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THE



SOLUTION

Fixing America's Problems
in Ways Liberals
and Conservatives Can Love

MATT MILLER

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and ending gridlock on major issues."*

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PUBLIC AFFAIRS
New York

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PRAISE FOR *THE TWO PERCENT SOLUTION*

“*The Two Percent Solution* is a welcome return to political thinking on a big-canvas agenda. Miller’s plans do not reduce to cynical exercises ... designed mainly to win and hold on to executive power. Instead, they are intended to include all citizens under the simple idea that the public sector can intelligently do some good in the world.”

—CHRIS LEHMANN, *Washington Post Book World*

“Most people think that making America a far more decent place—a place with a lot less poverty and misery—is an unattainable dream. It ain’t so—and this book explains why. Matt Miller’s book is the best explanation I’ve seen so far of how a bit more money and a lot more sense can improve our society.”

—PAUL KRUGMAN

“A small marvel of a book, an extended discussion of public policy that will wake you up rather than put you to sleep ... the Republican in the White House should take heed as well.”

—GARY ROSEN, *Wall Street Journal*

“Matt Miller shows that the biggest crisis we face is the crisis of imagination. Political leaders refuse to think outside the conventional ruts. But Miller has done just that, superbly. I haven’t felt this hopeful about domestic policy and our national prospects in a long time.”

—DAVID BROOKS

“In this stimulating and constructive book, syndicated columnist Matthew Miller not only calls our attention to some of the most serious and urgent problems confronting our country, but also accomplishes the even more laudable feat of offering some workable—and affordable—solutions. Miller has a gift for setting forth his ideas in vigorous, direct and irresistibly lively language.”

—MERLE RUBIN, *Los Angeles Times*

“Matt Miller for president ... If you care about where the nation is headed, if you worry about 40 million Americans having no health coverage, about struggling urban schools ... about the 15 million Americans who work full time but still live below the poverty line, read Miller’s book ... Miller is passionate and bold.”

—CHRIS SATULLO, *The Philadelphia Inquirer*

“Read the first 50 pages of *The Two Percent Solution* and you won’t be able to stop. Matt Miller is a major new talent in American public life, and his first book flows like a fresh, cold stream through the Rockies, slicing through mountains of rhetoric toward irresistible conclusions. But be warned: you won’t be able to finish the book without feeling incensed about the way we’re failing to fix our health care, our schools, and our future.”

“Whether you mostly agree or disagree with Matt Miller, you can never fault him for thinking small. Indeed, he is fast becoming one of the most original and interesting essayists on politics and policy in the country. *The Two Percent Solution* offers another intelligent challenge to the tired conventions of contemporary political debate from a man whose chief interest is always the progress of his country.”

—JOHN MCCAIN

“[Miller is] an engaging writer and out-of-the-box thinker ... His solutions uniquely combine a powerful moral dimension with economic sophistication and a lot of original thinking.”

—DAN SELIGMAN, *Commentary*

“If liberals and conservatives could ever agree on anything, it would have to be something as blazingly simple—and original—as Matt Miller’s ‘two percent solution.’ And Miller is one hundred percent right: We’ve got to get serious about fixing our nation’s substandard schools, insultingly low wages, and unaffordable health insurance. *The Two Percent Solution* is an ideal place to begin the debate on rebuilding America.”

—BARBARA EHRENREICH

“While other political authors rant and point fingers, Miller offers readers a centrist vision of how we might redeem America’s ‘commitments to equal opportunity and a minimally decent life’ ... The strength of Miller’s book isn’t just in these ideas ... It comes in boldly arguing that these ideas belong at the center of the political debate even after a decade in which one president miniaturized the national agenda and another miniaturized the nation’s resources.”

—MARK PAUL, *The Sacramento Bee*

“[An] elegant read”

—DAVID GRATZER, *National Review*

“A grand new policy vision that seeks to enrich public life and solve seemingly intractable political dilemmas while re-animating the dormant center of American politics.”

—BENJAMIN HEALY, *The Atlantic Monthly Online*

“For pure American-style optimism, nothing beats Miller’s reformist thesis—carefully researched and argued in convincing economic and political detail—that at the cost of two percent of the GDP, health insurance could become universal, public education for the poor could be dramatically improved and poverty could be nearly eliminated.... This book is a blueprint to the United States society I wish I lived in.”

