

Esquire

# The Neoliberal Club *by* Randall Rothenberg

BLEEDING HEARTS NEED NOT APPLY.  
NEOLIBERALS ARE COOL PRAGMATISTS WHO BELIEVE IN  
ECONOMIC ISSUES FIRST, SOCIAL PROGRAMS SECOND.  
THEY STRESS TECHNOLOGY, NATIONAL SERVICE, BETTER  
DEFENSE, AND THE ENTREPRENEURIAL SPIRIT.  
WILL THE NATION BUY THEIR AGENDA?

# O

NE DAY IN APRIL 1980, Bill Bradley sat in his study in the Dirksen Senate Office Building. Orderly clutter abounded; edging off a bureau was a plaque drolly identifying him as SEN. BILL BRADLEY, FORMER NEW YORK KNICK, and precariously balanced on his desk were piles of papers, reports, and copies of the *Congressional Record*. The senator behind these stacks—at thirty-eight a bit

paunchier than the last time you saw him sink a hook shot—was growing increasingly uncomfortable as I pestered him about certain... well, *similarities* observers had detected between Bradley and a small coterie of other young Democrats in Washington. What about this so-called new pragmatism, Senator? Do you and Gary Hart mean the same thing when you talk about the end of the New Deal? Is

RANDALL ROTHENBERG's last piece for *Esquire* was "The Duck Book," in the October 1981 issue.

there a common ideology, beyond your allegiance to Democratic-party principles, that binds you and Paul Tsongas together?...

Bradley's irritation exploded. "There is no new club!" he exclaimed, slamming his big fist on the table, shaking the paper pillars. "And pragmatism isn't an ideology. It just isn't."

But: On November 4, 1980, the great liberal stalwarts of the U.S. Senate were defeated in one of the worst Democratic debacles of the century; the Democratic party was left floundering, out of power and tethered to a Great Society that had been rejected by the American voters; Bill Bradley and a cadre of like-minded cohorts in Congress found themselves, suddenly, unconstrained by seniority and free to speak out on their views of the future.

Last fall, when I met again with Bradley, he admitted that there was indeed a group of like-minded Democrats in Washington: "You *do* find a group here trying to think through the problems of the Eighties"—a gentle swipe at his departed colleagues—"who see that the traditional Democratic responses really had their origins in the Thirties and are not going to meet those problems."

Translation: There is a new club. Forget all those pieces of punditry proclaiming the demise of the Democrats. Ignore the doomsayers, such as longtime Teddy Kennedy supporter Vic Kamber, who recently told a reporter, "The party is in terrible shape. It is bankrupt of ideas. . . . It is bankrupt of leadership and personalities." They're wrong. The new zeitgeist everyone is shopping for, the first new political philosophy in fifty years that's not merely a variation on a theme by Roosevelt or Hoover, already exists. It resides with a group of young, handsome Democratic upstarts who assert that *they* are the true political heirs of John Kennedy and that his younger brother is merely a usurper of JFK's spirit. They believe that America has already entered the postindustrial economic era. They talk about a "new agenda" for the Democratic party, a curious admixture of conservative and liberal measures—such as compulsory national service and a drastic reduction of the antitrust laws on the one hand, and central economic planning and a negative income tax on the other. These newly visible Democrats call themselves progressives or balanced-budget liberals or compassionate realists or pluralists, but the most descriptive tag was coined by their spiritual guru, Charles Peters, the curmudgeonly editor of *The Washington Monthly*. In February 1979, Peters held forth at a party celebrating his magazine's tenth anniversary. "We are," he shouted, in a moment of drunken glee, "the neoliberals!"

The primary purveyors of the neoliberal philosophy, the core group within and outside of Washington, includes some senators—Bradley of New Jersey, Gary Hart of

Colorado, Paul Tsongas of Massachusetts, and Max Baucus of Montana—and some congressmen—Colorado's Timothy Wirth, Richard Gephardt of St. Louis, New Jersey's James Florio, Leon Panetta of Monterey, California, Albert Gore Jr. of Tennessee, and Philip Sharp of Indiana. There are neoliberal governors (Jim Hunt of North Carolina, Arizona's Bruce Babbitt), a former and would-be governor (Michael Dukakis of Massachusetts), and local politicians (New York City Council President Carol Bellamy, Houston's recently elected mayor, Kathryn Whitmire). There are also the communicators of neoliberalism, such as economist Lester Thurow of MIT, Morton Kondracke of *The New Republic*, *Harper's* editor Michael Kinsley, James Fallows of *The Atlantic Monthly*, and, of course, Charlie Peters. There is even an ex officio capitalist: New Yorker Felix Rohatyn, general partner of the investment-banking firm Lazard Frères & Company.

