

## NEW YORK REVIEW OF BOOKS

A New Populism?

By Michael Tomasky

Social Democratic America

by Lane Kenworthy

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Barack Obama's fifth State of the Union address received the usual praise from Democrats and many cable news commentators, but the fact is the occasion was rather grim, and his approach in some ways frustrating. With all his talk of raising the minimum wage and other executive actions that would circumvent Congress, he implicitly admitted that progress on Capitol Hill is now all but impossible. At the same time, he couldn't quite bring himself to invite direct confrontation with the Republicans, who control the House and will continue to block most of his programs. The general verdict on MSNBC was that he was successfully positioning himself above the fray. But is that really possible in today's Washington? The city seems all fray, all the time.

When it came to policy, the speech highlighted the set of economic concerns that has risen to the forefront of Democratic politics these last couple of years: "Obama Vows to Act Alone on the Economy," as The New York Times summarized matters the following day. The president spoke of unemployment insurance and similar issues related to the economic struggles of the middle class, emphasizing measures that could be carried out by executive orders. He did not, as many liberals had hoped, speak at length about inequality. Apparently he and his advisers decided that was a bit of a downer for a State of the Union address and chose instead to stress inequality's sunnier flip side of expanding opportunity. But the point was made, perhaps as much by what wasn't in the speech—no pleas for reducing the deficit and cutting entitlements, to name two inside-the-Beltway priorities that liberals loathe and that Obama had previously suggested he favored or would at least consider.

There exists these days, among Washington policy intellectuals and advocates who tilt toward the left end of the accepted political spectrum, a certain measured optimism. It's not about Obama, or any feeling that he might somehow, with his sagging poll numbers, be able to persuade congressional Republicans to fund, say, an infrastructure investment bank. Confidence is appropriately near zero on matters like that. Rather, it's about the widely held perception that the Democratic Party, after years of, in the argot, "moving to the right," is finally soft-shoeing its way leftward, away from economic centrism and toward a populism that the party as a whole has not embraced for years or even decades.

This change has occurred not by way of sweeping dramatic gestures on Obama's or anyone's part, but subtly and incrementally. Obama's contribution to the shift has been mostly rhetorical, but of course presidential rhetoric matters, so when he started

addressing such issues as income inequality more directly in his speeches, many observers read into it certain clear policy implications.

“This growing inequality is not just morally wrong, it’s bad economics. Because when middle-class families have less to spend, guess what, businesses have fewer consumers,” he said in a speech at Knox College in Galesburg, Illinois, last summer. He finished the thought by saying that reversing the trend of growing inequality is “certainly my highest priority.”

But Obama is only part of this story. The large and passionate following gained by Massachusetts Senator Elizabeth Warren is a major development here. Warren is a native of Oklahoma who grew up poor and became a professor at Harvard Law School and then (as leader of congressional oversight on the Troubled Asset Relief Program) a thorn in former Treasury secretary Tim Geithner’s side before she handily defeated incumbent Republican Scott Brown to reach the Senate. She has millions of admirers who would dearly love to see her run for president in 2016, whatever Hillary Clinton’s plans.

Warren possesses a knack for earthy articulation of the liberal-populist worldview matched by no one else in American public life today. Videos of her speaking to supporters and donors, or decimating slow-witted cable hosts, go “viral” and get millions of views from liberals who’ve been desperate for years to hear a prominent Democrat talk the way she does. This is part of what she said in what is perhaps her most famous clip, from September 2011:

I hear all this, you know, well, this is class warfare, this is whatev.... No. There is nobody in this country who got rich on his own. Nobody. You built a factory out there? Good for you. But I wanna be clear. You moved your goods to market on the roads the rest of us paid for. You hired workers the rest of us paid to educate. You were safe in your factory because of police forces and fire forces that the rest of us paid for.... You built a factory and it turned into something terrific or a great idea, God bless. Keep a big hunk of it. But part of the underlying social contract is you take a hunk of that and pay forward for the next kid who comes along.

