

REAGAN, THE BUSINESS AGENDA AND THE COLLAPSE OF LABOUR

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The first six years of the Reagan administration have been unique in post-war American political history both for the ideological consistency of its leadership and for the degree to which it succeeded in altering the direction of social policy. Unlike past Republican administrations the Reagan Team has made no ideological moves toward or concessions to the political centre. Political defeats in Congress have at times modified the vigour of the Reagan Revolution, as its supporters like to call it, but they have not changed the minds of its leader and cadres or deflected the drive toward that combination of militarism and market based economic policy that are the heart of Reaganism and conservative thinking throughout the capitalist West. The ability of the Reagan administration to 'stay the course' in the face of foreign policy set-backs, contradictory economic performance, and the cloud that hangs over the whole economic programme—the mushrooming cloud of deficits—lies above all in the forces behind Reagan's agenda and in important shifts in the political and social balance of forces that occurred prior to his election.

The electoral coalition that carried the Republicans back to the White House in the fall of 1980 was, like most American electoral coalitions, an unlikely one. Newly Republicanised voters in the South and West influenced by television evangelists. Old-line eastern conservatives, appalled by evangelical populism but enamoured of its voting strength. Disaffected Blue Collar workers in the Midwest. The urban and suburban upwardly mobile babyboomers who had discovered at first hand the problems of progressive taxation and tax 'bracket creep'. Business millionaires from firms of various sizes. Ideologically, this coalition at the polls was as diverse as its Democratic counterpart. Patrician liberals of Republican lineage, albeit in declining numbers. Budget balancers, monetarists, military Keynesians, and hard-core **supply-siders**. Urban catholics, rural evangelists. Trilateralist Atlanticists and knee-jerk, go-it-alone interventionists. Electorates, of course, do not make policy or set national agendas. In those terms, the Republican Party that Reagan and his White House cadres led could reasonably be divided, as James **McGregor** Burns has done, into two major trends: the Market Right to whom economic policy was the priority and the Moralistic Right for whom social questions such as

abortion, the family, and school prayer were central.¹

In personnel and policy matters it has been the Market Right that has dominated the Reagan administration virtually to the exclusion of the sometimes more vocal Moralistic Right. In order to guarantee a viable, if never quite stable, political majority in Congress and an operative cadre to administer the federal government in line with Market Right priorities, Reagan has avoided putting forth a single major piece of Moral Majority or far right legislation. Nor has his administration actively supported such initiatives when they have appeared in Congress. Rhetorically and ideologically Reagan has remained committed to the programme of the Moralistic Right, but politically he has shunned it as an impractical impediment to the implementation of the central agenda of the Market Right.

Reagan's ability to stay this path lies in large part in the fact that in both policy and political terms much of the groundwork for the Market Right's agenda was laid in the 1970s before the Republicans captured the White House and the Senate. This agenda was that of organised big business in the US. It was worked out and organised for in the 1970s in the context of a significant shift in the balance of forces between labour and capital that occurred during those years. By the late '70s, organised big business, in particular as represented by the Business Roundtable and the Corporate Political Action Committees, had won most of middle and small business to its agenda. In the final years of that decade business had won most of the Congressional Democratic Party and the national party apparatus to its agenda as well; of this, more later.

I use the term agenda advisedly. What came out of organised business in the '70s **was** not agreement on economic theory or even on the precise policies required to implement its agenda. It was rather a set of goals which would allow of some variation in actual implementation, but which was precise enough to represent a clear break with liberal or even centrist versions of Keynesian inspired policy. While the corporate chief executives that led the process of agenda formulation and agitation in the '70s were not likely to have a clear understanding of economic theory or econometric models, they shared with the supply-side theorists a belief in the use of the tax code for incentive purposes and in general, rejected using either taxes or spending simply to increase aggregate demand, which they imagined was the sum total of Keynesian policy options. This was a key distinction for the supply-siders and one that has brought them considerable tolerance in the business community in spite of the huge budget deficits their policies have produced.

Secondly, the business leaders shared with the Market Right the belief that widespread deregulation would also unleash the forces of capital investment needed to create a healthy economy. Indeed, they had already won many Democrats, including Jimmy Carter and Edward Kennedy to

this general proposition. Where Reagan and the Market Right were willing to go beyond the liberals in deregulation, however, was in the field of social advances achieved in the early '70s and represented by such agencies as OSHA (Occupational Health and Safety Administration) and the EEOC (Equal Employment Opportunities Commission). To business and the Market Right these were just as cost inefficient as environmental protection or federal control over fuel or transportation rates.

