Radical middle

By R. Stephen Warner in the December 13, 2003 issue

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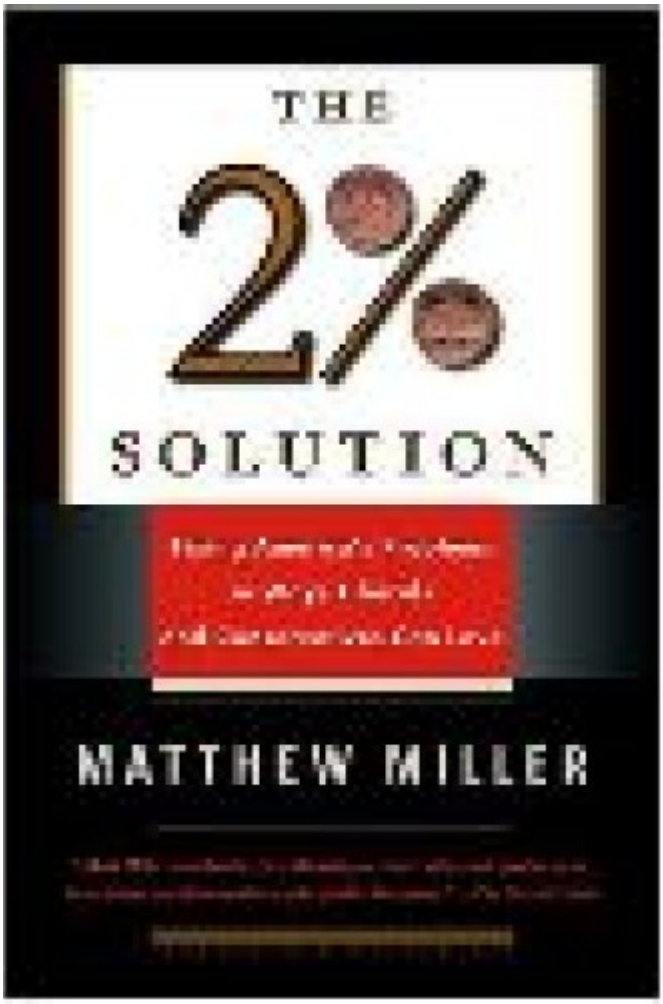

The Two Percent Solution: Fixing America’s Problems in Ways Liberals and Conservatives Can Love

Matthew Miller
PublicAffairs

Suppose I told you that for just two cents on the national dollar we could have a country where everyone had health insurance, every full-time worker earned a living wage, every poor child had a great teacher in a fixed-up school, and politicians spent their time with average Americans because they no longer had to grovel to wealthy donors?" So begins Matthew Miller's book. A journalist, radio commentator, former Clinton staffer and onetime businessman, Miller intends to confound the conventional left-vs.-right framing of American politics.

Combining a social conscience with political pragmatism, he advocates using "'conservative' means (like tax subsidies and vouchers) to reach these seemingly 'liberal' goals." Programs like universal health care and a guaranteed living wage are so within reach that, if they were implemented in the way Miller suggests, "government would be smaller than it was when Ronald Reagan was president."

In today's context, Miller's proposals seem audacious. Universal health coverage would be provided through community-rated private insurance plans financed by income tax credits (with a negative income tax for the poor). Insurers would be prevented from "cherry picking" only the healthiest people. Miller's plan is similar to plans proposed by the first Bush administration in 1992 and by presidential candidate Bill Bradley in 2000. It would cost $80 billion.

Schools would be improved primarily by making inner-city teaching vastly more financially attractive to the very best college graduates. Pupils in schools in dire need of a fundamental overhaul would be offered vouchers to be used at private schools, including religious ones. The plan for better schools would need $52 billion, plus the willingness of unions to streamline the dismissal of incompetent teachers.

A living wage—$9 per hour—would be provided through a sliding scale of subsidies to employers of the lowest-wage workers. (Miller follows the advice of sympathetic economists and his own businessman's instincts to argue that raising the statutory minimum wage to an actual living wage would cost too many jobs.) Uncle Sam's wage guarantee would cost $85 billion.

