



MINI-NEWSLETTER

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DIALOGUE ON DIVERSITY

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Friends of Dialogue on Diversity

We welcome readers for this regular August edition of *Dialogue on Diversity's* Mini-Newsletter. A special edition was issued several days ago commemorating some of the observances of the elevation of the remarkable Sonia Sotomayor, a very new kind of Justice, to the U.S. Supreme Court. (That number of the newsletter can be viewed at the Dialogue's internet site.)

The present edition takes up once again, at the risk of "tritulating the obvious", the ever more vexed tangle of questions surrounding health care and its proper and feasible provision for the country's population. An ancillary question is whether "country" includes the denizens of the island territory of Puerto Rico, not to mention the other territories not [yet] part of the formal Union of States (membership: 50, at last count). A note follows on housing issues, with mention of a recent recognition event for leaders in public housing around the country. And of the efficacy of the "stimulus" funds in one public housing district.

We repeat the special newsletter edition on the passing of Sen. Edward Kennedy

MINI-NEWSLETTER – AUGUST 26, 2009

IN MEMORIAM: SEN. EDWARD KENNEDY

WHO ARE "AMERICA"? THE AMBIT OF HEALTH CARE REFORM

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HOUSING AND THE ECONOMIC RECOVERY: THE SAN BUENAVENTURA CASE.

OFF TO FLORENCE

In Memoriam . . .

The passing of Sen. Edward Kennedy from the scene inevitably reminds most persons in the U.S. of the influence his legislative labors have wrought in numerous features of everyday life in America, both easing the way and more finely focusing the best of our social energies; but also of the compelling example his practice has set for the proper and fruitful conduct of the public business. It was a famous element in an often excessively contentious legislative milieu — Sen. Kennedy's well honed skill in perceiving the points of parallel interest and the small areas of congruence in the political menu of other legislators, many of whom were likely to come together on few other points. He was by native disposition a friendly, affable, and irresistibly witty personage, so that, for all that he was an august figure in the midst of his colleagues by virtue of tenure and ability, he enjoyed a notable liberty in fashioning a network of transient alliances and was enabled to exercise an unmatched inventiveness in the quest for legislative solutions. His work spearheading the movement for reform of the current immigration system has been of special import for our concerns with the condition and prospects of American diversity. These reforms, when realized, like many of the good things in our public life that, small step by small step, have now been already realized, will carry the impress of Sen. Kennedy's generous spirit and legislative craftsmanship.

“ . . . All Americans . . . ” A proper ambit of the much used phrase

Rare is the political operative who does not with measurable frequency trumpet the virtues of his proposals as a boon to All Americans. The present health care wrangles are ostensibly purposed to bring benefits to All Americans. How wide a net does this familiar term cast? A party of civic activists, led by Governor Fortuño and Resident Commissioner Pierluisi, from the largest of U.S. Island territories, the Estado Libre Asociado de Puerto Rico, gathered this month in Washington, along with prominent mainlanders tracing their often quite recent ties to the island, to argue for plenary inclusion of the Island residents, U.S. Citizens all, in the list of beneficiaries under such health care reform legislation as may, at the end of the day, be settled upon. Is it within reason to exclude qualitatively, say, dental and mental health care from the coverage of a reform bill? Again, is it an act of sound reason to draw a line quantitatively around the admitted States (50 in number at last count), excluding the worthy and needy Citizens residing without? Puerto Ricans have argued that an exclusion by geography is not permissible under a wise exercise of statecraft. Puerto Rico now enjoys inclusion under Medicare and Medicaid, but in spite of these (limping along with meager funding), and of its own efforts at health care reform, dating from the early 1990s, the standards of medical care are woefully unsatisfying -- a fact that appears to prompt numerous (expensive) trips of chronically sick island residents to the mainland for treatment. It is said that the PR capabilities in acute care situations are quite up to snuff, but that the handling of routine care and chronic sickness is relatively neglected. Mr. Fortuño, now Governor of Puerto Rico, formerly Puerto Rico's Resident Commissioner, or representative, in the House, in April 2009 had convoked a group of leaders from civic entities and medical-related institutions in Puerto Rico to come together in a statement of the case for inclusion of Puerto Rico as a full partner and beneficiary under the operations of any federal health care reform. It is of interest that the more recent, mid-August, meeting in Washington was attended as well by representatives backing the inclusion of Guam, the U.S. Virgin Islands, the Northern Marianas, and American Samoa, these being also, along with an assortment of other, smaller dependencies, U.S. territories. Can one point to a principled reason for their exclusion? Especially if Puerto Rico, admittedly more populous, were to be included.



