

THE BROOKINGS INSTITUTION

THE WOLF AT THE DOOR: THE MENACE OF ECONOMIC
INSECURITY AND HOW TO FIGHT IT

Washington, D.C.

Thursday, October 1, 2020

Introduction and Moderator:

WILLIAM G. GALE

Senior Fellow and Arjay and Frances Fearing Miller Chair in Federal Economic Policy, Brookings
Co-Director, Urban-Brookings Tax Policy Center

Presenter:

MICHAEL GRAETZ

Professor, Columbia Law School
Professor Emeritus, Yale University

Discussants:

CAMILLE BUSETTE

Senior Fellow and Director, Race, Prosperity, and Inclusion Initiative
Brookings

ROBERT GREENSTEIN

President
Center on Budget and Policy Priorities

NEERA TANDEN

President and CEO
Center for American Progress

* * * * *

P R O C E E D I N G S

MR. GALE: Good morning, everyone. I can't tell if we're live or not. All right, thank you for joining us this morning at this Tax Policy Center event. Today we're featuring a new book by Michael Graetz and Ean Shapiro. It's called, "The Wolf at the Door: The Menace of Economic Insecurity and How to Fight It." It looks like this. It is a very good book. I will not try to steal the author's thunder by describing the book except to say that I read it, I really liked it, and I wanted to hold an event on it. So we're fortunate to have Michael here today participating in today's event and we have an excellent panel discussing these findings. Michael Graetz joined the Columbia Law School faculty in 2009 after 25 years at Yale Law School where he is the professor emeritus. He has written on a wide range of topics in tax and social insurance issues. His recent scholarship has focused on social justice, economic justice, economic insecurity. In 2016 he wrote a book called, "The Burger Court and the Rise of the Judicial Right" with Linda Greenhouse. He has also held several positions in the federal government. I first met him when he was assistant to the secretary and special council for the Department of the Treasury during the George H.W. Bush Administration and Deputy Assistant Secretary for Tax Policy in 90' and 91'. On top of all his formal accomplishments and publications, let me just say I've been involved in tax policy for more than three decades now. I find Michael to be one of the wisest most sensible most thoughtful people in the field addressing tax and social policy issues. So Michael, we welcome you. I'm delighted to have you here this morning. After Michael's presentation we'll have three panelists. Camille Busette is a senior fellow in Government Studies and Economic Studies and Metropolitan studies here at the Brookings Institution. She's the head of the Race, Prosperity, and Inclusion Initiative and has held several other positions and done work on systemic racism, the economic advancement of Black and Native American boys, and a variety of other issues. She'll be followed by Bob Greenstein who is the Founder and Head of the Center on Budget and Policy Priorities here in Washington. Bob is a legend in public policy circles in D.C. and I will leave it at that. He'll be followed by Neera Tanden, who is the president and CEO of the Center for American Progress where she focuses on both on how organizations can fill their mission to expand opportunity for all Americans. She's served in both the Obama and Clinton administrations as well on a variety of campaigns. So we have an excellent panel. We have a superb author, and with that Michael, I'll turn it over to you.

MR. GRAETZ: Thank you, Bill, and thanks to Brookings for having this conference and to all the people behind the scenes making it work. I also want to thank especially Camille, Bob, and Neera for agreeing to be commentators today. It's a great pleasure to see all of you here. I should say at the outset that our book is unusual because it is a book about both policy and politics. There are terrific books on policy and there are excellent books on politics, but they're very few books that combine a discussion of politics with the discussion of policy. And although our book is about legislative politics and not electoral politics, it was to some extent motivated by the 2016 elections when political charlatans in both the United States and in England were promising to provide a better life for precarious work forces and their families in both countries, but were paddling what I would call snake oil solutions. That is things like Brexit or tariffs or a big wall at the southern border of the United States, things that were not going to make people's lives significantly better as the politicians have promised.

When our book was published in February, the unemployment rate in the United States was the lowest it had been in 50 years. And then a few months later because of the virus, the unemployment rate was the highest it had been in 90 years. But even in February when the unemployment rate was low, the Federal Reserve had produced its annual or biannual survey in which 44 percent of American families said that they did not have the ability to pay off a 400 dollar emergency with either cash or credit card that they could pay off by the end of the month. And now of course with the virus, emergencies are far more than 400 dollars a month for so many American families.

When we looked at the causes of this precariousness, we were concerned that the spotlight had really not shown on how precarious the American family was and how tenuous their job security was in the United States. And the effect that losses and the potential for losses and particularly the potential for job losses was creating widespread fear, anxiety, and resentment among a wide swath of the American public. The causes for this are now I think fairly well known, beginning in the 1970s with imports from Japan and Germany of cars and steel and textiles, the U.S. manufacturing base began to hallow out and as it did so, cities and locations throughout the United States were also hallowed out. American presidents and presidential candidates have for 40 years now been visiting Youngstown, Ohio and promising to bring back the manufacturing jobs that employed over 23,000 workers in Youngstown during its hay day as a steel manufacturing city. But today the city of Youngstown has fewer than 4000

employees. Its population has dwindled by half, and the steel factory, the biggest steel factory in Youngstown, which is producing raw steel for pipelines, has 300 workers and very large robots and other technological pieces that are putting out the steel that, that plant sells. Four more of those plants, and you'd have only 1200 more workers, and so this is really a problem that despite all the promises, has proved difficult to solve. And it's not only places like Youngstown that have been hurt by globalization. Hickory, North Carolina, one of the great furniture manufacturing cities in the country was hit by Chinese imports and had to move from making furniture to custom upholstery and some technology businesses that have moved to Hickory.

As we looked at this, our conclusion was that the dislocations from globalization really peaked around a decade ago and the risks going forward are due to technology and technological changes. And if anything, the virus has made the prospect of disruptions in the workforce due to technological advances even more pressing and job security even more risky. It is unlikely I think that the technological conveyor belt will run backwards over time. We've also had slow growth as everybody knows, an aging population, and importantly the collapse of private sector labor unions. And that's important not only economically because it decreases the voice that the workforce has with its employers, but also importantly politically because there is now not an important counterforce speaking for the average worker in the state and federal legislatures of the nation. All of this has made it harder to govern. It has led voters to demand risky political change and it has given a rise to antielite groups and sentiments within the political parties.