—GREGG EASTERBROOK, *New Republic Online*

“Original, arresting, and carefully argued, *The Two Percent Solution* establishes Matt Miller as the liberal to reckoned with. Conservatives need to pay attention—because what Miller is proposing

today, we're all going to be debating tomorrow.”

—DAVID FRUM

“In addressing the obligation of the more to the less fortunate ... Miller, a disciple of philosopher John Rawls, is at his most prophetic.”

—R. STEPHEN WARNER, *Christian Century*

“Matt Miller’s *Two Percent Solution* challenges us to get serious about social justice by confronting the reality of America, not the unreality of most political campaigns. This critical book asks us to open our minds far enough to see that real remedies exist for some of this country’s toughest problems.”

—BILL BRADLEY

“*The Two Percent Solution* proves what those who have read his newspaper column know: Matt Miller is not only brilliant but he has what is even rarer, an original mind that comes up with fresh answers to old problems. And what’s more, he presents it all in prose that is as lively as it is incisive.”

—CHARLES PETERS

For Jody and Amelia

PROLOGUE

Here's the Deal

Suppose I told you that for just two cents on the national dollar we could have a country where everyone had health insurance, every full-time worker earned a living wage, every poor child had a great teacher in a fixed-up school, and politicians spent their time with average Americans because they no longer had to grovel to wealthy donors? Suppose I also said we'd largely be using "conservative" means (like tax subsidies and vouchers) to reach these seemingly "liberal" goals—and that when we were done, government would be smaller than it was when Ronald Reagan was president?

If you're like most people, I'd wager that for two cents on the dollar you'd say this sounds like a intriguing deal. But then suppose I explained that "two cents on the dollar" means two percent of our \$11 trillion national income (gross domestic product, or GDP), which is \$220 billion a year—orders of magnitude beyond the boundaries of Washington debate? If you listen to the "experts" who set the terms of that debate—the politicians, the mainstream press, and the vast associated network of analysts, advocates, and other talking heads—you'd conclude such a plan was impossible. If you listen to common sense, however, finding two cents on the dollar to reach the goals I've mentioned seems almost a snap.

Between our proper intuition that two percent is a small number and the Washington consensus that a \$220 billion shift in national priorities and resources is beyond imagining lies a chasm in which nearly every claimed "solution" from our political leaders—indeed much of public debate itself—turns out to be a hoax. Things don't have to be this way.

The Two Percent Solution will do more than simply reframe the national debate about our collective possibilities; it will help us make dramatic inroads on some of the nation's biggest domestic problems in ways that are broadly acceptable, pragmatic, and just. If this sounds audacious, it has to be, because the price of persisting with today's false fixes will soon be too high. Fewer than ten years remain before the baby boomers' retirement will drain away all the cash and political energy to do anything but cope with their colossal health and pension costs. If you think it's hard now to get a serious discussion going about the 42 million Americans who lack health insurance, the 15 million who dwell in poverty despite living in families headed by full-time workers, or the 10 million poor children whose lives are blighted by dysfunctional schools, then starting in 2010 it will be next to impossible. These problems will take federal cash to help fix—cash that is mistakenly viewed as "unaffordably liberal" under existing terms of debate, but that as a practical matter will be hard to get direct to these priorities if we haven't gotten serious before 76 million boomers start hitting the rocking chairs.

How unserious are we today? Here's all you need to know: In the last decade our economy has grown by 40 percent, but the problems we're talking about have gotten worse, and serious talk about addressing them has all but vanished. Our shrinking ambition is depressingly measurable. In 1992, for example, the first President George Bush proposed a plan to insure 30 million of the then 35 million

uninsured, and Democrats slammed it as “too little, too late.” Today the outer limit of the current President Bush’s “compassion” is a plan that would insure 6 million of the now 42 million uninsured. Meanwhile, no Democrat who wants to be president today would endorse Richard Nixon’s plans from the early 1970s for universal health coverage and a minimum family income: Nixon’s package is far too “liberal”! Instead, the two parties debate when and how to eliminate the estate tax, the bulk of whose burden falls on the heirs of only three thousand of the nation’s wealthiest families.

What happened to America’s political will to solve the problems facing ordinary people? The short answer is simple. Since 1994, when the Clinton health care plan imploded in a fiasco that cost Democrats control of the Congress, Democrats have been too scared to think big again. Republicans, emboldened by this Democratic timidity, have chosen to push harder for their traditional priorities of cutting taxes and regulations. What’s been lost in the dysfunctional debate of the last decade is a commitment to two long-standing American ideals: equal opportunity and a minimally decent life for all citizens of a wealthy nation.

