



Peter Wehner: The Anxieties and Worries of Middle America.

The vast majority of Americans consider themselves part of the middle class. Though we tend to think of membership in the middle class as a matter of income, Peter Wehner offers a different definition in this chapter of *Room to Grow*, which informs the chapters that follow. The middle class refers to Americans who do not consider themselves poor or rich, and who can imagine their fortunes turning either way.

In an era of rapid economic and demographic change, middle-class Americans express hope and optimism about their ability to climb the economic ladder. Yet two-thirds of Americans believe that it will be harder for them to achieve the American Dream than it was for their parents, and three-quarters believe that it will be harder still for their children and grandchildren to do the same. The chief fear of middle-class Americans is that just as it is getting harder for poor people to climb into the middle class, a stagnant economy is making it all too easy for those who have achieved middle class status to fall out of it.

Middle-class adults are far more inclined to believe that Democrats rather than Republicans favor their interests. But middle-class dissatisfaction with both liberals and conservatives runs deep, and this creates an opportunity for conservative reformers. Conservatives must understand the concerns of the middle class and speak to their aspirations and worries. They must offer a concrete conservative agenda that tackles the barriers to upward mobility, and that renews faith in free enterprise and our constitutional system. That is the goal of this collection.

Yuval Levin: The Solution: A conservative governing vision to restore America's promise.

America's families face stagnating wages, excessive tax burdens, rising health and higher education costs, barriers to mobility and work, disincentives to marriage and childbearing, and an economy increasingly held back by over-regulation, cronyism, institutional sclerosis, and mounting public debt. And each of these problems has been greatly exacerbated by a federal government that is overreaching, hyperactive, unwieldy, and immensely expensive.

Some conservatives have concluded that the best we can do is restrain the growth of this government, to ensure that the liberal welfare state doesn't grow any further or do any more harm. Yuval Levin argues that while restraining the growth of government is essential, it is not enough. Conservatives must offer an alternative to the fundamentally prescriptive, technocratic approach inherent in the logic of the liberal welfare state. While the Left seeks to impose order on the chaos and complexity of a free society through the use of centralized government programs, the Right seeks to protect, defend, and revitalize the space between individuals and the state. This is the space in which families, communities, civic and religious institutions, and private businesses are constantly finding new solutions to new challenges, and it is the space that is most threatened by the growth of government.

For conservatives, the role of government is to enable and sustain markets and other arenas of common action, ensuring competition, aiding the development of physical infrastructure and human capital, protecting consumers and citizens, and allowing the poor and vulnerable to participate along with everyone else. In practice, this means avoiding centralized programs that impose wholesale solutions from above in favor of those that enable a bottom-up, incremental, continuous learning process.

The conservative reform agenda aims to replace a failing liberal welfare state with a lean and responsive 21st century government worthy of a free, diverse, and innovative society. The following chapters are an attempt to show what such a government might look like, and how it could help the poor to rise, lift burdens off the shoulders of working families, end cronyism and special privileges for those at the top, and prepare America to flourish again.

James Capretta: Health-care reform to lower costs and improve access and quality

America's health-care system was badly in need of reform when President Obama took office. But instead of improving America's health-care system, the president and his allies have made matters worse. The core problem in American health care is that there is not a functional marketplace in health insurance or health services to discipline costs and promote quality and value for consumers. Rather than empower consumers or encourage the kind of innovation that could make high-quality care cheaper and more accessible, Obamacare has shifted decision-making authority from states, employers, insurers, and consumers to the federal government. This centralization of power in the federal government has already crippled the private initiative that is so essential to delivering improvements in the quality of care for patients. Obamacare's defenders will insist that for all its flaws, it will nevertheless expand coverage. Yet even after a ten-year gross expenditure of \$2 trillion, Obamacare will leave 31 million Americans uninsured in 2021 and beyond.