When we turn to policy in this book, we focus on jobs and we focus on jobs because the behavioral economics literature is clear that people are much more concerned about losses than they are about potential gains, and the risks that have been posed to them in terms of uncertainties about their ongoing ability to earn a living wage for their families have created anxieties that have not only affected our political process, but also affect dramatically family life in the United States. And the virus of course, has demonstrated just how precarious those jobs are in America today.

On a policy front, we look to policies that we believe will enhance economic security by producing jobs and in that context, we look principally to infrastructure, which includes not only bridges and roads and trains and airports in the United States which are in a terrible shape by all accounts, but

we also look to broadband in rural areas such as what's now happening in Wisconsin and Northern Missouri. In order to make wages pay better, make jobs pay better for average Americans, we discussed several different options, but we land on the benefits that have been provided both at the federal level and the state level through the earned income tax credit, and we urge expansions in the coverage of the earned income tax credit and moving earned income tax credits higher into the income scale and other ideas for that.

Both in the case of infrastructure and in the case of the earned income tax credit, there have been bipartisan support within both the federal legislature and in the state legislatures. Earned income tax credits have been enhanced in not only blue states, but in red states across the country as Bob knows especially well. We also are concerned with things that pose risks to families' ability to work and we talk about the need to move our health insurance system off and away from relying on employers, something that the virus has made all too vivid for way too many American families. We talk about building on universal pre-K programs that have been successful again in both red states and blue cities and building on childcare programs that have been successful such as that of the Department of Defense.

One of the important chapters of the book and the one I want to spend the last few minutes of my time on is a chapter in which we call, "From Unemployment to Reemployment" and here the idea is to protect people from unemployment. The unemployment insurance system in the United States, which is an artifact of the new deal and was enacted by Franklin Roosevelt in 1935, 85 years ago, in the shadow of lurking constitutional constraints that although he knew the country needed a national program of unemployment insurance, moved him to propose the kind of state unemployment insurance system that we have had ever since.

The unemployment insurance system we have has produced a race to the bottom among the states. Mississippi has covered about 9 percent of unemployed workers in recent years, Florida 11. The benefits are so low that they don't keep a low and moderate income family from poverty. And so the unemployment insurance system has been actually the weakest link in the U.S. system of social insurance and that system as we all know, is not a very strong safety net across the board. Unemployment insurance does not cover independent contractors or part-time workers or temporary workers. According to economists, those workers accounted for over 90 percent of the job growth

between 2005 and 2015, and the weakness of the unemployment insurance system was proved when Congress and the CARES Act had to create its own new temporary, unfortunately temporary, unemployment insurance system.

We argue that the unemployment insurance system should be combined with the programs of another unsuccessful program, that is Trade Adjustment Assistance. Trade Adjustment Assistance was originally enacted in the Kennedy administration in an effort to protect workers who lost their jobs because of the movement at that time, which of course has continued toward lowering tariffs and removing barriers to international trade. Trade Adjustment Assistance was never very robust. It was very difficult for workers to prove that the reasons they lost their jobs was because of international trade. Congress never funded it in a robust way. For many, many years, not one worker was able to get the benefits promised by Trade Adjustment Assistance. But the program itself had important components and those components are retraining. In our book, we look to the community colleges, which have actually been quite successful across the United States in retraining workers for new jobs. And the Trade Adjustment Assistance was supposed to provide relocation assistance for those workers who had to move to new -- to new places because of where the jobs were.

Our proposal is one that we call Universal Adjustment Assistance, and we believe that the moment has come for that kind of program to be taken up by the Congress. It is difficult, our book talks a lot and I'm hoping that some of the commentators will mention this, but our book talks a lot about the need in legislative politics for coalitions. And the problem that we've had with improving our unemployment insurance system over all these years is that while everyone expects and hopes to be a retired person and will join the American Association of Retired People, there is no association of the future unemployed. And so forming a coalition for this kind of project is more difficult, but we are strongly of the view that businesses have a large incentive to improve the unemployment insurance and the adjustment assistance programs for their workers and that it is consistent with their talk about taking into account the needs of their shareholders -- the needs of their employees and their communities in addition to the longstanding attention they have paid to the needs of their shareholders. I'm out of time. I could go on, but I do want to hear from the commentators, as I'm sure you do. I just want to close by saying that when we wrote our book, the wolf was at the door and now for far too many Americans and their families,

the wolf is in the house. Thank you.

MS. BUSETTE: So I wanted to take up where Michael left off. Michael, thank you for that excellent, excellent synopsis of your terrific book. I just want to say a couple of things before I get into the meat of my comments. The first thing is I do want to say that this -- this book did a phenomenal job of making -- making it very accessible for the average person. You know, we talk about political economy that is intentionally practical about policy solutions, and I really appreciate that. So I really recommend it as a, as a very, very accessible read.

I do have a few comments on the thesis of the book, namely that insecurity is the critical issue that we need to address rather than equality. And I have a couple of observations about this. And - and what I like about the focus on insecurity in particular is that it does indeed, I think, capture the experiences of many Americans, the inability to cover current expenses, the inability to save for emergencies or for the future, and the absence of disposable income to have choices in your life. And these -- these -- this reality is distressingly real and current for millions of Americans. It was true when this book was going to print and even more true and more broadly shared now in the COVID-19 pandemic.

But what I want to do is make a couple of caveats to -- to that discussion about the importance of insecurity and the focus on insecurity in the -- in the book. First, inequality isn't totally irrelevant in my view. People experience inequality not in the way that macroeconomists talk about it, like a Gini coefficient, but they experience it when they compare themselves to others. And I think there's sufficient evidence to indicate that working class Whites in the U.S. see themselves falling, at least this is prior to the pandemic, saw themselves falling behind Blacks economically, and that sense of inequality together with their economic insecurity, which is real, can in fact drive political behavior. So I do think the economic inequality is alive and well, but maybe not as a concept but as an experience, and I think again, one of the strong points of this book is really talking about the experiences.

The second thing I wanted to say about insecurity is that there are different kinds of insecurity. And what I mean by that is that they type of insecurity that's described in this book has been a way of life for millions of people of color in the U.S. for decades due to a range of intentionally discriminatory policies. I'm going to go over it here, but (inaudible). I think this book is describing the

increased insecurity of the White working class and lower middle class Americans for whom insecurity is a relatively new phenomenon. And so I want to get back to that later in my comments because I think this is actually hugely important for developing goals and for creating and sustaining coalitions, which is now what I want to talk about.