Finally, of course, organised business sought to reduce the power of labour in a variety of ways. In addition to whatever means they were willing to use as private employers, from concessionary bargaining to union-busting, what they wanted from the government was the neutralising or dismantling of those aspects of the welfare state and regulatory system that contributed to labour's bargaining power in the post-war era. They did not seem to want, nor has Reagan given them, an interventionist policy in which the federal government directly confronts unionism. Reagan's smashing of the Professional Air Traffic Controllers Organization (PATCO) was certainly meant to be a sign of encouragement to employers to play hard-ball in labour relations, but it was not the opening event in a campaign of direct confrontation with unions. Unlike Carter before him, Reagan has not invoked the Taft-Hartley Act, for example. Rather, the administration sought to undo those institutional restraints on the ability of private enterprise to subdue or marginalise unionism and its economic impact.²

This then, was the agenda business handed on to Reagan. By the time Reagan took office, it was widely accepted in both major political parties and the basic discourse of domestic economic and social policy lay largely within its parameters. Within the business community, as the active sector of the US capitalist class is politely known, it was embraced by Democrats as well as Republicans. No less than their Republican soul-mates, Democratic business forces worked to influence their party. In large part, business impact on the political and legislative processes was bi-partisan. By the time Reagan took office this consensus of basic policy direction was widespread enough in political circles to preclude the presence of a serious opposition to the basic thrust of Republican policy in domestic affairs. I won't attempt to deal with foreign policy in this essay, but much the same could be said there as well. Reagan had secured the loyalty of most of organised business for his subsequent policy initiatives, if not to his party or person.

In spite of what some liberals and socialists say about the economy Reagan has helped to shape, this attitude on the part of business is neither irrational nor simply based on faith. Nor is it the result of the short-term, profit-grabbing view often attributed to business leaders. It is precisely the long-view of things that keeps business loyal. Like the Market Right, organised business in the era of Reagan, Thatcher and Kohl believes that

real economic performance capable of competing in today's global markets will not be achieved until all of the institutional restraints on profitability have been removed or neutralised. Humbling labour unions, minimising regulation, and readapting the priorities of federal fiscal and tax policy, particularly given the political durability of entitlement programmes, takes time. Reagan and those other political forces that business deals with now are not to be judged as a durable political force by the **performance** of the economy as a whole at any given moment or even by today's profits, but by the progress made in institutional rearrangement. By that criterion, from the vantage point of capital the progress has been substantial. Conversely, from the vantage point of organised labour, working class living standards, minority communities and women, Reagan's progress has been a measurable catastrophe.

The Reagan Record

While the major reason behind Reagan's success in achieving the business agenda lies in the altered balance of forces which we will discuss later, the strategy the administration has employed to implement its policies has also helped to minimise opposition. Not only did Reagan avoid messy fights with Congress by staying away from the social agenda of the Moralistic Right, but he did not attempt to undo either the welfare state or the regulatory system by legislation. In the realm of legislation, the Reagan administration stuck largely to the unavoidable annual Budget bill and to major tax legislation. The budget, of course, was a key way to begin reversing economic priorities, redistribute income, and minimise regulatory effectiveness. In this predictably difficult legislative process, Reagan and his White House Team changed the rules and enhanced the power of the executive.

Prior to the Omnibus Budget and Reconciliation Act of **1981**, the budget process began with thirteen pieces of legislation and wound its way through even more committees where it could be modified by Congress. Reagan put David Stockman of the Office of Management and Budget (OMB) in charge of ram-rodging a consolidated bill through Congress, limiting its review to the various budget committees in the two houses. Congressional opponents were confronted with a worked out, and as Stockman has since admitted 'cooked up', framework that was difficult to modify in any substantial way.³ In fact, the **1981** bill met little opposition. The fight over the Economic Recovery Tax Act of **1981** was similarly smooth due to the fact that supply-side taxation policies had made deep inroads on the Democratic side of Congress.⁴ Subsequent years, notably **1982**, would see some reverses in supply-side tax policy at its more extreme, but the pattern of legislation and legislative battle was set in the first year of the Reagan administration.

In terms of overall performance, the results of the first few years of

Reaganomics is ambiguous at best. The **1986** Economic Report of the President, prepared by his Council of Economic Advisers, opens with this glowing account:

The American economy is now in the fourth year of a robust expansion that has increased by more than 9 million, sustained the greatest advance in business fixed income of any comparable period in the postwar era, while inflation has remained at less than a third of the rate prevailing when the Administration took office. Interest rates are at the lowest levels of this decade.'

These claims are obviously exaggerated. Seen from the pre-recession pre-Reagan year of **1980**, the total private sector growth in jobs is slightly over 7 million, with all of these in the lower-paying service-producing sector.⁶ Indeed, the Reagan years have seen an acceleration of the trend away from more highly paid and often unionised jobs, toward lower-paying, non-union often part-time jobs. The number of part-time jobs increased by **60** per cent from **1979** to **1985**, when **5.6** million people worked part-time. Thus almost half of the new jobs created during the Reagan years were part-time.⁷ This trend is itself a factor in the relative decline of labour's influence in bargaining and society as a whole. Additionally, as even the Council of Economic Advisers admits, unemployment has remained unusually high for a recovery period. From the vantage point of Reagan's business backers, however, the combination of high unemployment and low inflation is beneficial to say the least.

