The Rise of the Right in the U.S.
By Chris Wright

We all know that the world is absurd, in the deep existentialist sense. You want proof? Bill O'Reilly's books are bestsellers, while the phenomenal *Right Turn: The Decline of the Democrats and the Future of American Politics* (1987), by the political scientists Thomas Ferguson and Joel Rogers, languishes around #1,700,000 on the Amazon ranking. This fact actually points to one of the reasons for the world's absurdity, which is also the focus of Ferguson and Rogers' book: the power of money and property, which promotes the Bill O'Reillys and sabotages the Thomas Fergusons.[1] It shouldn't surprise us that in a world run by big business, or more broadly power-structures—which necessarily aim at maintaining and increasing their own power—the popularity of a product or a person will tend to be inversely proportional to the intrinsic worth of that product or person. Thus, a book that largely explains how American politics began the trajectory to its present catastrophic state will be ignored, because no one knows about it.

How did neoliberal conservatism become the reigning ideology in the 1980s and afterwards? How did conservative Republicans conquer the political world, after their defeats (punctuated by periodic victories) from the 1940s to the early 1970s? How is it that the Republican Party has shifted to the lunatic, quasi-fascist right while the Democratic Party has become what moderate Republicans once were? Is it because the American public became more conservative in the 1980s, as one might naturally think? Were Samuel Huntington and his ilk right in arguing that the Democratic debacle of 1984, when Reagan won in a landslide against Walter Mondale, was the result of the party's having been taken over, in the 1960s and 1970s, by selfish and divisive "special interests" like labor unions, black groups, women's rights organizations, and Hispanic associations? Journalists, academics, and politicians confidently declared that American voters had repudiated the New Deal, and that, in order to survive, the Democratic Party "had to stop resisting the drift of the majority of the electorate toward conservative, entrepreneurially oriented social and economic policies, increased military spending, and more actively anti-Communist, interventionist foreign policies," as Ferguson and Rogers (or FR, as I'll call them) paraphrase. The famed New Deal coalition of minorities, women, blue-collar workers, and white Southerners had split apart amid the social turmoil of the 1960s and '70s, and—these pundits argued—it was necessary now for the Democrats to reach out again to the more conservative parts of their former base, notably those white Southerners who had defected to the Republicans in their disgust at

[1] For the story of how Ferguson was denied tenure at MIT, see Noam Chomsky, *Understanding Power* (New York: The New Press, 2002), 243.

anti-war hippies and pro-black federal policies. –Is this analysis right? Had the public, by reelecting Reagan in a landslide, indeed repudiated the New Deal, with its progressive income tax, business regulation, social-welfare programs, and protection of unions? No, say Ferguson and Rogers. The story is much more complicated than that, as they demonstrate in their book.

We should keep in mind that the conventional diagnosis, which FR argue against, has had staying power. It was the justification given for the Democrats' rebranding of themselves as "New Democrats" in the time of Bill Clinton, when the party embraced the ideology of limited government, the so-called free market, gutting of the welfare state, and other ideas that had traditionally been the domain of Republicans. It has been the constant refrain of pundits seeking to explain the latest Democratic defeat: "liberals are out of touch with the values of mainstream America," etc. The analysis has been trotted out so many times that it's become a cliché; it's considered so obvious as scarcely to require arguing for. Nevertheless, it's either flatly false or wildly misleading.

Despite the conventional wisdom of intellectuals, the public has *not* become more conservative. The Gallup, Pew Research Center, and World Public Opinion websites provide an abundance of evidence for the fact that the electorate has steadily continued to have social-democratic values for many decades, in fact at least since the 1930s. Certainly misinformation campaigns and barrages of propaganda—for instance to drum up support for wars—are sometimes temporarily reflected in polls, but the underlying values of support for unions, social welfare, national health insurance, environmental protection, progressive taxation, business regulation, cuts in military spending, infrastructure development, and so on remain quite stable. No great changes have happened since the 1960s—except, as FR show, that public opinion has become *more* liberal, not less! With regard to the 1980s, the authors give overwhelming evidence that the electorate largely rejected the Reagan administration's policies. For example, after studying polls, the *New York Times* concluded in 1986 that voter attitudes since the 1970s had shown "no consistent evidence of change, certainly not in a conservative direction." On religion, feminism, civil liberties, abortion, and race relations, a sharp increase in liberal attitudes had occurred since World War II. It's true that a majority of people in the late 1970s thought that the tax system had in recent decades become more unfair—because it had: it was much less progressive than in the early 1950s. Naturally, then, as taxes (especially payroll taxes) fell more and more heavily on ordinary people, they became more resistant to tax hikes and more receptive to politicians' promises to cut taxes, especially on the middle and lower classes—*not* on the rich, which is what happened under Reagan. Support for cuts in military spending as opposed to cuts in social spending substantially increased in the 1980s, though the Reagan administration was doing the opposite. Likewise, public aversion to nuclear weapons was strong and growing, and arms control met with widespread approval.

It's been claimed that Reagan was a uniquely popular president, but this is false. During his first term his approval rating averaged 50 percent, lower than Eisenhower's 69, Kennedy's 71, Johnson's 52, and Nixon's 56. As economic conditions improved in the mid-1980s, Reagan's popularity rose, though still remaining far below that of Eisenhower. But "if one controls for economic conditions, Reagan's popularity does not differ significantly from Jimmy Carter's." Ha! What a preposterous mythology has been constructed in the last thirty years.

Nor was there a major realignment of voter allegiances toward the Republicans. The 1980 election was more a negative referendum on Carter than an endorsement of Reagan. And in 1984, below the presidential level Republicans' gains were unimpressive. Reagan himself garnered only 32.3 percent of the potential electorate, given the numbers of people who abstained from voting. And, strikingly, several liberal Democratic senators (like Tom Harkin and Paul Simon) won against incumbents in states that Reagan decisively carried. So much for the idea that voters realigned towards Republicans in the 1980s—or afterwards, for that matter. (Power has continued to fluctuate between the two parties.) Reagan's electoral victories were mainly just a function of the country's positive economic performance in 1984, having little or nothing to do with support for his policies.

