

[The Bill Walton Show](#)

“What Both the Left and Right Miss About Work in America” with Oren Cass

Maureen:

Okay. So it doesn't matter [inaudible 00:00:03]

Oren Cass:

Hi. Can you hear me okay?

Bill Walton:

Yes.

Oren Cass:

All right. I'm just closing all my other windows so nothing starts chiming in the middle.

Bill Walton:

Yeah, I have terriers. Can't close them.

Maureen:

That and if you have your phone with you, make sure that's on-

Bill Walton:

Yeah. Let me get my phone on ... We got to get it on airplane mode.

Maureen:

Airplane mode. You don't want somebody sending you a message in the middle.

Bill Walton:

Yeah. All right. We've got everything else closed. Turn off the phone. Yeah, you sound good.

Maureen:

All right.

Bill Walton:

All right. I'm sorry I missed our earlier date, but I came up with some vein thing when I came back from Jamaica and I had to go to see a doctor. I'm now fine.

Oren Cass:

Excellent.

Bill Walton:

It's weird. I'm supposed to be invulnerable and I learned that I was not.

Oren Cass:

You seem like you're still doing okay.

Bill Walton:

Yeah. What a terrific book.

Oren Cass:

Thank you!

Bill Walton:

Yeah, it's really good and I'm going to dig in to ... I think it's a really big idea and you really change this ... This whole notion of change ... I'll get into this on the show. I probably don't want to ... I like to play jazz. I don't want ...

Oren Cass:

[inaudible 00:01:27] Keep it fresh. Keep it fresh.

Bill Walton:

I'm going to keep it fresh. Exactly. And so the way we're going to set this up is this: I will take about a minute and tee it up and what I'm going to be doing is saying essentially both parties have failed to identify something that's pretty important and is missing. And then I'm going to not say what it is and I'm going to turn it over ... I'm going then do a brief intro of you, senior fellow Manhattan Institute for policy research, work for Mitt Romney, blah blah blah.

Bill Walton:

And then I'm going to, without giving the book title because it gives it away, I'm going to say so, Oren, what are we missing? And then you're going to say something to the effect of whatever you feel like saying, but-

Oren Cass:

Ice cream.

Bill Walton:

What you say is ... At it's most basic, work matters.

Maureen:

Hey, Oren?

Oren Cass:

Yes?

Maureen:

Can you do me a favor? Can you go into your preferences again in the Zoom and I want you to turn the volume when you see where it says mic?

Oren Cass:

Yup.

Maureen:

In your settings in Zoom?

Oren Cass:

So I've clicked on the little arrow next to the microphone and it gives me like select a microphone, select a speaker. Audio settings?

Maureen:

Okay. I need for you to go to the audio settings and raise it as high as you can.

Oren Cass:

All right. Mic volume all the way up.

Maureen:

All right. Great.

Bill Walton:

Yeah, there you go.

Maureen:

Thanks. That works. All right, now wait ... Hold on a second. Let me [inaudible 00:03:16] Okay tell him to go ahead and talk. Go ahead and speak.

Bill Walton:

Go ahead and speak. The way my camera's set up here is I'm going to be looking at you at the little green light, so we can talk to each other. I've got another camera right over here-

Maureen:

[inaudible 00:03:34]

Bill Walton:

That's my main-

Maureen:

Your camera.

Bill Walton:

Camera and so she needs you to speak-

Oren Cass:

Yes.

Bill Walton:

Let's talk about your reaction to ... How do you pronounce his name? Strain and-

Oren Cass:

Michael Strain and Jim [inaudible 00:03:55].

Bill Walton:

[inaudible 00:03:57]

Maureen:

Okay that's good.

Bill Walton:

I was getting this delay was actually pretty good because they've now gone on to, I think, mistakenly take you on, saying this is not good economics. I think what you've got is great economics, so this gives you a chance to refute them or at least rebuttal them.

Oren Cass:

Okay. That sounds good.

Bill Walton:

Okay. Great.

Oren Cass:

And so I'll just kind of look straight into my camera for the most part. Is that ...

Bill Walton:

You look straight into your camera because you're going to be tee-d up, the way this will happen ... You'll be in set, in the screen. The reason we do this with video is that we can get on YouTube and YouTube's got two billion people on it and this show's doing really well on YouTube and so we can't do it without-

Oren Cass:

A picture?

Bill Walton:

Without a video. Yeah, without a picture, details like that. With no further ado, and what I'm going to be doing, I'm going to be moving the computer over here for just a second to do an intro because I learned that I'm pretty sloppy. I don't make my living with words particularly and it's helpful for me to have a little cheat sheet here. So I'm going to use a cheat sheet and I'll finish up with this line, with these lines, I'm going to say, so, what are we missing here? Maybe both sides have overlooked something crucial in their economic calculations.

Bill Walton:

And with me to talk about this is Oren Cass. I'll do the introduction and then I'll go to you, so Oren, what are we missing? I have opinions, points of view. This is what my producers calling between your ears conversation. Most people listen to these things with earbuds. We don't have to project to an audience for this.

Oren Cass:

Yup.

Bill Walton:

We can talk like just you and I are sitting here having a cup of coffee.

Oren Cass:

Yup. And about how long do we go? How long do you want it to be?

Bill Walton:

I think 30, 40 minutes.

Oren Cass:

Okay.

Bill Walton:

We'll kind of know. Oh, I forgot. Is there anything in particular that you want to put across here?

Oren Cass:

Just the name of the book.

Bill Walton:

The name of the book will be repeated at least three times. How's that?

Oren Cass:

Excellent. That's right there on my rider, so that's perfect.

