

Marshall here, welcome back to The Realignment.

My guest today is Larry Kramer, president of the William & Flora Hewitt Foundation, one of the biggest institutions supporting individuals and organizations, including full disclosure of this podcast, who are seeking to promote a new economic policy consensus as we move on from the left and right neoliberal slash market-oriented approaches from the 1980s and 1990s.

The term neoliberalism gets thrown around a lot, but the use of it to understand it, beyond the buzzword, is that in the 1980s, especially in the UK and the United States, there were a wide variety of issues from stagflation, to exhaustion of the New Deal and Great Society

programs, to globalization at the end of the Cold War, combined with the Democratic Party of Bill Clinton, coming to power by rejecting government and declaring the air of the government itself was over.

Not all of the economic policies or political approaches were wrong on their merits or indefensible today.

Instead, the key takeaway is that these are not the proper approaches or frames slash paradigms for approaching the challenges we face in the year 2023 and that we spend a lot of time covering on this show.

You could think of everything from the need for economic resiliency during pandemics, like COVID-19, to vulnerable supply chains, the inability of market-oriented approaches to maintain the dependency industrial base, and the big debates over how the left and right are seeking to address inequality and economic opportunity from different perspectives. Regardless of how you come down any one of those specific issues, I think this is a valuable conversation because the one thing that most people will agree to, especially if you listen to the show, is that there's a need to forge something different.

You might not agree with Larry Kramer's exact articulation of that, but I want to make sure this is a podcast where we start to build whatever that next thing looks like.

A huge thank you to the Foundation for American Innovation for supporting the work of this podcast.

Hope you all enjoy this conversation.

Larry Kramer, welcome to the Realignment.

Thank you.

It's good to be here.

Yeah, it's great to chat with you in this format.

Here's the idea for the conversation I wanted to have with this episode.

We are a little more than a year out of the 2024 election, November 2024, and so much of how I've considered this podcast and this space has been framed around big debates or an economic policy, conversations about capitalism, you've written pieces relating to that debate.

But something that got me thinking when I read some of the Axios reporting around President Biden's frustrations with his own team is that apparently there's been a little too much acronyms, a little too much hyphalutinous.

So if we're going to have a conversation about neoliberalism, I'd love to have you start by doing your best attempt at just grounding the big capitalism conversation within everyday

experiences that people are having right now.

Sure.

I think that's actually really easy.

So what we call neoliberalism is basically a way of seeing the world that has three components.

And I should say any and all of these paradigms, because they shift over time, have some version of the same three paradigms.

At one end is a conception of the nature of society and the individual.

And for neoliberalism, the conception is that society consists of individuals, that there isn't a society as such other than the aggregation of individual actors, that individuals basically are motivated by trying to do what they can to improve their lives or theirs and their families.

So in that formal language, they're trying to maximize their utility, but that's really what we mean.

They're doing their best to make their own lives better.

And at the other end is the conception of what you are trying to achieve as a society.

And for neoliberalism, that conception at the other end is growth, more is better.

Let's generate wealth.

Let's generate the things that make lives better for people.

And the middle piece is how given the first piece, you get to the third piece.

And so neoliberalism basically says the best way for individuals who are competing to make their lives better to generate the most of what makes people's lives better is through free markets defined in a particular way, meaning governments limited to essentially encasing markets, enabling the climate enterprise system to do what it does.

That's basically neoliberalism.

And I guess the question here would be, if you look at the world today, what aspects of our society that you would say are unoptimal?

To even use some neoliberal language, would you share the result of this conceptualization? Individual markets growth?

Well, I don't know that you can say sort of what percentage or whatever, but I think all three pieces are fundamentally not wrong in the sense of 100% wrong.

That would be crazy, but fundamentally don't fit the society we have today.

So first, the 20th century sort of framed it as there was either individuals or some kind of collective society thing that existed outside of any individual of which we were victims.

And I think neither of those things are true, that we are of course individuals, but as individuals we define ourselves as through our participation in groups, many different groups.

I have a geographical identity, I have a racial identity, I have a religious identity, I have members of different kinds, and I have a political community.

So we are parts of communities and we define ourselves in that way and we don't want to just do well for ourselves at the expense of everybody else, we actually want to see all of the people in our communities do well.

So to some extent there's competition between communities, but a lot of it also is just like we want mutualism, we want, we want to do well and we want, I want you to do well

and how do we do that?