So what I think one of the most important compelling -- more important and most compelling parts of the book is this section on forming and like maintaining coalition. I think it's rare for a book that focus on natural economics to also have a very, very pragmatic and very sound advice on how to divide a strategy to move public policy forward in the, you know, legislative process. So Michael, Ean, and I could make the case that public policy requires coalitions and that successful coalitions that are successful at moving policy ahead need to have goals that are achievable. They need to neutralize or embrace business interests. They need leadership, moral commitments, resources, and also they need to show intermediate successes on their way to whatever their ultimate goal is in order to keep coalitions together. And so I wanted to speak about the both individually because I know these are -- these are actually very, very important to moving public policy ahead generally and I love the way it's laid out here in the book.

So first of all, on having goals, I think Michael and Ean did a very nice job talking about how particularly like the Occupy Wallstreet Movement, which did not have goals, that -- that you know, movements that don't have goals don't last very long. And so having goals is important. It's important for organizing in coalitions. It's important for also measuring how successful the coalition is. And so obviously, you need to have goals. And that may seem obvious, but there have been movements like Occupy Wallstreet, which actually didn't have goals. So whether it seems obvious or not, the -- you know, the contrary has actually also happened.

They make a very easing argument in this book that you also need a moral commitment, arguing that people who are really morally committed to a particular goal are likely to last in a coalition, even when there are setbacks. And I think that's -- that's incredibly important. And I think you see this a lot now currently around climate change and environmental justice, you know, for which there are a myriad of setbacks, particularly here in the U.S. and yet there are folks who are just incredibly passionate and morally committed, and that does keep that movement and that coalition moving ahead.

Very interesting discussion on business interests. The -- the general, just to sum up the argument here, the general argument is that business interests are incredibly powerful. Money talks and -- and if you are unable to neutralize business interests as you're supporting your goals or unable to embrace business interests, that you are likely to get derailed because money will be flowing in -- in a way that advances interests that are opposite to yours, so important to deal with -- with corporate and business interests. Then, there's also a discussion about resourcing and how business interests are also important in resourcing. They are not the only source of resources, but any coalition that intends to be successful, particularly on large public policy issues, needs to have sufficient resources.

A very good discussion about leadership, how leadership is critical obviously to motivating people to making sure that there is a fair amount of discipline and to actually moving the ship forward towards the proximate goal. And then of course, the discussion about intermediate successes. So you can have a goal and it can be pretty far out there, and far out there in public policy land is like three to four years. And it's hard to get together a coalition that has varying interests unless you can show intermediate successes. So a great and recent example of this is in the state of Virginia, which has you know, recently had a change of government where democrats are now in charge of the state houses and the governorship. And so they've been trying to make a lot of changes with respect to you know, police brutality, racial justice, etc., many of those things which will be realized much further down the road. But in order to keep a coalition together, they've done some interesting things, like they've removed confederate statutes and renamed boulevards, etc., and those are all you know, one might say, you know, pretty cosmetic. But they are also, they also generate energy around small-term wins, and so that's again very, very important for (inaudible).

So I think that's incredibly important and I think the way that this has been discussed in the book is particularly helpful when we think about something as large as unemployment, which is what I want to return to now. So you know, we have -- we obviously have to focus now on generating jobs and - - but we -- but we're in a different situation than we might have been sort of post Great Recession in that we now have a whole national conversation about the importance of racial equity as we move forward to creating a better employment future. And so this is taking place, this whole discussion about generating jobs and equitable jobs, is taking place in a critical context where because of the constitutional

parameters and representation, gerrymandering, and the importance of money, both corporate and wealthy donor money, in our legislative process. We have a representative government that is actually more conservative than the electorate. So the question that arises here is in that -- in the context of a representative government that is more conservative than electorate, how do you put together successful coalition that can engage with and incorporate the equity concerns around employment? And so how do you focus on equitable employment given the fact that you have a more conservative representative sort of government? And so how does the advice that we've gotten here around successful coalitions really interest that with the reality of a more conservative representative government and these equity concerns?

So one of the things I want to add to this conversation, I think we can come back and talk about it afterward, is that often public policy coalitions really stand on a foundation of what the general narrative is around what is possible and what is not possible in public policy, and understandings and assumptions about who is going to be advantaged and who's going to be disadvantaged. And rarely does public policy move beyond those parameters and narrative. But what I'm going to say here is that in addition to all excellent advice that Michael and Ean have provided around coalition is that in order to change the employment picture and make it more equitable as we're moving -- trying to move the economy ahead in a post-COVID world, we're also going to have to broaden that narrative around you know, how Americans actually get ahead. And the narrative we have now is that it's a -- it's all about individual effort, and I think we need to broaden that narrative in such a way that you can form coalitions that are all interested, all the members of which are interested in equitable distribution of employment gains. And that narrative has to be broadened in the following way. We have to acknowledge that some of us are born with tailwinds. Some of us are born with habits economically. And I think if we can switch the narrative to something like that, then we can put together a coalition around employment gains that is not necessarily advancing one group but takes into account the kinds of equity gains that we all want to see. I'm going to stop there and -- and invite -- invite Bob to join us with his comments.

MR. GREENSTEIN: Thank you. This is an excellent and important book and I think that if it's read and absorbed by many in the policy community, it could contribute to moving policy debates in positive directions. As we heard, the book places a particular focus on economic security and policy

responses to it with an emphasis on policy changes that could win broad backing from coalitions that actually become law. The book focuses on feasible gains that can be achieved not just on aspirational goals that may seem out of reach for years to come. And the book notes in a key observation that the way to get to big goals over time is one, through a series of what the authors call proximate steps that significantly reduce economic security and improve millions of people's lives themselves. But two, where these proximate steps also put you on a path towards the next big step so that you're steadily getting closer to big goals over time. In a memorable sentence, the book says, and I'm quoting, "The disciplined pursuit of proximate goals is the key to advancing distributive agendas". And it emphasizes, and again I'm quoting, "Proximate goals that can become weigh stations on the road to a better future". Various examples come to mind. Take the Affordable Care Act. It was a big proximate gain that covered 20 million more people, but it's also put us in a place where now the policy world is broadly talking about the next major steps and I think we'll likely see action on them in the next few years if Vice President Biden wins the election, particularly if democrats also control the Senate, so that the ACA both cover 20 million more people, but it's also a weigh station towards the larger goal of universal coverage. Or you could take refundable tax credits. The earned income tax credit used to be tiny and the child tax credit used to be nonrefundable so the tens of millions of the very families and kids that needed it most were shut out. There were series of proximate gains. These two credits together now lift more Americans out of poverty than anything other than Social Security, and the gains made to date hopefully will be weigh stations. I think it's distinctly possible that in the next few years we will see both further expansion of the earned income credit and a particular note in my view, making the child tax credit fully refundable so the poorest children benefit, maybe ineffectively into a kind of a children's allowance. And how did we get to the point where these may really be possibilities in the next two years? Well, there were proximate gains in one or both of these credits in 1984, 1990, 1993, 1997, 2001, 2008, 2009, and 2015.

