

## **“All things are possible” About Obama’s future policy**

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**Two months after taking office, is it possible to outline some elements of Obama’s future policy? Dick Howard examines the new political conditions brought about by his election. Obama has rehabilitated the idea of government, but it remains to be seen how he will use his strong political credibility to cope with dramatic domestic and foreign challenges.**

Two months<sup>1</sup> after taking office – but after two years of campaigning – it is possible to begin to outline some elements of future policy by the new government. Perhaps the first thing to say is that it will indeed be a “government” rather than what Americans typically call the “administration” in Washington. Simple administration is all that is needed when the seas are calm and the ship of State runs on its own such that change, if it occurs, is incremental. Government, on the other hand, is a nautical term that refers to the rudder (*le gouvernail*) used by the ship’s pilot when the vessel is threatened by unpredictable storms. Pragmatic and individualistic Americans, claiming to have inherited a pioneer spirit and naively confident that they can succeed by hard work alone, prefer a minimal, night-watchman State-administration. In their eyes, strong government, which they identify with “Europe,” is a “nanny State” that treats the individual as a child.

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<sup>1</sup> This is a revised version of an essay whose original version, delivered in German at the Rosa Luxemburg Stiftung in Berlin on March 17, 2009, appears in the journal *Kommune*; the original English appears in the on-line journal *Logos* (<http://www.logosjournal.com>).

Yet the downward economic spiral that already led the Bush administration to call for massive State action brings with it the potential for a change in attitude. The pressure has increased quickly. The 789 billion dollar rescue package proposed in February by Barack Obama promised to create (“or save”) 3.5 million jobs. But updated economic reports issued in early March indicate that in fact more than 4.4 million jobs had been lost in the past 14 months, 2.6 million of which have disappeared in the preceding 4 months. February saw an increase of 600,000, with no respite in sight. These are indeed stormy seas; the ship’s captain needs both a sturdy rudder and a sure sense of direction. They are also times of opportunity. As Obama’s chief of staff, Rahm Emmanuel, explained already in November of 2008, “You never want a serious crisis to go to waste.”

Before looking at the tools available to Barack Obama, it is necessary first to understand the changed political conditions brought about by his election. Once it is clear that Obama has indeed benefited from a rehabilitation of the idea of government, which has increased what can be called the “symbolic capital” available to him, I will look at some of the domestic political challenges facing him as he seeks remedies to the ever-changing – steadily worsening – socio-economic situation. Finally, I will turn to some of the options available to the new American government in the field of international relations, where Obama understands that the United States is only one of a plurality of legitimate actors, unable to pursue the unilateralist anti-politics of will typical of the Bush administration.

### **Rehabilitating the Political**

Americans’ anti-political attitudes are historically rooted in the 18<sup>th</sup> century anti-colonial struggle against England that led to their independence. In reality, of course, there have been periods in which the State played a larger role than others. In general, however, the fear of *Big Brother* has been the dominant attitude, increasingly as the power and reach of the executive branch has grown. However, it is one thing to reject the interference of the State in my private affairs; it is a different matter when my personal security is threatened by a third party – such as a deregulated Wall Street derivatives market, an unscrupulous banker or a powerful pharmaceutical lobby. In that case, *Big Brother* becomes a trusted friend, and the self-interested *homme* becomes

a *citoyen* concerned with the common good. And so, as the age of de-regulation moves toward its conclusion, the need for governmental regulation becomes increasingly apparent.

But the introduction or expansion of government regulation cannot be simply a pragmatic reaction to market failures (which can be treated as mere accidents rather than symptoms of a deeper illness). If government is to be more than a temporary expedient correcting minor inconveniences, it needs to have a political foundation. In this context, Barack Obama's personal contribution to the rehabilitation of the political responsibility of government is fundamental.<sup>2</sup>