In this chapter, James Capretta offers a roadmap for conservative health reform. Drawing on new proposals from Republican Senators Richard Burr, Tom Coburn, and Orrin Hatch, and the 2017 project, he calls for an Obamacare replacement that would rely on a decentralized, market-oriented approach to the health-care system; offer tax credits for people outside the employer system achieved with minimal disruption of employer coverage; guarantee continuous coverage protection for all Americans; and grant states significant flexibility to meet the needs of their most vulnerable citizens. The Center for Health and Economy, an independent analytical organization, has found that the Burr-Coburn-Hatch health reform blueprint would expand coverage by as much as Obamacare while spending far less.

Capretta emphasizes that the conservative alternative to Obamacare isn't just cheaper than Obamacare. Instead of empowering bureaucracies to micromanage the health care system, it empowers a decentralized system of continuous learning and incremental improvement to find solutions, try them out, build on those that work, and reject those found wanting. It is, in this sense, a model of conservative problem-solving.

Robert Stein: Tax reform to strengthen the economy and lighten the burdens families bear.

Ever since the Reagan era, conservatives have been captivated by the power of cutting marginal tax rates. The problem is that while cutting the income tax rate from 70 percent to 50 percent meant the highest earners could keep 50 cents instead of 30 cents on every dollar of extra earnings, today's middle-income households already keep most of what they earn. Cutting the 15 percent federal income-tax rate faced by much of the middle class to 10 percent means letting a worker keep 90 cents on the dollar instead of 85 cents. Such a cut would do relatively little to improve work incentives, not least because two-thirds of the tax relief would go to households who earn only some of their income in the 15 percent bracket on their way to higher brackets.

Robert Stein argues that instead of focusing on marginal tax rates, conservative tax reformers ought to focus on the ways the federal government punishes middle-income families. Because Social Security and Medicare disincentivize raising children, conservatives should offer tax cuts to reduce the cost of raising children, making it easier for parents (and potential parents) to pursue the family size they would desire in the absence of federal interference. While some conservatives fear that reducing the tax burden on parents could make them more likely to support government spending, it could make them less likely to do so, as a lack of cash during their parenting years is one reason they might favor more government activism in the first place. By supporting tax relief for parents when they need it most, conservatives could do more than correct a distortion in the tax code. They could win back the political trust and the support of the middle class.

Frederick Hess: K-12 Education reform to give the next generation a chance to thrive.

One of the greatest threats to upward mobility in American life is the mediocrity of our public schools, the worst of which rob their students of a full shot at the American dream. Yet conservatives have failed to put forward a compelling, principled vision of K-12 reform. This failure has allowed liberals to drive national education policy for the last decade, and the results have been dismal. Though the federal government accounts for about 10 percent of annual K-12 spending, federal rules and regulations exercise a disproportionate influence on America's educational system, inhibiting innovation and burdening local educators with crippling compliance costs. Instead of micromanaging schools, Frederick Hess argues that the federal government's role in K-12 should be to create the conditions that will allow state and local policymakers, educators, and administrators to build better schools.

To broaden the relevance and appeal of school choice for middle-class families, conservatives must ensure that choice is not only for families to escape awful schools but also a way for more families to find schools that meet the needs of their children. A more expansive choice agenda would allow states to use a larger share of federal funds to take steps like expanding online options, funding innovative programs like education savings accounts and Louisiana-style "course choice" programs, and accommodating home-schooled students. Conservatives should seek to increase transparency by requiring schools and districts to report per-pupil spending to enable various "return on investment metrics," and to remind K-12 administrators that they have an obligation to use taxpayer dollars wisely. Shifting a small fraction of the money the federal government now wastes on professional development to basic research would go a long way towards steering investments into areas that offer generous promise. And most important, the Right should take the lead in liberating teachers from regulations that make it extremely difficult to do their jobs well -- a step that will help demonstrate that while conservatives often oppose teachers unions, they are not opposed to the interests of teachers.

Andrew Kelly: Higher-education reform to make college and career training more effective and affordable

As frustrated as Americans are with the rising cost of higher education and the fear that a college degree is no longer enough to guarantee a middle class life, today's families are even more afraid that without a college degree, their children won't even be able to get a low-wage job. All Americans, but particularly the young, are desperate for affordable and effective post-secondary options that can help them gain the skills they'll need to achieve economic independence.

