The Evolving American State: The Trust Challenge

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The Evolving American State: The Trust Challenge

Elaine C. Kamarck

Abstract

This essay looks at the low levels of trust in government within the American public. Through this lens, the essay examines how trust both limits and distorts modern policy making, how it has created new modes of policy implementation, and how these issues shape the nature of the American state.

KEYWORDS: President Obama, trust in government, health care reform, climate change, future of government

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Put simply, here is the conundrum of the modern American state: It is expected to solve or prevent a great variety of problems – from toxic microorganisms in fast-food hamburgers to homeland defense – all against a backdrop of citizens who do not believe that leaders in Washington can walk and chew gum at the same time. The evolving American state is being powerfully shaped by negative attitudes towards government among Americans. Skepticism about government, especially the federal government, emerged and accelerated in the latter half of the twentieth century. It is present in every demographic group. Low levels of trust have not been significantly affected by changes in economic cycles or changes in power by the political parties.

To a certain extent, distrust of government and a deep-seeded cynicism about its ability to accomplish goals is hard-wired into the American psyche. We were born as a nation, after all, in a revolt against the British government and a passionate and anti-statist individualism has always been the chief characteristic of American exceptionalism. But for nearly four decades now, these attitudes towards government have constrained both policy making and policy implementation. This essay will seek to do three things:

1) review briefly the data on trust;
2) examine its impact on policy making;
3) examine its impact on policy implementation.

**Trust in Government**

The end of the twentieth century presented a paradox of great interest to scholars and great frustration to political leaders. In the world’s most advanced democracies, citizens who lived in countries that had, by many objective measures, done a pretty good job of delivering on public goods, were getting more and more critical of government.¹ Nowhere was this as apparent as it was in the United States where, over a period of four decades in which the country was prosperous and mostly at peace, Americans grew less and less trustful of government, as the table at the end of this article illustrates. (See Appendix A)

considerable freedom of action. In subsequent decades, however, that confidence eroded severely. With the exception of a brief and short-lived burst of confidence in government following the attacks of 9/11, low levels of trust in government have become a more or less permanent feature of the American political landscape.

After the 2004 election, trust declined again, with another precipitous decline occurring around the time of the disastrous governmental response to Hurricane Katrina. Trust did not improve with the repudiation of the Republican Party in the 2006 midterms, nor did it improve with the historic election of President Obama. Trust in government today stands at its lowest point in a decade – a fact that is already having profound consequences for the Democratic majority.

In an entire book of essays on this topic called Why People Don't Trust Government, various explanations of the decline in trust are tried and found wanting. An examination of this decline reveals that it has persisted in the face of changing economic fortunes, it has persisted in the face of real governmental accomplishments, and it has persisted in the face of changes in political parties and their policies. In one of the essays, Gary Orren summed up the frustration as follows:

“All the usual suspects - those demographic, psychological, social, and economic factors that at first seem to offer convenient explanations for declining trust in government - can be dismissed or at least deferred until a more conclusive correlation is proved. Looking at the persistence of these data across so many decades and so many different political situations makes it hard to avoid the conclusion that there is something about government - its form, its behavior - that made late twentieth century Americans angry, regardless of its purposes. Sometime in the late twentieth century, Americans had come to a rather widespread conclusion about the organizations or means of government. In short, they hated it. To too many

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2 For evidence that this golden age of political trust is more than a nostalgic rewriting of history, see Stephen Earl Bennett, “Were the Halcyon Days Really Golden? An Analysis of Americans’ Attitudes about the Political System,” in John R. Hibbing and Elizabeth Theiss-Morse, eds., What is it About Government that Americans Dislike? (Cambridge: Cambridge University Press, 2001).
4 See: Joseph S. Nye, Jr., Ibid. For the absence of a clear relationship between economic performance and declining trust, see Chapter 4, "Is it really the economy, stupid?" by Robert Z. Lawrence. For a discussion of government accomplishment in the face of declining trust see Chapter 2 "Measuring the Performance of Government" by Derek Bok.
Americans, it had come to mean organizations that were large, ponderous, inflexible, and obsolete.