What American politics urgently needs, therefore, is not a new left, but a new center. Domestic debate needs to be re-centered around a handful of fundamental goals on which all of us can agree, whether we call ourselves Republicans, Democrats, or Independents. Yes, there will always be fights over details. But if we first ask, “What does equal opportunity and a decent life in America mean?” can’t we agree that anyone who works full-time should be able to provide for his or her family? That every citizen should have basic health coverage? That special efforts should be made to make sure that poor children have good schools? And that average citizens should have some way to have their voices heard amid the din of big political money?

My aim in this book is to show that these problems have solutions that are affordable, practical, and within reach—solutions that both liberals and conservatives can embrace. Indeed, both sides will have to join hands to solve them because political power is going to remain closely divided for the foreseeable future. It has been nearly a decade since either party has had a sizable majority in either house of Congress, and no presidential candidate since 1988 has been able to win a majority of the popular vote. That leaves only two options: Either we tackle these challenges together, or we go on pretending to solve them while letting them fester until they explode down the road.

The case I’ll make on how we can get serious is simple:

We can’t solve our biggest problems without money. It’s true that money isn’t everything. But for the problems we’re talking about it’s a lot. We can’t buy health insurance without money. We can’t lure better college graduates to teach in our toughest schools without money. We can’t lift workers out of poverty without money. We can’t offset the corrosive influence of big political donors without money.

We have the money. Consider two numbers (22 and 20) and one mystery. Federal spending compared to the overall size of the economy is the best measure of the “size” of government. Under Ronald Reagan and the first George Bush, federal spending averaged 22 percent of GDP. Under Bill Clinton, faster growth combined with spending restraint pulled this figure down to 20 percent of GDP. In ways that the press and public still haven’t appreciated, the budget was balanced (and then unbalanced again) “downward.” Yet today, even after historic spending increases for defense and homeland security, and after making provision for a costly new prescription drug benefit under Medicare, George W. Bush wants to hold federal spending at 20 percent of GDP or less in the coming year because, as he puts it, “we’ve met our needs.” If Bush were to run the government at the size his father’s and Ronald

Reagan's budgets routinely proposed, the feds would soon have more than \$200 billion more to spend each year. The mystery, of course, is why we never hear about the fact that, in overall terms, the rest of government is being downsized this dramatically. The upshot: Two cents on the national dollar can get us a long way toward real answers, and can do so through a government as small as the one we were accustomed to under a conservative Republican icon.

There's a deal to be made. On health, schools, wages, and more, a series of problem-solving "grand bargains" can be reached that involve the same basic approach. Liberals have to be open to market-friendly approaches to these problems, as opposed to simply expanding traditional government programs. In exchange, conservatives have to be willing to pony up money equal to the size of the problems, rather than offering token sums that let them cynically pretend to have a "plan."

The good news is that such "grand bargains" are entirely possible and make for the kind of innovative solutions that we need. The bad news is that our two major political parties are organized around ideologies and interest groups that systematically ban the expression of commonsense ideas that blend the best of liberal and conservative thinking. The result is a "solutions gap" in public life which leaves Americans discouraged, cynical, and tuned out. And why shouldn't we be? How else should we respond when it's clear that *neither party has a political strategy that includes solving our biggest domestic problems? And when it's equally clear that both parties are lying to us about the answers that are possible!*

The way to get past the bipartisan make-believe is to look at our problems in a different way. Our leaders usually ask, "How can I address this, or at least seem to address it, in a way that keeps my interest groups and political donors and ideological allies with me?" This is very different from asking, "What's the best way to make serious progress on this problem?"—and then figuring out how to get a majority of people to follow you. The policies you pursue after the first question are pre-sold because a constituency for the pseudo-answer already exists. The downside, of course, is that you don't solve the problem. Needless to say, we've been trying it this way for years.

If you look at the problem head-on, however, and ask, "What's the best way to really solve this?" the solutions tend to be pragmatic blends of ideas from different camps. Some aspects of these fixes will be favored by liberals; others will be favored by conservatives. If we're serious about results, we have to draw on both. If you don't like the idea of acknowledging what's right in the other side's worldview, I have three words for you: *Get over it.* With the boomers' retirement closing in, we no longer have the luxury of pretending to be serious about these problems. We actually have to be serious.