Bill Walton:

Okay. And it's Encounter Books and it's on Amazon. I've been reading it in Kindle. I ordered the paperback or not the paperback, the hardcover and it still hasn't gotten here. Are they backlogged?

Oren Cass:

We are still sold out. We've been back ordered despite a second printing since before the publication date. In theory, next week, we may come back into stock, but we may actually be waiting for our next print run that comes out the following week before we're actually in stock. But I think [inaudible 00:06:45] for Kindle.

Bill Walton:

I think I will mention that after I give the title of the book and then I think this is a chance for you to give a plug that there is a delay because you're sold out.

Oren Cass:

Great.

Bill Walton:

I think people like that, to know that everybody else wants it.

Oren Cass:

All right.

Bill Walton:

Okay. Let me ... I have a piece of paper over your camera right now, but that'll go away in a second. Maureen, are we ready for me?

Maureen:

We are ready.

Bill Walton:

Okay.

Bill Walton:

I'm a champion of economic growth and believe that growth can benefit all Americans. Yet while the American economy has tripled in size from 1975 to 2015, average wages have barely risen. For too many Americans, family life is in decline, local communities are eroding, addiction has surged, and millions feel left behind by the global economy.

Bill Walton:

The response from both political parties has been to double-down on policies that have failed to address these very real concerns. Republicans have generally trusted that free markets, low taxes, less regulation will make everyone better off. Democrats sound committed to more worker-centric policies, but their actual agenda seems to be nothing more than pushing identity politics, '30s era labor laws, and pursuing climate change to the ends of the Earth.

Bill Walton:

What are we missing here? Maybe both sides have overlooked something crucial in their economic calculations. Joining me to talk about this is Oren Cass, who is a senior fellow at Manhattan Institute for Policy Research. He worked previously as the domestic policy advisor for Mitt Romney's presidential campaign, was a consultant at Bane & Company, and was an editor of the Harvard Law Review. Oren, welcome.

Oren Cass:

Thanks for having me.

Bill Walton:

So Oren, you've written a terrific book on the topic that I opened up with. What are we missing?

Oren Cass:

Well I think what we're missing is work. We're missing that work matters and that consumption and consumer welfare and material living standards are well and good and they're important and we certainly want those things. But that they're not enough. You have to have a model of economic growth that allows everyone to continue contributing productively, to achieve self-sufficiency, to support their families and communities. And if you leave that behind as you leave people behind, you're not going to get the flourishing society that we want.

Bill Walton:

The title of your book, *The Once and Future Worker, a Vision for the Renewal of Work in America*. It's Encounter Books. I've read it on Kindle. I tried to get a hard copy. It's on its way. What's going on with the hard copies?

Oren Cass:

We're sold out. We've struggled to keep it in stock and it's a month since publication and everyone's still waiting, but more are in the truck, I'm told. Hopefully in the next week or two, everyone who wants a copy can get one.

Bill Walton:

That's the publishing version of it's in the mail. It's in the truck.

Oren Cass:

I have been told several times it's in the truck, but I have confidence this time that it is.

Bill Walton:

I see this show as really two parts. One you've got a very interesting diagnosis of the problem, but you've also got some prescriptions for the solutions and you believe we can turn things around. We do have big cultural problems in America. Drug problems. Underemployment of a lot of people and well the unemployment rate is low, the labor participation rate is also not very high and so we're seeing a lot of people who could be working are not.

Bill Walton:

What are the drivers of this?

Oren Cass:

I think the way to understand what has happened is to really go back and as you introduce to really start in the 1970s and look at what has happened since then, which on the one hand you'd have to say we succeeded. The premise of our economic policy for a very long time has been built on this metaphor of the economic pie. If you expand the pie, everybody can have more, and everybody likes pie. And that's a very bipartisan view. Presidents on both sides use it. New York Times and Wall Street Journal both use it.

Oren Cass:

But to take the metaphor too far, it ignores who's baking the pie. It says it doesn't really matter who is generating the growth, who is becoming more productive because you can always redistribute to the people who are left behind. And again, by those measures, we've succeeded. We've tripled GDP. We've quadrupled the size of the safety net. I sort of analogize it to in the classic romantic comedy heroine who has everything she wants, or so she thought, and yet something's wrong. We realize maybe we focused on the wrong things. And in policy area after policy area to achieve this model, we've really done it at the expense of a model that would have kept workers of all skills and all places included and kept the labor market healthy.

Bill Walton:

One of your interesting insights is that we've been working with abstract model of economic wellbeing. We've been working with an aggregate number of called gross domestic product and that was a statistical artifact of what, world war II? When we were visibly ramping up our production activity to fight Germany and Japan and then it hung around and long after the bombs as you put it, after the saturation bombing ended, GDP remained and remained a measure of economic power. And is GDP primarily determined from consumption numbers? Is there anything in there for production? I mean, you've-

Oren Cass:

Your concern-

Bill Walton:

Go ahead.

Oren Cass:

Yeah well GDP is gross domestic product. My definition is it is a measure of production in a sense and as you said, we first started caring about this when we were trying to recover from the depression. When we were in a world war, where who can make the most stuff really is the extensional question. But GDP's problem is it's an incredibly high level aggregate measure. It tells you the total capacity of your economy again without reference to who is engaged in the economy and so to the extent that all you care about at the end of the day is consumer welfare, then you say, well we have tools for taking the total of amount of stuff we produce and distributing around so everybody gets some of it.