What about those "conservative" white males who had left the Democratic Party after the 1960s? Wasn't it—and isn't it—a good idea to try to get them back? Sure. But "the overwhelming importance of economic issues undermines revisionist arguments about the need to make conservative ideological appeals to parts of the old New Deal base. Even accepting the proposition that Southern white males need to be attracted back to the party, for example, the evidence suggests that the surest way to do that is not by abandoning Southern blacks but by running hard on economic issues that unite low-income groups across racial lines." Excellent point. There's no need to ape conservative Republicans; just address issues that blue-collar workers care about, like wages and the revitalization of decaying communities. The problem, of course, is that to do so means antagonizing big business. That's the Democrats' handicap: it's hard to be a party of big business and the popular majority at the same time. One set of class interests is inevitably sacrificed for the other; and usually it ends up being the people's interests that are sacrificed, because business has the money. (The Republicans' problem is different: how to attract votes when your *only* real constituency is the rich? The only way to do so is to delude, in ways reminiscent of the old Fascists and Nazis, by appealing to nationalistic emotions, cultural issues, racism, and religious fundamentalism.)

Having said all this, the point of the rest of the book is clear. As the authors state,

> Before the United States wrecks its cities, shrinks its education system, abandons the regulation of business, turns back the clock on rights for women, blacks, and

> Hispanic Americans, reverses the progressive income tax, heats up the arms race, invades another Third World country, or simply eliminates unions, we need to take a hard look at the recent history of the American political system. [A prophetic litany of horrors!] How and why did the New Deal political system decline? If, as the poll data suggest, public attitudes toward major policy questions have remained programmatically liberal, how does one account for America's right turn in the 1970s? Why did leaders of the major parties keep trying to jettison more and more of the New Deal's programs, including domestic programs that are popular with vast numbers of voters? Why did they repeatedly insist on pursuing sharply deflationary monetary policy, often at great electoral cost? [And why did Walter Mondale choose to stand for a paradoxical and self-destructive set of policies in his 1984 campaign, including unpopular tax increases?] …These are the questions we seek to answer in this book.

To do so, they start with a general consideration of what it is that produces massive policy changes of the sort that happened in the 1980s, when the New Deal system began to be dismantled. The conventional view among political scientists is the (seemingly) commonsense one: *voters* are the key factor. They're the ones with the power, who determine policy priorities. The broad theory is called "critical realignment theory"; in brief, it "understands political change primarily in terms of *changing patterns of mass voting behavior*." I'll quote from Ferguson's fantastic book *Golden Rule: The Investment Theory of Party Competition and the Logic of Money-Driven Political Systems* (1995):

> Most American elections [according to mainstream critical realignment theory] are contests within comparatively stable and coherent "party systems." While any number of short-term forces may momentarily alter the balance of power within a particular party system, and cumulative, long-run changes may also be at work, the identity of individual party systems rests on durable voting coalitions within the electorate. So long as these voting blocs (which in different party systems may be defined variously along ethnic, class, religious, racial, sexual, or a plurality of other lines) persist, only marginal changes are likely when administrations turn over. Characteristic patterns of voter turnout, party competition, political symbols, public policies, and other institutional expressions of the distribution of power survive from election to election.

> "Normal politics,"[2] of course, is not the only kind of politics that occurs in the United States. The "critical realignments" of critical realignment theory refer to a handful of exceptional elections—those associated with the New Deal and the Great Depression of the 1930s, the Populist insurrection of the 1890s, the Civil War, and the Jacksonian era are most frequently mentioned, though other dates have also been proposed—in which extraordinary political pressures find expression. Associated with the rise of new political issues, intense social stress, sharp factional infighting within existing parties, and the rise of strong party movements, these "critical" or "realigning" elections sweep away the old party system. Triggering a burst of new legislation and setting off or facilitating other institutional changes that may take years to complete, such elections establish the framework of a new pattern of politics that characterizes the next party system.

This theory emphasizes popular control of public policy; sweeping changes, as happened in the 1930s and 1980s, are ascribed to voter sentiment. Unfortunately, a lot of evidence has been collected that suggests that "the durable voter coalitions which are supposed to underlie party systems never existed, and that so-called critical realignments are not only very difficult to define, but simply have not witnessed major, lasting shifts in voter sentiment." Three researchers sympathetic to the theory argue that, contrary to its predictions, "indications of substantial continuity of the alignment of electoral forces across virtually the whole sweep of American electoral history can be observed… Electoral patterns do not, by themselves, clearly and unequivocally point to the occurrence of partisan realignment." In other words, partisan realignments, which have indisputably occurred periodically, can apparently not be explained by (massive changes in) electoral behavior. So we need another explanation.

Incidentally, the Marxist in me can't help remarking that, in a capitalist society, nothing is more predictable than mainstream intellectuals' adherence to this naïve *voting*-based analytical framework. As if ordinary voters are the ones who have real power! *Class* is invisible to most intellectuals, because, at least unconsciously, they know which side their bread is buttered on. "What, *wealth* as the determinant of power?! Absurd! Reductive! Vulgarly Marxist! We live in a pluralist society governed by fair competition between groups!" I don't understand how such fantasies are possible.

Anyway, Ferguson and Rogers provide a more sensible explanation, in which *business elites*, not voters, play the leading part. Political parties are not what they have

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[2] Cf. Thomas Kuhn's "normal science," described in *The Structure of Scientific Revolutions* (1962). Kuhn was a famous historian of science who radically changed scholars' understanding of how science makes progress.

typically been conceived of, as machines to get out the vote. Instead, their real market consists of major "investors." (The word "investor" is to be understood in a broad sense, as people and institutions with the resources to invest a lot of time and money in trying to control the state.) "Blocs of major investors define the core of political parties and are responsible for most of the signals the party sends to the electorate." Voters, then, are a secondary, though necessary, factor.

> During realignments [Ferguson argues] basic changes take place in the core investment blocs which constitute parties. More specifically, realignments occur when cumulative long-run changes in industrial structures (commonly interacting with a variety of short-run factors, notably steep economic downturns) polarize the business community, thus bringing together a new and powerful bloc of investors with durable interests. As this process begins, party competition heats up and at least some differences between the parties emerge more clearly… Assuming that the system crisis eventually eases…the fresh "hegemonic bloc" that has come to power enjoys excellent prospects as long as it can hold itself together. Benefiting from incumbency advantage and the chance to implement its program, the new bloc's major problem is to manage the tensions among its various parts, while of course making certain that large groups of voters do not become highly mobilized against it—either by making positive appeals to some or by minimizing voter turnout, or both.

Ordinarily most voters can have almost no influence on policy because they're prevented from sufficiently investing themselves in it. They have other priorities, e.g., living their lives. Hence, it will be major investors who set the political agenda. One predictive consequence of this theory is that "on all issues affecting the vital interests that major investors have in common, no party competition will take place." This is clearly borne out by the evidence. Certain issues, namely the ones most important to voters, rarely show up in campaigns; and when something like healthcare reform does, it's because one bloc of major investors no longer has an interest in ignoring it. (If you look at polls you'll see that voters' attitudes on healthcare reform haven't changed much in decades: they've wanted national health insurance. But major investors haven't, so it hasn't happened.)