We live in an age when hedge fund managers and Wall Streeters complain of class warfare against them, and when, as Harvard professor Lawrence Lessig’s important research has shown, all but a small proportion of political campaign contributions are made by “the tiniest fraction of the one percent.”<sup>1</sup> It’s been years since a high-profile politician has spoken like Warren and not only survived but flourished. Warren has aroused populist tendencies in parts of the liberal base and probably emboldened other senators and members of the House to speak more directly on class issues.

For example, Senators Sherrod Brown of Ohio and Bernie Sanders of Vermont, while lacking Warren’s ability to strike at the emotional heart of the matter, are two other leaders with populist inclinations. Brown—who was thought by many to be “too left” to win the Ohio Senate seat that he took by beating an incumbent Republican by twelve points in 2006—is a very skillful politician who seems destined to be a voice on

economic issues for some time to come. Sanders is a moderate socialist who evidently plans on seeking the Democratic presidential nomination in 2016, as a way to pressure Hillary Clinton, widely presumed to be not only a candidate but the presumptive Democratic nominee, to move to the left.<sup>2</sup>

It isn't just elected officials who are part of this change. It extends to the partisan liberal media as well. Most of the liberal websites and younger bloggers who have become influential in the capital, who are read avidly by their coevals who work as Capitol Hill and White House staffers, are highly sympathetic with the populist worldview. I would argue that MSNBC has played a significant part in this trend. MSNBC was slow to take to the idea of becoming "the liberal channel"—it seems astonishing, looking back on it, that conservative pundit Tucker Carlson had his own show on MSNBC as recently as 2008—but it certainly has embraced the identity now.

Things have reached the point that Washington-insider Democrats watch MSNBC as faithfully as Republicans watch Fox. But Fox, so adept at plucking those rank-and-file conservative raw nerves, has far more viewers overall. Many of MSNBC's most prominent hosts—Rachel Maddow, Ed Schultz, Chris Hayes—are fiercely populist in their politics. MSNBC offers its viewers a steady diet of segments on inequality, the minimum wage, un- and underemployment, and related issues, along with interviews with Walmart or fast-food workers. With Democratic offices on Capitol Hill, and TVs throughout the White House, tuned to MSNBC all day and into the night, this programming was bound to exert considerable influence.

Finally, and not least, there are the conditions of middle-class American life itself: a real unemployment rate, according to Jeff Madrick, of nearly 9 percent,<sup>3</sup> the official number being low only because so many workers have taken themselves out of the job hunt; the slow pace of the recovery; and across-the-board wage stagnation (except for the top few percent). The public, or at least Democrats and independents, now perceives that inequality, underemployment, and wage stagnation are important and interconnected issues.

The most astonishing piece of social science research I've seen in some time was published in late 2011 by two academics, Michael Norton of Harvard and Dan Ariely of Duke. They asked a sampling of Americans two basic questions: What do you think wealth distribution in the United States is today, and what wealth distribution do you think would be ideal? They then matched those two sets of numbers to the existing facts.

Respondents guessed that the top 20 percent of Americans owned just under 60 percent of the wealth, and the bottom 60 percent owned just more than 20 percent. Their ideal distribution, they said, would be for the top quintile to own only about 32 percent of the wealth, and the bottom three quintiles to own about 45 percent. The actual numbers: the top quintile owns more than 80 percent, while the bottom 60 percent owns around 5 percent. The results suggested that if Americans knew all this, the political space for a more aggressive left-populism would exist.

Americans don't know all this, but in more recent surveys they do strongly back an increased minimum wage in the \$9 to \$10 range, as well as more public investment and other populist measures. All of this has created an atmosphere in Washington in which progressive think tanks are offering white papers that are a bit bolder than normal, not merely supporting the Democratic administration's agenda (as is typically the case), but trying to direct it.

