

— EDITED TRANSCRIPT —



HUDSON INSTITUTE'S
BRADLEY CENTER
FOR PHILANTHROPY
AND CIVIC RENEWAL

presents

WHEN NONPROFITS ATTACK:

Nonprofit Organizations as Political Advocates

Tuesday, July 19, 2005

12:00—2:00 p.m.

Hudson Institute, Washington, DC

As a political contest begins to shape up over a new appointment to the U.S. Supreme Court, and as nonprofits prepare to play a role in that contest, it's a good time to reflect on the legitimacy and limits of political advocacy within the nonprofit sector. The IRS Internal Revenue Service withholds nonprofit status from organizations where a "substantial part of the activities... is carrying on propaganda, or otherwise attempting, to influence legislations." But nonprofits can and do engage in the political process, with fellow 501(c)(3) groups such as the Center for Lobbying in the Public Interest and Alliance for Justice to guide them. Matter of fact, some see political activism as a significant part of the nonprofit sector's purpose. And yet the questions remain: Is activism a charitable activity? How far should charities go in engaging in politics? What does politics look like when it has been shaped by widespread nonprofit activism (as in, for example, New York City, according to panelist **STEVEN MALANGA**)? At today's event, Hudson Institute's Bradley Center asks a panel of experts: **GARY BASS** of OMB Watch, Tufts University professor **JEFFREY BERRY**, **STEVEN MALANGA** of the Manhattan Institute, and the Capital Research Center's **TERRENCE SCANLON**.

PROGRAM

11:45 a.m.	Registration, lunch buffet
12:00 p.m.	Introduction by WILLIAM SCHAMBRA
12:05	Panel discussion
1:00	Q&A
2:00	Adjournment

THIS TRANSCRIPT WAS PREPARED FROM A TAPE RECORDING AND EDITED BY THE BRADLEY CENTER. To request further information on this event or the Bradley Center, please contact Hudson Institute at (202) 974-2424 or e-mail Krista Shaffer at krista@hudson.org.

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PANELIST BIOGRAPHIES

Gary D. Bass is the founder and executive director of OMB Watch. Since founding the advocacy organization in 1983, Bass has testified before Congress, appeared on national television, addressed groups across the country, and written extensively on federal budgetary, program management, regulatory and information policy issues. During 1995, he led OMB Watch in challenging a number of provisions in the Contract with America. In 1989, Bass created RTK NET (the Right-to-Know Network), a free online computer service to provide community groups with access to government data. Prior to founding OMB Watch, Bass was president of the Human Services Information Center, where he wrote two books and numerous articles on human services issues, and published the *Human Services INSIDER*, a bimonthly newsletter on the politics of federal human services program. Bass was recently selected as one of the *Nonprofit Times* “Power and Influence Top 50.”

Jeffrey M. Berry is a professor of political science at Tufts University, where he has taught since receiving his doctorate from Johns Hopkins University in 1974. He is the author (with David Arons) of *A Voice for Nonprofits* (Brookings Institution Press, 2003); Berry and Arons argue that the lobbying restrictions should be eased so that nonprofits may become more involved in public policymaking. Berry’s works also include *Surveying Nonprofits: A Methods Handbook* (with David F. Arons, Gary D. Bass, Matthew Carter, and Kent Portney) (Aspen Institute, 2003), *The Interest Group Society* (3rd ed., Longman, 1997), *The Rebirth of American Democracy*, with Kent Portney and Ken Thomson (Brookings, 1993), which won the APSA’s Gladys Kammerer Award for the best book on American politics, and *The New Liberalism: The Rising Power of Citizen Groups* (Brookings, 1999).

Steven Malanga is a contributing editor of *City Journal* and a senior fellow at the Manhattan Institute. He is the author of *The New New Left* (Ivan R. Dee, 2005). He writes about the intersection of urban economies, business communities, and public policy. Prior to joining *City Journal*, Malanga was executive editor of *Crain’s New York Business*. During his tenure at the publication it twice won the General Excellence award from the Association of Area Business Publications (AABP). In 1998, a series he co-authored, “Tort-ured State,” about the influence of trial lawyers in New York State, was voted best investigative story of the year by the AABP. Malanga has also written articles on various topics for *The Wall Street Journal*, *New York Daily News*, *New York Post*, and other publications.

Terrence Scanlon was named Capital Research Center (CRC) president and chairman of its board of trustees in 1994. Earlier, he was vice president for corporate relations at The Heritage Foundation. His public career includes an appointment by President Ronald Reagan to the U.S. Consumer Product Safety Commission where he served seven years, including service as chairman during President Reagan's second term.

PROCEEDINGS

WILLIAM SCHAMBRA: Why don't we get started? People will probably be joining us as we go along but they'll come in the back I hope—the back door.

On behalf of Krista Shaffer and myself, the Bradley Center for Philanthropy and Civil Renewal, I'd like to welcome you to our panel discussion today, which, considering that it's the middle of July, has drawn a pretty respectable audience. A cynic might point out that we inflated the audience by using unfair advertising techniques. After all, the invitation did say, in turns, welcome plus lunch served—(laughter)—but to be sure that only the most serious interns showed up today, we have the ice cream filter installed in the lobby downstairs.

I hope some of you were drawn by the panel's irresponsible and sensationalistic title, "When Nonprofits Attack." A word of explanation about that may be in order. That actually was my second choice for a title, the first being "Nonprofits Gone Wild"—(laughter)—an even more irresponsible and scurrilous allusion, but Krista pointed out to me, believe it or not, that title has already been used by the San Francisco Bay Guardian in an article describing a series of misdeeds on the part of Bay area nonprofits.

So we went to "When Nonprofits Attack," a play on the title of the Fox cable series, "When Animals Attack." The premise of the Fox series was just when you come to believe that animals are warm, cuddly, cute friends of mankind, they suddenly turn on you and revert to being red in tooth and claw. Might the same be said of nonprofits? Certainly one of our panelists today, Jeff Berry, would emphasize the friend-of-mankind aspects of nonprofits. As he notes in his book from 2003, which will come out in paperback this fall from Brookings, *A Voice for Nonprofits*, "America loves nonprofits. They represent what is best about our country—generosity, compassion, vision and the eternal optimism that we can resolve our most serious problems. Unlike the for-profit sector that employs most Americans, nonprofits have a higher calling, a more noble purpose." His argument is that our politics would be far better off if nonprofits became more active in public affairs.

But another of our panelists today, Steve Malanga, takes a dramatically different view of nonprofits in his brand-new book from Ivan Dee, *The New New Left: How American Politics Works Today*. Focusing on the example of New York City, he paints a picture of nonprofit political activity that is anything but noble. Social service nonprofits, in alliance with public sector unions, are dedicated not to a higher calling, he suggests, but to siphoning evermore tax dollars into the pockets of their members with very little attention to the larger public good. I suspect he would not be as enthused about greater political activity on the part of nonprofits.

Whether nonprofits are warm, cuddly and noble or red in tooth and claw is a question we are about to face at the national level. Nonprofits, along with much more explicitly political groups of all sorts, are mobilizing resources and members to an unprecedented degree in preparation for the battle over an appointment to the United States Supreme Court.

To help us consider this issue, we have a distinguished panel today whom I will introduce now very briefly. The complete bios are available in your packets. Each panelist will speak about 10

minutes, followed by a bit of give and take amongst themselves, and then we'll have some audience Q&A concluding at 2 o'clock.

Terry Scanlon promised to provide us some numbers to help us frame today's discussion, so we'll have him up first. Terry is president of Capital Research Center. He will be followed by Steve Malanga of the Manhattan Institute. I should add, Steve is not responsible for the title of the panel, which I in fact had to explain to him, insofar as it can be explained. It's probably to his credit that he's unaware that there are programs called "When Animals Attack."

Next will be Professor Jeffrey Berry, the John Richard Skuse, Class of 1941, Professor of Political Science at Tufts. And he will be followed by Gary Bass, founder and executive director of OMB Watch, another nationally known advocate of nonprofit advocacy.

So let's get things underway with Terry.

TERRENCE SCANLON: Thanks, Bill, very much. I want to thank you and the Bradley Center and Ken Weinstein and the Hudson Institute for sponsoring this panel today. It's a privilege to be here.

Bill had asked us to address these questions: Is activism a charitable activity? How far should nonprofits go in engaging in politics? And thirdly, what does politics look like when it has been shaped by widespread nonprofit activism?

Let me just provide a few facts before we get into the discussion. Today there are over one million nonprofit groups classified as public charities by the Internal Revenue Service. This figure excludes churches, synagogues and generally houses of worship. These are the groups that fill out the Form 990, the IRS form that nonprofits are required to do each April. There has been a dramatic increase in the number of these groups in the last few years. In 1995 there were 626,000 and in 2003 that number had jumped to 964,000.

Now, charities are important and desirable because they provide non-government services to those who need them. We have a history of this in the United States. That's why we have tax deductions, which are supported by the Congress each year. And Americans have a long tradition of philanthropy. We are the most generous of all nations. Even among our poor citizens we see a very high percentage of time spent with volunteer groups or dollars donated to them.

But—and it's a big but—one can argue that there are too many so-called charities in America because our tax code gives organizations and their donors too many tax privileges. Recently Senator Charles Grassley, Republican of Iowa, held hearings as Chairman of the Senate Finance Committee on philanthropy, and what things might be later enacted to rectify abuses that have occurred during the last several years. He began the hearing with a stuffed antelope. Anybody in the room, were you at that hearing by chance? There was a stuffed antelope which had come from a wildlife museum—that's what it was called—on the—I believe it was the Wyoming-Nebraska state border. This was a hunting retreat, if you would, for locals who had obtained 501(c)(3) charitable status so that they could mount these animal heads in this train car. And of course this was all tax deductible and paid for their hunting excursions.

