



# **The New New Deal: The Hidden Story of Change in the Obama Era**

*Michael Grunwald*

[Download now](#)

[Read Online](#) ➔

# The New New Deal: The Hidden Story of Change in the Obama Era

Michael Grunwald

**The New New Deal: The Hidden Story of Change in the Obama Era** Michael Grunwald

***The New, New Deal* is a riveting story about change in the Obama era—and an essential handbook for voters who want the truth about the president, his record, and his enemies.**

In a riveting account based on new documents and interviews with more than 400 sources on both sides of the aisle, award-winning reporter Michael Grunwald reveals the vivid story behind President Obama's \$800 billion stimulus bill, one of the most important and least understood pieces of legislation in the history of the country. Grunwald's meticulous reporting shows how the stimulus, though reviled on the right and the left, helped prevent a depression while jump-starting the president's agenda for lasting change. As ambitious and far-reaching as FDR's New Deal, the Recovery Act is a down payment on the nation's economic and environmental future, the purest distillation of change in the Obama era.

The stimulus has launched a transition to a clean-energy economy, doubled our renewable power, and financed unprecedented investments in energy efficiency, a smarter grid, electric cars, advanced biofuels, and green manufacturing. It is computerizing America's pen-and-paper medical system. Its Race to the Top is the boldest education reform in U.S. history. It has put in place the biggest middle-class tax cuts in a generation, the largest research investments ever, and the most extensive infrastructure investments since Eisenhower's interstate highway system. It includes the largest expansion of antipoverty programs since the Great Society, lifting millions of Americans above the poverty line, reducing homelessness, and modernizing unemployment insurance. Like the first New Deal, Obama's stimulus has created legacies that last: the world's largest wind and solar projects, a new battery industry, a fledgling high-speed rail network, and the world's highest-speed Internet network.

Michael Grunwald goes behind the scenes—sitting in on cabinet meetings, as well as recounting the secret strategy sessions where Republicans devised their resistance to Obama—to show how the stimulus was born, how it fueled a resurgence on the right, and how it is changing America. *The New New Deal* shatters the conventional Washington narrative and it will redefine the way Obama's first term is perceived.

## The New New Deal: The Hidden Story of Change in the Obama Era Details

Date : Published August 14th 2012 by Simon Schuster

ISBN : 9781451642322

Author : Michael Grunwald

Format : Hardcover 432 pages

Genre : Politics, Nonfiction, Economics, History, Political Science

 [Download The New New Deal: The Hidden Story of Change in the Oba ...pdf](#)

 [Read Online The New New Deal: The Hidden Story of Change in the O ...pdf](#)



**Download and Read Free Online The New New Deal: The Hidden Story of Change in the Obama Era  
Michael Grunwald**

---

# **From Reader Review The New New Deal: The Hidden Story of Change in the Obama Era for online ebook**

**Aaron Arnold says**

This is probably the best book I've ever read about a single bill. Grunwald does a magnificent job recounting the genesis, drafting, passage, and effects of the American Recovery and Reinvestment Act, also known as the stimulus, an act so vast that not even its supporters fully appreciate the range and depth of its impact. The economics that prompted the bill's passage remain controversial in the political world, as do its contents, but Grunwald's evenhanded and fairly comprehensive reporting work should be essential for anyone who wants to have an informed opinion on the stimulus, and even to some extent "government spending" in general.

The ARRA, one of President Obama's signature laws, was first proposed before he was even elected as both an extension of previous stimulus efforts and as the fulfillment of many of his campaign promises in the sectors of energy, health, education, and the economy. The economic reasoning behind the stimulus is important to understand, because members of the Republican Party, as recounted here, have had a "complicated" relationship with fiscal stimulus. According to mainstream economic theory, in a recession that features reduced business and consumer spending, it's a bad idea to either raise taxes or cut government spending, because that removes additional money from businesses and consumers, which only exacerbates the recession. By the same principle, it's a good idea to cut taxes and/or raise government spending to try to fill up the missing output gap, until businesses and consumers spend normally again, whereupon government spending and taxation can return to a more sustainable path. You would be able to judge the success or failure of this strategy either by seeing soaring interest rates on government debt, if the policy was too aggressive, or prolonged recession, if policy was too timid. These were Keynes' insights on fiscal policy during the Great Depression, and they've remained basically conceptually intact ever since; the Bush tax cuts of 2001 and 2003 were in part promoted as perfectly Keynesian stimulus in response to the recession at the start of his term, and although there were questions about the proper distribution of the tax cuts, both Republicans and Democrats alike agreed that cutting taxes and raising spending, or at least not cutting spending, were the appropriate responses.

The recession that began in late 2007 and really began to get bad towards the end of the 2008 Presidential campaign was even larger, and in the minds of both parties deserved a commensurately larger response, along with more active monetary policy. And to that end, the ARRA was designed, primarily by Democrats but also with Republican input, as a mix of tax cuts and increased spending which should have been acceptable in theory to Congressmen regardless of party affiliation. On the tax side, there were billions in credits for children, earned income, student loans, homebuying (important in a recession precipitated by the bursting of the housing bubble), energy use, energy use, and more. There was also the typical annual forgoing of scheduled adjustments made to the Alternative Minimum Tax as well as completely new cuts in the payroll tax, with the reasoning that increasing people's take-home pay was one of the most effective methods of stimulus. In an unfortunate preview of the bad press the stimulus would receive, that large payroll tax cut was specifically designed using insights from behavioral economics, which suggested that if people didn't realize they were getting a tax cut they would be less likely to hoard, as opposed to the Bush strategy of simply sending a check. This was satirized as "sending flowers to a romantic interest without signing the note", and indeed it would turn out that many people were under the impression that the stimulus included no tax cuts at all.