Human Capital: Name of the Game for America's Minority Communities

The New America Alliance, captained by John C. Guerra, whose presentation at Dialogue on Diversity's recent Entrepreneurship Conference on Capitol Hill was reported in our last newsletter, held its national conclave August 13-15 at the Biltmore, a fine, sparkling sea-side site at Santa Barbara, California. The conference, presented by NAA in collaboration with the Executive Leadership Council, brought together an elite circle of business executives and professionals, apprehensive of the dangers threatened by a riddled array of human capital resources in the future American economy, and most of all by the weakness on this score of the Latino, the African-American, and other minority communities as the dominant parts of that future national community. The Santa Barbara meetings laid specific plans for uniting the energies, resources, and influence of this leadership stratum within the target communities, concerting efforts on a national basis, for a multi-level attack on the meagerness and frequent misdirection of present day educational efforts. Its aim is reinforcement and re-direction of the human infrastructure techniques now existing, working in a widely varying system ranging geographically over districts around the country, and embracing levels ranging from a crucially significant pre-school stratum at the base to graduate and life-long learning levels at the top of the educational enterprise. Among invited organizations at the Santa Barbara meetings was Dialogue on Diversity, reports its representative at the meetings, Ma. Cristina Caballero. Presentations at the conference pointedly equated educational deficiencies, measured in the negative dollar effects on GDP measures, with a "permanent nationwide recession". The compounded effects of depressed current levels of useful activity point to a huge shortfall if today's education planner looks ahead fifty, or even a score of years. In arraying the chief needs of the age in education, the conference repeatedly sounded the themes of innovation in educational techniques, of the development of an elite, well-rewarded professional corps of excelling teachers reaching across the country, and of realistic (which may mean quite massive) input of resources directed to meaningful early education as the base for bringing on-stream a series of literate, curious, and dexterous learning cohorts enabled educationally to power the world class economy they will inherit.

The H1N1 Peril

Washington in its ponderous official apparatus is swiftly gearing up for the onslaught of an epidemic bearing, in all probability, its dangerous train of consequences – a calamity that, if the host of health-related government bodies do their job well, may not occur -- or will at any rate run its course with much attenuated effect. The H1N1 contagion, which appears to spread readily by ordinary social contacts, is expected to be upon the country with undetermined virulence during the fall – which means in the next few weeks. Relevant federal agencies have generated a series of systematically designed precautions against contracting the malady and for treatment of the disease once it has hit. Several conference calls to chosen groups of civil society organizations

have spread the word, not to say alarm, and have put on public view the plans to this point enunciated by the expert agencies concerned, and have spelled out the preventive courses of actions recommended for groups, households, and individuals as the approach of the disease makes itself felt.