The neoliberal legislators are young; most weren't even born in the Thirties, and they have only the vaguest memory of World War II. But they were too old to wear torn jeans and march against the Vietnam War. Caught between generations, they bridge the gap between the Depression-era mentality and the baby-boomers. The neoliberals are children of the Fifties and thus reached their majority during an era of prosperity. They are cool and dispassionate—Fifties virtues—almost technocratic in their interests and their approach to problems. Their world—rather, the world they hope to create—is filled with microchips, robots, and computers. They espouse an adherence to liberal goals but insist on pragmatic means; they intend to remain free of ideological commitment and of the party's traditional interest groups. "We're not the people who went through and voted on the Great Society, or even Nixon's regulatory program," says Representative Tim Wirth. "We didn't have any stake in those programs, and we're able to view them with a little more skepticism."

Neoliberalism is equal parts strategy and idealism. It encompasses, according to Morton Kondracke of *The New Republic*, "the means by which the [Democratic] Party can retain its traditional compassion for the downtrodden in society without being wedded to categorical aid programs, quotas, government agencies, and interest groups as vehicles." One month after these words appeared last fall, *The New Republic* added to the definition in its lead editorial: "the purpose. . . is to make good intentions marketable again."

Good intentions are historically associated with the party of Andrew Jackson, Woodrow Wilson, Franklin Roosevelt, and John Kennedy. God helps those who help themselves; the Democratic party helps





ILLUSTRATION • BILL SANDERSON

# Politicians for the Postindustrial Age:

Neoliberals Paul Tsongas, Bill Bradley, Gary Hart, and Tim Wirth want to launch an economic future fueled by high technology.

those who can't. But this idealism is fused with an outlook that is squarely nonideological. "Realism—some of it Republican in its origins—combined with the value system of the Democratic liberal tradition is the objective," writes Senator Paul Tsongas in his new book, *The Road from Here*, the first major salvo in the neoliberals' war for the soul of the Democratic party. Tsongas, who has been attacked in traditional liberal circles in the year and a half since his address to the 1980 national convention of the Americans for Democratic Action (ADA), defines neoliberalism as "the blending of realism and compassion in a manner that does not disrupt society. This combination requires judgment devoid of dogmatic blinders of ideological extremes. . . ." Earlier in his book, Tsongas states, "My interest is in what works, not what should work. . . . Reality does not bend to fit political theory."

Neoliberal founding father Charlie Peters has honed this argument even further: "Neoliberalism recognizes that there were a lot of things wrong with a lot of the big-government solutions we tried, but there was *never* anything wrong with the ends we were seeking—justice, fair play, and liberal ideals."

These characterizations of the new political tendency may seem unfocused, but to any careful political spectator one thing is obvious: neoliberalism has taken the younger quarters of the Democratic party by storm. While the Tom Wickers and Joe Krafts and other older pundits still insist on seeing the party's future in terms of old-style, Teddy Kennedy liberalism or Henry Jackson neoconservatism or Walter Mondale mushiness, the small core group of neoliberals is reaching a position of influence, quietly asserting itself, and proposing a method by which the Democrats can again become America's true majority party. "The question is," says a veteran of Sixties campaigns who is now an adviser to one neoliberal senator, "will people accept the new philosophy, or will they stick with the same old Kennedy bullshit?"

### BREAKING AWAY FROM THE GREAT SOCIETY

Teddy Kennedy is intrinsically linked to the notion of Sixties big spending, Great Society liberalism; neoliberalism can be understood only within this context.

"In the old liberalism, there was the assumption that not only was government intervention positive and necessary but there was no limit to what government could do to solve a problem," explains Susan Thomases, who, as campaign manager for Bill Bradley in 1978, can lay claim to having been an early propagandist for neoliberalism. "There was the sense that

government resources could be harnessed to solve any problem and that there was a limitlessness to those resources."

The idea that government was the *best* problem solver—because it could not only maximize its own resources but mobilize those of the private sector as well—began with Franklin Roosevelt's New Deal. Conventional wisdom has, until recently, seen Lyndon Johnson's Great Society as an extension of the New Deal, but, increasingly, young Democrats are viewing the Great Society as a perversion of FDR's programs. "What Roosevelt was talking about was economic liberalism," says the thirty-eight-year-old Thomases. "Johnson added to it social liberalism, and that had a very high price tag. If anything, I think the neoliberals are returning to Roosevelt liberal-

**NEOLIBERALS REVERE PRESIDENT KENNEDY. "IF YOU ROUNDED US ALL UP AND ASKED, 'WHY DID YOU GET INTO POLITICS?' NINE OUT OF TEN OF US WOULD SAY JOHN KENNEDY," SAYS COLORADO SENATOR GARY HART.**

ism or even more to classical liberalism, where there is a heavier emphasis on economic rather than on social issues."

