


RESEARCH ARTICLE

# “Join us in preparing people for tomorrow’s jobs”: Robert Reich, the “New Economy,” and mythic thinking as interventionist knowledge

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## Argument

This article examines the intellectual and interventionist trajectory of American popular writer and commentator Robert Reich from his early 1980s advocacy of “industrial policy” to his time as US Secretary of Labor in the 1990s. It argues that Reich is an interesting figure to consider through the lens of “interventionist knowledges” because, although he draws selectively on social scientific data and knowledge, his syntheses of these things are more rooted in mythic thinking than in disciplined analysis. This article recounts the history of a failed bill, the Reemployment Act of 1994, to examine how Reich and those around him drew on and interpreted existing social scientific data to construct an idea of “the New Economy” and what, they claimed, it meant for national human capital policy. This article suggests that mythic visions of society and economy possibly play a large role in policy-making and issues advocacy.

**Keywords:** New Economy; human capital; technological change; Clinton administration; public policy

On February 13, 1993, less than a month after Bill Clinton became the president of the United States, his Secretary of Labor, Robert Reich, was sitting in a Miami Beach restaurant eating stone crabs with Lane Kirkland, the president of the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), the largest coalition of labor unions in the nation. The mood was tense. The occasion was the AFL-CIO’s annual meeting, which brought together leaders from its member unions; but it was also an opportunity for Kirkland to feel out Reich. Several topics were at the front of Kirkland’s mind. First among them was whether the Clinton administration would support the North American Free Trade Agreement (NAFTA). NAFTA outraged American labor unions, who believed cheap Mexican labor would displace workers in the United States.

Reich had met Bill Clinton on the ocean liner *S.S. United States* in 1968 when both men were headed to Oxford University as Rhodes Scholars. The two kept in touch and attended Yale Law School together. After graduating, Reich worked as a law clerk in a federal circuit court before, in 1974, becoming assistant to the US Solicitor General, Robert Bork. Three years later, he was appointed as director of the Federal Trade Commission’s Policy Planning Staff in the Carter Administration. In 1980, Reich became a lecturer at Harvard University’s Kennedy School of Government. There, he quickly became a political pundit, writing for outlets with large readerships such as *The Atlantic*, *New York Times*, *Foreign Affairs*, *Washington Post*, and *The New Republic*.

Reich's theme in the early 1980s was "industrial policy," a term that he used explicitly and frequently throughout the 1980s. The idea had first found purchase in the Carter administration before becoming popular with a group of Democratic party elites centered in Cambridge, Massachusetts. Industrial policy proposed to use a number of policy tools, including both positive investment and subsidies and negative trade protections, to bolster American corporations seen as falling behind foreign competitors. By the late 1980s, however, Reich's thinking was changing. It increasingly focused on using public investment to develop the nation's "human capital." Reich put these ideas in his 1991 book, *The Work of Nations: Preparing Ourselves for 21<sup>st</sup>-Century Capitalism*, which directly shaped Bill Clinton and Al Gore's 1992 campaign book, *Putting People First: How We Can All Change America*.

For a variety of reasons, including these shifts in Reich's thought, he and Clinton supported NAFTA, which they did not see as a threat to the American economy or its workers, but rather as an opportunity. Reich tried explaining this to Kirkland: Mexican tariffs were four times higher than the U.S.'s, and its economy was booming. "Cut *both* sets of tariffs and we'll export like mad," Reich told him. Reich captures Kirkland's response in his memoirs, "*Bullshit*," Kirkland says, spitting bits of stone crab, 'Harvard economist *bullshit*.'"

Then Reich goes on,

I restrain myself from saying the next thing on my mind: The real problem is that the unskilled U.S. workers who once had good factory jobs are inevitably being replaced, either by lower-age foreign workers or by computers and robots. They need newer and better skills. Stop trying to protect yesterday's jobs. Join us in preparing people for tomorrow's jobs. I need your help battling the deficit hawks so we can free up resources for this. Start organizing your workers so they can demand better skills and better wages at work. Don't blame the shrinkage of labor unions on foreign trade. You've run the AFL-CIO for a quarter of a century. Trade isn't the problem, and you know it. (Reich 1998, 68)

I am interested in how and why Reich felt such great confidence in his claims. Reich's imagined response to Kirkland contains a set of beliefs about his moment: 1. "Good factory jobs" in the US were being lost to foreign labor and technological change. 2. Things would improve for workers if they had "newer and better skills." 3. We know what roles in the economy are doomed to become "yesterday's jobs" and can somehow foresee what "tomorrow's jobs" will be. 4. One solution to this state of things is federal investment in worker training. How did Reich come to feel that he knew these things, which justified the Clinton Administration's interventions and—perhaps just as importantly—non-interventions in the economy?

Reich is a worthwhile case for studying interventionist knowledge for several reasons. For one, much of his career has been dedicated to understanding, diagnosing, and offering remedies for perceived problems in the politics of growth and productivity, and the possibilities and hopes of the welfare state and government action more generally. More specifically, throughout his career, he has examined what he sees as a deep structural shift in the United States economy and society—from being rooted in industrial production to being based in other kinds of work, including white collar work. Historically then, Reich belongs to a large group of thinkers who have described this change as a transition from an industrial to a post-industrial society, the rise of a knowledge economy, and so on. Like many such thinkers, Reich's analyses have often focused on changes that were coming from, or could come from, technological change. But unlike many of these other thinkers, Reich has played roles both as a popular writer on the subject and as a cabinet-level secretary who clearly set policy agendas. In terms of interventionist knowledge, this leads to the question, how does one perceive and *know* when and how a structural change in society is occurring, and then *know* what to do about it?

In the mid-1990s, this shift was described as the rise of "the New Economy," a popular term that went back at least to the 1980s, but which took on new valences during the Clinton years.

Reich was a leading thinker about “the New Economy,” but the idea ran through *many* different areas of the Clinton administration, and Clinton himself as well as Vice President Gore often promoted the concept. Members of the Clinton Administration used “the New Economy” to justify not only trade policy but also policy around education and training, telecommunications, and even reducing inequalities around gender and race. To put my earlier question another way, what kinds of knowledge constituted claims and planned interventions around “the New Economy”?