There were other examples provided at this hearing of exorbitant fees paid by some foundations, and we're talking about—I'm not making a general statement here; there were really few—but they were outrageous. And this followed the series in the fall of 2003 in the *Boston Globe* of several primarily New England-based family foundations that had paid their directors, most people would say, way too much money.

So let's talk about what I would like to argue today, and that is that political activism also can masquerade or be confused with charitable activity. Depending on where we draw the line and whether or how often we cross the line, specific activities may or may not be illegal. But when advocacy groups claim that political activism is a legitimate activity for charities, I think they make a big mistake, and let me tell you why.

Smart nonprofits have lawyers and accountants who can tell the nonprofit how to distinguish between the 501(c)(4) lobbying or the 510(c)(3) advocacy. If I'm using the terms here that are not understandable, please just raise your hand and I'll try to give an explanation, or maybe another panelist might want to do that too. Several of these groups now have (c)(3)s and (c)(4)s—the Sierra Club, the NAACP, MoveOn.org—then you have groups like Alliance for Justice that encourage (c)(3)s in “Worry-Free Lobbying for Nonprofits” (a twelve-page publication available online at http://www.allianceforjustice.org/images/collection_images/Worry-Free%20Lobbying.pdf). In fact, now you can learn by taking courses on how to elect a 510(h) status, which allows more lobbying than permitted under the (c)(4). Regrettably, in my opinion, today I think about 4 percent of the charities now have 501(h) status.

Along with this we of course last year had the McCain-Feingold reform package enacted, which has created a whole new species of 527 political groups with their own rules on political advocacy. So this is a new thrust. I guess the best example of 527 giving might be George Soros, who, during the 2004 election cycle contributed nearly \$24 million to 527 groups. That included \$7.5 million to American Coming Together and \$2.5 million to MoveOn.org.

I think these recent developments are harmful to the best traditions of American charity and harmful to what most Americans assume to be the role of charity. My fear is this: Advocacy and public interest groups are becoming more political than they are charitable. When they engage in research and education—this is always the term used—they give citizens information that tries to make them angry or upset and motivated to take action. Advocacy groups, conservative as well as liberal, then mobilize citizen support for changes in public policy, because major changes in public policy generally can only be achieved by passing laws and electing politicians. This has meant that nonprofit groups increasingly become political pressure groups.

Is this healthy? I don't think so. I think one big concern that we have at the Capital Research Center has been this administration's support for religious charities, and I think certainly the intention is good, and I think there was government discrimination, if you want to use that term, against religious charity, but I fear the outcome may just be the reverse.

Take Catholic Charities, for example. Catholic Charities is the third-largest charity in the United States. Its revenues in 2003 were just under \$3 billion. Catholic Charities now receives about 60 percent of its budget through government sources. That's federal, state and local. Just a few

years ago, by the way, Catholic Charities received about 10 percent of its overall budget from the government. Now we're at 60 percent.

Along with this, Catholic Charities has become rather outspoken, taking public policy positions. I invite all of you to look at their web page, Catholic Charities. In a letter dated April 25th, which they sent to various members of Congress, staff urged that a whole plethora of programs be expanded, and expressed their opposition to several suggested new programs—generally more free market ones—because there probably wouldn't be federal money available to them.

Another problem that has developed in the last couple of years is that Pew Charitable Trust, one of the largest foundations located in the Philadelphia area, managed to persuade the IRS to reclassify it as a (c)(3) public charity, so they can engage in advocacy. So the public policy positions that they have taken on global warming, campaign finance reform, and a host of other issues, now can be put under the rubric of a 510(c)(3). I think that really is unhealthy.

Another problem today that should be addressed is the groups that accept money from federal agencies—environmental groups probably are the most obvious here—while criticizing that agency's programs. A good example would be the Natural Resource Defense Council that receives annually millions of dollars from EPA, but never hesitates to criticize the hand that's feeding it.

Another good example is AARP, the senior citizen's lobby. Their funding from the federal government in 2003 was \$67 million. Now, has AARP been hesitant whatsoever in opposing the Bush administration's Social Security reform proposals? I don't think so—just the opposite. You see the ads every day in just about every major newspaper. Did that help them support the Bush administration's drug prescription entitlement program, which they supported a couple of years ago, much to the regret of many of their longtime supporters? Again, I don't think so. So why is AARP receiving money of this amount?

I believe a couple of years ago they received a \$3-million grant from the EPA to warn seniors about the dangers of global warming. I'm not sure what seniors were supposed to do. I mean, in some cases it's almost scandalous. I'll give a compliment to my colleague here, Gary Bass, who fought the enactment a few years ago of what was called the Istook Amendment. Some of you interns may not remember that. In the November of '94 elections, the Republicans assumed a majority in the Congress and a congressman from Oklahoma, Ernest Istook, with two other co-sponsors—Dave McIntosh and now-Governor Ehrlich of Maryland—had cosponsored legislation that was passed in the House but never got through the Senate called the Istook Amendment, which would have limited advocacy of federal grantees. I thought it was a superb measure. I commend you—though I was saddened by it—that you were able to defeat it, mostly on grounds, I believe, of saying that the government would be taking away the First Amendment rights of federal grantees. I disagree. But my hope—my earnest hope is that in the next few years we will have something like an Istook Amendment enacted.

Thank you. I'd be happy to answer any questions later whenever it's appropriate.

STEVEN MALANGA: Let me start, I guess—what I'm mostly going to do is tell you just about the main argument in my book, and one of the reasons I guess I need to do that is first of all to

define some of the terminology so that we're not talking past each other. To a certain extent we may be talking about some very different things.

First of all, my book is not principally about nonprofits and it's not about nonprofits in the whole. In fact, I rarely use the word "nonprofits" in my book. Occasionally I do. It's what we call in rhetoric "elegant variation," even when it's inelegant. What I mostly write about when I am writing about such groups are social service advocacy groups which live off of government money, which certainly do not qualify as charities. I do mention and discuss somewhat in detail the transformation in American of charities into government contractors. That, I think, is an important theme.

Terry mentioned Catholic Charities, which I actually bring up in the book too. It's a very interesting example. But I also write really extensively—and many of the groups that I mention are groups that came into being when government money became available for them, and essentially our government contractors are made almost entirely of government money.

Now, I think sometimes I'm associated with the nonprofit discussion because one of the first stories I wrote on this was a series a long time ago about New York City—and this is more than 10 years ago—which was called "Nonprofits: New York's New Tammany Hall," which was a headline that was stolen from a political science professor in New York who had used that phrase, and since then various organizations that chronicle philanthropy brought me around the country and we had discussions about this, and so I think I'm sometimes associated with a broad discussion of nonprofits.

But what my book is mostly about is what I would call the public sector economy. And social service advocacy groups fit into that in a way, but there are really three components to the public sector economy. One is public employees, especially organized through groups such as public employee unions. Two are what I call social service advocacy organizations that are essentially made of government money. And number three is increasingly the healthcare field, which is also increasingly made of government money. More than half of all healthcare bills in America today are paid by government, and in some places like New York State, California, it's much more than that.

Now, the central argument of the book is that these groups constitute something called a public sector economy, which has been growing robustly in the United States, particularly, again, in places like California, New York, New Jersey, Rhode Island, and I can mention a few others, over the last thirty to forty years, and that these groups benefit from an expanding government; benefit from growing government programs; live off of those programs; and have seen it in their self-interest—of course—to become intimately involved in local and state politics, particularly because that basically is what their livelihood revolves around, and have become very active and very successful politically. People out of these organizations have become the new political class in a lot of places. This is essentially what my book is about.

Let me talk just a little bit about the social service/nonprofit part of this for a few minutes and talk about the sort of nature of the political activism there.

We saw in this country, starting in the mid-'60s, a vast expansion of government and government programs beginning with the War on Poverty. And the War on Poverty aimed

billions of dollars and what has essentially become trillions of dollars, not just in federal money but also state and local money, first of all at distressed urban communities—although that money was later expanded to urban communities in general and then later expanded to virtually all communities in America.

Now, it wasn't just that this money was aimed at these communities. Because of the work of the Kerner Commission, which was the civil rights commission in the mid-1960s, and the influence of John Lindsay, the mayor of New York, who was vice chairman of this commission, the notion was that we weren't merely going to spend this money to help these communities, but we were going to spend the money in a way that would empower the communities themselves—give the communities themselves a greater sense of political power. And we were going to empower these communities by giving money, oftentimes through local politicians, to local organizations in the form of community groups that were out there being formed already and had a mission—saw a mission, wanted to knit together and revive their communities economically through community programs, socially. And through financing these groups we were going to help to rebuild our distressed urban communities.

And the Republicans participated in this to as large an extent as the Democrats. In fact, when the Nixon administration took office in Washington and took one look at the growth of the federal bureaucracy because of the War on Poverty, they decided, we have to get these people out of Washington. And I remember reading a *New York Times* story of the time in which an unnamed source in the Nixon administration said—was quoted as saying something to the effect that these advocacy groups that were now all knocking on the doors in Washington were driving everybody crazy—and I'm not quite sure they used the words “driving everybody crazy,” but the idea was that we need to devolve this funding down to the state and local level to get these advocacy groups out of Washington and get them knocking on doors in state capitals and cities. And that is almost a direct quote. I'd have to go back and find the actual quote.

