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## The Many Minds Behind Biden's Biggest Economic Idea

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Factory floors and union halls are President Biden's happy places. Here's the president speaking to the International Union of Operating Engineers Local 77 in Accokeek, Md., on April 19: "I make no apologies — and I mean this sincerely — for being the most pro-union president in American history. *[Applause.]* It's not just because I grew up with you all. It's because it's true."

He continued: "I tell business leaders — all the time I tell them — that I'm pro-union because union workers are the best workers in the world. And you are the best. *[Applause.]* Not a — not a joke. That's the God's truth. That is the God's truth. You're the best in the world."

You can almost picture Biden saying this in a factory break room while dressed in stained coveralls and chewing on a baloney sandwich from his lunch pail. But, as Biden likes to say (repeatedly), this is not a joke. What he's enunciating in his stumbling, folksy way is what's sometimes called, more grandly, a "worker-centric" agenda.

Agree with him or not, Biden has a plan. He has assembled a team of thinkers and doers who believe that an explicit industrial policy that focuses on workers can make all Americans better off. If fighting climate change is your priority, the best way to advance the case politically is to hitch it to the popular agenda of job creation. Is combating Chinese subsidies and intellectual property theft your top priority? Sell your mission as a job creator. Worried about shortages of medicines and other essential imported goods? Re-shoring will create good union jobs!

Even within the Biden administration, though, key players have different takes based on their personal proclivities and the agencies they lead. Janet Yellen, as secretary of the Treasury, sells the bonds that cover federal budget deficits, so she has to keep in mind institutional investors' distaste for policies that are perceived as "picking winners and losers." She's also an economist so she's acutely aware of the gains of free trade, not just the drawbacks. Katherine Tai, the U.S. trade representative, tends to be more all-in on the worker-centric agenda. Gina Raimondo, as

secretary of commerce, is responsible for several of the Biden administration's biggest swings at industrial policy, so it's little surprise that she's on board. And so on.

I've assembled quotes from a variety of administration officials to give a sense of the diversity of thinking on worker-centric industrial policy. This is going to run long but you can skim. I'm giving the most space to Jake Sullivan, the national security adviser, because his April 27 [speech](#) at the Brookings Institution was rightly seen as supplying intellectual scaffolding for Biden's agenda.

Sullivan outlined what he called four "fundamental challenges" the United States faced when Biden entered office. First, the hollowing out of America's industrial base, which he blamed on free-market ideology: "There was one assumption at the heart of all of this policy: that markets always allocate capital productively and efficiently — no matter what our competitors did, no matter how big our shared challenges grew and no matter how many guardrails we took down." Second, he said, U.S. policymakers falsely assumed that "bringing countries into the rules-based order would incentivize them to adhere to its rules." Third, climate change. Fourth, "the challenge of inequality and its damage to democracy."

The Biden administration's five solutions to the four problems:

- An industrial strategy — "targeted public investments" into projects that the private sector doesn't adequately support. This, he said, will "crowd in" private investment, not crowd it out.
- What's come to be known as friend-shoring: buying from friendly trading partners and making sure that they, too, are building production capacity and resilience.
- A new approach to trade. Reducing tariffs, largely a success, is no longer the administration's main focus, Sullivan said. Other priorities include "diversified and resilient supply chains," clean energy, safe digital infrastructure, fighting corruption, preventing a race to the bottom in corporate tax rates, safeguarding labor and the environment and — of course — "creating good jobs along the way, family-supporting jobs."
- Mobilizing trillions of dollars of investment into developing countries.
- "Protecting our foundational technologies with a small yard and high fence." The small yard means protecting only technologies that are truly matters of national security. The high fence means protecting those few well.

Competition with China was the subtext of Sullivan's remarks. He accused China of unfairly subsidizing industries, expanding its military ambitions and using lending to build influence in developing nations. But, he said, "we are not looking for confrontation or conflict" with China. He quoted Biden as saying that the two nations can and should cooperate on climate, macroeconomic stability, health security and food security. The stinger: He said "China has to be willing to play its part."

Tai, the trade representative, echoed Sullivan in a [speech](#) at the National Press Club but hit China even harder. She said dependence on China for imports is a danger to national security and accused China of "economic coercion." She said focusing solely on getting the cheapest products

for American consumers is a mistake because “the consumer who enjoys the low prices of imported goods is also a worker who must withstand the downward pressures that come from competing with workers in other parts of the world toiling under exploitative conditions.”

Raimondo, the commerce secretary, mentioned China just once in a major address at Georgetown University’s School of Foreign Service in February. She focused more on rebuilding national production capacity, situating the CHIPS and Science Act as a successor to the land-grant university system under Lincoln, nukes and scientific innovation under Roosevelt and Truman, and the commitment to set foot on the moon under Kennedy. And like her colleagues, she highlighted jobs: “We are in the middle of a tremendous labor shortage, and the skilled workers who will fill these jobs have never been in higher demand.”

Heather Boushey, a member of Biden’s Council of Economic Advisers, took on the “picking winners and losers” critique of industrial policy in a May address at the Peterson Institute for International Economics. She said that “the market was not designed to promote the general welfare.” Markets, she said, “are a tool for achieving our goals, not the goal themselves.” “In this moment of disequilibrium,” she continued, “we need new ideas and new tools.”

There’s a lot more but I want to wrap up with Yellen, who spoke one week before Sullivan, on April 20, at the Johns Hopkins School of Advanced International Studies. She cited a litany of serious American complaints about China, but accentuated the positive a bit more than some of her colleagues in the administration. For example, she said, “China’s economic growth need not be incompatible with U.S. economic leadership.” And: “We do not seek to ‘decouple’ our economy from China’s. A full separation of our economies would be disastrous for both countries. It would be destabilizing for the rest of the world.”

Since taking office in 2021, Yellen has been advocating what she calls modern supply-side economics. Unlike standard supply-side economics, which focuses on tax cuts, her version is about expanding the productive capacity of the U.S. economy through public as well as private investment, including in people. “At a basic level, America’s ability to compete in the 21st century turns on the choices that Washington makes — not those that Beijing makes,” Yellen said at Johns Hopkins. That’s a can-do interpretation of the Biden plan.

Critics on the right fault the Biden administration for doing too much. Government planners can’t see what’s coming any better than the private sector, and even if they could, politics leads them to make bad choices, Scott Lincicome, a vice president at the libertarian Cato Institute, has argued. On the left, Jeremy Rifkin, an author and consultant, wrote to me that the Biden officials are “trapped inside a theoretical bubble”: “They know that there is something fundamentally wrong at the heart of the capitalist system but are unable to escape their own philosophical foundations.”

Meanwhile, there’s old Joe Biden, palling around with the guys down at the plant while the debate over industrial policy rages around him. The brilliance of his plan is its simplicity. He just wants to create more jobs. Good, union jobs that support families. And that’s the God’s honest truth!