The agencies of the federal government, coordinating efforts with local authorities, have placed into effect a network of precautions, plans of attack once cases are identified, and the prudentially required back-up strategies held at the ready. Hon. Kathleen Sebelius, Secretary of Health and Human Services, soon after taking in hand the reins at the DHHS, finds herself confronted with a potential emergency; presiding in a conference call August 26, she quite unflappably laid out the well-articulated battle plan. To concerns voiced as to the lot of immigrants, with or without documentation of status, the reply was that – out of public health considerations if not on a humanitarian rationale -- immunization and other services would be readily at hand, no documents requested. Pharmaceutical firms are in a race against time trying to ship supplies of a vaccine – now in final stages of development at NIH -- before the onslaught. Individuals should take reasonable care to steer clear of obvious kinds of exposure or contacts, and should observe the sovereign low tech preventive technique of washing hands. Further injunctions: muffle coughing or sneezing, stay away, if possible, from crowds, and if showing symptoms do not circulate unnecessarily in proximity to others. On a social level, office workers should make back-up plans for dividing the work if one or more colleagues are felled by the disease and remain out for some days in a row. As part of the information effort, Tina Tchen, head of the White House Public Engagement section, had conducted a similar conference call one day earlier, presenting members of the WH staff with background and detail of matters under their purview, Cecilia Munoz, for example, on inter-governmental aspects of coordination. It is not known with certainty at this point whether the disease, in its return in a second, often more telling wave, will be all that much more deadly than the more or less tractable version observed in the first round some months earlier. The most vulnerable groups of persons are admonished to be especially cautious. Among these are young children as well as persons several age brackets beyond -- the advisory says up to age 24. Again, the elderly (the boundary generally is not specified -- one is self-classifying), and those whose systems are frail for any of a variety of reasons. The airwaves will be flooded with warnings and detailed information as the disease discloses itself with respect to onset of symptoms, severity, and other characteristics. Programs will be not solely in English, but also in Spanish and other languages. Persons concerned or perplexed should send their questions promptly, Ms. Tchen emphasized, to public@who.eop.gov .

Further Notes on Health Care and its Reform --
America's Newest Parlor Game

Unhappy families are those for which the bracing tasks of domestic decision making seem to lead willy nilly, for all the good intentions of the members of the household circle, and whatever the ostensible subject matter, into the same quarrels, gravitating into the same ruts of vituperation, the same rehearsals of ancient grievances, the same dire circle of blame and intransigence, from which there is no exit short of exhaustion and a resignation to the injured state of family life. A society appears to suffer from more than a tinge of this species of unhappiness – whenever it comes face to face with the unfinished business of a rankling hurt in the structure of its classes, its sub-cultures, and its contending commercial factions. The debates over what to do in the presence of suffering and neglect in a rich society's production and delivery of health care — the scandal of the hour — are the season's chief example. The scandal playing itself out simultaneously in the sickening descent of an intricately articulated commercial and industrial machine into a bog of economic stagnation comes in a close second. The world of journalism makes peace with the situation by dubbing these, not for the first time, a cluster of Crises.

Slogans that Display. Slogans that Distort

We have lived through several decades – well a few years, at any rate – of discussion, more or less well focused, on the woes of health care practice in the U.S., some from the point of view of

the unfortunate patients who do not fit into a sheltering governmental program, and who are not so situated by employment or great affluence as to afford ample insurance (and insurance otherwise ample is often Scrooge-like at the urgently needed top, in the presence of a yearly or a lifetime cap). Some, again, from the point of view of the bureaucrats, not all an ill-natured lot, who are pressed very painfully to skimp with the meager resources they have had, all that were to be had under the budgetary stringencies in the states they work in, to take care of those pressed up to the window with Medicaid requests. And again from the point of view of the Doctors themselves, nervously looking about, half expecting an oversize brown envelope bearing official notice from Washington defining the pills they may prescribe and announcing that they will be thenceforth remunerated at the same pay grades as their fellow professional civil servants the town school teachers. Our heartfelt sympathies may lie in descending order with each of these. And the fortunate, among the patients, who do enjoy employment or affluence must warily consider their own state if an employment position with its cushy perks collapses under them, or if the amounts of their expense, in the event that the most serious injuries or illnesses fall in their household, rise past their coverage and their wealth. But for the grace . . . they must, in fleeting unguarded moments, think. Is there a genuine need in the American public forum for another disputation, waged from the ground up, on the salient questions of health care, its production and delivery, and its accessibility over the persons in need in the population? Or is the process something like that hinted at by the poet Mr. Eliot, in the Four Quartets (1942): “. . . the end of all our exploring/Will be to arrive where we started/And know the place for the first time.” Experienced by time, seasoned in judgment, gaining the fresh insight from a sense of the extremity of our condition, the country should be ready and fitted, now that we are back where we started and looking at last at the old place, known now for the first time – to offer meaningful answers to the conundrums of the health care problem.