As a thinker and a leader, Reich had a complicated relationship with the dominant strains of policy thinking and making in the 1980s and 1990s, and he fits uneasily within many prominent historical narratives about the period in scholarship today. Reich, in his own view, was clearly not a neoliberal, and he defined himself throughout the period in opposition to supply-side, free-market, neoliberal positions. Indeed, his quest throughout the period was to chart a new course for Democrats that differed from both Republicans and from Democratic policies from the Great Society, which he believed were failed and broken. In this way, the positions he tried to articulate were “third way” (a term he did not use), in the sense of trying to create a space between conservatism and traditional American liberalism. Despite this, Reich did not have close ties or much love for those Democratic institutions and actors, often described as “New Democrats,” explicitly dedicated to “Third Way” politics and policies, such as the Democratic Leadership Council (Mudge 2018; Andersson 2009; Geismer 2022). Yet records in the Clinton Library and other sources demonstrate beyond doubt that Reich influenced agenda-setting and considerable legislative and other pressure work in the Clinton White House.

In this article, I will examine one such effort, a bill known as the Reemployment Act of 1994, a Reich-conceived federal training bill that many members of the Clinton administration tried but failed to get passed. This bill and other efforts based on Reich’s ideas largely ended in failure, but then again, the history of politics and interventionist knowledge, including in presidential administrations, is largely about what actors find out they *cannot* do. In this way, examining previously unstudied Reichian policy-making also enriches our understanding of politics and interventionist knowledge in the period of the Clinton Administration and, more broadly, of the 1990s. Too often, interpretations of the Clinton administration focused on neoliberalism and related streams of policy-thinking have neglected to account for areas where the administration desired to use state power to foster the economy.<sup>1</sup>

The article moves through three sections: The first lays down some ideas about Reich as a type of recognizable public thinker: party-aligned individuals who synthesize current social and economic trends and put forward solutions that would lead to better outcomes. This vision of Reich as a kind of *mythic* thinker, a term borrowed from Reich himself that I will explain shortly, provides a foundation for the rest of the article.<sup>2</sup> The second section tracks Reich’s thinking from his early writings on industrial policy to his 1991 book, *The Work of Nations*, which was much more focused on “human capital,” as a way of providing historical background for the Reemployment Act. I agree with Paul Krugman, Nelson Lichtenstein, and Judith Stein that Bill

<sup>1</sup>In his effort to characterize the Clinton White House as “neoliberal,” Gerstle 2022 neglects to examine efforts within the administration that did not fit this mode. Building in part on collaborative work with Brent Cebul, Geismer 2022 does better than Gerstle by arguing that, in policy-making, Democrats around Clinton were drawing on market-oriented traditions, such as public-private partnerships and loan programs, that arose within the Democratic party itself, with roots going back at least to the New Deal. But Geismer too fails to examine work within the Clinton administration that was much more focused on using state knowledge-making and power to intervene directly in markets. My account in this article comes closest to that of Lichtenstein and Stein 2023, which, although it does not examine the Reemployment Act of 1994, recognizes that Clinton and those around them had many progressive intentions that came to naught because of the limits they faced.

<sup>2</sup>For Reich on myth, see Reich 1987.

Clinton simply *was* an industrial policy thinker.<sup>3</sup> In many ways, the conceptions of economic interventionist knowledge in the Clinton Administration, including those embodied in the Reemployment Act, were an evolution of industrial policy thinking.<sup>4</sup>

The third section examines how Reich and other members of the Clinton administration came to conceive of the Reemployment Act, and their political jockeying to get it made into law. The Reemployment Act was by far the most the most Reichian undertaking the Clinton White House ever put serious energy behind. The bill failed, and in almost every sense, Reich's experience as labor secretary was that of a loser. His bitter memoir of his time in that role, *Locked in the Cabinet*, has been described as "a classic of the pissed-off-secretary genre" (Thrush 2013). But understanding Reich's and others' work on federal training and other initiatives is important for grasping what the Clinton administration aimed to be and, in a different world, could have been.

Moreover, examining work around the Reemployment Act in depth highlights a great irony: The forms of interventionist knowledge that members of the Clinton administration used to justify the bill were not better founded or more rigorously social scientific than, say, one of Reich's trade press books. They were just as loose and synthetic and as rooted in feels. They were just as mythic, to use Reich's term. When he and others called on people to "Join us in preparing people for tomorrow's jobs," they were relying on mythic projections largely unsupported by the government's own quantitative analyses. In this way, examining the Reemployment Act has much larger ramifications for thinking about the role of interventionist knowledges in policymaking and politics. Put another way, historians have tended to focus either on raw political ideology or on formal social scientific knowledge, but not the murky intermixture of the two, even though such mixing is common and maybe even dominant in policy circles. In the conclusion, I briefly consider how the ideas Reich was working on in the 1990s became a part of Democrat interventionist knowledge thinking up through the presidency of Barack Obama, and I offer final thoughts on what we can learn from thinking about Reich as a *type* of interventionist thinker.

### Robert Reich as a type of thinker

Reich makes a valuable case for studying interventionist knowledges because he is a certain *type* of interventionist thinker, which we might describe as party-aligned individuals who write primarily for broad audiences via trade press books and magazines, or at least for Washington DC, "beltway" audiences, including via more specialized journals like *Foreign Affairs* and *National Affairs*.<sup>5</sup> In reality, a great deal of public discussion that shapes policy agendas takes place outside of formal, academic knowledge creation, in such venues as the op-ed sections of newspapers, over radio waves, and other non-academic spaces of civil society. On the right, we can think of the figures who initially wrote for *The National Review* and *The Public Interest* journal as well as more recently, Yuval Levin. I believe Reich is such a figure for the mainstream Democratic left. Often these thinkers have some academic training but are not and do not write as academic experts. They write to shape public ideas and policy choices.

<sup>3</sup>Late in the process of revisions of this article, I came across a recently published article, "Rethinking the American Industrial Policy Debate: The Political Significance of a Losing Idea" (Wraight 2024). Among the many points of agreement between Wraight's account and mine is the argument that many of the policies proposed during the Clinton administration were industrial policy by another name.

<sup>4</sup>In their edited volume, *The Origins of Nonliberal Capitalism: Germany and Japan in Comparison*, Wolfgang Streeck and Kozo Yamamura (2005) use the term "nonliberal" to describe how Germany and Japan actively shaped their economies not only through law but through direct investment and development in ways that did not fit liberal free-market ideals, to say nothing of "neoliberal" ones. These were precisely the kinds of policies that Reich idealized.

<sup>5</sup>My description here elides social media, online videos, and other ways that people, very much including Reich, have gotten ideas out into the world as of late, but that elision fits the historical period on which I am focusing.

