

DeVane Lecture Discussion – 2-08-01

AK Good afternoon and welcome. We're here this afternoon with Richard Levin, the President of Yale University, to discuss some of the issues and questions that were raised by his lucid and provocative lecture on Tuesday, "Democracy and the Market." I thought that President Levin and I would chat for ten minutes or so and then we'd open the conversation and invite those of you who have points to make or questions to put, to do so.

One question that came to my mind as I listened to you talk on Tuesday was the following: In your lecture, you stress some of the ways in which market capitalism, on the one hand, and democratic government, on the other, are mutually supportive and reinforcing and tend toward the same end, and other ways in which they're—if not at odds—at least in some tension with one another. And in that latter respect, you stressed in particular the issue of equality and inequality. Markets tend to produce—they do inevitably produce -- inequalities of material well-being. There are, as you said, winners and losers in the competition. And that seems to be in conflict or tension with the democratic ideal of equality.

But it occurred to me that there's another, more general way in which markets are in some tension with democratic politics in particular, but politics more generally. And I would put that tension in the following way. In that magnificent quote from Adam Smith that you shared with us on Tuesday, in which Smith says, "It's not to the beneficence, the altruism of the baker, the butcher, and the brewer, that we look for our dinner, but to their self interest." One is reminded very vividly that, in markets, the principle of self interest is the organizing, motivating ambition. And, of course, it's true in politics, and democratic politics, that we are often motivated by self interest as well. We vote our pocketbook. We're interested in promoting the causes and the candidates who will advance our own welfare. But we also at least talk as if we wished ourselves to be, and our fellow citizens to be, from time to time, altruists, public-spirited citizens who look to a larger good and really do act out of some measure of concern for the good of the whole, which is an uneconomic way—at least an un-Smithian way—of proceeding. And so I guess the question I'd like to put to you is this: as we celebrate the market and its achievements, as the voices of pro-market sentiment grow louder and louder and more forceful, as the ideology of the market reaches greater and greater heights, do we have reason to worry that our sense of politics as a realm of public spiritedness will be compromised, or in some way challenged, by this?

RL That's a great question, and actually one that almost answers itself in its formulation because the type of human behavior that marketplace competition engenders and that that economic theory essentially assumes of people is, of course, not what we would seek to educate people to do in the political, or indeed the moral sphere. Self interest has these marvelously desirable, global properties for society in this material realm under certain assumptions, as I pointed out. But it's clearly not the case, I think, that political behavior is entirely motivated by self interest. People do care about causes larger than themselves.

It really points, in a way, to a failing of our way of theorizing about both economics and politics. In economics, you could use the metaphor of self interest in an almost tautological way. Many economists do. They explain any behavior as though . . . “Well, I can explain that behavior. The individual was maximizing utility. If he did this, he must have had a utility function that had altruism in it. Therefore, otherwise, why would he do it? He’s self-interestedly maximizing.” You can expand the concept of utility maximization to include almost any set of values, but then it becomes quite empty. And I think Smith actually meant the narrow form of seeking material gain and that individuals seeking material gain in this disaggregated way do actually produce some social good. I think it was meant in a more limited sense.

And [the strictly economic view] is surely not the view of human nature that Smith, himself, held with respect to the moral sphere. He wrote another book, after all, on the theory of moral sentiments, which allows for people having a broader conception. So, should we fear the incursion of the economic onto the political? Well, yes, I suppose we should and I suppose, in a way, that’s not really a new development in the capitalist society. I think that, to the extent that there’s a tendency to reduce everything to material interest, it’s missing important dimensions of communal life. I don’t know that I see any big difference in American politics in this dimension, though, today from 50 years ago.

AK Or even 200 years ago when American party politics was in its nascent beginnings. It occurs to me there is another way in which the market might be said to challenge, or perhaps even actively threaten the political realm. The market in which we live today is increasingly a global market, which is—if I may put it this way—no respecter of national boundaries. It leaps across them at the speed of digital signals and telephone wires. And, to that extent, it has, potentially a corrosive effect -- which you may view as either good or bad -- on the effort of national communities to hold onto their sense of political identity. I’m thinking, for example, of France which fights with particular vigor to hold on to its sense of cultural identify against the incursion of what many French men and French women believe are bad American habits carried on the tide of the market which washes over their sovereign frontiers. But yet at the same time, as you pointed out in your lecture, the market depends on, must be underwritten by, an apparatus of law enforcement mechanisms. If people are to make contracts they can rely on, there have to be courts and police and sheriffs and so on to make sure they’re enforced. How should one think about the relationship of market to state at the beginning of the 21st century?

RL The way one thought about it at the beginning of the 20th or maybe late 19th century. What’s happening today is really no different from what the railroads brought in terms of the economic integration of America. Changes in transportation and communications technology, in a way, changed the scope of the economy. This is one of Smith’s insights in those first three chapters about the size of the market. Those cities located in proximity to water had a bigger arena in which to play and transact and trade in and a bigger market in which to grow. So what happened in America is that what were, in some sense, almost autonomous local economies, or at least fairly local economies with maybe one major or two major traded goods that went long distances, that broke down with faster transportation and you have the expansion of the commerce

clause. I mean, the legal system adapted to the changing economic reality by creating much more intrusion of the federal government into the regulation of economic activity. There was very little before the Interstate Commerce Commission was formed in 1887. So I think the same thing will happen in the global economy. That is, the fact that some transactions aren't subject to national regulations. Who collects the sales tax over internet transactions that occur between a citizen and [a foreign company]?