Many of the programs were conceived or reconceived as block-grant programs, sort of further focusing them at the local level through local politicians. The model was Bobby Kennedy's Brooklyn community group, which was doing some new kind of community work in central Brooklyn, and the idea was that we could finance groups like this throughout urban America.

What happened was something I think to a certain extent quite different. First of all, this became a great opportunity for local politicians. Suddenly they had this pot of money in their hands, or this pot of money that they could help direct. There weren't nearly the number of community groups that the federal government believed there was at the time, but they were certainly created once the money became available. Two things happened. One was that groups like Catholic Charities began soliciting and receiving government money and gradually became effective government contractors. The second thing is a whole network of community organizations sprang up. As the War on Poverty and the programs that it engendered moved around the social spectrum—we moved from job training to subsidized housing to later as crime began to grow in the '70s and early '80s, to drug rehabilitation—a lot of these groups that had begun as community organizations began spinning off various components that could attract this money.

Very quickly, these organizations realized that it was in their self-interest of course to keep the money going. They became, in some neighborhoods, some of the biggest employers in the neighborhoods. In fact, when I looked in 1989 and 1990 for a story I wrote at that time about the

South Bronx, 50 percent of all the employment in the South Bronx was in social services, health care and public-sector jobs. So it was the economy in many distressed neighborhoods. Along with the growth of these organizations came a growth of a certain new kind of political power. At about the time that these organizations were forming, the old political clubhouses in cities were starting to disappear, and they were disappearing for a lot of very complex reasons having to do with the way the national parties were changing. This is something that Daniel Patrick Moynihan wrote about very astutely in the early '60s, and by the early '70s, the political clubhouse in many American cities, the kind of clubhouse that was the power structure and the nexus point for politics and government in neighborhoods, and sort of funneled ideas and patronage and power upwards to city hall, were disappearing, and in many places there was a huge vacuum.

And these organizations were in a position to take advantage of that vacuum. We had in a place like New York City the rise of someone like Ramon Velez, who began as a social worker himself, started several different organizations, and within the course of a few years in the South Bronx had a whole network of drug treatment centers, Medicaid centers. It's estimated that from the late '70s over a period of twenty-five years to the point when he died, he attracted \$300 million in federal subsidies and federal, state and local contracts and other monies. Now, the thing about Ramon Velez is he became an enormous political power in New York City. In order to be elected to the city council or the New York state assembly from the South Bronx, you had to go through Ramon Velez. He became the political boss of the South Bronx. He also eventually ran for and won city council office himself but didn't stay around very long. I think like many of the traditional political bosses he found that holding office wasn't nearly as interesting as holding the power.

There was also Pedro Espada, who created a whole series of health clinics in the city, again, serving upwards of 100,000 clients a year; got himself elected to the state assembly; got his son elected to the city council; became, again, the anointer of politicians and city councilpeople in his area of the city.

Now, political science observers in the early '90s called these activists the "new clubhouses," the new Tammany Hall. And it wasn't just actually happening in New York City but around the country. Increasingly, the road to government often winds through this public-sector economy. We often say that there are too many lawyers in our assemblies or our city councils or so forth, but in New York City by the mid-1990s, a quarter of the city council was actually made up of what I call this public sector economy, people who had come out of this. Today, 70 percent of the city council in New York City is made up of the public sector economy. There has been an ever greater swing. But we've seen it in other places also.

Antonio Villaraigosa, the new mayor of Los Angeles, and before that the speaker of the California Assembly, is a former teacher's union delegate, and before that he was a director of a nonprofit in California. Jane Campbell, the mayor of Cleveland, got her start in social service advocacy and basically made a name for herself there and then ran for Congress. Kay Barnes, the mayor of Kansas City, also came up starting a women's advocacy group and launched her career out of that sector.

Now, social service advocates themselves don't really constitute enough of a political force at the state and local level to be a political presence, I think, but somewhere around the late 1980s,

early 1990s they saw the common interests they had, particularly with the healthcare industry and also especially with public-sector unions, and that became the alliance that they created, and they have now become the 800-pound gorillas in places like Sacramento, Albany, Trenton and so forth. In fact, if you go around the country and you look at those states that have lobbying commissions and lobbying laws and ethics laws, many of these lobbying commissions put out lists of the largest lobbying campaigns of the year, the top ten.

You will often find the public sector economy represented at the top of this list. In New York State, for instance, in 1999, the healthcare workers union and the greater New York Hospital Association, which is composed entirely of nonprofits—there are no for-profit health institutions of that sort in New York State—combined to defeat Medicaid reform, and in the process spent more money on a lobbying campaign than any other single lobbying campaign in the history of New York State.

Around the country you'll see various groups that come under the heading of nonprofit organizations, oftentimes in conjunction with groups like teachers' unions and public employee unions in general. So they have made themselves felt at the state and the local level.

Now, the biggest problem with all of this is that it's increasingly difficult to distinguish where growth in government, particularly growth and expansion of government in order to solve our social problems, is creating an effective payback for us and when it is merely expanding and sustaining a part of our economy, and a part of our economy that has to be paid for by taxpayers in general. As this public-sector economy grows larger, we find ourselves at the state and local level having more and more trouble justifying some of the results.

The quintessential example of that is New York State's Medicaid program, which is by far the largest Medicaid program in the country. It's double the size of California, although New York's population is only about 60 percent of the size of California, and it contains all kinds of bells and whistles. The *New York Times* is in the middle of writing a investigative series that they've been working on for a year about waste and fraud in the system, which they've estimated could be as high as 40 percent of all payments—40 percent of what is a \$45 billion system, and they have a long list of for-profit doctors and medical offices and medical labs and nonprofit groups that have been living off of this. Their conclusion, which they've announced immediately, is that the system has gotten so big that most of the impetus politically for both the Republicans and the Democrats in New York State has been to expand the system over the years. Most of the debate is about what else can we do to add to the system, and very little is about how is this system being abused or how effective is the system.

So that I think is the central question that we have to examine at the state and local level, particularly when we get to the point where we realize that it becomes more and more difficult for us to distinguish when public employees—when public-sector advocacy groups that are living off of government money—tell us there's a problem and advocate a government solution. It becomes more and more difficult to distinguish or to separate their own self-interest from the effectiveness of what they're proposing. It is particularly challenging in states like New York, California, New Jersey, Rhode Island, but it is challenging for *all* states and large cities.

And I'll stop there.

JEFFREY BERRY: Gary [Bass] is going to go—(cross talk)—clean up, which is as it should be. I've learned most of what I know about nonprofits from Gary.

Thanks for inviting me to the Hudson Institute. Terry began with a little linguistic cleanup to define terms; let me say that I'm only going to talk about 501(c)(3)s, charities and not 501(c)(4)s, which I think, in terms of attack mode, it would come from (c)(4)s, and that's a very different question. Since they do not get a significant tax advantage from the government, their regulation is pretty much the same in terms of lobbying as labor unions, (c)(5)s, or business association (c)(6)s. So to me that's just the discussion about issue-group politics and doesn't really, I think, directly relate to some fundamental questions about (c)(3), which are very difficult and present some challenges in terms of government regulation, since government is justified in regulating 501(c)(3)s.

Let me make four points very quickly in my allotted ten minutes. The first is we need more participation by nonprofits, not less. And if I was titling this panel, it would not have been "When Nonprofits Go Wild," but "When Nonprofits Go Passive." I've spent a lot of time measuring the political activity of nonprofits, the result of which was published in the book *A Voice for Nonprofits*. What I found was, using lots of different measurements to make sure that the findings were not artifactual or subject to mythological whim, that no matter how I measured it, nonprofits are relatively inactive in terms of lobbying and in terms of grassroots mobilization. There are some nonprofits that do it, but they, by and large, are relatively passive in the public policymaking process on the legislative end—a little bit more active on the administrative end.

Now, I said they ought to be more active. The empirical case that they're not that active is not an argument for being more active—that's a normative statement. So here's the "ought"—here's the rationale for why they should be more active. Political science scholars like myself, people who study interest groups for a living and think about it, we justify an interest-group based system like our own on the grounds that if society is pluralistic and if all sectors are representative of policymaking process, then that's a fairly good approximation of a democracy—as Robert Dahl put it, democracy, warts and all.

But we don't have a kind of system in this country where every sector is effectively represented. To use an economic prism or maybe a conservative prism, we don't have that type of system because of market failure. There are many constituencies that are badly underrepresented in the policymaking process—the poor, those on Medicaid, battered women, mentally retarded children, the disabled, immigrants, non-English speakers. These constituencies have strong interests in the political system but they don't have strong representation in it. There are lobbies that would represent them if they felt comfortable doing it—anyway, nonprofits—but these constituencies, because they lack discretionary income or the skills or the wherewithal, are not going to form a lobbying group on their own. It's simply not going to happen. Imagine sort of battered women getting together to form a lobbying group. That's not going to happen. And nonprofits who ostensibly represent these organizations don't feel safe in lobbying very much. They do it a little bit.

Second, we need more civic engagement in this country, not less. Moving from the representation by others—by lobbyists and board members in the organization—to the rank-and-file participation, again there is a strong political science argument that we need more. Political scientists are very concerned about disengagement—community disengagement, the "bowling-

alone” thesis that more and more Americans are doing less and less in their communities. Why they’ve become more interested in being couch potatoes and being less active in community groups we’re not exactly sure. There are lots of different reasons; it’s complicated. But I think political scientists are unanimous, as probably everybody else is, that more involvement in the community would be a better thing.