Barack Obama burst onto the American political stage with a remarkable keynote address to the 2004 Democratic Convention in Boston. The speech was titled "The Audacity of Hope", which became the title of the best-selling book, published in 2006, launching his presidential campaign. One striking theme of Obama's speech recurred constantly during the campaign and continued to be sounded after he was elected. He repeatedly refers to his own personal history. In the 2004 address to the Democratic Convention that launched his national career, he alluded to the dreams that united his "improbable" family before affirming that "I stand here knowing that my story is part of the larger American story, that I owe a debt to all of those who came before me, and that in no other country on Earth is my story even possible." Similarly, he began his victory speech in Chicago in the early morning of November 5, 2008 by affirming that "If there is anyone out there who still doubts that America is a place where all things are possible, who still wonders if the dream of our founders is alive in our time, who still questions the power of our democracy, tonight is your answer." And, at the conclusion to his Inaugural Address on January 20, 2008, he recalled the American values that made it possible that "a man whose father less than 60 years ago might not have been served at a local restaurant can now stand before you to take a most sacred oath," repeating again that his election shows "who we are and how far we have traveled."

What these, and countless other, similar, passages suggest is that a central pillar of Obama's political power is his ability to represent to Americans their ideal self, that which they

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<sup>2</sup> Obama recognizes that responsibility is a two-way street. At his urging, the House has voted to spend \$6 billion over the next five years to increase the number of volunteers in the Americorps from 75,000 to 250,000, increasing their stipends as well (*New York Times*, March 24, 2009).

would like to be, what they wish they were. His appeal is not simply to transcend racial differences; he evokes shared values that lie deep within the political history of the nation.<sup>3</sup> Obama's election and his rhetorical appeal recalls to Americans that they are not simply a mass of individuals each of whom uses the rights affirmed in the *Declaration of Independence* to "life, liberty and the pursuit of [private] happiness"; they are *citizens* who share a common dream and participate in a shared search for the public good. In his political speeches, Obama does not justify his choices as dictated by the external constraints imposed by the economic crisis; his appeal is *political* in a stronger sense, addressing the conscience of the citizens and reminding them of their solidarity with other citizens. A philosopher might say that Obama's appeal is directed to the *volonté générale*... but of course Americans are not used to that kind of metaphysical argument. Nonetheless, the source of Obama's political strength is neither technical, pragmatic nor even moral – although it is these as well –; his strength lies in his ability to revivify the national political narrative at a time of general uncertainty and anxiety.

This unexpected coincidence of the biography of a man with the self-image of a nation (which knows that it has been untrue to what Abraham Lincoln famously called its "better angels"<sup>4</sup>) lies at the basis of Obama's true political power. While some of the measures taken by his government in its first weeks have been justly criticized – for example, the lack of consistency in its policies with regard to "toxic assets" held by financial institutions, the timidity of his package of anti-crisis measures, and the apparent fear (despite the fact that former Federal Reserve chairman Alan Greenspan himself, among others, made the suggestion, and used the word) of the accusation of "nationalizing" bankrupt banks. But this deeply rooted political power will permit Obama to wait out his critics while his allies point out that the same inconsistency marked the experimental pragmatism of the New Deal, which is considered a model of anti-crisis politics. This is what makes it possible for Obama to govern the nation rather than simply administer the country.

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<sup>3</sup> Cf. his remarkable, indeed historic, speech at Philadelphia on March 18, 2008, "A More Perfect Union", in which he replied to accusations that his candidacy was based on race.

<sup>4</sup> The phrase, well-known to Americans, is found in Lincoln's First Inaugural Address, delivered as the nation was about to embark on a bloody Civil War.

This political power explains why a recent poll by the *Wall Street Journal* (March 4) finds that in spite of the fact that 70% of the population says that its economic conditions have worsened, two thirds of those polled say that they have high hopes for the future, and 50% of them are willing to give Obama at least two years to experiment with solutions to the crisis. But the willingness to risk serious political change says nothing about the kind of change thought to be desirable.