AK So will we need an international political apparatus, do you think, eventually?

RL I think that, in some spheres, you'll develop more transnational governance. We already have in the monetary spheres where capital flows have, essentially, become instantaneous and where the old system of maintaining national currency values—first in fixed, then in flexible arrangements—have really broken down and what you see now is the linking up of regional currencies. I mean, a single European currency—I wouldn't be the least bit surprised if that disappeared in the next 20 years and you had, virtually, a world currency.

AK Let me ask you to speculate about one last question and then we'll open it up to general discussion. You commented in your lecture that a market may exist, may even flourish under a variety of different political conditions. There have been robust markets in non-democratic settings. But markets seem to do particularly well in democracies. Why do you think that's true? What is it about democratic life that causes markets to do particularly well?

RL Actually, we had a good discussion of this with the teaching fellows in this course the other night, because it's a very good question, I think. And I think where we came out is, I'm not sure that it's exactly democracy that's the key feature here, but sort of constitutional stability and predictability; that is to say, authoritarian regimes are able to intervene in drastic ways, change the game—the economic game. So people that make long-term contracts can rely on them—the kind of economic relationships that make the economy flourish and prosper. These are subject to arbitrary disturbances in authoritarian regimes in ways that are protected in more constitutional regimes and constitutional regimes tend to be, at least representatively democratic, if not thoroughly democratic. And I think that's what it is: ...rule of law, but more than that, a stable and predictable and continuous rule of law that really is the crucial element here. There are these dramatic examples, actually, where arbitrary intervention by a tyrant or a dynasty have actually had drastic economic effects. The most important one is, of course, the suppression of technological innovation in 14th century China, where China was on the cusp of the industrial revolution that occurred 300 years later in Britain, with most of the pieces in place, actually, and trade was shut down. And the economic development of China went flat for several hundred years. It would have been harder to do in a democratic regime.

AK Let me invite those of you who have questions to put to President Levin to come to the microphone and do so.

Q I'd like to challenge a bit of what you said in your lecture on Tuesday because, at least as far as I could see it, it seemed like there was a gaping hole in your analysis where you laid out, as far as I understood it, that the market pretty much always supports the democratic value of freedom, the market sometimes does and doesn't

support the democratic value of equality. And you gave as your example the fact that the economic boom in the '20s and the '90s exacerbated inequality, but in the '50s, it actually supported, increased equality. And you suggested a few random policy changes as the reason for that difference. But it seems to me like this would be precisely the point at which you could focus on a stronger link between freedom and equality because freedom—which in this country involves the freedom of association, i.e. to form unions, to negotiate collectively -- also will help to explain why, in the '50s, when the growth sector involved stronger unions, that, itself, helped close the equality gap. Whereas in the '20s and the '90s where the growth sector didn't involve strong support for the freedom of association, that that doesn't help close the equality gap. And that, hence, it's precisely the support for freedom of association that will help support the democratic value of equality, and that these two values are actually more inextricably linked than you pointed out in your paper. And I guess, if we support, as you said on Tuesday . . . If you support these values of freedom and equality, I wonder why your leadership of this institution hasn't shown that? And that, in fact, there have been a number of times when you've been here that you haven't supported the freedom of association and, at the same time, as a result of that, in New Haven—given the role that New Haven plays as a major employer in terms of closing the gap and in terms of increasing equality—that hasn't happened as much as it could and, hence, New Haven is more polarized economically than it needs to be. So I'm wondering why, given the need to support strong freedom of association, strong unions, as the method to support the democratic value of equality, why your leadership has gone off in the opposite direction?

RL Let me try to respond to that question in a nonprovocative way. Let's take the history first, because I actually think you do have a good point about the 1950s. But it's only partial. I think you're only getting a piece of the story. Because my actual argument about why inequality went one way during one boom and a different way during another really had more to do not just with policy but with the underlying technological forces that were at work. So I think, if you put the pieces together, you actually have something nice. The post-World War II boom, which really did center around the core industries of autos and steel—the rust belt industries—petroleum products—that around this nexus of the automobile revolution, really, it so happens those were the kinds of traditional industries that lent themselves readily to unionization. And it's true autos and steel, in particular, had very strong and effective unions and I do think you're right in saying that the strength of the unions in that period probably had positive effects on redistributing income. I think that's a completely fair point.

I'm not sure I would go the second part of it though because another way of thinking about the '80s and '90s is that, if what I was conjecturing is true, that it's really the technological changes that are driven by computers and the productivity growth driven by those—the need for higher skills, the decentralization rather than centralization of production, a whole technological nexus that lends itself to a growing service sector, less manufacturing, all in a way saying, the locus of growth and power in the economy was in sectors that are not traditionally unionized and where unions didn't play a role. It's not clear that there was anything inhibiting the [unions]. . . After all, the legal framework for unionization was the same in the 1980s as it was in the 1950s. I just think it's much more to do with the technology of those industries and the fact that the

increased demand for college educated workers and the increased numbers of college educated workers that made unionization a less attractive alternative in those sectors. So I don't think that it was the absence of the right to unionize that really had anything to do with growing inequality in the '80s and up through the mid-'90s.

