

Government Is Back

di Paul Waldman

On Jan. 20 the Age of Reagan ends, and the Age of Obama begins. We don't know if it will last, but we do know that conservatives can no longer force everyone to play by their rules.

Years from now, we will look back on Jan. 20, 2009, as the day the era of conservative dominance we might call the Age of Reagan finally came to an end. Twenty-eight years ago, the 40th president looked out over the National Mall and proclaimed, "Government is not the solution to our problem; government is the problem." He went on, "It is no coincidence that our present troubles parallel and are proportionate to the intervention and intrusion in our lives that result from unnecessary and excessive growth of government."

It was a message the country was ready to hear, and in the years that followed, Reagan's party and his ideology dominated our political life. But this year's election -- and what has happened since -- makes it clear that a new era is beginning. Obama has seized on the economic meltdown to propose not just tougher regulations but an aggressive program of federal spending to restore infrastructure, rebuild crumbling schools, and create green jobs. We don't know yet what it will cost, but it will be a lot. And after we just threw \$700 billion at Wall Street, few are grumbling about the price tag. Government is back.

But it took a while to get here. Even Bill Clinton's extremely successful presidency played out on the field Reagan and his acolytes had designed. Many remember that in his 1996 State of the Union address, Clinton declared dramatically, "The era of big government is over." But it wasn't just that one statement -- in the paragraph before, Clinton said, "We know big government does not have all the answers. We know there's not a program for every problem. We have worked to give the American people a smaller, less bureaucratic government in Washington. And we have to give the American people one that lives within its means." The words could have come straight from Reagan's mouth.

It was this idea -- that if government was big, it must be bad -- that Clinton was forced to accept. Reagan and his acolytes had sewn antipathy toward government into the political fabric. For all Clinton accomplished, he could never change that.

The president to whom Obama has drawn so many comparisons, John F. Kennedy, was not ashamed to praise the behemoth in Washington. Campaigning in 1960, Kennedy referred to "this great bureaucracy of ours ... this great government of ours." When was the last time you heard someone refer to a bureaucracy as "great"? Kennedy didn't see government as bloated and slothful. He talked about it as though it could be an engine of technocratic problem-solving, a magnificently powerful tool with which Americans' lives could be improved. "We have to prepare it for motion," he said, "we have to prepare it to move, we have to get the best people we can get, and then we have to organize our structure so that they can act."

This speech, which Kennedy gave at Wittenburg College in Ohio a few weeks before he was elected, could well have been delivered by Barack Obama. Kennedy decried the lack of diversity in

government, laid out an eight-point plan for ensuring an ethical administration, and made a plea to the students to serve their country by joining its government. "I ask you to consider how you can best use the talents which society is now helping develop in you in order to maintain that free society," Kennedy said. "All of us are involved in the discipline of self-government. All of us in this country, in a sense, are officeholders. All of us make an important decision as to what this country must be and how it must move and what its function shall be, and what its image shall be, and whether it shall stand still, as I believe it is now doing, or whether it shall once again move forward."

Kennedy was operating in a political world whose contours were still shaped by Franklin Roosevelt's New Deal, which is suddenly on lots of people's minds. As it becomes increasingly common to hear the word "depression" in discussions of the current economic crisis, it's worth remembering why the Great Depression finally came to an end. Although we are now seeing some disagreement about Roosevelt's record, both progressives and conservatives agree that it was World War II that finally put the Depression into the past. Conservatives sometimes point this out as a way of belittling the New Deal, but as Paul Krugman has reminded us in recent days, from an economic standpoint, the war was a gigantic public-works program. The economic benefits came from the federal government spending staggering amounts of money -- borrowed money, by the way -- on factories, materials, and Rosie the Riveter's salary.

And let's remember just how vast that public-works program was. In 1940, the last year before the U.S. entered the war, the federal budget was \$9.5 billion. Five years later, it had increased almost tenfold, to \$92.7 billion. Over those five years, the country's economy doubled in size. Federal spending in both 1944 and 1945 amounted to 43.6 percent of gross domestic product, a figure seen neither before nor since (historical data on the federal budget can be found [here](#)).

So if we want to duplicate what FDR did, we've got a long way to go. In terms of GDP, in order to match the spending at the height of World War II, we'd have to increase next year's budget by \$3.5 trillion. Obama's plan is big but not that big.

But it's more than the sheer number of dollars spent that matters. Far more important is the broad acceptance of the idea that when the country faces a crisis, it's the government's job to step in and do everything it can to solve it. Bill Clinton faced a difficult economy when he took office, but he had no choice but to accommodate himself to the prevailing ideological mood, one whose terms and perspective were dictated by conservatives. Unable to make an affirmative case for government itself, Clinton's hopes for ambitious new spending were quickly shelved in his first days in order to accomplish deficit reduction. (Clinton's first budget did raise taxes slightly on the wealthy; it passed without the vote of a single Republican in either house of Congress.)

In contrast, look how Obama responded to the announcement at the end of last week that the economy had shed half a million jobs:

"Now is the time to respond with urgent resolve to put people back to work and get our economy moving again. At the same time, this painful crisis also provides us with an opportunity to transform our economy to improve the lives of ordinary people by rebuilding roads and modernizing schools for our children, investing in clean energy solutions to break our dependence on imported oil, and making an early down payment on the long-term reforms that will grow and strengthen our economy for all Americans for years to come."

In other words, this crisis is an opportunity for some high-powered, fuel-injected action, deficits be damned. Government is the solution.

Many have gotten used to thinking of Obama as cautious, careful, and considered, but this is only part of who he is as a politician. He can also be extremely bold in seizing opportunities. Consider that when he made the decision to run for president in 2006, most astute observers thought it a fool's errand. Here was a first-term senator just two years removed from the Illinois statehouse, thinking he could beat a woman who possessed the party's most formidable political machine, the support of the establishment, and a steely resolve. But Obama could see what those who counseled that he needed more seasoning could not. He correctly surmised that 2008 presented a unique opportunity for him, and he took it.

We have no way to know whether the openness to government that makes Obama's new aggressiveness possible will survive his administration's first year, let alone a generation. The country's feelings about government in the days to come will be determined by whether this incoming government can actually succeed in boosting the country's fortunes. What we do know is that the time when the likes of Reagan, Gingrich, and Bush forced everyone to play by their rules is over.