

# THE AMERICAN PROSPECT

## Don't Dismantle Government—Fix It

Jacob Hacker and Paul Pierson

April 1, 2016

At the beginning of *The Book of Laughter and Forgetting*, Milan Kundera's narrator describes a snowy 1948 scene in Prague, with leading communists addressing a crowd. One, Vladimir Clementis, places his fur hat on the head of his bald companion, Klement Gottwald. When Clementis is later purged and executed, the Party's propagandists erase him from the photograph. All that is left is his fur hat.

The enabling role of government is like that fur hat. Today, we see only tiny reminders of a much bigger reality. We know government built a road or a school but too often fail to recognize the many ways in which it built prosperity. More than simply discounting government, an increasingly vocal movement argues that it is “big government,” not private market failures or weak public policies, that stands between us and a better future. Yet in the United States as elsewhere, building prosperity has always required a constructive, if sometimes contentious, partnership between markets' deft fingers and government's strong thumbs. Markets bring extraordinary dynamism. But it is a dynamism that must be constrained and supplemented through public authority. On their own, markets will not ensure clean air or water. They will not invest adequately in education or research and development. They will not provide high-quality infrastructure, or health care that's affordable and accessible, or sufficient preparedness for retirement. They will not deliver a relatively stable macroeconomy—or a livable planet.

In many specific areas, Americans still believe that the public sector has a vital role. They support government regulation of the environment and government funding of education. They strongly endorse Social Security, Medicare, and most other social programs. They believe political leaders have a responsibility to manage the economy. What has changed is that voters have become skeptical that government has the capacity or inclination to foster broad prosperity, especially when doing so requires it to take on new or newly intensified challenges. To build a mixed economy for the twenty-first century, a critical mass of citizens—and their leaders—have to believe once again that government can address their most pressing concerns.

**Distrust in public institutions is a broad cultural trend.** It is whipped up in popular entertainment and reinforced by a news media that sometimes seems to relish treating every person and organization as equally venal. Distrust in government, we have seen, is also, however, spread systematically, deliberately, and relentlessly—by GOP leaders who gain politically by “destroying the village to save it” and by powerful interests that have profited from the confusion and disaffection that widespread distrust feeds.

Consider the biggest threat facing our planet: global warming. Sowing doubt about climate change has proved a huge and hugely successful enterprise. Indeed, the fossil fuel industry deserves some special prize for chutzpah: In its propaganda, the bad guys aren't carbon-emitting corporations trying to preserve trillions in dirty assets but instead *climate scientists* supposedly ginning up a false crisis to get research grants. The modern GOP has joined the industry in its endorsement of whatever egregious defense seems most effective at the moment. Although the first lines of resistance (“global warming isn't happening”; “it is, but for natural reasons”) have more or less crumbled, and “I'm not a scientist” doesn't seem likely to work for long, either, there are plenty of additional trenches to retreat to: “Reform won't work.” “It will be too expensive.” “It is pointless absent efforts by other countries.” “We want reform, just not this one—or the next one.” In the meantime, the fossil fuel industry continues to book huge profits and atmospheric carbon dioxide levels continue to rise.

The marketplace of ideas is of great value. But just as in the actual marketplace, we all need help deciding which products are reliable and which are not. *Consumer Reports* is available for car buyers—whose decisions are a lot simpler than the typical policy choice. Yet, in our hyperpolarized political world, institutions recognized as credible sources of independent knowledge continue to lose ground.

Picture this headline: “Things are Getting Better, Slowly, Because of Government Policy.” Your eyelids are probably drooping.

Take the news media. As much as the decline of broadcast and print news has hurt independent journalism, the media remains the main mechanism through which people learn about the broader world. Too often, however, reporters structure stories to create controversy or convey catastrophe. Indeed, one basic PR problem of the mixed economy is that it has all the narrative elements that make most journalists recoil. Picture this headline: “Things are Getting Better, Slowly, Because of Government Policy.” Your eyelids are probably drooping. Journalists are attracted to controversy, not cooperation; decline, not improvement; and people, not policy. The basic story of this book—that governments and markets, working in tandem, have steadily increased human welfare (if, of late, far too gradually)—offers no hook that will excite reporters.

What's more, even when journalists cover important policy debates, they tend to fall into the trap of “he said, she said” reporting on political conflict. Simply recounting the claims of both “sides” in a debate—each debate having exactly two—imparts a potentially misleading message of unresolved controversy and false equivalence. When the weight of the evidence is in fact on one side, the “he said, she said” approach provides journalists with a safe posture of neutrality that, in practice, advances particular agendas and makes it harder for readers to understand events. We have enormous respect for journalists, and could not have written this book without the work of many excellent reporters who combine deep knowledge of American politics with a strong commitment to informing their audience. But we also find that reporters too often lack the expertise or willingness to assess competing claims or to aid readers in making reasonable judgments. We would be the last to question the contributions of dissenters from conventional wisdom. But the collective assessments of leading knowledge institutions are not just one side in a controversy. When rent-seekers and credentialed experts disagree, it is the experts whose views should be granted the greater legitimacy.