And at the other end, the idea of growth period is a really morally unattractive goal. I think there was implicit in a lot of neoliberal thinking that it would be growth that would be distributed in a good way and that just has appeared to be true for lots of reasons that I think have been demonstrated with empirical evidence and so on, that there's a built-in tendency, you know, you think of Thomas Piketty's work that returns to capital just systematically and consistently outstrip returns to labor and so you get a massive shift from, you know, labor to capital holders and blah, blah, blah, blah.

The point being, just growth alone is not a terribly normatively attractive goal for your society, that we want two things.

We want a growth that is more justly distributed.

We actually, part of mutualism, we want everybody to get some of theirs and I don't want all of it for me if that means that you get none.

So we really do care about the distribution of wealth and second, we want opportunity.

And now neoliberals would have said they want opportunity too, but the way they defined opportunity was government is out of your way.

And that would be great if we were all in the same starting positions and we all had exactly the same capacities and so on, but to have a real opportunity in this society there are things you need that we have to make sure you're provided with.

And education, healthcare, housing and the basic necessities of life, you know, it's important that they have those and that's society's obligation and then you look at the middle piece and what we say is, so a system that is so focused on free markets alone doesn't fit either of those ends.

So we need to think differently.

We're not going to get rid of markets.

We're still looking, I think we're still looking at a system that's built fundamentally on free enterprise because free enterprise has enormous benefits that we've realized in terms of generating innovation, in terms of generating opportunities for people to succeed.

But a free enterprise system, you know, like sort of let run rampant has downsides.

So we have to think about how do we mix and match a role for government, a role for civil society, a role for different norms developments, that norms that celebrate the individual's achievement at the expense of everybody else, that celebrate massive aggregations of wealth.

So we can think differently about all those tools and with the belief that we're trying to help each other and that what we want is real opportunities.

So it's that kind of thing and we are very far from that world.

So I think a lot of it can be related to the feat of an approach that has crippled our ability to use tools other than free markets, although not so much.

So now we do use government and we use it badly because it's the thumbs on the scale against it and the justifications twisted around and that have a different set of norms than the ones that we've come to celebrate and so on.

So I think you can't attribute a percentage, but we do need to fundamentally reorient if we really want to produce a better society.

Yeah. And when you were giving that answer around health care, housing, those different categories, a huge part of the 20th century answer to that question was that's what growth

is for in the first place.

If we have growth, we have more wealth, more wealth, you're going to have health care, food insecurity, all those different areas really addressed.

So when we're talking about growth as a part of the neoliberal project, it seems that pushing away from that just feels, it doesn't feel ideal.

Not pushing away from it, nobody's pushing away from it.

So what are we doing with the growth angle?

It's just not growth alone.

We have to think about how do we produce the growth that is distributed well and how do we do it in a way that gives everybody an opportunity to have some of it.

So the focus on GDP as the measure of how well we're doing in our economic policy and GDP done in a way that treats, say a drug that causes cancer is the same as a drug that cures it.

That's what produces bad consequences.

So yes, of course we want to produce the things that make for a better life, but we want to do it in a way because we care about neutrality that is shared somewhat and that gives people, regardless of their starting position, what they need to have an opportunity to get there, a real one and not just a formal one.

Something I'm curious about is the resiliency of the neoliberal paradigm.

You have the origins in the 1970s, this is something you've written about,

but you've had multiple events over the course of the early 21st century,

2008 financial crisis, the COVID pandemic, a lot of the fallout from that that one thinks would have caused a broader rethinking of that paradigm.

What explains its resiliency over this period?

So I don't think it's resilient.

I think it's collapsing around us now.

I think it's dead and dying, but it hasn't been replaced yet.

And that's not unique to neoliberalism.

It's neither more nor less resilient than other paradigms have been.

Neoliberalism replaced a Keynesian paradigm that itself arose in the 1940s.

Keynesianism replaced the sort of laissez-faire paradigm that itself arose in the mid-19th century, which itself replaced mercantilism.

And what happens is each of these paradigms sort of it picks, a paradigm isn't, it's not right or wrong.

This is really important for people to understand.

It's an explanation that helps people order a really complex world that lets them know which ideas make sense and which ones don't.