Miller would reform campaign finance by giving each registered voter a supply of federally financed "patriot dollars," $50 worth of vouchers, to support the candidates of his choice. Cleaner campaigns would cost $3 billion.

The total price tag—$220 billion—is 2 percent of the U.S. gross domestic product of $11 trillion; hence the book's title. Miller would raise part of the money through savings from programs that will no longer be needed when the 2 percent provisions are in place. Most of it would come from rolling back corporate subsidies and the George W. Bush tax cuts, taxing employer-based health benefits that exceed the average plan, and imposing a hefty (60 cents per gallon) gasoline tax. The wealthiest Americans and the biggest corporations would share the tax burden with those (including many union members) who enjoy the most generous employer-provided health plans and those (including inner-city residents with suburban jobs) who commute long distances in gas-guzzling cars. Miller asks people who object to such sacrifices on the part of traditionally Democratic constituencies to recognize that the benefits of his plan, especially for such constituencies, far outweigh the sacrifices.

Much of the book is taken up with lengthy discussions of the details of the four plans—health, education, wages and campaign finance—and briefer breakdowns on financing. But more important than the details is how the discussion is carried on. In tape-recorded conversations, Miller engages liberals and conservatives, Democrats and Republicans, big spenders and tax-cutters, politicians, professors and policy specialists—separately and together—in reflection on his proposals, eliciting more or less agreement with this or that plan. The cumulative effect is to inspire the conviction not so much that Miller has the right answers as that he has asked the right questions: Can we not take care of our urgent social needs? Must we not do so now? Are we not obliged to do so? How can we best do so?

As a political journalist, Miller is convincing on the "can" and "must." The size of the federal government measured against national income is smaller under George W. Bush, at 20 percent, than it was under Ronald Reagan and George H. W. Bush, at 22 percent. Economic growth in the 1990s, combined with the fiscal prudence induced in the Clinton administration by the health-care debacle of 1993-94, brought the spending-income ratio down, so that what seemed prudent in 1992 and now appears to be wildly spendthrift is in fact well within the nation's means. Miller insists that we can afford to do more to provide health care to the millions who lack medical insurance and to address our other unmet needs. The argument that we cannot afford a better society comes from the Democrats' fear of the wrath of tax-phobic voters and the Republicans' delusion that symbolic gestures (unfunded mandates like "No Child Left Behind") can address systemic ills. We must remedy these ills

now because by the end of the decade the retirement of the first of the baby boomers will make such gigantic demands on the national purse that any new outlays will seem utterly inconceivable.

In addressing the obligation of the more to the less fortunate (language that fits his thinking precisely) Miller, a disciple of philosopher John Rawls, is at his most prophetic. Fair rules for a social contract cannot be made after the fact, when we already know how well each of us has done. If that were allowed, each would have an interest in supporting policies that protect existing advantages or simply compensate for them. One term for such a situation is “class warfare.”

Imagine instead that participants must decide on the rules before the race is run, when their ability to predict the outcome is obscured by a “veil of ignorance.” To guard against the worst outcomes, they would be more likely to set the rewards for the winners at, say, ten times instead of a thousand times the rewards for the losers. They would recognize that much of the outcome would be determined by sheer luck, including the “prebirth lottery” of who one’s parents are and how great one’s native endowments of brains and beauty. Under those imagined conditions, most pregame rule-makers would rationally, and justly, choose a reward schedule that would protect them if they did poorly in the lottery. They would “design public institutions to ameliorate some of the burdens of bad luck.”

Miller insists on “taking luck seriously.” In conversations with conservatives William Bennett and Milton Friedman, he prods them to recognize, as Rawls does, that much of what we call “achievement” is based at least as much on luck as on personal initiative. Bennett eventually does agree, saying that many people don’t make it “because they’re in crappy families, crappy schools, crappy neighborhoods.” Even Friedman recognizes the need for “a decent minimum,” to be provided ideally by charity and more realistically by the negative income tax. By placing these conversations early in the book, Miller clearly means to defend the justice of progressive taxation by questioning the moral right of the well-off to enjoy their wealth without qualms.