Oren Cass:

If you actually care about who's involved in the production, it gets much harder because you can't redistribute productive capacity. You can't easily take some people's jobs, some people's purpose in life and just tax some of it and send it to somebody else. That's not how it works. And so if you say it's not just consumer welfare that matters, it's the labor market. It's people's ability to engage and work and be supporting themselves, then you have to look beyond GDP. It's not that GDP's not important. It's not that growth isn't good. GDP is hugely important. Growth is important. Growth is something we should want, but that can't be the end of the story. You have to be attentive to what kind of growth you're getting and who's actually participating in the growth.

Bill Walton:

Well I think he makes a point that we can see GDP grow, pick a number. A billion dollars. Small number, but let's use it for the math. But if almost all of that went to 10% of Americans and the other 90% went

to the rest, we could then have a redistribution of that money via taxes and other transfer payments were you could equalize the affect on consumption, but what you're saying is that for the average American, if you don't have a job, you can't redistribute that work. And not having a job is not only economically a problem, but it's culturally coercive.

Oren Cass:

Yeah, and I think it's important to be really tangible about what we mean when we say work matters. I mean it's fine to say in kind of a moral sense, work is important, but work is really important in a really tangible sense. What we know from social science research is that having work, having a job is incredibly important to self-esteem, to mental health, to happiness.

Oren Cass:

Happiness studies can be a little bit squishy, but I think the good ones look at the same person over time and they tell us two really important things. One is that most people have a baseline level of happiness. Some people are happier than others. And all of those major life events, births, deaths, marriages, divorces, even permanent disability, those cause blips. But you actually return back to ... You get used to almost anything. The only thing in the research that you don't get used to is unemployment. People who lose work and don't get back to work move to a permanently lower level of satisfaction with their lives.

Oren Cass:

In really tangible ways, I get as you said, beyond the paycheck itself and the paycheck's important too. Work is incredibly important to wellbeing and that goes beyond just beyond the individual. It goes to families. We know that especially for men, work is important for family formation. Especially for men it's important for family stability. Unemployment among men is a very strong predictor of divorce. And it's important for children and their outcomes. If you care about economic opportunity for kids, you have to care that their parents are working and even more broadly, you have to care that they're in communities where the adults are working generally. Even beyond your own family. Just growing up in a community where people are working has an influence on your own opportunity.

Oren Cass:

It's not enough ... It's not a moral statement to say it's not enough to redistribute. People should work. It's a tangible statement about the way this world is and what is actually key to having a healthy-

Bill Walton:

And how human beings behave in it and how they perceive themselves and their self worth. And reading your book, I remembered something about Sigmund Freud and work and so I looked up the quote and his quote, I don't know if you've come across it. He said, "Love and work. Work and love. That's all there is. Work and love are the cornerstone of our humanness." I think Freud was wrong about a lot of things, but I think he's absolutely right about that. As you think about the way you identify with ourselves, the question, what do you do? That's a foundational question.

Bill Walton:

You all have been ... Who has all been on the show is a good friend of yours and mine, good thinker, he said you really questioned the foundational assumption of modern economics that prosperity is best measured by ability consume. He said what if people's ability to produce matters more than how much they can consume? I think that is exactly right.

Bill Walton:

But how does this translate? I know I want to get into descriptions of the problems, but let's say, okay, we're going to be setting presidential policy for the next president or this president. How does this translate it into specific policy actions that would emphasize work over consumption?

Oren Cass:

I think that's exactly the right question and the way I think we have to think about it and where I'd love to see more of our policy debate focused is on the health of the labor market. The labor market is the mechanism of our economy that determines what kind of work is available, who's available to do the work, what it pays, where it is. And if you actually care about work and again to emphasize not just work for the sake of work, but work allows people to support their families and communities, then you have to care about where the labor market comes out. And the key gap here that I think hoes such a challenge for our orthodox on both the left and the right is that there's nothing in economics that says the most efficient configuration of our economy, the fastest growth, is going to be one that gives you labor market outcomes that you like.

Oren Cass:

The labor market left operate freely is going to give you an efficient outcome, but if you actually have a social preference, if you actually care about what that outcome is, then you have to care about where the labor market comes out. It's not enough to say whatever it gives us is a great solution. So what I think what that means for policy then is not well okay, just going in and coming in to particular result, right? I think for left and center folks in particular, the impulse is then to say, well great. You raise the minimum wage. You create a job guarantee. You can intervene in markets in all sorts of ways, especially in the long run tend to make things worse.

Oren Cass:

If you actually want a healthy labor market, then you recognize that a market is a processing mechanism. It takes the conditions that it operates in and it spits out a result. If you want a different result, then you have to look at the conditions, so it's actually core structural questions about how we organize our society. How we regulate our economy. How we educate young people. How we interact in the global economy and define our borders. Those are the kind of things that we have to focus on.

Bill Walton:

I want to drill in to how we actually implement something if we wanted to emphasize ... I was CEO of a public company and you have certain agendas, certain expectations, maximizing shareholder wealth, revenue, earnings, so on and so forth. And driving costs down is also one of those things that helps you get your profits up and we've seen a trend in 50 years where a lot of decisions by major corporations have been gee, I could make my sweatshirts more cheaply in Thailand than I can in Tennessee, and so therefore, we're moving everything to Thailand and the people who used to make sweatshirts in Tennessee are kind of looking around for what else is there is do in Tennessee.

Bill Walton:

How would you ... And this gets into thorny areas for those of us that believe in free trade. How would you go at that problem? What would you say? Assuming you weren't done prompting them, you'd just tell them. You can't leave.

Oren Cass:

Right I think it's a great example to work from and I think the crucial thing to recognize when you talk about that example is you're actually talking about two different things happening. One thing is you're talking about the disruptive effect. That we used to make sweatshirts for our economy one way, and now we're talking about making them another way. There's a lot of things that cause disruption in the economy, right? You could also say we brought robots into the factory and then we needed fewer or different workers who could make the sweatshirts more cheaply.