Now, the paradigm doesn't fully control everything because there's so many other things that go into the ultimate outcomes, political power, serendipity of events, the quality of advocates, all sorts of things.

So the light world is always messing, but it helps organize.

And so works as a heavy thumb on the scale in favor of some things and against others.

And while it works, it survives.

And then it starts to break down.

And it doesn't break down instantly for everybody.

It, more and more people begin to lose faith until the center of gravity is gone.
So neoliberalism didn't start, you know, didn't start in the 70s with sexuation.
It started in the 30s.

The idea is it was the next evolution of way, say, fair, right?

But it lost out to Keynesianism because people didn't believe that it was the right way to deal with things like the Great Depression and the consequences of World War I.
And they adopted a system that said, you know, government does have an important role managing the economy.

And what we're trying to do with our society, though, is we want to do that.

And then we want a safety net to catch the people who fail.

That was the kind of Keynesian paradigm as it evolved.

And that worked for a long time.

And institutions were built and they were pretty solid.

And, you know, things went really well from like 1945 to 1975 or so.

But that paradigm started breaking down in the late 60s and early 70s.

And standard inflation was a result of the economy had changed, right?

And those managing institutions weren't managing well and people lost faith.

And there were competitors.

I mean, neoliberalism was out there, but so were some radical left alternatives.

But the one that made sense to people that they adopted,
partly because of the way the ideas fit, partly because there were great advocates like Reagan or Thatcher.

And so they were able to begin to implement policies.

And those seemed to work for people too, right?

I mean, you know, Reagan takes over and thatcher in 79 and interest rates come down,
unemployment comes down, you know, it's like, but over time,
it has not worked in some ways and generated some real problems.

And as in the earlier, more and more people have lost faith in,
they don't lose faith in the paradigm.

That's not how ordinary people think about things.

They think about the institutions that embody it.

And people have lost faith in those institutions and they begin to drift.

They look for the next best explanation.

So as I said, in the 1970s, there were alternatives.

And some people did drift to the far left alternatives.

Most ended up on neoliberalism.

And the 1930s, when Lacey Bear broke down, a lot of people became communist.

A lot of people became fascists.

Those were viable alternatives.

What we're looking at today is the breakdown of neoliberalism has happened,
or has happened really fast, and people are drifting.

And that explains, you know, what are the alternatives?

There's China and that has a lot of appeal in many parts of the world,
which is essentially state-run capitalism without individual rights.

And what I'll call ethno-nationalism, which is a kind of 21st century version of fascism. And we're seeing a lot of that, you know, and there are mild versions in some countries and really extreme versions in others.

So, you know, you have an Orban, you have a Modi, you have a Bolsonaro, you know, Trump. And but it's not just on the right, you know, the appeal, that's what I say.

It's the appeal of Sanders.

And that's like, so you're seeing a shift in the way people are thinking.

And whatever people are, they've lost faith in that side of institutions and they're looking for something different.

So one version says, there was a glorious past and there was, you know, more of a national culture.

And if we can recapture that, we can begin to rebuild them.

What we need to do is shut down and shut out the things that have complicated and messed it up.

And that has appealed to lots and lots of people, right?

Yeah, I'm glad you brought up the China side of things because this brings to mind something that doesn't happen as much in the post neoliberalism conversation, which is the foreign policy environment.

I'm so the thing is, like I speak to a lot of, you know, think tank policy thinkers on the right.

And what's been fascinating to me is seeing how a lot of conversations that have come from the competition of China conversation have pushed folks into post neoliberal thinking in a way that just wasn't true necessarily.

So for example, if you go to any conservative think tank and you say the words industrial policy, there'll be just deep dismissive skepticism.

But if you follow up and say, okay, what do we do about chip manufacturing?

What do you do about vaccine supply chains?

They'll instantly say, oh, well, that's different.

So that's kind of an example of how the foreign policy side of things is shifting to thinking.

I'm curious how from your perspective, if you're seeing that conversation from your angles.

So yes.

And again, there's not one exclusive thing.

I mean, there are many streams, but one of the streams always has been to think of as international economic policy.

So again, a quick history, the push against mercantilism and the rise of Laissez-faire, they fail in the big 19th century, which started in the United States was very much we needed to deal with then it was England and France and their dominance in international economic relations.

And it made sense for what we were trying to do as a better way for American economic policy to develop, to fuel the kind of growth that we wanted and needed.