With respect to the local situation, I can only submit that we have, at Yale, unions that are, I think -- which we documented some years ago and continue to monitor -- our unionized workers are better paid and have better benefits than any university workforce in the United States and, arguably, certainly one of the top two or three employers in Connecticut in terms of the pay and benefits that our people get for the various kinds of job classifications. We look at this very carefully. I think that our unions have been very effective at getting good compensation for their workers and, frankly, if anything, to the extent that our workers live in New Haven, they're contributing to a more equitable distribution of income. They're certainly better paid than most . . . well, than any other local employer, on average. So I don't really take the point that we're working against the interest of more equitable income distribution.

Q So do you see yourself in support of a stronger freedom of association for folks at Yale?

RL Freedom of association as a general proposition is something that we encourage. If you're alluding to the issue of graduate student unionization—that's a matter about which other values come into play, educational values. And I've talked about this in many contexts and with many audiences. But I believe, there, that for this institution and institutions of higher education in America to function best, unionization isn't really an appropriate vehicle, isn't really the best and most effective vehicle for graduate student self expression. I certainly think graduate students should associate. They have a student government. They should make their concerns and demands and interests well known. And those should be responded to.

AK The relationship between the two values of freedom and equality is a very complicated one and ranges across a whole host of different sorts of issues. It touches, for example on the question of campaign finance reform. In the political sphere, we are all equally free to express ourselves, to form into parties, to join with others in pressing for the positions that we favor. But those who have more material wealth are able to speak more loudly and more effectively and advertise more frequently and there is a legitimate concern that even if the freedom of different individuals is equal in a formal sense, that that formal equality may mask a material inequality which actually has political consequences. And so you want to monitor the influence that inequalities of material wealth have on the political process.

Q In talking about moving to a global economy, I feel like there's also a move towards international organizations, but these organizations tend not to be as "democratic" by their very nature—like the U.N., the World Trade Organization, the World Bank. These officials aren't directly elected the same way we elect our presidents or congress or what-not, and there's a lot of concerns from people that democracy is being left behind by the global economy because institutions like the WTO, when they make a decision, who are they accountable to, really? And when the U.N. says, "Well, we want more peace keeping troops. We want a standing army of

people in blue uniforms,” everybody raises up their arms saying, “We can’t have an international army,” and everybody gets paranoid about black helicopters. Do you see this move towards globalization as an actual threat to democracy? I know a lot of people in developing countries, for instance, are worried that these organizations are basically a way for the U.S. to beat them down. And on the other side, a lot of people in the U.S. think that their vote really doesn’t matter that much because it’s the markets that rule.

RL I think you raise a good question and it is a worry, I think. That is, to the extent that some types of economic activity are going to need international regulation, we need to develop ways to have those international organizations more accountable. I think you’re quite right. Europe has moved this direction gradually by trying to develop a more empowered European parliament that deals with the issues that cut across national boundaries. The United States was amazingly fortunate, in a way, that we had the legal framework of a nation that was really larger than its economy when it was first established. In fact, one argument is that the Civil War was a result of the fact it was one nation and two economies. And so I think that we were able to, in a way, have a political structure that was big enough to handle the economy of the United States for many years. But that’s changing, not with respect to every kind of economic activity, but internationally traded goods and the flow of capital surely are areas where we have big concerns that cut across national boundaries and I think you’re right—organizations charged with influencing them that aren’t yet really, truly accountable to the people. So I think we’re going to need to evolve such structures.

Q Just offhand—I don’t expect you to have any answer—but do you think you have any idea how to do this?

RL I have to worry about Yale most of my time, so I haven’t really thought very hard about this. I guess I wouldn’t want to just free wheel it. I think it’s something that should be a challenge for all of us, though, to try to think about it. It may have to be at some level of mediation. Maybe these international organizations at least have some direct accountability to some national parliaments or legislatures—something indirect rather than direct may be more realistic. But some form of more direct accountability would certainly be important, I think.

Q In your lecture, you talked about . . . In order to cause the marketplace to foster both freedom and equality, that one of the agents—and I think that was the only agent that you highlighted in your speech as a democratic agent -- was government. And if we, in fact, in a democracy, espouse freedom—specifically freedom of association-- it seems that another, more direct form of democracy is forming organizations to promote whatever democratic values we have, which also include equality. And one way of forming these organizations is to have unions so that, within the framework of the marketplace, we’re actually dealing with freedom and equality as democratic values. The other thing you talked about was, again, with regard to what the government does, that the academy comes up with various forms of ideas and hones them and then gives them to the government and says, “Here, these would be the right policies in order to espouse freedom and equality within the marketplace.” So my question is, given the acute and increasing inequality in New Haven that has been happening for some time now, what kind of leadership should you and should Yale, as an academic institution,

provide? What kind of leadership would you provide for new organizing and new forms of people using their freedom of association, specifically in this case where Yale has some clout: the workers at the hospital who are unionizing and the graduate teachers here who are unionizing?