In about three weeks the Brookings Institution is going to publish a book called *Democracy at Risk*, which is a report of committee of the American Political Science Association [and can be ordered online at <http://www.brookings.edu/press/books/democracyatrisk.htm>]. I was a member of that committee that wrote the book. We tried to figure out why there is civic disengagement and what we can do about it. And what we found were experts from all different subfields of political science. When we got together and compared notes and talked about it and broke up into working groups and critiqued each other’s work, we found that there is a pattern of barriers to participation. Government can make it easier to participate; or it can make it harder to participate. There are things that government can do to make it easier to participate if so chosen—for example, having voting for a period of two weeks before an election day makes it easier to vote; more people vote.

So there are things that you can do. Another barrier is 501(c)(3), because it discourages nonprofits from grassroots mobilization—that’s part of the law. A lot of church groups feel that the law discriminates against them in this sense.

Nonprofits can play a bigger role in integrating people into the political process and involving people in the community. They are entry points for lots of people. If you need services in this country, you don’t get them from government; you get them from a nonprofit. The government has gotten out of that business. It funds it but the service sector is private nonprofits, and that can be an area where you can engage people. But again, nonprofits don’t do a very good job of doing that. There’s lots of reasons for that—there is stress in terms of finances—but also because they’re intimidated and don’t feel safe in doing it.

Third, the law on nonprofits, 501(c)(3), inhibits their participation. It’s another thing that I measured. And the impact is profound. It keeps nonprofits from participating in the political system. Unfortunately, one of the reasons why it does so is because directors of nonprofits don’t understand what the law says. What it says is it’s perfectly legal to lobby; it’s perfectly legal to engage in grassroots mobilization, but there is a limit to how much you can do it—an ambiguous limit—which makes things difficult.

And there are organizations like Charity Lobbying in the Public Interest and OMB Watch to try to inform nonprofits they can do this, but they’re swimming upstream for the reason that Terry pointed out, that there are about a million nonprofits large enough not to file tax returns but to register with the government, and about maybe two-thirds of those are functionally active. That’s a lot of nonprofits for a small organization here in Washington to train. So a little progress is being made but not much.

Nonprofits are also inhibited because of a pattern of intimidation by conservative Republicans who’ve had a long-term war on nonprofits. It goes all the way back to the Nixon administration with instructions to the IRS not to grant (c)(3) status to groups they didn’t like, through A-122 in the Reagan administration, through the Istook Amendment, and now efforts by the Bush

administration to shut up nonprofits, and I think this war on nonprofits has been very, very successful. And that's unfortunate, I think.

Fourth—I'm going to shift gears a little bit and describe one area where nonprofits are becoming more active, which brings me to my current research. Being a typically narcissistic college professor, I'm going to talk about myself. My staff back in Boston is interviewing city councilors and administrators in eight different eastern Massachusetts cities, including Boston. The background on this is as follows. Thirty years ago, if you read a political science text on urban policy and you went to the part on power—who rules cities—you would have found a common answer: big business. There were different interpretations of what that meant and whether that was good or bad, but it was certainly a theme that business wielded the power.

If you look at the city of Boston today, for example, and compare it to 30 years ago, 30 years ago there were five or six very large banks that were not only important to the city's financial fabric, but also to its social fabric and to its political fabric. None of those banks exist anymore, not one. I mean, they exist in some form, but their names are changed. They've merged. They've been acquired. They're out in the suburbs. The largest bank in the city of Boston right now is a California bank that is headquartered in North Carolina, the Bank of America. That has happened throughout Boston and obviously many other cities, and it has created, we think—and this is a hypothesis here—that it has created a vacuum that nonprofits are starting to fill. Not in the same way, but in terms of political influence, I think nonprofits are in fact becoming increasingly influential in city politics. It's not legislative. They're not—501(c)(3) is not a problem. They're talking to administrators.

Meanwhile, cities at the same time where business is fundamentally changing and the businesses that used to be interested in Boston politics are now more interested in the European Commission in Brussels now have more to do, and of course they're strapped for resources, and they become increasingly dependent on nonprofits to run the government, run government services, to administer government services. And why is that?

Well, one reason is because of the victory, I think, of conservatives in attacking government, and so, there's been something of a shell game. It's very hard for government to really cut services—everybody is against big government in the abstract, when it comes to cutting individual programs, government has been very hesitant to do that. So what they've done is they've reduced the size of the Washington bureaucracy and the regional bureaucracies of the federal government, and they've increasingly devolved responsibility for government onto nonprofits that operate under contracts and grants. In that role in your cities, it's not an attack mode. It's not when nonprofits attack, but what I think—well, what I hypothesize and what I have my students out trying to measure is—it's very collaborative. There is an interdependency between local government and nonprofits. And that, I think, is changing the face of city politics and changing nonprofits. I'll stop there.

GARY BASS: I'm going to stand so folks sitting in the back can see. Most of you have your heads down and are just listening to the sound. Tooth-and-claw, I'll be the teeth and the claws, okay? And I'm going to scrap what I was going to say and I'm going to react, rather than just simply talk about nonprofit advocacy.

This weekend, I had the opportunity of going over to the FDR Memorial, the Kennedy gravesites, with friends who were visiting from out of town. And I was reminded of what leaders in our country talked about, when talking about addressing social problems—the notion of poverty, the notion of addressing, the words social justice, which is all over the FDR Memorial. I was reminded of the importance of democracy, of how great it is to live in this country, to be able to speak out for the values that you believe in, the First Amendment that guides so much of what is in this country as an essential element. It's in that context that I want to raise five reactions to what I've heard.

First, we're talking about nonprofits as though they are some amazing powerhouse. I'm going to do my poll in this room right now. Okay? I want to compare who has more power—the pharmaceutical companies or the Red Cross. How many say the pharmaceutical companies? All. How many say Red Cross? Okay, let's try a different one. Let's try the defense contractors. I'll take Halliburton and the American Heart Association. How many say Halliburton? Okay, all right. Well, power is all relative.

Secondly, let me also react. Whom do you trust? Do you trust the pharmaceutical companies or the Red Cross? Do you trust the defense contractors or American Heart Association? The bottom line is what we tend to forget is the nonprofit community operates from a mission and a value statement that is without profit. There is little doubt that people all across the country have much greater confidence in the nonprofit sector than the for-profit. But I'm not here to compete with the for-profit sector. I just want to put some balance to this discussion about this vast power that we, the nonprofit sector, have.

Okay, secondly, the real argument that is going on in this room isn't about the power of nonprofits. It's about the value system that these two have around role of government. They're arguing that nonprofits are heavily dependent on government and that is just bad, because it's a bloated government and they want a smaller government. Well, let me start from the first point, and by the way, Steve, I love your term "tax eaters." It sort of conveys what you really are trying to say, which is that nonprofits are tax eaters. They are out there gobbling up all the resources and the idea is to get smaller government.

Well, let me just say my bias right up front. I believe in government. After going to that FDR Memorial, going to the Kennedy gravesites, I know why we have a government. After reading the stories about kids in the workplace who were being abused, or today's livable wage, or any one of a number of problems, I know why we have a government. And all of you know why there is a government. Now, we can argue back and forth about how big a government and all those kinds of silly arguments, but the reality is, what I want is a government that is responsive to community needs. What I want is a government that is efficient. What I want is a government that builds strong, healthy partnerships with groups like nonprofits to help carry out services so there is efficiency and responsiveness.

And by the way, who feeds at the government trough? I mean, this kind of language I'm hearing. You know, I just pulled some numbers while we were talking. Just a little comparison—nonprofits get grants from the government to the tune of around \$15 billion a year—a lot of money. Contractors get \$290 billion a year. Now, a lot of those could be nonprofits. Take a look at the top hundred contractors, which are about 60 percent of all the contracts, there are five nonprofits within that hundred. They are universities.

But it's not just contracts going to the corporations, to the for-profit sector. Look at tax subsidies. Corporations, not just rich people, corporations get roughly \$90 billion a year. And that is the gift that keeps giving. It's not like appropriations. And then you add in the wealthy people who work for the corporations and get tax breaks. So who is feeding at the government trough? We're not talking about a for-profit sector that is getting double the nonprofit sector. We're talking twenty to thirty times the resources.

But I'm not here to quibble about who is getting government resources. I'm really here to talk about the notion of the third point, which is: I care about civic engagement as Professor Berry was talking about. Isn't it high time we find ways to strengthen civic engagement? Isn't it high time we get a more activist community? And Mr. Malanga makes the case of career-leaping social service agencies—you know, there is a joke about the Office of Management and Budget director going up to Congress. And you have to go through the metal detectors, right, you know? And it keeps going off. After several times, they discovered it was his heart. He had no heart. (Chuckles.) And you know, the reality is, what we want is compassion. If it takes social service leaders to get into the public life, maybe they bring some compassion. Maybe they bring some understanding of the community need. Maybe they bring some sense of real community connection.

But what is wrong with careers launching public faces? We have a senator who was a baseball pitcher. Hey, we had a movie actor as a president and we have a baseball team owner as president today. What is wrong with careers launching political bases? I don't see anything wrong with it. I think it's great that these social service folks get into the political life. Good for them, more power to them.

Lastly, in terms of my reaction, let's compare apples to apples, as Terry tried to do. He tried to distinguish between (c)(3)s, (c)(4)s, 527s, all of those alphabets. But let's talk about just (c)(3)s. Let's talk about one audience so that we're not conflating unions, (c)(4)s, and so on, all together. Let's also use the right set of words here. We keep talking about political activism, politics. I drew that as a completely different term than policy. Non-profits—(c)(3)s—should be deeply engaged in policy. Politics, electoral work, which goes with that word politics, no, and no (c)(3)s really are, and if they are, the IRS enforcement will come through and crush you in a second. Policy is a good thing. It is what makes that pluralistic society. It is what makes democracy vibrant. It is what our leaders like FDR and Kennedy were talking about.

