Economist Robert Reich predicts the way the next century will work

Robert Reich, a political economist from Harvard University, believes that the soul of the Democratic Party is worth fighting for, which has written a book on "A New Century Capitalism" that claims an audience in both parties. But actually, he writes for Marco Taccone and his handlers.

Can the Democrats devise an economic program that doesn't look like the Night of the Living New Deal? Yes, says Reich, if they will not think how 940 is a long, long time ago and that the economy is a-ollego. "We are living through a transmogrification that will rearrange the political and economic pawns of the coming century," he declares on the first page. "There will be no longer be national economies. Furthermore, high-value enterprises like IBM or United Airlines are taking over from the old black-market industries of the high-volume enterprises of Gary and South Chicago.

The economy he sees is so new that it needs new words and new economics. From the vantage point, Reich says, is outdated. The best businesses are now encased in "symbolic" talk that has replaced the chain of command. If you speak to any of the others, they have reincarnated the most valuable skills in problem-solving, standardizing, and strategic bargaining.

The old story of American labor struggles with American bosses (or in Republican mythology, the other way around) is missing the point. Reich says, because "money, technology, information, and goods are flowing across national borders with unprecedented ease." The three classes in the new economy will be "routine producers" on the line, "person servers" beside the line and an elite of "symbolic analysts" thinking up new ideas.

Symbolic analysts—designers, lawyers, engineers, managers—

Political economist Robert Reich views the economy as one that belongs to the symbolic analysts.

The argument is not all wrong. Reich is correct that the top one-fifth of society will control the economy. But the problem is that millions of kids illiterate aren't at work. He is correct to resist the usual policies of the left, protectionism and public housing. But it's not enough to "make America in the garage" is silly. We do not really know what the balance of trade is, nor does it matter.

But in the end Reich's argument falls flat. First, he is no historian, but his argument is historical. He has a well-argued position about the economy's history, but he can't check it. The historian Alonzo Chandler, for example, put forward a metaphor in his book about American business, the "visible hand" of planning. Reich knows that's not how business works nowadays—his "web" is a better description than the pyramid of planning. But not being a historian, Reich doesn't realize that his "complex enterprise web" is old hat. Adam Smith called it the Invisible Hand, and anyone who has worked (which leaves out most professors) knows that even a military hierarchy has a lot of room for weiblike talk and scrounging. The metal trade in Birmingham, England, in the early 19th Century was organized in the way Reich admires in the more advanced industries now.

The end of national economies is not new, either. The greatest of 19th Century political economists wrote what might be a paragraph from Reich: The bourgeoisie has through its exploitation of the working man continued to produce and consume in every country... In place of the old local and national seclusion and self-sufficiency, we have... universal interdependence of nations." Karl Marx knew that in 1848. He even made some of the same mistakes Reich does.

Second, the author of "The Work of Nations" is no economist. His big argument is that the new "high-value enterprises" depend on human skills. Human skills, he says, improve with use. So bunch of people who get ahead—American symbolic analysts, say—will stay ahead. The rest of us are doomed. Such widening divergences may be calamitous to a global economy premised on high-value skills rather than on routine labor of capital. But that argument overlooks something pretty important: death. The symbolic analysts can stay ahead only if they never die. Otherwise, every new child has to start out ignorant and using a new job.

In any case, Reich's economic argument contradicts itself. His vision of the economy draws attention to international competition, as it should: "Routine producers in the United States... are in direct competition with millions of routine producers in other nations." So we had all better get out of that business, right? Wrong. If we all do, those who stay in it will get rich, because they will then be the scarce ones. Scarce ones make money, even in old businesses.

Competition drives up all wages. Teachers use the same chalk-and-talk method as did Aristotle 2,000 years ago, yet they are paid now in competition with oil workers and computer jockeys. The business you are in does not determine what you earn; the productivity of the economy does. It is wrong to claim that the routine producers will get poorer. They haven't yet.

In truth, Reich's fluent talk about the international economy is irrelevant to his proposals for the Democrats. If the United States were on the moon he would give the same advice: keep more money in the country in order to educate the poor. If the country were on the moon, in fact, the program would not be as politically self-contradictory as it is. After all, those (aging) yuppies who are to be taxed are the ones who have the most of the political power—part of which comes, as Reich argues, from their international mobility.

Who, then, is Reich, and why is he saying those awful things about enterprise unguided by the wise men in Washington? In a nutshell, Reich is The Return of John Kenneth Galbraith (who himself was Son of Thorstein Veblen). And while he lacks the master's gift for phrase-molding, he is inviting us to try the Great Society all over again. We are being urged to put our future in the hands of those splendid symbolic analysts from Harvard, the same folks who gave us the Vietnam War and the Cabrillo Green housing project.

My recommendation? Find the February issue of the Atlantic Monthly, which contains the 36-minute version of Reich's lecture. And consider a career in symbol's. Until it gets common, it will pay.