You know, the breakdown of Laissez-faire and the rise of Keynesianism was obviously hugely tied in then to the first of the fight against fascism, but more importantly against communism.

And of course, the breakdown of neoliberalism and the uptake of the breakdown in Keynesianism and the uptake of neoliberalism was driven by that very much by that same competition, mostly because changes took place in the international economic order,

as Germany and Japan reemerged, we didn't understand the extent to which the Keynesian policy actually, you know, in terms of international economics, depended on a kind of U.S. dominance that was suddenly being challenged by the rise of these other economic powers and the oil shock as OPEC emerges. So all those things sort of created circumstances in which neoliberalism is very much about addressing them and communism.

And the same thing is true today, right?

The free trade regime that was generated by neoliberalism has had consequences inside the U.S., left lots of people behind and out that were not expected or understood, but that are very much drivers of the abandonment of that way of thinking about it.

So it's still, you know, both Trump and Biden, there's lots of similarities in their international economic policies and certainly in what they're sort of trying to correct for. Yeah, something I'm interested in going back to one of your earlier answers is, to what degree does a post-neoliberal conversation kind of skew our understandings of left and right when it comes to political coalitions?

The key thing about all these paradigm changes is they redefine what left and right is. They're always accompanied by realignment.

It is the nature of it because they're changing the grounds on which, you know, the left-right axis has developed within a paradigm.

And as the paradigm changes, the left-right axis, you may have left-righted, they're not always the same, but it's, you know, the different sides. So, you know, to see that there's splits within the Democratic coalition, there's splits within the Republican coalition that, you know, some of them are a product of, and they seem to many people, could be a product of just the day-to-day controversies that we're having, but they reflect very different worldviews.

And, you know, you would get that realignment.

I mean, the Democratic Party that FDR put together, which was a Keynesian paradigm as it breaks down, you know, what they called Reagan Democrats were, you know, people for whom that way, working things didn't work, and they were done more appealing the opportunities that seem to be available than the Republican platform, which is, of course, very far removed from today's Republican platform, which itself reflects some of these ships. So, you expect realignment. We're in one of those periods, as in the 20s and 30s, as in the late 60s, early 70s, of turmoil, because nothing could settle. So, the breakdown is what we're in the middle of. Things will eventually settle, and it will be a different left-right.

Something I'm curious about is the ethno-nationalism issue you brought up, which seems to me at the core of the ideological awkwardness when it comes to these projects, in the sense that some of the most post-neoliberal right-wingers I know, open to different perceptions of the good, different conceptions of how government should operate, are also deeply ethno-nationalist.

It was often part of the way that they get to the answer of, we should reconceive our economic conceptions, is there's a specific set of people who are specific sets of Americans, and they've been ill-served, the exclusions of people outside that thriving community.

So, can you talk about the awkwardness of this dynamic when things turn into a culture war area? It's particularly challenging to talk about in the American context. So, let me click that aside for a moment, we'll come back to it. But if you think globally, remember, the United States is somewhat unique in that it was defined around ideas,

not around a shared cultural or ethnic past, in the same way that most other countries were. So, in a lot of these countries, then the expression of it is fairly called ethno-nationalism because of people thinking like, who are the real English, who are the real French, who are the real whatever Indians, and then defining the threat as coming from the people who are not bad, who have challenged the culture and economy and society that was built around it and wanting to restore it. So, you can put blame there, and you can look for policies that restore the dominance of that group. So, I think that is an actual fair description of the U.S., but it is definitely sort of more cultural and ideological and intellectual.

The power where it gets, frankly, uncomfortable is it, unquestionably though, also does map on a race, which is the one place where this gets super complicated for people and that makes it so uncomfortable to talk about. And it goes beyond that because it's not just about race, but it is clearly about race very much. And the question of what it means to have a multi-racial, multi-cultural society on the one hand versus it's not that people, they are like the far right nuts who have this notion of replacement and it should actually only be white people in this country. But that's not most of what we're doing, but that's why it is cultural. But the culture that they want is a harkening back to a kind of culture that was much more racialized in operation, right, in which groups truly were marginal. And again, it's not that they want to necessarily So the way it plays out, the way it's understood, the way policies play out, the kinds of steps that people want to take where they're just not as focused on redressing the consequences of all that formal de jure, deep cultural racism, it's all wrapped up in this. But to me, at the end of the day, it's still similar in that there's a notion, the solution to the mess that today feels like is to recapture a kind of culture that we have that worked. And that's what we need to do. And all these challenges to it, all these things that are disrupting it, they're the problem. And if we can just solve that problem, so we don't want these immigrants, right? We don't, even though America