The greatest claim of supply-side economics, of course, is that its policy of reduction in marginal tax rates on both personal and business income will induce the investment needed to create healthy economic growth. The Keynesian policy of growth through increased aggregate demand had failed as inflation devoured real growth, the argument went—with few around who wished to defend the shambles of that policy whether practised by Carter, Ford or Nixon. Create incentives to invest by rewarding increases in new income through tax rate reduction, rather than punishing it as progressive taxation had, and you would have an investment boom, the supply-siders argued. Indeed, so harsh a critic of supply-side theory as Barry Bosworth, a Brookings Institution fellow and former head of Jimmy Carter's Council on Wage and Price Stability, wrote: 'Throughout **1983** and **1984**, the United States experienced an exceptionally strong recovery of capital formation from the depths of the **1980-82** recession.' Business fixed investment adjusted for inflation had increased by **33** per cent, while 'producers durable equipment was up to a remarkable **42** per cent.'⁸ A fastidious econometrician like Bosworth could pick apart this remarkable investment boom and show that most of this durable equipment is in automobiles and office computers which were not among the beneficiaries of the **1981-82** tax cuts. More radical critics have easily shown that business' new windfall has gone to such non-productive 'investments' as the recent musical chairs version of merger, buy-out and

divestiture. Or that this money is financing the continued drift of US industry to the favoured corners of the Third World. But for the businessmen whose agenda lies beneath the dubious theorising of the supply-siders these criticisms seem beside the point. The direction of policy is right for the most part as far as most of these investors are concerned.

For one thing, corporate income taxes as a percentage of total federal receipts fell from **11** per cent in **1981** to **8.7** per cent in **1985**. The original cuts in the Economic Recovery and Tax Act of **1981** would have provided business tax payers with a **\$53** billion a year gift by **1986**. The **1982** modifications of the tax bill cut this in half, but it is still no small 'incentive' for staying with **supply-side** economic policy. Other business tax exemptions from the windfall oil profits tax was estimated to bring that industry **\$3** billion a year by **1986**. Gross Private Domestic Investment grew as a proportion of Gross National Profit from **15.9** per cent to **18.2** per cent.⁹ For the business recipients of this tax largesse it matters little that this investment was not of the sort likely to reindustrialise America. The shift in income toward business was real enough.

While Reagan had hardly mounted a frontal attack on the welfare state, he had reversed the growth of the social safety-net that much of business had come to view as a financial burden, a disincentive for workers to work, and a leg-up for labour's bargaining power. So from **1980** to **1985** the proportion of the major social welfare component of the budget had declined from **51.3** per cent to **47.9** per cent. Not perhaps, a revolution, but at least a good dose of creeping market **capitalism**.¹⁰

Budget cutting, the consolidation of federal aid to the states into bloc grants, and in **1982** turning the administration of most federal welfare programmes over to the states has hit the poor and the unemployed hardest. In some cases, like that of the Job Training and Youth Programs under the Comprehensive Employment and Training Act (CETA) where **300,000** employees were unceremoniously dumped at once, a straightforward budget cut did the trick. In general however, the Reagan administration has avoided the political mess that would result from attempts simply to eliminate programmes or reduce the benefits of various welfare and unemployment insurance programmes. Rather, the total amounts available to the states are reduced and the states often left with the job of implementing the cuts. More states are run by Democrats than Republicans, so they too tended to stay away from benefit cuts. Instead, they have made eligibility more difficult for programmes such as food stamps, AFDC and general assistance. The overall effect of this was to reduce the rate at which total social welfare grew annually by half from **1980** to **1983**, from a rate of **14.6** per cent to **7.7** per cent. The impact on laid-off workers receiving unemployment benefits was almost as gruesome. As the states scrambled to change the eligibility requirements for unemployed insurance benefits, the number of insured unemployed

dropped by a million and a half from **1982** to **1984**. This was not simply the result of declining unemployment levels brought about by recovery. The percentage of unemployed insured dropped from **44** per cent in **1980** to **29** per cent in **1984**.¹¹

On the other side of the budget, military expenditures grew as a proportion from **23** per cent to 26 per cent. Whatever one may have thought about what this was buying in the way of foreign policy, as an instrument of domestic economic planning it was welcomed by defence contractors. As a percent of federal government purchases the defence sector grew from **69** per cent in fiscal **1981** to **74** per cent in fiscal **1985**, which represented an in-pocket increase for private business of nearly **\$100** billion a year by **1985**.¹² According to the Congressional Budget Office, by **1984** the combined effect of budgetary and tax shifts resulted in a **\$23** billion loss in income or benefits for low-income people, while high income families gained more than **\$35** billion.¹³

As for outrageous federal deficits, while most business people are uncomfortable with them, they can be regarded as a temporary price to pay for a genuine change in the direction of government social and economic policy. The traditional fear of such debts has been minimised by the lack of the inflation or rising interest rates they are supposed to produce. Additionally, the federal deficits have made the idea of increased social spending seem even more out of the question. At least some well placed business leaders have seen it this way. J. Peter Grace, head of W.R. Grace and self-styled crusader against government waste, remarked: 'We are not concerned about the deficit, we are concerned about the level of spending.'¹⁴ Anyway, there is a profit to be made off the federal debt by its holders, who are big financial institutions generally on the free market wave length.