The boomers' retirement will bring an unprecedented fiscal collision that forces us to rethink much of what we ask from government and how we pay for it. The sheer size of this challenge will make it hard to take up new causes unless we've built them into our vision of American society in advance. In this context, getting serious about the uninsured, the working poor, inner-city schools, and rigged elections isn't a job for altruists and do-gooders; it's about self-interest. To get the economic growth we'll need to pay for all those gray boomers, we can't afford to leave a huge swath of the country ill-schooled, illpaid, or just ill—not to mention closed out of the democratic process altogether. Instead, if we're to sustain America's greatness, this next decade will have to be one of those rare moments in which real answers trump ideology and political jockeying.

Who am I to make this case? Here's the two cents so you'll know the biases I bring. I'm a Democrat who spent several years as a business executive and management consultant before going

Washington on a nonpartisan fellowship in 1991. For a year I worked for the Republican chairman of the Federal Communications Commission, helping modernize old regulations that made no sense. From 1993 to 1995 I served in the White House as a top aide in President Clinton's budget office, working to slay the big deficits Clinton inherited. After leaving government I worked as a journalist for *The New Republic*, *Time*, and *U.S. News and World Report*, where I spent a great deal of time digging for the facts obscured by political rhetoric. And as a syndicated columnist, radio host, and consultant for the past five years, I've tried to develop and promote this "ideologically androgynous" agenda. I've written this book out of deep frustration with today's politics in the hope that it might give voice to others who feel the same way, and offer both an angle of a vision and a concrete agenda that can change the terms of national debate.

I've explored these ideas in conversations over the last few years with top officials in both parties; with business, labor, and media leaders; with university and foundation presidents; and with policy experts of all stripes. You'll hear many of their voices in the pages ahead—from Bush cabinet members to top Democrats, from the superintendents who run our biggest school districts to the editors who run *The Washington Post* and *The New York Times*. You'll also hear from less well known thinkers whose ideas can point us toward progress. In addition, I'll share the views of average citizens from two focus groups and a national poll I commissioned specifically for this book. From the hundreds of conversations, I'm convinced that a new agenda is possible that blends the best of liberal and conservative approaches in ways that can command broad support. All it will take—that is, apart from the usual impossible hurdles confronting any scheme to move national politics—is a little imagination and an open mind.

Here's how we'll proceed. In Part One of the book we'll get clear on the problem: namely, that we're not serious when it comes to addressing our biggest domestic challenges. We'll tease out how and why we've ended up with today's "tyranny of charades," and why time is running out to change course because of the collision ahead when the boomers retire. Part Two then focuses on the Two Percent Solution itself. We'll first step back and lay a little philosophical groundwork by examining the pervasive role of luck in life, and how taking life's "pre-birth lottery" seriously can bring the consensus we need to make progress. We'll then examine the "grand bargains" we need on health care, poor schools, wages, and campaign finance—with the help of many of the officials who'd have to implement them. We'll explore how to sensibly pay for it all and make sure we can still fix everything else (like Social Security and Medicare) the nation needs to address as well. In the book's final section, we'll look toward a Two Percent Society, examining public opinion, the role of the press, and the ways that the Two Percent mind set can help foster the leadership and the followership we need to turn these ideas into reality.

As I've made the rounds refining these ideas, I've heard a thousand variants of "sounds great, but it'll never happen." The unions will kill it; the politicians won't risk it; business won't buy it; you can't reallocate the money. Given the poverty of today's debate, this skepticism makes perfect sense. But in the broader scheme of things, it's nonsense. Of course getting from here to Two will take work. Compared to what Americans have achieved together before, however, the package this book lays out is literally small change. When a country is just two cents on the dollar away from social justice, there's plenty of grounds for hope.

PART ONE

The Problem

WE'RE NOT SERIOUS

What do we do when neither major party has a political strategy—that is, a strategy for winning power—that involves solving our biggest domestic problems? And when a looming demographic and fiscal collision means the time left to get serious is running out? That's the predicament we face today, and if you haven't been encouraged to think of it in those terms, there's a reason. The illusion of action in Washington's oldest con. Barely a day goes by without a dozen new "plans" being unveiled to Save Something Good (the schools, the Everglades, Social Security) or Stop Something Evil (HMOs, trial lawyers, tobacco makers).