On the spending side, one big area was aid to state governments, who were hit by massive decreases in tax revenue and, lacking the ability to deficit-spend, were forced to make large cuts in essential services. Beyond

that, there were big expansions of Social Security payment and unemployment insurance, which were important in a crisis involving hundreds of thousands of net job losses per month as well as extremely effective ways to keep money circulating in the economy. Finally, there were a dizzying array of spending initiatives that were either campaign promises or requests from Senators and Governors: over \$150 billion for health care, preserving Medicaid and encouraging much-needed improvements in medical IT. Over \$100 billion for education, in aid to local governments to keep schools from shuttering, increases in Pell Grants, and in Race to the Top education reform. Over \$100 billion in infrastructure, from highway/bridge repair to new high-speed rail initiatives to environmental cleanup to constructing new buildings to improving America's patchy, embarrassing access to broadband. Over \$25 billion to energy, providing funds for weatherization, efficiency improvements, and smart grids, as well as seed money to start several entirely new renewable energy businesses with immense future potential (these sections, with Energy Secretary Steven Chu leading the way, are some of the best in the book). Almost \$10 billion for science, with grants for NASA, NIST, NOAA, the NSF, the DOE, and more. The book covers such a dizzying array of potentially transformational projects in the stimulus, including plentiful profiles of stimulus-aid businesses, that it could almost be subtitled *The Quiet Revolution*. In constant dollars it was 50% larger than the whole New Deal, and it was condensed in one single bill instead of being spread throughout years.

And yet, this bill passed with 0 House Republicans and only 3 Senate Republicans, ceaselessly denounced in conservative circles as a big-spending, waste-filled assault on freedom and a handout to Democratic interest groups. It's worthwhile to consider their objections. First of all, the purest, most classic examples of fiscal stimulus are "timely, targeted, and temporary" - narrow measures designed to address specific aspects of a recession very quickly and then fade away. The stimulus, however, also included plenty of measures that were "speedy, substantial, and sustained" - things like Race to the Top that, whatever their merits, were not really stimulus measures in the classical sense. Where were the Works Progress Administrations projects, the new Hoover Dams and Skyline Drives, the armies of newly employed workers? Secondly, the stimulus was so large that it seemed inevitable that there would be large amounts of waste and fraud; a nation which had just seen Bridge to Nowhere scandals should expect similar follies on a vastly grander scale. Third, the impact on the deficit could be so large as to seriously impair the credibility of the US dollar as a safe store of value, and these objections were being raised not only by Republicans but also by many Democrats, even some in the White House. Fourth, for all Obama and the Democratic Party's proclamations of bipartisanship, this was a bill that would fulfill liberal priorities and reward Democratic-leaning interest groups, what was the upside for a Republican who voted for a bill that would protect groups like public employee unions?

I won't mince words: as Grunwald shows, these objections are basically horseshit, either cynical, hypocritical, or both. First, the stimulus came of age in an era where it's simply not possible to put massive armies of unemployed people to work making new Jones Beaches or Interstate Highway Systems. Labor-saving technologies mean more work can be done with fewer people, and the increased complexities of building mean that even "shovel-ready" projects can take time to get off the ground, and it definitely doesn't help when states like Florida or New Jersey cancel some of the biggest infrastructure projects like new rail tunnels or high-speed rail lines for purely political reasons. Second, the oversight provisions in the stimulus, including websites like [recovery.gov](http://recovery.gov) that provided unprecedented transparency into specific projects and initiatives, meant that a vanishingly small amount of waste or fraud was uncovered, even using the most uncharitable definitions of waste or fraud conceivable. Third, not only has the stimulus' impact on the deficit been dwarfed by such items as the Bush tax cuts, the wars in Iraq and Afghanistan, and the aftermath of the recession itself, but since the stimulus has passed interest rates on US public debt have fallen to the point where they are actually negative in real terms - investors are literally paying the Treasury money to hold public debt, even as Republicans demand higher deficits through yet more high-end tax cuts. Fourth, it's worth mentioning that the Republican Party had suffered an immense rout in the 2008 elections and remains unpopular even today. But even despite that, Republicans had incredible amounts of input into the bill,

Senators like Susan Collins, Olympia Snowe, and Arlen Specter in particular had almost carte blanche to arbitrarily insert or remove line-items in exchange for their vote. Their statements and actions - e.g. Rep. Paul Ryan's public denouncements of the stimulus yet quiet letters requesting more funds for his district - give the lie to the idea that they had any kind of principled objections to it.

However unfairly, the stimulus seems unlikely to go down in memory as being as transformative as the original New Deal. Part of that is rose-colored glasses, as the New Deal was neither so highly-thought of by contemporaries or as unified a set of policies as it currently seems to us. Part is due to PR missteps by the White House, such as the infamous 8% unemployment projection, part is due to relentless partisan attacks and the new conservative system of epistemic closure, part is also due to particularly bad media failures, and part is due to the nature of the Recovery Act itself. So much of its infrastructure funding was spent on projects that didn't have the iconic stature of, say, LaGuardia Airport, but were badly needed nonetheless; Grunwald gives the distinction as "The New Deal had the world's largest dam. The stimulus had one of the world's largest dam removal projects", and there's another perfect example of the changed mentality later on:

"Millions of fans watched Stanford defeat Virginia Tech in the 2011 Orange Bowl, but none of them knew that an aging transformer almost overloaded while feeding power to the stadium.... The problem was detected by Florida Power & Light's new smart grid equipment, which quickly diverted the electricity to healthier transformers, avoiding a midgame blackout."

It's hard for people to think in terms of counterfactuals; "think of how much worse it could have been" never got anyone elected. Yet without the stimulus the US would be a poorer and less advanced country, and many businesses that are only just beginning to realize their potential would have been strangled in their cribs by a recession that didn't obey the laws of partisan combat.

No one will argue that the stimulus was perfect: it wasn't large enough, it wasn't the political slam-dunk it should have been, some companies it funded like Solyndra and A123 have failed, unemployment remains high years after its passage, and there are plenty of arguments to be had about projects that it should have covered. But it was unquestionably bold and creative, and it will continue to help the economy immensely, years into the future, especially now that Obama has been reelected and the prospect of another period of Republican doldrums has been (mostly) averted. As Grunwald closes with: "We know if it worked. We just don't know if it matters."

---

## **Shawn says**

I really liked this book a lot, which was surprising to me given how information dense it was. The author did a really good job of mixing in stories around the events from the people making decisions with the facts that he was writing about.