Princeton historian Eric Goldman agrees that the Sixties distorted the image of American liberalism. "A lot of things that were called liberal had nothing to do with liberalism," says Goldman, who was a special consultant to President Johnson and whose 1952 book, *Rendezvous with Destiny*, is still considered the seminal analysis of modern American reform. "True liberals have always been concerned with making the *race* for economic and social status more equal. They don't believe in trying to force equality *later on*, which is what affirmative action does. Most of that Sixties stuff was socialist, and liberalism has always been antisocialist." Goldman also faults the notion—fostered by Sixties liberals, with their emphasis on opposition to the war in Viet-

nam—that liberalism is either isolationist or noninterventionist. "It really has nothing to do with foreign policy at all," he insists. "Real liberalism is part idealistic but also part pragmatic—you've got to keep the money flowing or you'll have a depression. Economic growth is at the heart of liberal doctrine."

But neoliberalism's return to economic issues represents more than just a wandering child come home. It also signifies a denial of one of progressivism's strongest trends, the belief in the malleability of man's essential nature—a recognizable tenet of Sixties liberalism: Change the environment for the better, change people for the better. Clean up the prisons and prisoners will be rehabilitated. There's no such thing as a bad boy. The whole Sixties shtick.

Neoliberals reject this approach out of hand. "During the Sixties, there was this belief that poor people were somehow noble beings," says Tsongas. "I think that's long gone." One night recently, Tsongas—who generally takes great pains to affirm his social-liberal credentials—capped a story about the difference between immigrants of his parents' generation, who came to the Lowell, Massachusetts, area to work, and some of the young Greek immigrants of today, "who hang around the coffee shop in Lowell because they have the safety net of welfare," by saying, "Liberals have got to realize that some people just don't want to work." The neoliberal retreat from the belief in the ultimate nobility and perfectability of man is not altogether new, of course—among modern Democrats, John F. Kennedy was such a realist, which makes sense because this is a part of Catholic doctrine—but it is a significant departure from liberalism for a reform group to affirm, "There is such a thing as a bad boy."

But neoliberals remain classic liberals in their optimism about the opportunity for economic growth. The entire neoliberal agenda is geared toward economic issues. Even an idea such as compulsory national service is meant to foster an attitude more in tune with the cooperative economy of the postindustrial world. This economic emphasis sets neoliberals apart from the other group of postliberal social pessimists, the neoconservatives, who, as professional sociologists, understandably insist that America's problems, including our economic crisis, stem from a cultural breakdown. The word *culture* never crosses a neoliberal's lips. *Everything* is subordinated to, and a function of, the economy. Are social issues secondary? "Yes. Absolutely," replies Paul Tsongas without hesitation.

Representatives of traditional liberalism

have begun to lash out at this heresy. Pat-sy Mink, outgoing president of the ADA, attacked the new pragmatists in her farewell address to the trad-lib body last June. "There are too many knee-jerk naysayers who call themselves liberals but who now enjoy debunking the liberal programs of the last thirty years," said Mink in a thinly veiled reference to Tsongas. "These are the folks who were quick to suggest the agenda for liberals is to find 'new' solutions to the problems of social injustice, of poverty, and of the other unmet human needs." Historian Arthur Schlesinger Jr., an architect of Sixties liberalism, has also taken a swipe at Tsongas, claiming, "Neoliberalism is so empty that [he has] nothing to say in explanation of it." And while trad-libbers see neoliberalism as unconscionable conservatizing of the Great God Liberalism, conservatives view it as just a bad repackaging of the same old Kennedy bullshit.

The fact is, both the conservatives and the traditionalists are wrong. Like the folks in the commercial who argue interminably about whether Certs is a breath mint or a candy mint, they cannot see beyond their own rhetoric and assumptions. Neoliberalism is a distinct departure from the Great Society, but it is not an abandonment of the Democratic tradition. "We in Washington have gotten so inured to identifying a commitment to methods—in the case of Democrats, bureaus, agencies, programs, and taxes—that one's ideological commitment and integrity are linked to that," reflects Gary Hart, who may be the neoliberals' most likely Presidential candidate. "What is changing are not principles, goals, aspirations, or ideals, but methods. Very important that the distinction be made."

### THE NEOLIBERAL VISION

The new methodology—vaguely labeled "pragmatic politics" by the new Democrats—is a clear reference to a political period grown hazy in our minds after a twenty-year hiatus. The crux of neoliberalism is that its legislative leaders are Kennedy's children. The *other* Kennedy.

