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Stumbling towards Stockholm

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Lane Kenworthy believes that within the next half-century the United States will very likely become a "modern social democracy," using government to advance a "good society" of economic security, opportunity (at least in the Amartya Sen sense of "capabilities"), and rising living standards for all. It will do this through generous and employment-friendly social policies (insurance, cash transfers, in-kind services, other public goods) that also facilitate "freedom,

Social Democratic America, by **Lane Kenworthy**. New York: Oxford University Press, 2014. 238 pp. \$27.95 cloth. ISBN: 9780199322510.

flexibility, and market dynamism" (p. 9). The Nordic countries (particularly Denmark, Sweden, and Norway) are Kenworthy's model for this sort of society. He admires the

Nordics' egalitarian achievement and welcomes their market-centered and business-friendly pragmatism, which reminds him of us. He sees all sorts of reasons why the United States should become more like them and none for why we cannot, and without "destroying liberty, breaking the bank, or wrecking the economy" (p. 1)—so he expects we will.

Social Democratic America is a terrific book. Written in Kenworthy's signature style—calm, considered, deliberate, "just the facts (and empirical analysis), ma'am," quietly passionate about basic fairness—it is tightly argued and deeply knowledgeable about the history and operation of a vast range of social programs in the developed countries of the OECD. It reports a huge amount of data and much useful new analysis, always in a clear and accessible way. Taking few prisoners on the right or left, its optimistic view of America's future path in social policy is a welcome corrective to much unconsidered current doom and gloom. With great and unalloyed enthusiasm, I recommend the book to anybody reading this, and their students.

Turning to the book's substance, Kenworthy is keenly aware of our economy's regression from good society ideals since the early 1970s, but he takes most of the non-policy proximate causes of economic calamity for workers and their families—the continued decline of manufacturing, organized labor, stable two-parent families, and community and other civic organizations; the growth of competition, firm disintegration, broken career ladders, outsourcing, and application of all manner of employment-disrupting technology (automation, IT, IOT)—to be effectively immutable and very likely to continue. He also recommends we embrace a final proximate cause, the globalization of labor and product markets, for the sake of the poor abroad.

This focuses his aim, which is to minimize the damage done. Alert to America's currently near-rapid partisan polarization, and not hoping for big breakthroughs anytime soon, he nevertheless argues for each of a long list of reforms, most with some precedent in current policy and all subject to phase-in: "universal health insurance; one-year paid parental leave; universal early education;

an increased Child Tax Credit; sickness insurance; eased eligibility criteria for unemployment insurance; wage insurance; supplemental defined-contribution pension plans with automatic enrollment; extensive, personalized job-search and (re)training support; government as employer of last resort; a price-indexed and modestly increased minimum wage; EITC extended farther up the income ladder and indexed to average compensation or GDP per capita; social assistance with a higher benefit level and more support for employment; reduced incarceration of low-level drug offenders; affirmative action shifted to focus on family background rather than race; expanded government investment in infrastructure and public spaces; and an increase in paid holidays and vacation time" (pp. 70–71). He estimates the annual cost of this package, once complete, to be 10 percent of the GDP, which would raise our government revenue/expenditure share to 47 percent, about the center of the pack of other rich countries. He realizes 10 percentage points of national product is a heavy lift but thinks it certainly doable within his 50-year time frame; it is less than half the growth in government share in the twentieth century. He would find most of those 10 points through a stiff 12 percent national consumption tax (5 points) and a return to pre-Bush 43 federal tax rates (2 points), while recommending a variety of lesser taxes to fill out the balance.

Enactment of this reform package, Kenworthy cautions, promises "little or no improvement in inflation-adjusted wages for earners in the lower half, [and] growing inequality of market household incomes Economic pressures will continue to intensify. Risks will continue to grow. Families, civic organizations, and unions will remain weak" (p. 71). "More of us will work in jobs with low pay . . . and reach retirement age with insufficient savings and an inadequate 401(k)" (p. 179). But he also believes, with good reason, that it would make a big difference in our lives. Nobody would be ruined by losing a job, or lose a job due to ordinary sickness, or suffer bankruptcy from a more serious health problem, or go destitute in retirement. Everybody who wanted a job would have one and be able to hold it and spend time with her family. Income inequality

would be vastly reduced, and shared prosperity would be restored. Public goods (education, transit, recreation, other) would be much better, and they would lower the cost of living. America would almost certainly be a less violent place, our lives less stressful. Not quite a community of equals, we'd be a place where birth didn't determine fate and life's promise was open to all. It would be a much better society, a pretty good one.

Kenworthy defends his program against objections and alternatives. Almost always relying on actual experience more than theory, he quietly shreds most objections from the right: that the governmental taxing and spending he recommends will stifle freedom, end growth, destroy competition, ensure corruption, or otherwise send us all to hell. He also argues against the right's own proposals for combatting inequality: expanding charity (insufficient scale and coverage, and doesn't help the poor), privatizing services (some private competition good for accountability, but adverse selection could threaten public services, so better to concentrate on improving those), incentivizing marriage (won't work, wrong target). He also rejects many of the left's favorite proposals: very high minimum wages (bad for employment, which is good and needed), "soak the rich" income taxes (won't get enough revenue), basic income guarantees (bad for effort, unproven at scale, wildly expensive if substantial), wider asset ownership (nice as a supplement to, but no substitute for, his recommended basics). And he debunks a variety of claims, familiar in the academy, that even the proven incremental reforms he's proposing cannot work here because they require a smaller country, or racial and ethnic homogeneity, or popular love of government, or a wholesale change in our political/economic institutions.