RL I don't really have a specific view about the hospital. I would generalize your point, though, which is, unions aren't the only form of association that advance the cause of self improvement of subpopulations. We have neighborhood associations throughout New Haven that we have been working very closely with on housing issues. We have parent teacher associations at schools that we've worked very closely with, improving schools. That is one of the beauties of American democracy—there are all of these types of voluntary associations that contribute to civic betterment. And we do, where those organizations exist and where Yale can play a constructive role in the community by adding volunteer labor of our students and faculty and staff, or by sometimes contributing financial resources, by subsidizing home purchases and things of this nature. We are trying to play a responsible role as good citizens. Now with respect to the specific question of the attempt to organize the hospital, we certainly support the right of hospital workers under the law to organize and to have a free and fair election under the National Labor Relations Act. And, obviously, we don't control Yale-New Haven Hospital.

Q You are on the Board, of course.

RL I'm on the Board and as a Board member, if there's a secret ballot election of workers after an appropriate petition is received by the National Labor Relations Act and if the workers elect a union, then the hospital will have a union and we'll deal with it. But we have good processes for determining that.

Q I also wanted to agree with what you were saying about how there is this positive correlation between periods in history when the workforce has been unionized and when there's been a reduction of inequality. But I would disagree—you say that recently the service sector is not as well unionized because of some technological reasons, but it's not clear that anything is inhibiting unionization in service sector jobs. I would actually disagree in this very community and I can give some clear examples of the ways in which, here at Yale, I see very real barriers to people unionizing. First of all, as other people have mentioned, you sit on the Board of the Yale-New Haven Hospital and the National Labor Relations Board is going to be considering, in four days, whether the hospital is in violation by threatening people with arrest for distributing leaflets. I think that's a violation of people's freedom to associate. Secondly, you, yourself, would never negotiate with graduate teachers if they wanted to freely associate. I think that's a violation. And I've talked to workers myself and heard from them and they feel very intimidated. So I think it's clear that, right now, there is a barrier to service sector jobs being unionized in this community and I think that you, as President under this administration, have been the cause of that. So I want to ask how it is that Yale can espouse democratic ideals in lecture halls, and I go to classes where I hear that all the time, but you've not, in fact, made any commitment to enacting that with your own community.

RL I would beg to differ, first, about Yale's commitment to civic improvement in this city. I think we've demonstrated a tremendous involvement and willingness to work with lots of groups throughout the city and the city government toward constructive ends. Second, the two illustrations you brought out, I'm a little puzzled by because, first, there's an unfair labor practice claim over at the hospital. The evidence will be heard and a result will be obtained. I don't know what role I should be playing in that except to let that process play out. Second with respect to the statement you attributed to me, I have said repeatedly that I don't believe that unionization is in the best interest of graduate students, but I don't believe I've ever said what you've alleged me to have said.

Q I understood that, in 1995, you said something regarding that you would rather shut down the university than sit down and negotiate with the graduate teachers.

RL If that's a direct quote, it's a misquote. I never said that.

Q So would you hold by that position now, then?

RL I don't hold to that position. No.

Q So then, what exactly would you say regarding that subject?

RL I don't think unionization is in the best interest of graduate students.

Q On a totally other subject [applause], as a member of the home team here, I would just like to say that I was very interested in your talking about all the interest that there is in the market place and there certainly is a tremendous interest in America in the marketplace, among all ages and many different groups. Unfortunately, as time goes by, we, especially—and I see members here of the League of Women Voters—it's more and more distressing that, as the interest in the marketplace rises, the interest in the polling place falls. And it's just a question of how far will the turnout actually go before people begin to realize that the market place really is very affected by what happens in the polling place.

RL That's a good question. I want to turn it around. The fundamental problem is, why is voter turnout declining? And I find that deeply distressing. And I think we actually tried to do a little bit this year to encourage turnout in a presidential election year among our students. And it was a little better, actually, than in previous years. But I think it's a deeply problematic thing. And your hypothesis is, maybe, that people aren't voting because they don't recognize it has an effect on the marketplace. I think it's more general. I think people aren't voting because they don't realize that politics and governmental decisions have an effect on their lives in many, many fundamental and important dimensions and, indeed, the government protects their liberties. So I'm with you and the League of Women Voters. Let's get people to the polls and that's certainly something that, if the League had ideas about how Yale could do a better job in getting that message across, I'd be all ears.

AK I think two striking facts about the last 8 or 10 years or so—the decline in our general confidence in the integrity of politics and the political process and the attractiveness of politics as a way of life or a career, and the simultaneous rise of the heroic entrepreneur as a culture figure, as an ideal that many, many people take as a model and a pole star. I think that, today, among the young people I talk to at the Law

School and elsewhere around Yale, that particular form of heroism—building a great company from scratch, being a captain of cyber industry—is a tremendously appealing and attractive ideal and the ethic of the market which goes with it is, for the moment, at least, for the time being, surrounded by a tremendous aura of prestige and energy. And whether this will last, how long it will last, I think is difficult to say. But it has tended, to some degree, to put the realm of politics and the life of politics, temporarily, I suspect, a bit in the shadow.