The reality, of course, is different. While the brands of deception vary, and intentions run the gamut from good to malign, the result of these bipartisan shenanigans is the same. Make-believe responses to national problems vie in a competition for votes that has almost nothing to do with solving the problem in question. The media ends up in cahoots with politicians in creating this illusion of meaningful action, both because (1) media norms don't allow reporters to say "this is a charade" even when they know it is (reporters are supposed to be "objective"), and because (2) for reporters to admit they are often tacit conspirators in such hoaxes cuts too close to the bone.

Look around: On the questions we'll be examining—health care, schools, wages, and campaign finance—there are few honest debates to be found. We'll get to how decent, intelligent people end up offering this disappointing gruel, but first it's important to establish that we are fundamentally not serious.

The Great Shrinking Health Care Debate

The most vivid illustration of today's lack of seriousness concerns health coverage, where our ambitions regarding the uninsured have shrunk dramatically in the last decade, even as the country grew wealthier and the problem got worse. To see what I mean, go back for a moment to the 2000 Democratic primary campaign, when Al Gore faced a challenge from Bill Bradley. Bradley, to his credit, offered a serious \$50-billion-a-year plan to expand health coverage to just about all of the 40 million uninsured Americans. Gore's plan was to insure only the 10 million or so uninsured children (a cheaper proposition since kids almost never get expensively sick the way older folks do). Gore blasted Bradley's plan as fiscally irresponsible, and the press dutifully cast the debate as a showdown between Bradley's pricey liberal dream and Gore's more modest, centrist approach. But here's what the press never figured out (and what the rest of us therefore didn't get to hear): Bradley's "liberal" plan to cover uninsured Americans was a slightly *cheaper* version of the proposal offered by President George Bush in 1992.

Every so often a fact emerges in politics that, in Copernican fashion, renders the settled view of the

cosmos obsolete. So let's mull this for a minute. Both Bradley's plan and the 1992 Bush plan would have made it possible for families to buy private insurance via tax credits and deductions that tapered off as income rises. Both called for insurance market reforms to let folks participate in the larger risk pools that assure reasonable premiums. Bush's plan, adjusted for inflation, offered up to \$5100 per year per family, slightly more generous than Bradley's scheme, which offered up to \$5000.

Bush Sr. offered his plan after Harris Wofford's surprise health-care-inspired win over Richard Thornburgh in Pennsylvania's special Senate race in 1991. With health care suddenly politically "hot," the White House needed a plan that addressed the problem on more market-friendly terms than Democrats were offering. Yet here's what is so stunning: At a time of \$250 billion deficits, Bush put out a \$50-billion-a-year plan (three times bigger than what Gore would offer in 2000) only to have Democrats bash it as "too little, too late." Fast forward eight years, and Bradley's plan, offered at a time of equally outsized surpluses, was damned as a liberal fantasy and trashed by Gore's team as evidence of a "reckless spending mentality."

But the ironies deepen. The current President George Bush, who campaigned as a "compassionate conservative," has offered the same kind of tax subsidy plan as his father but in embarrassing miniature—about \$9 billion a year over the next ten years, which the White House figures will cover 10 million of the now 42 million uninsured (Bush Sr.'s plan covered 30 million out of 35 million uninsured).

Why have our leaders been content to let the problem worsen as our ability to address it has grown? The unflattering answer is because doing so is both safe and cheap. The rising roll call of today's uninsured is made up of low-income workers with little political voice; in the broad-based recession of the early 1990s, it was middle-class anxieties that got politicians scurrying to respond. Today's policy of rationing health coverage by income also saves money; while the uninsured do get taken care of in emergency rooms, county hospitals, and other sites of last resort, the absence of preventive care, regular checkups, and other services most people take for granted means these citizens consume just half as many health resources as their insured neighbors. We can only fix the problem of the uninsured by spending fresh money on people with little political clout, or by somehow disguising that this is what we're up to.

Any such attempt takes place in the shadow of the Clinton health care fiasco of 1993–1994. The political lesson both parties drew from that meltdown was that efforts to expand coverage must be "incremental." "Step by step" is the approved mantra.

Yet incremental "achievements" since 1994 have been a bust. Senators Edward Kennedy and Nancy Kassebaum passed a bill in 1996 hailed by both parties as a model for future health reform. The measure was supposed to assure continued access to insurance for those who changed or lost their jobs. But since insurers remained free to charge whatever they like in these situations, people quickly found that "access" meant nothing when policies might cost \$15,000 a year. Similarly, a \$5-billion-a-year plan for the nation's 10 million uninsured kids passed to great fanfare in 1997; aid was targeted with such narrow complexity, however, that even proponents say its impact has been to lower the percentage of poor children who lack coverage only modestly.