Politicians at home and abroad were not oblivious to these changes. Ronald Reagan, Brian Maloney (of Canada), and Margaret Thatcher (of Great Britain) made impressive careers out of dissatisfaction with late twentieth-century bureaucracy. Stupid government stories fueled not only conservative political revolutions but late night television as well. Distaste for the bureaucratic state got to the point where people could not imagine that anything they liked and valued was actually done by the government. In 1992, a Democrat, Bill Clinton, ran on a promise to “reinvent government” as a means, in part, of acknowledging America’s widespread disillusionment with government. As President, Clinton used to tell of meeting an old woman who pressed his hands intensely in hers and pleaded with him “Please, please Mr. President, don’t let the government ruin my Medicare.”

Dissatisfaction with government manifested itself in more concrete ways in a tax revolt that spread across the United States, beginning in 1978 with passage of Proposition #13 in California. Prop #13 put a ceiling on property taxes that was quickly copied. People refused explicitly to pay more taxes or voted with their feet by moving to lower-tax jurisdictions. Even liberal politicians became reluctant to raise taxes, and conservative politicians came to use lowering them as a mantra for all the ills that ailed the country.

One of President Clinton’s first year, first term initiatives was the comprehensive governmental reform and downsizing effort known as “reinventing government”. By putting Vice President Al Gore at the head of one of his most visible initiatives (his wife Hillary was tapped to head the other, on healthcare), Clinton signaled that he understood the constraints that low trust in government placed on his more liberal aspirations. The day-to-day agenda of reinventing government in the 1990s—performance measurement, electronic government, procurement reforms, etc.—were hardly the stuff of headlines. But the initiative reminded voters time and time again that Clinton was “doing something” about the problem of government. That something was not enough to save Hillary Clinton’s healthcare plan, but after it crashed and the Republicans took over Congress, reinventing government gained further respect in the White House. In 1996, Bill Clinton ran for re-election quoting only two facts from his first term in office: 21 million new jobs and the smallest government since John F. Kennedy was President.

In the meantime, however, no one except the most hard-core conservatives seriously suggested that government actually do less. Local

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6 For a wonderful history of these leaders see *Thatcher, Reagan and Mulroney* by Donald Savoie (Pittsburgh, University of Pittsburgh Press, 1994).
governments were expected to fix potholes and run school systems; state
governments were expected to manage public health systems and fund
universities; the federal government was expected to prevent harmful bacteria in
hamburgers and drinking water. When the conservative, anti-government
movement in America finally bore fruit in 1994, with Newt Gingrich’s
Republican take-over of the House of Representatives from the Democrats for the
first time in more than 40 years, conservative political elites hoped for great
changes and liberal political elites feared them.

Yet even then, with the wind at their backs and decades of pent up anti-
government sentiment, the conservative revolution failed to deliver any
substantial reduction in government. A conservative, anti-tax, anti-government
majority governed Congress from 1994 until 2006, but, with the exception of
changes related to 9/11, such as creation of the Department of Homeland Security,
the government does not look appreciably different now than it did then. In fact,
ironically, it is bigger.

The Impact on Policy Making

Several weeks before the presidential election of 2008, my colleague William A.
Galston and I published a long essay with the Washington-based think tank The
Third Way called “Change You Can Believe in Needs a Government You Can
Trust.” The paper reviewed the longitudinal data on trust in government (summed
up briefly in the first part of this essay) with an eye towards warning the newly
triumphant Democrats that: “trust shapes the limits of political possibilities. When
trust is high, policy-makers may reasonably hope to enact and implement federal
solutions to our most pressing problems. When trust is low, as it is today and has
been for much of the past few decades, policy-makers face more constraints.”