RL True, although I actually think—and maybe I'm just getting soft in my thinking—but I thought this last presidential campaign there was actually more coverage and more focus on policy differences and on the actual issues than in any campaign in a long time. There was, obviously, the cult of personality issues and that sort of thing which played a role. But there was actually a pretty healthy discussion of issues and, actually, if you look at . . . Regardless of what side you're on, but if you look at what's happened the first weeks of this administration, there have been a lot of policy initiatives that are controversial, actually a lot of discussion in the press about the issues. There's been discussion about people, too, and things like that, but I think maybe we're turning around, maybe we're creating an atmosphere in which political discussion will flourish a little better. I sure hope so.

Q My question is looking a little bit farther into the future, I suppose. We're here at the turn of the 21st century and we live in a world with about 6 billion people right now and, admittedly, most people have to acknowledge at this point, with a finite resource base, regardless of how you want to look at exact time frames of when we'll run out of this, that or the other thing. And by the end of my lifetime, most people predict that the population will have doubled and more resource use and environmental pollution and stuff like that. My question is, you hear a lot in the press with the globalized economy that there's a growing disparity between the rich and the poor and my question is, do you think market systems and sort of the political and economic institutions that go along with them—like the World Bank and democratic systems of government that allow free trade and capitalist markets and stuff like that—are adequate to address this disparity and address issues. . . I'll just give a quick example from Common Things. A lot of famine in Africa is attributed not to a general global shortage of food—there's enough food—but it's a political and economic distribution of food that causes them now. Do you think there's potential within the sort of market system and the democratic institutions associated with it to deal with a world that conceivably has 12 billion people and is facing ever finite resource load? And if you do agree, could you shortly say what aspects of Smith's theories would compensate for these problems or address these problems?

RL Let's remember that Smith's foil was Thomas Malthus and he wrote, in the early 19th century, of this dynamic of expanding population and pressure on resources, and was very pessimistic about the possibilities of market economy and technology—improvements in productivity—to ever keep up. And he had the notion that population would expand until people starved and that was the dynamic. And in many ways, if you look over the long haul of history, that's true. It's not actually at all clear that the inequalities of income and wealth are greater today than they were in ancient times. In fact, they were probably greater in ancient times in the sense that there were very, very,

very few people who were above subsistence levels and now it's more visible because there are at least 5% of the world's population who are well above subsistence levels, instead of one-quarter of 1%. And I'm not meaning to minimize this problem. It's huge. I'm an optimist in one sense. I think history teaches that the limits that natural resources imposed aren't always really there. That is, there are ways around them. There are ways to invent around them, to discover new technologies, new ways of doing things. I do believe that our consciousness about the exhaustion of the atmosphere and clean water and so forth is actually going to lead us to greener ways to do things and we will find technological solutions that allow material progress to continue, I think, and much more mindful of some of the constraints that we ignored for many years. And food—clearly, we're on the verge of a huge revolution in productive capacity, enough production of food. I know it's controversial. But using genetics, there are clearly going to be big productivity breakthroughs, if we want them, if we accept them. The question of, can markets and democratic institutions somehow help to take this vast productive potential we have in the face of these constraints and actually more equitably distribute the goods to people around the world and also more equitably distribute the information and education about controlling population so it doesn't grow as rapidly in some countries as it does, so we get the demographic transitions we've had in the advanced countries—this is very hard. But let me say this. If democratic and market institutions can't do it, I don't think any other institutions can. I think that they're our best hope.

Q In your paper on the 6th, you connected in many intricate ways the promotion of democracy to the free market and choice among consumers. I was wondering about another aspect of democracy which I thought was neglected in your paper, which was human rights. Yesterday, Yale had a visitor from the Human Rights Watch, Professor Lance Compa who, in his talk, placed the Yale administration squarely in violation of international human rights standards, specifically in regard to Yale's treatment of its employees for trying to unionize. Given that human rights are a vital component of democracy, why has a representative of Human Rights Watch identified your leadership with being so ad odds with both democracy and human rights?

RL I know a number of people in the leadership of Human Rights Watch who don't share that view, so I don't know who you're talking about.

Q We're talking about Professor Lance Compa who was the co-author of the recent Human Rights Watch Report entitled "Unfair Advantage—Workers' Freedom of Association."

RL I'm not familiar with the work you're talking about and I guess I'm not familiar with the facts.

Q A couple of people have mentioned ways in which Yale violates some of these international human rights standards. Assuming that you believe that the right to organize is a human right, then when it's blockaded, that's an international human rights violation.

RL Who has blockaded the right to organize?

Q Well, the NLRB is about to decide whether or not the Yale administration has, and a certain number of people have complained, on this campus, for about 10 years, that the Yale administration has, regarding hospital employees and graduate teachers.

RL I can't think of a single instance in which it could be fairly said that we've blockaded the ability of people to organize.

Q What about threatening to arrest people who are distributing union leaflets at the hospital?

RL The hospital is not my watch. That's somebody else's human rights watch. That's alleged and the facts will be resolved.