Investment or Consumption in Health Care:

What the Grandchildren Will Get for Their Money

The governing principle: health care delivery, while it assuages today's ills, at once builds tomorrow's wit and sinew, that is to say, effective human capital, and sets a society's human resources on a trajectory realized in the enhanced state of human capital a score and two score years from now. It thus has every characteristic of an investment good, alongside its immediate, or “consumption” component. Like investment goods generally, yielding their benefits over a span of years into the future, it may fairly be paid for as enjoyed, that is, through debt service on funds acquired initially for the capital expense. This mechanism is brought into the sharpest focus as one analyzes one of the most well-worn arguments of our time, to-wit:

The Grandchildren are the population segment – one not yet even in existence – that have excited the most vociferous sentiments of concern and solicitude, lest the hardships and privations deserved by our own age be visited unjustly upon them -- this by reason of the proposed debt financing of a range of infrastructure works. A quite different scenario, however, may be sketched, a narrative, one perhaps more plausible, holding that our grandchildren, in the absence of these investments, will be much incensed when they discover about them a world of dilapidation and scarcity whose state is traceable, more or less, to the neglect of several earlier generations to husband the resources of mechanical and human infrastructure, or capital, that might have rendered the future a more verdant, well appointed, and humane place, all for what to them will seem a pittance, a couple of trillion here, a couple of trillion there, on which the hapless grandchildren would be happy to pay the carrying charges to those who had, very helpfully, come up with the funding some decades before (many of these angels, well, actually their successors, residing in China). A sound, amply provisioned, and well lubricated infrastructure is, historically, among the most profitable of investment objects of a polity. The U.S., by general consent, has for several decades let a number of kinds of infrastructure investments languish – most conspicuously the notorious roads-bridges-rail complex, the education of the youngest generation and the inculcation of learning in the generation one notch older than the youngest, and the re-fitting of a still older cohort in the skills of the moment; and a firm establishment of moral habits and institutions of sickness-prevention that might promise, over a long run, a measurably

sounder and saner populace. The best that can be done – and the spirit of the new Administration, broadly speaking, is on this track – is to turn the trillions of the moment (with an economic cost a good deal less than that in a time of unemployed resources) to fuel these projects over a broad front, in a game of what ought to be quite frantic catch-up -- precisely to escape the reproach of future generations. Our querulous, squalling grandchildren!

Farewell to Metaphor

The hard Currency of Dollars, Incentives, and Law

Debates on delicate matters are often couched in metaphorical expressions. Examples are all about. Such expressions are very often called into play as well when the subject matter is a daunting puzzle to the discussant. A serious account of the economic slowdown and its potential cures, and a similarly useful discussion of the operative facts in the provision of health care points, however, to a perhaps uncomfortable necessity: before a policy choice is to be made, one must proffer an explanation of economic phenomena: specifying whose acts set up an incentive for another's response, and what the direction and size of the response may be expected to be. Economics works with a laughably simple set of principles (as the legendary Prof. Frank Knight of the University of Chicago never tired of saying), but one must keep one's eye on the ball. Another proposition may be argued on this point. Whether the barring of regard for the medical condition of an applicant for insurance coverage (inclusive of insured persons whose coverage might be terminated), should be accomplished by simply barring insurance companies from taking the condition of the applicant or insured into account, or whether the elimination of the effect ought to be achieved by some other means. Under the stated rule insurers would perpetually be carrying insured whose expense is greater than their cost, so that an incentive exists for purifying the pool by one or another expedient – thus the defeat of the purpose of the rule. At the same time insured whose likelihood of falling sick is less than the average would be paying more in premiums than their return by way of indemnified medical expense. These insured persons would have a powerful incentive to cast about for ways to form an elite society, perhaps a cooperative of their own, to enjoy a lower premium expense. The rule would thus carry within itself powerful incentives for its own destruction. But from other points of view the rule, to the extent that it did indeed work perfectly, would operate as a pernicious incentive for distortion of the calculation made by consumers in determining the extent of their usage of medical care. The elite would be paying more for using medical care than the social cost of that care and would thus tend to "underuse" it. The elite are in effect being taxed for support of the more sickness-prone among the population. To produce a politically/morally desired effect (that is, the socializing of the ill fortune of some in the genetic and accident lottery), a fresh, unneeded distortion is being introduced into another market, that of the elite for medical care. Clearly the socializing of the ills of the sickness-prone contingent in the population should be paid for by a general form of taxation, one that is designed on a broad tax base (e.g., a general income tax, or a general consumption tax) as minimally distortive of consumers' choices among activities. There is unfortunately a tendency of legislatures to raise funds for a desired subsidy by laying a tax on some similar activity close at hand (one innocent of any harmful externalities that might in fact call for an excise tax) – like taxing internet service in order to subsidize broadband extension to the socially marginalized populations who would otherwise languish without it — an arrangement with the clear effect of diminishing internet usage in the population generally, precisely the opposite of the larger intended social purpose.