Reich's earlier career as a public intellectual with mainstream, even centrist, Democratic Party predilections in the 1980s and 1990s may be obscure, or even confusing, to readers today, who may primarily know Reich's work only after his leftward turn in the first decade of this century, and especially after the 2008 financial crisis. His intellectual background is difficult to reconstruct, both because his personal papers are not yet available for research and because he often did not cite the thinkers who were influencing him. Moreover, as a popular communicator, he often wrote in genres where there were no citations at all. Throughout his academic career, he has worked in government or public policy schools, beginning with Harvard University's Kennedy School of Government, where he taught from the early 1980s until he entered the Clinton administration in 1992. After leaving the administration in 1996, he returned to publishing, first as a professor at Brandeis University's Heller School for Social Policy and Management and then, after 2006, as a professor at University of California, Berkeley's Goldman School for Public Policy. Reich has few academic publications, but some publications in the 1980s suggest that he was influenced by several public administration thinkers as well as political philosophers, especially of a communitarian bent.<sup>6</sup> He also appears to have followed writing on business and economics. He put forward ideas, for example, close to Harvard Business School professor of strategy Michael Porter's and economist Paul Romer's ideas about the importance of human capital for innovation and economic growth. But his lack of citations make it impossible, at this point in time, to clearly delineate his intellectual milieu.

Throughout his career, Reich has been influential with certain circles of Democratic Party and culturally-left thinking, including, as we will see, his 1980s work on "industrial policy" and his 1990s stint as Secretary of Labor. In 1990, Reich co-founded and acted as chairman of the editorial board of *American Prospect* magazine, with Princeton University sociology professor Paul Starr, journalist Robert Kuttner, and Brandeis University professor of law and social policy Deborah Stone, and an impressive list of mostly left-leaning intellectual luminaries on its editorial board and board of sponsors. The magazine founders stated that its explicit goal was putting forward a self-described *liberal* political philosophy, in the twentieth century sense of that term, which includes state intervention in and support for economic development. It also includes, as the founders put it, "social insurance, trade unionism, and Keynesian macroeconomic management as well as expanded political participation" (Reich, Kuttner, and Starr, [1989] 2015). Since the beginning of this century, Reich has written several books that have been reviewed in major national publications, like the *New York Times*, and he has been the subject of two documentary films, *Inequality for All* (2013) and *Saving Capitalism* (2017). Today, he remains a popular figure with significant reach, including on TikTok where he has 976,700 followers.

What most interests me in this paper are the kinds of *procedures* that undergird the interventionist arguments of the type Reich put forward in his popular writings, though the word "procedure" probably suggests something more formal than it actually is. As we will see in greater detail below, Reich often engaged in what can be thought of as a form of light or near-futurism or prophecy, and in one book, he, perhaps half-jokingly, refers to himself as a "soothsayer" (Reich 1989, xiii). In some ways, this puts Reich close to the kinds of business world "futurists" that have been excellently described by scholars like Devon Powers (2019) and Jenny Andersson (2018). But, in a section of the prospectus for *American Prospect* magazine titled, "Trends and Their Implications," Reich, Paul Starr and Robert Kuttner explicitly distanced their project from such futurism, writing, "This will not be a journal of forecasting and futurology, but it will be concerned with the political implications of trends in our economy, environment, population, and society" (Reich, Kuttner, and Starr [1989] 2015). The prospectus authors went on to explain that understanding trends was essential "to clarify the collective burdens and opportunities that the future holds out before us." In his work, Reich selectively drew on published quantitative findings

<sup>6</sup>Reich cites a number of public administration thinkers and political philosophers in his introduction to and book chapter in Reich 1988a. On communitarianism, see Reich 1987 and Reich 1989.



cast as trends. He synthesized these findings in a qualitative manner that usually involved predicting where society was headed. Then, finally, he suggested policy interventions based on these synthetic projections. None of this was formally tested in any way; it involved synthesis rooted in feeling and judgment. With this description in mind, we can likely identify other thinkers and works of media that fit it.

In a series of writings in the mid-to-late 1980s, Reich offered explicit reflections on the role of his kind of thinking, which in some places he described as “mythic,” and which he often connected to the need for a new, often self-described “liberal,” “public philosophy.”<sup>7</sup> In his book, *Tales of a New America: The Anxious Liberal’s Guide to the Future*, Reich built on philosophers, like Ernst Cassirer and Alisdair MacIntyre, to put forward his vision of mythic thinking or, as he put it, the “myth-based morality tales” that he saw himself as telling. “These tales,” he wrote, “embody our public philosophy. They constitute a set of orienting ideas . . . . The stories interpret and explain reality and teach us what is expected of us in light of that reality” (Reich 1987, 7). Reich argued that contemporary economic and social changes were undermining a core set of American myths, which, as a result, were no longer useful and were getting in the way. New myths were needed, and we can see Reich’s writings as an attempt to furnish them. While it may not fully explain the mysterious means by which public thinkers synthesize and circulate ideas, the notion of a “new myth” does suggest how thinkers pull together what they perceive to be the best-available social science into *knowledge* that they take to be an adequate basis for action. As we will see, such mythic thinking not only floats about through civil society, but often comes to act as the very foundation for interventionist action in the executive branch, and likely other political branches too.

But perhaps viewing Reich’s work as mythic, in his capacities as both a popular writer and a cabinet secretary, also allows us to understand its limits. As we will see, throughout his career, Reich appears to have repeatedly missed important social and economic realities and trends that would have, at least partly, undermined his positions. Reich, like many if not all people, felt the need to make sense of the world around him, and the picture he developed became a deep *sense*, or habitual perception, of the world rooted in his identity. But sometimes this sense led him astray by encouraging him to discount or altogether miss trends that ran counter to it.<sup>8</sup> Perhaps most of all, as we will see below, Reich became the victim of technology bubble thinking in the 1990s. In their book on technology bubbles, *Bubbles and Crashes: The Boom and Bust of Technological Innovation* (2019), Brent Goldfarb and David Kirsch examine how individuals—often because they are naïve and ignorant—fall prey to unrealistic narratives about present reality and where trends are headed. Goldfarb’s and Kirsch’s reflections on technology bubbles are also fitting because, as we will see, Reich’s and others’ ideas of “the New Economy” were deeply intertwined with ideas of technological change and the speculative technology bubble that would lead to the dot com bust. Yet, this was not just a case of a single individual whose thoughts were partly wrong, because this individual had significant influence in policy-making and agenda-setting. His thoughts were taken to be an adequate foundation for interventionist knowledge. And as we will see, he was far from the only individual in the Clinton administration who fell prey to limited information, interest-shaped interpretations, and seductive stories about the state of the world.

### From “industrial policy” to “the New Economy”

When Bill Clinton and Al Gore promised to pour between ten and twenty billion dollars a year into “Lifetime Learning” programs, including worker retraining, in their campaign speeches and

<sup>7</sup>On the need for a new public philosophy, see Reich 1988a, Reich 1987, Reich 1989, and Reich, Kuttner, and Starr [1989] 2015.

