



WHAT AILS OUR ECONOMIC POLICY?

New book says over-emphasis on individualism obstructs real solutions

American culture is dominated by images of fierce individualism. Americans pride themselves on being self-reliant and independent – true heirs of pioneers whose personal grit enabled them to stare down dangers, conquer new frontiers and build a world power out of a wilderness. Yet, for all the appeal this image has, it’s only half the story.

Side B of the historical and cultural record, the one that doesn’t get much play in today’s political debate, says that building this nation was a joint effort. More than just individual determination, it took concerted action by people who pulled together and joined hands to unleash the power of community to overcome obstacles.

A new book by Economic Policy Institute senior economist Jared Bernstein explores this missing half of the picture and the distortion its absence causes in today’s political and economic debates. *All Together Now: Common Sense for a Fair Economy* (Berrett-Koehler, May 2006) shows how runaway self-reliance not only has unbalanced the economic and political discourse, but also, and more importantly, has hamstrung efforts to develop effective solutions to shared social and economic problems.

“In the past few decades, many of the big problems we used to tackle together as shared responsibilities have been shifted onto individuals,” says Bernstein. “But the challenges we face—globalization, health care, rising inequality—are simply too large to be addressed by each one of us on our own, fending for ourselves.”

Bernstein shows that the purveyors of modern-day ultra-individualism – whom he calls YOYOs (for You’re On Your Own) – have pushed a political philosophy that ignores the fact that some problems are simply beyond the reach of individuals’ best efforts. He argues that smart, fair solutions will only be reached by rebalancing this dominant YOYO philosophy with a healthy leavening of WITT (for We’re In This Together).

All Together Now cites many current examples of how the push toward greater individual responsibility has run amok. In every case, a risk that government used to help shoulder (illness, retirement, natural disasters) is being shifted squarely onto individuals:

- Recent attempts to privatize Social Security failed despite YOYO proponents’ claims that Americans would be better off taking their share of the money and investing it for themselves. The administration’s attempts to dress YOYO up as “the ownership society” weren’t enough to persuade the public that they should abandon the intergenerational risk-sharing WITT genius of the Social Security system.
- Health Savings Accounts, another YOYO initiative, supposedly create incentives to make people better “health care consumers” by shifting costs from insurers to families. Their ideological blinders prevent the YOYOs from recognizing that every other advanced economy has solved the challenge of health care by universalizing coverage, tapping the immense efficiencies in risk pooling. Instead, they offer an individualistic, market-based system of private accounts designed to unloose more of the very market forces that got us into this health care mess in the first place.

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- Even a safety net basic like unemployment insurance isn't safe from YOYO intervention. An administration proposal for Personal Re-employment Accounts would allot a fixed sum to a worker who loses his or her job. What if, as happened to many in the most recent downturn, months go by and the worker is still unemployed because the economy isn't generating enough new jobs? You're on your own.
- Joseph Allbaugh, President Bush's campaign manager, was named to head FEMA, an agency he scorned as "an oversized entitlement program" whose functions would be better handed off to "faith-based organizations." Bernstein connects the dots between the YOYOs' philosophy toward governing and FEMA's lethal failures after Hurricane Katrina. He argues that despite 9/11, the YOYOs' approach has left us less prepared for disasters, even while their tax cuts have made it harder to repair the damage.

Bernstein says the hyper-individualistic approach to our most pressing social and economic problems is doomed to fail. In its place, he offers his WITT alternative:

- Bernstein proposes re-forging the link between economic growth and economic rewards. His agenda includes: tapping the benefits of globalization to address its downsides; universalizing health care through Medicare for all; and pursuing full employment to return some bargaining clout to those working families left behind, even in boom times.
- Bernstein notes benefits of globalization, including lower prices and faster growth. But he shows how globalization interacts with the YOYO agenda to concentrate the gains among the few. His solution is a large-scale, public-private venture to seek energy independence while replacing the labor demand sapped by global trade imbalances.
- Bernstein shows that the question is not "Will our health care system have to change?" but, "What will the new system look like?" With simple logic and a few key numbers, he shows that we're paying for universal coverage but getting a highly unequal system that fails far too many of our citizens. He demonstrates the WITT solution: big savings through risk pooling and shedding the inefficiencies inherent in market-driven health care.

Is WITT just another name for the usual liberal agenda? Bernstein anticipates his critics, and answers them this way in *All Together Now*:

"But the WITT agenda is as much old-school progressive as new school: think TR (Teddy Roosevelt, a competent Republican) meets FDR. The hallmark is an amply funded, competent, not too big government that undertakes measured interventions to help its citizens better cope with the challenges they face. . . [F]ull employment, energy independence, a sane fiscal policy, and a responsible government able to rise to the challenges faced by its citizens, from hurricanes to globalization – these policies reside under no ideological roof. No one has a monopoly on economic security."

All Together Now: Common Sense for a Fair Economy (\$12.00, paper, Berrett-Koehler) is available in bookstores and, online, from Amazon.com and Powells.com.

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