To understand how the New Deal system declined, it's necessary to understand what it was in the first place. And here we encounter another of FR's challenges to liberal orthodoxy. "At the center of [the New Deal coalition around Roosevelt] were not the millions of farmers, blacks, and poor that have preoccupied liberal commentators, nor even the masses of employed or striking workers who pressured the government from below (and later helped implement some of the New Deal's achievements), but something else—a new power bloc of capital-intensive industries, investment banks and internationally oriented commercial banks." Ferguson describes in *Golden Rule* how this bloc was forged in the 1930s, but I'll skip the very interesting history. The point is that, unlike labor-intensive industries such as textiles, firms in capital-intensive industries were not profoundly threatened by labor turbulence and organization. They could thus afford to join a coalition with organized labor starting around 1935, thereby making possible the relatively left-wing "second New Deal" (exemplified by the Wagner and Social Security Acts—which businesses in the new Roosevelt bloc, far from opposing, helped write). "Because most large capital-intensive firms (with the important exception of the heavily protectionist chemical industry, which did not belong to the bloc) were world, as well as U.S., pace-setters, they stood to gain from global free trade. They therefore allied themselves with leading international financiers, whose own minuscule workforce presented few sources of tension, and who had supported a more broadly internationalist foreign policy and lower tariffs since the end of World War I. Together, members of this bloc provided the needed business support for the two broad policy commitments—liberalism at home, internationalism abroad—centrally identified with the New Deal."

This bloc was a small part of the business community in the 1930s, but it was immensely powerful. It included many of the largest and fastest-growing corporations in the country, including General Electric, IBM, Pan Am, oil companies like Shell, Standard Oil of New Jersey and Standard Oil of California, and banks like Chase National Bank, Bank of America, Goldman Sachs, and Lehman Brothers. The controlling interests in these businesses also dominated leading American foundations, and so could exercise major influence on political opinion and public policy. Once this bloc had come together and allied with Roosevelt, it dominated policy for a generation. "The administration embarked on a historic program of trade liberalization and efforts at currency stabilization," which after World War II took the form of the famous Bretton Woods system that lasted until the early 1970s. As you may know, "Bretton Woods established the dollar as the 'vehicle' currency to be used in the conduct and financing of international trade, and brought order to foreign-exchange markets by establishing a system of fixed exchange rates among the world's currencies, tied to the dollar; the dollar, in turn, was convertible to gold." The various institutional innovations of Bretton Woods helped make possible the incredible growth of the American and world economy in the postwar period.

Despite many successes, the Democratic coalition, both in its business and its electoral dimensions, wasn't particularly stable; in some respects it was already starting to disintegrate in the 1940s, as the labor movement ran into difficulties that included a catastrophic failure to organize workers in the South, and a failure to prevent the rabidly anti-union Taft-Hartley Act from being passed in 1947. Unions grew more conservative as radicals were purged, and in the context of the Cold War, no more great liberal or left-wing crusades were possible for a while. Moreover, racial conflicts between white and black workers were already breaking out in cities like Detroit in the mid-1940s; these presaged the conflicts that erupted in full force later, in the 1960s, and that ultimately undermined the New Deal's *electoral* coalition. Still, for a few decades the New Deal's basic program was solidly entrenched: social welfare, trade unionism, minority rights, expanded popular participation in government, the concept of a progressive income tax, and free trade. When in power, Republicans dared not stray far from it, even though labor-intensive firms surely wanted them to. (Such firms were opposed to both free trade—foreign competition—and protection for unions, but in the postwar era they didn't have enough power to push through their program.)

It was in the 1960s that things started to get tougher for the New Deal coalition. Kennedy was firmly in the multinational camp, so he promoted free trade and lowered taxes on corporations and the rich, which contributed to an economic takeoff after the recession of 1957–58. "With the growing boom, imports exploded, threatening many traditional, labor-intensive Republican manufacturers, as well as some primary producers and national oil concerns. Joined by many agricultural interests and smaller businesses who received little or no benefit from the investment-oriented tax cuts and who often feared the effects of rising social spending on their supplies of low-wage, unskilled labor; copper companies, whose prices were collapsing; some defense contractors; and many leftover opponents of the New Deal—these groups went on the offensive." These conservative forces increasingly took over the Republican Party, writing an import-restriction clause into the party platform, denouncing the UN and internationalism, and nominating Barry Goldwater for the presidency in 1964.

At the same time, as you know, the civil rights movement was attaining national prominence. Multinational elites, who were already losing what remained of their position in the GOP, decided they had to secure the power of the Democratic Party for a generation. Solidifying the loyalties of black people, while permitting them the right to vote in the South, would help achieve that goal. So they supported and funded the civil rights movement. After Kennedy's death, these multinational, capital-intensive firms lined up behind LBJ and his Great Society (and staffed the upper tier of his administration), since in a context of vigorous economic growth they had no reason to fear increased social spending. More tax cuts and trade liberalization followed, and large U.S. military budgets made possible the repeated application of force abroad (e.g., in Latin America) to secure these businesses' overseas investments. But not only the elite was doing well: workers had more jobs and higher wages, and social welfare spending rose dramatically under LBJ. So, all in all, things looked pretty good for the Democratic coalition, especially since Goldwater had been thrashed in the 1964 election.

What went wrong? Historians often argue that the major Democratic catastrophe was Vietnam, but this likely isn't the case. It's true that the war divided business interests in the Johnson coalition. "The fabulous dollar outflow that the war entailed exacerbated the already shaky U.S. balance of payments. As pressure mounted on U.S.

gold reserves, the [value of the] dollar itself increasingly came into question, threatening its key role in the Bretton Woods financial system." Unless this threat was checked, foreign deposits would leave U.S. banks, which would therefore see their position in the world economy decline. Other multinationals had their own reasons to question the war, and by 1968 were pressuring Democratic politicians to speak out against it. LBJ himself was finally persuaded to start drawing down troop commitments. All this embittered hawks in the party and strained the coalition's cohesiveness. But there were few long-term consequences: after the war ended, dovish and hawkish party elites reunited (in 1976).