The problem, according to Andrew Kelly, is that a generation of well-intentioned policies originally designed to expand opportunity and protect consumers have wound up encouraging enrollment at any college, no matter how lousy, and at any price, no matter how high, providing little incentive for colleges to rein in tuition or make sure their students are achieving their goals.

To fix higher education, conservatives must fight for root-and-branch reform by, for example, reinventing the student-loan program to give colleges and universities an incentive to remain affordable and making it easier to new higher-education institutions to compete with incumbents by offering new paths to accreditation. Forcing higher-education institutions to disclose information on how their graduates fare in the labor market and whether they can actually pay their loans would go a long way towards helping parents and students make smart decisions about how they spend their tuition dollars. By creating space for market-based financing instruments like Income Share Agreements, policymakers can help provide students with valuable market signals about which schools and which majors are most likely to pay off. And instead of just focusing on traditional four-year higher education, we must support occupational opportunities, like high-quality apprenticeship programs that provide the non-college-bound with real-world skills.

Scott Winship: Safety-Net Reforms to Protect the Vulnerable and Expand the Middle Class

Though fifty years have passed since Lyndon Johnson declared war on poverty, and though federal and state spending on anti-poverty programs is in the neighborhood of a trillion dollars a year, millions of Americans remain stuck at the bottom of the economic ladder without work and, all too often, without hope. Scott Winship draws lessons for the successes of the welfare reform efforts of the 1990s to offer thoughts on how we might increase upward mobility out of poverty and into the middle class.

Conservatives have advanced a number of poverty-fighting ideas in recent years, including a unified anti-poverty block grant to the states or a universal credit that would consolidate various anti-poverty programs. Regardless of which path we take, conservatives would do well couple welfare reforms with a robust economic-growth agenda and an early-childhood agenda to promote mobility.

Michael Strain: Employment policies to get Americans working again

Though the Great Recession ended in 2009, you'd never know it from the millions of Americans suffering from long-term unemployment. Michael R. Strain reminds us of the tragic consequences of long-term unemployment, and the alarming decline in male labor force participation that seems to have accelerated in recent years.

To put Americans back to work, Strain offers a new conservative employment agenda that would roll back licensing requirements; offer relocation assistance in place of continued unemployment benefits; temporarily lower minimum wages for the long-term unemployed with a temporary subsidy; offer tax credits for those hiring long-term unemployed; and promote worksharing programs to prevent layoffs. More ambitiously, he recommends expanding the earned-income tax credit to make work more attractive to childless workers.

Adam J. White: Energy reforms to cut utility bills and enable growth and innovation

Americans have been blessed with vast supplies of natural gas, newly accessible to us thanks to advances in “hydraulic fracturing” and horizontal drilling. Our abundant new energy supplies can help to lower our electric and heating bills, fuel our cars and trucks, promote manufacturing, and improve the nation’s long-term national interest.

But to achieve these aims, Adam J. White argues that Congress must first reform our energy regulatory framework, in order to allow for the development of necessary infrastructure. Moreover, Congress must undertake serious oversight of regulatory agencies, to deter officials from misusing their power and improperly administering the laws.

And White urges policymakers to take seriously the concerns that Americans voice regarding new energy infrastructure’s environmental impacts, as well as concerns about private property rights. It would be a mistake to downplay these concerns, when they are voiced in good faith by the very same middle-class Americans whom the new energy revolution is supposed to benefit. To that end, regulators and legislators must themselves work in good faith, to respond to these concerns and make decisions truly in the public interest. Most of all, Americans must finally be given a voice charting the nation’s energy future, instead of having radical new energy policies imposed upon them by regulators and ideologues.

Carrie Lukas: Labor, tax, and fiscal reforms to help parents balance work and family

Millions of working parents face challenges in trying to balance the needs of their jobs with the needs of their families. Politicians often suggest that government holds the key to helping them meet these competing demands.

However, as Carrie Lukas describes in this chapter, before embracing a particular policy agenda, it's important to understand the nature of parents' challenges—which vary significantly—and the tradeoffs that come with greater government intervention.

