

National Academy of Social Insurance

Talk by E.J. Dionne Jan. 29, 2009

It is always an honor to be here among people I admire so much, people who have taught me so much and people who are so committed to smart and practical thinking on behalf of the common good. We are all pragmatists and realists now, and that's good, because pragmatism and realism are far better than insisting on solutions that don't solve problems and unrealistic ideological assumptions that assume away reality the way those old physics problems assumed away friction. Arthur Schlesinger Jr. many years ago argued that the purpose of democratic politics was not having arguments for the sake of having arguments, or winning for the sake of winning. Democratic politics, he said, was about the "search for remedy." The people here have been searching for practical remedies all of their working lives.

But pragmatism, practicality and realism, as the great pragmatists and practical realists always knew, still need to be informed by values and virtues, by moral assumptions and moral commitments. You are all committed to an idea rooted in the assumption that in the end, we are all in this together, that we have obligations to ourselves but also to our country, our communities and each other. "There but for the grace of God go I" may be the core sentiment underlying the idea of social insurance, and I salute you for it.

And so it might be said that I come before you preaching to the choir, or, given your august standing, perhaps more appropriately, I am a layman or a young student preaching to the Bishops and the rabbis and the rectors and the imams and the pastors and the professors. In that role, I ask for your blessings and for compassionate grading.

Ronald Reagan always got his conservative audiences roaring with laughter when he told them that of the three biggest lies in the world was: "I'm from the Federal government and I'm here to help you." Well, with the economy where it is today, most Americans are actually counting on the Federal government to help them out of a mess at a time when the private economy is ailing, when the lenders aren't lending, when the capitalists are short of capital and when the brilliance of those investment bankers who invented all sorts of exotic instruments is – let us be charitable – in question. "Government is the enemy," said former Senator and defense Secretary Bill Cohen, "until you need a friend. A more appropriate joke these days might be: "I'm from Wall Street and I'm here to make you money," or "Stocks only go up," or "This investment is so brilliantly hedged that you can't lose a dime," or, "There is no better investment than real estate." Yes, the times change and what is funny changes with the times.

So does what is fashionable. Someone once said that the definition of a recession is when my neighbor is unemployed and the definition of a depression is when I'm unemployed. Put another way, when times are good, those who are doing well tend to look upon those doing less well as suffering from some moral infirmity, some lack of initiative or gumption, to use that very old-fashioned word. In good times, we tend to refer to forms of social provision as "welfare," a good word that has been demonized, or as "entitlements," which is now used to mean a program to which someone else is entitled and shouldn't be. We never refer to programs that help us or our friends as either welfare or entitlements.

But when times turn bad, when all of us feel under threat, attitudes suddenly change. Economic troubles are no longer the realm of "them." They are the realm of "us." Suddenly, we view social programs not as a burden but as a necessary set of

protections to which we are, indeed, entitled. Suddenly, it is much more popular to refer to social programs as forms of “insurance,” implying a common pooling of common risks.

That, of course, is why the largest initial steps toward a significant if not truly universal system of social insurance were taken during the New Deal in response to the Great Depression.

Our times do feel distressingly similar to those times, even if we all hope and pray that this fear and feeling will not be fully realized. I recently revisited the historian William E. Leuchtenberg’s brilliant book, *Franklin D. Roosevelt and the New Deal* for an American Prospect feature on books that had an important influence on the writer. That book’s influence on me was enormous. It led to a lifelong engagement with a practical kind of liberalism, and I’m sure in some way, it’s part of the reason I am here.

Rereading Leuchtenberg is to discover how many parallels there are between the America of 1932 and 1933 and the America of 2008 and 2009.

Consider, first, how the culture wars of the 1920s over prohibition were swept aside by the urgencies of the Depression. Leuchtenberg cites a correspondent with FDR’s political maestro Jim Farley observing how ridiculous it was “for a jobless wet Democrat to wrangle with a jobless dry Democrat over liquor when neither could afford the price of a drink.” One can imagine our current economic distress having a comparable impact on cultural and religious disputes over, say, gay marriage.

Also striking is how the discrediting of the leading economic classes followed the same form, then and now. “Throughout the 1920s,” Leuchtenberg writes, “publicists had trumpeted one never-ending economic refrain: that the prosperity of the decade had been produced by the genius of businessmen. If businessmen had caused prosperity, who but they must be responsible for the depression.”

Leuchtenberg’s account is also helpful in sorting out the false debate over whether President Obama is more progressive or more pragmatic. FDR was the subject of the same misleading argument because he was both. “The New Deal,” Leuchtenberg says, “was pragmatic mainly in its skepticism about utopias and final solutions, its openness to experimentation, and its suspicion of the dogmas of the establishment.” That’s a good description of the New Deal, and it’s a good recipe for the way forward now.

Advocates of social insurance are realists about the economic system. They understand that even the best functioning market system has its ups and down. They understand that many fall into situations of need not because of their own moral failings or weaknesses but because even the best economic systems can fail and create their own forms of injustice.

Consider FDR’s statement upon signing the social security act in 1935. I’m sure it’s a statement many of you are familiar with.

“We can never insure 100 percent of the population against 100 percent of the hazards and vicissitudes of life,” Roosevelt declared, “but we have tried to frame a law which will give some measure of protection to the average citizen and to his family against the loss of a job and against poverty-stricken old age.

