

# A CITIZEN-BASED SOCIAL CONTRACT

PRINCIPLES PAPER

THE NEXT SOCIAL CONTRACT

## EXECUTIVE SUMMARY

In the 20th century, Americans adopted a new “social contract”—a support system to help provide every American with the basic security and goods considered necessary to enjoy a productive and enterprising life. Under a sound social contract, access to these goods should not depend on where you work, where you live, or what you believe. At its best, the American social contract is citizen-based.

A citizen-based social contract resonates with the American democratic republican values of personal independence and social equality. At the same time, a citizen-based social contract achieves a number of utilitarian goals, including liberating enterprise, facilitating job mobility, taking advantage of the sophistication of contemporary Americans, and strengthening American families. It should not eliminate all risks, but provide the basis for entrepreneurial risk-taking essential to innovation and development.

The next social contract should help to promote the fulfillment of “the promise of American life”—the promise of opportunity coupled with responsibility for all Americans. The next American social contract, building on the successes of the past, should better enable new generations to achieve enduring American goals.

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At the beginning of the 21st century, American society finds itself in dramatically new conditions. Globalization, an aging population, the transformation of the economy and daily life by new technologies from the Internet to biotech—these and other trends are revolutionizing the world around us. But while circumstances change, the collective goal of Americans remains the same: a nation in which citizens share in the general prosperity as workers and owners of property. Achieving that old goal requires new methods suited to the new era in which we Americans find ourselves. It requires a new American social contract.

What do we mean by the social contract? In its original sense, the term “social contract” in the political philosophies of Locke, Rousseau, and other early modern theorists referred to an actual or hypothetical social contract among individuals to form a society. The term has evolved so today it commonly refers to agreed-upon social arrangements that provide basic security and access to basic necessities for individuals in modern, industrial societies. Every modern society has a version of the social contract in this second sense, in the form of health care systems, retirement schemes, unemployment insurance or benefits, and educational assistance programs, in addition to broader policies that shape and regulate the structure of the economy, government, and civil society. These modern national social contracts owe their existence to the need to provide support for individuals in advanced industrial societies who can no longer count for support on extended family networks and rural communities, as their agrarian ancestors once could.

The individual goods secured by the modern social contract are not classic public goods, like national defense or sanitation. Social contract goods are individual goods that the collective society has decided every citizen needs to have. The goods may be provided directly by government, but they need not be; they can be provided by business, households, or civil society. They include things that are conventionally thought of as “benefits,” but also other goods such as adequate wages and civil rights protections. Public policy can seek to encourage the provision of those goods, by means of mandates on individuals and businesses, or by providing incentives or subsidies for the voluntary provision of individual goods like homeownership and higher education.

Today's American social contract is the product of two centuries of public policy. Much of the present-day social contract was designed during the Progressive and New Deal eras, when the transition from an agrarian to an urban and industrial society made American workers more dependent on government, employers, and the nonprofit institutions of civil society.

At its best, the contemporary American social contract is citizen-based. Particular benefits or subsidized goods are tied directly to the individual and are portable and uniform. Social Security, for example, involves direct payments to individual retirees, and those payments are the same wherever a retiree lives. Like Social Security, many of the individual goods of the inherited social contract are citizen-based. Examples include Medicare payments, the home mortgage interest deduction and government-backed lending to homeowners, student loans and Pell grants, small business loans and tax subsidies.

But there are major exceptions. Health care and private pensions, as a result of historic accident and inertia, remain tied in most cases to particular employers. And financing for public education remains place-based; it is tied to local school districts and state governments—rather than being national and citizen-based—leading to profound inequities in per pupil financing. Furthermore, some policies designed to provide income security, such as the unemployment insurance system, suffer from being employer-based and place-based hybrids. These alternate approaches to providing health care, primary education, and income support are as inefficient as they are incompatible with the American ideal of the independent, self-confident, entrepreneurial citizen.

A revised and updated social contract for America in the 21st century should consist of citizen-based policies. This will not only help to achieve perennial American democratic republican ideals of personal independence and equality but also encourage economic efficiency and indirectly strengthen American families.

## ALTERNATIVES TO A CITIZEN-BASED SOCIAL CONTRACT

In the 20th century, all modern societies, no matter what their form of government—democratic, authoritarian, or totalitarian—adopted some version of a social contract to protect their citizens from the personal insecurity created by urbanization and industrialization. Every nation's social contract is based, among other things, on a consensus on the division of labor among different sectors of society—the

individual and household, the government, the private sector, and the voluntary sector, or civil society. One of the key distinctions among social contracts in different countries is how they rely on different sectors to provide the basic goods needed by citizens in modern societies.