AK If I could just make two brief points. As a general matter, there is, of course, an important connection between the principles of democratic equality and the idea of human rights—ideas that are inscribed in our own constitutional system and that I think anyone who is committed to democratic practices in general must also be committed to. But what the list of those rights looks like and how exactly they're to be protected institutionally are not questions to which there are, in every case, absolutely crisp and indisputable answers. And I say that as someone with a deep personal commitment, which I know President Levin shares, to the cause of human rights—not just at Yale, not just in the United States, but around the world. And the second point I guess I would make is that Yale University, which has been my home now for 30 years is about as free and humane an environment as—well, certainly any I've experienced and, frankly, any I can imagine.

Q I've got a question about education. To the extent that as you've traced the growing disparity between the richest and the poorest as a result of disparities in technological skills, in college degrees, and also that these disparities are probably self-perpetuating because the people who are getting the well-paying jobs because they have college degrees and are well-educated will be able to ensure that their children have the technological know-how, etc., and so on down the line. Do you think there's a way, or how, I suppose, can either the democratic mechanisms or market mechanisms work to ensure that, on the market side, we've got a good labor force in the future, that we aren't limiting ourselves to the errors of our current skilled workers, or on the democratic side, work towards more equitable redistribution of education resources, I suppose.

RL That's a big item on the national agenda, I should think. It's clear that the high-growth sectors that are demanding labor are obviously not eliciting enough labor supply response, at least over these last few years, because part of the growing disparity in pay is that the labor supply is not forthcoming rapidly enough, so the prices get bid up. And, of course, what we'd all like to see is more rapid development of an educated labor force—not to suppress the wages so much as just to create those opportunities for more and more people. So I do think government needs to take a role in education. I think that more support for public education is crucially important to the future of this country and to the cause of greater equality. I think that the problem is a hard one to solve. The terms of debate around the current Bush and Lieberman bills for education—they're interesting but they're so far short of the kind of resource infusion that I think is really needed to fix the educational system. I mean, we need more

teachers. We need more early childhood education on a really dramatic scale , many more Head Starts—maybe down to 3-year olds —and developing the habits of listening and discipline and ability, pre-reading readiness, skills that children need. And then we probably just need more favorable teacher/student ratios in the public schools—almost across the board. This is a huge investment. The investment in social infrastructure that America really needs is of a different order of magnitude than what’s being debated.

Q Do you think there’s some political chance of acquiring that needed investment, or do you think it’s something of a lost cause in the current political environment?

RL You know, we’ve got to just keep speaking the truth, if that’s what we believe and hope that a public consensus can eventually be built around this need to commit. It seems very clear to me that there are a lot of teachers out there trying very hard to do their jobs, but it’s really hard when you’re one teacher to 30 students.

AK And even if the President’s proposals fall short of what we need and would like to see, it’s encouraging that he’s made this the first significant item on his agenda.

RL Absolutely. We need to keep moving the ball forward, and I do think we need to experiment and innovate and it always concerns me, for example, that, I think, in some ways, some of the public interventions in schools have tended to result in—and I don’t mean, necessarily federal—federal and state and local—have tended to result in more administrators and fewer teachers. And we need more people in the front lines. We need more teachers.

Q Before my question, I wanted to mention that I have the dubious honor of being a manager of unionized employees here at Yale and I want to say, for the record, that most days I go home feeling that my human rights have been compromised by the union routines. So it’s a complex environment, to put it mildly, and we have to deal with issues as we go along. In relation to the externalities you were discussing in your lecture, many externalities are related to the tragedy of the commons, so to speak. How do you relate that situation to the nature of public goods—or some of them. For example, they talk about concessioning national parks, or even education, to pick up on another angle of the education issue. How about vouchers? Or the tidal wave of market forces interfering into public goods, like public education?

RL I’m worried I’m going to slip into too much of an economics lecture so I’ve got to constrain myself. But externalities take a number of different forms, as do public goods. When we talk about the tragedy of the commons, which is actually a very understandable metaphor, that there is free access to some common good, it’s not priced. And yet, at the margin, an extra person using that common good does make a difference. So polluting the air—it doesn’t seem like it costs anything for me to do it, doesn’t seem like I’m imposing any harm on anybody but, in fact, the aggregation of all our decisions does actually impoverish all of us. Those are the kinds of externalities that I do think . . . [for which], you know, putting a price on the activity can actually work. I talked about creating a market for pollution rights as an example of an effective intervention with an externality. Education is a slightly different kind of public good. It’s only really a partial public good. We’re all better off to the extent that we can all read and all be intelligent voters and, in that sense, education is very much a public good.

But actually a lot of the returns to education are private. A lot of what people get out of education is what they themselves derive, and actually does translate into (we know, the studies have shown—especially in recent decades) a very substantial premium at every level of education. The rewards more than repay the cost of investment. So actually, the way in which the public good issue becomes important is, I think—going back to the first question, really—not thinking about our own private advantage, but how do we build a better society? How do we build a better life for the collective? It's not just people who can read and vote, but also people who can have the opportunity, through enough education. The more people who have that opportunity to climb to levels well above subsistence, to a decent life and to a material standard that allows human decency and enjoyment of life, yes, that's something we all benefit from, I think, in a political sense and I would endorse. And that's the case for investment in education, really, much more than the sort of technical tragedy of the commons kind of analysis.