has lived on immigrants and you know, we anyway, you see the idea. Something I'm really interested in is your kind of intellectual theory of the case when it comes to how new economic paradigm spread. And because this is actually based on just literal history, this is we don't even have to like, sort of hypothesize or like theorize into nothingness. Because if you look at how these conversations were returned in the 1930s and 1940s, there's a lot of funders, there are think tanks on the Democratic Party side slash on the left, you have groups like the Democratic Leadership Council that like very top down, we could set agendas that way. A defining reality of the current moment is just a deep distrust in institutions, establishments, etc, etc, etc.

So it will be much harder to have the group meet up and then disseminate. How do you, would you agree with that characterization of like the differences between the 30s, 40s, 50s and today?

And like, to what degree would you say that's an impact on the ability to spread new ideas?

I think I would agree. And it has a big impact. It's not the mistrust in elite institutions. That's characteristic of all paradigm shifts through whose faith in the existing institutions 1930s, you say it out loud, you're like, yeah, yeah, but but that there but that there were still institutions that people did trust and through which you couldn't work. And we're in a particular period now where it feels like actually people have lost faith in a wall of the institutions. And that's pretty scary. And I think that's a product.

Mostly the world is different, the media environment, the communications environment, access to ideas, the mediation of ideas is so vastly different than it has been at any earlier

time. And that has enabled the sort of erosion of it's hard to be any institution and not have these massive kinds of attacks that undermine credibility in it. So, so that is a that is a challenge. I'm not sure in the end if it's a fatal challenge, because I personally have a kind of abiding faith that if a set of ideas does emerge that actually speaks to people, we're still an open enough society that it will get out there and people would begin to align around it, new institutions will emerge and institutions are not being the formal institutions, Congress being more informal institutions, whether it's political parties or movement groups, but that will really attract the kind of support and then we'll rebuild that way. And, you know, so it's more complicated, but I don't think it's impossible because, as I say, at the end of the day, people are looking for explanations to work for them. And, you know, they're out there and, you know, and as are the means for communication, it's just a much noisier and messier world.

Something I'm curious about, just given the fact that you were Dean of Stanford Law School and you lead a major foundation today, so you are very much at the center of these institutions that are under challenge from, you know, above and below at the same time. What would your advice be for leaders in those positions during a moment like this? Well, first, by the way, I think all institutions are under that kind of, I can't think of any but aren't at the point. So it's not just, actually, as foundations, we, foundations and the non-profit sector has more trust than most when you think about the larger public. Despite attacks, you know, from both the left and right on what we do, universities, I think, have a challenge. They've been under assault for about 30 years and they haven't really tried to defend themselves. I think it's a long time you can think of, you know, the kind of public intellectual university leadership that has made the value proposition for what universities do as critically as important as that is. So, you know, I think it's different for different institutions. I think for universities, they need not just individuals, but they really need to, like, make the case for what they do and why it's so important and they need to, you know, to do it and, as I said, explain it to people and they just haven't been doing that for a really long time. And I think there are reasons that's a different conversation about the changes that have taken place in the economics of universities and how they managed to make that work. So, it's sort of institution by institution. I think for foundations, the key is, and what I would say, is to be totally transparent about what you're doing and why you're doing it. So, the thing that would be a legitimate challenge would be you sit as this big aggregation of wealth with the power to do things. And, of course, our independence is an important part of what enables us to do it and the pluralism of the foundation world, in fact. But that only works if we say, and here's what we're doing and criticize us if you think it's wrong and we will actually listen. We will still make our own decisions at the end of the day, but we're not isolating ourselves from sitting in some back room deciding everybody's fate, you know. So, transparency and communication, I think are pivotal for this sector. But, you know, I mean, you know, different sectors have different issues and they just need to do the best they can and address them. Broadly speaking, we need to find some way to get an information media environment that isn't all noise and, you know, all extreme information that propaganda is, you know, a huge amount of propaganda, what amounts to propaganda that people have been martyred with that we need to do something about. It didn't used to be the case because of the structure of media in the,