A citizen-based system, relying on portable benefits for individuals subsidized or mandated by government, is only one of the options that societies can use in designing a social contract. Other options for distributing social contract goods include where people work, where they live, or what communities they belong to.

### An Employer-Based Social Contract

In the late 19th and early 20th centuries, some reformers, concerned about providing basic needs to the new wage-earning majority created by industrial society, advocated an employer-based social contract, also known as “welfare capitalism.” Some proposals amounted to a new feudalism, in which paternalistic employers would provide for the housing and educational needs of their workers in addition to paying them wages. Extreme forms of employer paternalism were never established in any modern industrial society; the society that came closest to doing so was post-1945 Japan, with its paternalistic corporations. However, in many countries in Europe and East Asia, as in the United States, many benefits were tied to particular employers. Union benefits, to the extent that they are based on negotiations with particular employers or industries, can also be classified as employer-based benefits.

An employer-based system can be criticized for being both inequitable and inefficient. It is inequitable because of the variances in benefits and other goods that different employers provide, and that different classes of workers receive from the same employer. Providing benefits through employers also becomes a source of insecurity and economic inefficiency since workers lose benefits when they leave their jobs. And it is inefficient to the extent that it saddles businesses and nonprofit employers with responsibilities for the broader welfare of their employees—responsibilities that are not related to, and may distract from, the effective pursuit of their organizational goals.

Whether or not our accidental employer-based health care system ever made sense, it certainly does not make any sense today. Most Americans never enjoyed lifetime security at a single firm. Even so, such stability of employment was greater in the past than today. To make matters worse, the number of Americans covered by employer-provided health insurance has significantly declined from its peak in 1987.

Moreover, today's employer-based benefit system is an unnecessary source of contention between employers and workers. In recent years, organized labor has battled with corporate managers who sought to contain costs by reducing benefits or by hiring contingent workers without benefits. In the absence of employer-provided benefits, labor strife would be limited to questions of wages and working conditions.

Making American citizens even more dependent than they are now on their employers would be a retrograde step, away from the ideal of the free citizen-worker and back in the direction of the worker bound to a single employer and dependent on that employer's benevolence. Employers should provide good wages and a safe workplace. But they should not be responsible for providing health care for their workers—a task undertaken in other democracies by government, the individual, or both.

Instead of taking the worst feature of the present social contract—its employer-based benefits—and making them universal and mandatory, we should insist that the provisions of the next social contract be citizen-based. Under a citizen-based social contract, all benefits would be universal and portable. The employer's role, if any, would be limited to deducting payments from paychecks, such as for health care premiums or deposits to savings accounts. Every American could move from job to job, or quit a job to become self-employed, without losing benefits.

### **A Place-Based Social Contract**

Another alternative to a national citizen-based social contract is a place-based social contract, in which benefits vary among lesser jurisdictions within a nation-state. This approach is often found in countries with a high degree of federalism or decentralization, like the United States, Canada, and Switzerland.

The United States evolved from an alliance of former British colonies into a loose federation of states and then into an integrated federal nation-state. This history is reflected in the fact that many government services and support systems were originally responsibilities of local or state governments. For example, programs to help the poor existed in localities even in Colonial America. It was only in the 20th century that the federal government assumed a role in reducing individual poverty. And in the early 20th century, before the establishment of Social Security, some American states like Wisconsin experimented with their own old-age pension schemes. In the course of the 20th century, many antipoverty and social insurance policies were federalized, although states still play a role in funding and administering some of them.

An exception is the funding of K-12 education. The federal role in primary education continues to be minor, unlike the major federal role in the financing of higher education. The enormous variation in the tax revenues available to finance primary education among localities and states in the United States highlights the potential for unfairness in any place-based social contract in which a citizen's access to basic goods is largely dependent on accidents of geography. Consider the disturbing disparity in per child funding for K-12 education. Because almost half of school funding comes from local sources such as property taxes, the quality of education varies among communities within states and among them. For example, in 2004–05, New Jersey spent almost three times as much per K-12 student (\$13,370) as Utah (\$5,032).<sup>1</sup>

The disparities among state health care systems are equally troubling. Whether children are covered by a state health care program depends on the generosity of the states in which their families happen, perhaps temporarily, to reside. This is both unfair and unwise.

