



OBAMA'S MODEL

Sunday, April 5, 2009

Every weekend CUIP's president Jacqueline Salit and strategist and philosopher Fred Newman watch the political talk shows and discuss them. Here are excerpts from their dialogues compiled on Sunday, April 5, 2009 after watching selections from "The NewsHour with Jim Lehrer," "Hardball with Chris Matthews," a Charlie Rose interview and "This Week with George Stephanopoulos."

Salit: Let's talk first about the economy. The news reports are showing a 660,000 job loss from last month. There's some haranguing going on in response to these figures: *The stimulus package isn't working, we're going down the wrong road! We thought the economy was getting better, but this shows it's getting worse.* Tell me your thoughts about the latest statistics and the way that these things are being discussed.

Newman: They seem to underscore that if there is to be any improvement, the first place it would show would be the first place the biggest investments were made – namely, in banking and finance.

Salit: Where the first emergency measures were taken.

Newman: Yes. And that sector would come back first, it seems to me.

Salit: Yes.

Newman: I'm not an economist, so I'm just using their language and I don't really trust them, but what the hell, I have no other way to communicate to you. Manufacturing jobs are not only going to come back last, they might not even all come back, because ours is no longer dominantly a manufacturing economy.

Salit: Yes.

Newman: The economy is being permanently transformed. When Obama says Change (with a capital "c"), no small part of what he anticipates is change of that kind.

Salit: The economy is going to change.

Newman: Yes. Now, people are losing jobs, and there has to be a sensitivity to that. Obama has to and, I think, will figure out plans to help this part of the workforce as he transforms the economy. He has that on his agenda. If you're making the economy greener, if you're bringing in universal health care, combined with technological transformations, there are going to be real changes in the nature of the economy. Of course, there are some, like Pat Buchanan, who want to return to a manufacturing-based economy. That's how he won New Hampshire in 1992, after all.

Salit: Right.

Newman: But, that's not going to happen. We are no longer a manufacturing-based economy. It's not 1910, it's 2010.

Salit: Obama's move to force Rick Wagoner out as the head of GM has been controversial. Some people have praised Obama for doing it. They thought it was a hardball move, asserting a certain set of standards and representing the interests of the taxpayers in the negotiations with Detroit.

Newman: Those are the left-wingers.

Salit: OK. Some people were upset about it. John McCain called it an unprecedented and dangerous action. Never happened in the history of this country.

Newman: Those are the right-wingers.

Salit: OK. How do you pass judgment on the action that Obama took?

Newman: It's consistent with what Obama's doing. He's a socialist and a pragmatist. But what he mainly is, is a pragmatist. So he's going to transform – or try to transform – things in a moderate way. And, this is an example. What's more, I'm sure this was worked out in advance. I don't think Wagoner was taken by surprise. And I don't think he's going to have to sell any of his houses.

Salit: We listened to the conversation between David Brooks and Mark Shields, and Brooks had a cautionary tale relative to the Wagoner thing. He says that it's the politicization of the industry, that when the government starts to pick winners and losers in the private sector, it's a problem. This point has been made before, relative to Lehman Brothers being allowed to go down vs. the other investment banks. But Brooks introduced this notion of politicization.

Newman: Yes.

Salit: As he said, politicization without nationalization.

Newman: That's what Obama stands for. That's what he believes in.

Salit: Yes?

Newman: Look, you start that sentence, *When the government starts picking winners and losers*, but the full thought actually begins a half sentence before, as in *When the private sector is picking only losers, then the government starts picking winners and losers*. I don't think that's an unfair pragmatic arrangement.

Salit: And, what about the idea that Brooks suggested that once you get into that game, given the nature of the political process itself, you're subject to making certain kinds of decisions about which company is going to be bailed out and which company isn't, by virtue of pressure from the Democratic elected officials in a particular state, or the influence of Democratic Party donors from a particular part of the country. He didn't say that Obama was making these decisions on that basis now, but one implication of his argument is that this makes Obama vulnerable because he'll have to choose on the basis of political pressure.

Newman: But that's missing the point, isn't it?

Salit: How so?

Newman: Well, I think that's what Obama believes in. It's not that he's more vulnerable. It's a change that he's looking to effect.