Housing: the Dethroned Value that Will Not Go Away

For an earlier decade home ownership was a chief value, one held out to the newcomers and the disadvantaged of society as the first, and probably most important, step to plenary membership in an affluent and listened-to fraternal community. In the housing industry's debacles of the last two years, the thought is now commonly voiced that it is those newcomers and disadvantaged who queered the game for all the rest. A more sober and nuanced view is succeeding this somewhat dyspeptic analysis. It is now not so much a game of identifying the rascals – with small differences of degree the villain, as in most operations of a macro-economy, is no one and everyone -- as one of puzzling out the mechanisms of the several markets involved, the role of government-generated incentives, and those other effects that have swept along the earnest and

well-intentioned, together with the few seeking to make a good thing of the good times, in the destructive unfolding of events. For all that, in any case, housing is a necessity and ownership is a boon, if not the sole or even primary boon, and all will come back, if sadder, at least measurably wiser, than before.

Housing and its woes are a perennial subject of concern among those citizens of the republic given to sensitive on on the inequities of life for the marginalized in a society, and at once gifted with the wit and the will to fashion small, often pitifully ad hoc remedies. The task of systematizing these efforts falls to a specialized profession of housing experts. Dr. Samuel Little stands among the most eminent of these, having headed the District of Columbia Housing Authority and now serving as President of a private non-profit institute: National Alliance for Resident Services in Affordable and Assisted Housing, an organization of nationwide reach having its head offices in the Capital city. The NARSAAH organization celebrated its seventh anniversary at a reception Friday, August 21 at One Potomac Passage, part of the newly minted elegance of the National Harbor district, lying on the Maryland side of the Potomac just south of the D.C. line. Housing authority officers, NGO executives, and interested citizens from around the country were on hand. We may mention that Dr. Little has been an associate of Dialogue on Diversity in its housing programming, having brought a plentifully detailed account of the rationale of the affordable housing movement at the Dialogue's Housing Issues Colloquium in September of 2007, just as the housing industry debacle was crystallizing.



Among some ten leading figures in the housing movement to receive honors at the August 21 ceremonies was Mr. John Garcia of the Housing Authority of the City of San Buenaventura, California, a seaside locale at the northern edge of the Los Angeles orbit in southern California. Along with Melinda Comeau (a speaker at several of the Dialogue's recent public policy and housing programs), Mr. Garcia manages the Resident Services division of the HASB. A discussion with Mr. José Gomez, Chief Operating Officer for the Authority, brought insights into the manner in which creatively managed housing agencies around the country – that of San Buenaventura stands near the top of any such list – have coped with the unprecedented stresses that have affected every phase of the U.S. housing industry in the last two years. Funding under the federal

“stimulus” measures enacted early in 2009 were allocated to the HASB in the amount of some \$4 million. The agency had been maintaining a list of rehabilitation backlogs in its public housing inventory, some of these jobs, because of a chronic paucity of funding, dating as far back as five years. Plans, inclusive of blueprints and identified xxxxxxJohn Garciaxxxxxcontractors, were at the ready. The work, in the event, has been largely completed, the funds sent speeding on their way through the economy of VenturaCounty and the country beyond. Contractors, to a great extent idled by the drastic slowdown in the building industries, were able to move swiftly on the xxagency's orders. The existence of slack in the markets for housing labor and for construction equipment and expertise brought the contracts in at far below boom-time price levels. Result: dollars stretched to cover unexpectedly large swaths of the rehabilitation tasks, housing clients (incl. those awaiting accommodations) benefited correspondingly, the “pain” of unemployment abated by spreading work opportunities at slightly lower wage levels over a greatly enlarged pool of workers, and, as noted, accomplishing the work of the fiscal stimulus with textbook speed and efficiency!