AK It's interesting. The concept or the category of public good is, in the end, almost as elastic as the category of self interest, which can be stretched to cover what looks like its opposite—altruism. And so public goods include behaviors that seem to be really quite narrowly self interested and self advantaging. If everyone is brought up above the subsistence level, it's good not just for them but for all of their neighbors and fellow citizens, too. There are positive externalities in that case as well.

RL Anything that increases another person's utility and, by doing so, increases mine is a public good, and that's a pretty broad category of things.

Q I have two comments and a question. I want to address myself first to Dean Kronman's question about the future of globalization and the development of international instruments for governance in a global economy. It seems that, to the extent that there is extraordinary—and there is quite significant public concern about that -- it generally focuses around two issues. One is the economic standards for workers in the global economy—that is, whether wages will be harmonized downward and there will be competition among various jurisdictions to drive wage rates down in order to attract capital. And secondly is the ability of local governments—in our case, state governments or national governments—to set environmental standards or whether those will be driven down again by competition between different jurisdictions to drive those standards down. And I wanted to address myself to the first point—the question of lowering labor standards because, President Levin, you made a couple of rather extraordinary statements about our labor history, which I think are open to some challenge. You said, basically, that the old manufacturing cluster around autos and the revolution in steel and auto production lent itself to unionization, whereas the current service sector may not, and that's where the growth is. And that the evidence for that is the fact that there is a consistent legal environment for organizing in both time periods. That's actually significantly open to challenge. In the several decades leading up to the '30s in which that revolution was beginning to move forward, sort of the standard for response to organizing was to call in the National Guard or the local sheriffs and shoot workers. That changed dramatically in the '30s when the Wagner Act was passed, which put in place “a” framework. I won't say it's “the” framework because if you actually look at the history of the act, the organizing atmosphere and the legal

atmosphere for organizing was significantly different from the middle of the '30s up into the '50s which, not coincidentally, is the time at which we peaked in unionization rate and it began to fall slowly and then more dramatically in the '80s. It was the Taft-Hartley Act in '47 and the amendments in '57 which dramatically altered the legal structure under which workers actually had the right to self organization. And I think that was the point, actually, that the previous questioner, who was talking about the Human Rights Watch Report, was making, which is Human Rights Watch has done an extraordinary report on the right to organize in the United States in which they concluded—and made a conclusion which is very important to Dean Kronman's point—that our labor laws do not meet international human rights standards, which is a political problem for our administration as we're trying to show leadership on the question of workers' rights. And he identified two areas in which those labor laws don't meet international standards. One is, there are millions and millions and millions of workers who are excluded from exercising that fundamental right to free association bargaining collectively, and I think that has been the issue for the workers in [the hospital? Or graduate student unions?]. There is another problem where, when you are covered by the law, the remedies are so weak and so significantly delayed that there really are no rights at all and really isn't any coverage, and there's a series of case histories about what actually happens in the process that you described as a fair process under NLRB elections and then, subsequently, when employers refuse to bargain. So the real question I think, that some of the previous questioners have been trying to get at, is: as Yale is assuming this leadership role in training leaders in the new global economy—bringing Strobe Talbott here, creating the new center—doesn't Yale have a special responsibility to go far beyond the minimum that is required of it under the law and take a different approach and say, "This right—this fundamental right to self organization and free association and to bargain collectively and strike—which, by the way, is contained in all of the international human rights covenants to which the U.S. is signatory—doesn't Yale have a special responsibility to go beyond that?" Particularly, given the history here. It may be legal but the real question is: is it morally appropriate for the University to do things like hire a private security force to surveil workers, as happened in the last contract struggle here? And going back, making use of the legal process to delay and, in effect, attempt to deny the right. And so that's my question: Doesn't Yale have a special responsibility to go far beyond the fundamental, the minimum . . . ?

RL Well, again, I would just distinguish sharply between graduate students, who, I continue to believe pose a special case -- and I know that the most recent NLRB decision doesn't agree with my position, but a long history of NLRB decisions does. I think they're a special case that we could talk about *ad infinitum*. But setting that aside, I would like nothing better in my tenure as President of Yale than to make this a place for model labor relations. I think that it doesn't serve this community well to have the kind of contentious labor environment that we have and I'm very hopeful that, in the future, we can come together with Locals 34 and 35, work more amicably, in a more cooperative way, together to serve problems. And I think of ourselves as people who work together in this community, trying to make this a better place. Our intentions with respect to the City of New Haven are very much aligned. Local 34 and 35 have very much involved their members in ward politics and all kinds of local volunteer associations and community organizations, and we're out there trying to work with those

people. In our night jobs we're pulling in the same direction, and we ought to be doing that in our day jobs, too.