So now, having responded, let me turn to what the state of play is for nonprofits today. What I passed around is research by OMB Watch, Tufts University with Jeff Berry, and Center for Lobbying in the Public Interest, which used to be called Charity Lobbying in the Public Interest and has a new name, by the way. And the head of it is over here sitting in the middle row, so we've got to get the name right. [The handout is available through OMB Watch, and can be found online at <http://www.ombwatch.org/snap>. The collaborative project of which the research is part is called "Strengthening Nonprofit Advocacy Project," or SNAP.]

It was research we did for several years, a really comprehensive effort, as Jeff was describing, of surveying nonprofits, doing interviews, doing focus groups. And Jeff is spot-on: The real problem today is that nonprofit policy participation is limited, intermittent, and not sustained. You know, if you look at the numbers, over about two thirds of our respondents, which were a

random sample of all charities excluding the big guys—universities and hospitals—and those that do not file the IRS 990, about two thirds of respondents said they either never or just intermittently engage in lobbying or grassroots lobbying. Moreover, almost 80 percent say they don't do research of any type and distribute it to public policymakers. My point is that the problem today isn't about the vast attack of nonprofits. The problem is, they're not doing enough.

So what do we do? Well, I think there are a couple of things we can do, and so, instead of talking about how to stop this sort of thing, the real agenda I have is: How do we turn this corner? Jeff, you raised the idea that maybe the lobby law itself needs some refinement, or should even be gotten rid of entirely. Non-profit (c)(3)s are the only organizational entity limited on the amount of lobbying it can do. And the logic for that was because they get a tax subsidy—the tax deduction. Well, other entities get a lot of government subsidy, but there are no limits on their lobbying. Halliburton doesn't have to go file a 990. They can do as much lobbying as they want and they do as much as they want. So maybe the law needs to change.

But I don't think that's the solution. It's a much more fundamental issue than just law. It's about motivation. It's about seeing the connection between the work you do and creating change. It is about the notion that we do believe in social justice. It's about connecting the work we do to mission. And I've got to tell you, the piece that you just threw out as a sentence, Jeff, about the history, and that you ended with Terry, has huge implications. The Istook amendment wasn't just a one-time thing. That proposal, which was to cut off the advocacy voice of nonprofits that get government money, started as the movement to “de-fund the left” in the Reagan administration. It was another get-rid-of-government approach. It happened in the early '80s and it happened again in the '90s. And it has happened many times in between.

That has left a stained legacy for many nonprofit executives. They still think that there are rules out there that say you can't engage in advocacy. And the material I circulated has the survey data that shows some of this.

So, let me come to the last point: What can we do? I'd like to build what Steve Malanga talks about as this kind of powerful coalition at the local level. I want to create a national level. I think the nonprofit community should be looking to alliances, not just with public employee unions, but with the business community. We need to build a strong, vibrant base and we have a reason. We are faced with massive, massive budget cuts coming down from the federal level. We are faced with a devolution trend to dump things from the federal government to the state level. And the states are passing it on down to the cities. And it's coming without resources. And if we care about community service, if we care about community, then we have a real reason to engage. It's not about a big government. It's about a government being responsive. And it is plenty reason for us to create the kind of coalitional politics you're describing at national level.

There's a story I'll conclude with about a friend of mine, Nancy, who was on the Metro a few years ago. She was going from downtown Washington to the airport, which takes you through the popular Pentagon City Metro stop, as many of you know. Now, if someone calls a name that happens to be yours in the Metro, it's common practice to sort of bury your head and make like you're reading, right? You just assume it's not you—or at least, that someone you know wouldn't holler your name across a crowded subway car. I mean, no one talks in the Metro,

right? So as she was sitting there, a woman yelled out, “Nancy!” And she buried her head and made like it wasn’t her. And the woman yelled again, “Nancy!” and she realized that the person did indeed mean her, and so she waved and put her head back down, as if to return to her book. But the woman persisted, saying, “Hey, did you hear what they did?” She spoke about Medicaid changes dealing with nursing reform. And as the two of them began talking about reform, Nancy noticed that all of the people in the Metro were looking at them. And she realized all of a sudden that this woman was doing something—she was making a difference. She was being heard. They got off at the airport and Nancy turned to her and asked, “Do you do this often?” And she grinned. “Oh, yes. You should get them in an elevator. They’ve got no place to go.” (Chuckles.) Well, we’ve got to get people in the elevator.

WILLIAM SCHAMBRA: Well, in spite of the initial impression you all had that you might not be addressing each other, I think, in fact, we see that there are some points of direct comparison and conflict here. Terry and Steve, what would America look like if we had Gary’s and Jeff’s increased activism at the national level and coalitions of powerful nonprofit groups with public sector unions pushing for the public interest?

TERRENCE SCANLON: One word: Frightening. (Chuckles.) I remember vividly in the ‘80s being up on the Hill for something else—and I go to the Hill very rarely. This was during the confirmation hearings of Robert Bork, who had been nominated to serve on the U.S. Supreme Court. And I saw hordes of people—Nan Aaron, and Alliance for Justice and all their followers—these area all nonprofits, by the way, operating on our government dime. They were handing out *misstatements*, if I would --

GARY BASS: Hold it, are those (c)(3)s? They’re not on the government dime.

TERRENCE SCANLON: -- Misstatements, first of all, about Judge Bork, his record, his writings, *et cetera*, and I just picked them up as they were handing them out, and I thought, we’re *paying* for this. This is part of what we’re paying for. I must comment about your comment about Halliburton—and they don’t fund me, and they never have, and probably never will, so I have nothing special for Halliburton. But Halliburton pays for their lobbyists to secure federal contracts, which help us with our defense of the country. So I’m not sure why you’re making a comparison between Halliburton and some small nonprofit or Red Cross or whatever it might be. I’m not sure whether the small nonprofit can defend us --

GARY BASS: Am I going to respond or --

TERRENCE SCANLON: You might want to respond.

WILLIAM SCHAMBRA: Do you want to yield some time to Gary to --

TERRENCE SCANLON: Sure, sure.

WILLIAM SCHAMBRA: Before we open the floor to the audience, I do want Steve to get in on this because his --

GARY BASS: I see hands in the audience—I think a few people there want to respond more than I do. So maybe I should forego --

WILLIAM SCHAMBRA: Right, right. Terry, are you finished? Or do you want to say something else about that before I turn it over to Steve for a moment.

TERRENCE SCANLON: Well, there are a number of things that deserve comment. I was trying to make notes as quickly as I could. One is, I don't think, Gary, you have to worry anything about federal budgets. They've never been bigger, and I say that as a disappointed Republican. Beginning with "a," the arts endowment, which has seen a 40 percent increase under this administration, you go right down the list. All these budgets have been expanded, so maybe some of those activities are now being funded through the state governments or nonprofits within a state or county, but the money is there and it's never been bigger. And the deficit has never been bigger.

WILLIAM SCHAMBRA: Good, thanks. Steve?

STEVEN MALANGA: Well, to your question about what would it look like if this were in national politics, it would look like New York State and California is what it would look like, places that constantly live beyond their means, even more so than the federal government, even though they're required not to. They are the places that have the largest out-migration of any states in the country. New York State loses 875,000 domestic residents every five years. California is number two in out-migration. Those states are not declining in population only because of foreign immigration. They have been voted the states with the least economic freedom of any state in the country. So I think that is partially what it would look like.

Now, in interviews around the country, radio talk shows and everything else I did in writing my book, I stayed away from Washington, because there aren't many Washington issues here. And I knew that as soon as I came to Washington, someone would bring up Halliburton. I have no idea what Halliburton has to do with any of this. Halliburton is a defense contractor.

I've written extensively about what I call state capitalism, which is hopefully another book. State capitalism is businesses that live off of government. It involves not only giving incentives to Wal-Mart to put a store in your neighborhood, it also includes the enormous tourism industry. I think I've had a lot to do in fact with helping to kill the convention center and stadium in New York City because of my writings. Yes, there absolutely is state capitalism at the state and local level. We have a serious lack of creative ideas about how to do economic development. We make our cities bad. We don't police them well. We don't run our school systems very well. And then, when people leave, we decide to get government funding to build convention centers to bring them back. There are lots of ways that we waste money in what I call state capitalism. That's a whole other discussion.

What that has to do with local politics, in particular, I don't know. And what it has to do with Halliburton, I don't know. But certainly at the state and local level, the bill for the public sector economy is enormous. The tax burden at that level is enormous and the out-migration of people in places where that tax level and where that bill is the largest is the largest in the country.

WILLIAM SCHAMBRA: Good. Gary and Jeff, do you want to just say anything in response to that before we go to the audience or are you –

JEFFREY BERRY: I always would like to –

WILLIAM SCHAMBRA: You see partisans in the audience who will do your work for you?

JEFFREY BERRY: Yeah, let me just comment briefly. I think Gary, actually, was right on. The argument is really about big government versus small government, liberals versus conservatives, and the values we share. And I don't think the liberals in this room have convinced the conservatives with their arguments, liberals, and vice-versa.

But I do think we ought to be clear on what nonprofits do as just a factual matter. Steve described them—social service nonprofits—as organizations—this is a direct quote—“that live off of government.” So let's be clear about that: Among nonprofits that are large enough to file a tax return, and this excludes hospitals and universities, the average amount of money that comes from the government in any form is about 20 percent. And if you just take social service providers of some kind, which is about half of the quarter of a million organizations that file a tax return, of those it's higher. It's about 30 percent. That's hardly living off of government.