A large part of the shift in social policy that the Reagan administration has accomplished however, was done without any legislation and without the interference of Congress. This is particularly true of programmes and agencies that provided some measure of recourse or actual benefit for labour, the poor, minorities and women. To an unprecedented extent the Reagan White House team altered the effectiveness or even the purpose of institutions and programmes through the use of executive means. Appointments at the cabinet and sub-cabinet level were made with an ideological eye toward crippling the enforcement role of such agencies as the Equal Employment Opportunity Commission, the Occupational Safety and Health Administration, and the National Labor Relations Board. Appointments were combined with budget and workforce reductions in all those executive agencies concerned with social justice and welfare such as Health and Human Services, Education, Housing and Urban Development, and Labour to decrease effectiveness. Favoured departments such as Defense, State, Justice, and the Treasury saw increases in employment.¹⁵

The effects were rapid. Real outlays for all federal civil rights programmes declined by 9 per cent from fiscal 1981 to fiscal 1983. The EEOC's budget during that period dropped by 10 per cent and its workforce by 12 per cent. The number of discrimination complaints during that period grew by 50 per cent, but the EEOC brought 60 per cent fewer cases to court in 1983 than in 1981. The fate of the Office of Federal Contract Compliance Programs (OFCCP), which enforces civil rights law on firms that contract with the government, was similar. The number of cases brought by the OFCCP against contractors dropped from 53 in fiscal 1980 to 18 in fiscal 1983. The number of people who received back pay from discrimination cases filed with the OFCCP dropped from 4,754 in fiscal 1981 to 1,758 in fiscal 1983.¹⁶

Perhaps of greatest consequence to organised labour has been the transformation of the National Labor Relations Board (NLRB), which enforces much of the country's labour law. This institution was established by the Wagner Act in 1936 to mediate the class struggle in certain key areas, notably the right to organise and to engage in collective action on the job. As a 1984 Congressional report put it: 'The National Labor Relations Act was enacted at a time of great instability and unrest in labor-management relations. . . The immediate objective of Congress in enacting the Wagner Act was to create a framework in which labor-management relations could be conducted peacefully and predictably. More than anything else, Congress was seeking to create stability.' For business, however, stability in labour relations has taken a back seat to the desire to reduce or eliminate union power and influence over labour costs and the conduct of work. The same Congressional report quotes Professor Richard Freeman, who wrote: ' . . . managerial opposition to unionism has increased by leaps and bounds. In the 1950s many managements did relatively little to discourage their workers from unionizing—after all, did not the law specify that the decision was for the workers to make? In ensuing decades, however, management has come to contest hotly nearly every significant NLRB election.'¹⁷

The results of resistance to new unionisation are by now legendary in the US. Whereas unions customarily won about 59 per cent of all NLRB elections in the 1960s, they were winning only 45 per cent by the end of the 1970s. The change from Republican to Democratic administrations had no real effect on that process. Even under Reagan the percentage of union victories remained above the 45 per cent level. What the Reagan administration altered was the number of elections, which it succeeded in cutting by half.¹⁸

As vacancies opened, Reagan filled the chairs of the NLRB with ideological opponents of labour. From 1983 to 1985 he left two seats unfilled while the Board left cases unattended. The NLRB took its sharpest ideological turn in 1983 when Donald Dotson, a corporate labour lawyer with

a few years as an NLRB attorney, became chairman of the NLRB. Under **Dotson's** leadership, the Board produced a string of decisions in **1984** that went a long way toward reducing labour's ability to find redress through the law. Some, such as Myers Industries, Rossmore House and St. Francis Hospital, adversely affected the already dubious ability of the Board to grant labour its statutory right to organise. Others took aim at the ability of an existing union to protect its members' jobs. Otis Elevator, for example, ruled that an employer did not have to bargain over the closing of a plant. Milwaukee Spring gave management the right to transfer work to a non-union facility without bargaining with the union. Bohemia, Inc. stated that unions had no right to information about a firm's non-union facilities. Clear Pine Moldings allowed an employer to fire a union member for verbal conduct, even during a strike. At the purely administrative level, **Dotson's** NLRB routinely found in favour of the employer more often than any previous Board. An AFL-CIO study comparing the **Dotson** Board to two earlier Republican-dominated Boards showed a significant difference in behaviour. Whereas the two earlier Boards had upheld worker unfair labour practice charges against management **86** per cent and **85** per cent of the time, the **Dotson** Board ruled against management in only **55** per cent of its decisions. In representation cases arising out of union organising efforts, the previous Boards had upheld management **36** per cent and **44** per cent of the time, while **Dotson's** Board stood with the employers in **75** per cent of its decisions.¹⁹

Through its shrinking of the social safety net and its evisceration of some of the major institutions underlying labour practice for the past **40** years, the Reagan administration had contributed significantly to labour's already advanced crisis in organisation and orientation and had further enhanced business's already prodigious power to push back the gains of labour and other social movements. Real wages were **6** per cent below their **1978** levels. Wage increases in new contracts had been growing smaller each year since **1981**. First year increases in newly negotiated labour contracts slumped from **11** per cent in **1981** to a record low of **0.8** per cent in the first quarter of **1986**. Additionally, business had won deep concessions in benefits throughout industry and had imposed new competitive norms on major unions such as the United Auto Workers, the Steel Workers, and the Machinists. As a percentage of the civilian labour force, union membership had dropped from **23** per cent in **1980** to **18** per cent in **1985**.²⁰

The Reagan administration, of course, could not take direct credit for labour's slumping fortunes. Labour's decline as a proportion of the workforce precedes Reagan by at least a decade and concessionary bargaining was well underway before Jimmy Carter packed his things and went back to Georgia. What Reagan could claim and what business knew first hand, was that the peculiar mix of policies known as Reaganomics had been of

immeasurable help in strengthening the employers' hands and in winning back what they always believed was theirs by right—the freedom to make money and manage their businesses without undue interference. Power relations in industry and society were shifting more comfortably than ever in the direction of business.