say, mid-late 20th century. I mean, here's an interesting point. If you think about the 19th century, the media environment was as bad or worse than anything we have today. But although we were

formerly democratic, it was still an enormous amount of deference to the leadership class, which, you know, didn't go for the crazy things and to which people were willing to defer even when they'd been bombarded with all this crazy stuff. As we became more legitimately democratic in the, you know, 20th century, particularly after World War I, so people stopped deferring so much and they, like, thought they should have more voice. We also stumbled into a media environment, though,

where the information people were getting was largely centrist. Some organizations leaned left, some a little right, maybe some more leaned a little left and a little right, but they were all pretty much centrist and that enabled us to, you know, continue to work even as people became more insistent that their own voice be heard. And then what's happened in the last 40 or 50 years is, you know, if anything, we've become even more democratic, people even less willing

to defer to anybody else. But the information environment has gone, you know, fragmented and gone crazy. And so that, not surprisingly, has created a lot of the problems we're looking at.

We need to solve that as a problem if we want. You can't have a democratic society when the society itself is this fragmented. Something I'm curious about then is when you were bringing up the university system and institutions, you just got me thinking about meritocracy, another phenomenon that, like, rose up during that post-World War II, Keynesian era, and I'm sure you are aware

that there's now a cottage industry of very serious books that critique modern conceptions and notions

of meritocracy. I'm curious, do you think this conversation about what a post-meritocratic society looks like, are they tied into this post-New York liberalism conversation? Or are these just sometimes interesting phenomenon or dynamics happen at the same time we're having conversations with these two different areas? I don't know. I don't have strong views on that debate, only in the sense that it feels to me a little bit like there's a lot of straw personish stuff happening. It wasn't post-World War II that the idea of that accomplishment should matter and that ability should matter. That's always been the case. Then the question which is open to challenge is, what are the qualities that we're looking for and how fairly do we give people access to get this one? I talk about earlier with opportunity, how fair are we about giving people the opportunity to acquire those things and achieve and get the benefits then of achievement. I don't think anybody is saying, actually, we shouldn't care about accomplishment or achievement and so on. Then it gets all caught up. A lot of word sale and a lot of people are actually focusing on a particular issue and not quite naming it rightly. It's caught up in what we're talking about in the piece of what I said, which is about making sure that people have real opportunities. If you haven't had the opportunity to get a good education, we have to give you that opportunity, not punish you while not having given you that opportunity. If you want to call that meritocracy, that's fine. Now, there's a different issue, though, which I do think, which is the equation of merit with grades and test scores for education. I've always thought of a mistake. The idea of the public education, that education isn't a public good, is a mistake. I start from the position that education is a public good. We educate people, and then what they can do or do is for the good of society as a whole. That's why we care about education.

It's not just about giving every individual the chance to do well for themselves, but by virtue of that, having the whole society do better. The education needs to be available to the whole society. If you're constructing a class for a school, you want it to look like the society that you're educating people for, and it certainly should reflect all the major social divisions. That's what you're trying to get people to do. To take the reason Supreme Court decision, the idea that race shouldn't be a factor in constructing a class is itself crazy, a product of having started with some desiccated notion that the allocation of education should be based on grades and test scores. Not just race, political ideology, geography, faith or not. Think of the major divisions within our society. I want to build a class that that's what diversity is for. It's not just for the individual students. It's so that the public good that we're producing reflects the public for which we're producing it. Then it's important that you don't want to let somebody into an environment where they're going to fail. There is a threshold you need to get over, but that threshold leaves you with a lot of people within which you want to construct a class that reflects the society. That's how I think about education, and I think how we should. We flipped it on its head somewhere along the way, and it's created a lot of these problems. The obvious follow-up I recently interviewed Richard Kallenberg, who's the center left, but he's very aggressively anti-race based in front of action, much more on the class-centric one. His contention is that with a class focus, you can still accomplish a lot of the diversity goals that you're articulating from a reflecting society perspective. Where do you come down on the class-based focus when it comes to educational attainment and admissions debate? The key to me is what will get us to the result that we're looking for, which is a class that really reflects the diversity in the society. I don't think you have to use race, and if class worked, but as long as it produced that, that would be fine. I think we can give institutions some flexibility to figure out what does do that, which is what we've been doing, and so on. As I said, I think the debate gets framed differently when you start from some notion that the entitlement comes with grades and test scores, and anything you're doing within that that takes away from it is deeply suspect and needs to be challenged, and then particularly certain kinds of things like using race, because of the history of using race, becomes problematic. It's different if we start from the position that what's important is that the class you're putting together look like the society for which you're educating it, and now what tools will get us there. Of course, we want students who are capable when we learn from each other so much, so the more the better, but it's a secondary consideration and not the primary. For this last section, I want to play with a piece you wrote on Hewitt's website in the newsletter where you're saying we need to talk about capitalism, and as someone who's talked about capitalism for almost four years on this podcast, like my modification of that is, we've talked about capitalism, or I've talked about capitalism, now what? You've pointed out that you think here, neoliberalism as a paradigm no longer operates, however, the successors have not emerged. To go to the start of the episode, we have neoliberalism doesn't work, end state is post neoliberalism, but we're in this middle that's ill-defined. To the degree you can, what are some interesting mixing too many metaphors? What are some little shoots that are coming out of the ground that constitute your optimism about the middle part of this? Yeah. Again, to step back, the idea in that piece was to say one of the great successes of neoliberalism was a rhetorical success, which was equating their particular version of capitalism with capitalism itself so that anything that was a departure from it could be labeled as