Q If I could just have one quick follow up, at the risk of trying the patience of the audience. When hospital workers first began forming unions in the 1960s, they were also not covered by the act, and there was a great struggle, particularly in New York City, in which the leadership of the hospitals made very similar arguments to the arguments that have been made about graduate teacher organizing. That is, that bringing a union into a hospital would somehow disrupt the sacred relationship between caregiver and patient and it was just inappropriate in what was described then as a charitable environment. Could you comment, really, on what the significant difference between hospital workers who, as I said, have faced the same precise arguments, and bring the same level of moral commitment to their work as do the people who teach undergraduates here at Yale and are concerned about the same things—that is, to some extent, their own welfare and their own economic well being, but also the future of their industry because, as health care in the last 20-30 years has undergone dramatic transformation, so too has the academy. It's not for nothing that one of the fastest growing line items on the operating statement of the university is "patents and licensing." And there's a deepening relationship between market forces and the university. Workers organize themselves because they see changes in their environment as industrial steel workers changed their forms of organization when they were no longer in blacksmith shops. So could you explain to me what's different about the moral environment in the hospital as opposed to the university and why, in one case, where people are motivated by the same thing in their work, there's an appropriate role for a union and in the other case, there isn't.

RL Well, it's a long conversation, but let me just highlight two differences between graduate students and, I would say, all workers covered by the National Labor Relations Act. First, no one chooses to come to Yale to be a teaching fellow, to be a paid worker for Yale. The people who come as graduate students come to be students. They don't apply for jobs. They apply for admission to a course of study that leads to a degree, and in the course of that preparation and training, they do work. And in that course of time, they are employees, either in a lab or in a classroom, as part of their professional training. But it's very different—I can't think of another industry in which people who are working—let's say as nurses—have really applied to do something else and happen to be working incidentally as nurses. In every other occupation, I think, the job is the center. And in graduate education, that's not so. Two, the second difference is this: I can't think of another occupation in which the object of the entire exercise is to become a manager or the employer, or at the level of the employer. That is, everyone who comes to graduate school has the aspiration to become a professor or the professional equivalent of a professor. It is a transitional state. We use the metaphor, "apprenticeship." It doesn't resonate with everyone. But that really is, literally, what it is. It's coming to work with a faculty. The best thing in a successful graduate education, one starts as a student and one ends up a colleague and professional peer of the supervisor. I just don't think the labor/management metaphor fits that relationship. And I think it is distinctly different in that respect from hospital workers who, although their motives are altruistic and they are people with a tremendous passion for their work and concern, as are graduate students—as are many people, as

are many tradesmen, as are all kinds of working people. A lot of working people love their work and take pride in it and, of course, that is what we would want for every employee here. But I really do think those are fundamental differences and I could go on. I could identify another half dozen aspects of the National Labor Relations Act regulatory framework that runs into conflict with academic values and, in particular, academic freedom of the university to define . . . by which I mean the university faculty. . . to define what gets taught, who teaches it and how it's taught. And finally, the protections that workers need and deserve in a normal employee manager relationship would be significantly inhibiting of the free speech rights that we enjoy in universities, which are vastly greater than ordinary free speech rights that anyone enjoys in a normal workplace. I mean, we are here to state the heretical, to be able to state any wild proposition. And, you know, a lot of that speech would be constrained in a National Labor Relations Act framework. So there are a lot of reasons why I think the model of worker/manager doesn't fit graduate students working as teachers.

Q I'd like to congratulate the administration and, especially during your time as President here, the obvious new effort that has been made toward reaching out to folks in New Haven and toward improving relationships with folks in the city. And one of the questions that I have is, we don't have a mall coming in. Efforts have been made to bring in more biotech and info-tech and parts of the new economy into being employers in New Haven. And those industries, it seems, because of the work hours required, because of the devotion of folks to the company, as much more of a be-all, end-all of their existence and not just as a place where they work but people work 16-20 hours a day. Does it worry you that those companies, if they actually came into New Haven, discourage democracy in that people who work there would not be able to participate as fully as folks who have worked in other industries here—for instance, in manufacturing companies or . . .

RL I think I understand what you're saying. In start-up companies, often, there's this chemistry of very hard driving and a lot of people working really long hours and feeling themselves really key stakeholders in the organization, and maybe having little time for anything else. But, you know, that's the early stage of a company's life cycle. And I think what happens, as companies mature and grow, is things do become normalized. Of course, there are going to be workaholics in any environment, but there are also going to be people who work normal hours and lead normal lives. So if we look down the road, I don't see biotech as threatening citizen participation. No one would argue that people who work at pharmaceutical companies aren't just like anyone else.

Q I agree. Do you think that managing to work an 8, 10 or 12 hour day and not having to work a 16 or 20 hour day or having to work 2 or 3 jobs, do you think that is one of the underpinnings that our democracy is based on? Do you think having time for your family and time to vote and time to participate in civic organizations is . . .

RL Again, I think that people that are, of necessity, forced to work excessive hours, we ought to be doing better. If that's the case, the minimum wage ought to be higher. There are people who are always going to do that voluntarily because they want to move ahead economically.

AK It's 5:15. I'm afraid we're out of time. We'll have to bring this to a close. I would like to thank President Levin and all of you. This session, like the previous ones, has not only given us a chance to explore the topic of democracy but to live democratically and to feel some of the lovely edginess of democratic life. Thank you all.