Another theme of the book, which Camille noted, is that it's extremely difficult to make these advances in the face of unified -- now underscore the word unified -- unified business opposition, which then of course suggests that the key here is to avoid unifying business opposition, to neutralize or split what might otherwise be business opposition. Again, think of the Affordable Care Act. The (inaudible) posted but the business roundtable stayed neutral and various elements of the health industry

supported it. If Democrats win the coming election, it should certainly be possible in my view to build on the Affordable Care Act, include subsidies, make major gains in coverage. A really interesting question will be what about the public option? So the public option will face unified opposition from the health industry, but the health industry is not the total business community. So it raises the question of can there be elements of the business community that would see a public option as beneficial to them by enabling their employees to get good coverage without the employer having to provide it?

Whether the business, the unified business opposition we'd expect on the health side can be countered in this way from other elements of the business community I think is likely to play a large role in whether the public option successfully could be an active lead to law. With that, let me turn to the book's agenda where it lays out, Michael's talked about many of these, a specific set of proposals. One is substantially enlarged earned income tax credit. Two, major investment in infrastructure and related jobs. Three, unemployment trade adjustment assistance reform. Four, a path to universal health coverage. Five, major advances in affordable care. Six, universal preschool.

I think this is a strong list, but I would add a few elements to it. As I noted earlier, first as I noted earlier, there is a potential to get the Child Tax Credit into a fully refundable credit. This would be a very important step forward. This is the centerpiece of a several year old National Academy of Science report on how to cut child poverty in half. Secondly, I would couple the book's call for major investments in childcare with major investments in affordable housing with reference on low and moderate income renters. Only one in four low income renter households with needs that would qualify it for assistance get any aid at all now because the funding for low income housing and housing affordability is so limited. Third, subsidized jobs program that helps those temporarily who have difficulty entering the job market and that could scale up when the economy goes down. And fourth, an increase in the minimum wage. Here is one of my few disagreements with the passage in the book. The book worries that coupling an increase in the minimum wage with an increase in the earned income credit, that seeking to do that would undercut support for the EITC expansion. I actually think the reverse. I think in the 2020s, it would be harder to achieve an EITC expansion unless it is married to an increase in the minimum wage, and that the two compliment each other extremely well on the policy front and that it would be a positive to advance both of them.

In reading the book, I found myself having some questions as do I wonder how the authors view another great need, immigration reform, in relation to the issues they discuss in the book. And I -- I'd love to hear from Michael later in this session, his thinking on that. Finally, let me turn to taxes. The book calls for substantial changes to the tax code to raise substantially more revenue and to also secure more revenue through increased enforcement, both of which in my view are critically important. Let me make a note here for something that's suddenly very current. There's a part of the book that talks about yes, we need to raise significantly more revenue from people with high income as well, but we probably shouldn't pursue, the book argues, pursue that through an explicit wealth tax because of fear that the supreme court could strike down the wealth tax as unconstitutional.

The book was written months ago, but that concern goes up with the nomination of any economy barrier. Let me be clear, neither the book nor I are expressing criticism on policy grounds of a wealth tax. I'd love to see one. But the point here is the -- if you want to get big tax increases enacted into law, the stars only align so often. And if you could get the stars to align and you used it up on a wealth tax that the court then declared unconstitutional, and I think in Barrett's edition the odds would be well above 50/50 that the court would declare it unconstitutional, even though many top legal scholars think that would be the wrong conclusion, likely that's where the court would go. By the time the court did that, you could have had a mid-term election that changed control of Congress and you couldn't put anything in its place. So if one really wants to raise, and as we should, significantly more revenue there, there are other ways to substantially tax high income and wealth. Raise the capital gains rate. Tax on realized capital gains at death. Institute an inheritance tax, and more. But these kinds of political economy feasibility discussions are at the heart of the book and part of what makes it in my view such a strong book. To me, the bottom line about this book is that it doesn't just talk or pontificate about economic insecurity, but it goes well beyond that. It does the hard thinking to try to come up with how over the years ahead we could actually make major progress through measures that could actually be enacted, implemented, and politically sustained. And with that, let me turn it over to Neera.

MS. TANDEN: Great. Excellent. It really is a profound pleasure for me to be with -- with so many interesting speakers, but it's really a fantastic pleasure to be speaking about this with a person I would call Professor Graetz because he was my professor a very long time ago. I learned a tremendous

amount from him in law school and a real pleasure of this book is that I get to continue learning from him in the context of this book. I will try to make a few additional points that won't retread the ground that Bob and Camille touched on.

And I think I would go in a slightly different direction on -- on some comments here, which is I think that change is -- the -- the book recognizes the importance of some critical structural changes and then outlined a very practical path to making those changes. And I -- that's -- that's important and critical and is -- and I think it's a real service because so often in public policy discussions, really the discussion is really absent in understanding of how to make real change. But I -- but I -- I want us to think just about where we are as a country and -- and think through how change is so difficult until you have a moment where it is less difficult. And the conversation on public policy has dramatically expanded over the last several months. Just as a reminder, basically in a weekend, the Congress passed 2.5 trillion dollars of spending in investment to address the coronavirus. I think that is a fundamental shift and reorganizes the public policy discussion in Washington. And I think that because -- I think that's been demonstrated in a myriad number of ways. One, Vice President Biden's policy agenda has expanded in a -- generally in a -- in a primary, when you move from a primary to a general election, the conversation, the public policy debate, the proposals tend to move in a more moderate direction. This is a very different time where the level of investment Vice President Biden has -- has articulated has dramatically expanded over the last several months, and that is a function of several features but one fundamental feature, which is that the virus itself, the coronavirus itself has expanded the public policy discourse in the United States in my view.