Meanwhile, as this trot through recent history suggests, the terms of reference in America's health care debate remain bizarre. Consider: In Great Britain, Margaret Thatcher would have been tossed from office if she'd proposed anything as radically *conservative* as Bill Clinton's health plan—which still would have left several million people uncovered and had the private sector deliver the medicine. This comparison proves the bankruptcy of most ideological labeling in the health care debate, which is used by foes of expanded coverage to divert the media and sink serious attempts to remedy the

problem.

The Institute of Medicine estimates that 18,000 people die prematurely each year owing to lack of health coverage, the equivalent of the Vietnam War's death toll every three years. The uninsured get preventable diseases and are avoidably hospitalized more often than the insured, and are vulnerable to devastating financial loss from illness in ways unthinkable in other advanced nations. All this is widely known. While it is encouraging that several Democratic presidential contenders are at last beginning to talk more ambitiously, how can it be that America will enter the 2004 election season having gone a full decade without any serious attempt to address the plight of more than 40 million uninsured citizens?

If we were starting from scratch, after all, no one would urge us to ration vaccinations and checkups for children based on their parents' ability to pay—yet that's been national policy for decades. No villainous HMO would ever deny timely preventive care to its members the way our nation does to millions of its uninsured—yet that is America's officially sanctioned method of cost control. “The politically dominant thought in this country,” said Uwe Reinhardt, a health economist at Princeton University, “appears to have been that the deprivation and suffering of several million Americans, albeit regrettable, nevertheless is a price well worth paying for the good economic fortune that our health system bestows on so many, and for the rapid technical progress that a less fettered system can sustain.”

Leave No Teacher Crisis Honestly Addressed!

Washington politicians in both parties love to say they're for educational “testing” and “standards” and “accountability,” but nearly every state had already adopted such systems before the federal government congratulated themselves for adding another bureaucratic layer in the much-touted No Child Left Behind Act of 2001. But the new law largely punted on the teacher crisis in our poorest neighborhoods, which any serious attempt to leave no child behind would make its first priority. Indeed, this is one of the few things on which researchers across the political spectrum agree: Half the achievement gap facing poor and minority students is due not to poverty or family conditions but to systematic differences in teacher quality. “Fifty years after *Brown v. Board of Education*,” Alan Bersin, the superintendent of schools in San Diego, told me, “the maldistribution of quality instruction is the key determinant of underachievement in large urban school systems.” Despite lofty pledges, our latest “education president,” and the Democrats assailing him, are shooting blanks.

Start with President Bush. His No Child Left Behind Act tells states “thou shalt have a qualified teacher in every classroom” by the end of the 2005–2006 school year. But this command can't change the facts of life in poor urban and rural districts. Republicans would ordinarily recognize this as a question of market economics—the supply of good teachers who will work in difficult conditions with challenging children isn't adequate at prevailing salaries. “They may as well have decreed that pigs can fly,” Wayne Johnson, who runs California's teachers union, has said. California and other states have tried to wiggle out of this unfunded mandate. Not that they're proud of this, for who wants to admit that they can't scare up enough decent teachers for the kids who need them most? But if forced to comply, and stick only with teachers who pass muster under normal definitions of “qualified,” class sizes in the toughest districts could rise to 50 or 60. In the triage environment of urban schools, the

route is almost certain to make matters worse.

It's hard to imagine a more demoralizing presidential dodge: Mandate the politically appealing result (and take credit for having addressed the problem) while offering no cash to poor districts to make it a reality. Then, to add insult to injury, make the penalty for noncompliance a cut in existing federal funding, putting the goal even more beyond reach than it is today!

But that spirit captures the symbolic nature of Bush's entire education agenda. Republicans love it because its pseudo-seriousness and media appeal neutralizes the traditional advantage Democrats have enjoyed on the schools issue, while its no-cost emphasis on testing and accountability doesn't divert money from the tax cuts they want. The GOP knows that poor districts lack the tax base to do more on their own. Yet they hide behind lofty-sounding commitments to "federalism" and "local control" to justify denying poor schoolchildren federal cash that might make a difference.