Our analysis led us to recommend a go-slow approach to the new
Administration, one that concentrated first on an agenda designed to increase trust
and that then moved on campaign pledges in a sequence from easiest to most
difficult. But as we suspected, Democratic control of both houses of Congress and
a substantial popular and Electoral College victory by Barack Obama meant that
our exhortations to rediscover incrementalism and find confidence-building
measures were ignored (if, in fact, they were ever heard at all.) Pent-up
enthusiasm for governmental activism after so many years of Republican rule led
the new Administration to take on a variety of large issues and to move in big
bold strokes.

On the one hand, life-long Democrats, in particular, can admire the
courage and energy that the Obama Administration has shown in taking on the big

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7 William A. Galston and Elaine C. Kamarck, “Change You Can Believe in Needs a Government
and interrelated issues of the economy, health care, and climate change. But the fact of the matter is that, trust does limit action, and in ways that we are just beginning to understand. Rather than rewarding the President and the Democrats for their activism, this year has seen a peculiar situation: the public has been telling their leaders to put the brakes on. Nowhere is this clearer than in the case of the healthcare reform bill.

In March of 2009, a Rasmussen poll found that nearly half (49%) of Americans thought Obama should delay work on the healthcare bill until the economy was better. The poll got little attention at the time, but buried within it were the familiar markings of the trust problem. For instance, 49% believed that it was not possible to insure everyone, and 43% believed that health care would get worse if a government-run plan was created to compete with private plans. These numbers were inevitably fueled by Republican partisans, but Independents, a strong factor in the Democratic sweeps of 2006 and 2008, plus about a third of Democrats, agreed as well.

As the first year of the Obama Administration unfolded, the public’s skepticism increased, and Obama’s popularity began to erode. To his credit the President and his Administration pushed on, knowing that political capital is to be spent, not hoarded. But the poll that appeared in the Washington Post in mid-December, weeks before the final healthcare showdown, could not have given Democratic leaders much comfort. As the reporters summed up: “But after a year of exhortation by President Obama and Democratic leaders and a high-octane national debate, there is minimal public enthusiasm for the kind of comprehensive changes in health care now under consideration. There are also signs the political fight has hurt the president’s general standing with the public.”

Imbedded in the poll were more familiar signs of mistrust of government. After a year of non-stop rhetoric from political leaders about how healthcare reform was necessary to decrease costs, more than a majority (55%) believed that the overall cost of the system would increase as a result of reform. Moreover, after a year of discussion about the need to increase quality in the healthcare system, only 37% said that the quality of care would be better in a reformed system.

The consequences of trying to pass a mammoth reform bill against the backdrop of a public that does not trust the government are twofold. The biggest casualty of public skepticism of government was that it forced politicians to drop the so-called public option – causing voices on the left, from Howard Dean to Keith Olbermann to the blogger Markos Moulitas – to oppose the bill. If this was

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a simple matter of the left not getting all that it wanted, Democratic leaders could simply wait it out, confident that the left would eventually be mollified with promises of further reform. But in this case, the objections of the left foreshadow what could be the undoing of this bill.

A bill that does not contain a public option but does contain an individual mandate could lead to the worst of all worlds. Health insurance companies could increase costs while younger, healthy, middle-class families could decide to pay the federal penalty instead of paying higher premiums. This could become an especially attractive option since, at this writing at least, the cost of the penalty may be lower than the cost to many middle class families of their health care premiums. A provision that healthcare companies cannot discriminate against pre-existing conditions makes this a very attractive option. Public skepticism about the twin goals of the legislation - decreasing costs and improving coverage – could come true.

Students of healthcare reform efforts in America will remember that back in 1988, a Democratic Congress and a Republican President passed the Medicare Catastrophic Health Care bill. It raised Medicare premiums on some seniors in order to create prescription drug coverage. The result was a senior’s revolt. The bill was repealed sixteen months after passage, making it one of the shortest-lived, if not the shortest-lived piece of legislation in modern America.