I've wrote a piece a few months ago on a new social contract, and it's -- there is actually tremendous overlap between the policy items I outline in my piece and -- and -- and the -- the many agenda items from expanding childcare and investing in infrastructure, and addressing these essential economic security issues. But I think that we shouldn't -- you know, this book was written before (laughter) the virus. But I do want to hold on one issue here, which is the -- the virus itself is a unique national catastrophe in that the actions of any one of us can impact other people's health, welfare, and actual life. And I think most people understand that and the United States is -- is failing to deal with this virus in almost catastrophic ways because you know, we have not -- we have not internalized that fact in

our public policy. But I do think that this -- this -- this basic issue which is that the virus means we have a sheer fate, means that it has certain implications for public policy. So, for example, if we, as a country, we don't have universal paid leave, that means that countries -- that means that people make tradeoffs between staying home and being sick or going to their job and making money. They make a tradeoff there, low income workers make a tradeoff there that other workers don't have to make. And I think if you see public policy -- and I think that's understandable now. 80 percent of Americans support universal paid leave. It was much lower before the virus. And people you know, there's stronger support for universal healthcare and a variety of policy privileges, and I also think there is a much deeper understanding that the federal government has to solve some of these problems. Sometimes we may think in the back and forth of the fourth coronavirus package that, that understanding really isn't there, but I -- the American people themselves have shifted. And I think -- so -- you know in a sense my view is that the range of discourse has -- has -- has shifted dramatically over the last several months and agenda items that seemed completely impossible are now very much possible. Vice President Biden, a relative moderate, has talked about investing 2 trillion dollars in climate related jobs over a relatively short period of four years. So in my view, I think this book is -- is focused absolutely on the right challenge of economic insecurity and I absolutely agree that economic insecurity has been a driving force of politics.

I would also agree with Camille that economic insecurity and economic -- and inequality are -- are completely related and you know, there is public polling that voters support higher taxes on wealthier people, even -- even absent investing that money in -- in particular items. So you know, they just want higher taxes on wealthier people and to just spend a moment on taxes, given the enormous increase in economic wealth for the top one, two, three percent in the United States, really concentrated wealth in the top 0.01 percent, higher taxes on wealthier people is not only popular, but I think part of the social contract that is -- is important to actually accomplish any of these items. Let them take away from other forms of taxation, but I think that indeed higher taxes on wealthier people, and I would agree that capital gains tax or other mechanisms -- I mean I think we should just be candid, if we just return to the 95 tax code you know, before the Bush tax cuts and before the 2017 tax cuts, that would be -- it self generates a lot more income, a lot more resources. So, I guess I would say on a -- on a range of scales here, I'm just touching on a few things, that the -- the -- I think the book is incredibly timely, but I also think

we're in a moment where it is a book that seems like it was reaching beyond the current conversation as now really in the mainstream of it. And that is not to undermine the hard work that will have to take place in 2021, but it is to say that it is my deep and profound hope and -- and -- and not wish, but real, I think a real opportunity to make change in a range of areas in 2021 if the stars align with a kind of Congress and the kind of president where these -- these policy changes that seem so difficult to accomplish will be in the mainstream of the policy discourse in Washington by changing laws that could pass in 2021 because I think the public has shifted dramatically in its orientation on the federal government and its role in solving problems. We have republicans in Congress who just this year signed on a package for 2.5 trillion dollars of spending (laughter) and you know, possibly you will have a mandate more governing in 2021 with different leadership that has outlined a pretty aggressive agenda. And so you know, I'm really hopeful that these ideas cannot just be policy ideas but become legislation in relatively short order. So with that, I'll turn it back.

MR. GALE: All right, thank you very much Neera and all of the discussants, and thank you Michael for the presentation. I neglected to mention earlier that if people listening in have questions, they can email them to events@brookings.edu or they can tweet with the hashtag #wolfatthedoor. So please send in comments. We'd be happy to -- to address them.

Let me just say very briefly, what I loved about the book so much was the way it wove together history, politics, law, and economics, and it's easy to get one of those or sometimes two of those, but it's hard to get kind of an integrated analysis. For me, that was very helpful, very -- led to a variety of insights that even if I knew each of the individual things, I hadn't put them together in my own head and understood the implications of them.

So let me just start with Michael. Was there anything you would like to say in response to the -- to the commentators before we go to a more general discussion?

MR. GRAETZ: Yes, I would like to make a couple of comments, if I could. I really want to thank all three of the commentators for -- for their thoughtful comments and -- but I do want to make clear that there's more agreement I think between Camille and I than was implied at her comments. That is, we talk about it, economic insecurity and her concern was that we didn't talk enough about inequality. And then she focused I think quite appropriately on racial inequalities and the impact of that politically.

When we were concerned, and this is before the pandemic, and I think it's important, what our concern was that the spotlight had been put on the top 1 percent or the top 0.01 percent of the people, the millionaires and billionaires that Bernie Sanders and others like to talk about. And much of the evidence about how people think about inequality, which is consistent with what Camille said, is people sort of in their economic circumstances, I always like to use the example of a colleague of mine who at the law school was far more upset that he learned that another professor was getting 10,000 dollars more than he was than that somebody downtown in New York City practicing law was making millions of dollars more than he was. And you know, the American -- the American people don't want Jeff Bezos to have even a billion dollars, but he's got hundreds of billions and if you took half of his wealth or three quarters of his wealth, he'd still have too much wealth for people's taste. And so we were concerned and we were particularly concerned that the slogan, "We are the 99 percent" was not describing an effective coalition and as everyone here knows, the idea that 99 percent of the American people could agree on anything seems extremely unlikely at the moment, much less the idea that they would be an effective political coalition. And so that was the inequality that we were focused on and we were very clear in the book that the nostalgia for what has been described as The Great Compression during the post war era when economic growth was supposedly spread more widely through the population, was as we say, it was very good if you were a White male during the post war era, but it was not good economically for African-Americans or for -- or for women. And so I -- I agree entirely that -- that there is a lot of concern that people are worried about race and xenophobia and you know, it's not an accident that Donald Trump has proposed building a wall across the southern border rather than the northern border. And so race is -- is obviously and has continued to be the American dilemma as Myrdal put it, and I just want to make it clear that we don't disagree with that and actually we were quite careful that some of the examples of people that we talk about are African-American people suffering in this context. So we don't treat this as a White person's problem or -- or as a White man's problem. It is everyone's problem who's -- who's in the middle or below broadening the middle definition quite a bit.