<sup>8</sup>Many of Reich’s intellectual missteps in the period under examination in this paper fit much broader patterns of “bounded,” or limited and faulty, human reasoning—cherry-picking data that fits existing beliefs, the social determination of beliefs, and so on—that we find in works of social science, including Simon 1957, Kunda 1990, and Martin 2010 and 2015.

1992 book, *Putting People First: How We Can All Change America*, they were giving voice to a line of thinking that had been born a decade previously, around the idea of industrial policy. The United States had much older traditions for thinking about how government could help improve industry, including progressive era discussions of helping out “sick industries” in the 1920s (Hart 1998). But industrial policy, which was seen as a European import when it briefly became part of the Carter administration in the late 1970s, differed from those earlier traditions in several ways. The most important was that it was a Democratic Party response to perceived US industrial decline, cast as an alternative to ascendant Republican free market ideologies (Graham 1994, 38).

After departing the Carter administration and becoming a lecturer at the Kennedy School of Government, Reich quickly became the primary voice of industrial policy in the United States, followed closely by economist and MIT professor Lester Thurow. A few intellectual trends in the 1970s and early 1980s influenced Reich’s writings on industrial policy, and some became permanent fixtures in his thinking. The first was studies of and worries about the decline of American industry, a great deal of which was taking place in seminar rooms at both Harvard and MIT. The thinking in these two institutions shared two aspects: first, it focused on Western Europe (eventually on Germany in particular) and *especially* on Japan—not only as rising economic rivals, but also as fonts of interventionist policy ideas and ways of reforming individual corporations. These writings on industrial decline and the hopes of turning American corporations around often arose from business schools and were intimately connected to business consulting. Business schools may not traditionally be seen as fonts of knowledge in histories of science, but in fact, ideas coming out of business schools became increasingly influential during this period for interventions in both government and business.

Another general intellectual trend that became an essential part of Reich’s thinking is what we might call near-futurism. Throughout his career, the titles of Reich’s books suggest an ability to predict the future as well as aspirations to shape it.<sup>9</sup> Because Reich was focused on the role of technological change in reshaping the economy, his work sometimes bore similarities to sociologist Daniel Bell’s writings on “post-industrial society” and futurist Alvin Toffler’s prognostications in books like *Future Shock* (1970) and *The Third Wave* (1980). Although Reich made no explicit reference to the kinds of trend analyses and futurism increasingly prominent in business worlds during this period, his writings fit against that background and market of ideas (Andersson 2018; Powers 2019).

It was in these contexts that, in the early-to-mid-1980s, on top of slews of articles, Reich published three books on industrial policy: first, with business consultant Ira Magaziner, *Minding America’s Business: The Decline and Rise of the American Economy* (1982); second, *The Next American Frontier* (1983); and third, with John Donahue, *New Deals: The Chrysler Revival and the American System* (1985).<sup>10</sup> In both his book with Magaziner and his other writings from the early 1980s, Reich took on the perspective of a business consultant.<sup>11</sup> Just as consultants led executives to identify which parts of firms were high-value and worth fostering, Reich argued that policy-makers should identify high-value industries that were worth preserving and promoting through a variety of means, including industrial subsidies, steering private investment, promoting R&D, investing in worker training and helping individuals who face dislocation from decline, and limited protectionism. Again and again, Reich defined this position in opposition to conservative ones, particularly of the free market variety. Indeed, the word “market(s)” played very little role in Reich’s own thinking and publications, at least through the 1990s.

<sup>9</sup>See Reich 1983, Reich 1987, Reich 1988b (also titled, “Dick and Jane Meet the Next Economy”), Reich 1991, Reich 2002, Reich 2010, and so on.

<sup>10</sup>Magaziner was a business consultant who worked for the famed Boston Consulting Group before forming his own consultancy, Telesis, in 1979. Later, during the Clinton administration, he would go on to work with Hillary Rodham Clinton on the failed federal healthcare reform.

<sup>11</sup>Magaziner and Reich (1982) say explicitly that they are applying the tools of consultants to national economic problems in *Minding America’s Business*, but Krugman (1994) also reflects on how they did this.

A close reading of the introduction of *The Next American Frontier*, titled “Two Cultures,” gives a sense of Reich’s routines of research, thinking, and writing. The book begins by noting America’s economic decline since the 1970s, “marked by growing unemployment, mounting business failures, and falling productivity” (Reich 1983, 3). It asserts that this decline arose from a view Americans had about their roles as citizens and economic actors, which it describes as the “Two Cultures” cited in the chapter’s title. Reich thus casts a divide between, on the one hand, politics and government, and, on the other hand, business and economics. The first “realm” deals with social justice; the second, with prosperity. Reich argues that this divide between the two cultures may have even been beneficial during the rise of large corporations focused on mass production of standardized goods (Reich 1983, 11). Though it allowed businesses to focus single-mindedly on efficiency, Reich claims that improvement only worked when “the United States was largely isolated and economically unrivaled” (ibid.). Now things were changing. Japan and Western Europe, especially West Germany, were rising as rivals because of their different political economies, which were *not* divided into two cultures. If the United States wanted to improve and succeed in what the last part of the book calls “The Era of Human Capital,” it would need to overcome the divide between the two cultures and use government to foster industry, especially by encouraging it to invest in people’s skills.

Reich sets out a historical narrative, which covers the period from the founding of the US colonies to the 1980s, over thirteen pages without a single citation. Then, via a series of seven footnotes over a little less than a page, he cites a series of publications to demonstrate that America was declining relative to other nations (Reich 1983, 16–7). These cited publications—mostly reports from the Organization of Economic Co-Operation and Development (OECD), the International Monetary Fund (IMF), United Nations (UN), and the American Enterprise Institute (AEI)—and the facts about the United States are meant to demonstrate rising inequality, flagging industrial output, declining gross domestic product, rising unemployment, lower life expectancy, and higher pollution output relative to other industrial nations.

Reich follows these facts by stating that progress in Japan and Europe and decline in the United States requires “no convoluted explanations,” adding that “for largely historical reasons these countries are organized for economic adaptation[, a]nd for largely historical reasons America is not” (Reich 1983, 17). But this causal argument is not well supported by the introduction or other chapters in the book. Other problems are also perceptible. Later in the book, Reich writes, “America could take several immediate steps to help shift into higher-valued production” (Reich 1983, 239). But as Paul Krugman pointed out a decade later in an extended criticism of Reich and industrial policy thinking, the highest-valued production in the nation was in maligned industries, such as, highest of all, cigarette manufacturing and, second, petroleum refining, not the high-tech, “flexible-production” enterprises Reich tended to celebrate (Krugman 1994, 261–2).