During Reagan's second term, the Reagan Revolution prepared to moderate its style and become more accommodating to some of its opponents. William Brock, who replaced Raymond Donovan as Secretary of Labor, appointed ex-UAW aide Stephen Schlossberg to a minor post and was himself frequently characterised as 'personable' if hardly pro-labour. The NLRB dismissed the anti-union National Right To Work Committee's complaint against the agreement reached between the United Auto Workers and General Motors at their yet to be built Saturn plant. Some viewed this as a pro-labour finding, but General Motors was an ardent defender of the agreement and no Market Rightist would offend General Motors needlessly. Furthermore, the Saturn agreement embodied many of the features of Japanese labour relations, including ambiguity as to the role of the union, popular in US business circles these days. By mid-term, it appeared that Reagan would deviate from his hard-core free trade stance and his prior pledge to veto any restrictive trade legislation and allow a major piece of protectionist legislation to become law. In fact, however, Reagan was only recognising reality. For one thing, business was now divided on the question of trade policy to a degree that did not exist during the '70s when the basics of the business agenda were formulated. For another he was now a 'lame duck' President and no clear party leader had emerged to fill the vacuum. Instead, there was a twelve-way scramble for Republican presidential nomination, with TV evangelist Pat Robertson showing that this time the Moralistic Right was in the game. For Republicans from areas hit by growing trade deficits, the pressure from local business constituencies out-weighed that from the party leadership for the moment.

To many, the major tax reform bill that emerged from the Senate Finance Committee in June, **1986** seemed to represent a departure from the Republicans' slavishly pro-business orientation. For one thing, the bill called for closing a number of tax loop-holes favoured by business, including the investment tax incentive, and an increase in the capital gains tax. For another, the bill was bi-partisan and bore the stamp of a number of key Democratic legislators, notably Bill Bradley in the Senate and Dan Rostenkowski in the House. In fact, the **1986** tax bill and the complicated process that produced it were a tribute to how far the supply-siders had moved major Democratic forces to the right. Furthermore, it was supported by every major business organisation, including the Business Roundtable. It was, in fact, a victory for pure supply-side tax policy.

While most supply-siders favour any form of tax incentive to investors,

their real concern is with eliminating the progressive element built into the tax code since its creation in 1913. They openly oppose the idea of using taxes as a means of income redistribution toward those with lower-incomes. Low, flat tax rates, they argue, will induce new investment because since they reward growth in income, they are an effective incentive. Paul Craig Roberts, a hard core supply-sider and insider on the formulation of the 1981 tax bill, summed up this view in remarks he made following the passage of the 1981 tax cuts. In the June 9, 1986 *Business Week*, he said: 'I told them [reporters] that the next item on the supply-side agenda was a fundamental reform of the tax system that would substitute a low, flat tax for what was still, despite the [1981] tax cut, a high-rate, progressive system.' That is precisely what the 1986 Senate Finance bill did. Personal income would now be taxed at only two rates, 15 and 27 per cent after 1987, while the corporate tax rate would be lowered to 33 per cent.²¹

Under the budget-balancing provisions of the Gramm-Rudman Act, any tax reform bill has to be 'revenue neutral', which means any loss of income through lowering of rates has to be made up another way. The only other way was to close loop-holes and knock down tax shelters. Business and the Market Right were not thrilled with this hard choice, but for the most part they came down on the supply-side in support of the Republicans and Democrats who pushed this and similar proposals through Congress. Roberts saw this whole process as a political victory for the Market Right. He wrote that the Senate Finance bill 'signals that American politics is moving away from the crippling hypocrisy that has saddled capitalism with high tax rates and destructive disincentives for most of this century'.²²

The Reagan administration could afford an accommodating style by mid-1986 because it had accomplished a great deal of the business agenda of the '80s. Indeed, as the scramble for the nomination and party leadership in 1987 and '88 accelerates, Reagan may diminish in stature and the argot of his presidency (Reaganism, Reaganomics, etc.) may fade. Likewise, the Republican Party's sense of unity and its apparent programmatic coherence may dissipate as the Marketeers fight it out with the Moralists. What will remain, however, is the business agenda and the framework achieved during the Reagan years. The fact is, the entire political discourse has moved so far to the right that disagreement and conflict between the Administration and sections of Congress were now safely on the terrain of the Market Right. While still often objecting to supply-side theory, the majority of Democratic office holders had bought the business agenda's economic framework.