### **The Domestic Economic Challenge**

Barack Obama's nationally televised February 24 speech to the two Houses of Congress admitted the seriousness of the challenge facing his government. Rejecting the usual incremental approach to administrative reform, he insisted that the four prongs of domestic reform on his agenda would be addressed simultaneously, creating a kind of synergy among them. The four basic areas of concern are: health care reform (insuring the 46 million uninsured and taking measures to reduce health-care costs that are the highest in the world even though they do not produce the most healthy population); educational reform (in a society where older jobs are fast disappearing and for the first time fewer youth are going on to post-secondary education); repair of basic infrastructure along with significant investment in new technologies (including broadband digital services and rapid inter-city train service); and investment in clean, green energy (freeing America from its dependence on foreign sources while combating global warming).

To finance the vast investments that are needed (and to reduce the deficit that will result from the emergency package of anti-crisis measures), Obama proposes to alter the tax code in several fundamental aspects. Their common denominator calls for increased taxes on the wealthiest 5% of the population (and still more on the wealthiest 1%), while decreasing them for the remaining 95% of the population. In addition, the two massive tax cuts for the wealthy introduced during George Bush's first term will be left to expire in 2010. The estate tax (which the Bush administration sought to eliminate because it is a "death tax") will be fixed at 45%. Profits from hedge funds and other speculative ventures will be taxed as normal income (rather than at the present reduced "capital gains" level). And, of course, savings are expected from the end of the war in Iraq.

The justification for these policies is not only fiscal and technical but moral and political. Obama has decried repeatedly the gap between the wealthy and the rest of the population. Recent studies have shown, for example, that the gap between the top 10% of the population and the remainder has reached a level not seen since 1928 – the eve of the great Wall Street crash. These top 10% account for 48.5% of the national wealth. Perhaps more shocking, the top 1%, as in 1928, account for some 21.8% of national wealth.<sup>5</sup> As Obama put it in his February 24 speech to Congress, “There is something wrong when we allow the playing field to be tilted so far in the favor of so few.” Although he didn’t stress the point, Obama’s argument is that this is not only morally wrong but politically unjust and dangerous.

The question facing the government is: How can such inequalities (which are reflected not simply in dollars and cents but in the lives of real men and women who, for example, may lose a job, be unable to pay for needed medical care because they are uninsured, or lose their retirement savings either to a corrupt stock broker like Bernie Madoff, or simply to the falling market) be corrected?

Barack Obama first attempted to reach out to the Republican party, professing a willingness to negotiate and even accepting some tax-cutting proposals from that party as part of his anti-crisis package. The result was... nothing. His anti-crisis proposals met with unanimous opposition from Republicans in the House, while only three senators crossed party lines to support him. Obama replied in his weekly address on February 28 with what seemed to be a declaration of war against his critics who, he said, “are gearing up for a fight as we speak.” “My message to them,” he went on, “is this: So am I.” And, continued Obama, “The system we have now might work for the powerful and well-connected interests that have run Washington for far too long, but I don’t [i.e., I don’t work for those special interests].” While this ringing call may have reminded some of Franklin Roosevelt’s attack on the “economic royalists” who were blocking the New Deal, Obama has shown little willingness – for the moment – to go beyond

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<sup>5</sup> These are figures for wealth. As far as income is concerned, between 1979 and 2003, the revenues of the top 1% went from **Erreur ! Document principal seulement.**9.6% to 17.5% of total earnings while the gain of the top 0.25 percent went from 4.9% to 10.5%. (Source, Paul Krugman, *New York Times*, March 2009).

rhetorical warnings. Yet history reminds us that great presidents like both Roosevelts, and Ronald Reagan, achieved greatness without the help of – and against – the opposing party.<sup>6</sup>