I also just want to say that I appreciate Neera's optimism. I'm glad to see that all the years in Washington have not diminished her optimism. I've always known her to be optimistic and it may be the case that the window for policy is widening or will widen briefly, and this is where we are very

concerned about setting priorities and achieving proximate goals. And I'm for paid leave. I think it would be a great improvement in people's lives, but I'm much more worried about the loss of jobs than I am about that, and I think that they're going to have to be some choices made even if Neera's hopes for the November election all come true. And so I think it's important to think about this in the centrality of work to dignity to actually family piece, you know to the impact on the disability roles for social security, and so forth. It's so central for us that we thought that was the place to begin. We thought so before the virus struck and at least I, I can't speak for Ean here, but at least I continue to think that those are hugely important, although I would like to see both paid family leave and the refundable child credits that Bob has suggested. But I want to thank you for -- for all the nice things everybody said about the book but also for reading it and for taking seriously its discussion about politics and policy, and I particularly want to thank Camille for bringing some of the politics and -- and Bob, the political discussion to the forefront, which I did not have time to do.

MR. GALE: Thank you. One of the questions we got, which I think is a really good one is -- how do we -- how do you take your framework for coalition building and knowledge of the history of politics, economics, law, and apply that to an issue like family leave and early childhood care and sort of make that -- how does one make that as accepted and urgent as a national priority as K-12 education is?

MR. GRAETZ: Well, it's -- it is a very good question. There is in the book, several pages on this issue and on education and everyone I think all of us and probably all of the people who have tuned in to this, are very worried about quality K-12 education and the huge needs in the country for improving across the board, K-12 education. We really looked very hard at the education literature and talked to a lot of people about how one might move forward, and unfortunately, we could not when all was said and done come up with a solution to the problems of quality education that make it as hard for people who we are concerned about to build human capital as it is and has been for them to build financial capital. And I had the luxury in my house of having a daughter who's been teaching inner city children in New York, Boston, and now Oakland, for a number of years, and I had her read these pages and ask her and she had studied educational policy and so forth -- ask her if we were being too harsh on the inability to create a coalition. And she said no, and we -- we basically had argued that -- that improving K-12 education is likely to happen because of the local nature of our education policy in the

United States, it's either one district at a time or even one school at a time.

Interestingly, because there is no structure that has been in place for a very long time for children who are below school -- public school age, there have been experiments with universal pre-K in places like Oklahoma. Alabama's quality program has been rated very high. And so there are coalitions, I think, for improving the care of children and preschool and getting people up to a place where they're better able to go forward and the evidence is that this education and -- and good childcare has long lasting effects people's ability to earn income in later life. But as you know well, the disparity in America, the threats that we described earlier from technology and the like are very disparate for people who have had a college education or more compared to people who have had only a high school education. A Yale or Columbia graduate abused the fact that they may change jobs 10 or 12 times during a career. It's an opportunity. But for people who are limited in their resources and their educational backgrounds, this is hugely challenging, and it is the future of work, I fear. So there's a lot to be done, but you're got to start somewhere.

MR. GALE: Thank you. Any of the discussants like to address this issue of how we build a coalition for family leave or early childhood?

MS. BUSETTE: So can I -- I guess I -- I -- is it okay if I jump in on something here?

MR. GALE: Sure.

MS. TANDEN: You know, I think the childcare is an interesting fact, right? Because childcare early learning is an interesting fact because at the local level, there's been bipartisan, almost nonpartisan support. You know, you've seen tremendous gains in blue and red states. I mentioned Oklahoma. Alabama had a big expansion. California had a big expansion so -- but it is -- it is a case where in Washington it has really -- it had during the Obama years in particular, really bogged down. President Obama proposed major expansions of early learning. You know, this is a, just to share, the Center for American Progress did joint events with the Chamber of Commerce around the importance of early learning. Back in the day we highlighted governors who have done that, but you know, I think because of the role of negative partisanship in the United States, Congress, you know, nothing moved and I think we you know have to be really honest about this negative partisanship and what it means.

Having said that, I -- I also think we could be at the cusp of a different kind of politics and

I think this is a -- a great example. The support for childcare, early investments in early learning, has grown dramatically over the last several years. It's like -- it has -- you know, when you poll it publicly it's 75/80 percent strong support particularly amongst non-college women of all races, White, Black, Latino. They recognize childcare as a deep economic issue. Early learning is a deep economic issue. And I think let's be honest, you know, we live in a world where there is unified control. This is a -- I should also add one additional point. Joe Biden has proposed the largest scale investment in childcare of any -- any leader ever. You know, we're willing to spend 700 billion dollars on basically creating a new childcare infrastructure in the country dramatically supported by federal dollars. You know, so that almost went without mention, that did a you know, large scale proposal, you know, much greater than what Hillary proposed four years ago and the discourse at all over the last several years.

And I think this is -- this is a real issue, which is it's -- it's not just the coalition. It's the politics underlining it. We could be in a moment where there -- it's -- it's a central component of a Biden agenda that he moves very quickly early on. And I think, the real question is do the tools of negative partisanship still hold sway? And if you are in a place where you have a strong majority in the Senate and people are willing to use reconciliation or/and the filibuster, you know, I -- I think an area where it was so entrenched just a mere, you know, very recently could see dramatic change in -- in the course of a year.

MS. BUSETTE: I also just want to add to Neera's comments there that, and Michael's comments, that we also are at a moment now, particularly around childcare and paid family leave, right, where people recognize that childcare is actually going to be essential to getting this economy back.

MS. TANDEN: Absolutely.

MS. BUSETTE: Right, so that coalition has broadened pretty significantly absent a Biden win. There's still, I think a coalition there. And again, for paid family leave, you know, we're obviously not going to have a vaccine on January 1st and it's going to be you know phased in over the period of a year and having paid family leave is going to be really important for people to be able to move forward economically in a variety of different ways. That's already been demonstrated over the last six months since the coronavirus really -- really got going in the U.S. and continues to be demonstrated, and I don't think that there's going to be any difference between now and a year from now in understanding how

important paid family leave is for families to be able to make it through particularly a recession.

