

# What America Needs Is a Liberalism That Builds

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Opinion Columnist

Early in Joe Biden’s presidency, Felicia Wong, the president of the liberal Roosevelt Institute, [told me](#) that Biden was badly misunderstood. He’s been in national politics for decades, and so people look at him and “default to a kind of old understanding of what Democrats stand for, this idea that Democrats are tax-and-spend liberals.” Wong thought he wanted more: “What Biden is trying to push is much more about actually remaking our economy, so that it does different things, and it actually regularly produces different outcomes.”

I think Wong was right about what Biden, or at least the Biden administration, wanted. But its execution has lagged its vision. And the reason for this is uncomfortable for Democrats. You can’t transform the economy without first transforming the government.

In April, Brian Deese, the director of Biden’s National Economic Council, gave an important speech on the need for “a modern American industrial strategy.” This was a salvo in a debate most Americans would probably be puzzled to know Democrats are having. Industrial strategy is the idea that a country should chart a path to productive capacity beyond what the market would, on its own, support. It is the belief that there should be some politics in our economics, some vision of what we are trying to make beyond what financial markets reward.

Trying to build clean energy infrastructure is a form of industrial strategy. So is investing in domestic supply chains for vaccines and masks and microchips. For decades, the idea has been disreputable, even among Democrats. You don’t want government “picking winners and losers,” as the adage goes.

The argument, basically, is this: When governments bet on technologies, or companies, they typically bet wrong. Markets are more efficient, more adaptable, less corrupt. And so governments should, where possible, get out of the market’s way. The government’s proper role is after the market has done its work, shifting money from those who have it to those who need it. Put simply, markets create, governments tax, and politicians spend.

It’s remarkable, the assumptions that lurk beneath what’s taken for common sense in Washington. Consider the phrase “winners and losers.” Winners at what? Losers how? Markets manage such questions through profits and losses, valuations and bankruptcies. But societies have richer, more complex goals. To criticize markets for failing to achieve them is like berating a toaster because it never produces an oil painting. That’s not its job.

So I won’t say markets failed. *We* failed. Growth slowed, inequality widened, the climate crisis kept getting worse, deindustrialization wrecked communities, the pandemic proved America’s supply chains fragile, China became more authoritarian rather than more democratic and then Vladimir Putin’s war revealed the folly of relying on countries we cannot trust for goods we desperately need.

No one considers this success. Deese, in his speech to the Economic Club of New York., declared the debate over: “The question should move from ‘*Why* should we pursue an industrial strategy?’ to ‘*How* do we pursue one successfully?’”

I am unabashedly sympathetic to this vision. In a [series of columns over](#) the last year, I've argued that we need a liberalism that *builds*. Scratch the failures of modern Democratic governance, particularly in blue states, and you'll typically find that the market didn't provide what we needed, and government either didn't step in, or made the problem worse through neglect or overregulation.

We need to build more homes, trains, clean energy, research centers, disease surveillance. And we need to do it faster and cheaper. At the national level, much can be blamed on Republican obstruction and the filibuster. But that's not always true in New York or California or Oregon. It is too slow and too costly to build even where Republicans are weak — perhaps especially where they are weak.

This is where the liberal vision too often averts its gaze. If anything, the critiques made of public action a generation ago have more force today. Do we have a government capable of building? The answer, too often, is no. What we have is a government that is extremely good at making building difficult.

The first step is admitting you have a problem, and Deese, to his credit, did exactly that. "A modern American industrial strategy needs to demonstrate that America can build — fast, as we've done before, and fairly, as we've sometimes failed to do," he said.

He noted that the Empire State Building was constructed in just over a year. We are richer than we were then, and our technology far outpaces what was available in 1930. And yet — does anyone seriously believe such a project would take a year today?

"We need to unpack the many constraints that cause America to lag other major countries — including those with strong labor, environmental and historical protections — in delivering infrastructure on budget and on time," Deese continued.

Our technology today outstrips that of 1930. Yet could we build an Empire State Building in a year?

One answer — the typical Republican answer — is that government can't do the job and shouldn't try. But the data doesn't bear that out. The [Transit Costs Project](#) tracks the price tags on rail projects in different countries. It's hard to get an apples-to-apples comparison here, because different projects are, well, different, and it matters whether they include, say, a tunnel, which is expensive for all the obvious reasons.

Even so, the United States is notable for how much we spend and how little we get. It costs about \$538 million to build a kilometer of rail here. Germany builds a kilometer of rail for \$287 million. Canada gets it done for \$254 million. Japan clocks in at \$170 million. Spain is the cheapest country in the database, at \$80 million. All those countries build more tunnels than we do, perhaps because they retain the confidence to regularly try. The better you are at building infrastructure, the more ambitious you can be when imagining infrastructure to build.