Oren Cass:

That kind of disruption can be a very good thing for the economy. What's gone wrong and what we have to worry about is when you go make those sweatshirts in Thailand and there's nothing else that we make here instead. In other words, when you think about trade in the abstract, the word trade means a trade, right? If Thailand is going to send us the sweatshirts, in theory, we should be sending them something in return. If we do, then the effect on the labor market can be a very good one because you've just brought in this new supply of Thai workers who can produce for our economy. But you've also brought in a new set of customers somewhere else in the world who want to buy what our workers can do.

Oren Cass:

And so what's gone wrong with trade I don't think is the fact that these disruptions occur. Creative disruption is key to rising productive and rising prosperity. What's gone wrong is we've pursued a model where we said, that's great. Move the factory to Thailand where it's cheaper and we don't care if there's something else that we get to make instead. In fact a lot of the formal economy arguments, if you just care about consumer welfare, you actually celebrate if we don't have to make anything else instead. Right? You say isn't this terrific. China or Thailand is sending us all this stuff and we don't even have to send them anything in return. What a great deal.

Oren Cass:

That's what a trade deficit is in a sense. And from a consumer perspective, a trade deficit can be a great thing, but if you actually care about labor market health, then the trajectory of our economy and the opportunities for our workers, then you actually have to worry about trade deficits and say that trade has to actually be trade. There actually has to be something that we're making in return for the things other people are making.

Bill Walton:

Well I ran into this ... I didn't personally run into him, but the county I live in Virginia, Rappahannock we had an actual blue jeans factory there and the year after NAFTA came in, the blue jean factory was shut down and we had ... I guess we lost 70, 80 jobs and so the question that I ask now as a former, maybe a reformed pure free trader, is gee, is the country better off because we can buy sweatshirts for 40 cents cheaper at Walmart or would we have been better off if those 80 people still have their jobs in Rappahannock.

Bill Walton:

And when I've raised that with my libertarian friends, they basically take my head off and they say you can't ... You're not seeing this right. You're taking the benefits for those few 80 people and you're making everybody else pay for those jobs. And that's inefficient and that's a bad thing. Thoughts?

Oren Cass:

In part it is and that's why I emphasize this balance question. That if we just try to preserve specific jobs and say we don't want ... We want to avoid layoffs, let's say.

Bill Walton:

Yeah.

Oren Cass:

You can do that but I think your libertarian friends are right, that the costs economy wide, especially over the long run, are going to be much, much larger than what you're gaining. And so I think we have to recognize that over the entire course of American history, those kinds of disruptions have occurred. Things have been made in different ways. You could ask the exact same question about bringing more technology into that blue jeans factory, so that now they only need 40 people to do the work they used to use 80.

Oren Cass:

You could ban the technology. You could go all the way to the chairman male model of saying well if we make them sew the blue jeans by hand, they'll have to hire 80 more people. And that's not a recipe for prosperity. We need the productivity growth. We want to be making things in efficient ways, but we need to be attendant at the macro level to the labor market conditions. We need to trust that as this disruption is happening, as people are being laid off, they're being laid off into an economy where they're going to be other opportunities for them. Not into an economy where there are no other opportunities for them besides a disability check.

Bill Walton:

But how do we bring about that outcome? And how do we, as you point out some of the issues that effect the labor marker: environmental issues, labor laws, things like that which makes it tougher to employ people and therefore has made it harder for people to get good jobs because these things hurt their chances. And then you talk about turning a regulatory dial one way or the other to make sure that overzealous regulation doesn't throw people out of work when we could've struck a better balance. Who's turning that dial and what's the dashboard look like to make these changes?

Oren Cass:

Well the regulatory dial is one of the most discrete ones where there's legislation you can point to. There are regulatory documents being generated by the EPA that you can point to.

Oren Cass:

And let's go into that one in a moment, but to speak a little more broadly about it, once you start focusing on this construct of the labor market's health, are we happy with the labor market's equilibrium? Then it becomes very concrete to talk about well what are the conditions that influence how the labor market behaves? The regulatory environment is a great example on the demand side of the labor market. What are the things that influence where investments get made in our economy? What kind of businesses get built? What kind of workers, owners of capital want to hire and do they want to invest in their productivity?

Oren Cass:

And what we've done, again going back to the 1970s, is we've essentially said is we want to make it as hard as possible to do anything in the physical economy. We're going to have every imaginable type and really much stricter compared to Europe for instance, just incredibly tight environmental regulation that makes it especially costly to expand facilities, to build new facilities, to do major infrastructure projects. Then we're going to have a model of labor regulation that's going to make doing physical work, having large number of workers particularly risky and then on the flip side we're going to say actions in the finance and the technology sectors, that's going to be essentially a wild west where you go do whatever you want and you can generate very large profits, very high returns while using as few workers as possible.

Bill Walton:

Well and we've seen how well that can turn out.

Oren Cass:

Well and this is not counting on the table for-

Bill Walton:

No, I know.

Oren Cass:

[inaudible 00:29:17] to do more regulation of someone. It's just an interesting dichotomy to see where the investment and how we regulate.

Bill Walton:

You have a very interesting chapter in the book on the impact of environmental laws. Do we have any statistics on how many jobs may have been lost to overzealous environmental regs?

Oren Cass:

I've never seen a good statistic across ... I think there are two really useful ways to think about it. One is that we have really good economic studies of the specific [inaudible 00:29:47] act because the way the clean air act works depending on the pollution in your air, in your county, you can be designated as basically a good county or a bad county. And if you get designated bad county, you face much tighter restrictions.