The Democratic Party *briefly* considered adding industrial policy to its official platform. US Democratic presidential candidate Walter Mondale is said to have told his wife, “This’ll do it for the Democrats,” after reading Reich’s *The New American Frontier*. More important for the longer-term influences of these ideas, a group of younger Democratic legislators, including Gary Hart, Tim Wirth, Richard Gephardt, and Al Gore, became enamored with the general gist of industrial policy (Krugman 1994, 249; Geismer 2022, 32–4).

Soon, however, industrial policy met with heavy criticism (Graham 1994, 69). Both conservatives and organized labor went after it immediately (Geismer 2022, 32–3). Moreover, at a meeting of the US Federal Reserve at Jackson Hole, Wyoming in August 1983, economists, including Lawrence Summers and Paul Krugman, both young at the time, went on the attack against industrial policy as violating basic economic thinking. Summers said industrial policy amounted to chiropractors’ “false hopes of miracle cures” which deterred “the search for real solutions” (Summers 1983, 80). Krugman told listeners to file Magaziner’s and Reich’s *Minding America’s Business* under the category of “popular misconception” (Krugman 1994, 255). These and other criticisms appear to have made their mark. Walter Mondale must have decided that



industrial policy was not working for the Democrats, because he did not run on the idea in his failed 1984 campaign, nor did the next Democratic presidential candidate, Michael Dukakis, run on it in 1988. The notion appears to have withered in Democratic Party circles—it died on the vine—but aspects of it would continue to live on and be reborn in the Clinton administration.

Reich began moving away from focusing on mature but struggling large industries in the mid-to-late 1980s, soon after the Democratic Party fell away from explicit talk of industrial policy. I sense a shift in Reich's thinking in a small report he wrote for the National Education Association in 1988, titled, "Education and the Next Economy." Reich's emphasis on the need for collaboration and new kinds of education focused on things like creativity, problem-solving, "experiential learning," and "learning to learn."<sup>12</sup> The "next economy," he argued, would "require that we do in our schools what we must do in our business enterprises: push responsibility downward towards teachers and students; invite continuous, incremental innovation at all levels; foster collaboration among parents, teachers, principals, community groups, and the private sector; and encourage flexibility" (Reich 1988b, 21).

The evolution of Reich's thinking in the late 1980s and 1990s fits into other intellectual trends of that moment: away from the issues of the 1970s, like inflation, wage-price spirals, and industrial stagnation, and towards a renewed focus on growth, now with an emphasis on human capital. Perhaps most important is how the notion of human capital became interwoven with growth economics in the 1980s, particularly through the thought of Paul Romer, who would eventually win a Nobel Prize for his work on the topic. The basic idea was that investment in education and training led individuals to create more new ideas, which led to innovation, which eventually led to economic growth (Romer 1990).

Picking up on these fashionable topics, Reich's thinking culminated in his 1991 book, *The Work of Nations*. In it, Reich attempted to project what skills would be the most important in the coming century and to provide a vision for ensuring that American workers got those skills. Once again, this vision included an active role for the state. Reich continued to focus on "high-value" enterprises, which he tended to envision as existing industries using a variety of technologies to increase productivity. What was new in Reich's picture was what he called "symbolic analysts," which were professional roles focused on "problem-solving, problem-identifying, and strategic-brokering" (Reich 1991, 177). Reich argued that symbolic analyst jobs were the quickest growing in the economy and also typically high-paying. In many ways, the notion is Reich's own version of the "knowledge economy," a term that was taking off at the time but played no major role in Reich's writings. While information and communication technologies played some role in his understanding and representation of symbolic analysts, this was not yet a vision of digital technologies transforming the economy and work.

Parts of *The Work of Nations*, especially its focus on human capital and job training, were lifted into Clinton and Gore's 1992 campaign book, *Putting People First*. Indeed, journalist Bob Woodward claims that the motto "putting people first" was an attempt by Clinton and Gore's ghostwriters to put Reich's beloved "human capital theory" into plain English (Woodward 1994, 34-5). Clinton and Gore advocated using federal spending to create new and enhance existing federal training programs. For example, among other policies, *Putting People First* proposed the creation of a "national apprenticeship-style program" to bring together "business, labor, and education leaders," likely modelled on German training programs that Reich and others were so enamored with then and later (Clinton and Gore 1992, 87). As we have seen, the impetus to refocus on federal training programs in this way had evolved from earlier discussions of industrial policy, and the explicit goal continued to be for Democrats to chart a different path than what Republicans had put forward under Reagan and Bush. But the goal had shifted from reforming

<sup>12</sup>Reich's focus on creativity, "lifelong learning," and such themes fits with broader patterns and discourses associated with Third Way politicians, including in Sweden and the United Kingdom, as detailed in Andersson 2009.

American industry to preparing and retraining workers for what Reich increasingly liked to call “tomorrow’s jobs.”

### Reich’s Reemployment Act as (failed) interventionist knowledge

After Clinton and Gore won the election, Reich became a member of their transition team, leading work on the coming administration’s economic policies. Soon Clinton asked Reich to become Secretary of Labor. According to Reich’s memoirs, even before Clinton was sworn in, Reich worried that obsessions over government debt, which Clinton and Gore had promised to decrease, would undermine the social programs the pair had also promised during the campaign. These fears became realities almost immediately, which, for the study of interventionist knowledge, serves as a reminder that *realpolitik* often strongly shapes the boundaries of desired action.

Time and again in his memoirs, Reich represents tensions within the administration (Reich 1998, 63). On the one side were members who pushed for social policies and at least some federal spending, including Reich as well as economist Laura Tyson, who was chairman of the Council of Economic Advisors and also had a background in industrial policy thinking. On the other side, constantly bringing up concerns about debt and the need to balance the budget, were politician Lloyd Bentsen, head of the Treasury department; economist Alice Rivlin, deputy to Leon Panetta at the Office of Management and Budget; lawyer and banker Robert Rubin, Chairman of the National Economic Council, and Federal Reserve chairman Alan Greenspan. For a variety of reasons, which other historians have examined in depth, these anti-debt forces within the Clinton administration won, much to Reich’s and Clinton’s chagrin (Lichtenstein and Stein 2023).

Yet, though Reich’s proposals were ultimately doomed, the Clinton administration did work to promote his *ideas*, and here Reich’s ideas crossed the line from being mere analysis to entering the fray of the politics of enacting interventionist knowledges. By far the most Reichian initiative the Clinton administration ever put significant energy into was the now-forgotten Reemployment Act of 1994, a bill the administration proposed and lobbied heavily for throughout the year. The concept of “re-employment” was driven by Reich and Clinton’s understanding of how the US economy was changing. The basic idea became a kind of mantra for the administration: traditional unemployment insurance in the United States, Reich and soon others argued, was aimed at helping workers who are laid off during cyclical downturns make ends meet until they can be rehired into the same industries. But this dynamic, they claimed, was changing because of three factors: technological change, corporate restructuring, and global trade. In this context, the administration argued, federal policy needed to transition from unemployment insurance to forms of support for *re-employment*, which was taken to mean shifting into new industries and sectors.

