

How a President Creates Change

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The impressive depth and breadth of your electoral victory, combined with Democratic gains in both the House and the Senate, provides the possibility of reversing three decades of growing inequality that is the primary cause of an impending depression. To put it simply, the world now produces more than it can consume; we now are paying the price for using excessive debt to make up for the declining purchasing power of the global working class. But to do avoid a global depression you will have to act boldly and quickly. As a constitutional law scholar, you realize that the system of checks and balances and separation of powers established by our founders consciously aimed to forestall rapid change. Thus, almost all the reforms we identify with the twentieth-century Democratic Party—Social Security, the National Labor Relations Act, the Civil Rights Acts, and Medicare—occurred in the periods 1935-1938 and 1964-1966, the only times when the Democrats controlled the presidency and had strong majorities in both chambers of Congress.

If upon taking office you lead with boldness, your administration could pass major legislation in regard to universal health care, massive investment in green technology, and labor law reform that would transform United States social relations for generations to come. But as a former community organizer you know that such reforms did not come from the top down; they arose because moderate elites made concessions to the movements of the unemployed and the CIO in the 1930s and to

the Civil Rights, anti-war, women's, and welfare rights movements of the 1960s. While your office cannot conjure up mass social movements, you can call your supporters to ongoing grassroots activism.

Even before taking office, you confront the most serious breakdown in the global economy since the Great Depression. Hopefully well before you assume the presidency, you and your Treasury Secretary nominee will push the lame-duck Congress to pass a massive stimulus package of at least \$700 billion. Remind the American public that Ronald Reagan ran deficits equal to 7 percent of the GDP in 1981 and 1982 (or the equivalent of \$680 billion today), in the face of a much less severe recession. In addition, press Congress to implement a major anti-foreclosure program (similar to FDR's Home Loan Corporation), as the income stream from homeowner payments on refinanced, affordable mortgages should significantly increase the value of the "toxic assets" of "securitized mortgages."

The stimulus package should include major government funding of job training in the inner cities (in green technologies, for example) and of opportunities for both GIs and displaced workers to return to university as full-time students (and for women on TANF to fulfill their "workfare" requirements through secondary and higher education pursuits). While affluent suburbs provide their residents superb public education and public services, federal cutbacks in aid to states and municipalities has worsened the life opportunities of inner city residents. Your election as the first

African American president is of inestimable symbolic import; but its promise will be soured if your administration does nothing to redress inner city poverty and the massive rise in the incarceration of young youth of color. Only federal funding of pre-K education and of after-school programs for vulnerable youth can begin to redress rampant educational inequalities.

We are in the midst of a global “liquidity crisis” in which banks will not lend capital out of fear that borrowers will not be able to pay them back. The mainstream media has not yet to comprehend that this crisis has everything to do with the massive growth in inequality of the past three decades. The policies of deregulation, privatization, and de-unionization (supported by both Democratic and Republican administration) led working and middle-class Americans to try to maintain their living standards by taking on massive consumer debt and borrowing against their home equity. Once the housing bubble collapsed, so did the purchasing power of American households. For three decades corporate America told our workforce that to be competitive they must compete with workers from Brazil to China. But as any Keynesian economist could have told the American public, eventually lower wages must lead to lower living standards.

The inefficient and inequitable United States health care system cries out for replacement by a universal and cost-efficient alternative. If private insurance administrative and advertising costs of 25 percent on the health care dollar could be reduced to Medicaid and Medicare’s 3 percent administrative overhead, we could achieve both universal and affordable coverage. While the power of the insurance lobby may preclude your backing a national single-payer bill, you must back progressive Democratic amendments for opt-out provisions from your “pay or play” system of private insurance. Such opt-outs would

allow states to create their own single-payer systems, and allow Medicare or the federal employees health plan to market to employers as a lower-cost alternative to private group plans.

But how to pay for all this? You should attempt to reverse not only the Bush tax cuts, but also the Reagan-era cuts in marginal rates on high-income earners (approximately \$300 billion in revenues, each). In addition, abolishing the 15 percent tax rate on hedge fund and private equity managers’ earnings could garner another \$100 billion in annual revenues. Ending the war in Iraq should save \$100 billion per annum; a one-third cutback in United States military bases abroad and an end to Cold War era plans to build a next generation of fighters and an anti-ballistic missile defense could save \$216 billion in federal revenue per year.

The military budget is hideously oversized for a nation that claims armaments are necessary for defense, and not defense of empire. One fights terrorism by intelligence and espionage cooperation among states and via a multilateral diplomatic strategy that provides hope for the billions who still live under authoritarian governments and in extreme poverty. Your call to send more United States troops to Afghanistan ignores the lessons of the Soviet experience. Foreign military presence only transforms the forces of Islamic fundamentalism into national resistance fighters.

When the Ponzi scheme of “securitized mortgages” collapsed with the end of the irrational run-up in housing prices, the federal government had to bail out Bear Stearns, then Fannie Mae and Freddie Mac, and then AIG. American capitalism has privatized gain, but socialized risk. Yet if risk is to be socialized, then so should investments. Your administration should not only demand equity shares in the banks and corporations that are bailed out by the public

treasury, but should also require that consumer, worker, and government representatives be added to the board of directors of corporations receiving government aid. And you must stick to your goal of re-regulating the finance industry so that it serves the interest of the productive economy and not those of unrestrained speculators.

A “new New Deal” would have to restructure international economic institutions so that they raise up international labor, living, human rights, and environmental standards. In large part you owe your victory in the key battleground states of Ohio, Michigan, Indiana, and Pennsylvania to the efforts of one of the few integrated institutions in the United States—the American labor movement. Restoring the right to organize unions (which de facto no longer exists in the United States) is a key policy component in the battle against economic inequality. Given the already massive corporate and media offensive already launched against the Employee Free Choice Act, you will have to place the entire

prestige of your office behind the legislation. You must explain to the American public that NLRB elections are not “free”—not when management requires workers to attend anti-union meetings and when management fires pro-union workers with impunity.

Your victory by no means guarantees the bold policy initiatives necessary to restoring equity with growth to the United States economy. Your campaign did not advocate major defense cuts, progressive tax reform, and significant expansion of public provision. But FDR did not campaign on bold solutions in 1932. It was pressure from below that forced FDR’s hand. Similarly your victory may provide space for social movements to agitate in favor of economic justice and a democratic foreign policy. But as a president who understands the process of social change, I trust that you will understand that those demanding the most from your administration are those who can best help you succeed in office.

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