As much as they dislike Teddy Kennedy, politically speaking, the neoliberals revere John F. Kennedy. Their emphasis on national service can be traced directly to JFK's inaugural address. There's even a smattering of ex-Peace Corps volunteers in the ranks, such as Tsongas and Connecticut senator Christopher Dodd, who has "been heard to make neoliberal noises," according to *Inquiry* magazine. What's more important is that many of these younger Democrats have consciously modeled their political presence on JFK's vision.

"I believe that John Kennedy was a bridge from Roosevelt and Truman and the New Deal to something beyond—the next logical step in the progression," says Hart,

who was twenty-three when Kennedy was inaugurated. A self-proclaimed "exponent of generational politics," Hart embodies, to many observers, the new politics. Like Bradley and Tsongas, he is a Democrat born of Republican parents and presents a rather dispassionate image to the world—the result, he says, of "the absence of a burning social issue today." Hart's untraditional stance on defense and, increasingly, on economic policy has made him the most prominent leader of the neoliberal school. He freely admits that the slain President was the spur to his political involvement, and he believes the same is true of his neoliberal colleagues. "If you rounded us all up and asked, 'Why did you get into politics?' nine out of ten of us would say John Kennedy.... That is the dominant influence in our lives," he says. The former President, he adds, embodied three principles the new movement emulates: he was, and they are, "very pragmatic, not doctrinaire, and not programmatic."

The return to pragmatic politics, the "end of ideology" approach of neoliberalism, was quite clearly part of the Kennedy style. "Toward political ideologues he harbored an attitude bordering on contempt," wrote Bruce Miroff in *Pragmatic Illusions: The Presidential Politics of John F. Kennedy*. JFK once referred to himself as "an idealist without illusions." Many of his anti-ideology speeches serve well as cornerstones of the new movement. In his address to Yale's 1962 graduating class, he emphasized, "The central domestic problems of our time... relate not to basic clashes of philosophy or ideology, but to ways and means.... The point is that this is basically an administrative or executive problem in which political labels or clichés do not give us a solution."

The anti-ideology tenet has also been appropriated, disingenuously, by the neo-conservatives, and for this reason at least one of them—Daniel Patrick Moynihan—has been mistaken for a neoliberal by, of all journals, *The New Republic*. But Moynihan, at fifty-four, is too old, too academic, too ideological, and too much the unretrenched cold warrior to qualify. His centrist rumblings, his friendship with Bill Bradley, and his private touting of Gary Hart are more a testament to the New York senator's ability to sense which way the political winds are blowing than manifestations of any deeply felt neoliberalism.

There are more specific components of the Kennedy legacy that find renewed vigor in neoliberalism. The emphasis on technology, science, and research and development relates directly to his administration. Programs such as NASA and the National Science Foundation, to which the new Democrats urge a recommitment, flourished under Kennedy. Significantly, in a different-strokes-for-different-folks manner, various neoliberals claim various Kennedy antecedents in explaining their

own concerns. Whereas Hart and Tsongas invoke the former President's pragmatic politics, Bradley cites JFK's internationalism, and Charlie Peters, who was plucked from the West Virginia legislature by JFK and became director of evaluation for the Peace Corps, believes Kennedy's influence on the movement sprang from "his respect for his father, the conservative respect for the guy who got the business going, who made the money.... You have to respect what's good about businessmen while at the same time remaining aware that they can be shits. I think Jack Kennedy, more than any President in modern times, understood that."

The other legacy from the Kennedy years is one of style and rhetoric. The neoliberals are not bleeding hearts. "All of us," says Hart, "are of a generation that, even though it is passionately involved, is not overly compassionate. I worked for George McGovern because I was against the war. I never walked in a parade, never carried a sign, never broke a window. To end the war, you go out and organize the precincts and elect the President who'll end it. You don't demonstrate."

Hart's comment underscores the neoliberal style. It ignores the historical role of passionate public action in ending the war and in accomplishing social change in general. Bradley once worked with Harlem youth groups, but he never marched, never demonstrated. Like all neoliberals, he is fascinated with the technical details of organization, legislation, and governance, often at the expense of popular leadership. "He's a fact junkie," says Susan Thomases of Bradley. It's more than a mere attraction to facts—if a problem cannot be reduced to its factual content, to a cost-benefit analysis, it doesn't interest the neoliberals.

Most problems can be so broken down, they affirm, which is why the neoliberals think the Republican criticism of government intervention—that it inevitably screws up *everything*—is wrong. "It's not a question of getting the government off our backs," says Colorado congressman Tim Wirth. "The appropriate jobs of government—that is where the debate is going to occur, and where a progressive group, or a neoliberal group, will be willing to say, 'There are certain things we do want to do and certain things we don't.' And once we have decided the areas, we will also say that the federal government *does* have an aggressive role to play."