And let's also be clear: What do those organizations do? You made it sound like the taxpayers send money to Washington. The federal government then goes over to a toilet and flushes the money down. It goes for services. It goes to pay the salaries of people who treat people in need. The state of New York, which was one of the states you mentioned, has a program where they provide grants to a mental retardation center—and that pays for some of their budget. That's what the money goes for. It goes for the people who treat families that have a case of mental retardation in the family.

You may not think that is a very good idea. You may not think that the government ought to pay for that. And I'm probably not going to convince you of that if that's your opinion. But that's not money that is being wasted. That is a value that is reflected in the state of New York's decision that they ought to fund that, that that is something that government ought to do. If you don't believe that government ought to do that, that is fine. I'm not going to convince you. But that's not wasting money in terms of living off of government. It's organizations providing services. That's what nonprofits do.

GARY BASS: Three things, really quick, and then I know you all want to say something. First, the reason we care about Halliburton or the pharmaceutical companies is: The issue at stake isn't about what they do, the issue is about the balance of power in the country. The issue is about speaking for people who don't have a voice. And so the notion that you compare powerful entities in this country to those without a voice is essential. I can tell you from personal experience—I ended up fighting the Contract With America on deregulation—whatever your position is on it, the side that wanted deregulation spent over \$20 million in one year, according to the *New York Times*, to fight for legislation for deregulation. We spent about \$20,000. We won. The reason you want a nonprofit sector is to ensure some balance, to ensure some diversity of voice.

And Terry, as far as the budget goes, we have a real crisis looming, according to President Bush. You go a few years out and whether it's because of the tax cuts or whatever reason, deficits will rise to unsustainable levels—both conservatives and liberals are saying the same thing. We have different solutions for it, but we have a structural problem to which we all need to attend.

And finally, I would say, in terms of your political power, if we were all so powerful in New York, I'd have Bloomberg get in instead of Green. (Chuckles.)

WILLIAM SCHAMBRA: Well, let's go to the audience. Please, as a precaution, no institutional advertisements, please, but real questions and real conversation.

SHANNON GARRETT: My name is Shannon Garrett, and I'm legislative council for Alliance for Justice. And I do agree with Gary that this is really an ideological debate that is going on here, but I feel the need to respond to some factual inaccuracies that maybe have been given here. First is, the Alliance for Justice does not receive government grants. Second of all, if we did receive government grants, those grants would not be used to lobby. All government grants are restricted from being used for any lobbying purposes. So I think that that is unfair to imply that we get government grants and that we're doing all of our lobbying while at the government trough.

Second, the Alliance for Justice does give workshops and training to nonprofits around the country to educate them that they are allowed to lobby. And I invite you, Terry, actually to sit in on one of these, because if you did, you would know that just by electing the 501(h) option does not allow 501(c)(3)s to lobby more than 501(c)(4)s. That is completely false. 501(c)(4)s, as was said, can engage in an unlimited amount of lobbying. 501(c)(3)s are still limited. 501(h) was created specifically by Congress to provide those parameters, and to say to 501(c)(3)s: You may lobby. We encourage you to lobby and here are the rules. So I think that it is unfair to say that all 501(c)(3)s are out there trying to get as much as they can, trying to take government money to turn around and lobby, when as we've heard, most nonprofits don't. And I believe we are providing a service, educating nonprofits that they can, as Congress intended, lobby. Thank you.

TERRENCE SCANLON: If I may comment, if you're referring back to the Bork nomination and the Alliance for Justice's role in that, what I meant to say was that they were leading a number of nonprofit groups up there that were lobbying. Whether they were getting government money at the time, I don't know. I'll just take your word for it. But they were leading the effort of fighting Bork's nomination, and Hill staffers commented on that. That's all.

WILLIAM SCHAMBRA: I could be wrong, but I think it's safe to say that in this coming contest over the Supreme Court nomination, we are indeed going to see fierce and direct involvement by 501(c)(3)s as well as all the other organizations. We're already hearing about (c)(3)s gearing up in various ways. So that kind of reluctance to become active is, I think, at least in this contest, going to fade away.

GARY BASS: So what?

WILLIAM SCHAMBRA: For you, that's a good thing. But –

GARY BASS: But, it's a good thing for all sides. I mean, in the scheme of things it may be miniscule in terms of energy, and the media may be wrong-headed to be focused on it—or it might be right-headed. But in the scheme of things, nonprofits are not very involved. In the scheme of things, we need to have more nonprofits involved at the local level, at the state level, and at the federal level, from all sides, all political points of view.

STEVEN MALANGA: Well, actually, the only thing I'd like to respond to is the notion that this is an ideological discussion about bigger government versus smaller government. I would say it's a discussion about effective government versus ineffective government, because the growth of the nonprofit sector at the state and local level has not been matched with a growth in outcomes. In fact, nonprofits and the public sector in general have vigorously fought against measuring outcomes.

Take a place like New York City, once again. New York City has gone from having 50,000 people employed in private social services to 185,000 people, today. The health care industry in New York City has grown from 3 percent of the workforce to 10 percent of the workforce. The public sector workforce in New York City has grown by 100,000 since the mid-70s. New York City's population has not grown in that time. Have we reduced poverty in New York City? Are our kids better educated in New York City? No. We don't see outcomes changing. In fact, in many programs, we don't even know how to measure the outcomes, especially in social services. So, you know, unless there is something in the water that has made it impossible for all of this money to have any sort of effect, you'd think you begin to see some changes. And it's not only in New York City. Every place I look, the public sector economy has, in terms of growth, far out-paced the growth of population in most places.

So part of the question is: What is the return? I periodically look at the community development block-grant program. I've looked at all the various audits over the years by Republican and Democratic administrations, by the General Accounting Office, by the Inspector General's Office, and what we see again and again is, where are the outcomes? Where are the success stories? How do we even measure outcomes?

To go back to the series that the New York Times is writing this week about the enormous Medicaid industry in New York, the disposition of both political parties, the Republicans and the Democrats, has been to advocate for more and more government spending. If this were about bigger government versus smaller government, both parties wouldn't be participating in expanding the Medicaid system without a concomitant change certainly in the health of New Yorkers, impoverished New Yorkers or otherwise. We wouldn't see that. As the Times series is making clear today, part of what happens when government becomes this big, seems to be that we advocate for ever bigger government, not for outcomes. And I'm all in favor of better outcomes. Let's see something commensurate with the growth in the public sector economy. Let's see something commensurate in terms of outcomes. And we're not seeing that in a lot of places.

WILLIAM SCHAMBRA: Gary and Jeff, one or the other of you, could you address this? I mean, is the suggestion correct here that the Medicaid program in New York is tied up with this growth in the power of nonprofits and social service delivery agencies in New York State? And if so, how does that fit into your view that really nonprofit advocacy is about advancing the public interest as opposed to advancing the self-interest of the membership of the unions and the groups that are involved in that? Is there –

JEFFREY BERRY: Well, first of all, the Medicaid scandal in New York, which I don't think I followed as closely as you have –

STEVEN MALANGA: Don't feel obliged to talk about it, because it's not fair.

JEFFREY BERRY: No, I saw the article in *Times*, and I noticed that the poster child—the poster doctor—featured in the story was a dentist in private practice. So I'm not quite sure that was a symbol of nonprofit activism.

STEVEN MALANGA: There is absolutely a for-profit component, but there is a big nonprofit component, which the *Times* is also writing about. But you're right.

JEFFREY BERRY: Yeah, so there is a problem in the Medicaid program, and obviously, hospitals, which are primarily nonprofits, are proponents of the Medicaid program, and are always arguing that Medicaid is not generous enough. And I don't know at what level Medicaid ought to be funded, but to blame that on nonprofits, I think, as sort of being the generator of that problem, is a bit unfair. It's a government problem and it's a government program and it is the government's responsibility to oversee it. So they share the blame. And if some of these nonprofits have cheated the government, then they ought to be punished. But I don't see them as the root of the problem.

Obviously, organizations that have an opportunity to lobby to get a government grant seek to improve, in their mind, what they're doing—the services they offer. They're not mendacious. Now, if they violated regulations and they bill things that are inappropriate, part of that is the function of the system that doesn't allow them to bill for certain services that need to be covered but aren't. So the Medicaid problem has a lot of problems with it and I don't know enough about it to parcel out this portion of it that is the fault of nonprofits, but it's a pretty big problem and I think that's probably a little unfair to put nonprofits right at the center of that.

STEVEN MALANGA: Let me say, first of all, again, my book is about the public sector economy, and the things that you mention, the complicity, for instance, of doctors who are for-profit with hospital administrators, with hospital unions, with Medicaid mills, all of that is a continuum. And that is why I'm not here talking about 501(c)(3)s. I am talking about the public sector economy, in which government has done equally as well corrupting for-profit doctors, nonprofit hospitals, and opportunistic social service providers who created Medicaid mills in the Bronx, South Brooklyn, the south side of Chicago, or wherever. And that is a much larger problem.

And part of the problem is government corruption. When you have a government in which both parties or even whatever party happens to be in power are beholden locally to the power of some of these groups, then they're not about enforcement. In New York State, every time one talks about cutting back or reforming Medicaid, the ads immediately go on the air from the health care workers' unions, from the hospitals—the ads saying there'll be blood in the streets if we do this. So it's a very powerful political force. And you're right; it is not a narrow group of 501(c)(3) nonprofits. It is a public sector economy that is a continuum that envelops for-profit doctors, it envelops nonprofit hospitals, it envelops those who run clinics, and it envelops politicians.