More significant was the decline of organized labor. It remained very powerful in the 1960s, but its strength was waning. Democrats effectively ignored it on signature issues as sectors of the business community mobilized against unions; and ever freer trade was having a devastating impact on union jobs, such as in textiles, shoes, and steel. Kennedy and Johnson refused the import protections that both labor and some manufacturers wanted. At the same time, labor failed to broaden its power by organizing new workers—except for government workers, which wasn't enough to make up for losses in the private sector. Union density in the civilian work force decreased from 26 to 21 percent between 1970 and 1980 (and continued its decline thereafter). Nor did unions expand significantly in the South and West, which were the fastest-growing regions in the country. Thus, organized labor remained a basically regional phenomenon, concentrated in the East and Midwest. Also, its stance towards the women's movement, the black movement, and the environmental movement did it no favors: as is well known, the AFL-CIO was quite conservative, thereby abdicating its leadership role (and the benefits that could have come from it) with respect to social movements and large parts of the population. Conversely, these other groups were forced to turn to liberal corporate-dominated foundations and media for support, which left them vulnerable when these elites decided to pull back on their support for social action in the late 1970s. In short, "labor unions would continue to lose members, and millions of blacks, women, and Hispanics fail to get the unions they needed. Having abandoned most efforts to reach (increasingly Southern and Western) white male blue-collar workers who were not organized, as well as most blacks and women, the movement that could most sensibly claim to represent almost every ordinary American's general interest could hardly avoid looking more and more like the 'special interest' of a lucky few."

In addition to this is the sordid story of organized labor's support for imperialist foreign policy in Indochina and Latin America. Perversely, it helped subvert left-wing opposition movements around the world, which was destructive to its own membership in the United States. American aid used to prop up regimes that repress their own citizens and their wages "in effect subsidizes multinational expansion abroad by lowering the costs of that expansion—either by lowering wages or by reducing risks of popular (and investment-threatening) social upheaval in repressive regimes." Particularly with post-1950s advances in communications and transportation, outsourcing became more common: businesses could relocate to areas with cheaper labor (or use the threat to do so to force concessions from their workforces), and a tidal wave of low-cost imports contributed to America's deindustrialization—which also meant de-unionization.

As if all this weren't enough, the AFL-CIO's abandonment (in the 1960s) of the fight to expand the progressive income tax had disastrous consequences. It enabled Kennedy and Johnson to finance most of their social programs by a rise in the social security tax, the most directly regressive of all American federal taxes. "Especially when combined with the cuts in corporate tax rates, and the proliferation of corporate credits, this step made the tax system significantly less progressive than it had been, while sharply increasing tax burdens on those who could least afford it." As I said earlier, it's therefore understandable why so many people would later embrace a political party (the Republican) that promised to lower taxes. Especially in light of another disastrous fact, namely that the multinational constituency that largely designed Johnson's Great Society urban and social programs crafted them in the interests of mortgage bankers, downtown merchants, big developers, and, in the case of medical programs, pharmaceutical companies, large foundations, the American Medical Association, big hospitals, and insurance companies. This meant that the programs would be costly and inefficient, difficult to reform (because of their powerful support from business), and prone to increasing the burden on the average taxpayer (as they grew more expensive). "It was a system that could hardly avoid inflaming tensions between different groups of middle- and lower-income Americans." In the end, the Republican Party proved to be the main beneficiary of these tensions.

Not immediately, though. The Nixon administration didn't represent the end of the New Deal system. It encapsulated a highly fragmented regime, and, as FR say, is best thought of as a typical transition product of a party system in disintegration. The old opposition to the New Deal, including protectionist interests like textiles and steel and independent oil companies, allied uneasily with an odd assortment of multinationally oriented figures like Henry Kissinger. As a result, the administration pursued rather schizophrenic policies. On some issues, like civil liberties and "law and order," it was definitely more conservative than Johnson; on others, like social spending and environmental protection, it was quite liberal. "The reason is straightforward. As Nixon himself clearly sensed, the part of his bloc that was tied to the 'Eastern liberal establishment' largely retained its commitment to the policy formulas of the New Deal." True, it was concerned about wage pressures and lagging productivity, but it didn't think these necessitated an all-out attack on the welfare state; instead, a short period of monetary austerity would probably be sufficient. As for Nixon's environmental regulation: this wasn't, as people are wont to think, merely a manifestation of "the public" winning a battle against "business." Rather, many among the upper classes, such as increasing numbers of bankers, brokers, insurers, and real-estate magnates, who enjoy the environment as much as anyone else, used their clout—while cooperating with popular movements—to push for regulation. Developers, fisheries, and tourist-oriented businesses rose up against oil spills off their coasts; Eastern coal producers tried to use "clean-air requirements" to cripple Western producers; and lawyers, "overjoyed to discover fertile new areas for expensive litigation," in the early 1970s rushed to file suits against polluters.

The one area in which the Nixon administration did depart from the New Deal framework was in its temporary New Economic Policy (in 1971), which instituted wage- and price-controls to curb continuing pressures to inflation, suspended the dollar's convertibility into gold (allowing it to float against other currencies and lose value, because it had been highly overvalued), and a ten-percent surcharge on many imports. All this broke with multilateralism and free trade, and led to protests from some business groups. FR have a detailed discussion of these issues, and of the epoch-making demise of the Bretton Woods system in 1971/73, but the upshot is that Nixon was able to placate the internationalists and prevent them from going over *en masse* to the free-trade Democrats. This was made easier by the fact that George McGovern was the Democrats' presidential nominee in 1972, a man so liberal that even much of the liberal Eastern establishment considered him beyond the pale. So they supported Nixon, who was reelected. What happened next, though, is more important: when the Federal Reserve tightened up the money supply after the 1972 election, the recession that was expected turned out not to be a mild one like 1969–70 but a more protracted and severe one. The American economy, and most of the developed world, entered its worst period since the Great Depression—which took the whole business community by surprise. Even after the recession had ended, U.S. wages, profits, productivity growth, and export shares kept dropping; only inflation and imports rose.

So, "the recession that began at the end of 1973, and stretched through the beginning of 1975, was a watershed event in American political economy. It marked the end of the long period of growth that had been sustained since World War II, underscored the changed position of the United States in the world economy, and ushered in a sustained period of stagflation. It was then that American politics finally made its decisive turn to the right." The beginning of FR's chapter on "the dismal 1970s" states the main points clearly:

> Deteriorating U.S. economic performance in an increasingly competitive and integrated world economy is the analytic key to the Democrats' decline. In a variety of ways, sagging growth and profits at home, and increased competition abroad, made the business community much more cost-sensitive. This stiffened business opposition to the growth of social spending and forced the Democrats

> to work within tighter fiscal constraints on their domestic programs. Pressures on the social side of the budget increased as growing U.S. involvement in the international economy, and in particular in the Third World, widened demands within the business community for increased military spending. Moreover, these competing demands on the budget could not be easily reconciled by simply raising taxes, for as profit margins sagged and intensified competition from abroad made it more difficult for corporations to pass taxes through to consumers, much of the business community was mobilizing in support of further tax reductions. Over the course of the decade, the convergence of these different pressures and demands produced a growing budget crisis in the United States, in effect forcing a choice between social and military spending.
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> For the Republicans, pressures to make this choice presented an enormous political opportunity. Unencumbered by a mass base…the Republicans were quite prepared to serve as a vehicle for tax and domestic-spending cuts and increased military outlays. For the Democrats, however, the growing tradeoff between guns and butter forced the party to walk a political tightrope between the demands of its elite constituency and the needs of its mass base. Even as the Democrats moved to the right over the course of the decade and the center of American party politics shifted, the tensions within the Democrats' ranks made them a less efficient vehicle for business aspirations than the Republicans. The GOP was thus the first beneficiary of America's right turn.