“This law, too,” Roosevelt continued, “represents a cornerstone in a structure which is being built but is by no means complete. It is a structure intended to lessen the force of possible future depressions. It will act as a protection to future administrations against the necessity of going deeply into debt to furnish relief to the needy.

“The law will flatten out the peaks and valleys of deflation and of inflation. It is, in short, a law that will take care of human needs and at the same time provide the United States an economic structure of vastly greater soundness.”

And so it is today: As we are seeing in the battle over the stimulus package in Congress, an essential part of taking care of human needs and providing a sounder economic structure involves both building on the past achievements of social insurance

that FDR spoke about and that both he and LBJ bequeathed us, also of finding new ways to build a fairer and sounder economy.

Thus one of the first proposals for the stimulus was to strengthen traditional programs – unemployment insurance, food stamps, Medicaid, and COBRA. As Robert Pear wrote in The New York Times yesterday, Democrats in Congress are “rewriting the social contract with the poor, the uninsured and the unemployed in ways they have long yearned to do.” I, for one, find this neither surprising nor threatening.

On the contrary, what better way to respond to a large downturn than to strengthen those automatic stabilizers that have kept us out of Depression for over 60 years? What better time to repair and mend a fraying social safety net than in a moment of great economic distress? What better time to revisit the idea of social insurance than when so many in our society need insurance against social and economic stress?

And what better time to try to fill that great gap in our social insurance system reflected in our lack of universal health insurance coverage than at a moment when so many are losing their coverage, when so many more face rising costs, and when so many employers of good will find it impossible to offer their employees insurance that they once could afford but can no longer?

There will two stages in our response to this economic crisis, one rapid, because speed matters, and one more comprehensive, because this crisis raises larger questions about the right relationship between public and private, between the market and the government, between the common good and individual initiative. Note, by the way, that this last pair involves not good and evil but competing goods – we should value both the common good and individual initiative. But it is my view, at least, that in recent years, we have tended too little to the care of commons and that this is a moment to tend to them again.

As the philosopher Michael Walzer has written, “The contemporary right-wing demand that government ‘get off our back’ is entirely legitimate whenever government agents interfere with ethnic or religious or regional efforts at self-help. But the demand isn’t legitimate when it represents (as it most often does) an effort to evade the responsibilities of the collective.

“We have gotten things wrong,” Walzer went on, and have made our citizens more unequal than they ought to be. We have not sustained the infrastructure that our social life requires. We have not made a sufficient commitment to communal provision. We have not provided a wide enough range of opportunities.” Now is the time to think about these things, and to act.

As some you may know, I was impressed with President Obama’s emphasis on the obligations of a free people in his inaugural address, in his stress on our duties as well as our rights. I hope he and all the rest of us think about this some more and argue about it. Rights are so much easier to talk about than duties, and freedom’s gifts are always more prized than its obligations. This is a good time to recalibrate those balances.

Because this promises to be a creative era in social policy – or at least, it had better be a creative time in social policy – much will be demanded of the people in this room. Government will do a great deal in the short term to get the economy moving. But if this is to be a period not only of distress but also of creativity, the people in this room will have to think hard about the structures we should build, the programs we should create, and, yes, the approaches we should abandon. Just as the New Deal used the distress of the Depression to create enduring institutions that vastly bettered the lives of successive generations of Americans, so must we use this crisis to build institutions for which our grandchildren and their children will thank us.

In his last speech of the 1940 campaign, Roosevelt declared that “all we have known of the glories of democracy – its freedom, its efficiency as a mode of living, its ability to meet the aspirations of the common man – all these are merely an introduction to the greater story of a more glorious future.

“We Americans of today – all of us – we are characters in the living book of democracy. But we are also its author. It falls upon us now to say whether the chapters that are to come will tell a story of retreat, or a story of continued advance.”

Sixty-nine years later, we face that same choice. Sixty-nine years later we open a new chapter in that book. Sixty-nine years later all of us, but especially those in this room who are endowed with passion, knowledge and expertise, have an obligation to write a new chapter that is worthy of American democracy’s larger story.

I began citing Arthur Schlesinger Jr. and I’d like to close with him. Consider these words from Schlesinger in 1960: "At periodic moments in our history, our country has paused on the threshold of a new epoch in our national life, unable for a moment to open the door, but aware that it must advance if it is to preserve its national vitality and identity. One feels that we are approaching such a moment now -- that the mood which has dominated the nation for a decade is beginning to seem thin and irrelevant; that it no longer interprets our desires and needs as a people; that new forces, new energies, new values are straining for expression and for release."

Yes, they are, and yes, they will. What is required now is a new spirit of experimentation in social policy rooted in a rediscovery of how the old values of solidarity, community, mutual obligation and empathy call us to new engagements, new approaches and new solutions. Social insurance is a very old idea that becomes new again whenever free citizens need relief and support so they can rebuild their lives and their fortunes and reestablish themselves as the inventive and creative beings we are all called to be. The idea at the heart of your organization goes in and out of fashion, but thank God that you nurture this idea and keep it alive and relevant and up-to-date for the moments when it becomes indispensable. We can triumph over our current distress. We have a lot of work to do, and it is work we must all do together. But, yes, we shall overcome. Thank you.