 the richest 1 percent will command 37 percent and the bottom half of Americans just 6 percent. Income and wealth are a society’s

lifeblood, and letting more than a third of the nation's wealth "clot" among just 1 percent of our citizens is suicide. Redistribution of wealth is essential. Progressive taxation is the only way for a society to create the virtuous circle of ever-increasing shared prosperity.

Weed Relentlessly

Evidence-based practice and funding sound obvious but aren't routinely practiced. It must be the actual method of government. When the experimentation we champion has yielded successful models—in, say, the delivery of primary care—they should be replicated. When the evidence says a program has failed or outlived its usefulness, it should end. And government should be looking continuously to end things—indeed, it should have a goal of ending a percentage of programs every year—so that those resources can be deployed, in an adaptive way, to new challenges. The point, as in our entire philosophy, is not to end government, but to end the way we do government. Government should be living, organic, evolving—not inert, inanimate, and unchanging.

CONCLUSION

More on the what and less on the how—that's our philosophy.

We believe, as did FDR, in "bold, persistent experimentation" in government. But today we do not (fortunately) have World War II to distort the experiments. So we have to be far more disciplined in our experimenter's mindset: We have to be ambitious in our goals, imaginative in our means, ruthless in our evaluations, and aggressive in funding successes and starving failures.

To be very clear, we are not calling for a Reagan-style devolution that pushes responsibility down without providing the resources to do the job. We are not advocating unfunded mandates. If government is to set bigger whats, it must invest accordingly. When we say citizens should be doing more of the how, we mean they should get the tools to do it. The idea that states (or communities) should be laboratories for democracy is meaningful only if the labs are funded sufficiently to run good experiments.

This new theory of government cannot be put in a box. It's not left or right or in-between. It's "conservative" in that it is for localism and a federalist spirit and it wants to put markets and competition to good use to radically increase adaptability and accountability. It's "liberal" in that it proposes a strong meliorist role for the national government to set ambitious goals, level the playing field, equip everyone to compete fairly and fully, and identify great failures of the commons that need to be addressed by shared action. It's about national identity *and* local power.

The more what/less how approach to governing ourselves is not an excuse to slash public spending. It is not a call for a bossier nanny state. It is, quite simply, a framework for owning government in every sense: taking title to it, but also taking responsibility for it.

Government is what a society creates to solve common problems that each of us alone could not solve. We agree with the right that the job of government is to maximize individual autonomy. We just believe that the way to do that is to maximize the trust, cooperation, and equal opportunity that frames up each individual's starting prospects. We agree with the left that the job of government is to ensure fairness and justice. We just believe that the way to do that is to put more responsibility on people to govern themselves by using more local, less distant, and more responsive means.

By binding us together to pursue broad national ends and equipping us to develop our own means, our more what/less how approach can fundamentally reorient how most Americans see government: not as them, but as us. We own it—if, to echo Franklin, we can keep it. We are also ready to accept the inevitable trade-offs you get when citizens do more for themselves.

Will this new theory of government, if implemented, create new problems? Of course. It will create its own unintended consequences and its own patterns of turf, faction, and short-termism. But it addresses the underlying problems of our politics today, and it does so by making government fundamentally more adaptive and accountable than it is today. A practice of continuous and cold-eyed *evolution* can replace the passionate rhetoric of perpetual but never required *revolution*. That will help progressives, whom the public associates with government, regain standing. More importantly, it will help the United States, the nation most associated with democracy, regain effectiveness.

It is not enough, as we said at the outset, to defend government reflexively—or even thoughtfully. It is not enough to triangulate or buy time by cherry-picking a few Republican ideas. It is time, rather, for all of us to engage in sincerity the debate that the right opened in cynicism. It is time to set in motion a repurposing and a rebalancing of the roles that state and citizen play in the quest for true liberty and enduring justice. It is time, in short, for a new birth of progressive self-government. ▀