These ideas harmonize well with Robert Brenner's brilliant arguments in *The Economics of Global Turbulence* (2006), which I've summarized in *Finding Our Compass*. FR give a lot of useful background information on the economic context of the time, but here I'll just refer you to my discussion of Brenner's book. The point is that U.S. competitiveness was in decline, especially in manufacturing.

Businesses responded to economic deterioration in predictable ways: by relocating to the South or West, where labor was cheaper because unions were rare; by regularly violating national labor laws; and by trying to improve their bargaining position with workers in various ways. And as we've seen, most of organized labor was perfectly happy to be ineffectual and see its power decline. Still, we shouldn't overestimate the importance of these wage and unionization issues in causing America's right turn. The employer offensive, by hurting labor, did marginally hurt Democrats' capacities of voter-mobilization, and it weakened resistance within the party to the rise of conservatism. "But the decline in labor's power in the 1970s only continued a long downward slide evident since at least the mid-1950s. It was not a new development, unique to the later period, that can be looked to as precipitating a general policy realignment." In fact, because Democrat-supporting capital-intensive firms didn't have to worry so much about labor costs, "the labor question alone probably squeezed comparatively few traditionally Democratic firms out of the party."

So we have to look to other causes as well. One of them is the issue of *regulation*. "Reeling from intense foreign competition, many sectors of big business, *including* several of the most capital-intensive multinational ones, such as pharmaceuticals, paper, and petrochemicals, lashed back at what they claimed were 'unduly burdensome' government regulations—in particular 'social' regulations of the environment and worker safety that fell particularly hard on these sectors." As many studies have shown, for example David Harvey's *A Brief History of Neoliberalism* (2005), these regulated industries launched major efforts to influence public opinion and elite attitudes, e.g., by sponsoring studies that downplayed environmental risk, cultivating ties with university researchers, supporting "neoconservative" journals, funding broad campaigns extolling the virtues of "free markets," and creating new conservative policy institutes like the Heritage Foundation. By the mid-1970s, U.S. businesses were spending more than $400 million a year on "advocacy advertising," much of it directed against government constraints on business. By the end of the decade it was up to $1 billion annually. This whole neoliberal corporate movement weakened the Democratic base in the business community and in the country as a whole.

–I can't resist inserting a polemical digression here. The authors mention in a footnote that John S. Saloma III gives a detailed survey of all these propagandizing activities in *Omnibus Politics: The New Conservative Labyrinth* (1984). "His study," they say, "is one of the very few to bring out the importance of the astronomical sums of money lavished on these activities, in contrast to the customary rhetoric about the importance of 'new ideas.'" They're right about the latter: intellectuals love to insist on the importance of "powerful new ideas" in explaining changes in society and politics. It's predictable—predictably bourgeois in deflecting attention from class and institutional structures—but it's stupid. John Maynard Keynes gave a classic exposition of this idealist philosophy in the very last paragraph of his *General Theory of Employment, Interest and Money* (1936), which has stroked the egos of academics for generations:

> …[T]he ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back. I am sure that the power of vested interests is vastly exaggerated compared with the gradual encroachment of ideas. Not, indeed, immediately, but after a certain interval; for in the field of economic and political philosophy there are not many who are influenced by new theories after they are twenty-five or thirty years of

> age, so that the ideas which civil servants and politicians and even agitators apply to current events are not likely to be the newest. But, soon or late, it is ideas, not vested interests, which are dangerous for good or evil.

These are backward fantasies, which grow out of a poor sociological imagination. The point is that the ideas that come to be accepted as gospel are those useful to vested interests, which are the entities that have the resources to propagate them. (In the typically bourgeois language of impersonal 'automaticity,' Keynes refers to "the gradual encroachment of ideas." But ideas don't spread of themselves; they are propagated and subsidized by people and institutions whose interests they serve. This is why "the ruling ideas of a society are the ideas of its ruling class," which has the resources to spread them.) Keynes' famous book itself contributed not at all to the so-called Keynesian policies of FDR and Hitler and others; in fact, such policies were already being pursued by Baron Haussmann in France in the 1850s, because they were useful in giving employment to thousands of workers and raising aggregate demand and thereby economic growth. Is it likely that had Keynes not published his book in 1936, the U.S. government during and after World War II would have pursued radically different, un-Keynesian economic policies? Hardly. Because they were useful to vested interests, those policies were bound to be adopted—and economists, tools of the ruling class, were bound to systematize their theoretical rationalizations sooner or later. Incidentally, in some form they had been around already in the late nineteenth century, long before Keynes, among liberals and socialists, "underconsumptionists" like John Hobson and many others. But they didn't become conventional wisdom until major parts of the ruling class had taken them up between the late 1930s and early 1970s. After their usefulness had ended, in the 1970s, they were abandoned, and a new, neoliberal, ideological crusade began, which was predictably successful because it was waged by the most powerful actors in society. The falseness and superficiality of the "supply-side" ideas of Reaganomics were no great hindrance to their political success, because *theory* doesn't matter in the real world—despite what self-apologists like Keynes and other liberals (Paul Krugman, etc.) might think.

–Let's return. Not only domestic but also international factors were relevant to the decline of the Democratic New Deal order. One of the most momentous was the huge rise in oil prices that OPEC orchestrated in 1973. Something that's forgotten now is that for a long time the oil industry—the biggest and most powerful of America's capital-intensive industries—was disproportionately Democratic, because it could afford not to be intensely hostile to organized labor. In 1936, FDR raised more money from Texas than any other state; and Truman, but especially Kennedy and Johnson, had close ties with various oil companies. "In the twinkling of an eye, however, OPEC did what a generation of Republicans, anti-oil populist Democrats, and even the old

Tidelands Oil controversy were never able to do. It built a virtual Chinese Wall between oil and the Democrats." This, of course, was quite bad for the Democrats.