I also learned a lot about the stimulus (and TARP, which like most people I managed to attribute to Obama instead of Bush) and how it managed (will manage?) to fundamentally shift a lot of important things for this country.

---

## **Mary says**

Who would've guessed that a book about the much-maligned "stimulus plan" of 2009 would be not only a compelling and witty read but also the best book-length defense of Obama's first-term accomplishments I've read? It certainly surprised me. I did pick up the book expecting that Grunwald would be fundamentally sympathetic to the cause and to Keynesian policies in general, though he proves more than willing to call out Obama and his advisors for their naivete, their missteps, and their utter failure to "sell" the stimulus to the American people. But the even bigger surprise lies in the impressive and underpublicized details of what the bill funded, including a wide range of efforts to research and develop alternative energy sources, to fund long-neglected improvements in transportation infrastructure, to update an antiquated system of unemployment benefits, even to prevent homelessness in the wake of the foreclosure crisis. Reading this book on the eve of the 2012 election was on one level a frustrating reminder of the worst elements of the past four years--particularly the cynical efforts of Republicans to deny proven stimulative benefits in a time of dire crisis for political gain, but also the pernicious notion that the media was advancing Obama's agenda rather than its usual oversimplified narrative of conflict and drama ("the stimulus was a failure"). On another level, however, the book was a reminder that the most important change often happens out of the spotlight of the day and that the judgment of history on Obama's stimulus may be quite different than our own.

---

### **Sharon says**

This book knocked my socks off. Grunwald has the knack of making complex and somewhat dry details of law-writing, economic theory, and political maneuvering both lucid and fascinating. He slips into a slightly snarky tone at points, and it's clear where his political sympathies lie, but I did not find that he misrepresents facts or skews the logic of his argument to suggest an untruthful explanation. And he has the research and sources to back his writing. Being somewhat of an ostrich about current events in general and political tussles in particular, I was flabbergasted and enraged to learn of the Republican insistence on defeating Obama at all costs during the dire evidence of looming - then crashing - Recession. And I was enthralled by the many arms of the Recovery Act, how it was shaped by Obama's team to provide short term stimulus while remaking the economy long-term in line with Obama's key goals in education, energy, and health-care reform. Good stuff.

---

### **Zack Ward says**

It is unfortunate that *The New New Deal* is perhaps the only book on the market that offers a positive review of Obama's Recovery Act. It would make this book seem less biased if the narrative that preceded it hadn't been so negative.

Anyway, my impressions were positive overall. Grunwald goes to great lengths to explore the debate from both sides of the political aisle starting just a little before Obama's election in 2008 and ending in March of 2012. He sat in several meetings on Capital Hill with members of congress, the senate, and the white house during this time, and a majority of his assertions are supported by documented interviews. So, I buy almost all of what he has to say.

SO what does he have to say? His thesis is that the Recovery act was a very progressive piece of legislation that worked much more effectively than the media gives it credit for. The \$787 billion bill financed investments in renewable power, such as solar, wind, and non-photosynthetic biofuels, it advanced energy efficiency, the lithium ion battery, smarter electrical grids, green manufacturing, and energy efficient retrofits

of commercial and government buildings that have already saved millions of dollars in operating costs. It has advanced the health IT system towards electronic medical records (as opposed to the chicken scratch pen and paper ways of the past) and its funds incentivized Race to the Top has proven already to be the most effective federal policy in Education the US has ever seen (based on International + College exams). It expanded infrastructure projects at airports, train stations, and roads. It expanded antipoverty measures to make sure that the poor pay their rents and don't end up on the street, where they will eventually end up costing the government more money in unpaid ER bills. It also expanded broadband internet access to rural areas, so they can stay better connected to readily available information. AND it gave the middle class the biggest tax cuts in history (though they did it in a surreptitious manner, that is not in a check form, so that Americans would be more willing to spend their higher salary earnings as studies have shown that when people are given money gifts, they tend to save). Perhaps my favorite part of the bill was the formation of ARPA-E (Advanced Research Projects Agency - Energy); a moonshot research initiative designed to fund research focusing on alternative means of generating energy. There have already been some promising results; the marines are using algae-powered submarines and boats as we speak that power themselves for months without re-algaefying.

But the book is more than a wikipedia article on the Recovery Act. It chronicles the political climate at every step of the way. How republicans had been happy to pass the bill in late 2008/early 2009, as it had been basic Keynesian economics: when the private sector implodes, generate demand by funding public works that put people to work, and relieve the recession pains with tax cuts/credits for the middle class. A few months later, the tea part emerged and galvanized the party towards ideological extremes, causing republican centrists to get "scozzafava'ed" or replaced by tea party candidates that pledged to be inflexible on every issue. And from there, well, the job of implementing the later stages of the Recovery Act got trickier.

Needless to say, The New, New Deal is a good read. It is a little heavy on the capital hill political jargon, which I didn't like, but I think by doing so TNND conveys the story in a "as it happened" kind of way. I would recommend this book to anyone curious about what was actually done by the Obama administration, or to anyone that wants to know how the important legislative talks went down.

---

## **Robert Owen says**

Michael Grunwald's "The New New Deal" belongs filed on the "Barack Obama: The Man, The Myth, The Legend" shelf. Look, I'm gonna say good things about this book and I'm gonna say bad things about this book, then I'll give it three stars and leave it up to you to figure out just what the hell those stars mean.