Most importantly, women often have very different preferences for balancing work and family, and when greater flexibility and more options are what most women crave, one-size-fits-all government solutions can take society in the wrong direction. Proposals to create federally-funded paid leave programs, for example, could lead to women having few job opportunities, particularly in leadership positions. Expanding federal funding of childcare programs similarly would benefit a minority of working parents, and unfairly favors most parents' least preferred childcare option: institutional daycare.

Instead, policymakers should focus on creating an environment so that women can pursue their vision for happiness and raise their children as they see fit, and target assistance on those truly in need. This begins with pursuing an agenda to encourage greater economic growth, job creation, and workplace flexibility, and includes consolidating government spending programs and returning those resources to parents.

James Pethokoukis: Regulatory and financial reforms to combat cronyism and modernize our economy

Though American workers deserve a safety net to protect them from the ups and downs of economic life, big businesses do not. Unfortunately, as James Pethokoukis argues, the federal government offers all kinds of protections to politically influential businesses that shield them from the upstart rivals that, if given half a chance, could make America's economy more innovative and productive. The result is that new business formation has steadily declined over the last three decades. New businesses are the source not only of the new ideas that make us richer, but also of the new jobs that create opportunities for American workers. Conservatives need to reverse this decline if the economy is to grow, and if upward mobility is to be restored.

The surest way to foster a more entrepreneurial economy is to limit regulation, reform the financial system, and allow for "permissionless innovation," in which innovators of all kinds are given the room they need to experiment with new business models without fear of running afoul of incumbent-protecting regulations.

W. Bradford Wilcox: Pro-family policies to strengthen marriage and give kids a better shot at the American dream

The institution of marriage is alive and well in America's most privileged communities. In the nation's poorest communities, marriage is in full retreat, and it has been for some time. What is new, and what is alarming, is that, as W. Bradford Wilcox observes, marriage is also in retreat among Americans in the broad middle -- those Americans who've finished high school but who haven't finished college, and who live in small towns, rural communities, and outer suburbs across the country. This is despite the fact that the vast majority of Americans, regardless of income or education, aspire to marriage.

Though family sociologists are divided on many questions, there is a broad consensus that children are most likely to thrive when they are raised in stable two-parent households. Yet as marriage has declined, a growing number of children are living through family instability that can greatly undermine their well-being. Moreover, new research has found that children from both two-parent and single-parent families are more likely to achieve upward mobility when they hail from communities with a large share of two-parent families.

There is no silver bullet for reversing the decline of marriage. Conservative policymakers can, however, take steps to stem the tide. Ending the marriage penalty associated with means-tested public benefits would be a good first step. Reforming the earned-income tax credit by tying it to individuals rather than households would ensure that when one low-wage worker marries another, neither would experience a loss of income. Expanding the child tax credit to \$4,000 would give a boost to married couples further up the income scale. Expanding vocational education and apprenticeships would do much to improve the economic prospects of less-educated men, thus making them more attractive marriage partners.

Ramesh Ponnuru: Restoring America's promise by recovering the wisdom of the Constitution

A major reason Americans have been losing confidence in their government in recent decades is that our government has grown so unwieldy, ineffective, and unaccountable. The federal government has taken on more and more responsibilities, inserting itself into every nook and cranny of American life, yet it seems incapable of performing even the most basic tasks competently. Corporations face multiple regulators. Presidents revise laws without bothering to consult Congress. Federal agencies wield massive authority while facing little in the way of accountability. The limited but effective government envisioned by the Founders bears almost no resemblance to the chaos that now reigns.

Restoring something like constitutional government is a task that will take generations, and it will have to be undertaken by citizens and legislators as well as by courts. The rise of the Tea Party movement has helped remind Americans that the work of constitutional government must be done by all Americans, and not just federal judges. Conservatism should be home to everyone who takes seriously the task of strengthening the constitutional structure. Conservatives must draw out the constitutional dimension of everyday policy disputes, and make clear the ways in which their policy initiatives reflect our constitutional ideals.