The story is that, as oil and gas prices soared in 1973, the government tried to hold down the domestic prices by a complex system of price controls—much to the displeasure of oil and gas companies. A debate raged on whether the controls should be lifted, but the Democratic Party couldn't sponsor lifting them, because they were so important to labor, blacks, and the poor. "As a consequence, and particularly after the strongly Democratic 'Watergate Congress' of 1974 reduced the oil industry's depreciation allowance, virtually the entire oil industry began going over to the Republicans." This move was confirmed when, a few years later, Jimmy Carter pushed for a "windfall profits" tax on the oil industry. Thereafter, this powerful industry concentrated on electing Republicans, who were happy to let the "free market" set energy prices. In addition to this, though, were other subtler consequences of the boom in energy prices:

> For years, some very large fortunes in the South and West had strongly opposed the New Deal. Composed chiefly of growers and independent oilmen in Texas, Oklahoma, and California, this bloc had long patronized right-wing fundamentalist religious activities and spokespersons and other ultra-conservative groups. As the boom in energy and commodity prices took off, the fortunes this bloc commanded received an automatic assist, with almost immediate political consequences. It stepped up support for various "New Right" spokespersons—including not only many political operatives associated with groups like NCPAC (National Conservative PAC) but also several leading evangelists [including Jerry Falwell]. …Increased boosting of religious fundamentalism coincided, of course, with a sharp downturn in the well-being of most working- and lower-middle-class Americans. Threatened by imports, rising unemployment, and declining wages, and jostled by the entrance of millions of new women workers (and illegal immigrants) into slack labor markets, many of the most vulnerable members of American society were understandably disenchanted with the profane world (and the "secular humanism" that was said to be its organizing principle). Among at least some of them, inevitably, these religious appeals found wide resonance [and have continued to ever since].

At the same time, elites in mineral-rich Western states stood to profit from price deregulation, and business communities that sought enhanced access to minerals on the huge tracts of Western land controlled by the federal government were bound to support Republicans, who didn't have environmentalists or a mass base to worry about (except for the semi-fascist, religious one they were trying to create). So an organized "Sagebrush Rebellion" began in the West, which laid (absurd) claims to the mantle of populism because its professed goal was recapture by locals of the resources that were controlled by out-of-state forces. –I should mention that this whole narrative and analytic account of the origins of the New Right is grossly simplified. The "movement" was already forming in the mid-1960s, and even, in some respects, the 1950s. A lot of mainstream scholarship describes its genesis from a social history perspective (i.e., why and how ordinary people, suburbanites like Phyllis Schlafly, were drawn to it). But the fact that it didn't really achieve much power until the middle or late 1970s suggests that FR's approach is the most fruitful one: examine why and how *business* funded and directed it. After all, there are always plenty of morons around who can be persuaded of some ideology if it has money and power backing it up. The key is to look at the money and power, not the morons.

Other things were changing too. As détente with the Soviet Union collapsed in the late 1970s, and for many other complex reasons, the business community began to favor an arms buildup, which came to fruition under Reagan. In an environment of slow economic growth, greater military investment would have to be offset by a decline in social spending. Moreover, the gigantic budget crisis of the seventies, a result of insufficient revenues to pay for expanded urban social services and welfare, was met by slashing these services and some types of public investment. (In *A Brief History of Neoliberalism* David Harvey describes how this was done in New York City in 1975, when the city nearly went bankrupt. The drastic measures taken in that case were to some extent adopted all over the country in the 1980s, to deal with the "urban crisis" and at the same time to create a new kind of city, the neoliberal city, designed for the benefit of the service-sector elite.)[3] In addition, the large cuts in corporate taxes in the

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[3] To quote from a paper I wrote: "Many scholars of neoliberalism have described how this political-economic system has functioned to redistribute wealth upwards and exacerbate working-class insecurity. The celebrated geographer David Harvey, for example, argues that neoliberalism began in the U.S. in the mid-1970s, when New York City's fiscal crisis gave investment bankers and their political representatives an opportunity to undo many of the historic achievements of working-class New York by dismantling much of the city's social and physical infrastructure. Public resources were used to build new infrastructure for finance, legal services, the media, and consumerism, as 'working-class and ethnic-immigrant New York was thrust back into the shadows, to be ravaged by racism and a crack cocaine epidemic of epic proportions in the 1980s.' New York City's investment bankers thus paved the way for a political economy of privatization, the privileging of financial institutions, and 'urban entrepreneurialism,' all of which proceeded in the 1980s and 1990s to conquer not only the U.S. but much of the world.

"The contributors to *Spaces of Neoliberalism: Urban Restructuring in North America and Western Europe* (2002) analyze some of the means by which neoliberalism has spread across the world. Jamie Peck and Adam Tickell argue that, given high capital mobility, cities are forced to

1960s and '70s, and proliferation of tax loopholes that benefited business, were not enough for the rich: they continued to press for more reductions in corporate and personal income taxes, thus squeezing social spending even more. Hard-pressed working Americans, who were shouldering much of the burden being shed by the rich, were attracted to these anti-tax campaigns, not knowing that the business leaders behind them wanted to replace the income tax with even more regressive sales or consumption taxes. Anyway, the squeeze on social spending "hurt the Democrats far more than the Republicans, since it constrained their ability to deliver the social benefits that had long secured them a mass base. In the new political economy of the late 1970s, the party of Roosevelt, which had long been able to build and maintain its popular base by dolloping out discrete social benefits, no longer had the resources to do so. Indeed, the very existence of that base posed an important barrier to the Democrats' capacity to realize business objectives. For virtually all sections of the business community, the GOP appeared as a more efficient vehicle for realizing their aspirations."

In short, what was happening is that even as business was embracing the Republican Party, many ordinary people decided to do so as well because at least it addressed their tax concerns (or seemed to) and wasn't tarnished by failed promises in the way the Democratic Party was. From a different perspective, I'd say you can interpret the situation as follows: a transition was taking place between two ways of organizing the nation-state. The way of (relative) *social integration*, of a somewhat cohesive nation that integrated different classes of people into the social contract, could not withstand intensified international economic competition and integration, because of the costs that maintaining a semi-cohesive nation imposed on business (in the form of social welfare programs, government investment in public resources, high taxes, the empowerment of organized labor, and encroachment of populist ideologies). The Democratic Party was the preeminent political expression of this inclusive organization of the nation-state, which is why its policies and ideology dominated the period from Roosevelt to Nixon. But when that system started to seriously threaten the profits and power of the capitalist class, the latter necessarily, in large measure, abandoned the old policies and liberal ideology for a more harshly capitalist system that would allow it to compete and enrich itself in the new international context. Thus, the transition from

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compete against each other to attract business, by establishing 'favorable business climates.' What this entails is deregulation, the undermining of labor unions, and public subsidies to multinational companies. 'The serial reproduction of cultural spectacles, enterprise zones, waterfront developments, and privatized forms of local governance' is the natural product of this worldwide inter-urban competition…" A semi-global program of urban beautification, gentrification, 'touristification,' property development, entertainment, etc. replaced the old paradigm of the industrial city, as a new, post-industrial economy emerged.

liberal-Democrat to conservative-Republican—which has been replicated in other parts of the Western world—was really a transition between *two phases of the nation-state system itself* (and two phases of global capitalism). There's a historical logic and a kind of historical necessity to it. Chapter four of my *Worker Cooperatives and Revolution* fleshes out these ideas in more depth.