Let me start with the good stuff first:

Grunwald does an excellent job of taking the reader behind the scenes of the Obama Administration's remarkably competent response to the 2008 financial meltdown and making comprehensible exactly what the President and his team were trying to accomplish through his stimulus program. From the day Obama was elected until the day he actually took office the U.S. economy slipped into freefall, with each monthly job report looking more horrific than the one from the month before. Basically, the Bush Administration handed Obama a thermonuclear time bomb....a kind of GOP "So long, and thanks for all the fish" farewell as W. hauled-ass in his hydrocarbon-fueled space ship to Universes unknown. The team Obama assembled worked with amazing speed, precision and efficiency (the massive \$ 800 billion bill was passed within the first 30 days of his Presidency) to pull together an effective stimulus plan that 1) pumped money into the consumer economy to forestall a jobs collapse and 2) laid the groundwork for many of the initiatives (particularly in



the areas of Infrastructure, Energy and Education) that Obama had promised in his campaign. For their part the Republican leadership, determined to make sure that Obama's fingerprints and his fingerprints alone were all over the disastrous economy that they, themselves, had created, resolved to thwart Obama at every turn. Grunwald's thesis is that the stimulus bill essentially saved the country from sinking into a Depression while at the same time providing the funding necessary to launch infrastructure and technology spending that will pay important dividends to the country over the next 20 years. Yet unlike FDR, who took office fully three years after the onset of the Great Depression, Obama took office right as the economy was coming off the rails.....with the result that American's only saw how bad things got, but never had to experience a period of living through how bad "really bad" could be. This left Obama with an unattractive yet unavoidable "things could have been a lot worse" messaging dilemma that the GOP exploited to the hilt. For all of the stimulus plan's undeniable, economy-saving benefits, the GOP has been largely successful in spinning the counter-narrative that the stimulus was a megalithic failure and that Obama was exactly the kind of tax and spend liberal that your mama always warned you about.

In presenting all of this, Grunwald is both accurate and compelling.

However, as Grunwald is an unashamed Obama fan his enthusiasm for the President dilutes the power of his work. While he acknowledges some of the Obama plan's misques (e.g. Solyndra or the infamous "8% unemployment forecast") he rationalizes these (rightly, I believe) as evidence of just how "right" Obama was. He does not, however, challenge many of the fundamental choices that Obama made as a backdrop both to the establishment of his administration and to the final stimulus product. For example, in the so-called "Battle of the Bob's" – the selection of the administration's philosophical heart and soul between heavily Keynesian Robert Reich vs. heavily pro Wall Street Robert Rubin - Obama chose (much to the dismay of liberals) Rubin protégées to lead his economic team. Likewise, in choosing as Secretary of Education between pro-public school Linda Darling Hammond and pro-accountability / free market advocate Arne Duncan, Obama chose Duncan and wound up using the stimulus bill to double down on the Bush era No Child Left Behind programs that are so reviled by the left. These are areas for which Obama should be exposed to legitimate criticism, and yet, about which Grunwald is largely silent.

Overall, a good book and worth the read for anyone interested in separating fact from fiction in their evaluation of the Obama Presidency. Just be prepared to go elsewhere for an incisive critique of Obama from the left.

---

## **Will Byrnes says**

I'm pretty tired of this depression we've been having. Unemployment that hit 12% in 2009 and kept rising, states from ocean to ocean laying off tens, hundreds of thousands of public employees each. No more auto industry, and vast swaths of the Midwest losing jobs and industrial capacity faster than Mitt Romney changes policy positions. And things have not been looking up either. The federal government is investing nothing in alternate energy R&D, leaving such things to private enterprise, and doing nothing to change the pencil-and-paper recordkeeping that characterizes our national medical system. In fact, the federal government invested nothing in the future or the present, and left to the states the cost of repairing increasingly decrepit roads and bridges. Reduced demand in America for imported products has had a harsh impact overseas as well, depressing foreign economies. And with governments in powerful nations like Germany demanding austerity as a response to diminished national revenues, the international downturn picked up speed and we are now heading towards a global economic conflagration.

What? You don't remember?

I know, I know. Times are tough. And they have been tough for a while, but envisioning what the world might have looked like in the absence of the American Recovery and Reinvestment Act should give one pause. We are not talking Recession, major or minor. We are talking capital-D Depression, which is exactly where the US economy was headed in the final quarter of 2008. And whether it is great or mediocre, enduring another one of those SOBs is not something any sane person wants to do.

So what does one do? If, as most economists contend, the problem in the late Bush economy, the result of the housing bubble and certain Wall Street criminality, was one of lax demand, and if the private economy was in no position or mood to ramp up demand, then the only player capable of doing so was the federal government. Both Democratic and Republican administrations, true Keynesians, have a history of providing the demand that *the market* has not always generated on its own. Been there, done that. It works. That's why they keep doing it. This time the problem was bigger. It was with the intention of preventing a second Great Depression that the Obama Administration proposed the American Recovery and Reinvestment Act, or ARRA, an acronym only a pirate could love. But there was more than simple economic stimulus involved. The administration wanted to change some long term trends, in health care, energy and education, as well.

Amazingly, within a month of taking office, the Obama Administration managed to get through Congress the largest stimulus bill in the nation's history. It's nice to have a large enough majority in the Senate that only a few of the opposition need be persuaded in order to make a bill a law. National media, more than happy to carry water for the party of "Just Say No," took great delight in trying to dig up dirt on what became an \$800 billion program. And when that did not satisfy, as there was rather little dirt to be dug, they made things up. A consensus was forming in the DC bubble, as soon as the program came into being, that it was a complete boondoggle.

In 2010, a reporter for Time magazine, Michael Grunwald, was in Florida working on a book:

I was only vaguely aware of the Beltway consensus that President Obama's stimulus was an \$800 billion joke. But because I write a lot about the environment, I was very aware that the stimulus included about \$90 billion for clean energy, which was astonishing, because the feds were only spending a few billion dollars a year before. The stimulus was pouring unprecedented funding into wind, solar, and other renewables; energy efficiency in every form; advanced biofuels; electric vehicles; a smarter grid; cleaner coal; and factories to make all that green stuff in the U.S. It was clearly a huge deal. And it got me curious about what else was in the stimulus.

So what was different about this one? A few things.

For one, vast sums were directed toward ravaged state governments to keep them from laying off hundreds of thousands of state employees. You know the sort, public leeches like teachers, cops, firefighters, sanitation workers, and many thousands more.

Hundreds of billions were allocated to tax cuts. And the money was not sent out in a lump sum, as had been done in the past. The reason is that when folks get such a windfall, they tend to save all or some of it. Of course it is politically advantageous to send out the money in a lump sum, with the president's face on it, but while that may boost the standing of the president, it is not the most effective way to get that money into the economy. The intention with the ARRA was to get money flowing through the economy ASAP and the best way to do that was to put it in people's pockets right away. Thus the reduction was largely in the form of cutting payroll taxes. It may not have been all that obvious to most folks, but there was an extra \$10 or \$20

dollars following you home every week. And that money was spent, as anticipated, accomplishing the aim of the program.