Some of those who criticize Obama from the left blame this timidity on the role of his more conservative advisors, many of whom are veterans of the Clinton administration who were strong supporters of economic deregulation and political caution. While there is probably some truth to this criticism, it is worth noting that Larry Summers, who did serve Clinton (and Robert Rubin), seemed to have moved toward the left in his more recent articles in the *Financial Times*. More telling is the case of Timothy Geithner, the Secretary of Treasury who, as head of the New York Federal Reserve Bank was closely involved in the deregulated operations of Wall Street. But here too there is ambiguity. Geithner played a crucial role in resolving the 1997 Asian currency crisis, advocating what he called an economic version of the “Powell Doctrine” (applied in the first Gulf War), which insists that military intervention should take place only with massive force, clearly defined goals, and an exit strategy. Why, it may be asked, has Geithner not followed his own recommendations in 2009? The first answer is not doubt opposition from Congress and the weight of diverse lobbying interests. But the more important reason, it appears, is the one suggested by the above analysis of Obama’s power, which permits him to wait out his opponents. Tactically, the Obama government may be waiting for the Republicans to condemn themselves in the eyes of the public before moving forward more radically on the four fronts described in the February 24<sup>th</sup> speech.

The Republicans’ politics of the “no” is based on a populist appeal that asks why “we” should bail out bankers, financial speculators or auto manufacturers. Leaving aside the fact that “we” – i.e., “they” – were in power for the last eight years, the tactic behind this appeal is based on recent polls that suggest that only 39% of the population supports aid for the banking system, while a mere 22% support aid for Detroit. This populist appeal banks also on American anti-statist individualism, asking why “we” should help those (greedy or stupid people) who bought houses they could not afford, or took loans that they could not pay? More recently, the Republicans refused to support an annual budgetary law on the grounds that it contained too

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<sup>6</sup> It should be noted that Roosevelt’s attack on the “economic royalists” was delivered most famously in his 1936 Speech to the Democratic National Convention as he accepted the nomination for a second term. Will Obama have to wait so long?

many “earmarks” – i.e., measures inserted into the law by individual members to support spending in their own district.<sup>7</sup> Yet despite – or perhaps because of – this populist rhetoric, recent polls indicate that the Democrats have increased their lead in popular support from the 3% level in 2004 to a 10% lead in the most recent polls, which show 38% favorable to the Democrats, 28% Republican and 29% independent (March 1, 2009). Americans in 2009 are not so politically naïve that they can be misled by demagogues.<sup>8</sup>

The Republicans’ position is not wholly illogical. Their “no” is based on the traditional American fear that a growing budget deficit occasioned by the anti-crisis economic measures will lead to a growth in the size, reach and power of the State. Their policy since the time of Ronald Reagan has been to lower taxes in order not only to satisfy their wealthy constituents but also to starve the “nanny” State of revenues, forcing it to reduce its size, reach and power. Although in fact the State continued to grow during the period of Republican dominance, this ideology became a staple of its political appeal. But today, after the 2008 elections, the Republicans have become a largely regional party, barely present outside of the South and parts of the West. At least in the eyes of some of its strategists (such as former House Speaker, Newt Gingrich), the path back to power lies in following the model adopted after the defeat of Richard Nixon by John Kennedy in 1960: a long, but highly principled, path through the wilderness, producing a candidate who, like Barry Goldwater in 1964, will purge the pragmatic and the compromisers in order to return to basic principles... and eventually to produce a new Ronald Reagan. Whether this tactic is coherent, or promising, can be left to the party’s leaders who are responsible for their own choices. Suffice it to say here that history rarely repeats itself... and that the election of Barack Obama has – as I have suggested – opened a new phase in the American story.

Barack Obama faces criticism also from the left of his own party. It is not yet clear how he will use the extraordinary net-based resources that he developed during the campaign; nor has

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<sup>7</sup> The 411 billion dollar measure contained some 8 billion dollars in earmarks, including **Erreur ! Document principal seulement.**221 million for 459 projects from former members no longer in Congress. For examples of such “earmarks,” cf. <http://thecaucus.blogs.nytimes.com/2009/03/03/mccain-loses-fight-over-earmarks/?scp=1&sq=projects%20from%20people%20no%20longer%20in%20Congress&st=cse>

<sup>8</sup> The *de facto* leader of the Republican party at the moment is the talk show host, Rush Limbaugh, whose uncontrolled rhetoric remains popular. His demagoguery reached new heights when he proclaimed that he would be quite happy if Obama’s anti-crisis policies were to fail. It need not be added that wishing that your country suffer so that your party can gain power is dangerous, callous, and probably harmful to your own cause.