Bill Walton:

Yeah.

Oren Cass:

And you can do economic metric analyses that then compare what happens to industrial activity in the good versus bad counties and what you find is that the bad counties see much, much lower levels of investment. Many fewer, 25 to 45 percent decline in new facilities, loss of at least half a million jobs, substantial permanent declines in earnings for the people in those industries.

Oren Cass:

And so that's one way to see the substance of it. I think the other thing that's important to recognize those is there's also the counterfactual that we can't know for sure, which is that we never in our cost benefit analyses and we never if we try to do economic analysis, there's no way to know what could we have accomplished if we hadn't had all of these restrictions.

Oren Cass:

And so I always point to the example of fracking. Where if you think about all the controversial over fracking right now and imagine right back to when those initial natural gas wells were being fracked. Say they'd been on public land. Say there'd been a bunch of protests and EPA came in and said we're going to ban fracking. At that point, if you had done the analysis, how many jobs would have said you were killing? 500? 1000? You wouldn't know that. The counterfactual is that if you actually let the fracking boom happen, you're talking about hundreds of hundreds of thousands of jobs, hundreds of billions of dollars in investment and the U.S. becoming the world's leading energy producer.

Oren Cass:

We know that we have cracked down so aggressively, we can see discrete places where it's had affect and it's more of an open question. How much better could we have done if we continued to value this kind of industrial activity?

Bill Walton:

You know, going deeper into this, it's not just about the economics. One of the things that's fascinating is that we both will agree that economic growth is extremely important and that increasing wealth overall is a socially good thing. It allows us to do a lot of other things. It frees people up from certain drudgery type jobs and so on and so forth. We're not saying growth is bad, but there are trade offs that you're talking about and that getting at this a little deeper though, it seems like we're overvaluing economics. We're overvaluing just the financial impact of everything. We talk about tax policy and regs and stuff like that, and we do the economic analysis, or we do a static budget or a dynamic budget or whatever, it's all about the symbols in the spreadsheet. And not necessarily about the underlining lives.

Bill Walton:

And where you're going with this is ... Was it George Will that wrote a book called State Craft is Soulcraft?

Oren Cass:

Yes. I like that book a lot.

Bill Walton:

I must admit, I never read a lot of it, but I love the title. It seems like you're getting into the state craft as soulcraft business with this book. Thoughts?

Oren Cass:

Yeah, that's my hope is that's part of the discussion and I think it's important to recognize that it's not just to say I agree that there's a lot that's important besides economics that needs to weigh into the equation, but also to recognize that we have something of a knowledge problem. Which is that the

models that we are able to build that tell us how to promote economic growth are by necessity narrowly focused on the things that are easiest to quantify.

Oren Cass:

We have out to multiple decimal points models of what the effect of a given tax rate is on your annual GDP growth. And so that prompts an awful lot of debates about how to promote GDP growth with tax policy. I think tax policy is relevant to GDP growth. I think at the end of the day though, what we've seen over the long run in human history and across countries is that GDP growth is a product of a healthy society. Specific policies, the incentives, these things matter-

Bill Walton:

Right.

Oren Cass:

But so does whether or not kids are being raised in good environments. Whether or not your communities are healthy. Whether or not people feel optimistic and included. And so just because I can't give you an economic model with a score on what the cost of losing those things is, it doesn't mean it's not important. And I think we should take notice that after so many years of trying as hard as we could to quantify and focus on economic drivers of economic growth, economic growth is kind of stalling out. Productivity growth is at an all time low. And so I think we would benefit from as you said, emphasizing that economic growth is incredibly important. But thinking of it more as an emergent property of a healthy society.

Oren Cass:

It's not that we go for the growth and count on everything else we like to come out of it. It's that we need to have a much more serious conversation about what we actually like and what we actually care most about in society and have a little bit more faith that when we get those things right, growth is likely to be one of the things that comes with it.

Bill Walton:

You've stipulated the idea that work is essential to all of us. I heard Freud's phrase a little differently. It's our link to reality in a way. It's the way we know we're effective in the world and any work. It's not just being a nuclear physicist. It's working on a machine in a plant or even pushing a broom in the plant. You've got a piece in the world and you're doing something and you can feel good about that.

Oren Cass:

Yes.

Bill Walton:

If you're able to earn enough to support a family. One of the things you say is the role of work in America would be for people who are working to be able to support a family and support the community and their cities and their towns where they are in a way that made them feel like they were contributing citizens.

Bill Walton:

Did I capture that right? I didn't find your quote, but am I paraphrasing your?

Oren Cass:

That's right and I'm glad you're pushing on that because you know I said earlier it's important to focus tangibly on why work is important and not just say to make it a moral point. And so I think step one in that is to recognize all the critical links between work and all of these personal and social outcomes we care about, but then you still need to explain the why. If the reason why work is so important to mental health and raising kids and so forth was because getting up at the same every day is key.

Oren Cass:

If that turned out to be why work matter, then the answer to all this would be free alarm clocks. You're asking exactly the right next question which is okay, even if we agree work matters, we still have to agree why work matters.

Bill Walton:

Right.

Oren Cass:

And the further we go down this, the more it becomes a very philosophical discussion and we have to relay a little bit more on our intuition and our experience. But fortunately, we have a lot of intuition and experience in our society to draw on and I think what you described is exactly right. That work for individuals provides a sense of purpose. It responds to the obligations that if have been defined by the person to be a productive contributor, to be self sufficient. And it provides the means by which they then fulfill those obligations.