And here we have some more hopeful news. Internet journalism, while producing a lot of junk, has also provided an important check on self-interested claims, fact-challenged arguments, and sloppy reporting. The internet's rise has encouraged the development of deep and data-driven journalism, both through new web-based platforms such as Vox and 538.com and through efforts attached to conventional news outlets (*Wonkblog* at the *Washington Post*, *The Upshot* at the *New York Times*). Evidence-based analysis can now go toe-to-toe with soft punditry, as when Nate Silver's online election analysis revealed serious limitations in traditional coverage of election campaigns. Nonprofit foundations have also played a role, intervening to finance time-intensive reporting on important issues. Readers have new opportunities to learn credible interpretations of public issues and to distinguish such interpretations from hyperbolic postures.

Now the stakes need to be raised. Too often, public figures and anointed experts pay no reputational price when they shill for private interests or state things that are patently untrue. Regurgitating industry talking points or echoing political hacks is simply considered "part of the game." But enhancing our prosperity is not a game, and access to public platforms designed to inform citizens is not a right. Journalists and other thought leaders in the nonprofit and business worlds need to restore basic norms of naming and shaming. They need to be more assertive in identifying and shunning so-called experts who are repeatedly and demonstrably wrong or whose association with vested interests raises questions of ethics and credibility. Reforms that redistribute power can help, by increasing the pressure on media to resist "he said, she said" reporting that protects vested interests. But journalists and the institutions that train, support, and guide them need to do more to support the basic ideal of evidence-based policymaking that the current media environment does too little to encourage.

**The framing of "government vs. the market"** has become so ubiquitous in our culture that most of us simply take it for granted. In discussing this book with different audiences, we have been struck repeatedly by how often thoughtful and informed people slip into describing government as if it were a vehicle for redistribution. Some favor that redistribution; others oppose it. But what is missing is an understanding that most of what government does is not about redistribution at all; it is about addressing a wide range of problems that markets alone are ill-equipped to tackle.

Our discourse about government has become dangerously lopsided. The hostility of the right is unceasing and mostly unanswered. Eloquent leaders defend individual programs, but too rarely defend the vital need for effective governance. Politicians facing electoral pressures participate in a spiral of silence. Chastened by government's low standing, they reinforce rather than challenge it. In our nation's deafening political debate, the divide is ultimately over what government can and should do. But, as the journalist Michael Tomasky asks, "What kind of debate about this have we had? We've had one side relentlessly attacking government as incompetent to evil, and the other side saying nothing, being too cowed to stand up and say that government is, and does, good."

Voters who don't recognize government are not likely to appreciate what government does.

Rhetoric is only one part of problem. Cowed policymakers also design programs that send much the same message. The political scientist Suzanne Mettler has documented the increasing tendency to "submerge" policies so the role of government is hidden from those who receive benefits. These subterranean policies include tax breaks for private savings for education and

retirement, as well as reliance on private companies and contractors even where these proxies are less efficient than public provision. These submerged benefits are usually bad policies, but they are even worse politics. Voters who don't recognize government are not likely to appreciate what government does. Nor are they likely to form an accurate picture of government's role, seeing only its visible redistribution but not the vast numbers of ways in which it enables prosperity.

**Frustration with contemporary governance** is understandable. American government *has* become less effective. The lawmaking process *has* become dysfunctional. Public policy *is* more beholden to narrow and deep-pocketed interests. Political attacks and pervasive public distrust make government less capable, which in turn provides fodder for more attacks and greater distrust. That this vicious cycle has been pushed along by the smear attacks and sabotage campaigns does not make it any less real. We face a profound crisis of authority—not because government is out of control, but because it is not in control in the places where it matters.

Nonetheless, our assessment of government has declined far more than has actual performance. When, in 2014, Princeton University Press released a book entitled *Why Government Fails So Often: And How It Can Do Better*, hardly anyone bothered to question the premise. Yet the book, by law professor Peter Schuck, never justifies its scathing title. It leans heavily on one thin source covering only a narrow range of policies. It concedes that Social Security, the largest single domestic program, is an unquestionable success (as was the GI Bill and the interstate highway system). Perhaps most important, it falls into the common trap of comparing government policies to standards of efficiency and value that many markets fail to approach. The book complained, for example, that Medicare is more costly than it should be (which is certainly true), but it fails to even mention that it has lower and slower-growing costs than private insurance does, or that other countries that rely on the public sector more do much better.