How many people did the federal government hire? Practically none. No CCC here. But the stimulus prevented a bad situation from becoming catastrophic. Yes, any unemployment sucks, below 5% since early 2016, but in the absence of the stimulus it would have been much worse. And that leads us to another reason why this stimulus was perceived so differently from, say, the New Deal.

Back in the 1930s the economy had gone nicely to hell during the Republican Hoover administration, whose plan for getting the nation out of a depression was to tell people to suck it up. A few years of this particular form of heartlessness and folks were ready for action, any action. Thus when FDR began stirring up the alphabet pot, the American people were highly receptive. In late 2008, the economy had gone completely off the rails. How's that tax-cuttin' and de-regulation stuff workin' out for ya? But the economy had not yet reached its potential bottom by the time the new administration took office. So there was not yet public knowledge of just how bad things were and thus no large natural constituency for a huge stimulus. BTW, the largest stimulus proposed during the 2008 campaign was by one Willard Mitt Romney, who seems to have had his Road to Damascus moment after the fact, discovering that the light of stimulus spending was too blinding for his delicate sensibilities.

Because economic report numbers lag behind the reality, the new administration did not have all the data they needed when they took office to make a fully informed judgment of just how bad things were. Their analysts were under the impression that economic growth (an oxymoron here) was at negative four percent. As in the economy was not only not growing, it was shrinking. Pretty bad, huh? Except that that was not even half right. It turned out that the economy was shrinking at a rate of almost nine percent in the final quarter of 2008. That is Depression territory.

It is pretty significant, if you are trying to sell a program, that you have your baseline correct, to know how quickly your ship is sinking. If, say, you figure your program will boost the economy by four percent a year, so that it is no longer sinking, and it does just that, well, you have succeeded rather nicely. But if you propose a program that will improve the national economy by four percent and it is in fact plunging at a rate of nine percent, even if you meet your expectations, the economy will still be seen to be going *glug, glug, glug*, and your program, even if it is completely successful, will be seen as being all wet. Oh and toss in the fact that the opposition party, in order to keep the administration from appearing to have any success, did all they could to scuttle attempts to keep the economy afloat. They must have learned this from ghetto kids back in the days of the crack epidemic, who would set fires and then throw rocks at the firefighters who arrived to put the blazes out.

The Administration allowed out an economic report using the negative 4 % number and thus promised to keep unemployment under 8%, but with the real problem being much larger, 8% was no longer a realistic target. That did not stop the reality-free Obama opponents from repeating the 8% number daily, even though they knew better.

The final piece here is, I think, the most interesting. And that is the Reinvestment "R." Grunwald focuses considerable attention on the green technology mega-boost supported by the Recovery Act. The act included \$90 billion for sundry green energy initiatives, from funding insulation programs for homes, to esoteric research in algae-based biofuels, to investing in battery research, which has helped cut the cost of electric vehicle batteries in half, to replacing over 400,000 streetlamps with energy-sipping LEDs. The Quarterly-P&L-focus of American corporations has resulted in the USA falling further and further behind other nations, which have been investing in a green future. China, for example, recently announced a plan to invest

over \$300 billion over five years. Germany and Spain are world leaders in developing and manufacturing solar technology. For the USA to remain viable we need to make major strides in this area. In the absence of the Recovery Act, we would be sinking into the darkness of increasing dependence on foreign suppliers. Improving our energy standing in the world is, ultimately, a matter of national security. While it is an amazing thing that the ARRA helped prevent a depression in 21st century America, what the lasting legacy of the act is likely to be is the new industries that it created, in green power generation, electrofuels, batteries, and other advanced green tech that will generate hundreds of thousands of domestic jobs and significantly reduce our dependence on foreign resources. In addition, this public support for the nascent industry has attracted hundred of billions in private investment. One of the few new entities created by the Recovery Act was the ARPA-E section of the Department of Energy. You may recall that ARPA was the government entity that came up with the idea of the internet, among other things. ARPA-E is a version designed to find and promote advances in energy science and technology. Extremely cool stuff.

American medical record-keeping is a joke. The world has been moving ahead with digitizing medical records, while the USA is still in the paper and pencil era. Considerable Recovery Act money was put into moving 21st century record-keeping technology into the medical world.

Transportation was another area addressed, with money being allocated more to improving existing infrastructure than in building new roads and bridges. Although not all the work promoted sexy tech like high speed rail, a lot of it is promoting *higher*-speed transportation, in particular removing impediments to the movement of rail freight. Not sexy, but ultimately very, very smart and effective. Grunwald tells some tales about the hope of the administration to develop a high-speed system somewhere in the country. Maybe in Florida, maybe in the Chicago to St Louis route, maybe LA to San Francisco. That effort makes for fascinating and illuminating reading.

There is more in the book, particularly on the education pillar of the Act, but I will leave that for you to find for yourself.

Grunwald has offered a fairly detailed look at how the Recovery Act was put together, how it was passed (sausage was made), how the right did everything in their power to scuttle it, and how it has been treated by the media. (scorned by the DC echo chamber). Most importantly, he looked at the facts on the ground, at what the Act accomplished (stopped a Depression, among other things) and how it promises to change our future. (creation of new green technology industries, improved energy efficiency, reduction in reliance on foreign oil). Was the Recovery Act imperfect? Sure. Should it have been larger? Yep. Was it politically possible for it to have been larger? Probably not.

I have some issues with Grunwald. There is a seam in the Democratic Party, probably a product of the Clintonian third way clique, of which Obama is a member in good standing, that unions are fair game. Take the charter school movement, please. Somehow it has evolved into a privatization model, in which most, if not all teachers, who work for such entities are no longer allowed to be union members. Instead of working out deals with unions to form partnerships with movements to try new educational models, teachers unions have been perceived as dead-enders, resisting *progressive* change at every turn, implicitly comparing them to white southerners resisting integration. Grunwald seems to be a subscriber to that notion. His index, for example, skips straight from “American Economic Recovery Plan” to American Jobs Act,” somehow skipping “The American Federation of Teachers”; he skips from “Tea Party” to “Technological,” without an intervening “teacher.” It also skips from “National Economic Council” to “National Endowment for the Arts” with nary an NEA (National Educational Alliance) in sight. You can find a reference under unions, teachers, but with so many other players being named and incorporated it seems more than an oversight that organizations representing teachers are so poorly noted.