the relation between the “net roots” organizations that developed on the periphery of the electoral process and the Obama government been defined. After the failure of his bi-partisan offers to the Republicans, the president did what he knows best how to do: he went out to the country to campaign for his own propositions. He now says that he will make at least one appearance per week outside of Washington. This will certainly help him to put pressure on Congress members who hesitate to support him or whose support he needs further down the road. The question is: will he continue to mobilize wide-ranging popular support? Or will some of his own supporters discredit him by making his support for an activist government seem too far to the “left”? For example, those who press for the creation of a “Minister of Peace,” or who demand the creation of a fully-funded, universal pre-kindergarten education, may do more harm than good to their own cause.<sup>9</sup> Moralism cannot replace political judgment.

The question of Obama’s relation to his own, independent, supporters will be apparent first of all with respect to his foreign policy.<sup>10</sup> After all, at the outset of the primary elections, he was the leading opponent of the Iraq war. Indeed, this was his major difference from Hillary Clinton – who is now his Secretary of State<sup>11</sup>. He promised to withdraw the American military within 16 months of his election. In fact, he has recently announced a 19 month withdrawal program... which will leave behind some 50,000 so-called non-combatant forces, as well as an American embassy that is the largest in the world. And he has promised to transfer American attention, and military might, to Afghanistan (although he has recently qualified his belligerent stance by suggesting that it may be possible to negotiate with “moderate” factions of the Taliban, whoever that may be, and however “moderate” is defined).

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<sup>9</sup> *USA Today* (March 9) notes that the number of volunteers for public service work in the Peace Corps, Americorps and other community service organizations has tripled since Obama’s election... and the economic crisis! Offering such opportunities is a political means to channel moral concerns.

<sup>10</sup> To my surprise, Obama’s appeal to his supporters took place on the weekend of March 21, when he sent letters to an e-mail list of 14.3 million supporters, asking them to become active in their local district to gain support for his budgetary proposals. This has the effect of making use of a weapon—his supporters—that could have been better used as a deterrent, since its failure would rob it of all its political force. As of this date (March 24), it is not possible to evaluate the results.

<sup>11</sup> Many found this appointment surprising, by Obama and by Ms. Clinton. From his side, it eliminates a possible rival for power; from her side, it implies a recognition that she will never be president, but that she can indeed leave a “legacy” in the world. One can expect her to be an active diplomat—although Obama has surrounded her by “special envoys” to troubled regions (Pakistan/Afghanistan, Middle East...), leaving her apparently the Far East (China) and perhaps Europe and Russia.

## **Obama and the World**

Obama recognizes that there is a “world” outside of the United States and its unilateral will, and distinct from the “global” universe of finance capital. During the campaign, he expressed a recognition of the need to listen to America’s allies and to talk with its enemies (a promise that he has kept by recently sending a delegation to Syria, one of the keys to an eventual Middle East policy). He worried also about unequal development, global poverty and human rights abuses in cases like Darfur (and has named Susan Rice, a former Undersecretary of State for Africa, as his delegate to the United Nations, giving her cabinet rank). He has stressed the need for America not only to sign the Kyoto accords but also to move forward to more strict, and creative, measures to combat global warming. This is all to the good, but it is for the moment only a general outline. And it neglects key issues, most importantly the United States’ relation (both economic and military) with China. It is not insignificant in this regard that Hillary Clinton’s first trip abroad was not the traditional visit to Europe and the NATO allies, but to China (where, significantly, she did not make public criticism of that nation’s human rights record).

