

What the Democrats Should Do

Interview with Robert Reich

Name the villains, former labor secretary Robert Reich tells the Democrats in this interview. Talk about the failure of the economy in moral terms. And find a compelling narrative. He offers four of them.

Q People say that the conservatives have beliefs, but that they do not know what the liberals believe in. In your mind, what are the liberals' beliefs?

A. A few key ones are these. First, there ought to be a separation between church and state. Second, there ought to be social insurance for those who, through no fault of their own, find themselves in trouble. Third, we need a foreign policy based not only on our military strength but also on our moral authority in the world. If we are regarded as the world's bully, engaging in preemptive and unilateral warfare wherever and whenever we see fit, we do not stand a chance of gaining the support and cooperation we need around the globe.

Fourth, we have to invest in our people—their education, training, and health care. We also need to invest in our infrastructure, in basic research and development, and in all the ways that will improve pro-

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ductivity. These sorts of public investment go hand in hand with private investment. If we do not have adequate public investment, we cannot expect to attract capital from around the world to build good jobs here. This is the exact opposite of trickle-down economics. Call it bottom-up economics. Instead of giving tax breaks to the rich, with the expectation that the rich will use these benefits to invest in factories and equipment, we should use the money to invest directly in the productivity of our people.

Q So let us put some meat on the bones of some of those ideas. Let us start with church and state, which is where you started. Why has that become an issue of significance in the United States again?

A. Republicans have fanned religious passions as a means of entrenching themselves politically. They have declared war on so-called secularists. But there is a big difference between being religious and believing that religion must be made part of politics. Most people I know consider themselves religious. I consider myself religious. But I am a firm believer that religion should have no direct role in politics.

Q. Why is the Republican right using religion?

A. To distract Americans from what is really happening to them. Although the U.S. economy continues to grow at a healthy clip, the lion's share of the growth is going to a small sliver of Americans at the top. Wages and benefits of the typical hourly worker are going nowhere. By making an enemy out of "secularists," the right is fomenting a new kind of class warfare—warfare against "cultural elites"—as a means of avoiding class consciousness based on economic reality.

Q. Is the economy the bedrock issue for Democrats?

A. Yes—but Democrats need to talk about the economy in moral terms. What somebody does in his or her bedroom with another consenting adult is a matter of private morality. But it violates *public* morality when a CEO is paid five hundred times what an ordinary worker makes and fires thousands of employees, when a top executive loots his company and robs employees of jobs and savings, when

the minimum wage drops so low that workers at the bottom cannot earn enough—even with food stamps and the earned income tax credit—to support a family. Or when 44 million Americans do not have health insurance, and when a million more people are in poverty, even as the economy grows.

Q. Many people say, “OK, if things are so bad, why are Americans voting Republican?”

A. I do not think the Democrats are doing a particularly good job of articulating what is on people’s minds economically. Democrats have not come up with a credible program to turn things around, or a clear and compelling narrative for what has happened and why it has happened. And Democrats have not been willing to clarify who the villains are in all this.

Q Then let me ask you to clarify who the villains are.

A. Big companies that are taking over our political process. CEOs who cynically join together to undermine our democracy by flooding Congress with campaign contributions and offering lucrative contracts to government officials when they leave. Government officials who dole out corporate welfare and hold back from effective regulation because they seek or expect favors from corporations. There has always been money in politics, but I do not remember a time in my lifetime when money was so corrosive of our democracy.

Q. Does an example come to mind?

A. It is hard to come up with any recent piece of legislation that has not been initiated and shaped by powerful corporations. Look at the energy bill last summer. We still do not even know which energy companies formulated that bill. It ended up amounting to billions of dollars in subsidies to oil companies and other energy companies. There is nothing in the bill that would reduce our dependency on oil. Look at the transportation bill last summer. It is one of the worst examples of corporate welfare that I have ever seen. A Republican president and a Republican Congress are bent on paying back their beneficiaries. Where is the public interest in all this?

Q Why are observers constantly accusing the Democrats of not being a unified party and, at least until recently, always praising the Republican strategists for being able to unify? Why can the Democrats not unify and come up with a narrative?

A. Democrats by nature and temperament are antiauthoritarian, and some are quite antiestablishment. It is hard to pull them all together. I give Republicans credit at least for having a few issues and themes they continually focus on and a clear narrative they keep repeating. As a result, the public knows, or thinks it knows, what Republicans stand for: smaller government, lower taxes, and religious expression. Of course, look closely, and you see that Republicans are responsible for the largest expansion of government in recent American history and the continued large expansion of the role of the federal government. Nonetheless, a large segment of the American public seems to have bought the Republican lie. Democrats have not offered a clear and focused alternative. Democrats often tend to sound too programmatic. When Al Gore or John Kerry talked about what the United States needed to do, they reverted to specific programs and policies, not visions. George Bush offered passion and conviction. When it is a contest between program and policy on the one side and passion and conviction on the other, passion and conviction win. If you have a few simple ideas and a few simple catch phrases and you articulate them over and over again and everyone in your party sings from the same hymn book, it is easy to get your message across. Democrats do not have a simple message, do not have a clear messenger, and tend not to speak with passion and conviction, at least not in recent years, and, as a result, the Democratic view is muddled.