He also takes issue with those in the progressive wing of the Democratic Party who expressed disappointment that Obama seemed to be a lousy negotiator because he appeared to always be starting not from a position of demanding pie-in-the-sky, but from a position of having moved to the center before even sitting down with the other side. Really? Grunwald sees no merit to that view? It seems to me and plenty of other progressives that in at least some instances, it would have served the nation well if our national leader had demanded the moon before settling for what he eventually got, which was pretty good, but in no way lunar. You don't start negotiating in the middle. You wind up there. Starting in the middle only guarantees that the final outcome will wind up being to the right of center. Even if that is not the position a leader wants to take in closed-door sessions with legislators, it most certainly is one he should be taking with the American people. Bloody hell, man, use that bully pulpit, embarrass some of those bastards. Sometimes the American people listen. Sometimes they pressure their representatives. It seems that this approach was never considered, to the detriment of us all. Grunwald castigating even the notion of such an approach, echoing administration folks like Rahm Emmanuel, does a disservice to those of us who hoped for more. If the president only feels the wind from one direction it is pretty clear which way he will tack.

Spleen has been properly vented.

So, bottom line, if you like basing your views on major public policies on facts instead of talking head bloviation and innuendo, this is a book for you. Grunwald is an excellent writer, so do not shy away, fearing that you will be overwhelmed by charts and graphs, or by very dry discourse. This is an exciting read, informative and insightful. Although Joe Biden may have been referring to the Affordable Health Care Act when he uttered the words, he could have justifiably said them about the American Recovery and Reinvestment Act, "This is a big fucking deal." Yes it was, and still is. A big piece of the hope and change we voted for. You would do well to invest some time in reading Grunwald's book. The understanding you gain will pay dividends for a long time.

## LINKS

This is a must read item – A Slate interview with Grunwald - a nifty summary, in effect, of the book

The website for the act itself

A piece by Jeff Weintraub looking at right wing complaints that the Recovery Act was unsuccessful

---

## Lars K Jensen says

Do you know those books that just make you feel constrained by Goodreads' 1-5 scale? Well, for me this is one of them.

Grunwald has gone where apparently no other (or, at least only a very few) have gone: Actually explaining what was in Barack Obama's Recovery Act (signed by POTUS in February, 2009) and what it has done to the US labor market, economy and research.

In 'The New New Deal' Grunwald both tells the story of the how the act came to be and how it passed through Congress, despite heavy opposition by a Republican opposition who realized that its only way back into majority and power was to be united against Barack Obama, and how the act was structured and split.

It was an epic (yes, I dare use that word) read for me and as it promised on the dust jacket of the book, it redefined the way I perceive Obama's first term. I couldn't stop reading it, flipping back and forth (sometime to be remembered who this and that person was) and stealing time out of my schedule to read it. I even ended up with 14 pages of notes. It's just plain awesome. Simple as that.

It even made The Economist write the following in the review of the book:

"The New New Deal" is the most interesting book that has been published about the Obama administration. Even Republicans should read it.

I most certainly agree. And you should read it as well.

---

## **Cora says**

So if you live in Philly--and I think most people who follow me do--you've probably noticed that the old trash cans have been largely replaced with solar-powered trash compactors. Apparently it has cut the frequency of trash collection by more than a third, saving the city a substantial amount of money. They're now so commonplace as to be basically invisible, like Greenpeace canvassers or the homeless, and they're one of the many unheralded achievements of the stimulus bill. Another is Race To The Top, the innovative education policy that prompting new education programs in states across the country. The stimulus is also responsible for a sharp increase in economic growth and job creation, one of the largest in history. This goes unappreciated because the change was from an economy that was shedding 800,000 jobs a month to one that might finally bring unemployment down to normal levels by the early 2020s.

The stimulus can be seen in one of two ways: either as being woefully inadequate to the economic crisis that inspired it, or as a landmark progressive achievement leaps and bounds beyond what government has done for many years. Grunwald's THE NEW NEW DEAL takes the latter tack much more than the former, which is certainly refreshing--the too-small-stimulus argument is one that most followers of American politics should be familiar with--but also at times made me skeptical of his conclusions.

Grunwald's account of how the stimulus was conceived and pass Congress is skillfully told and filled with illuminating details. It's fascinating to learn how the economic crisis forced politicians and economists to constantly raise the amount of stimulus required, how proposals that seemed too bold in October of 2008 were much too timid by Christmas. And Grunwald is convincing in his judgment that Obama could not have gotten more than \$800 billion through the Senate without losing a half dozen votes or more. Compared to previous legislative achievements, the scale of the bill is staggering. One former Clinton aide claimed that the stimulus bill alone was more of an achievement than the entirety of the Clinton administration.

All of that is well told, but fairly familiar. What is new is Grunwald's investigation into how the stimulus was administered, a potentially dry subject that is interesting and at times exhilarating in Grunwald's hands. My favorite chapter is dedicated entirely to the billions of dollars that the bill spends on developing new sources of clean energy and energy efficiency, from a petroleum substitute made in vats of algae to next-generation batteries with unheard of efficiency to genetically modified tobacco plants that ooze fuel when squeezed. However, Grunwald's enthusiasm is only convincing up to a point: it's unclear whether any of the promising technological developments will scale up to the size we need to curtail carbon emissions in time to stop the

worst effects of global warming. "We know it works," says one engineer, "but we don't if it matters."