Other policies awkwardly combine both employer-based and place-based criteria. For example, the unemployment insurance system is a patchwork of state programs that assist only 37 percent of jobless workers.<sup>2</sup> In this case, both eligibility and the level of benefit depend not only on the state where you live but also on the place where you used to work. Should it really matter how a job is bureaucratically classified or how long an employer has paid into a government fund? Job retraining isn't much better. In some places, community colleges take on this burden; in other places it's left mostly to employers and the worker's own initiative, with certain workers eligible for nominal support from a boutique federal government program, called Trade Adjustment Assistance. There is no integrated income security and transition assistance program that is national and truly citizen-based.

### **A Civil Society-Based Social Contract**

Another alternative to a citizen-based social contract is a civil society-based social contract. In this version of the modern social contract, religious institutions or secular nonprofit organizations would assume most of the responsibility for education and the relief of economic distress.

In a pure civil society system, government would have no role, other than exempting nonprofits from taxation. In recent years, however, many conservatives and communitarians have favored a hybrid system, in which tax-based benefits would be delivered to individuals by nonprofit "intermediate institutions," including churches and "faith-based institutions."

In the late 19th and early 20th centuries in the United States, many churches, philanthropies, and fraternal organizations, like the Masons, played an important part in addressing the social challenges of the then-new industrial workforce. But the patchwork of voluntary organizations was highly inefficient from a utilitarian standpoint as well as somewhat arbitrary and inequitable. By the mid-20th century, some individual support functions previously performed by voluntary organizations of civil society, such as the provision of retirement security and unemployment insurance, were preempted by universal or means-tested government programs.

Intermediate institutions like churches and secular fraternal and philanthropic organizations have always played an important role in American life, chiefly in the areas of charity for the poor and the provision of education and cultural life. But they are poorly suited to function as miniature welfare states, providing basic goods for their members, as some advocates of a “faith-based” social contract would wish. And a faith-based social contract, in which access to benefits on the part of American citizens varied depending on religious belief and membership in voluntary organizations, would be repugnant to American notions of a shared interest in the well-being of our fellow citizens that transcends religious and other subcultural distinctions.

## BEYOND EMPLOYERS, PLACE, OR CIVIL SOCIETY

In summary, some Americans have favored a social contract based on employers, place, or civil society. A sound social contract should not make the goods that it seeks to provide dependent on where you work, where you live, or what you believe. Under a citizen-based social contract, responsibility for the provision of social contract goods—which have been identified as central to citizenship—should be divided between the national government and the individual. Different mixtures of responsibility for the provision of social contract goods are found along a spectrum, with complete government provision at one end (funding for public education) and complete individual responsibility at the other (where individuals have to fend for themselves or government mandates individual action—for example, by buying automobile insurance or health insurance).

The truth of the matter is that the contemporary American social contract is the result not of a single master plan but of the cumulative addition and evolution of particular policies addressing particular problems over genera-

tions. Despite the unplanned nature of the American social contract, it is centered chiefly on the individual citizen and the household. A strong case can be made for extending this approach to create an even more consistently citizen-based social contract. The case rests on two kinds of arguments—the argument from American democratic republicanism and the argument from utilitarianism. Each of these arguments will be addressed in turn.

## DEMOCRATIC REPUBLICAN ARGUMENTS FOR A CITIZEN-BASED SOCIAL CONTRACT

The United States is not only a democracy, it is a democratic republic. What some have called the “American Creed” of democratic republicanism is the heir to millennia of thinking about republican government in the West, from Aristotle and Cicero to the Founding Fathers. Two principles of the democratic republican public philosophy of the United States in particular have informed, and should continue to inform, the design of America’s social contract: personal independence and equality among citizens.

### Personal Independence

A democratic republic requires an engaged, informed, and responsible citizenry, whose members must be capable of serving as voters as well as jurors and sometimes even as soldiers. Citizens must be largely independent of the government, even if they pool their resources for some common purposes. Drones of an all-powerful state cannot be citizens. And citizens must be self-employed or, if they must work for a living, they must not be indentured, but free to quit one job to seek another.

The republican ideal of the independent citizen has a political purpose: citizens must be independent enough to be able to organize themselves to overthrow tyrannical governments or aristocratic domination. But in the American political tradition, personal independence has had a beneficial economic effect as well. The American way of life has always combined the idea of enterprise with the ideas of a high degree of political liberty and economic independence. Americans have always assumed that citizens of republics who enjoy political liberty will work harder and be more creative than the terrified subjects of a tyrannical government. And by the same logic, workers who are free to choose their own occupations and to keep a fair share of what they create will be far more productive and innovative than those who

labor to enrich others without adequate reward.