MR. GALE: Great, thank you. Bob, did you want to add anything?

Mr. Greenstein: No, why don't we move to the next question.

MR. GALE: Okay, thanks. Michael, in your book, you talk about a lot about what you might call the -- the micro impact of economic insecurity, that is if somebody loses their job, how do we design an unemployment system to compensate them fairly? How do we design EITC? But I wanted to take a step back and look at -- at what's causing this economic insecurity in the first place? What are the big driving forces you know, financial instability, protectionism, slow growth, aging in society? I mean, what do you see as the big drivers of insecurity and you know, are they things that we just have to live with or are they things that we can modify?

MR. GRAETZ: I -- I said that you know, being very conventional about it, that globalization has had an impact. I -- I think it's having less of an impact at least imports are having less of an impact. We know tariffs are not successful. The cost per job and who they burden have made it clear that protectionism is not the answer to this problem, although there are forces in both parties that seem to like protectionism because it's symbolically important. But we really think that going forward, the big issue is going to be technological change and it's not that technology will not create its own jobs, at least historically changes, transformations, and technology have created their own jobs, but it's going to require people to move and in some cases to change what they're doing. And it's not -- we're not talking about just you know, driverless cars and -- and cashier-less grocery stores. In the same way that Neera and Camille have pointed out that the virus has -- has opened up a window for opportunities with regard to things like paid family leave and childcare, the virus has also stimulated huge innovations, not the least of which are the improvements in the Zoom technology that we're now using where you have entrepreneurs and -- and software designers creating more and more ways that work can be done both from home and remotely in other sorts of ways. And this is going to continue. So I think, and we're not going to roll the clock back on technology. And while we might want to create barriers at our borders for people and/or goods and services, both of which I think are a mistake, you can't create barriers to technological change. We're not going to -- the luddites of machine breaking eras are not coming back. And so we have to adapt to technology, and I think that is threatening and it is particularly threatening to people who do not

have college educations and are not sort of grown up in a way that their skills enable them to be nimble in a rapidly changing job market. And so that is I think both an opportunity, but also a very, very important threat going forward.

MS. TANDEN: Could I say something here to just add and -- and -- and add to what was, Professor Graetz's remarks, if it's okay. I -- you know, I think -- I think we live in a dangerous time. I think -- I think Professor Graetz really focus on the economic insecurity is really important. I think there is a dangerous -- this is a dangerous time for innovation because I think we live in a time where economic insecurity is driving a discourse that is so antielite it is becoming antiquate opposed to going to college. And you now see a polarization amongst, across party lines, about ideas like going to college, which is in some way like incredibly dangerous to America's innovation edge in the future. And I think the -- the -- this is an argument as laid out and as is clearly stated for these sets of policies. But I also -- I guess I would go in slightly -- I would go in at maybe a more kind of radical direction which is (laughter), you know, over the last 10 or 15 years, really decades, America is innovating sufficiently. There is -- we -- our economy is not -- we are generating lots of wealth. This economy generates a lot of wealth. It just -- this rise of insecurity has taken place against the backdrop of huge corporate profits and lost of wealth creation where we're not at 4 percent GDP, but you know, at an economy our size, even 2 percent GDP is -- is still generating substantial amounts of wealth. The real challenge in this goes to Camille's point, is that it is -- it is distributed incredibly unequally, and you know, from my social contract piece, the point I really got was you know, if we just distribute the benefits a little bit more equally, you know, we would -- we could create a lot more economic security. So you know, tax the wealthy a lot more and -- and create jobs in areas that we have mass needs. You know, the market does not -- is not responding to climate. The market is not responding to childcare (laughter), so that is why government needs to respond in those areas and it can put people to work doing so. And you know, I mean, I think this is an important framework. In a sense, I -- it's a slightly different framework for the same kind of policy proposals. But at the end of the day, we could live in a much fairer country that still is innovating dramatically, but also addresses that economic insecurity if we just think about you know, ensuring that wealthy people are taxed at a rate perhaps where they were at 1995, and -- and -- and I think a side benefit of that is that, and I think this is really a point of the book, is that if people are feeling more economically secure, then

the antieliteism that is -- is truly counterproductive from a long-term competitiveness position, you know, we could address that concern as well.

MR. GALE: Great.

MR. GRAETZ: Can I just say one word about the antieliteism. I mean it's something that we were very concerned about in the book.

MS. TANDEN: Yes, absolutely.

MR. GRAETZ: And we quote Michael Gove who said, you know, people are tired of elites. They -- they don't want -- they don't want to listen to any experts anymore. As you know well, Donald Trump was really effective in running an anti-expert, antielite campaign of the sort that we hadn't seen since George Wallace ran a similar campaign in the 60s and early 70s. So I think this is -- this is a very, very big problem. And I am not -- I just want to be clear, it's been mentioned so many times (laughter), I just want to be clear. We talk in the book and I'm for raising taxes on high income people and equalizing some of that. I'm skeptical, as Bob mentioned, of a wealth tax for obvious constitutional reasons. But -- but the key is where are you going to spend the money and where are you going to create the jobs? And when we talk about infrastructure, we don't leave out climate change. We, you know, creating a -- a system of -- of electricity distribution and transportation would be enormously helpful to climate change. There's so many needs that it is the jobs programs that would be funded with those taxes that I think is -- is -- is of primary importance.

MS. TANDEN: Yes.

MS. BUSETTE: I just -- I just wanted to add one additional point to this. You know, the question about what creates insecurity. You know, I think part of it is there is just very little attention and very little political power when it comes to the quality of jobs that have been created, some in the pre-pandemic era, 53 million Americans between the ages of 18 to 64, and that accounts for about 44 percent of all workers, qualified as low wage. So you know, over the past several years we've created millions of jobs. When we look at the quality of those jobs, you see a persistent shift towards low paying jobs, and those low paying jobs, which you have to stack up multiple of them to be able to make ends meet, isn't what creates insecurity. So as we're thinking about creating employment, we also have to have a coalition of folks who are interested in creating quality jobs, quality jobs that is jobs with benefits and that

pay a little bit more.