WILLIAM SCHAMBRA: It seems to me that your real argument is about interest group politics. In reading your book, what you want, it seems to me is that you want lobbies to lobby for good things and not to lobby for their constituents.

STEVEN MALANGA: Absolutely. I guess I'm being idealistic.

WILLIAM SCHAMBRA: Unfortunately lobbies look out for their constituents. They're supposed to do that.

STEVEN MALANGA: You know what? But if they were doing that, then they would be looking out for the constituents who require Medicaid in New York. I just don't think they're doing that, because we know we don't have better outcomes in New York in terms of those who are impoverished and need health care. We know that there aren't better outcomes, so I don't think that is exactly who they're looking out for unless their constituency is themselves.

WILLIAM SCHAMBRA: Gary and Jeff, I think it's interesting because it seems to me that you're the idealists, in a way. I mean, there is a presumption, Jeff, in the first sentence of the first chapter of your book. You know, America loves nonprofits because they are in fact the expression of the best in us, the most altruistic impulses we have. And the reason why I thought that made a nice juxtaposition to Steven's account is because that doesn't appear the case. These nonprofits are implicated in a system of self-dealing that runs not just in the nonprofit sector but through the business sector and the various other elements, the public sector unions you're describing.

So I think that there is that element of idealism in what you say, and certainly in what Gary says. Gary is a very eloquent spokesman for the role nonprofits play in speaking for the abstract public interest. And the reason Medicaid comes up is, well, how can you hold them accountable? How do you view the idealistic nonprofits that you describe? How do you view their participation in this system of exploitation of the taxpayer.

GARY BASS: But I think the issue—first of all, I'm not an expert on Medicaid in New York.

WILLIAM SCHAMBRA: But you get the general idea.

GARY BASS: But it seems to me, what Steven has been saying over and over is it's not about nonprofits in this context. It's about an efficient system. And all of us in this room, regardless of ideological viewpoint, want efficient systems. And it seems to me that when there is corruption, you weed out the corruption. And you've got to have the government resources for enforcement. All those kinds of things, probably left, right would agree on.

STEVEN MALANGA: Can I ask you a question based on that though? I understand that, but the reason I think it's not merely about weeding out corruption is because at what point—look when Halliburton goes and says, we need to build this jet fighter, the press is enormously skeptical. Maybe Congress isn't skeptical, but the press is skeptical. When the pharmaceutical industry says, we need a looser FDA, the press is skeptical. When a social service provider says, we have this enormous problem in New York—families need health care, or take your pick—the press is less skeptical. And so part of what I am asking is, number one, when do we begin to lose perspective and when do we do things, not only like root out corruption, but demand better outcomes.

GARY BASS: Let me respond in two ways. First of all, at a national level, Halliburton gets media coverage when they lobbying for something, as does Boeing, as does everyone else. You

try to get a nonprofit to call for more Head Start, and see whether you get a story. You can't even get a story. The media is stacked against the notion of environmental protections, against the notion of social service. It isn't designed that way. Now, local media may be very different.

GARY BASS: But let me turn to the outcomes issue because, you know, I would think that most people would label OMB Watch as a progressive organization. We went to bat very strongly for the Government Performance and Results Act in the early 1990s. We believed that having effective performance measures could help to strengthen government. For the first press conference that then-Congressman Arney and DeLay held with data under the Government Performance and Results Act, they created a scorecard, a grade on government agencies. And you know what was said at that press conference? They said, if an agency gets a low grade, we cut their budget. If an agency gets a high grade, we cut their budget. Where does that leave government?

This is the problem: Politics overtakes any rational consideration about outcomes or measures. Today, there are more efforts to do outcome measures. OMB now has a thing called PART—Program Assessment Rating Tool. And so you have some green-eyeshade person sitting there, a bean counter, coming up with measures that may even differ from the statutory mandate of the program. It is very hard, as you say, Steven, to come up with scientific measures for any kind of social service program.

STEVEN MALANGA: Well, that is a huge part of the problem. I agree with you. You know the reason the bean counters are now in charge is because they don't have anything else to turn to. And what are the outcomes? In fact, it's the anti-outcome argument: Well, we can't really measure that. Or there is the argument that if you start measuring, then groups are just going to come in and skim off the good clients. That only works for a while. I think it's incumbent on effective social service providers to actually help produce the outcomes so you don't get the bean counters producing the --

GARY BASS: I don't have a problem with that, but let me also just discount the notion—there's a sense that all these government programs haven't worked. You turn around and look at the big programs. Social Security is one of the greatest anti-poverty programs we've ever had. And look at WIC. It has one of the best risk-based percentages that you could ever use. You *make* money off of something like WIC. Look at Head Start. There is a massive amount of research showing the economic and educational advantages of Head Start programs. We could go through the very big programs one by one, and by and large they have demonstrated their effectiveness. Have they reduced poverty? Of course there is still poverty today. Oh, listen—(technical problems, cross talk) –

WILLIAM SCHAMBRA: Roger, why don't you throw a question into this mild mix. We need to stir things up a little bit. They're a little too sleepy up here.

ROGER REAM: Roger Ream, Fund for American Studies. I think Steve's point about outcomes is very important and gets us away from just a liberal/conservative fight. But Gary, I was bothered by your opening comments because I think you went to the wrong memorials. You should have taken your friends to the Jefferson or the Lincoln or the new [George] Mason memorials, because Thomas Jefferson warned very eloquently that the natural progress of things is for liberty to yield and government to gain ground. And I think the fear of those on the right

who see this tremendous amount of activism by liberal advocacy groups, lobbying by liberal advocacy groups, is we fear that they're there to curtail liberty and promote bigger government.

I remember attending a Salzburg Seminar a few years ago funded by the Kellogg Foundation, and we spent a week condemning business and corporate America for all their evils, when it seemed to me that if you ask who has done more—I'll ask your opening question a little differently. Who has done more to help people with HIV/AIDS? It's probably Merck, not a small nonprofit. Who has done more to help feed hungry people? It was probably the Kelloggs who funded this conference, who provided an inexpensive way to deliver nutrition to people in the world. It's the large agricultural and chemical companies that find productive ways to feed the world and improve the efficiency and productivity of farms. Chemical companies who have been in the process of eliminating malaria in this world, which kills millions of people every year until environmental groups prevent that cure from being used anymore and we see malaria rates going up. And then a philanthropist who made his money in business, Bill Gates, steps forward. And yet, you seemed to condemn business in your opening remarks and say we shouldn't trust business and that businesses are evil because they come to Washington to try to lobby to continue to have freedom to operate against this regulation that you support.

So I think it comes down to, in a sense, a fear that liberal advocacy is advocacy for big government that will kill the goose that lays the golden egg, which we need for nonprofits to succeed and for charities to prosper.

GARY BASS: Well, I think you probably misunderstood my point. In fact, the example you just gave about Merck developing drugs to address HIV is a demonstration of how a real partnership could work: You have the research and development of a powerful drug, but you need the nonprofit sector to help deliver those drugs to people in need and to do the education. It's not Merck that is going to do that. On top of it, Merck got a huge tax break for doing that research. So government has a role too.

The case I would make is that you have to have all players in a strong civil society to strengthen action. You have to structure things in the proper way. I don't look at it in the way you do—of big government/little government. My comment was we need a responsive government and efficient government. And as I pointed out, I want a piece of that to be strong, healthy partnerships. That's what a strong civil society is to me. So you probably slightly misunderstood my point. I was trying to demonstrate that this debate today about the great power of the nonprofit sector is a little silly.

JEFFREY BERRY: If I could add one thing to that: Conservatives are very fond of citing the founders to support their view of government, as you did with Jefferson. The founder that is the most relevant to the discussion here is Madison, who directly confronts the question of what you do with interest groups because they're inherently selfish. They promote what they think is going to be good for their members, their constituents. And when he goes through various solutions, he says, the one thing we ought not to do is to limit liberty in any way, is to curtail liberty. Instead the best thing we can do is let everybody lobby.

WILLIAM SCHAMBRA: I think beneath Roger's argument, though, there was the suggestion, Professor Berry, on your part and Gary's part that the public interest is not served by business. Self-interested business types are somehow not as effective at advancing the public interest as

nonprofits are. And as you state, Professor Berry, in the first paragraph of your first chapter, “Unlike the for-profit sector that employs most Americans, nonprofits have a higher calling, a more noble purpose.” And I think what Roger is saying is that is not entirely clear, viewed in the larger context of American history and American prosperity, the good things in American life. It’s not clear that that contrast between the noble nonprofit and the less than noble for-profit sector is an adequate way of accounting for that. Did I misunderstand your --

JEFFREY BERRY: A little bit. There’s a little bit of literary license in the first paragraph there. The book is not antagonistic to business. We need business to create wealth. Non-profits don’t create wealth. And they do create jobs indirectly through the need for services, but business generates great wealth, from which we’ve all profited. And so, I see the role not so much as business—I think you’ve described it wrong; you’ve made business out to be half social workers, half entrepreneurs—but more in the vein that Gary was talking about, that there is a great opportunity for business and nonprofits to partner. I think that I feel very optimistic about that, actually.

WILLIAM SCHAMBRA: Good. More questions, please?

ABBY LEVINE: Abby Levine, also from the Alliance for Justice, and I have several thoughts and several things I’d like say. But the thing that I really want to stress is that in this debate, as we’ve been talking, we’ve been talking seemingly about the liberal nonprofits. And it’s not just the liberal nonprofits or the progressive organizations that are lobbyists. There are a lot of conservative groups that are lobbying, and maybe, more effectively, you could argue, than some of the more liberal groups. And it may come as a surprise to a lot of organizations, but we at the Alliance for Justice actually work and partner with conservative groups on occasion to work on particular issues.