By definition, personal independence is incompatible with perpetual dependence on employers or the charitable institutions of civil society, no matter how benevolent they may be. The democratic republican ideal of personal independence is not compromised by universal social insurance, in which all citizens, by pooling their resources, create common institutions to mitigate risk and help them all to achieve security. From an American democratic republican perspective, excessive individual reliance on private charity is just as much to be discouraged as excessive individual reliance on government. Civil society can help the unfortunate. But charity, like government antipoverty programs, should be designed to help individuals achieve personal independence rather than perpetual dependence on others. The emphasis of American democratic republicanism on personal independence, then, provides a powerful argument for a citizen-based social contract. By its very nature, a modern social contract encourages a degree of reliance by the individual on society as a whole. But the sacrifice of personal independence is smallest in a citizen-based system in which citizens support each other, as an alternative to forcing individuals to be dependent on the mercies of their employers or charities. And in an integrated nation-state, with a high degree of mobility across state lines, it is appropriate that a citizen-based social contract be national in scope and funding.

## Equality

The democratic republican value of equality among all citizens provides another compelling argument for a citizen-based social contract. From the earliest years of America's democratic experiment Americans have been hostile to the division of the American people among different categories with different sets of rights and privileges, although only in recent generations has the principle of equal treatment of all Americans, without regard to race, gender, or religion, been achieved. This is one of the crowning achievements of the last century. Still, few Americans have supported government policies to promote equality of outcomes. But the idea that all Americans should have equal rights and opportunities is deeply rooted in the national tradition.

This conception of equal rights underlies the hostility that Americans have shown to distinctions within the labor market. The American ideal has always been the free citizen-worker, competing on an equal basis with other citizen-workers. During the Civil War and Reconstruction, slavery was abolished in the name of free labor. In the generation

that followed, contract labor was abolished, and child labor was outlawed soon thereafter. There was an economic as well as a moral case for abolishing racial segregation in the United States in the 1950s and 1960s. The reasoning in each case was the same: employers should not be able to pursue a “divide and rule” policy toward the workforce by pitting free citizen-workers against other groups of workers with fewer rights.

This is why, quite apart from its economic aspects, the growing gap in benefits and rights between full-time workers and others—part-time workers, contingent workers, and contractors—has troubling implications for the American republic. In recent decades, the share of the workforce made up of temporary or contingent workers has dramatically expanded. At the dawn of the 21st century, between a third and a quarter of the U.S. workforce is made up of contingent workers, and agencies providing temporary workers are among the nation's largest employers. The result is a new version of that old American nightmare: the two-tier labor market, divided between workers with different rights whom unscrupulous employers can pit against one another.

A two-tier labor market is bad for the contingent workers, who lack benefits. But it is also bad for full-time workers with benefits. Their benefits are insecure, and employers can use the possibility of replacing them with less expensive contingent workers as a threat against them.

Among other things, a citizen-based social contract would erode or eliminate the difference between contingent workers without benefits and full-time workers with benefits. It would no longer be necessary to work full-time in order to have benefits. A two-tier labor market would be transformed into a single-tier labor market made up of citizen-workers and legally resident immigrants with equal rights and equal leverage, in accordance with America's founding ideals.

Equality is promoted as well by a social contract that is national and uniform. Although the United States began as a federation of colonies, the nation has adopted uniform federal civil rights laws so that the basic freedoms of all Americans are the same, no matter where they live. The trend in social contract policies has been toward the national preemption of former state and local responsibilities. State and local responsibility for K-12 funding is one of the few place-based policies that have yet to be replaced by a partly or wholly national program. While a case can be made for state and local experimentation in public policies, the basic social contract goods, as well as the basic civil rights, of American citizens should be the same everywhere in the United States.

## UTILITARIAN ARGUMENTS FOR A CITIZEN-BASED SOCIAL CONTRACT

A citizen-based social contract, then, is more compatible than the alternatives with America's democratic republican political and social values. But the case for a citizen-based social contract in 21st-century America does not rest on America's public philosophy alone. There are also compelling practical arguments for making all benefits secured by the social contract citizen-based rather than linking them to employers, local jurisdictions, or civil society. These arguments include the potential of a truly citizen-based social contract to liberate entrepreneurialism, facilitate job mobility, take advantage of the increased sophistication of 21st-century Americans, and even to strengthen American families.