**Impact on Policy Implementation**

Whether or not the healthcare bill becomes a political asset or liability depends on its implementation. And in the evolving American state, change in the way we implement policy is also a function of low trust in government. Which is why, over the past few decades, we have seen a preference for “non-bureaucratic” solutions to problems. This move away from public-sector-only implementation has created a new, post-bureaucratic state or, as I titled a book on this topic, *The End of Government...as we know it*.

The evolving American state is a decidedly post-bureaucratic state, in which the public’s distrust of government has moved policy implementation away from the public sector and towards a vast array of hybrid forms that combine the public and the private sectors. For instance, in many areas of policy these days, from research and development to the delivery of social services, the preferred implementation mode is what I have called government by network, in which the state makes a conscious decision to implement policy by creating a network of nongovernmental organizations through its power to contract, fund, or coerce. (In this meaning of the term, the network is a self-conscious creation of a policy-maker or a group of policy-makers rather than a naturally occurring part of the greater society.)
The second most popular implementation preference of the post-bureaucratic state is what I have called government by market. In government by market, the state uses its power to create a market that fulfills a public purpose. Often this involves taking into account what economists call “externalities.” Nowhere has the popularity of government by market been greater than in the debate over climate change. For the past few decades, it has been fashionable to disparage governmental regulatory action in the environmental arena in favor of “market-based” solutions. This evolution has not been without merit. Regulation by the central government often took the form of mandating technological solutions that became quickly obsolete as the industries in question came up with more innovative and often more effective technological solutions to pollution problems.

The biggest boost to the government by market approach to environmentalism took place in the 1990s. The Sulfur Dioxide Trading Scheme, enacted as part of President George H. W. Bush’s Clean Air Act, has been a great success. In fact, it has been so successful that many environmentalists who initially resisted it on grounds that polluters should not be allowed to pay to pollute, now want to use the same model for a variety of other environmental problems, including greenhouse gases.

Sulfur dioxide caused the infamous “acid rain.” The administration of George H. W. Bush earned praise for experimenting with this new approach to environmental policy. In contrast to command and control environmental regulations, the 1990 legislation was hailed as a conceptual and political breakthrough by creating the first cap-and-trade program for environmental purposes. According to one contemporaneous account, “Rather than simply balancing environmental goals against economic goals, Bush took a different tack. The use of marketplace incentives in controlling pollution has been gaining acceptance now for several years. But Bush has given the notion a strong embrace. It allowed him, at least in a broad conceptual plan such as the one he introduced this week, to choose targets acceptable to environmentalists while giving business the flexibility to cut the cost.”10 ”It took a lot more creativity,” Dudeck says, than just splitting the difference between warring interests. That flexibility "was real critical," notes Mike Core, an official with Buckeye Power, an Ohio utility with coal-burning plants.”11

Since then, the Clean Air Act of 1990 has been remarkably successful. The emission reductions targeted in the law were achieved and then exceeded. Acid rain is a topic that is almost never in the news anymore, at least in the United


11 Ibid.
States. The Act also established a model that many environmentalists have been enamored of ever since. Nevertheless, Robert N. Stavins, one of the architects of the initial SO₂ trading system, cautions that there are lessons to be learned from its success. These lessons are “…about the importance of flexibility and simplicity, the role of monitoring and enforcement, and the capabilities of the private sector to make markets of this sort work.”

The trading scheme for sulfur dioxide emissions was small and highly-targeted, beginning with 263 units at 110 power plants run by 61 electric utilities. The technology for dealing with sulfur dioxide emissions was known at the time the legislation became law. As Stavins points out, “…both scrubbing and fuel-switching were feasible options.” Stavins also points out that, “…simple formulas for allocating permits based upon historical data have proven difficult to contest or manipulate.” Although the SO₂ permits were given without charge, Stavins argues that the costs of trading SO₂ would have been 25 percent lower if permits had been auctioned instead of freely allocated. Finally, Stavins argues for the “importance of monitoring and enforcement provisions. In 1990, environmental advocates insisted on continuous emissions monitoring, which helps build market confidence. The costs of such monitoring, however, are significant.”