The persistence of the business agenda will be reinforced by the deep penetration of both the federal bureaucracy and judiciary by ideologically right-wing personnel. Reagan's strategy for perverting or neutralising those federal agencies associated with social reforms of the past went deeper

than executive appointments at the top. The new Reagan Directors and Sub-directors have gone a long way to place their co-thinkers throughout the agencies of which they were in charge. The enshrining of right-wing opinions in the judiciary may be even more pronounced. Reagan has now created a conservative majority on the Supreme Court that will last into the next century. What has gone less noticed, but is equally important is that the Reagan administration has also populated the lower levels of the judiciary with staunch conservatives. Reagan has had the option of appointing 400 out of the 744 judges that sit in the Federal District Courts. By early 1985 he had already appointed 165 of them. A study by the ultra-conservative Center for Judicial Studies wrote of these appointees: 'The Reagan judiciary, so far, has lived up to expectations.'²³

Understanding Reaganism: The shift in the balance of class forces

Transformations in the American political agenda as great as that achieved under Reagan are rare. The American political system was designed to make drastic change difficult. So long as the normal channels are gone through and the basic rules adhered to, changes in established agendas or in the direction of social policy are difficult to accomplish. Usually, such changes are accompanied by periods of mass upheaval such as the 1930s or the 1960s or by the repression of such upheaval as at the end of the World War I. But neither the decade that preceded Reagan nor the years of his rule have been marked by upheaval or widespread repression. While some on the left like to characterise Reagan as a fascist, the simple fact is that neither Reagan nor any influential wing of the Republican Party has seen the need to generate mass mobilisations, organised thuggery on a large scale, or in general to assault the institutions of bourgeois democracy in the US. This is not to deny that the political atmosphere encourages actions such as the bombing of abortion clinics or a rise in the violence against members of minority groups. As serious as the consequences of such violence are for its victims, it is not yet a factor in determining the basic direction of US political and social policy. The Republicans had accomplished a significant shift of the national agenda without serious social or political disorder.

At one level the answer to this apparent paradox is simple: the Reagan administration has never faced a clear, programmatic opposition either in Congress or the streets. There have been demonstrations, to be sure, but the movements that have held these lacked either the direction or the organisational clout to follow through in a way that threatened Republican hegemony. Reagan and the Republicans came to Washington in the Winter of 1981 with the initiative on their side largely as a result of two phenomena that occurred before the 1980 election.

As mentioned earlier, the first phenomenon is a significant shift in the organised balance of forces between labour and capital that occurred

during the 1970s characterised above all by the rise of politicised **organisa-tion** throughout the business elite. The second was the remarkable collapse of the liberal Democratic opposition and of labour's attempt to build an aggressive, at times even anti-corporate- though never anti-capitalist-force for its own agenda. Labour's collapse as a potential centre for **extra-electoral** opposition to the business agenda and the political right was most remarkable because it did not involve any large-scale defeat, such as that faced by the British miners, in the industrial field. Labour's abandonment of its political agenda preceded the era of concessions bargaining and probably helped encourage further aggression by business.

There are many tendencies underlying the relative shift in the balance of power between organised business and organised labour. Beginning in the **1960s**, business entered a dramatic merger movement which has yet to end. The result has been a growth in the resources available to more and more corporations to resist labour's demands and to influence politics. Industrial shifts and multinationalisation have also tended to favour capital over labour. Labour's indifference to its own relative and absolute decline as a proportion of the workforce has cost the working class a measure of power. But perhaps the most important aspect of this shift was a change in the functioning and organisation of capital and the political arena.

Politics and business, money and influence, are of course as old as the republic. But at certain points in US history business has seen fit to put aside its more individualist and *laissez faire* approach to political influence and create new vehicles appropriate to the changes with which it is attempting to deal. Policy-formulating organisations for business have a long history in 20th century America. The Conference Board dates back to the pre-war 'Progressive Era', while such prestigious bodies as the Business Council and the Committee for Economic Development (CED) originated in the 1940s to guide post-war **policy**.²⁴

During the **1970s**, in response to the rise of economic crisis, business launched new organisations and revived some of the old ones. Thomas Byrne Edsall has described one key aspect of what business accomplished in this period: 'During the **1970s**, business refined its ability to act as a class, submerging competitive instincts in favor of joint, cooperative action in the legislative **arena**.'²⁵ The leader of this development was the Business Roundtable. Founded in 1972 through the merger of two **anti-labour** groups and reinforced in 1973 by the joining of a previously informal discussion group of business leaders, the March Group, the Business Roundtable became an activist group with a clear economic and legislative agenda. Like the older Business Council it included among its members the top officers of most of **the** largest corporations. It spanned manufacturing, finance, services and distribution firms. Among its leading members were both Republicans and Democrats. Unlike the Business Council or the CED, the Roundtable came out slugging. As Edmund

Littlefield, the chairman of the Business Council put it in 1976, 'we leave the advocacy to the Business Roundtable'.²⁶

The Roundtable engaged in more than advocacy, however. Unlike previous policy groups it practised mobilisation for its more important lobbying efforts. The high-point of this seemingly out of character practice was in 1978 when the Roundtable flew small businessmen from around the country to Washington in corporate jets to descend on Congress in the successful fight against labour law reform. While the Roundtable was composed of representatives of big business, its class consciousness was such that it attempted to lead all of capital into the fray. The actions of the Roundtable also brought about a transformation of moribund groups such as the National Association of Manufacturers and the US Chamber of Commerce, showing them how to act beyond the narrow confines of their sectoral interests. Like the Roundtable, the Chamber learned to mobilise its constituents. The Chamber held 'town meetings' across the nation to build support for its positions. One Chamber official told the Congressional Quarterly: 'At one time I think the unions had it all over business in terms of grass-roots activity. That is now reversed.'²⁷