Government often performs tasks less well than it could or should. That doesn't mean, however, that we would be better off without government performing those tasks. In fact, the net benefits of modern government are enormous—at the level of major programs and, even more clearly, at the level of governance as a whole. We should be critical of government performance when it falls short, as we should be critical of big corporations and the functioning of private markets when they do. But we should be *appropriately* critical. Government sweats the big stuff: the hard challenges that decentralized private action can't solve, the essential investments that market actors won't make, the vexing choices that individual minds don't handle well. It must be judged with an understanding of that role and with an appreciation of why it is so difficult and so vital to carry out.

Consider the most maligned policy of recent years: the Affordable Care Act. Even as the law has expanded health coverage while moderating costs, critics continue to spew out disinformation and insist their direst predictions have come true (and get a respectable hearing from the news media). They claim millions are losing good insurance despite a historic *expansion* of coverage. They claim costs are skyrocketing despite a historic *slowdown* of medical inflation. Among soft Randians like Pete Peterson, who warn loudly of our impending fiscal collapse, the huge decline of medical inflation should be a major cause for celebration. Instead, deficit hawks have been largely silent. They continue to insist on the right kind of cost containment—that is, the kind that limits citizens' benefits, rather than the kind that diminishes the modern robber barons' rents.

Here, as in so many areas, voters have a limited understanding of government performance, receive scant guidance from the media, and are encouraged by a barrage of negativity to assume the worst.

Given all this, it's no surprise that Americans know strikingly little about the most important social policy breakthrough of the past half-century. Asked how the actual cost of the law compares with estimates prior to enactment, roughly 40 percent admitted they had no idea. Another 40 percent thought costs were *higher* than predicted. Only 8 percent knew that costs were substantially lower than anticipated. Here, as in so many areas, voters have a limited understanding of government performance, receive scant guidance from the media, and are encouraged by a barrage of negativity to assume the worst. In the 2014 election campaign, anti-ACA ads outnumbered favorable ones by a ratio of 13 to 1.

The point is not to be uncritical of the public sector. There are clear examples of government overreach: The national security state has threatened our liberties as well as protected them, and our criminal justice policies impose enormous burdens on poor and minority communities that are disproportionate to the benefits for community safety. Rent seeking is not only a corporate pursuit, even if business rent seeking has the highest price tag. Labor unions in the public sector, particularly within our essential but under-performing education system, have too often stood in the way of sensible reforms that would bring American practices in line with those of the most successful systems. The U.S. proclivity for what the political scientist Robert Kagan calls "adversarial legalism"—highly contentious and complex processes for adjudicating societal disputes—carries undeniable costs for our economy even as it benefits some sections of the legal profession along with those they represent. Sometimes better governance will mean more expensive government, but in many cases, more effective government could cost less, especially in the long run. We should be committed to rooting out rent seeking and remedying government missteps in all their forms.

But we should also recognize just how valuable the mixed economy is, how fundamental the role of government is within it, and how badly we are served by the misleading juxtapositions that dominate public debate—markets versus the state, freedom versus tyranny, free enterprise versus big government. From a more realistic and historically grounded starting point, we can have vigorous, reasoned, fact-based debates that reflect the diversity of our values and priorities as well as the inevitable uncertainties about the best ways to tackle complex problems. We can seek positive-sum bargains and broad consensus about how to improve the mixed economy and address new challenges, learning over time how to adjust the nimble fingers of the market and the strong thumb of government to best grasp our future.

To get to that more realistic starting point will require a serious and prolonged investment in ideas. The crisis of public authority is a consequence of orchestrated, persistent efforts to tear down government and a long spiral of silence in response. To shake free of that amnesia and rebalance our national conversation will take leadership and activism over many years to rebuild the intellectual and organizational foundations of effective public authority. The idea that one visionary figure can restore a more balanced politics is alluring but illusory. We need such men and women, but as President Obama's experience suggests, even the nation's most powerful politician requires a strong coalition to transform rhetoric into reality. Reform must be a multi-front interdependent effort of the sort we have been discussing, in which robust but realistic reforms steadily build trust and momentum toward a revitalized mixed economy.

In any battle of ideas, organizations are at least as important as individuals, scripts as important as speakers. When conservative business leaders like Charles and David Koch invested in Cato, Heritage, the American Enterprise Institute, and all the other intellectual weapons of the right, they were playing the long game. When Republican political leaders like Newt Gingrich and Mitch McConnell developed new strategies for tearing down American government to build up GOP power, they were playing the long game. Those who believe we can and must build a mixed economy for the twenty-first century—they need to play the long game, too. And they need to speak not just on behalf of individual policy goals. They need to speak on behalf of effective public authority.

A government that effectively promotes human flourishing is a government worth fighting for. More than ever, the problems we face demand a sustained and principled defense of a vital proposition: The government that governs best needs to govern quite a bit. Americans must remember what has made America prosper.