Laurie Williams and Alan Zabel, two environmental enforcement attorneys from San Francisco, call the acid rain program the “poster child” for the cap and trade program. It proved the possibilities in this new public policy concept when it succeeded in reducing SO₂ emissions. It succeeded however, because power plants could switch from high sulfur eastern coal to low sulfur western coal. Achieving these reductions required very little infrastructure – some new rail lines, minor burner modifications and some more efficient scrubbers. In contrast, Williams and Zabel point out, fighting climate change requires an energy revolution that includes massive new infrastructure and extensive innovation.

And yet, in spite of the differences between the sulfur dioxide trading system and the challenges of controlling carbon dioxide throughout the planet, environmentalists, spurred on by the success of this market-based approach, have sought to apply it to the much broader challenge of climate change. The major bills currently in the Congress use a cap and trade approach in order to increase the price of carbon. The creation of a “carbon market” is a perfect example of how actors in the modern American state seek to govern without government. But

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13 Ibid.
the problems of the healthcare bill pale in comparison to the problems that climate change legislation is having.

While the 1990s saw continued distrust of government but a neutral if not positive attitude towards the private sector, the next decade promises distrust of government and distrust of market mechanisms. In one focus group conducted to explore attitudes towards cap and trade, a woman listened to a neutral description of how this new market would work and commented “You mean we’re supposed to leave the fate of the planet to Wall Street?” By 2008, Americans’ faith in markets (on which the politics of cap and trade is predicated) came face to face with a financial sector that failed massively and thrust them into the worst recession in their lifetimes and a government that failed to regulate and prevent the meltdown.

The underlying fact is that cap-and-trade creates a trading market for carbon, a market that will be inherently volatile and that will invite speculation. Practically overnight, Americans’ faith in “letting the market do it” became tainted by the suspicion that “letting the market do it” meant letting the market invent obscure financial instruments for the purpose of speculating on energy. Once again, Americans’ lack of faith in government, in this instance their lack of faith that the government can effectively regulate markets, blocks effective change.

To the surprise of many, a recent poll by Hart Associates found that when the public was presented a cap-and-trade plan versus a carbon-tax plan (with a rebate), they preferred the carbon-tax plan. A strong plurality said that they preferred it because it was “More transparent, had fewer loopholes, was straightforward and easy to track.”

Cap and trade is the implementation option Democrats have settled on to tackle the fundamental dilemma of climate change: fossil fuels are cheap; alternative energy is not. In spite of a recent uptick in the number of climate change skeptics, the public still believes in the need for action and even agrees that they will have to pay something for that action. But once again, trust is at the core of how to do that. Public skepticism about government regulation initially led environmentalists to pursue market mechanisms in pursuit of their climate change goals. But now those who would enact climate change legislation face enormous public skepticism about the capacity of the government to regulate a brand new and enormously complex carbon market - when it could not effectively regulate the older and better understood housing market. Hence the problem with climate change legislation.

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Conclusion

Low levels of public trust in government create problems for the evolving American state. Trust trumps political control, as Democrats are finding out. And skepticism creates paralysis, leading to problems in both the creation and the implementation of policy. The trust problem is especially difficult for progressives, who usually come into government with a strong desire to achieve change, but the problems posed by trust exist for all who would try to impact policy and its implementation in the evolving American state.

APPENDIX

TRUST IN THE FEDERAL GOVERNMENT, 1958 – 2009

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<th>Only sometimes</th>
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Sources: American National Election Study (1958 to 2004)

New York Times/CBS Poll: (August 27 to 31, 2009); (October 10 – 13, 2008); (July 9 to 17, 2007); (September 15 to 19, 2006); (September 9 to 13, 2005).