Grunwald ends up saying the same thing about the stimulus as a whole. Much of the investments contained in the stimulus are intended as a down payment on a more fundamental commitment to energy, infrastructure and education. The stimulus provided part of the money for a high speed rail line in California, but the project will need a sustained commitment over twenty years to finally connect LA to San Francisco. Tax credits have encouraged the expansion of wind and solar power, and of electric cars, but take those tax credits away and it may damage nascent industries before they can establish themselves. And yet the stimulus may prove to have been fatally flawed from the beginning, if the mediocre recovery that it produced ends up keeping Obama from a second term in office. As with much of Obama's first term accomplishments, whether or not it matters depends on who wins two months from now.

---

## **Emily says**

Michael Grunwald has written an impressive defense of the Recovery Act (i.e., "the stimulus"), which is so frequently lambasted from both Right and Left.

"It was the biggest and most transformative energy bill in U.S. history, financing unprecedented government investments in a smarter grid; cleaner coal; energy efficiency in every imaginable form; "green-collar" job training; electric vehicles and the infrastructure to support them; advanced biofuels and the refineries to brew them; renewable power from the sun, the wind, and the heat below the earth; and factories to manufacture all that green stuff in the United States."

"The stimulus was also the biggest and most transformative education reform bill since the Great Society. It was a big and transformative health care bill, too, laying the foundation for Obama's even bigger and more transformative reforms a year later. It included America's biggest foray into industrial policy since FDR, biggest expansion of antipoverty initiatives since Lyndon Johnson, biggest middle-class tax cut since Ronald Reagan, and biggest infusion of research money ever. It authorized a high-speed passenger rail network, the biggest new transportation initiative since the interstate highways, and extended our existing high-speed Internet network to underserved communities, a modern twist on the New Deal's rural electrification. It updated the New Deal-era unemployment insurance system and launched new approaches to preventing homelessness, financing infrastructure projects, and managing stormwater in eco-friendly ways. And it's blasting the money into the economy with unprecedented transparency and oversight."

In addition, it was "the first modern spending bill with no earmarks." And it has had a remarkably low incidence of fraud: by the end of 2011, accounting showed only \$7.2 million worth of fraudulent claims out of \$787 Billion. That's about 0.001 percent - pretty impressive by anyone's standard.

The Recovery Act included "the most stringent transparency and accountability measures in history, creating a new independent oversight board, empowering existing watchdogs...to provide unprecedented scrutiny, and letting the public follow them money online." And, astoundingly considering the behemoth federal bureaucracy, the Obama administration met every one of its stimulus funding deadlines.

Mr. Grunwald over and over again excoriates the media for focusing on everything that went wrong while being nowhere around when things went right. "When programs like weatherization had early problems, the media pounced; when the problems got fixed, the media were nowhere to be seen." He also points out the obstructionist Republicans who determined early on that they "weren't going to give Obama a bipartisan

victory on this" and gleefully misrepresented individual projects and entire programs related to the Recovery Act.

Solyndra, for example, became a one-word example and explanation of how useless the Recovery Act was. But, Mr. Grunwald says, "Some pioneers always get scalped...Creative destruction is part of capitalism, far preferable to the government propping up troubled companies forever." Quoting Ron Bloom, Obama's "former manufacturing czar," he says "Are some of these companies going to fail? Duh! Of course! It's no different than Pell Grants. Some of those students getting government assistance are going to end up drunks on the corner. But overall, society gains enormously from investments in education, so we make the grants." Paul Bryan, who ran the Energy Department's biomass program said, "You never know with new technologies...If they weren't risky, they wouldn't need our help. But if we don't take risks, we'll just have the status quo."

Mr. Grunwald doesn't hold President Obama faultless. He lays the failure to communicate right at Obama's feet. Even the most basic aspects of the Recovery Act are completely unknown to the average American. For example, one survey showed that "by a 52-19 margin, the electorate thought he had raised middle-class taxes, when in fact he had cut middle-class taxes." In his efforts to get policies written and in place, the PR aspect was neglected.

This book is chock-full of facts and figures I can't hope to reproduce a full picture here. But I started reading this book as a Recovery Act skeptic and finished in awe of what Obama was able to accomplish for the short-term economy and in terms of revamping the economy for the long-term. No single act, even one as expensive and sprawling as the Recovery Act, could cover every base, but it was an impressive effort.

One warning about language. Apparently, government officials use the f-word. A lot. Especially if their name is Rahm Emmanuel (though he was not the only culprit by any means).

(I also checked out [www.recovery.gov](http://www.recovery.gov) to see how the money was tracked. It's a wealth of information - I only wish that all government expenditures were so transparent!)

For more book reviews, come visit my blog, Build Enough Bookshelves.

---

## **Michael says**

“Without cocaine monkeys, there's no tax cuts and no roads.”

Lone anecdotes cannot begin to explain how the American Recovery and Reinvestment Act became law in 2009, but coked up primates comes as close as any.

But let's back up.

If you reside in a state of existence where you do not believe in facts, this is not the book for you. The New Deal is hilariously, painstakingly nuanced, and Mike Grunwald goes to great lengths to lay it all out. Why the economy was unraveling. What Obama's economic advisers told the president-elect in December 2008. How Mitch McConnell and Eric Cantor concocted the "insurgency" strategy to take back Congress. And perhaps most importantly, what the heck did we get for \$787 billion?



It's a fun story. In many ways, it doesn't feel real. It's the true story of how Barack Obama's stimulus bill is transforming the American economy. Education, clean energy, healthcare, and transportation revolutions are still taking place across the country thanks to the stimulus. Oh, and it saved the country from another Great Depression.

The failure of most economics reporting is often the failure of economic policymaking: both are subject to substantial revision. Grunwald's New New Deal is a worthy first contribution toward understanding the politics and policy behind this momentous, albeit misunderstood, single piece of legislation that changed the country in ways we still cannot comprehend. In fact, Grunwald succeeds where the Obama Administration so often failed: communicating why this is important to the American public.

If you put aside everything you think you know about Barack Obama's failed economy, The New New Deal will help the reader understand how Barack Obama accomplished more in one bill than most presidents accomplish in eight years, all while facing unprecedented Congressional obstruction.

Which brings me back to the monkeys.