The other major organisational change in the way business intervened in politics was the rise of the corporate Political Action Committee (PAC). Ironically, it was a post-Watergate reform that breathed life into the PAC movement and made it legal for corporations to contribute to candidates and parties. No less ironically, PACs were the invention of the labour movement. But once the legal road was clear, business created hundreds of PACs, far outstripping labour in the ability to mobilise legal money for candidates. In 1974 there were only 89 corporate PACs. By 1978 there were 784 and by 1982 1,467 corporate PACs were able to throw money at needful candidates. Trade Association PACs were also formed. The amount of money contributed by these two kinds of business PACs rose from \$8 million in 1972, when it was mostly Trade Associations, to \$39 million in the non-presidential year of 1978 and \$84.9 million in 1982.²⁸

Capitalists, of course, have always tried to control politicians through generous contributions. But certain changes in US electoral politics that began prior to the 1970s gave this new money a new significance and a new degree of control. In the 1960s American election campaigns ceased to be the exercise in block vote mobilisation they had been in the days of the political machine—whether urban or 'court house' based. Political contests became media events. If the evening news did not provide enough exposure to give the edge, then paid TV time could. By the 1970s a politician without a hefty media budget didn't stand much of a chance for national or state-wide office. Labour, too, increased its PAC contributions. Indeed, labour made an unusual effort to increase Democratic strength in Congress in the 1982 elections. But its \$35 million, although impressive by comparison with the past, could not hope to match the \$84.9 million

raised by **business**.²⁹

The money and the dependency it fed were a major factor in the political shift to the right that occurred among politicians in the second half of the 1970s. This money was not randomly spread around. Business PAC contributions tended to flow in a common direction. In presidential elections, the lion's share of PAC money flowed to Republican presidential candidates. When the Republicans captured the Senate, business PACs tended to favour Republicans. But in contests for the House of Representatives, corporate PAC money went almost as much to Democrats as to Republicans. The reason was Democratic incumbency on House and (prior to 1980 when the Democrats lost control of the Senate) Senate committees of great importance to business. By 1984, business PACs handed Republican Congressional candidates \$23.6 million and Democrats \$20.7 million.³⁰ The fact that the Republicans had developed a superior fund raising capacity among small contributors before the rise of the PACs meant that the Democrats were actually more dependent on business money than the Republicans. As James Shannon, a Democratic member of the important House Ways and Means Committee from Massachusetts, put it: 'You go where the money is, and its not going to be with the traditional Democratic constituencies.'³¹

Organised, aggressive business pressure in combination with bountiful corporate PAC money had a material influence on both the voting patterns and political thinking of more and more Democratic politicians. This was particularly true of the new generation of Congressional Democrats that replaced the liberal old guard in the second half of the '70s and throughout the '80s. The political impact of capital's new aggressiveness became apparent during the Carter Administration. The *Wall Street Journal* noted the phenomenon in 1978 when it reported:

Business PACs aren't experiencing any difficulty in finding outstretched hands, and they seem to be getting their money's worth from a growing contingent of Democrats. Many observers, looking at the pro-business tone of the current Congress, have concluded that PAC dollars have something to do with it. Says one Democratic member of the House Ways and Means Committee: 'These PACs are influencing a lot of House Democrats. You're seeing people from mainstream Democratic districts, elected with labor support, who are now voting with business.'³¹

Labour also noticed the change in Democratic behaviour. Doug Fraser, then President of the United Auto Workers asked in that year: 'Why, with the Democrats in control of more than two-thirds in the Congress and in the executive branch, has so little progress been made toward adoption of the Democratic platform the party worked so hard to **develop**.'³³ In 1977 and 1978, labour's major legislative goals were defeated one after another. An increased minimum wage and the Common Sites Picketing Bill went

down in 1977; and labour's major agenda point of the decade, labour law reform, was defeated in 1978—all with the Democrats firmly in control of the federal government.

During this period an ideological shift became apparent among Democratic politicians at both the federal and state levels as well. The well known collapse of Keynesian policy options and the subsequent theoretical disrepute of liberal economics that became highly visible during the Carter years, left the liberal Democrats in ideological disarray. It was in the late '70s that the Republican supply-siders took the offensive and began winning a growing number of Democrats to many of the general propositions and policy conclusions, if not the precise theoretical propositions, of supply-side economics. PAC money, of course, did not require ideological conformity. Indeed, it is doubtful if most business leaders were aware of the rigours of supply-side theory. But business knew it wanted a break in taxes, federal regulation, and other alleged barriers to investment. This the Democrats gave willingly in the final years of the Carter administration. In 1978, against the wishes of Carter himself, the Democratic Congress shaped a bill that openly shifted the tax burden from business and the rich toward middle and lower income groups. Prior to this, Democratic tax breaks for business had been *ad hoc*, in the form of favours to one or other firm or industry, and always behind the scenes. Not since the 1963 Kennedy investment tax credit had the Democrats used the tax code as an incentive along supply-side lines. Personal income rates were reduced across the board in pure supply-side style, the investment tax credit was reduced and the capital gains rate lowered. It was during this tax battle that Jack Kemp (Republican—NY) emerged as the champion of pure supply-side tax policy. The same year the air transport industry was deregulated. Federal Grants-in-Aid to the cities were cut for the first time in 1979 and trucking deregulation followed in 1980.³⁴ The business agenda was already engraved on the Congressional tableau by the end of the decade.