Q What do you think the Democratic narrative should be?

A. When Teddy Roosevelt—a liberal Republican—talked about the “malefactors of great wealth,” and when FDR condemned America’s “economic royalists,” they helped Americans understand the dangers

inherent in concentrated wealth and power. Wealth and power are as concentrated now as they were in 1904 and 1936.

Q. So these are two parts of the Democratic narrative: economic morality and the dangers of concentrated wealth and power.

A. Yes. The third piece is the idea of the common good. It is more than the sum of individual goods. The common good is the essence of patriotism. Democrats have allowed Republicans to claim the mantle of patriotism, but Republicans have almost nothing to say about the common good. They do not even use the term. The best definition I have heard of a right-winger is someone who says he loves this country but does not want to help pay for its upkeep. Health care, for example, is a huge problem for most Americans. Democrats ought to talk about access to affordable health care as an aspect of our common good—like public education.

Q Are there any other parts of the narratives you would stress before we move on to programs?

A. I have written a book and several essays about the four large narratives of America—four basic stories that have dominated American politics since the beginning. Republicans and Democrats used to give their versions of all four, but Democrats have stopped telling two of them. Briefly, the four stories are, first, the triumphant individual. This is the story of rags to riches—the possibility that anybody can make it in the United States with enough guts and gumption. The second story is the benevolent community. It is about how we are all in this together. The third story is the rot at the top. It is the tendency of wealth and power to corrupt our democracy and distort our economy. And the fourth: the mob at the gates. This one is about forces outside the nation that pose potentially great threats to us here in the United States.

The Republican version of the benevolent community is a story about volunteerism, a thousand points of light—or, most recently, faith-based communities. The Republicans' triumphant individual is

an owner of property—the star of the so-called ownership society. The rot at the top, at least since Reagan, has been government elites. George W. Bush expanded the rot to include cultural elites, who are allegedly unpatriotic and secular and intent on imposing their values on everyone else. And the mob at the gates is a conspiracy of worldwide terrorism, which now frames our entire foreign policy.

The Democrats need to tell their versions of these stories. Individuals cannot be triumphant, for example, unless they have access to good schools and adequate health care. And it is here that the benevolent community—as a national community—is so important. Faith-based communities cannot substitute for what government is capable of doing when government is on the side of average working people. The rot at the top needs to be understood as a corporate elite that does not give a damn about the nation and is bent on undermining our democracy with lavish campaign contributions and revolving-door jobs. As to the mob at the gates, certainly, terrorism is a real threat. But we cannot combat it through force alone. If we are seen as the world's bully, we are liable to generate more, rather than fewer, terrorists. And there are many other threats out there, including global warming.

Q I love your four narratives, but let us give some program specifics. Where should we begin?

A. Let us begin with health care. We have to move toward a single-payer system. We need to phase it in. The first step is to expand either Medicare or the federal employees' health insurance system by allowing small businesses to sign on with low premiums. We thereby insure a large percentage of Americans who are not now covered and do not now have access to health insurance. The resulting large scale of the program would give government the bargaining power to negotiate better terms from health-care providers and pharmaceutical manufacturers. The second step would be to open this national program to any individual, at low premiums, and with deep discounts for the poor and working class who do not otherwise qualify for Med-

icaid. This results in an even larger volume of people enrolled, which gives government even more leverage to negotiate better terms.

Q Education?

A. Early childhood education should be near the top of our agenda. The data are overwhelming that the minds of young children before they reach kindergarten are already fairly well developed and that, if we can get them the right stimuli and attention at a very early age, it can make a huge difference in their learning outcomes and their future lives. Few areas of social science have revealed such compelling and convincing beneficial results as early childhood education. On K-12, I am a bit of an apostate. I am in favor of what might be called a progressive voucher system. Now, I know the word “voucher” is dangerous because it suggests an abandonment of the public school system. So, let us come up with another word, say, “liverwurst.” The amount of liverwurst that a child could access would be inversely related to family income. And the only schools that could qualify to receive liverwurst are those that have been publicly certified. To be publicly certified, they have to accept any child. They cannot skim the cream off the top. If too many children apply, they have to select randomly. They also have to meet minimal standards for teacher competence and training. They cannot promote a particular religion.

Q Obviously, the criticism from the traditional Democrats is that such a program will rob money from the public school system.

A. It will not at all, because most public schools, particularly in lower-middle-class, working-class, poor areas, will get far more money than they do now.

Q Do you have some thoughts about higher education?