Bush's other teacher quality "initiatives" similarly fail the seriousness test. Because of coming retirements and rising enrollments, 2 million teachers must be recruited over the next decade. It's either a crisis or opportunity, depending on how the nation handles it. Laura Bush, a former teacher herself, is a wonderful voice to lead this crusade. By all accounts she brings sincerity and passion to the cause. But the symbolic "agenda" the White House has cooked up for her is laughably unequal to the challenge.

Mrs. Bush first touts "Teach for America," which brings graduates from elite universities into inner-city classrooms for a few years, and turns them into lifelong advocates for schooling. It's a fabulous program. But its scale doesn't begin to deal with the magnitude of the teacher gap. In its first eleven years it recruited a total of 6000 teachers. But America now needs to recruit 6000 teachers every eleven *days*. Program founder Wendy Kopp, who is grateful for the White House's support, doesn't pretend otherwise. "We're not at all the answer to the broader problem," she told me.

Then there's Mrs. Bush's other pet program, "Troops to Teachers," which helps military personnel move to the classroom when they leave the service. Again, it's a great idea, but it delivers only about 650 teachers a year. We need 200,000 a year. Mrs. Bush's big push has been to raise funding for "Troops to Teachers" toward \$30 million a year from \$3 million. If you're the White House, you boast of the "tenfold increase." If you pull out a calculator, you'll figure out that at today's rate it would take 300 years for the Bush administration to recruit enough veterans to fill the teaching gap we face over the next decade.

The average teacher, despite low pay, spends about \$500 a year out of his or her own pocket for classroom supplies. The president's response to this shameful burden: a tax deduction under which some teachers can deduct a portion of the money they've spent for these purposes. Sounds nice at first, but on reflection it's an absurd halfmeasure. Would Bush offer soldiers a tax deduction for ammunition they had to buy out of their own pockets—or would he insist that they have the equipment and resources to do their jobs right?

Bush might say that when it comes to schooling, money isn't everything, and he'd be right. But how about when it comes to creating incentives for young Americans to enter a teaching profession where the starting salary now averages \$30,000 and rises to only \$44,000?

Every free-market fan knows that you get what you pay for. When the affluent suburb of Scarsdale, New York, pays teachers with a masters degree and five years of teaching more than \$60,000, and New York City pays her counterpart in the 40s, is there really a question about where most of the top talent goes? Given this context, it's hard to see Bush's deeds as being anything but a moral mockery of his words.

Democrats have predictably been willing to spend more money on the teacher challenge, but the

“plans,” too, have been more symbol than cure. In the last presidential race, for example, both Al Gore and Bill Bradley proposed a mix of college scholarships, loan forgiveness, and bonuses for some people who teach in high-need areas. Gore, to his credit, proposed that federal money be used (for the first time) to give a \$5000 raise to many urban teachers. Other Democrats, doubtless inspired by the fact that teacher unions are among their top campaign donors, have weighed in as well. California governor Gray Davis made teaching a focus of his early agenda, offering some bonuses to teachers at high-achieving schools that later budget woes forced him to renege on; Senator Charles Schumer in New York once cobbled together the inevitable “Marshall Plan” (including mentors for new teachers, grants for training, and small federal bonuses for math and science teachers). As the 2004 presidential campaign unfolded, North Carolina senator John Edwards talked about paying college tuition for students who commit to teach in tough schools for five years; Representative Richard Gephardt packaged similar ideas into a call for a “Teacher Corps.” Still, none of this has added up to anything that would make, say, a 22-year-old engineering grad swap the \$60,000 salary she can earn in a technology firm for \$30,000 at the local school. “I don’t think \$5000 across-the-board increases are going to accomplish much,” said Michael Casserly, executive director of the Council of Great City Schools, which represents big urban districts.

Meanwhile, when Democrats attack President Bush for underfunding his plan to leave no child behind, they unintentionally mock their own seriousness. Democrats fault Bush for failing to provide the additional \$6 billion for poor schools that he had pledged, as if this figure represented some meaningful assessment of what it would cost to address these schools’ challenges. But national K-12 spending is roughly \$420 billion; within that amount, teacher compensation comes to roughly \$150 billion. Does anyone really think \$6 billion, sprinkled (as it would be) among everything from salaries for teacher’s aides to capital improvements to teacher training, amounts to a serious attempt to address these schools’ problems? While the money would doubtless do some good, honest Democrats have to acknowledge that blasting Bush over this shortfall is more about political symbolism than serious problem-solving.