With everything that was happening—the aggressive public-opinion campaigns of the newly formed Business Roundtable, of the revitalized Chamber of Commerce and National Association of Manufacturers, the National Federation of Independent Business and scores of other trade associations, and the rightward shift of the media, etc.—it seems surprising that Carter was elected. But the trade issue—free trade (typically Democrats) vs. protectionism (often Republicans)—still divided business elites, and the economy briefly revived in 1975–76, so many pro-free trade multinational businessmen supported Carter in his presidential campaign. In the next few years, though, he was forced to move to the right on issue after issue—and even then he didn't sufficiently please large sectors of business, which therefore finally abandoned the Democrats. Meanwhile, the economy went from bad to worse just as the 1980 election was approaching, and for budgetary reasons Carter made massive cuts in funds for the poor, blacks, and cities, and the Federal Reserve dramatically raised interest rates to curb inflation—which, of course, pushed the economy deeper into recession and was very bad for the Democrats' mass base. Reagan was simultaneously moving from the far right to the center right, to be more electable. "Originally supported by ultraconservative entrepreneurs in California and elsewhere, some large fortunes inveterately hostile to the New Deal, parts of the armaments industry, many small businesses, and protectionist concerns in textiles and independent oil," Reagan was now modifying his policy views to appeal to the rest of the business community. Crucially, his campaign sought a compromise on the GOP's most divisive issue, international trade. The media, too, was largely behind him. All this added up to a solid victory for the Republicans in 1980.

Their victory, however, disguised the fact that their coalition was quite fragile. "Composed of both nationalists *and* several species of internationalists; advocates of tight money *and* monetary ease; free-traders *and* protectionists; sponsors of a variety of contradictory tax plans; and many clashing foreign-policy interests—the coalition that brought Reagan to power was a mile wide but only an inch deep." To keep it together, the administration resorted to a very reliable stratagem: satisfy the greed of the rich. Of virtually *all* the rich. The history of the major tax reductions passed early in Reagan's term doesn't reflect well on the human species, so I won't delve into it here. The point is that "in the golden glow of prospective tax reductions, and the drop in labor's bargaining position that the rise in interest rates was already inducing, the Administration had at least for a time found a way to square the circle. While withdrawing from traditional government obligations to working people and the poor, deflating the world economy, and introducing massively regressive revisions of the federal tax system, it could reward virtually all members of its highly diverse and rivalrous business coalition by simply giving them streams of cash."

Even as government revenues were being slashed by these tax cuts, an immense military buildup was being planned. Nearly the whole of American business was clamoring for it, largely to enhance the U.S.'s ability to project force abroad—"to press and defend American interests in an increasingly volatile world economy." It was great for defense contractors, too. The hundreds of billions of dollars invested in weapons procurement, warhead production, military construction, and so forth was incredibly wasteful and redundant, but when one's purpose is only to satisfy business and project power, considerations of efficiency are irrelevant. Billions of dollars were being cut in social spending at the same time, although many of the administrations' proposals—e.g., to drastically "reform" Social Security—were beaten back in Congress. (Republicans tried to gut Social Security again under George W. Bush, but again they failed. Incidentally, Bill Clinton was eager to privatize the program in the late 1990s, but then he was impeached in connection with the Monica Lewinsky scandal and abandoned the idea in order to shore up his liberal base. Few people know of this major contribution that Lewinsky made to the welfare of Americans.)[4] Nevertheless, cuts to Social Security did occur, along with major cuts to low-income benefits and jobs and services programs. "To take only a few examples: the reductions in Food Stamp benefits for some 20 million Americans hit the poor hardest, with 70 percent of the savings coming from families living below the poverty line; some 440,000 low-income working families (almost all headed by women) lost AFDC benefits, while several hundred thousand more had benefits reduced; Medicaid benefits, linked to AFDC, were therefore also scaled back, with the result that nearly a third of all children now living in poverty [in 1986] receive no Medicaid coverage; and as a direct result of cuts in low-income housing programs, an estimated 300,000 more families were pushed into substandard housing." All these cuts did very little to reduce budget deficits, but at least they increased the misery of millions of people.[5]

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[4] Michael D. Tanner, "Clinton Wanted Social Security Privatized," *Cato Institute*, July 13, 2001; Robin Blackburn, "How Monica Lewinsky Saved Social Security," *Counterpunch*, October 31, 2004. With the Lewinsky scandal unfolding and Clinton's popularity eroding, "in an instant Clinton spun on the dime and became Social Security's mighty champion, coining the slogan 'Save Social Security First.'" This, after eighteen months of secretly preparing to privatize it. The man is a piece of work.

[5] Some of the most important programs cut, aside from the ones just mentioned, were those in child nutrition, Supplemental Security Income, Low Income Energy Assistance, financial aid for needy students, health block grants and other health services, compensatory education,

"By 1984 some 33 million Americans—one in seven—lived below the [absurdly low] poverty line, 4.4 million more than in 1980, and 9 million more than in 1978. The plight of children was worse. In 1984, about one-quarter of all children under the age of six lived below the poverty line, and more than half of all black children under the age of six lived in poverty." Needless to say, the situation is worse now. With the poverty line at $23,492 for a family of four—which is ridiculous; annually that's barely enough money for two people, let alone four—almost 50 million people were in poverty in 2013. Between 2009 and 2011, almost a third of the population was officially poor for at least two months.[6]

It's so well-known that the Reagan administration dramatically slashed enforcement of social and environmental regulations, and of labor laws, that I won't mention all the evidence. Unionization rates continued to plunge, too—to the point that private-sector unionization is now less than 7 percent. Overall, and all over the world, the 1980s were a horrifying decade. Unfortunately, the global spread of neoliberalism that began then has only accelerated.

What was the Democrats' reaction to all these attacks on the domestic—and global—population? Much or most of the time, they supported and enabled them, wanting to regain business support. The party's mass base, however, began to mobilize, despite having far too few resources to adequately counter the conservative offensive. Unions, community organizations, church groups, social-welfare workers, and state and municipal employees tried to unite in opposition to the cutbacks, and resistance grew to the administration's arms buildup and savage policies in Central America. Incredibly, "even the AFL-CIO showed [meager] signs of life," calling for rallies against the socially destructive policies. Reagan's approval rating dropped from 68 percent in May 1981 to 35 percent in January 1983.