How does Miller propose to bring about the “2 percent society”? Miller is a Democrat with a low opinion of George W. Bush. (In a recent column, he labeled as “radical fiscal immorality” Bush’s request for $87 billion for Iraq with no new taxes to pay the bill.) But he does not despise Republicans, often agreeing that market approaches are dynamic ways of organizing production, even though they are inequitable ways

of organizing distribution.

Miller thinks it possible to bring thoughtful Democrats and Republicans together to work out the intricate set of compromises that would provide and pay for the large-scale programs that are both needed and possible. As an example, he cites the bipartisan commission that recommended which military bases should be closed at the end of the cold war. These discussions would have to be insulated from demagogic pressures on both sides and prodded by media that would relentlessly publicize the huge problems to be solved. Bill Bradley and John McCain, politicians Miller admires, are quoted on the dust jacket endorsing his approach, as are public intellectuals ranging from left to right—Paul Krugman, Barbara Ehrenreich, David Gergen and David Brooks.

Though Miller does not directly say so, everything in his approach assumes that electoral politics—going all-out to elect a Democratic Congress, for example—is not the way to promote justice. “What American politics needs is not a new left but a new center,” he states. Thus he avoids the hot button issues that the parties use to beat up on each other. He says not a word about abortion or gay rights and makes only the briefest mention of Iraq. (Evidently not a dove, he nonetheless thinks that the Pentagon should be subject to as much fiscal discipline as the rest of us.) The 2 percent solution as a whole, especially its philosophy of taking luck seriously, is intended to defang Republican demagoguery on taxes. More sporadic swipes are taken at Democratic demagoguery on Social Security, Medicare and school vouchers. What’s needed, Miller insists, is less “red meat for the faithful” and more straight talk to the public. Perhaps because he sees religion as a polarizing influence, he avoids any mention of faith in general or biblical prophecy in particular.

Miller might have cited research showing that what increasingly polarizes Americans is sheer partisanship, not the issues of social justice themselves. In other words, for those who are highly politically involved and identify with either the Republican or Democratic Party, those identifications are increasingly salient. Meanwhile what really separates the two sides is the “moral” issues, especially abortion, that have been raised by politicized religious conservatives. Intense partisans think in zero-sum terms—“whatever you get I lose”—which makes it hard to recognize that their adversaries stand for something besides besting them.

Here, it would have helped for Miller to articulate in greater depth, as he does for Rawls’s liberal ideas, the positive principles behind the Republicans’ voluntaristic,

market-centered approach. Miller is typically American in subscribing to these principles at the same time that he is drawn to Rawls's. Observers of American society from Tocqueville to the present have seen that our collective life is animated by the different, but not diametrically opposed, principles of equality and achievement, justice and opportunity. Americans are as sympathetic to the idea of a high and permeable ceiling as they are to a wide and reliable safety net.

To say that partisan politics is not the answer is not to say that citizens should sit back and let disinterested experts decide. "The fascinating thing about democracy is that good leaders are produced by good followers, and good followers are produced by good leaders," Miller observes. (His cause has a Web site: www.twopercentsolution.com.)

Citizens should demand serious proposals in exchange for their votes, not just proofs of the other candidate's venality. Campaign donors should ask just how far the candidate's proposal would go to meet targeted needs. Newspapers should give less space to the "gotcha" brand of reporting and more to substantive issues. Two percent of the front page could be set aside for a regular "It's Still True Today" sidebar, one day pointing out that a full-time worker in a minimum wage job still earns less than two thirds of what it costs to keep a family of four out of poverty, and the next day that 43.6 million Americans still lack health insurance. Foundation executives could do their part by funding the strategic dissemination of practical proposals. Religious leaders (unmentioned by Miller) could suggest *The Two Percent Solution* for adult education classes without fear that they would be "involving the church in politics." They could also provide greater depth and resonance to Miller's appeal for justice by developing its theological bases. After all, more Americans read the Bible than Rawls.