As we examine how the Reemployment Act developed as an (ultimately failed) form of interventionist knowledge, it is helpful to keep in mind some important facts that Reich’s analysis missed. Doing so will help us better understand the mythic nature of policy thinking in the Clinton White House. Time and again throughout the mid-1990s, and at least up through his 2000 book, *The Future of Success: Working and Living in the New Economy*, Reich’s writings and speeches highlighted the theme of new jobs requiring new kinds of technical skills. A slide that he used to promote the Reemployment Act was titled “Where the New Jobs Are” and contained the following list: technical sales support, technical marketing, laboratory technicians (including health), factory technicians, and technical/clerical.<sup>13</sup> But this is not what publications out of Reich’s own Bureau of Labor Statistics (BLS) were showing. A 1995 bureau report drawing on data

<sup>13</sup>All of the archival sources cited in this article come from a single collection in the William J. Clinton Presidential Library, the papers of Michael Waldman, Special Assistant to the President for Policy Coordination from 1993–1995 and Assistant to the President and Director of Speechwriting from 1995–1999. For the sake of efficiency, I will refer to these as the Waldman Papers, but the full citation is Series/Staff Member: Michael Waldman, Subgroup: Speechwriting, Collection: Clinton

up through 1994 projected that the fastest growing occupations in the United States from 1994–2005 would be two different kinds of home health aides, a stressful low wage job that was also the fastest growing job category between 1983–1994.<sup>14</sup> Only a few of the projected job categories came close to the kinds of technical jobs requiring “new skills” that Reich so admired and so often played up. Many more of the projected fastest growing occupations were low wage jobs. And the BLS was right about this: it is precisely what happened over the coming decades. Reich’s favored story missed this trend completely. Moreover, Lichtenstein and Stein show in their book on the Clinton administration that several enterprises Reich identified as innovative in his books and speeches went bankrupt or disappeared within a few years of his celebration of them. In sum, when Reich so confidently imagined enjoining Kirkland to “*Join us in preparing people for tomorrow’s jobs*,” he did not actually know what tomorrow’s jobs would be, nor did he know what tomorrow’s businesses would be.<sup>15</sup>

Reich was working on the basic idea of the Reemployment Act by August 1993, four months before the Clinton White House made it a public proposal. By that time, Reich’s interventionist prescriptions had become even more interventionist than they had been in the early 1980s. In his 1983 book, *The Next American Frontier*, Reich had envisioned developing human capital in the nation by using a mixture of subsidies, tax breaks, and other incentives to induce firms to invest in training workers. By 1993, he seemingly had come to believe that only direct federal investment in training programs would get the job done.

Reich’s work and thinking on the Reemployment Act can be divided into three parts. Two of the parts were centered in social scientific data. The first was a series of reports on the long-term unemployed and so-called “displaced workers,” though Reich’s reading of the data was at least contentious and perhaps simply wrong. The second was research on what made federal- and state-funded training effective. The third part was a myth, a story about “the new economy,” which linked those two bodies of data but seemed to have little evidence of its own beyond anecdotes.

The social scientific literature on “displaced workers” and the politics of knowledge surrounding the term had a longer and deeper history than debates in the 1990s. The term “displaced worker” was quite old, going back at least to the 1920s, and was often associated with debates about whether technological change was leading to unemployment (Woirol 1996, 30–2 and 78–9). In the 1980s, in the shadow of industrial troubles and layoffs that had given rise to talk of “deindustrialization” and “industrial policy,” BLS staff members created a new survey to capture the number and experiences of “displaced workers,” which they defined as workers who had lost their jobs because of “a plant closing, an employer going out of business, a layoff from which (the worker in question) was not recalled or other similar reasons” (Flaim and Sehgal 1985, 4). The new survey was added as a supplement to the Bureau of the Census’ Current Population Survey, one of the oldest and most famous social and economic surveys in US history, with roots going back to attempts to measure unemployment in the Great Depression. Many other publications in the 1980s and 1990s contributed to the period’s overall discourse of displaced workers (Lovell 1986).

Two reports on reemployment that came out of Reich’s Department of Labor in 1993 and 1994 took a 1993 Congressional Budget Office (CBO) report, “Displaced Workers: Trends in the 1980s and Implications for the Future,” as a key text. The 1993 CBO report used the BLS’s displaced

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Presidential Records, William J. Clinton Presidential Library. “Where the New Jobs Are” in a series of slides likely prepared by the Department of Labor in Folder: [Department of Labor – Reemployment Act], Waldman papers.

<sup>14</sup>To my knowledge, this was first pointed out in Henwood 2003, but Henwood made this point using Bureau of Labor Statistics data from 2003, asserting that the 2003 publication was pretty close to what the bureau projected in the mid-1990s. I have tracked down a 1995 publication and find that Henwood was correct. See tables of occupational projections on pages 79 and 81 of Silvestri 1995. On the stressful nature and negative health consequences of the care work that home health aides do, see Glenn 2010.

<sup>15</sup>This point is conceptually linked to Krugman’s and others’ criticisms of “industrial policy” and related ideas. The critics argued that industrial policy advocates could not reliably pick out which industries were high-value, competitive, and, therefore, worth saving.

worker surveys, running every two years from 1984 through 1992, to examine trends throughout the 1980s and early 1990s and to make some forecasts about the future. Interestingly, the CBO report made much more measured claims than those of Reich's Department of Labor, which was using this and other publications to argue that a real shift was underway in the economy. While the CBO report did recognize some shifts in permanent layoffs—for example, white-collar workers were increasingly facing these whereas they used to be more centered in blue-collar work—it also noted that such layoffs were “fairly common even in a healthy labor market” and that “displaced workers themselves have changed relatively little despite the sectoral changes in displacement” (Ross and Smith 1993, 5).

This picture of relative normality was not the one coming out of the Department of Labor. In December 1993, it published a report titled, “The Changing Labor Market and the Need for a Reemployment Response.” In every possible way, except superficial differences typical of government publications, such as being filled with bullet points, it reads like a Reich book or essay. In many ways, it was just as synthetic and based on a *sense* of how things were shifting, which highlights how mythic thinking permeates not only popular books but also sometimes government reports. The report drew on publications from the CBO, the National Bureau of Economic Research, the Brookings Institution think tank, economics articles, and perhaps most of all, from uncited data from the Department of Labor and its BLS. The report highlighted the new survey data about how more workers not expecting to go back to their old jobs, increasing numbers of long-term unemployment among those laid off, and other figures that supported a vision of an economy undergoing transformation. Yet, attention to detail uncovers that the report sometimes strained to make its own case. For example, its authors felt the need to specify that “as a proportion of workers, however, these displaced worker measures were somewhat lower than in the early 1980s” (US Department of Labor 1993, 3). In other words, as a percentage of the workforce, there were fewer displaced workers in the early 1990s than there had been a decade earlier.

