FOREIGN AFFAIRS

MAY 1, 2020

The Coronavirus Won't Usher in an American Welfare State

Progressive Sentiments Subside as Crises Are Forgotten

LANE KENWORTHY

The Coronavirus Won't Usher in an American Welfare State

Progressive Sentiments Subside as Crises Are Forgotten

LANE KENWORTHY

The Great Depression of the 1930s led to President Franklin Roosevelt's New Deal, which created some of the United States' most important public insurance programs. Social Security, unemployment insurance, and aid to low-income families with children all came out of the New Deal, as did labor union protections, reformed banking, enhanced public infrastructure, increased public employment, and support for homeownership. The Great Recession of 2008–9 heralded a similar, albeit much less dramatic, expansion of social programs. "You never want a serious crisis to go to waste," Rahm Emanuel, chief of staff to U.S. President Barack Obama, famously said in November 2008. Less than 18 months later, Obama signed into law the Affordable Care Act (ACA), the biggest expansion of public health insurance in nearly half a century.

Will the novel coronavirus crisis lead to similarly lasting advances in U.S. social policy? The pandemic has laid bare the financial precarity of millions of U.S. households. Prior to the crisis, nearly one in ten Americans had no health insurance, one in four workers got zero days of paid sick leave, and 40 percent of adults said in a survey conducted by the Federal Reserve that they didn't have enough savings to cover a $400 emergency expense. Now, in a matter of weeks, more than 30 million Americans have lost their jobs.

The federal government has responded with extraordinary relief measures, including bailouts for small and large corporations, expanded sick leave, increased unemployment benefits, and direct cash transfers to individuals. The spending amounts to more than ten percent of GDP, a historic high—and there is almost certainly more to come.

It is possible that some of these measures will become permanent or that prolonged economic pain will move the electorate far enough to the left to produce lasting change. But neither outcome is likely. The lesson of past crises, Emanuel's memorable quip notwithstanding, is that support for new public social programs quickly dissipates. When the welfare state has been enlarged for good, as it was during the New Deal and at the beginning of Obama's presidency, the impetus has not been a crisis-induced wave of popular progressivism. Rather, it has been Democratic control of the White House and Congress. Crises help whichever party is out of power, and once in power, Democrats have often passed progressive legislation despite a public mood that is ambivalent toward such policies. If the coronavirus crisis tips the scales toward a bigger social safety net, it will be by pushing Democrats over the top in November, not by stoking sustained popular demand for more generous social policies.

A CRISIS QUICKLY FORGOTTEN

Over the past hundred years, the United States has gradually come to embrace government programs that mitigate risks and facilitate employment, even while preserving a mostly market-driven economy. But progress toward social democracy has been slow and uneven, and U.S.

social programs remain less generous and comprehensive than those of most other rich democratic nations.

The United States has no nationwide public early childhood education, paid parental leave, or sickness insurance. Health insurance coverage isn't universal, and the government does little to control health-care costs. The U.S. version of cash assistance for children is a small tax credit for which many families aren't eligible. Relatively few low-income people receive adequate support in the form of grants or food stamps. The federal government offers only limited funding for job retraining, housing, and eldercare. Public college is expensive for families with modest incomes. All told, the United States spends about 20 percent of GDP on government social programs, whereas Denmark and Sweden spend close to 30 percent.

While it is possible that the coronavirus pandemic will boost public support for an expanded social safety net, such an outcome is unlikely. Fifty years of public opinion data show that economic downturns don't typically produce sustained rises in progressive sentiment. The same appears to be true for political and health crises. Polling data from earlier eras are limited, so it is unclear whether the Great Depression produced a meaningful shift in Americans' attitudes toward government. But if the New Deal was the product of a popular shift to the left, it was the exception, not the rule. The 1918 flu pandemic was followed by the "Roaring Twenties" and a turn away from the progressive reforms of the two previous decades. Likewise, the economic, political, and foreign policy crises of the 1970s and early 1980s—the oil embargoes, stagflation, Watergate, the U.S. withdrawal from Vietnam, the Iranian Revolution, and the Soviet invasion of Afghanistan—ushered in not a new progressive era but rather the age of Ronald Reagan.