Just as important, Democrats have been unwilling to challenge union practices that would make spending on schools more effective. Teacher unions have resisted calls for “differential pay,” for example, defending instead their traditional “lockstep” pay scale under which salary is determined entirely by the academic degree a teacher has earned and the number of years the teacher has been in the classroom. This compensation scheme ignores the obvious reality that certain teachers—such as science and mathematics graduates—have more lucrative options than those who studied, say, physical education. It also makes no room for rational attempts to link pay in some way to performance or student achievement. In addition, teacher unions make it notoriously difficult and costly to fire bad teachers. The Democrats’ unwillingness to urge sensible reforms on one of the party’s most powerful interest groups bolsters the conservative case that more money for schools would simply be wasted.

The depressing reality underscored by our teacher woes is that today’s high-profile education wars are largely a sideshow. For a decade now, most of the oxygen in the schools debate has been consumed by the standards and accountability movement, and by structural innovations like charter schools and vouchers. These ideas all have merit, but they can’t trump a larger truth: If we can’t lure hundreds of thousands of talented teachers into the nation’s toughest schools, all the “systemic” reforms in the world won’t make much difference.

The Living Wage Cul de Sac

In the United States today, 15 million people live in or near poverty despite living in homes headed by full-time workers. Millions more live close to the edge, including countless former welfare recipients who have learned that having a job doesn't mean being able to pay your bills. In response, a growing movement has won the passage of "living wage" ordinances in about 80 communities over the last decade, including Baltimore, Los Angeles, Detroit, and Chicago. These laws typically require government contractors and some other employers to pay workers substantially more than the minimum wage, which is now \$5.15 nationally, but higher in states such as California and Massachusetts (\$6.75) or Rhode Island and Washington, D.C. (\$6.15). Often the "living wage" is set at the level needed to lift a family of four at least to the federal poverty line, which requires about \$18,000 a year, or more than \$8 an hour. Some cities require health benefits (or a further stipend per hour) to be offered atop this wage. To judge from the screams of the business lobbies and the breastbeating of living wage advocates, something sweeping is taking place. But here again, the battle is almost entirely symbolic, because none of the ordinances matches the scale of the problem.

At first glance, the "living wage" fight replays many of the *reductio ad absurdum* arguments made famous in the regular minimum wage wars. Bosses shout that if raising the minimum wage from \$5.15 to \$10.00 an hour plus \$2 for health care is good, what is to stop legislators from making it \$20, \$50? Labor answers that if a decent wage floor is so intolerable, what is to stop employers from calling for a return to child labor and sweatshops—or, for that matter, slavery?

The problem is that while liberals are right about the injustice facing unskilled workers, they're wrong about the economics of fixing it. As much as well-intended activists dislike hearing this, it's simply not possible to solve the problem on a sustainable basis by mandating that private firms pay wages as high as \$10 or \$12 an hour for employees who, in economic terms, are "worth" only \$6. Imposing such a mandate produces all sorts of perverse consequences. To avoid a doubling of the payroll costs, for example, some restaurants may decide to stop serving lunch, thereby shrinking the business below the minimum sales volume at which many living wage laws apply. They'll make that choice because lunch is less profitable (since less liquor gets sold). As a result, a bunch of workers get fired so the firm stays viable. In addition, such laws naturally lead managers to upgrade the workforce, replacing \$6-an-hour staff with \$10-an-hour talent. If they have to pay up anyway, employers reason, they may as well hire workers with more skills. In this way a law meant to help the \$6 worker ends up costing him his job. Of course, employers make sure local politicians understand these realities, which is why the scope of coverage of living wage laws is always tiny, affecting only a small fraction of an area's workforce. Typically they target those working for government contractors so that the cost ends up being shifted largely to taxpayers.

The sad truth, then, is that advocates for living wage laws have gotten them on the books by arguing, in effect, that they really don't do much. That's a strange rallying cry for a movement, but proponents feel it's a start. "It puts the arguments and the message out there as a handle to move the debate forward," said Madeline Janis-Aparicio, who headed L.A.'s Living Wage Coalition.

The best estimate is that living wage ordinances cover perhaps 100,000 to 250,000 workers, out of the roughly 25 million full-time workers who are within striking distance of poverty-level wages today. After a decade of the living wage movement, in other words, we're operating entirely at the margins. Unions reply that the movement helps galvanize local organizing efforts, which they say is the real long-term answer; but there's nothing in recent history to suggest that labor is poised to make

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