The problem isn't government. It's our government. Nor is the problem unions — another favored bugaboo of the right. Union density is higher in all those countries than it is in the United States. So what has gone wrong here?

One answer worth wrestling with was offered by Brink Lindsey, director of the Open Society Project at the Niskanen Center, in [a 2021 paper](#) titled "State Capacity: What Is It, How We Lost It, and How to Get It Back." Lindsey's definition is admirably terse. "State capacity is the ability to design and execute policy effectively," he told me. When a government can't collect the taxes it's owed or build

the sign-up portal to its new health insurance plan or construct the high-speed rail it's already spent billions of dollars on, that's a failure of state capacity.

But a weak government is often an end, not an accident. Lindsey's argument is that to fix state capacity in America, we need to see that the hobbled state we have is a choice, and there are reasons it was chosen. Government isn't intrinsically inefficient. It has been *made* inefficient. And not just by the right:

What is needed most is a change in ideas: namely, a reversal of those intellectual trends of the past 50 years or so that have brought us to the current pass. On the right, this means abandoning the knee-jerk anti-statism of recent decades, embracing the legitimacy of a large, complex welfare and regulatory state, and recognizing the vital role played by the nation's public servants (not just the police and military). On the left, it means reconsidering the decentralized, legalistic model of governance that has guided progressive-led state expansion since the 1960s, reducing the veto power that activist groups exercise in the courts, and shifting the focus of policy design from ensuring that power is subject to progressive checks to ensuring that power can actually be exercised effectively.

The Biden administration can't do much about the right's hostility to government. But it can confront the mistakes and divisions on the left.

A place to start is offered in another Niskanen paper, this one by Nicholas Bagley, a law professor at the University of Michigan. In "[The Procedure Fetish](#)," Bagley argues that liberal governance has developed a puzzling preference for legitimating government action through processes rather than outcomes. He suggests, provocatively, that that's because American politics in general, and the Democratic Party in particular, is dominated by lawyers. Joe Biden and Kamala Harris hold law degrees, as did Barack Obama and John Kerry and Bill and Hillary Clinton before them. And this filters down through the party. "Lawyers, not managers, have assumed primary responsibility for shaping administrative law in the United States," Bagley writes. "And if all you've got is a lawyer, everything looks like a procedural problem."

This is a way that America differs from peer countries: Robert Kagan, a law professor at the University of California, Berkeley, has called this "adversarial legalism," and shown that it's a distinctively American way of checking state power. Bagley builds on this argument. "Inflexible procedural rules are a hallmark of the American state," he writes. "The ubiquity of court challenges, the artificial rigors of notice-and-comment rule-making, zealous environmental review, pre-enforcement review of agency rules, picayune legal rules governing hiring and procurement, nationwide court injunctions — the list goes on and on."

The justification for these policies is that they make state action more legitimate by ensuring that dissenting voices are heard. But they also, over time, render government ineffective, and that cost is rarely weighed. This gets to Bagley's ultimate, and in my view, wisest, point. "Legitimacy is not solely — not even primarily — a product of the procedures that agencies follow," he says. "Legitimacy arises more generally from the perception that government is capable, informed, prompt, responsive, and fair." That is what we've lost — in fact, not just in perception.

Rebuilding that kind of government isn't a question of regulatory tweaks and interagency coordination. It's difficult, coalition-splitting work. It pits Democratic leaders against their own allies, against organizations and institutions they've admired or joined, against processes whose justifications they've long ago accepted and laws they consider jewels of their past.

The environmental movement cheers when Biden says he wants to decarbonize and fast. But if he said that in order to achieve that goal, he wanted to reform or waive large sections of the National

Environmental Policy Act to speed the construction of clean energy infrastructure, he'd find himself at war. What if he decided to argue that government workers shouldn't just be paid more, but they should be easier to both hire *and* fire?

I've spent most of my adult life trawling think tank reports to better understand how to solve problems. When I go looking for ideas on how to build state capacity on the left, I don't find much. There's nothing like the depth of research, thought and energy that goes into imagining health and climate and education policy. But those health, climate and education plans depend, crucially, on a state capable of designing and executing policy effectively. This is true at the federal level, and it is even truer, and harder, at the state and local level.

So this is what I have become certain of: Democrats spend too much time and energy imagining the policies that a capable government could execute and not nearly enough time imagining how to make a government capable of executing them. It is not only markets that have failed.

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