Oren Cass:

It then also has a lot of just really useful tangible day to day effects. I joked a little about getting up on time, but getting up on time is-

Bill Walton:

Well no, that's actually ... That's a good thing.

Oren Cass:

Having somewhere to go every day, paying attention to your personal hygiene, having other people ... The other orientation that comes from having to care about coworkers and customers. All of those things are critical and it's also really important to think about the flip side of it, which is what are people doing if they're not working? Now there's this kind of debate about universal basic income and if we just embrace this redistribution model of sending checks to people who don't work, well it could be great. Maybe they become poets and start businesses and learn how to paint-

Bill Walton:

But that's not what happens.

Oren Cass:

No. Look are there individuals who would do that? Absolutely. We have pretty good data actually, especially for young men on what they do when they're not working. And it's not those things, it's sleeping and watching TV.

Bill Walton:

Well one of the-

Oren Cass:

And that's not the right foundation for a society.

Bill Walton:

And there's even more headwinds than what we've talked about because there's a kind of demonization of work, or at least a demonization of certain types of jobs. There's an article I saw recently and are 40% of the jobs in America dead end jobs? The left I will say it's the left has been demonizing work and demonizing certain types of jobs and really emphasizes only the money parts of the jobs and none of the other cultural and psychological benefits of jobs. We now with AI, artificial intelligence, have some very, very smart people in Silicon Valley saying well look, when we succeed, what we're working on, 90% of America won't be able to have a job, so we're just going to have to ship them money while we fiddle with the artificial intelligence machines.

Bill Walton:

I think it's a pernicious idea. I think it's wrong, but that's out there.

Oren Cass:

Well I think ... We agree. I should say that I think you're letting the right off too easy when you say the kind of dead end job mentality is a left-

Bill Walton:

Well it could be. I'm a partisan. I'm a partisan.

Oren Cass:

I think if I had to assign the blame, I think maybe more pernicious on the left, but there's certainly no share of folks right of center who have certainly similar attitudes in their own lives that they'll express off the record, whether or not they find it politically viable to express them.

Oren Cass:

And so I do think, we should talk about AI, but even just ... There's a cultural decision to have here about again if we think about why we value work, why work is important, what the cultural salience of it is and what it means to have respect for the work that you do and to realize that there cost of a dead end job is nonsensical because the point of work isn't to move up an organizational chart. That's fine if your personal goal is to move up an organizational chart, but for the reasons we were just discussing about why work matters, organizational chart is besides the point. Work matters because it's something that you do that makes you a contributor. And it's something that allows you support your family and it's something that gives you purpose and it's something that gives you interaction with the outside world.

Oren Cass:

And none of those things have anything to do with an organizational chart. Frankly, a lot of the jobs that we consider high status jobs, don't look so good on those metrics. A lot of what we would call lower status jobs, folks who are working harder for less pay, are really important roles in our communities, by any objective measure, those should be the high status jobs. I'm not here to change human nature, but I do think we should really aggressively reject the concept of dead end job and say that's not the right way to talk.

Bill Walton:

Well we've got a cultural bias now against these type of jobs and it's really out there. You point out that we need to accept this as a fact of nature, but in fact if our leaders, if people on TV, if people in the media, if everybody gets behind the different attitude about work, there's a whole lot we could do, a whole lot of levers we could push that would be cultural levels and let levers and not necessarily just policy levers, and that would change the landscape.

Oren Cass:

Yeah and I think the way to understand what's happened is this is the cultural side of the economic trend we've just been talking about, which is to that underlining all of this is this shift toward a focus on consumerism and kind of individual happiness as we see it through a consumer lens and then in economic terms, we've talked about what that meant or just kind of redistributing economic pie rather than focusing on production, but the exact same thing has happened in cultural terms as we've started to treat the job as something that's ... You should be following your passion and doing what you love and changing the world and that work is your path to self-actualization.

Oren Cass:

And again if that's how someone feels about their job, that's fine. But as we've started to define that as what a job is good for, that it's not about fulfilling obligations and supporting yourself, it's supposed to be what makes you happy and is fun and gives you meaning. Most jobs aren't going to be adequate by that standard. And so just in the economic spear, we have to resist this idea that whatever you think makes you happy in the moment is actually what's going to make us happy.

Oren Cass:

It is this parallel cultural discussion that has to happen and as you said, it's a cultural discussion that can happen. I don't know if you remember there was this fight a couple ... A controversy a couple months ago over so called job shaming where a former star from the Cosby show got photographed bagging groceries at Trader Joe's and some tabloid was trying to do this to embarrass him, and there was this tremendous outpour of rejecting that and saying wait a minute, that's wrong. This guy is working in his community to support himself and his family. How disgusting that you would try to shame him over this. And there was unanimous agreement on that point.

Oren Cass:

I actually take that to be good news. I think if people realized that this mattered that how our culture thinks about work, what it means to typical workers, that that's important. We already have agreement on the underlining point that we should respect those things. We just need people to realize that this is actually an important thing to bring to the forefront of what we're focused on in our society.

Bill Walton:

I need to interrupt just a second here. It's in Oren's contract. His book, *The Once and Future Worker: A Vision for the Renewal of Work in America*, hardcover Encounter Books. It's available instantaneously on Kindle through Amazon and as we happily pointed out in the beginning of this show, the hardcover has been sold out. It's in the truck and you can probably get a hardcover probably in the next couple of weeks, beginning of 2019 sound right?

Oren Cass:

Yeah, just go order it and they'll send it to you as soon as they can.

Bill Walton:

Okay.

Oren Cass:

What do you have to lose?