For example, the Center for American Progress (CAP), under its new president Neera Tanden, has pushed "middle-class" or "middle-out" economics as the left's alternative to supply-side, trickle-down economics. The idea of middle-out economics is that the government, instead of investing in the top 2 percent by means of tax and other privileges, should instead invest in the broad middle through a number of left-leaning policy choices from which the bounty would radiate out to all sectors of the society. These would include a much higher minimum wage, paid family leave, and improvement of decaying infrastructure. Obama's Knox College speech on inequality is one expression of the middle-out view in the way it ties middle-class investment to growth.<sup>4</sup> CAP has been pushing the White House to take up these arguments, not the other way around.

John Podesta, CAP's former president, helped launch a new think tank, the Washington Center for Equitable Growth, devoted specifically to issues related to inequality. Podesta is now a White House counselor, which gives these issues respected representation in debates in the Roosevelt Room and the Oval Office.

This is all a welcome shift in emphasis, but of course it doesn't mean that populist policies are going to become reality anytime soon. There is opposition to them within the Democratic Party and its broader policy solar system. Not nearly as much as there once was; the radical rightward shift of the Republican Party has, perhaps inevitably, moved the Democratic center of gravity leftward. But the opposition to populism continues. Hillary Clinton; drawing by John Springs

Washington's most influential Democratic centrist group, Third Way, has taken the lead in warning of a cliff at the end of the populist road. In a much-discussed Wall Street Journal opinion piece last December—all the more noticed because it appeared in the enemy pages of the Journal—the group's Jon Cowan and Jim Kessler wrote that "nothing would be more disastrous for Democrats" than following the advice and examples of Warren and the new New York Mayor Bill De Blasio. Their main argument centers on Social Security and Medicare and what they call the "undebatable solvency crisis" facing both programs.<sup>5</sup>

They are not incorrect, certainly with regard to Medicare. And it's also true that populists are kidding themselves if they think that all their investment goals can be met by taxing only the wealthy. Someday, perhaps, a Democratic president with a more amenable Congress will place before the voters the option of protecting Social Security by raising the payroll tax or raising the cap (workers now pay Social Security taxes only on about the first \$115,000 in income), and we'll see if citizens embrace populism in practice.

In the meantime, Obama has the Republicans to deal with. Some believe it's not entirely inconceivable that the GOP-controlled House could pass a modest minimum-wage hike. In 2007 Republicans backed an increase, and George W. Bush approved it. But with Obama in the White House, Republican attitudes have hardened considerably.

As for the immediate future, there's no apparent way out of the current stalemate, in which the House is controlled by right-wing Republicans. Of what use is a historic turn to the left when even the most moderate and incremental public measures will be voted down in Congress?

There are no reassuring answers to this question. The Democrats could surprise people this fall and win back the House of Representatives. They need just eighteen seats, which isn't many; but bear in mind that in nine of the ten "sixth year" elections since 1910 (elections that take place during the sixth year of an incumbent president's tenure), the president's party has lost seats. Only in 1998, when Republicans were drunk on the Kool-Aid of Clinton impeachment, did the president's party gain a few seats. Today's Republicans, under pressure from the Tea Party, are more than capable of such overreach; but if one is reduced to counting on that happening, one is reduced to wishing. And even if the Democrats were able to win back the House, the Republicans would still be able to block measures in the Senate (indeed, they might win back the Senate). So the deadlock will probably continue until the day Obama leaves office.

This is why thoughts among Washington progressives are turning already to Mrs. Clinton. Will she—a follower of Robert Rubin through and through back in the 1990s—accept her party's new line? She showed in 2008 that she's willing to break from what was her husband's policy when doing so might prove advantageous. As she marched her way through the Rust Belt and Appalachia—far enough behind that her winning seemed almost impossible, and desperate for some stroke of luck, some surprising theme that would change the dynamics of the contest—she denounced free trade and tried to fashion herself a champion of the working class at least for a while, downing a shot of Crown Royal at a working-class bar in Indiana.