MS. TANDEN: Right, and I just -- if I could just say one additional word. I mean, the truth is -- I mean this is obviously all in the book and all these issues, but just to highlight here, you know, the -- the challenge in the United States is you can have jobs and be incredibly insecure because you won't have healthcare and you don't have a pension (laughter) and you don't have like basic benefits, which is very unusual. In other countries, you have benefits through the state, not through the employment, but through the state. And the United States, plenty of people are deeply insecure in jobs they have because you know, even -- even with their job, they get sick, it is -- or their child gets sick, it costs them tremendous amounts of money or you know, something happens, or they -- you know they have really basically much less retirement, ability to retire even with Social Security, than many other people. So, you know, and -- but I think again, this is the -- this is a point in the book and the point of the book.

MR. GREENSTEIN: I would just add to make an extremely obvious point, with respect to Michael's comments about any eliteism and skepticism of experts, I mean, that better illustration than the degree to which tens of millions of Americans don't wear masks or socially distance and it's the worst pandemic in 100 years, and do not trust the scientists and the experts explaining how crucial that is. What more evidence could one need?

MS. BUSETTE: I mean, and also would be like Japan with that universal mask wearing at this point and be able to have an R negative 1, but anyway.

MR. GALE: All right, let me -- let me ask one more question. Michael, I've gotten a number of comments from people that I'm going to summarize a little, maybe a little too simply as follows. This plan is great for lower middle class and no class households, but it doesn't address the -- the seriously poor, the underclass, the people in poverty. And I'm wondering if you think that's -- I mean obviously the book can't do everything, but I'm wondering if you think that's a fair comment or you know, you were focused on these other issues, or if the book does cover the kind of, the long-term for the underclass people you know, with -- that are not getting food to eat and -- and live in abject poverty.

MR. GRAETZ: You know, I -- I think there's -- that's a fair comment in some sense, that is we are focused broadly on -- on people who are low wage workers and up -- well into -- into the middle

class, and people who are living without any income and have had no income are people who we're very concerned with, but it is not the focus of the book. You know, creating more jobs and better jobs and making work pay better would certainly create opportunities for people who are now poor and not working, so in some sense, we're hoping that the kinds of things we're talking about would make their lives better, but it is not focused on the kinds of programs that are designed to make transfers to people who are -- who are out of work. We don't talk about disability insurance. We don't talk about SSI. We don't talk about food stamps much. We don't talk about programs that are extremely important for those people, but it's just not the topic that we're really focused on.

MR. GREENSTEIN: I could jump in here. As Michael sort of just alluded to, I actually think Michael and the answer you just gave, you could have made a little stronger answer (laughter) in your own defense. A number of the proposals you do make would indeed reduce poverty. Substantially enlarging the EITC, infrastructure in jobs investments are designed in the right way with a particular focus on people in communities who have difficulty getting good paying jobs and entering the labor market. I assume that your call for unemployment insurance reform includes reforms of the problems in the UI system today under which very large numbers of low wage and part-time workers are ineligible for UI when they're laid off and they should be eligible. You call for a path to universal health coverage, universal pre-K, and major advances in childcare, all of which would be helpful. I -- I reiterate if, in my remarks whatever 30-40 minutes ago, I had some addendums to your list and virtually all of them are aimed at the poverty issue, making the child tax credit fully refundable, major investments in low income housing particularly for low income renters, subsidized jobs, programs for people having difficulty entering the labor market which could include for example people recently released from jail or prison have difficulty getting the first job, increases in the minimum wage and the like. And while they weren't in my list, I would also love to see in the agenda through the years, in the list that I mentioned in my opening remarks, I also have in my broader list and would love to see in the years ahead an expansion and an increase in the size of the basic SNAP or food stamp benefit and long overdue improvements in the supplemental security income program, the basic cash aid program for low income people who are elderly or have disabilities, the parameters of which in most cases have not been adjusted, in some cases not even adjusted from inflation since 1974 when the program first began to operate. But I think if we

supplemented the list in the book with these kinds of things, you would have a pretty robust platform on poverty as well as the related issue of economic insecurity.

MS. TANDEN: I would just say that we know what helps, I mean, we've lived to experience that a very tight labor market, so there's large sales investments and infrastructure broadly and childcare, you know, that -- that requires a lot of people and if you as Bob said, structure it right, you know, a significant -- in a significant way, probably one of our better ways, in addition to the EITC and many things, Bob started to add to address long-term poverty and the deeply poor as a very tight labor market for in communities that haven't seen those very tight labor markets, and that is a way you can structure proper policy, these kinds of investments to address that challenge.

MR. GREENSTEIN: I mean, in a nutshell, we need tight labor markets. We need stronger supports for people working at low wages, some through employer requirements, minimum wage overtime, etc., and some through things like the EITC, and we need a strengthened safety net for people who have no or very low wages including families that have no earnings who have been hurt a lot while changes in the safety net in recent decades. And I think the first step, I'm repeating myself, in making progress there would be to make the child tax credit fully refundable, get that full credit to every child including children in single parent families without earnings.

MR. GALE: All right, thank you Bob. Thank you, Neera. Michael, it's your book. You get the last word.

MR. GRAETZ: Well, I -- I want to agree with Neera and -- and Bob about supplements for -- for the poor, and especially agree with Bob -- Bob's defense (laughter) that the programs that we've described would also help alleviate poverty and in another book I've actually talked a lot about the need to improve supplements for rental housing. We, in this book, do criticize the efforts to make everybody a homeowner, which we really regard as -- as good politics and bad policy I think, as you stated, the wrong policy is the way we described it in the book. But I just want to thank everybody for what has been an extremely interesting and thoughtful conversation and I appreciate the fact that many of you, Camille, Bob, and Neera have all been in the frontlines of trying to make people's lives more secure and to raise them up from -- from where they are now and I want to thank especially Bill and Brookings again for having this conference and I hope that many of the listeners will take -- take home these ideas and that at

least some of them would actually read the book.

MS. TANDEN: Give them the opposite order.

MR. GALE: Well, thank you Michael for sharing your outstanding book with us. Thank you, Camille, Bob, and Neera for superb comments. Thank you to the audience and listeners for your questions and comments and for tuning in. Have a wonderful day.

* * * * *

CERTIFICATE OF NOTARY PUBLIC

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Carleton J. Anderson, III

(Signature and Seal on File)

Notary Public in and for the Commonwealth of Virginia

Commission No. 351998

Expires: November 30, 2020