The second body of social scientific data upon which Reich drew were studies of what made training programs successful. In this case, Reich also used his role as labor secretary to do something he had not done previously or since: conduct new research. In February, Reich held a Department of Labor conference titled “Building a Reemployment System: What is Working in America,” at which Clinton formally announced the bill now named the Reemployment Act of 1994. The gathering drew together the leaders of training programs, which were perceived to be successful, from at least thirteen states in the nation.<sup>16</sup> The leaders discussed how their organizations worked and what they attributed their success to. Reich and others also conducted site visits to the offices of many of these programs. In April, the Department of Labor built on the “What is Working?” gatherings and site visits to publish a report titled, “Reemployment Services: A Review of Their Effectiveness.” While the report emphasized that few publications on training programs lived up to the ideals of “random-assignment experimental studies,” labor department staff did attempt to “cover all of the empirical studies in this area” (US Department of Labor 1994, 278). The report detailed several findings that became administration talking points for the rest of the year.

So, on the one hand, Reich had studies of “displaced workers,” and, on the other hand, he had research on what made training programs effective. The connective tissue that Reich used to link these two bodies of data was the myth of “the new economy.” It is at this moment that we see the exact phrase “the new economy” emerge in in the Clinton administration records. It fills documents from the administration's Reemployment Act. Yet, the phrase had not yet taken on the capitalized, proper name form (“the New Economy”) that it would assume in later administration publications and gatherings. To use Reich's definition of mythic tales in public thinking, “the new

<sup>16</sup>Summaries of each program that attended can be found in Folder: The Reemployment Act of 1994 Product/Materials Book [Binder] 1, Waldman Papers.

economy” was a story that acted as “a set of orienting ideas” that helped “explain reality and teach us what is expected of us in light of that reality.” In a letter to the House Ways and Means Committee, which was approved by several executive branch agencies, Clinton urged members to enact the legislation, writing, “The Reemployment Act, as part of a lifetime learning system, tells our workers that—whatever the new economy brings—they will be ready.”<sup>17</sup> Moreover, this was the moment wherein “the new economy” became increasingly tied to changing information technologies, though not nearly as dramatically as later when the two things were taken to be one.

Reich also weighed in on these topics. In May 1994, he drafted an essay the administration hoped would be published in the *New York Times*, though it apparently never was. The essay, and other statements Reich made around the Reemployment Act, started from a seeming paradox: the US economy had recovered from the recession of 1991–1992, and though initially the end of that recession had led one observer to coin the term “jobless recovery,” by 1994, unemployment was at its lowest point in decades. Yet, millions of Americans said they could not find jobs, anecdotally employers said they could not find the skilled workers, and long-term unemployment was at its highest level since the government had begun keeping records on it. Reich believed the answer to this puzzle lay in the mismatch of skills.<sup>18</sup> At the time, economists had already begun to worry that unemployment levels were getting too low and might begin to induce inflation. But Reich suggested in the essay that the skills mismatch in the economy was so deep and powerful that the so-called “natural rate of unemployment” might be decreased without inducing inflation if workers got the training they needed.<sup>19</sup> In this way, Reich argued, reemployment programs would both help workers and boost growth. As Reich concluded, “By easing the transition for all Americans from the old economy to the new, we can simultaneously combat inflation and continue aggressively to create more and better jobs for all our people.”

One thing that stands out in Reich’s public pronouncements about the Reemployment Act and “the new economy” was how little data he had to support his picture of how the economy was changing. As a communicator, Reich liked to highlight numbers that supported his case when he had them, but his tales of “the new economy” rarely featured such supporting evidence. Often, he would turn to anecdotes, say, for example, that as Secretary of Labor he traveled the country talking to business leaders who were telling him that they were having trouble finding workers with the skills they required. His May 1994 unpublished letter to the *New York Times* stated, “Many employers are having trouble finding the workers they need—the kind of conditions that eventually kindle inflation worries,” but he provided no evidence for the claim. His apparent lack of evidence did not deter him from, for example, telling members of the Senate that a series of technical jobs were the fastest growing occupations in the United States, or arguing in public that the disconnect between needed and available skills explained both the hardship businesses were experiencing and the suffering of workers. There is also clear evidence that some people were skeptical about Reich’s narrative about “the new economy.” In December 1993, the *Washington Post*’s editorial board published a piece supporting the soon to be announced Reemployment Act plans, which it said “make good sense.” However, it went on, “They do so almost independently of the elaborate rationale the administration has constructed for them—the view that unemployment now is somehow different from in the past, which not everyone fully accepts” (*Washington Post* 1993).

Clinton announced the Reemployment Act, without naming it in his 1994 State of the Union Address and in his proposed budget published a month later, in language that mirrored Reich’s

<sup>17</sup>From Michael Waldman to Pat Griffin and Lee Ann Inadomi, “Reemployment Letter to W&M,” Folder: [Reemployment Act] POTUS Letter to W&M [Ways and Means], Waldman Papers.

<sup>18</sup>Robert B. Reich, “Fighting Inflation and Fighting for Jobs,” draft essay sent to the *New York Times* on May 16, 1994, Folder: [Reemployment Act] Reich Letter to New York Times, Waldman Papers.

<sup>19</sup>For further evidence that Reich was talking at the time about human capital investment lowering the natural rate of unemployment, see Kinsley 1994.



own speeches and Labor Department publications.<sup>20</sup> The President announced his plan to “literally transform our outdated unemployment system” by “streamlining today’s patchwork of training programs.”<sup>21</sup> As Clinton put it in the State of the Union, “Re-employment, not unemployment, must become the centerpiece of our economic renewal.” In March, Clinton and Reich announced details of the bill, which was meant to last five years and, according to White House estimates, would cost \$13 billion. The act would provide a “comprehensive program for worker adjustment,” which included reemployment insurance for displaced workers and a national grant program to fund state programs.<sup>22</sup>

As soon as the bill was announced, media coverage noted both that “the legislation’s prospects in Congress are believed to be questionable this year” and that, because of budget constraints, the proposal “drastically scaled back Reich’s initial ideas that would, essentially, have given every American worker an entitlement to federally supported job training”<sup>23</sup> (Lauter 1994). Still, the Clinton Administration explicitly made the Reemployment Act of 1994 one of its major policy initiatives for that year, and included the law in short lists of major domestic and economic initiatives.<sup>24</sup> Archival records of the Clinton Library make clear that the administration invested serious effort in coordinating and lobbying for the bill, including a series of hearings and regional roundtables on it around the country.<sup>25</sup> The administration had several cabinet level secretaries writing op-eds, taking part in media roundtables, and leaning on legislators, labor unions, business leaders, nonprofit organizations, and other pressure and special interest groups.<sup>26</sup> Eventually hundreds of individuals and organizations, including both Republican and Democratic legislators, governors, unions, business leaders, signed on to support the bill.