Aside from these general orientations, Obama has recently taken two significant initiatives, which are related to one another. The first concerns Russia, with which he plans to “reset” relations to a less confrontational pattern (addressing a private letter shortly after his inauguration to President Medvedev, rather than deal with Bush’s favorite, Prime Minister Putin). Obama has made it clear that he would not pursue NATO enlargement toward the former Soviet Union, that he needs Russian cooperation to transport supplies to American forces in Afghanistan, and that he wants to resume negotiations on the reduction of nuclear weapons. Further, he has suggested that he is willing to reconsider the Bush plan to install an anti-missile shield in Poland and the Czech republic. Since the need for this defensive weaponry was justified by the threat of Iranian missiles, Obama’s second step was to suggest that Russia take part in a multi-lateral conference on the future of Afghanistan along with its neighbor, Iran. This appears to be a clever way to begin a dialogue with Iran without waiting for (or interfering with) that country’s presidential elections in early summer. It is of course only a small first step, but it is a way to avoid directly challenging the role of Iran in the Middle East (via Hezbollah and Hamas). At the same time, he named George Mitchell – a former Senate leader of partly Lebanese

background – as special representative to the Mid-East, a sign perhaps that his policy toward Israel will not be so accommodating as that of past administrations.

Calling for a conference on Afghanistan could also be a way for Barack Obama to back down from the aggressive stance he has taken toward the Taliban's role in that region. One practical reason for this new willingness to talk (also to some of the Taliban) could be the difficulties that Obama knows he will face on his early April visit when he tries to convince Europeans to increase their military commitment. A more general reason is the painful memory of the disastrous experience of the Democratic party under Lyndon Johnson when it found its grand goals for social reform ("The Great Society") blocked and finally reduced to near nothingness because it was inextricably committed to the fight against what it saw as global communism in Vietnam. But there is another, more specific reason for this change that is bound up with the unique political power of Barack Obama described at the outset of this analysis. Because of the depth of his political power, he has, once again, the ability to conceive of a strategy for governing in the long-term rather than lose himself in the tactical struggle for incremental victories.

American foreign policy in the wake of 9/11 – and in fact prior to that murderous day, if one considers the role of Vice-President Cheney and his *consigliere* in the planning for the invasion of Iraq – has been over-determined by the so-called "war against terrorism." This is not the place to return to the questions provoked by this curious idea of a "war" against an indeterminable enemy. It is not necessary to do more than recall the egregious violations of American (and human) values and rights that it has entailed, nor to emphasize the cost to American influence and prestige that have resulted from the excesses this "war" has justified. The question for Barack Obama is how to extricate America from this unending secular battle without appearing to be complacent with regard to what is undoubtedly the terrorist intent of many opponents of American actions in the world (who are not fighting simply against America's "ideals," as George Bush liked to claim).

In a recent essay published in *The Washington Post* (March 2, 2009), columnist E.J. Dionne Jr. suggested an interesting analogy between the presidency of Dwight Eisenhower and

the need for Barack Obama to avoid becoming a “war president.” Eisenhower took office in 1953, shortly after the onset of the Cold War, and while a hot war had ground to a stalemate in Korea. The former leader of allied forces against Nazism set out immediately to extinguish the fires in Korea. But he did not opt to use over-whelming force by means of a “surge” in allied troops. Instead, he negotiated a truce, putting an end to active hostility without either side being able to claim a victory. This was part of a broader strategic vision on the part of Eisenhower. Despite his bellicose Secretary of State, John Foster Dulles, whose talk of a “roll-back” of communism threatened to bring about a new hot war, the American president recognized that the communist enemy could be fought by other means – militarily by a policy of “containment” and ideologically by using what is today called the “soft power” of democratic values to dry up the well from which the enemy drew its sometimes fanatical supporters.

The analogy is suggestive, but it is of course only an analogy. Dionne himself does not follow its implications further.<sup>12</sup> From the point of view of Obama and his special political power, it seems like a plausible approach to the problem of how to deal with Islamic terrorism, which will not disappear simply on its own, and cannot be eliminated by sheer force of arms. To succeed, Eisenhower had to have the personal political credibility to face down the wrath of violent and paranoiac anti-communists led by Senator Joe McCarthy and his allies. Obama has a similar credibility. It remains to be seen how he uses it.

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<sup>12</sup> It should of course be pointed out that in that same year, 1953, Eisenhower gave permission for the CIA to overthrow the democratic government of Mossadegh in Iran, and the next year he supported the overthrow of a democratic regime in Guatemala. Analogies, after all, point to similarities between things that are different from one another.