Bill Walton:

There's a lot to cover in your book. It's just very interesting and it goes pretty deep into things that are I think people need to be thinking about. One of the things I wanted to get at is the prescription. We've got the diagnosis and you've mentioned three major reforms. You talk about a shift in the safety net, re-establishing income gap, and then the flexibility of a safety net and so on and so forth and could you elaborate on the reforms in the few minutes that we've got left?

Oren Cass:

Yeah, sure. As you've said, we've talked about a bunch of areas of reform in terms of regulation, in terms of how we think about trade. I think there's a lot to think about in terms of education.

Bill Walton:

And you have one big one. I set you up for your big one, so I want you to-

Oren Cass:

Yes and organized ... Well I always want people to realize that it's a lot of things that you don't intuitively think are oh that's connected to these problems that we're having.

Bill Walton:

Yeah.

Oren Cass:

College for all. It's a big part of the problem we're having. Cheering on the demise of unions. It's a big part of the problem that we're having. But as you said in kind of public policy terms and what we think of as the federal government, the big things that we fight about in Washington, one of the huge ones is our safety net operates.

Oren Cass:

From a consumer focus model, as that was taking over in society, it's when we launched the war on poverty and had this really aggressive effort to say look we can address the problem of poverty in this country by creating enough programs to give people the things they need to raise up their material living standards.

Oren Cass:

And so at this point we have a safety net that we spend more than a trillion dollars on every year and again by its own definition, it has succeeded. In material terms, we've done an incredible job of meeting people's basic needs and reducing what gets called the consumption poverty line.

Oren Cass:

But as is implied in that, meeting the consumption poverty line doesn't actually lift people out of poverty. It just assures they're going to need the same thing again next year. And in fact when you do this approach you have a huge problem which is that you create a system that says, here's everything you get if you're not working and as you start working, we actually start taking these things away. Economically you actually discourage work in a lot of cases and culturally you take away this idea that work is sort of the fundamental path to supporting your family because not work starts to kind of look a lot like work.

Bill Walton:

You know, Section 8 housing, housing policy where you get subsidized housing and then if you start making money, you lose your housing and that's not really an incentive.

Oren Cass:

Yeah. That's right. Some of these firms, Section 8 is kind of a perfect example of where it's kind of binary, right? Either you have the housing or you don't. The entire disability program has a similar problem where almost by definition the premise is to get the money, you have to show that you can't work. And so actually going and trying to work can disqualify you.

Bill Walton:

Yeah.

Oren Cass:

But then even when you're talking about food stamps, the more money you earn, the less food stamps you're eligible for and so on. And so the alternative to this is I don't think should replace all or even most of the safety net, but should be part of the discussion is what I call wage subsidy, which is the idea that just like we take money out of every paycheck-

Bill Walton:

This is the big idea in the book. This is the all roads lead to this or is this one of many ideas? Knowing you, you've probably got 30 or 40 other ones, but let's talk about this one.

Oren Cass:

Yeah, I'd say it's one of many. It's certainly one that people are interested in talking about. It's certainly the most expensive one, which in a sense makes it the biggest, but in another sense makes it's the

hardest. A lot of the other things we've talked about, the nice things is, it's not a budget issue at all. It's a structural issue.

Oren Cass:

But certainly in budget and spending terms, it's the big one. Just like we take money out of paychecks for payroll taxes from your first dollar earnings, we could put money into low wage paychecks and right under your tax withholding line, you could have a work credit line. That puts money into your paycheck so your \$8 an hour job suddenly becomes an \$11 an hour job and if you did that, you get three really powerful affects. The obvious one, but the one I think is the least important, is you get more money to low income households. And on balance, that's a good thing, but as we've been talking about, we've had lots of ways to get resources to low income households. And that's not sufficient.

Oren Cass:

It also has really powerful labor market effects on the supply side when you think about the perspective of workers. It makes jobs much more attractive to take. You're going to make work much more attractive relative to non work and it's going to right there in what looks like the wage you're being offered. You're going to get people back into the workforce, get people stepping on to that first rung, get young people seeing this as to start doing, but then the other side is going to have an effect on employers.

Oren Cass:

This is something that some people criticize the wage subsidy for, but I think is a benefit, probably less than half, but a portion of the benefit goes to the employer too when you subsidize something you encourage both sides of the transaction. And so you're going to make it more attractive for employers to create these kinds of jobs. Instead of today where if you are a low wage employer, we attack you and shame you and treat you as if you're doing something wrong-

Bill Walton:

Yeah.

Oren Cass:

Again both socially and economically, this policy says, no you're doing something really socially valuable, investing in this kind of business, focus on these kinds of work.

Bill Walton:

As a business owner many times over, I would love to have something that would subsidize hiring somebody that I couldn't otherwise hire. Because there's a certain level of satisfaction. We talk about noneconomic, there's an awful lot of satisfaction in bringing people into your business and helping them get good at what they do. Maybe promoted, maybe lose them because they go to somebody else because they've gotten so good. That's okay because that's part of the satisfactions of running a business.

Oren Cass:

That's right and I think most business owners feel that way and will express that sentiment as you did. The reality though is it's hard and it's risky. And so if it's something that has a lot of social value, we shouldn't shy away from the idea that we celebrate and want to encourage the employer behavior too.

Oren Cass:

And so when you think about how do you make the labor market work better, how do you create more opportunities for workers, especially at the low end, if you want more of something, you can subsidize it. And so taking ... What I'm describing costs maybe 250 billion dollars a year, so taking about a quarter of our safety net and instead of saying almost 100% of our safety net is going to be either ignoring work or discouraging work, let's keep three quarters of it there. There are a lot of folks that really need that support and gosh, let's have at least a quarter of it focused on this model that actually encourages work and is attached to work.