If the Reemployment Act always faced headwinds, by midyear the bill was in doldrums. A June memo from Clinton’s Special Assistant for Policy Coordination put it bluntly, “The greatest problem facing the REA is not intense opposition, but the lack of intense support. The Administration—rather than any constituency—is the engine driving it.”<sup>27</sup> The act had come from within the administration, more specifically from Reich’s mind. In a political system highly dependent on the desires and pressures of interest groups, it had no external champion. No one loved it. Put another way, while many figures in the Clinton administration and beyond were invested in the myth of “the new economy,” no interest groups were invested in the idea that training programs were the *answer* to problems of “the new economy.”

It is unclear from available records exactly when the Reemployment Act died. But then again, organizations often move on from initiatives without holding a formal funeral service. A likely culprit in the bill’s demise was how soundly Newt Gingrich and the Republicans defeated the Democratic Party in the midterm elections in November 1994, an event that upended many White House plans. The Clinton administration largely moved on from reemployment training and

<sup>20</sup>This and the following three quotations are from President Clinton’s Fiscal Year 1995 Budget Proposal. Hearing Before the Committee on the Budget, House of Representatives, One Hundred Third Congress, Second Session, February 24, 1994. pg. 9.

<sup>21</sup><https://www.govinfo.gov/content/pkg/WCPD-1994-01-31/pdf/WCPD-1994-01-31-Pg148.pdf>.

<sup>22</sup>The following summary is drawn from a document titled “The Reemployment Act of 1994: Title-By-Title Summary” in Folder: The Reemployment Act of 1994 Product/Materials Book [Binder] 1, Waldman Papers.

<sup>23</sup>There’s some evidence that Reich’s initial vision may have included guaranteed citizen access to retraining as a kind of right. A January 1994 edition of “America’s Job Fax,” a one-page publication Reich’s DOL regularly faxed out to various parties, suggested that “all dislocated workers will be eligible for effective long-term training, regardless of their reason for dislocation.” “America’s Job Fax,” January 27, 1994, Waldman Papers.

<sup>24</sup>From Michael Waldman to Pat Griffin, “Business Briefing on Reemployment Act,” May 26, 1994 Folder: WH Talking Points, Waldman Papers.

<sup>25</sup>“America’s Job Fax,” May 24, 1994, Folder: [Reemployment Act] Department of Labor Fax, Waldman Papers.

<sup>26</sup>See the documents in the folders cited above as “VPOTUS Strategy Memo” and “The Reemployment Act of 1994 Product/Materials Book [Binder],” Waldman Papers. See also the document laying out various planned lobby and pressure efforts in Folder: [Reemployment Act] Cabinet Action Plan, Waldman Papers.

<sup>27</sup>“VPOTUS Strategy Memo.”

would only later pass an attenuated version of the Reemployment Act as the Workforce Investment Act of 1998, an achievement that was largely overshadowed by the Lewinsky scandal (Baker 1998).

## Conclusion

On April 5, 2000, Bill Clinton opened the White House Conference on the New Economy by announcing, “We meet in the midst of the longest economic expansion in our history and an economic transformation as profound as that that led us into the industrial revolution.”<sup>28</sup> He failed to mention that a month earlier air had started to come out of the speculative bubble around Internet and computing technologies and would continue to leak from the bubble for the next two years in what would become known as the dot com bust. According to Google’s Ngram tool, use of the term “the New Economy” itself would decline precipitously during the dot com bust and, within a few short years, largely fall into disuse. What Clinton and those around him had predicted would be a deep and long-lasting transformation of the US economy turned out to be nothing more than a temporary expansion. In the first years of the new century, the expansion ceased, and the US economy has not experienced another like it since. Yet, although the myth of “the New Economy” fell into disfavor, many of its elements went on to become a lasting part of political discourse, especially amongst Democratic Party politicians. For example, in 2006, a young Senator in Illinois, Barack Obama, delivered a speech titled “Twenty-first Century Schools for a Twenty-first Century Economy.” In it, he told his listeners that because of twin revolutions in technology and globalization, “We now live in a world where the most valuable skill you can sell is knowledge.”<sup>29</sup> The problem, Obama claimed, repeating a trope Reich had been touting since the early 1980s, was that schools were preparing students for an economy of the past, of the twentieth century, not for the “new challenges” of the twenty-first century.

Yet, the tale of Reich’s ideas about “the New Economy” has important lessons for thinking about interventionist knowledge, including how notions about technology and the labor market take hold in political parties and policy-making circles. As we have seen above, the myth of “the New Economy” grew out of earlier conversations about industrial policies that used the power of the state to directly support and foster struggling industries. Among other things, these policy visions provided Democratic Party elites with a way to differentiate themselves from their conservative, free market-focused opponents. The myth of “the New Economy” often rested on disputable, sometimes wholly specious, interpretations of what was happening in the US economy; interpretations that, most of all, ignored counter-evidence that undermined the story. But the myth also connected to, supported, and reinforced a broadly-shared sense that things were rapidly changing in the 1990s.

In the center of all of these discussions, from “industrial policy” to “the New Economy,” was Robert Reich, a popular thinker and writer who, at times, cast himself as a spinner of new myths. In his hands, these myths synthesized existing numbers about economy and society into new narratives, narratives that went untested by any formal methods beyond, perhaps, that of the “gut check.” The narratives *felt* right and were clearly broadly appealing amongst other political elites. Since Reich’s case may well be broadly representative of popular thinkers who have influenced policy processes in the United States and many other nations, examining this class of thinkers is important for thinking about the ways and whys of interventionist knowledges. So many visions that float through and influence civil societies and policy-making institutions draw selectively on available social scientific data, but spin those threads into narratives about what is going on and what needs to be done that are not themselves submitted to the rigors of social scientific method

<sup>28</sup><https://www.c-span.org/video/?156410-1/economy-productivity>.

<sup>29</sup><http://obamaspeeches.com/057-21st-Century-Schools-for-a-21st-Century-Economy-Obama-Speech.htm>.

(or formal processes, like peer review). Such narratives appeal to and succeed on the bases of our *aesthetic* senses of the world, how the world seems to our hearts and guts.

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