### Liberating Entrepreneurialism

All too often, the American social contract is discussed in terms of fear—fear of unemployment, fear of illness, fear of accident. The security provided by private insurance and social insurance is important, to be sure. But the goal of the American social contract should not be to eliminate all risk; on the contrary, paradoxical as it sounds, it should be to encourage Americans to take more risks—whether those risks take the form of studying for a career with a payoff only in the long run, of quitting one job for a better one, or of founding a business or nonprofit organization.

Freedom defined as the opportunity for self-improvement has always been as important as political and religious liberty in the United States. The American Dream is to move up, not to sit still. “The Promise of America,” wrote the Progressive thinker Herbert Croly in 1909, “has consisted largely in the opportunity which it offered of economic independence and prosperity.” According to Croly, “The native American, like the alien immigrant, conceives the better future which awaits himself and other men in America as fundamentally a future in which economic prosperity will be still more abundant and still more accessible than it has yet been either here or abroad.... The Promise, which bulks so large in their patriotic outlook, is a promise of comfort and prosperity for an ever increasing majority of good Americans.”

Entrepreneurial energy can be stimulated by a citizen-based social contract that erases the dividing line between full-time and part-time work. Today, only about 10 percent of

American adults are self-employed. In a country that prides itself on the spirit of personal initiative and enterprise, it makes no sense to tolerate a system that imposes high costs on those who want to try to found their own businesses. It seems likely that many Americans would be more willing to do so if they could continue to work part-time without losing their health care or critical retirement benefits.

Individuals with a minimum of economic security and sufficient resources will be more likely to take risks by striking out on their own and founding new businesses, working part-time in order to fulfill family responsibilities, working as independent contractors, or accepting the gamble of educating themselves for a new and different career.

### Facilitating Job Mobility

Even with an increase in entrepreneurialism in the United States, most Americans will work for others rather than for themselves. And most will work for a series of employers in their careers.

The United States leads the world in labor market flexibility. The average job tenure in the United States is 6.6 years, compared with 8.2 years in Britain, 10.6 in Germany, 11.2 in France, and 12.2 in Japan.<sup>3</sup> The younger a worker is, the briefer the median job tenure. Between 1963 and 2004, median job tenure for males aged 55 to 64 dropped from 14.7 to 10.0 years; for males aged 25 to 34, it dropped from 3.5 to 3.0 years.<sup>4</sup>

Whether such “job churn” hurts or harms individual workers depends on two things: Do they move to higher-paying jobs? And do they lose critical benefits like health care insurance and pensions if they move from one employer to another? While public policy has a role in promoting a high-wage society, it cannot ensure that every new job pays more than the last. But public policy can ensure that the access of individual American workers to such basic needs as health care, pensions, and job training is secure and independent of any particular employer.

Once benefits are separated from particular employers, Americans will no longer feel inhibited in pursuing their career goals for fear of losing health insurance or pensions that have not vested. This does not mean benefits cannot be tied to work and individual effort, but employers, for their part, would be freed from the administrative burdens of programs that are properly the shared responsibility of the individual citizen and the government.

A dynamic economy requires what the economist Joseph Schumpeter described as “creative destruction.” Repeatedly, new technologies—railroads, electrification, the internal combustion engine, the personal computer, and the

Internet—have shattered and reshaped the economy and society as a whole. As impressive as these transformations have been, they may be dwarfed in their effects by coming economic and social revolutions driven by new technologies in biotech, nanotech, photonics, energy production, neural engineering, and other fields yet to be invented. If the economy is to grow, individual jobs, but also companies and sometimes entire industries, must sometimes be destroyed. This need not be a source of personal disaster or political conflict so long as labor and capital in the dying industries are transferred to the rising economic sectors of the future. Making all benefits citizen-based, universal, and portable can make such transitions far smoother and less painful than they are today.

### **Empowering a More Sophisticated Citizenry**

Americans in the 21st century are far more sophisticated than their ancestors. By the middle of the 20th century, a majority of Americans had become homeowners. By the end of the 20th century, a majority of Americans had checking accounts and credit cards. Two generations have come of age with computers and are at ease with technology of a complexity that often baffles members of an older generation.

America is an Internet society with a social contract devised in the era of the telephone—and even, in some areas of public policy, in the age of the telegraph. The United States needs a social contract as modern, flexible, and sophisticated as its people.

Is a citizen-based social contract too much for American citizens to handle? Few will publicly question the competence of ordinary Americans. But underlying proposals for some alternatives to a citizen-based social contract—such as an employer-based social contract in which benefits like health care insurance are mandated by government—is the belief that many Americans need to be taken care of by benevolent authorities. This perception deserves to be addressed.