Missouri congressman Dick Gephardt agrees that a blanket yes-government/no-government approach makes no sense. "Government has a duty to intervene to see that people who are left out of the economy are brought into it, that they have a subsistence, that they are not left to be crushed by the economic forces of the free market," he says. "But there are other places where I would get rid of gov-

ernment, such as in health care.... You almost have to go area by area and say, "What is your decision in that area?"

Neoliberals also firmly believe that there exists such a beast as the national interest—something that, like a platonic form, has a structure and a coherence unto itself and is separate from individual group interests. "We have to start with a vision of where we want the country to be and then try to articulate that to people in broad terms and not fall back on interest-group politics," says Gephardt, voicing a perceived failure of the Carter Presidency. "The last election," he says, "showed that most people are not in a group, or, if they are, they have a sense of the nation as a whole that is more important to them than their allegiance to that group."

In pragmatic terms, the neoliberals can justifiably state that interest-group, gimme-gimme politics has been disastrous for the Democrats and for the nation, leading the party into, as Gary Hart says, "too much concern not for central social issues but *fringe* social issues." However, the neoliberals did not rise through the ranks of glad-handing, ward-healing Democratic politics (typified by House Speaker Tip O'Neill), and they don't fully understand the role of traditional coalition building. Instead, these young upstarts—some of whom, such as Hart and Bradley, never held elected office before ascending to the Congress—have an idealistic undergraduate's impression that the national interest is something engendered not by separate groups vying for pieces of the pie but by people recognizing the necessity of cooperation. A mythical consensus—who, after all, is to say what constitutes a *fringe* social issue as opposed to a central one?—is a key to the neoliberal mind-set.

Two interlocking sets of balances concern the neoliberals—that between the free market and government intervention, and that between the individual and the community. Traditionally, Republicans have cornered the first element in these sets and Democrats the second. Neoliberals find themselves defining a well-reasoned center position in each. "The model we're going to find has to build on two strains of American history," says Bill Bradley. "One is the strain toward individualism; the other—which is what the Democratic party has traditionally stood for—is community, teamwork."

The neoliberal concept of teamwork is borrowed from the Japanese model—Theory Z in current economic parlance. "You recognize that the passer on the team is as important as the scorer," says Bradley. "You've got to recognize that the guy who runs those machines and *maintains* them is as critical to the overall performance of the economy as the introduction of a new machine—assuming that you need the new machine, which I do. The idea that you're part of the community and that

every part of the community has to be involved in striving for economic growth is a very important concept." The community theme is stressed by Lester Thurow, the curly-haired, baby-faced MIT professor whose 1980 book, *The Zero-Sum Society*, is the economic Bible of the new movement. "If you look at Reagan economics," says Thurow, "it's all rugged individualism. They don't think there is any such thing as community.... The American economic environment can be too *much* individualism and no feeling of company loyalty, teamwork, whatever."

The problem with this analysis is in the application; you cannot legislate cooperation. And any attempts by Democratic legislators to coerce the work force (let alone management) into accepting a new attitude must come to terms with the party's largest traditional constituency: organized labor. However, Felix Rohatyn, chairman of New York's Municipal Assistance Corporation, believes that a declining industrial capacity forces labor to make concessions to management—and vice versa. His push for an updated national Reconstruction Finance Corporation is based on the conviction that a central planning body can act as a balance between the adversarial forces. "Labor will accept a government corporation to which it has input and that will be part of a three-way process of negotiations," he says. "I think you could do that with an RFC." Establishing teamwork in the face of decline, he adds, is not that difficult. "The thing that goes against the grain of human nature is unilateral sacrifice. Shared sacrifice is much less of a problem."

Cooperation and control; we've heard this all before, although—admittedly—not recently. It's worthwhile recalling that two variant economic policies have governed the twentieth-century progressive agenda. The dominant liberal economic stance, and the one with which we're most familiar, is procompetition, antitrust, and anti-big business. The alternate progressive view goes back to Herbert Croly and the "New Nationalism." In 1909, Croly (who went on to become the founding editor of *The New Republic*) called for concentration, cooperation, and control. Concentration meant that bigness was not necessarily badness if economic efficiency were served; cooperation meant a working comity between industry and government to ensure efficiency; and control meant the government's ultimate responsibility to organize, through a central mechanism, a system by which efficiency and growth would be served. One could read portions of Herbert Croly's manifesto, *The Promise of American Life*, which was picked up by Teddy Roosevelt and made the philosophical basis of his Bull Moose party, and swear that the stuff was ghostwritten by Lester Thurow—even down to the call for the paring away of the

antitrust laws. But Roosevelt's defeat in 1912 sent the New Nationalism into hibernation. Until now.