A. The problem in higher ed is that its expenses are getting out of

control and so many students are incapable of affording it. I would change the Federal Direct Loan Program so that, as a condition of obtaining a federally subsidized or federally guaranteed loan, a student must be willing to pay back a certain fixed percentage of his or her full-time earnings for a fixed number of years—perhaps about 10 percent for the first ten years. The percentage and number of years can be adjusted depending upon what we see from the payback. The obvious advantage of such a system is that students who choose low-wage professions like social work, teaching, or legal services would be able to pay back those loans far more easily than they can today because they would be effectively subsidized by students who choose very high-wage occupations, such as corporate lawyer or investment banker.

Q **And would you make more money available to students on that basis? Is that the idea?**

A. Absolutely. But even using the money that is now available and allocating it differently so that students could choose professions that their heart told them to choose, rather than professions that they felt they had to choose because they had to pay back their loans, would be a great step forward.

Q **Energy and the environment?**

A. There has got to be much more emphasis on alternative energy sources. Publicly financed research and development ought to be focused on those alternative, non-fossil-based energy sources. The United States could become and should become a leader in the export of non-fossil-based fuels. Prices at the pump need to reflect the real social and political costs of oil. Maybe Democrats could come up with a progressive fuel tax so that this price rise did not impose too great a burden on working-class and poor people. But, clearly, the only way we are going to achieve a lot of energy conservation is if the price of fossil-based fuels reflects their real costs.

Q How about jobs?

A. Public investments in research and development, and in education and job training, have been neglected for many years. In addition, the federal government should have a capital budget, so that it could not build bridges to nowhere instead of levees in New Orleans. A capital budget would force the government to establish priorities for infrastructure financing. The other major policy area affecting jobs is trade. Most of the public assumes that the only choices are either protectionism or free trade. But the real issue is who benefits from trade—how widely the benefits are shared. Democrats should be the party that stands for sharing the benefits as widely as possible. For example, Democrats should insist that the poor countries we trade with establish minimum wages that are half their median wage and that they improve labor standards and living standards so that in the future their people will reap the benefits of trade. Eventually, that means that large middle classes will be created in these countries. We will benefit from that.

Q. What about lost American jobs?

A. The public is terribly confused about this. We tend to talk about the number of jobs, when the real issue is the quality of jobs. The number depends mainly on fiscal and monetary policy, on aggregate demand. But the big story about the quality of jobs is that we are losing middle-class jobs that do not demand much skill. The middle-class jobs of the future will require some education beyond high school—not a four-year college degree, but at least one or two years after high school. Many of these jobs will be technician jobs—office technician, hospital technician, factory technician. These are the people who install, maintain, and upgrade all the computer-based machinery that is dominating our economy. So, we should make sure that young people have access to this sort of training.

More generally, Democrats ought to be talking about “bottom-up” economics in contrast to Republican “trickle-down” economics. We grow the economy not by giving tax breaks to the rich but by investing in the capacities of our people, so they can be more productive and more adaptable.

Q Can we afford the things that we need?

A. Of course. We are richer than we have ever been as a nation, more than a \$10 trillion economy. But we have a tax system now that is remarkably regressive. Just look at who got the lion's share of the Bush tax cuts. Consider who gets most benefits from the mortgage-interest deduction or the employer-provided health-care deduction. More Americans are paying more in payroll taxes than they are paying in income taxes. Yet payroll tax revenues are masking the extent of our federal budget deficit. Democrats must be clear and courageous about restoring progressivity to our tax code, rolling back the Bush tax cuts for the wealthy and getting rid of corporate welfare and pork. This way, we will have enough money to truly invest in our people.

Q Can we raise another hundred, two hundred, or three hundred billion dollars in this tax system, on balance, per year?

A. Undoubtedly, we can. But the question is, can we spend it well? The real issue is less about the size of government than it is about whose side government is on. The Bush administration has vastly expanded the size of government, but most people have not benefited. Of the 1.6 million jobs created since the start of the Bush administration, 1.1 million have been government jobs. And we have a gargantuan long-term budget deficit. Democrats have a record of fiscal responsibility to run on. So, I do not think that Democrats should start with how much more money we should raise overall. I think we should start with how much better and more responsibly we can spend it.

Q Is the political pendulum swinging back to the liberal side?

A. Without a doubt. It is not just the gubernatorial races in Virginia and New Jersey, and Arnold Schwarzenegger's getting his head handed to him, and Senate Majority leader Tom DeLay and Speaker of the

House Bill Frist getting in trouble, and Cheney aide Lewis Libby under the axe, and reactions to Hurricane Katrina showing the Republicans' incompetence. It is a cumulative sense the public has that the current Republican leadership in Congress and in the White House does not care about ordinary people. Look at the polls, look at the focus groups, listen to what people are saying on the street: incompetence, corruption, and cronyism! There is no question that the Democrats have an enormous opportunity right now. The question is whether Democrats are capable of using this opportunity to regain Congress even though there are relatively few contested seats. I think it is possible to win back the House in 2006 and the presidency in 2008.

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