Salit: And the change that he's looking to effect is...?

Newman: To have the government more politically involved.

Salit: OK. But that's different than the government being more economically involved.

Newman: It's not so different.

Salit: OK, maybe that's where we're heading in this conversation. It's one thing if the government needs to be more economically involved. But, if you do that, it invariably opens the door to the government being more politically involved in its economic decisions.

Newman: Right, that's what Obama supports.

Salit: I thought what Brooks was saying was that you might end up making choices based on political considerations rather than growth considerations, or something like that.

Newman: I know. But Obama wants to connect them.

Salit: OK.

Newman: It would be a problem if you weren't looking to do that. But, you can't call it a problem if that's what you're looking to do.

Salit: So, in his architecture, why is he looking to do that?

Newman: To be most generous to Obama – his populism gets expressed as the government acting more directly to give expression to the will of the people. So, if you're

being kindest to him, which I'm willing to be, he wants the people to have more of a voice, and this is his way of doing that.

Salit: OK.

Newman: Now, if you counter, *But what happens if the Republicans regain power*, well, Obama's saying *Don't let 'em*.

Salit: Right. But in Obama's formula, it's the Democratic Party and the Democratic Party superstructure and infrastructure that are the vehicles for expressing the will of the people.

Newman: Well, he's counting on transforming the Democratic Party in to a more populist left-wing party.

Salit: Got you. So, he goes to Europe and he says to the European leaders, the era of U.S. dominance is over, we need to work together to solve the international economic crisis. He says, "America is changing, but it cannot be America alone that changes." What's your take on how that message is being received?

Newman: I don't know. It depends so much on what is meant by change in different places.

Salit: And?

Newman: In a sense he's saying to the Europeans, *Look, America is being forced to be more socialistic. And, we're doing so. We didn't do it out of free will. But we're doing it because we realize that the lack of a socialist element in our overall economic design put us in a disastrous position.*

Salit: Right.

Newman: In some sense, it opened the door for greed.

Salit: For greed? Yes.

Newman: It's harder to be greedy in Europe because they do have a socialist underpinning. It's not as good a model for maximizing capitalist gains. It's a bad model for that.

Salit: Or a limited model.

Newman: Yes. But now the U.S. has to change that because there's been too much greed and that brought on a collapse.

Salit: Yes.

Newman: But, he's saying, there has to be more of a balanced deal with Washington. And the deal I think he's offering connects to a combined battle against terrorism.

Salit: How?

Newman: He's saying there has to be more support for the U.S. playing the role of the primary military power. If we're going to play that role, and if we have made concessions relative to the economic situation, Europe is going to have to play more of a role in following the U.S. on dealing with terrorism, because the U.S. can't have the full burden of that mandate.

Salit: It's not a bad deal. And it has big economic implications because America foots the bill for our military and that's an expensive proposition.

Newman: I think Obama is saying *Economically speaking, we're moving to a position of being more closely aligned to the kind of things that you've been doing for a long time. And, we're still the world's biggest and most powerful military force. But we can't carry that alone for a variety of reasons – economics being one of them.*

Salit: Yes.

Newman: So, says Obama, *we have to get a little bit more from you folks on that front.* That's the impasse, or the unresolved issue. It's a compromise and I don't know if the Europeans are ultimately going to want to do it.

Salit: One other question. We watched Doris Kearns Goodwin and Richard Goodwin talking with Charlie Rose about presidents being great – about a president wanting to be a great president. At one point, Charlie said, 'Can you be a great president without a war?' What do you think about that? He's obviously talking about Obama. Is Obama going to emerge as a great president? Can he do that, and can he do that without a war?

Newman: This might sound like a conservative position but, if you move the U.S. a little more towards socialism ...

Salit: Yes...

Newman: ...or maybe even a lot more towards socialism, and you do something significant about terrorism, and if you somehow find a way of, at least, neutralizing the Middle East situation, you can be a great president. I don't know if you can be the greatest of presidents. You don't need a revolutionary war or a civil war to be a great president. But, actually, when you are living through an era of nuclear weapons, as we are, you probably can't be a great president with a war at all.

Salit: Thanks, Fred