In economic terms, central planning becomes a way of establishing community, just as a national-service requirement meets the spiritual need for it. But what of the other side of the ledger—individualism and the free market? Like Reagan Republicans, neoliberals favor deregulation and would generally agree that the market should be left as unfettered as possible to create wealth. *New wealth* is a key term. "I think the Democrats have got to *start* with some viable, non-trickle-down growth plan," says Thurow. Bradley agrees: "If you have a growing economy, you don't have to choose between his claims on the national pie and your claims on the national pie." Hence the emphasis on research and development, especially process R and D, on tax incentives such as capital-gains-tax reductions for *new* investments, and on basic science programs. Much of the approach is lost in the arcana of tax and finance law, such as the Jorgenson-Auerbach depreciation system or the repeal of the Glass-Steagall Act, but all of it is aimed at stimulating growth *first* and hastening the creation of new jobs, new products, and new wealth. The Reagan approach, they feel, chockablock with special-interest provisos, is dangerously weighted toward short-term payoffs at the expense of a long-term, productive, growth-oriented economy.

Where the neoliberals differ markedly from the Republicans is in their refusal to allow government to abdicate its role of protecting the environment and the individual from abuses of the market system. But, where possible, they would replace the economically counterproductive regulatory mechanism with a system of tax incentives. "If you have a tax on pollution," says Bradley, "then you force the companies that pollute to internalize the cost. And if someone produces the same goods without the polluting material, *they* have the advantage in the marketplace." Effluent charges (which are strongly recommended by Thurow) were incorporated by Bradley and Representative Jim Florio into their toxic-waste "Superfund" legislation of last year. A favorite Florio theme is the creation of a "market for reform."

In the long run, new jobs, new products, and new wealth rely on individual effort. Just as neoliberals would spur (as opposed to unleash) the market, so they would goad the individual into helping to create that market. "Americans have to begin to treat risk more as an opportunity and not as a threat," Bradley stresses. "There's a certain richness to betting on yourself. There's an exhilaration to working as hard as you possibly can to realize the fruits of that risk taking."

"You have to have values that encourage the entrepreneur, values that make the

# The Neoliberal Agenda

*Although neoliberals differ in their support for each plank of this platform (and support for some is not limited to the neoliberals), these ideas, taken together, form the basis of what could be termed the neoliberal agenda*

## COMPULSORY NATIONAL SERVICE:

National service promises to explode as an issue within the next couple of years, and there isn't a neoliberal who doesn't favor the concept in some form. Plans range from the strictly applied across-the-board service at age eighteen in either the military, the Peace Corps, or some other program to a radically revamped volunteer service required of anyone seeking any form of federal education assistance. The burning question: How will it be financed?

**NEGATIVE INCOME TAX:** Neoliberals believe in a massive overhaul of the American tax system; ultimately, a negative income tax or a guaranteed annual income or a national welfare system would be a part of it. Whatever it's called, the negative income tax cuts across political boundaries—staunch supporters in the early Seventies included Milton Friedman, Daniel Patrick Moynihan, and Richard Nixon.

## CENTRAL ECONOMIC PLANNING:

Lester Thurow, in *The Zero-Sum Society*, calls for "the national equivalent of a corporate investment to redirect investment flows from our 'sunset' industries to our 'sunrise' industries." For problem areas, investment banker Felix Rohatyn, head of New York's Municipal Assistance Corporation, advocates a new Reconstruction Finance Corporation, a publicly capitalized body that would, in turn, attract private funds and direct that money toward reindustrialization efforts. This same approach has been advocated by the Naderite Citizens for Tax Justice. Support from such diverse Democratic quarters virtually assures the RFC's emergence in the neoliberal platform.

**HI-TECH INDUSTRIALIZATION:** And *this* is what is meant by all the jabbering about "sunrise" and "sunset" industries. Neoliberals believe the industrial age has ended, and they would turn the country's economic resources toward fostering growth in high-technology areas: computers, communications, information. No single issue dominates the neoliberal mind-set as does this one. Neoliberals advocate tax incentives for and government funding of research and development, a strong recommitment to basic science programs, and efficient public/private-sector job retraining.

**BETTER DEFENSE:** The first neoliberal issue to capture the public's attention was defense, and it owes much of its recognition to Gary Hart, a member of the Senate Armed Services Committee, to James Fallows's book *National Defense*, and to Paul Tsongas, who devoted a chapter to the subject in *The Road from Here*. The message they are delivering is clear: the stress on increasingly expensive and "sophisticated" weaponry is counterproductive and dangerous. The neoliberals have also taken the lead in emphasizing the interlocking trinity of energy, economy, and defense; a series of hearings last year on "The Geopolitics of Oil," cochaired by Bill Bradley under the auspices of the Senate Energy Committee, stressed all three.