It is not certain that Clinton will run. She isn't young (sixty-six), and a presidential campaign is nothing if not exhausting. However, it does seem at this stage fairly certain that if she does run, she will be the Democratic nominee. And so insiders are looking for clues about whether she'll be taking the kinds of positions that have created a following for Elizabeth Warren.

You can Google "Hillary Clinton populism" and discover for yourself the debate that's been making its way through the pages of *The New Republic*, *The Nation*, *The Daily Beast*, *The Washington Monthly*, *The Washington Post*, and other venues. She has offered few to no clues herself thus far, although we can pick something up from reported staffing moves. Most notably, it seems that Mark Penn, the high guru of "small-bore" centrism whom she (and her husband) once followed devoutly, may not have any role in a next Clinton campaign. And Clinton remains close to Tanden and Podesta, who presumably will advise any campaign she mounts.

In other words, she is more likely than anyone else to give some political momentum to the new populism. But even if that does happen, it's three years away.

This does not discourage Lane Kenworthy, a professor of political science and sociology at the University of Arizona. Kenworthy's Social Democratic America has been getting some attention not so much for his proposals for policy, which are fairly standard liberal (but technically social democratic, as he rightly points out) items: universal health insurance, paid parental leave, universal early education, the minimum wage raised and indexed to inflation, and so on.

Rather, Kenworthy's contribution is to say that as bad as things look today, as impossible as attaining any social democratic goals may seem, history in fact shows that while progress may take its time arriving, it always comes. "I expect the size and scope of American social policy will expand significantly in coming decades," he writes, explaining that the problems and needs are simply too real for policymakers to ignore and will only get worse, demanding attention. Change takes time, but:

This is how social policy in the United States has evolved over the past century. It has expanded in fits and starts, bursts and lulls. Movement has been largely forward; backsliding has been rare. Simple extrapolation suggests that this is what we should expect for the future.

He then identifies five possible reasons why his assessment might be wrong and tries to shoot each down. Obstacle 1, that Americans don't want big government, he answers persuasively by arguing, as many have, that Americans are rhetorically conservative but operationally progressive. He cites some data from the General Social Survey, an in-depth yearly survey of Americans' attitudes on a range of issues that is used more by academics than journalists, that are nearly as eye-popping as the Norton/Ariely findings I mentioned above. For example, an "irregular series of polls" from 1980 to 2007 asked people whether they favored national health insurance, "which would be financed by tax money, paying for most forms of healthcare?" Nearly every time, he writes, 50 to 65 percent of respondents said yes.

He runs into a bit of a wall on obstacle 5: "The structure of the US political system impedes policy change." Here, Kenworthy is reduced to hoping that, for example, another presidential election loss will force a reckoning within the GOP that will ultimately result in the party coming back toward the center. This should happen—it happened with the Democrats after 1988, their third consecutive loss, when an intraparty bloodletting pitted New Democrats against old liberals. But that's no guarantee that it will happen with the Republicans.

Remember, conservatives believe that they lost the last two elections because they weren't conservative enough—in the name of "electability," the party put forward, in John McCain and Mitt Romney, people they regard as "squishes." If the GOP nominates Chris Christie (if he survives his scandals) or Jeb Bush and loses, those conservatives will

merely again be reaffirmed in their conviction. But perhaps if the party nominates Rand Paul or Ted Cruz and loses, then Kenworthy's hope will prove correct, and the circa 2017 congressional GOP will be somewhat more willing to compromise with a Democratic president.

The irony here, of course, is that it was the first President Clinton who elevated the New Democrats within his party and marginalized the old liberals. Now the old liberals—and many new ones—may find themselves come January 2017 hoping that the second President Clinton wipes the slate clean of the New Democrats' influence and legacy.