No doubt some citizen-based social programs could be too complex for mainstream Americans to understand, while others would present ordinary citizens with unacceptable degrees of risk or vulnerability to deception. But these are problems of program design; they are not flaws of the citizen-based approach. For example, if there is a consensus that all Americans should have private retirement savings in addition to Social Security benefits, then a universal, portable, private pension program could be designed with limitations on possible investments, so as to benefit from growth while minimizing risk.

In general, though, a presumption of competence on the part of American citizens may help to create the reality. Just as a paternalistic government will create helpless and dependent subjects, so a citizen-based social contract that blends self-reliance with mutual assistance will foster the kind of citizen that America's republican institutions require.

### **Strengthening Families**

In addition to achieving their other purposes, all public policies should be designed to reinforce, not undermine, American families.

In the final analysis, the citizenry our democratic republic seeks to serve is a community made up not only of individuals but also of the families to which they belong. The perpetuation of the nation, through family formation and childrearing, is the public good that makes possible all other goods, including the existence of the Republic itself. A liberal and democratic state should not try to regulate family life in a heavy-handed and authoritarian way. But the public policies that together make up the informal social contract should be designed so that they support strong families—or at the very least do not inadvertently harm them.

Parents of young children would be obvious beneficiaries of a citizen-based social contract. They would not need to fear that they would lose their health insurance or pension rights if they took time off after the birth of a child. And they need to know that adequate funding for the education of their children does not depend on the accident of the school district or state in which they live.

The older members of American families and the relatives on whom they depend for care would also benefit from a citizen-based social contract that would permit a continuous spectrum of effort, from self-employment at one end to full-time employment at the other. In an aging society, the idea that years of full-time employment come to a crashing halt with retirement could become a thing of the past. Instead, people could gradually move from full-time work to part-time work and finally to complete retirement, if that is what they desired.

The aging of American society will create needs for eldercare that families, as well as the public and business and nonprofit sectors, will need to address. Here, too, a citizen-based social contract that does not penalize part-time work could help middle-aged or young Americans spend part of their time at work and part of their time caring for their children, elderly parents, or grandparents.

## VALUES, EFFICIENCY, AND THE CITIZEN-BASED SOCIAL CONTRACT

A new social contract that is fully citizen-based can help Americans achieve their goals while promoting their deepest aspirations. The purpose of the social contract is security in the service of aspiration, not security at the price of aspiration. Basic economic security enables individuals to take more risks, to display greater ambition rather than fatalistic resignation.

A citizen-based social contract embodies the historic values of the American republic—in particular, the ideals of the independent and equal citizen-worker. The citizen-based social contract promotes efficiency, even while realizing American ideals, and serves the utilitarian goals of public policy by liberating entrepreneurialism, making it easier for workers to move from job to job, bolstering the skills of a more competent citizenry, and indirectly strengthening the American family.

A citizen-based social contract resonates with American democratic republican values and makes sense in terms of national efficiency. It is important, therefore, to reform the elements of the existing American social contract that are based on other principles to align them with the citizen-based ideal.

The social support system that we call the social contract is not a storm cellar where people can huddle, protected from raging tempests. It is a pit stop in a car race, where drivers can get assistance before plunging once again into the exhilarating competition of an active life. America's ideals and its interests alike will be furthered if a citizen-based social contract does even more to enable and empower each American citizen to succeed in what Thomas Jefferson called "the pursuit of happiness."

## ENDNOTES

<sup>1</sup> National Education Association, "Rankings and Estimates: 2005-2006," <http://www.nea.org/edstats/RankFullo6b.htm>.

<sup>2</sup> Robert Atkinson, "How to Modernize Unemployment Insurance," *Blueprint Magazine*, January 11, 2002.

<sup>3</sup> International Labor Organization, *World Employment Report 2004-2005*, December 7, 2004, chap. 4, p. 9, <http://www.ilo.org/public/english/employment/strat/wer2004.htm>.

<sup>4</sup> Craig Copeland, "Employee Tenure: Stable Overall, But Male and Female Trends Differ," *EBRI Notes*, vol. 26, no. 3 (March 2005): 2, 3, fig. 2.

THE NEXT SOCIAL CONTRACT INITIATIVE aims to reinvent American social policy for the twenty-first century. Through a program of research and public education, the initiative will explore the origins of our modern social contract, articulate the guiding principles for constructing a new contract, and advance a set of promising policy reforms.

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