HASB representatives in Washington for the weekend were insistent in ascribing much of the credit for the agency's exemplary performance to its CEO, Edward L. Moses -- himself

something of a legend in national housing circles -- whose sagacity and energy have brought new departures in the range and ingenuity of housing authority practice. Mr. Moses, formerly an official in the federal HUD, and more recently chief executive of housing authorities in both San Buenaventura and nearby Santa Barbara, California, has hammered out practicable and trailblazing methods in the crucible of actual operation at ground level in these important local HAs. Again, Dialogue on Diversity takes pride in its association with Mr. Moses, who has spoken at our policy programs and is a member of the Dialogue's National Advisory Committee.

The Stimulus – Its Life and Times

The San Buenaventura example shows only too clearly, by its stark contrast, the feebleness of the stimulus practice in train throughout the country under the schema that, after much grousing, was cobbled together and enacted early in the year. The essential concept of a fiscal stimulus is that of broad-based, presumably governmental, program effecting transactions directly employing resources that would otherwise be lying idle, and to induce those resources, now newly employed, to be the source of further spending transactions. The keys to a well designed program thus are to act swiftly to counter the negative impulses driving down resource use in a country or throughout a region, to place the funds with otherwise unemployed resources, and to focus "laser-like" (to use a current buzz-word) on those resources (mainly labor) whose owners are strapped for liquidity and will put their wages, fees, etc. without delay into further purchasing transactions. Instead of the concentrated, compact wallop that is called for, we got a fearsomely sprawling mélange of spending projects, some long-term, some short, some funneling moneys to the cash-strapped, others awarding funds to those already sitting pretty.

The defense of the bill as constituted, however, is not trivial. It is a defense that one can with some effort imagine ex-post: that the opportunity, a rare one, had been at hand for initiating action on an extensive menu of long delayed, long put-off tasks that needed to be tackled if the country's physical and human capital stocks were to be brought up to standard. If it took a while longer to get these up and running, and if their effect was to employ resources already in demand for other uses, and if the employed resources were not strapped for liquidity and would not hasten to spend the money with grocers, clothiers, and back-to-school suppliers, the evident weakness of the stimulus effect itself was well repaid by the somewhat longer run effect of the infrastructure investment. The substantial funding for medical IT is an example – it won't be either sufficiently in time or well enough focused for bringing down the massive unemployment rates, but it will improve outcomes and lower costs in the medical services industry over a longer run – also an eminently worthy project.

Off to Florence – with Best Wishes



Marianne Moreno, the Dialogue's proud entry in the arts world, is off to Florence, in Italy's Tuscany, the Mediterranean world's august repository of a millennium of artistic and intellectual history, for a year's study of her love, the world of art. Florence was the focus of western elegance and inventiveness in the Quattrocento (the 1400s), when such luminaries as Lorenzo the Magnificent held forth as the civic and artistic élite of that Tuscan city state, and indeed of the European continent, as quickened creative forces swept Europe, along with a newly nascent consciousness of the history of aesthetic and intellectual excellence from ancient times to one's own. Artists, as well as poets, must feel themselves to be moving in the best company, Florence being the native city of not only the remarkable Lorenzo, an excellent poet, but Michelangelo, Botticelli, and Leonardo da Vinci. It is in this cradle of modernity -- rather the modern recension of classical

achievement -- that Marianne arrives with energy, high hopes, and artistic faculties of the finest. Some half dozen of her many pictures, with the carefully sculpted geometry of their figures, and an array of brilliant color, were displayed at the Dialogue's recent Entrepreneurship/IT Conference on Capitol Hill. Her pictures, already exhibited at galleries in Washington, will

find, xshe hopes, exhibit opportunities as well in the age-old artistic incubator of Florence. We look forward to her latest canvases and we wish her, very confidently, the best in this her newest venture.