**COOPERATIVE REGIONALISM:** Perhaps the hardest task facing the Democrats, according to Colorado congressman Tim Wirth, is figuring out what is the appropriate job of the federal government, the state governments, the local governments, and the private sector. Two competing strains pull at each other in neoliberals' minds: decentralization and centralization. The Democratic party has heretofore been a force for the latter. Says John Naisbitt, chairman of the Naisbitt Group, who has advised Gary Hart: "The two great centralizing events in America's history were the Great Depression and World War Two, plus the centralizing impact of industrialization. We are now receding from these centralizing influences." Naisbitt sees the trend toward deregulation of industry, advocated by most neoliberals, as an example of decentralization.

But neoliberals view certain elements of decentralization, such as Reagan's federalism, as a potential disaster. "Federalism... feeds a dangerous growth in regional chauvinism," wrote Michael Kinsley in a *New Republic* article, "The Withering Away of the States": "Anyone truly concerned about making America more productive, more democratic, less wasteful, less bureaucratic would want to hasten the withering away of the states as quickly as possible."

The neoliberal resolution is a system of cooperative regionalism. Many functions appropriated by the federal government would be returned to states and localities, while others would be nationalized. Still other matters, such as worker retraining, would be taken up by regions, which instead of competing against one another would cooperate under national frameworks for energy, industrialization, et cetera. A regional tax policy such as that advocated by Felix Rohatyn would be a first step toward effecting this cooperation. —R.R.

entrepreneur more important than the kid who goes to *law school*," says Charlie Peters, pronouncing the final two words with obvious distaste. "Ninety percent of our bright young kids of the Seventies have gone to law school or business school. Instead of going into something that would create a new enterprise that would make the country move again, they are going into *whoring!* I don't want," he adds, voicing a feeling generally left unexpressed by the new Democrats but still deeply sensed, "to lose to the Japanese."

It is in *this* area, probably more than any other, that neoliberals firmly believe the Reagan administration has missed the boat. The Republicans, with their revitalized cold-war mentality, have failed to address the declining tradition of American excellence, a tradition that is being

challenged not by the Russians but by the Japanese and the West Germans. In terms of economics and self-esteem, our allies would seem to be our enemies.

## THE NEOLIBERAL FUTURE

Two crucial questions exist: Can the new Democrats get their act together? And can they get it together by 1984?

The neoliberals have already begun to churn out programs, platforms, and plans—of varying degrees of specificity. Some of these programs, made explicit in James Fallows's *National Defense* and in Thurow's *The Zero-Sum Society*, have had a public impact. Bill Bradley admits that he "basically adopted one of Lester's ideas" for an amendment he proposed to the President's tax bill aimed at stimulating new investments. Paul Tsongas says his

staff economist is "a Thurovian—if that's the word."

Two forthcoming economic packages, one devised by Bill Bradley and Timothy Wirth and another offered by Gary Hart, will incorporate many of Thurow's notions in attempting specifically to address methods of hastening the postindustrial future. One Thurovian idea, the national investment bank, was given a public go-around in its RFC guise by Felix Rohatyn, in an article in *The Economist* last September. Rohatyn also used the piece—a basic, step-by-step platform for the Democrats—to express his support for the draft. And Charlie Peters, the party's ex officio cattle prod, issued a Democratic "Platform for the Eighties" last summer, in which he called for a return to compulsory national service, tax policies to stimu-

late new investments, a consolidation of welfare wedded to a guaranteed annual income with work requirements, and deregulation to stimulate true competition—a veritable neoliberal manifesto.

The significance of these platforms and programs cannot be overstated. "It'll be reasonably important to have some of these ideas floating around in the public domain for a couple of years," says Thurow. "One, because you want to wear off some of the rough edges and see what can be sold and what can't be sold. But also, simply, because if an idea's been around for a long time, it doesn't scare you."

The next step is the elevating of a Presidential candidate able to latch on to some of these programs and express the neoliberal vision. This will not be easy. The Democratic party is splintered, and any candidate who urges national service, community, internationalism, and central economic planning on the one hand and free-market individualism, deregulation, and entrepreneurialism on the other is bound to run smack into each one of the interest groups that make up the Democratic coalition. Also, the Democrats still have gender and race guidelines for choosing convention delegates, and unless the party revises this approach (privately, the leaders are trying), unification around a neoliberal platform or candidate is doubtful.