Fifty years of public opinion data show that economic downturns don't

The main reason crises don't produce lasting change in social policy seems to be that people quickly forget or turn their attention elsewhere, so their beliefs and preferences snap back to where they were before the emergency. Examining public typically produce sustained rises in progressive sentiment.

opinion data going back to the early 1970s, the sociologist Lindsay Owens and I have found that recessions tend to have only temporary effects on Americans' attitudes on a wide range of economic, social, and political issues. In addition, economic downturns cause some people to worry about their own financial well-being rather than the welfare of others, as the political scientist Ronald Inglehart has documented. And welfare state opponents and deficit hawks invariably warn against new public spending, arguing that the country can't afford to take on additional debt.

Temporary expansions of the safety net thus rarely become permanent. Time and again during downturns, the federal government has intervened to help people who lose their jobs and to rejuvenate the economy—by extending access to unemployment benefits, making stimulus payments, and declaring payroll tax holidays, loan payment delays, and more. But these temporary measures nearly always end once the economy recovers. For instance, the federal government gave many Americans a $600 check in 2008 and a $400 tax cut in 2009, both one-time relief measures that weren't made permanent. Congress also extended eligibility for unemployment compensation from six to 12 months during the 2008–9 recession, as it had done in previous recessions, but eliminated the extension once the economy began growing again.

PARTISAN POLITICS, NOT POPULAR PASSIONS

When public social programs have been enlarged for good, it has tended to happen via the ballot box: progressive parties in government, not crises, make lasting social policy. That was the story of the 1930s, when voters punished the Republican Party for its management of the economy and ushered in a decade of Democratic control of the presidency and Congress. Big Democratic majorities in Congress also made possible the passage of President Lyndon Johnson's Great Society programs in 1965 and 1966. In a careful examination of the politics of these periods, the sociologist Katherine Newman and economist Elisabeth Jacobs found considerable ambivalence and even opposition to proposed social programs among ordinary Americans. Progressive policy advance in both periods owed mainly to the efforts of political leaders, particularly Roosevelt and Johnson, who, Newman and Jacobs write, "moved boldly into a policy vacuum or forged on against growing antagonism. They pushed and pulled legislators into creating and then sustaining the progressive history of the 1930s and 1960s we now—mistakenly—see as a sea change in popular political culture."

The Great Recession similarly contributed to passage of the Affordable Care Act not by causing a leftward shift in public opinion but by helping to dislodge Republicans from the White House and the Senate in the 2008 elections. Democrats won the presidency, a majority in the House, and 60 seats in the Senate—enabling the passage of the ACA. But their filibuster-proof majority in the Senate disappeared soon thereafter: Senator Ted Kennedy, a Democrat from Massachusetts, died in August 2009 and a Republican won the special election to replace him. Republican lawmakers were determined to oppose any and all Democratic policy initiatives, including any additional enlargement of the welfare state, and the window of opportunity closed for good when Democrats lost control of the House in the 2010 midterm elections.

This year, Democrats appear to have a reasonably good shot at winning the presidency and retaining their majority in the House. The Senate math is less favorable for Democrats, but the party could end up with a narrow Senate majority, given the damage the pandemic has done to the economy. Like all of the Democratic presidential candidates, former Vice President Joe Biden, the now all-but-certain nominee, was already proposing sizable expansions in the scope and generosity of the social safety net long before the coronavirus appeared. If Democrats control the presidency, the House, and the Senate in January 2021, they may well enact one or more of the social programs the United States currently lacks, such as sickness insurance, paid parental leave, or universal preschool. They might also expand already existing programs, such as Medicare, the Child Tax Credit, the Earned Income Tax Credit, and housing vouchers. But any such change will be difficult to legislate. Unless a new Democratic majority in the Senate is willing to do away with the filibuster, new social spending likely would have to be passed via the reconciliation procedure, which per Senate rules can be used only once a year.

In the coming decades, the United States will likely continue on its long, slow path toward a more social democratic version of capitalism. It is tempting to presume that the coronavirus crisis will hasten this process—that with their eyes newly opened to the precarious circumstances of frontline service workers, African Americans, people with preexisting medical conditions, the homeless, small-business owners, and an array of other vulnerable groups, more Americans will demand that policymakers broaden the size and scope of the country's public social programs. Maybe that will happen. But the experience of past crises suggests it probably won't. If the pandemic pushes us closer to social democracy, it will be because it boosts the electoral fortunes of the political party currently out of power, which happens to be one that's already inclined to expand the social safety net.