anti-capitalist or non-capitalist. I wanted to start by let's step back and what do we mean by capitalism? As I say, for me, it's easier to think about it as it's basically a commitment to a free enterprise system in which most of the economic activity within the society is private. After that, we can mix and match other pieces as best suits the goals that we want to achieve as a society. FDR's New Deal was a system of capitalism. Keynes was a system of capitalism. The social democracies in Scandinavia are systems of capitalism. They're all different, and let's recreate the space so that we're not pejoratively pulling off because those labels can matter for what people understand. That's the important point. What do I see as shoots that are emerging? There's lots of interesting things happening on. One of the most accessible and easiest ones is the Paul Pearson, Jacob Hacker stuff about pre-distribution. This fits that notion that we care about the distribution of wealth. It's not like neoliberals were completely oblivious to that, but their idea was have these super free markets, let growth rip, and then to the extent that you have a really big problem, use redistribution after the fact. The frame of that then basically says to people, you earn this and we're going to take a big chunk of it away from you and we're going to give it to somebody else because we care about not having the society fall on. The pre-distribution notion says, no, look, markets are constructed by government, those free markets. That was the difference between neoliberals and laissez-faire liberals of the 19th century. Government had an important role in showing a particular version of markets. They had it produced a particular set of outcomes, predictably. Once we know that, then we can actually

structure our markets differently so that we're still relying heavily on the free enterprise system, but we've structured it in a way that it's going to produce a better distribution itself. We don't have to redistribute. We have to be pre-distributed by the way we structure our markets. You can have a different kind of antitrust law than the one that we have. You can have a different kind of labor law than the one that we have. You can have a different kind of corporate law than the one we have that will do that. We're not going to say the sole purpose of the corporation

is maximizing shareholder wealth. That produces bad consequences. Let's think about other stakeholders,

still a corporation. It's still figuring out what to do, but they're doing it within a slightly different frame. Let's have an antitrust law that isn't focused only on prices and consumer benefits. Yes, I'm a consumer, but I'm also a worker and I'm a citizen. Let's think about the different identities. In particular, we know that massive aggregations of economic wealth, even if it produces lower prices, produces political power and that distorts the system.

That was the original understanding of antitrust. Let's rethink that so that we don't have those distortions. We know that labor needs a voice. Now, how to construct it is, I think, an open question. 20th century labor unions, which were defined for an industrial economy, which had massive numbers of workers and plants doing similar work, don't necessarily make sense for the 21st century economy. We need to rethink how do we give a proper voice to labor

as against, because we're still within a capitalist system, so that that balances better. So those are all the pieces that hopefully at some point will gel into a post neoliberal, a different version. I don't want to call post neoliberal unless neoliberalism is just post Keynesian, or Keynesianism is just post laissez-faire. So into a new paradigm that works for people