President Obama arrived in Washington wanting to change the way Washington does business. Grunwald's account of Mitch McConnell's strategy to make every aspect of the Obama agenda appear "controversial" rather than "bipartisan" is the key passage toward understanding the legislative realities of the Obama presidency. Almost instantly, Obama was forced to horse trade to pass a bill to save the economy from depression. He traded then-Republican Senator Arlen Specter \$10 billion for scientific research at the NIH for his support.

Eventually, some of that NIH money ended up a monkey's nose in a lab in Bethesda. That might not end up being groundbreaking research, but the economy got the tax cuts and the roads. In the end, Obama would never change Washington, but his Recovery Act would change the country.

---

## **Paul says**

This book showed massive evidence that the money from the bail out which our last election GOP commercials claimed were "wasted" on programs actually were NOT wasted. It is a tough read, tons and tons of testimony and reports and other means from a journalist who tried really hard to sort through the political muck and get to the truth.

This book helped shed light on how much the GOP was fibbing in their review of the Obama administration. As an registered Independent I had to go to this length to sort out the fiction from the facts for my vote. In talking with many voters here in FL, very few went to the trouble I did to really understand what happened and who did what.

No matter which political side you are on, since both seemed to be lighter than I wanted on facts, this book was detailed enough for any one. If you continue to believe that the money from the bail out was not administered as well as it could be or otherwise wasted, then you simply want to rewrite history without a trace of truth. Like the Obama administration or not, they made sure to the best of human ability that the money was used for what it was intended by Congress.

This author is pretty open in his criticism of both parties in their methods and means. Very fair evaluation of an operation to save our economy that still has very passionate critics on both sides yelling and screaming on Face Book.

Worthy book, but not for the quick beach story so many seem to live for today.

---

## **Kevin Kazokas says**

Michael Grunwald brings a deeply reported look at one of President Obama's landmark and mostly forgotten legislative pieces in "The New New Deal."

Before the Affordable Care Act (commonly referred to as Obamacare) and several executive orders directed at monumental reform, the nation's first black president had to deal with a much more urgent matter -- the crashing economy. Things were spiraling so quickly, not even unprecedented stopgap economic measures by the exiting Bush administration could staunch the bleeding in 2008. The nation was hemorrhaging jobs at apocalyptic pace, while the construction industry and the housing market went bust in epic fashion, with banks collapsing virtually overnight.

To find a way out, Obama used history as a guide. President Roosevelt's New Deal to combat the Great Depression is considered by many the standard bearer in terms of stimulus and in bringing America to the world's economic forefront. In 2008, Obama would need something just about as daring as FDR's risky initiative to save an economy in freefall.

In his look at the Recovery Act, the rescue piece of legislation Obama and his advisors developed as a response to economic Code Red, Grunwald takes a wonky, academic flavored topic and boils it into everyday cause-and-effect. Obama's rescue effort poured over \$700 billion of stimulus into the shrinking economy and strived for austere longterm investment alternatives in everything from clean and renewable energy to sensible, progressive infrastructure. The varying economic theories and policies as well as legislative power plays and strategies that were bantered about at the time of the Recovery Act come into focus in this 455-page reportorial exploration.

The narrative becomes a bit repetitive at times -- usually when highlighting the excessive Republican obstructionism that defined the first term of the Obama era and surrounded efforts to pass this act. Grunwald, however, lends clear, logical explanation to the events justifying and the visions empowering this monumental legislation, which poured dollars into everything from building roads to revitalizing America's aging electrical grid to bringing everyday technology to the surprisingly archaic record-keeping methods of the healthcare industry. The theories, hypotheses and explanations offered in this book are palatable both to the economist and the curious lay observer.

Whether you lean left or stand staunchly right in your views, Grunwald offers an erudite and rational perspective at a time when sensationalism and hyperbole abound across the political spectrum. A read that's definitely worth the time, even in our current time, despite another four years having elapsed and Obama's term clocking down its waning days. By book's end, you may just find the Recovery Act worth the investment.

---

## **Phil says**

Michael Grunwald is a young journalist with Time magazine. The New New Deal is a justification of the Obama Administrations 787 billion dollar stimulus. This is a book of factual presentation of the politics behind the Stimulus and the implementation and the various technologies the stimulus has helped to underwrite. Some of the energy technologies were new to me. The stories about High Speed (Bullet) train development in the US are something I was not aware of, other than our own high speed train venture here in California which if it happens will be partially funded by the stimulus.

Grunwald manages to write all of these facts and dollar amounts in a swirling world of political personalities and events. I found myself a little nervous about the timing and whether the deal would get done and the nation would be saved.

Bottom line it is a very readable book. I learned a lot and I felt the author was straight forward about his biases and did from time to time attempt to criticize the administration but you could tell it was not easy or done with little pain. Grunwald is very pro economic stimulus when government is the only spender left. I am too, so I certainly was not a critical reader.

I really recommend this book. It may not be the most unbiased but it is full of information and it is written so you want to continue reading and with the amount of dry information included that is not a trivial task.

Oh be sure to read the chapter just before the footnotes, it is full of graphs and pictures and I found it interesting and the pictures unique.

---

## **John-Paul says**

If you hate Obama, this book won't do you any good.

If you hate government, this book won't do you any good.

If you think Obama has been a disappointment, you should read this book. It won't make him NOT a disappointment, but it will provide you with context and help you to see what he has done so you can be more aware of what he hasn't done.

If you work in the media, you must read this book. There's an old joke that the dumbest headline imaginable is "Worthwhile Canadian Initiative." Well, this book is about Worthwhile (American) Initiatives that everyone ignored because they have a bias against government or a bias in favor of reporting about failures and conflicts. A bunch of people doing their jobs isn't a "story"; a bunch of people doing something now that may pan out in the future isn't a "story"; lack of corruption isn't a story; something costing less than you thought it would and a loan getting paid back earlier than expected aren't... well, you get the drill.

Say what you will about Barack Obama -- and you will say it -- but he's really into performing thankless tasks.

So the book is good. Its weaknesses are a Time-magazine style (anecdote; reader-friendly data; "you'd think it would be one way but actually this is what's really happening"; quotation; mixed metaphor; political "context") and repetition ("Again, the Republicans balked, though it was hard to figure out what they really wanted"). Funny stories about Joe Biden and Rahm Emmanuel.

---