Kenworthy is optimistic about America's future progress toward a good society for two basic reasons. One is what he takes to be an almost iron law of human behavior and national politics: "As people and nations get richer, they are willing to allocate more money for insurance (protection against risks) and for fairness (extension of opportunity and security to those who are less fortunate)" (p. 148). The other is that, at least in America, social policy progress is almost

always an exercise in practical problem-solving (not ideology), and programs that work tend to stick both because they grow their own base and because our veto-laden political system makes nearly all policy, even good policy, hard to change. Put these characteristics together with America's ever-greater wealth, and you have a cross-partisan, upwardly ratcheting driver for more social spending. His theory of change around social policy is straightforward and almost immune to partisan politics. Obvious social problems are likely to grow. Informed by much better knowledge of what works, at least some policy-makers will suggest proven strategies for their mitigation. Sometimes these will become law. Especially if they succeed, they will stick and be improved over time. We will stumble forward, and upward, toward a greater governmental role in making a better society. It's really that simple.

Or, of course, it's not. What's wrong or worrisome about this argument? Three things, I think, all about politics.

One is Kenworthy's confidence that his iron law of increased national wealth leading to more protection for the poor will hold even under the condition of the weak and uneven growth he himself predicts. I'm not at all sure it will. For insurance to work as a normal good for a rich nation the way it does for a rich individual, that nation must think of itself as one. But this nation does not. Indeed, while Americans have recently made progress in tolerance and curbing social sadism (on race, sex, sexual orientation), our sense of obligation to each other, as citizens of a place dedicated to a proposition of inclusion, is nearly vestigial. With secular libertarianism, not liberal egalitarianism, as America's emergent public philosophy, class or citizen solidarity, especially with the poor, remains about the only love that cannot speak its name. So, yes, rising inequality and insecurity could lead to popular recognition that "we're all in this together." But it seems more likely to lead (and has led) those with even a bit of property to aggressively defend against sharing it with people they regard as undeserving. And, the human capacity to invidiously distinguish "our" deserving selves from "their" unworthy ones being infinite, this concern would obtain even if those clearly in need

(of security, opportunity, income) were to become a super-majority. Suffice to say that I would be a lot more comfortable with Kenworthy's predictions if we had even marginally more vigorous and inclusive growth to soften the test of public character I think he too readily assumes we'll pass. I'd be happier even with a national politics that took such growth as an obvious bipartisan aim. But we don't have such politics now. A majority party rejects that aim out of hand. This is where any immunity from political madness ends and threatens the rest of his project.

Second is Kenworthy's implicit but excessive focus on the federal government. Outside of the big insurance programs, most of the social policy he talks about is decided by state and local governments. Those bodies control the overwhelming share of public money for education and transportation and set most standards and associated prices on energy, water, land, housing, and virtually all the counseling, training, and other "employment-friendly" social services he rightly thinks increasingly important. But state and local governments, much less the very distinct fiscal constraints and political forces that define them as against national government (they are even more dominated by business, at least as polarized, and often much more extreme in the content of their politics), are absent from his analysis.

Along with distorting his view of policy process, the lacuna weakens his theory of change. In advancing policy, what distinguishes the Nordics from America is not what he talks about well (size, homogeneity, etc.), but what he doesn't talk about at all: the fact that they are unitary states, happily "hourglass" in their governance, with clear directive standard-setting power at the top, but very capable and powerful local governments well below it. Theirs is not, as ours, a divided state of limited national powers, constitutionally required to respect the presumptively plenary powers of a crowd of well-resourced and generally rural-dominated state governments, generally hostile to their cities and often to social inclusion, madly competing with each other and the feds. As we know from old and new civil-rights wars and now the healthcare and environmental ones, that makes a big

difference to the pace and content of progressive change nationally.

Third is Kenworthy's seeming indifference to the need for a popular politics and social base outside government to support his reform program. Social democracy was, and still is, not just a set of national public goods and a public philosophy about the appropriate role of government, but a political movement fighting for that role and a set of social institutions and practices, present nearly everywhere in society, to root, enable, and defend it. That political movement and allied functional organizations were and are needed to make government programs—especially the light-touch, performance-standards-not-rules, productivity-minded sort of regulation Kenworthy favors—actually work. They did so through all manner of socially chartered business and professional organizations, sectoral industry bargaining, localized welfare state administration, and built-in mechanisms for the near-continuous monitoring, enforcement, and incremental adjustment of social democracy's social contract's terms. In natural ways, this institutional infrastructure and everyday practice of social democracy affected popular consciousness and political behavior. It made the rights and responsibilities of citizens in a social democratic society accessible and visible to those citizens, which improved their understanding of how that society functioned, and just what they got from government, and what they needed to do to keep that.

Kenworthy thinks unions and community-based organizations are fading as major players in American politics and advocacy. Let us grant this, *ad arguendo*, even though they, more than elected political leadership, have been the source of recent American breakthroughs—on higher-indexed minimum wages, wider health insurance coverage, paid sick days, and family and medical leave—in building the welfare state he wants. Surely some reinvented version of them, or some other way of securing a watchful and organized public, is needed still to make things work and remind citizens of their worth. But he is silent on this need, or how it might be met.

Let me conclude, however, where I started. None of these objections undermines the

mundane basis for Kenworthy's long-arc optimism, which I share. This country is rich, its people no stupider or meaner than others, and both are likely to learn and get better, eventually. And no objection diminishes his contribution here to policy discussion. In one short volume, anyone committed

to a good society has everything she needs—the data, the rationale, the responses to objections—to make the case for a suite of sensible reforms that would be cumulatively huge in impact. That alone is a signal achievement. It makes *Social Democratic America* a very useful, not just erudite, piece of work.