But many party pros feel that the constituency is out there and can be mobilized by the articulation of the vision. "We can raise millions and millions of dollars around somebody who puts all this in a simply stated, commonsense kind of way," says Tom Mathews, cofounder of Craver, Mathews, Smith and Company of Falls Church, Virginia, the direct-mail consultant who hopes to accomplish for the new Democrats what Richard Viguerie has done for the New Right. Mathews, who ran John Anderson's surprisingly successful direct-mail fundraising effort, repeated a belief often expressed in new-Democratic circles: that Anderson, with his calls for a fifty-cents-a-gallon gasoline tax and for an end to American factionalism, touched a chord in the national psyche. There is a strong belief that a major-party candidate who presents himself as an uncompromising yet liberal realist will find a constituency waiting.

In a sense, this begs the question of electoral possibility. The neoliberals are so profoundly uncomfortable with partisanship that if they are unable to communicate their vision of the national interest, they are virtually assured of failure. It's a problem they steadfastly refuse to address. When asked, "Who's your constituency?" the legislators reply in vague terms: "There's a solid political base of

people in their thirties and forties who have no spokesman" (Gary Hart) or "People under thirty who look at the future and wonder what it'll be like, and people in middle age who have been a part of the information revolution" (Bill Bradley).

Neoliberalism is rooted in a view of the baby-boomers as a majority weaned on television, comfortable with the computer age, tired of ideology, engaged in the pursuit of self-fulfillment, tolerant of others' differences, and ready to commit to a common good. Daniel Yankelovich, in his recent book *New Rules*, indicates that such a generation is coming into existence: "Survey data showing that Americans are growing less self-absorbed and better prepared to take this first step toward an ethic of commitment, though sparse, is fairly

**"AMERICANS  
HAVE TO BEGIN  
TO TREAT RISK  
MORE AS AN  
OPPORTUNITY AND  
NOT AS A THREAT,"  
SAYS SENATOR  
BILL BRADLEY.  
"THERE'S A  
CERTAIN RICHNESS  
TO BETTING ON  
YOURSELF"**

clear." Neoliberals accept Yankelovich's assumption; others are less hopeful. "They may be right about the new technology, but I don't see that it's created a 'new person' at all," says historian Eric Goldman. "It's like when the typewriter was invented. It created new jobs, sure, and people talked about the creation of a new person, but it never happened. People always adapt to a new technology without changing fundamentally."

Another unknown factor in neoliberal electoral politics is the power of the Tom Hayden-Mark Green-Gar Alperovitz-Democratic Socialist-Campaign for Economic Democracy crowd—loosely affiliated progressives who can be classed together as "CEDs," or believers in economic democracy. Already well organized into political-action committees and think tanks, with a seeming lock on the environmentalists, the antinuclear activists, and

the young Left, the CEDs, with their vision of a decentralized socialist "people's state," present an obstacle to the success of neoliberalism. Although they agree with neoliberals on some issues, such as the need for government awareness of environmental concerns, on others they are far apart—CEDs are implacably opposed to nuclear energy, for instance, while neoliberals do not reject it. "I think there's going to be a tug-of-war for the soul of the [Democratic] party between these two groups," predicted *The New Republic's* Mort Kondracke. "My guess is that those guys [the CEDs] will be a leg up, because they'll be able to say to the traditional interest groups of the party, 'You can have it now.'" The tug-of-war may have already started, with the CEDs more prescient about the existence of neoliberalism than most of the supposedly shrewd political pundits. Tom Hayden, in his book *The American Future*, notes with distaste, "The proposal most likely to become the new center of American political thought is *economic planning*. . . . 'Reindustrialization of America' is the current banner of those favoring a planned economy." Hayden sounds a call to arms against the new pragmatism in his book, claiming it "would rest on a type of economic planning that would reflect the interests and participation of the large corporations, government bureaucrats, and perhaps representatives of the major unions."

Absent from the neoliberals-versus-CEDs scenario are the traditional liberals. There is general if muted agreement among the new crowd that whatever the party's fortunes, the two leading contenders for the 1984 Presidential nomination are *not* capable of stating a new vision. Teddy Kennedy and Walter Mondale, states one political adviser currently working closely with the Democratic National Committee, "are paradigms of tired thinking." Gary Hart's name has been tossed around with increasing frequency, and although he has been, of necessity, playing coy, he has not been discouraging the talk. It's no secret that Robert Redford, a fellow Coloradan and a friend of Hart's who has funded him in the past, may do so again if and when Hart launches a Presidential campaign.

Which would all be a supreme irony—Hart, the man blamed by many for organizing the demise of the Democratic party as George McGovern's campaign manager, returning to lead the party on to resurgence and victory. Claiming, along with his colleagues, to be imbued with the spirit of John F. Kennedy and carrying Teddy Roosevelt's spear. Bringing back the draft.

Mutatis mutandis. Everything old is neo again. ☉



# THE NEOLIBERAL CLUB

ESQUIRE | FEBRUARY 1982



Reprinted from the Esquire Archive

<https://classic.esquire.com/article/19820201041/print>