because it produces outcomes that make sense. That callback you made to the 20th century brings to mind a question I have, which is, what is the role of nostalgia or looking towards the future when you're trying to make arguments about some version of the political or economic good? So for example, you'll see people to the right give one argument why the 50s were great, so people to the left harken back to another version of the 1950s. To what degree does harkening back to that past? And this is different from the debate of where things really, this is separate from where things really that good, because it's an idea. So if you're Bernie Sanders, the 50s, you're talking about the idea of labor unions, factory employment, etc. If you're on the right, you're talking about specific social arrangements. Are we hampered by thinking of the, by being rooted in the past and need to move forward? How do you think about this? So I think we always kept a look at the past in order to understand how to get to the future of that. And we're fighting about the history all the time and how to interpret the past. I would view nostalgia as the label that we put on a particular way of looking at the past, which is through rose-tinted glasses. And that can happen on either side. So it's not that. So what I would say is, so there is some nostalgia. There are people who look at the past and say, we want to restore that and don't pay any attention to the horrible sides of it. But that's a different point then. We need to look at and understand the past in order to understand where we are, how we got here, and then think then intelligently about how we can get somewhere else. American society is different from French society or British society. If we don't understand how we got to where we are and what has shaped us, we pretend that it's the same. We're much more likely to make mistakes in thinking about our own future. Nostalgia would be some notion of we're bounded stock to just re-do things or restore things. Sometimes restoration may make sense. Sometimes it doesn't. You're never restoring something because the context will always have changed. So it's more like, think of it this way. History is just a form of, I can study French culture today and compare it to America. I can study American culture 100 years ago and compare it to America today. Those are both similar kinds of things. Neither of them is what we are today. I can learn from both of them. I need to understand where and why the differences are. I had a conversation once with somebody where I think appeal to traditional American values, or that's, I don't want to frame it that way, appeal to the values that underway, that have underwaded a constitution in our society all along. I think it remains important and powerful for people. And it's a mistake to reject all that because it has had really bad consequences or allowed things to happen that were really awful. But it's also a mistake to ignore the really bad things and the really awful things. So it's like, those values are still wonderful motivators today. And how do we implement them in our world to do better than we did in the past? And if there's anything that's American, it is that notion that we can always do better. We can always improve. We can make a more perfect union. That's a deep American value. That's not nostalgia. But nostalgia would be saying, actually, they had it right then. And what we need to do is just go back to that with all of its bad consequences. Yeah, I like to focus on the pitfalls of just pure restoration. So for the final question here, I'd love for a bit of a call to action. What are some unanswered questions or open opportunity for work that you see? So if one of these initial shoots is this pre-distribution idea, what are some other open questions or ideas that you think folks should be working on to advance this conversation? I think the biggest challenge

is the challenge of figuring out how to talk about race and move forward on race in a productive way. And we're not having a productive conversation left or right about it now. It has been a critical moving issue across American history from the very beginning. I think about that. There's no question. It doesn't file. So what we need to do is move away from the debate we have now, which is a zero-sum debate that either requires treating it as either a choice or ignoring, and into a debate that recognizes where the similarities are, but also where the differences are so that we can address those as part of a solution. So there are ways in which neoliberalism has failed everybody, and there are ways in which the ways in which it has failed certain groups are different and distinct, and we need to hold both of those things while recognizing what we're trying to do is make it better for everybody. And we don't yet have a way to talk about that. And so I do that as a really significant challenge for this debate going forward. And then I think there are all sorts of, and almost like we talked about labor quickly, I don't have any answer to that. I don't think we'd yet come up with one. And we're feeling our way through a new industrial policy. Like, how does it work, and what are the economic consequences actually going to be? I mean, we're in the middle of an experiment, but that's always the way these things go. So in some sense, there's nothing but open questions, and we need to kind of push for ideas and see which ones work, and at the same time being able to explain them. So I don't think it's so much like there's the following three questions as we're in this period where lots of stuff is up for grabs, we have a wide kind of popery of individual policy solutions, which are well worth trying. That yet a kind of overarching story that puts them together or puts a bunch of them together in ways that will be compelling for citizens and ordinaries so that they want to try it and then see if it works. I mean, if it works, move on. That is an excellent place to leave it. Larry Cramer, thank you for joining me on the realignment. Thank you. It's been super interesting. I hope you enjoyed this episode. If you learned something like this sort of mission or want to access our subscriber exclusive Q&A, load us episodes and more, go to realignment.supercast.com and subscribe to our \$5 a month, \$50 a year, or \$500 for a lifetime membership. See you all next time.