And so this isn’t a liberal/conservative issue. This is whether all organizations, all 501(c)(3)s, should have the right to advocate for their position. And it’s not saying that we’re necessarily going to win. Whether or not organizations have the *right* to advocate is a separate issue from whether or not they’re *effective* advocates. But I really just want to stress the point that it’s not just liberal groups—there are a lot of conservative groups, and if you look at the state and local level, there are probably more conservative groups out there that have been effective in changing the debate and getting their voices heard. So it’s just important to realize that it’s not a liberal-versus-conservative issue.

WILLIAM SCHAMBRA: Terry [Scanlon], of course the Capital Research Center is never engaged in advocacy. But surely you’re aware of some conservative groups who do that sort of thing. What would be your approach to that?

TERRENCE SCANLON: Well, I think the difference, Bill, is that most conservative groups do not take federal money. We’ve never taken a dime at Capital Research Center. We would never take a dime of government money. We just don’t do it. The Heritage Foundation—and you can name several other organizations in the city here—don’t take federal money. If it came and was offered to them, they would say no. So there is a difference between conservative groups that aren’t taking government money, lobbying, and 501(c)3 groups, many of which get huge portions of their budget from federal funds.

ABBY LEVINE: But they can't lobby.

TERRENCE SCANLON: But they do. They do.

GARY BASS: No, no, no, now, wait a minute.

TERRENCE SCANLON: They do. They were up there fighting the Istook Amendment fulltime.

GARY BASS: This is a recorded session and I really, really think, Terry, that there needs to be some facts presented. There was a Congressional Research Service report done in the early 1980s on circular A122, at which time the same debate that you're raising now was raised then. Congressman Jack Brooks had a hearing. The only—only—allegation that the General Accounting Office and OMB could come up with had to do with defense contractors using funds to lobby. There were no examples of nonprofits using federal funds to lobby. The issue emerged again during the Istook Amendment. There were again no examples, including a review of all the inspectors general, including a look through the audits done by the DCCA. There were no examples, save one, and there was already a penalty levied for that misuse of federal funds. It is inaccurate to say that federal grantees use federal funds to lobby. And that has to be very clear in this record.

TERRENCE SCANLON: What I'm saying is that many nonprofit groups that receive federal money—which makes up significant portions of their budgets, some of them—do lobby.

GARY BASS: That is correct.

TERRENCE SCANLON: All right? And that's what I said.

GARY BASS: They are using non-federal funds to lobby.

TERRENCE SCANLON: Oh, come on. Money is fungible. How do you—please, come on. (Laughter.)

GARY BASS: Money, money, as a federal --

TERRENCE SCANLON: Come on, do you separate everything in your office?

GARY BASS: As a federal grantee, which we are not, there are rules that structure how grants can be used. They are called circular A122. There is a special provision that specifically deals with indirect costs—that is, the fungible part you're talking about, overhead. That portion of the budget requires disclosure of every activity to make sure that none of the funds used for overhead go into lobbying. So the answer is no, there is no overhead for lobbying. Non-federal funds are used for lobbying.

TERRENCE SCANLON: I would say again, money is fungible, and most organizations do not keep records that separate their accounts, I think—and I think you would agree with that. Most nonprofit groups?

WILLIAM SCHAMBRA: Yes, Mr. Taylor?

ART TAYLOR: I actually have a quick question.

ART TAYLOR: I know the concern is that we have perhaps too much government involvement and the government may be getting too big for a lot of reasons, but my question is what is the—somebody can answer this question—what is the percentage of the federal government's discretionary budget that is allocated toward what we might consider social programs? And has that actually grown or declined over the last 20 years?

JEFFREY BERRY: It's actually, if you take a look—let's do two parts. Let's take a look at it as a percentage of the GDP, which is probably the best barometer to measure things. First of all, revenue as a percent of GDP is now at the lowest level since the 1950s. Okay, so we are on a declining level for revenue. Spending has, roughly in the last four years, started to incline, go up slightly. But if you look at it over a longer period of time, it's basically held stable as a percent of GDP. The increase right now is obviously related to the problems that Terry talked about, which is government keeps getting bloated. Some of it is Homeland Security, some of it is Defense. Some of it is lack of cuts in the other parts of government. Some of it is the mandatory spending—you're talking about like Medicaid and other mandatory programs. A large portion of it is health care driven.

But if we just consider discretionary spending, which is what your question was, it is slated by the Bush administration to go down as a percent of GDP over the next four, five years. Whether it does is a matter of Congressional decision.

ART TAYLOR: Well, how about over the last twenty years?

JEFFREY BERRY: It's pretty much—it went up for awhile and now is pretty much held stable. It actually declined during the Clinton years and then rose slightly in the Bush years, but they're not massive fluctuations.

ART TAYLOR: Okay, last question. What is the percent of social program spending relative to the entire budget and has it—so is it a big percentage, small percent, 5 percent, 30 percent, 50 percent? What is the percentage of what we might consider?

JEFFREY BERRY: It's a definitional problem.

GARY BASS: Depending on whether you include Social Security.

JEFFREY BERRY: Yeah, yeah. It's a definitional problem. I mean, it can be—if you include all the mandatory programs, it can be a large portion of the budget. If you exclude them and you look at mostly discretionary spending, it's a very tiny portion of the budget. It depends on what numbers you want to throw in. Both liberals and conservatives can make their arguments based on the numbers for whatever you want.

WILLIAM SCHAMBRA: But the groups funded out of—in Mr. Malanga's dystopia in New York City, groups are often funded out of the non-discretionary right side of the --

STEVEN MALANGA: Well, you can't discount, for instance, Medicaid, since it is a large portion. And also a lot of the—you know, there have been fairly significant increases in some of this funding at the state and local level. State and local governments have picked up this funding. If you look at both government employment and employment in social service nonprofits, and also in health care at the state level and at the city level. You will see around the country, even during the Reagan years, you will see this employment continue to grow because the states and cities did pick up some of the funding. It is extremely difficult to put your finger on exactly what the gross number is when you include all levels of government.

JEFFREY BERRY: If I could before—just on one set of numbers, what I pulled out was Henry Aaron of Brookings, and one has to say that word lightly when you're in Hudson Institute, but Henry Aaron of Brookings –

STEVEN MALANGA: Brookings or Aaron? (Chuckles.)

JEFFREY BERRY: Well, either one. Aaron did a projection of what spending in major categories of government might be going all the way to 2050. And what you see is, as a percent of GDP, Social Security goes up, Medicare and Medicaid, as Steven is describing, go up. The rest of government goes down. Interest on the debt goes up. And you still have a gap between revenue and spending of as much as 13 to as high, depending on the estimate, 20 percent of GDP is the gap. That's what makes it unsustainable.

STEVEN MALANGA: And can I add just one thing to this, which I think is a part of this that I have begun to observe and write about although not—and that is that particularly as the programs such as Medicaid, some of the mandated programs, continue to grow, what we're actually starting to see in some places is what I call the public sector economy turning on itself, in part because the public sector economy is composed of, for instance, public sector workers who now have fairly significant pensions and large pension obligations that are unfunded, and money that governments are now looking to shift out of discretionary spending to try to solve that problem. So we're actually starting to see another dynamic emerge in certain places where there is a combination of Medicare, social spending, and also a very large public sector and powerful public sector workforce. And I actually think that—I mean, we're seeing this in places already that this is going to become part of a new political dynamic within the larger dynamic because the growth of some of these programs like Medicaid is enormous, and in places like New York and California are starting to blot out the sun, so to speak

WILLIAM SCHAMBRA: One last question.

AMY KASS: This is a more general question about civic engagement. Civic engagement has become a buzzword. Everybody is in favor of more and better civic engagement. As I listen to you, Jeff Berry and Gary Bass, speak about civic engagement, it really sounds like another term for political advocacy, to tell you the truth. You make a big distinction between policy and politics, but in talking about civic engagement, you seem to be talking about advocating for particular policies and certain policies are partisan. There's a whole other kind of civic engagement. I'd just like to hear you more generally speak of what your understanding of that is.

JEFFREY BERRY: Well, political scientists use the term to describe a whole range of activity. So if I communicated that, I'm sorry. The subject of the panel today is advocacy. But when I spoke about civic engagement, I think I did talk about involvement in the community. And that's, you know, neighbors getting together to work on things, and political scientists, sociologists actually study socializing. If you read *Bowling Alone*, it has figures on how many picnics people go on. So the idea at the core of the political science argument about this is that you build communities by first creating bonds with your neighbors, and out of that grows trust. And out of that trust grows a spirit of cooperation where we become de Tocqueville's America, where we work together to solve whatever problem comes before us. So it's a very community-based argument.

It's not just about—in fact, it's very—the people that have written about it, Putnam and—(inaudible)—have de-emphasized the kind of things that I think Gary and I were talking about. They're talking about a much broader form of interaction.

WILLIAM SCHAMBRA: Gary, did you have anything to –

GARY BASS: No, my context was in the same context that this session is about advocacy. So I was using the term—but I wasn't using it just solely to lobbying either. I was using it for the whole panoply of activities that relate to advocacy from research to litigation to lobbying to commenting on regulations to a whole range, but not in the context of a political scientist's term about civic engagement.

WILLIAM SCHAMBRA : Well, thank you all for coming and let's thank our panel for a terrific conversation.

(Applause.)

(END)