No matter. Business is the constituency that counts. Leading Democrats got together to reorganize the party's finances and methods of fundraising, for example by creating the Democratic Business Council, which was successful at raising money from capital-intensive military contractors, investment bankers, real-estate magnates, high-tech executives, and corporate lawyers. The project to build a business-oriented alternative to Reaganomics quickly met with some success, given the discontent that Reagan's bellicose foreign policy was causing in the multinational business community. Arms control became a popular issue among multinationalists and foundations that represented their interests, like the Rockefeller and Ford Foundations. Urban real-estate companies were also being alienated by Reagan's policies, which were encouraging the

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community-services block grants, general job-training programs, and public-service employment. And this was just in Reagan's first term.

[6] Dave Boyer, *Washington Times*, January 7, 2014.

flight of business from the Northeast and Midwest to the South and West, and tended to be destructive of the urban infrastructure necessary for the viability of many real-estate projects. These and other interests threatened by federal budget cuts—and favoring trade with the USSR, hence détente (which Reagan certainly didn't favor)—coalesced around particular issues, such as the huge "nuclear freeze" movement. Nor was the explosion of government debt appreciated by, e.g., investment bankers or insurance companies, whose prosperity "depends on investor confidence in long-term bonds. Permanently growing deficits erode such confidence, since investors know that governments and taxpayers will be almost irresistibly tempted…to pay off the debt by printing money. Prominent members of both of these sectors [finance and insurance] thus became increasingly active in supporting the Democrats."

One big problem for the Democrats was the trade issue. Since the flood of imports was costing many thousands of jobs, unions desperately needed a Democratic commitment to some degree of trade protection. But free-traders in the party were strongly against this. So what was to be done? As it turned out, the severe recession of 1981–82 was proving so damaging to many businesses that, by late 1982, they were ready to make concessions to other Democratic interests for the sake of challenging Reagan. And as we just saw, many other groups had their own grievances. So all these diverse constituencies were finally able to reach a compromise "industrial policy" plan in early 1983, and thus to come together, at least briefly, behind a Democratic presidential candidate for 1984, who turned out to be Walter Mondale.

Mondale's campaign got support and funds from all the groups just mentioned, such as investment bankers, insurance executives, developers, and liberal internationalists. Before getting the party's nomination, though, he had to deal with challengers from both his left and right. George McGovern, for instance, ran again, though the media and most of the business community still considered him basically representative of the class enemy and shut him out. Candidates on Mondale's right, on the other hand, received a ton of money from business, much of which—given a more healthy economy than in late 1982—was now having second thoughts about the "industrial policy" compromise it had made earlier with organized labor. Since labor was obviously in decline, maybe it didn't have to be reckoned with at all. Leading Democrats, and then the media and business community, in fact started to publicly criticize Mondale's acceptance of the industrial policy as a capitulation to "special interests." Later on, as it was amplified, this charge would prove deadly to his campaign. For now, though, with some difficulty he was able to defeat the business-beloved conservative Democrat John Glenn and the more liberal Gary Hart, and Jesse Jackson's campaign—while generating a lot of excitement and publicity among the population because he was practically the only candidate addressing the concerns of the working class, the poor, and minorities—never had much of a chance, in light of elite hostility.

But Mondale made mistakes that cost him the general election. The worst was his suicidal pledge to raise taxes. "What on earth was he thinking?" you ask. Quite simply, he was thinking of his core constituency: those in the business community concerned about budget deficits. By supporting a tax rise he expressed his seriousness about getting the budget under control, and so could count on solid support from business. He also suicidally rejected the idea of broad tax reform, a popular issue that Reagan seized, probably because it made investment bankers and real estate interests nervous. But in taking these stances he ensured that the public would have little reason to vote for him. Certainly he didn't excite labor, the poor, or minorities, since he tended to ignore them. Nor, despite his great efforts to court business, did he excite most of the rich, who frequently continued to favor and fund Reagan. And of course on election day Democrats suffered from their usual problem: huge parts of their mass base, alienated from a political system in which they have no voice, simply didn't vote. Besides, as stated earlier, the upswing in the economy persuaded many among the middle class to stick with Reagan, who talked frequently about the attractive theme of economic growth. All these factors, and others I haven't mentioned (such as Democrats' ambivalence about spending millions of dollars to register new voters), combined to doom Mondale's campaign.

The last chapter of the book contains a slew of insightful predictions, the most significant of which is that America will continue its right turn, because the popular opposition has too few resources. As we know now, that prediction was correct. With Bill Clinton, the new conservatism of the Democrats became irreversible—absent a mass movement that, even if it happens, still isn't likely to turn things around anytime soon. The New Deal system and coalition is long dead and cannot be revived, in light of neoliberal globalization. My own prediction is that our current Gilded Age will continue to tear apart the social fabric until it calls forth a variety of popular movements and social upheavals that elites—globally—will have to reckon with somehow. We're already seeing the first glimmers of this, though so far elites have been able to use simple repression to fight them off. But this strategy isn't sustainable; constructive efforts to meet the resistance halfway are, sooner or later, inevitable, if only for the sake of preventing total social disintegration. Again, I refer you to my *Worker Cooperatives and Revolution* for more discussion of these points. Briefly, I think we're in for a hundred-year-long chaotic transition to a new global system structured not around nation-states and corporate capitalism but some sort of more decentralized and fragmented political economy that can't be foreseen at present.

Anyway, the value of Ferguson and Rogers' book, and their way of analyzing politics, should be obvious. It's the Golden Rule: to find out who rules, follow the gold. In their last chapter they reiterate that it wasn't popular "special interests" that had caused the crisis the Democrats found themselves in; it was policies that elites had crafted in a context of sinking economic vitality. "These business interests [principally capital-intensive and multinationally oriented big business and its allies among developers, military contractors, and parts of the media]—and not workers, blacks, or the poor—were responsible for designing the fragmented, bureaucratized, litigation-prone regulatory programs and social-service delivery system whose costs ballooned in the 1970s. They promoted the vast urban-aid programs that were frequently little more than subsidies to developers, downtown merchants, and real-estate companies. Along with many Republican business groups, they pushed for the combination of regressive tax relief and a major military buildup that provoked [or rather helped provoke] the budget squeeze of the late 1970s and produced the even more disastrous one of the 1980s." It's the economic royalists of whom Roosevelt spoke who have transformed the country's politics since the 1970s—and who are digging the grave of capitalism by running society into the ground.