Oren Cass:

I think it would be an incredible step.

Bill Walton:

Has this been tried anywhere? There was a universal basic income experiment in a couple of countries. It didn't work, but has this been tried?

Oren Cass:

Yeah, so the wage subsidy delivered through a paycheck hasn't been used broadly. We have in this country as system called the earned income tax credit.

Bill Walton:

Sure.

Oren Cass:

Which is supposed to be conceptually similar. The problem is it only goes to certain groups of people and it comes in a giant, a 5000 chunk at the end of the year. It's not the right way to do it.

Oren Cass:

In the paycheck is the right way to do it. And Senator Marco Rubio and his staff actually went through the process of figuring out how to do it because they proposed it as a reform for Puerto Rico, who's labor market is especially broken.

Bill Walton:

They could use some help in Puerto Rico.

Oren Cass:

Yeah and especially have these challenges on labor market and less on the workers, and so we know it can be done technically. We know that the effects of subsidizing work can be positive and create the kind of effects you want in the labor market. But doing on ... And I think piloting it first would be a very sensible way to start. But it's the right direction to push.

Bill Walton:

Oren, thank you.

Oren Cass:

Thank you.

Bill Walton:

Fascinating topic. You've dug deep into something. Hopefully we can get a sea change of ideas about this and get people thinking about work differently. I hope you're in the vanguard of that. Again, it's in Oren's contract, *The Once and Future Worker: A Vision for Renewal of Work in America*. Encounter Books. Amazon. Encourage everybody to take a look at it. There's a lot new here and a lot that's very interesting and Oren, have you back again. We'll talk again and dig in deeper into this. Thank you very much.

Oren Cass:

I'd like to clarify that I don't have a contract and it's not in my contract, but thank you as well. It's a very good discussion.

Bill Walton:

Okay. Thanks. That's great.

Oren Cass:

Thank you.

Bill Walton:

You're so much fun to talk with.

Oren Cass:

It's a great discussion. I've been doing a lot of these. You've actually read the book, which is a fantastic starting point and that was ... I think it was really good.

Bill Walton:

What I like to do is listen and tried to take what you've been saying and then flow into it. I don't have an outline of the book saying okay we've got to cover chapter seven and then eight and then nine and things like that. I think it's more interesting to go with the flow and I think we took it from economic down to cultural and then into why that matters and with the solution.

Oren Cass:

Yeah. That was really good.

Bill Walton:

There we go.

Oren Cass:

When will it run?

Bill Walton:

It's going to run probably next week.

Oren Cass:

Great.

Maureen:

Towards the end of next week.

Bill Walton:

Towards the end of next week, yeah.

Maureen:

Yeah.

Bill Walton:

We've got an editor and we're working with Radio American. It'll be out on all the major platforms, so you'll be there. We'll have an email promotion for it that you can forward to your group.

Oren Cass:

Great.

Maureen:

I'll send you a link and you can-

Oren Cass:

Yup.

Maureen:

It'll be an embedded link and everything.

Oren Cass:

Awesome.

Maureen:

Yeah.

Oren Cass:

Perfect and I will send you back your microphone.

Maureen:

Thank you. There's instructions and everything-

Oren Cass:

No, it was great. I don't know if this is the first time you've done this, it seemed like it wasn't, because it was incredibly smooth. Thank you.

Maureen:

Well thank you because it is.

Oren Cass:

Well you should offer it with pride and confidence because-

Maureen:

Okay.

Oren Cass:

It was great. No, thank you.

Maureen:

No.

Bill Walton:

Okay are you going to be down to Washington anytime soon?

Oren Cass:

I just got back at one A.M. last night and hoping not to come back until second week of January.

Bill Walton:

Do you know what would be an interesting show? To have you and Deval on talking about something. Are you guys-

Oren Cass:

We talk a lot. I saw him on Tuesday night.

Bill Walton:

Yeah.

Oren Cass:

I think the problem is we agree too much on everything. I don't know how much-

Bill Walton:

Yeah, that is an issue. Yeah. For some. Of course what I'm doing with this is I play a little bit of Devil's Advocate, but I don't really want to get too much into the he said, she said thing 'cause I don't ... You and [inaudible 00:56:32]

Oren Cass:

What's that?

Bill Walton:

Arnold Kling?

Oren Cass:

Yeah?

Bill Walton:

Well I had him on. He wrote the book, the Three Languages of Politics-

Oren Cass:

Yes. I love that book.

Bill Walton:

Yeah, and I'm of the view that we're not ever ... Our working assumptions about human reality are so different from the left and you don't have the same facts. You don't have the same view of human nature, blah blah blah. It's hard to have an interesting synthesis of ideas with that. I'm not trying. What I'm trying to do is to take an interesting complicated idea like yours and see if I can't get more people aware that we should be thinking about work differently than we have been.

Oren Cass:

Yeah. No I think it'll be great and it's people ... A few will now pick up the book, but it's more importantly, more of them will not and now they will still have heard about it.

Bill Walton:

This will have shelf life too. The thing about most of these shows is I try not to make them what happened last week-

Oren Cass:

Yeah.

Bill Walton:

And so I've got people commenting on shows we did eight months ago. It gets-

Oren Cass:

Yeah.

Bill Walton:

It doesn't go away.

Oren Cass:
That's great.

Bill Walton:
Okay, well more to come. I'll see you soon.

Oren Cass:
All right. Sounds great. Bye.

Maureen:
Bye.

Bill Walton:
I feel pretty good. You like that?

Maureen:
Yes. Actually it was a good show.