In 1979, Congressional Democrats acknowledged the ideological shift in that year's Report of the Joint Economic Committee of Congress. For the first time in 20 years the Republicans and Democrats endorsed a single report, rather than the usual practice of a majority and minority report. In the introduction to the report, Democratic chairman of the Joint Economic Committee of Congress wrote: 'This year's report illustrates an emerging consensus in the Committee and in the country that the federal government needs to put its financial house in order and that the major challenges today and for the foreseeable future are on the supply-side of the **economy**.'³⁵ Edward Kennedy and George McGovern were among the Democratic signatories of that document. This performance was repeated in 1980. Strictly speaking these documents were a hodge-podge of Republican fiscal conservatism and Democratic austerity measures

with foreshadowing of supply side orthodoxy. But so strict a supply-side theoretician as Paul Craig Roberts wrote of these reports: 'The 1979 and 1980 JEC reports were, like the Holt and Nunn amendments of 1978, Reaganomics before Reagan.'³⁶ While most Democrats would not repudiate the term 'supply-side', they had, in fact, surrendered the grounds of both policy and theory to the Republicans by the end of the 1970s. Reagan entered a political and intellectual vacuum with his own administration's policy well shaped.

The degree of Democratic surrender became apparent when, following Reagan's entrance to the White House in 1981, he moved rapidly to implement supply-side policy in the budget and tax acts of that year. The Democrats simply stepped aside. As the *Washington Post* recalled, Democratic Speaker of the House 'Tip' O'Neill 'put Reagan's program on a fast track'.³⁷ To be sure, they made some noise about 'fairness', the last word left in their lexicon of social reform. In reality, as Elizabeth Drew documented, many Democrats used the tax debate as a 'bidding war' in which they attempted to outdo Reagan in their generosity to business and the well-to-do. What they were bidding for was PAC money, which in the 1980 election had shifted heavily to the Republicans as business saw the chance of a Republican sweep of Congress on Reagan's coat-tails. What they were offering was votes for Reaganomics. The leaders of the bidding war were Democrats Dan Rostenkowski of Illinois, one of the last of the old machine Democrats and at the time chairman of the House Ways and Means Committee, and Richard Gephardt of Missouri, a rising star in the constellation of neo-liberals. They agreed to get further tax breaks for US independent oil operators and to corral enough Democrats to pass the Reagan tax bill in return for past contributions and with an eye to the future.³⁸ As we have seen already, prudent Democratic behaviour throughout Reagan's first term earned them a big boost in PAC money through 1984.

These Democrats, of course, were only adopting the ethical norms of the businessmen who have flooded Reagan's Washington. The corporate heads of the Business Roundtable did not come—they had better things to do. Reagan brought in a lower rank of businessman, and maybe occasionally a business woman, more likely to see themselves as entrepreneurs than corporate organisational types. The *Washington Post* reported that 110 of these entrepreneurs had been accused of illegal or unethical conduct since January, 1981. Charles Dempsey, who had been an Environmental Protection Agency inspector during Reagan's first term said this of today's moral atmosphere:

This is a businessman's administration, and these guys are used to wheeling and dealing. This administration is loaded with guys bringing the business morality to Washington, and some of them never learn; and it's like they flunked a course in basic civics.³⁹

More and more Democrats were flunking the same course.

The ease with which so many Democrats glided rightwards during the '70s and even more rapidly in the '80s is also a consequence of important changes in the traditional base of the Democratic Party. The organised base of the New Deal Coalition was the contradictory alliance of the Northern urban political machines and the 'Solid South', that is the white votes in the South. (The New Deal Coalition is often romanticised as a combination of labour, minorities, and liberals. In fact, the Black vote was too small to count on a national scale before the 1960s; and while labour as an independent force changed the national political agenda in the 1930s it only acquired the organisational strength to be a major electoral factor in the 1940s. It was still Southern racism and Northern corruption that mainly mobilised Democratic electoral majorities prior to the end of the war.) Both of these dubious institutions decayed rapidly after WWII, which is why the Democrats have had so much trouble gaining presidential majorities. If Southern whites voted increasingly Republican in presidential elections, Northern working class voters simply dropped out of the electoral process. By the mid-'70s less than half the eligible working class population bothered to vote.

Along with this well noted trend, the upward social climb of people from Democratic backgrounds and their move outward into the once Republican suburbs created a new kind of Democratic voter—a voter who saw him or herself as educated middle class and who voted with greater frequency than most working class people. In primary elections where the party's candidates are selected, the proportion of middle income voters is even higher. The new Democratic constituency produced a generation of Democratic politicians with no loyalty to labour or other traditional Democratic groups that favoured liberal economic policies. If this fact did not determine any particular policy direction, it certainly opened the door to increased business influence.⁴⁰

For all practical purposes, the Democrats had disqualified themselves as either a force for social reform or a potential brake on the Republican's drive to dismantle previous social reforms. This presented a particular dilemma to labour and the social movements that survived the '70s. Almost all of the major organisations of the women's and black movements, like labour before them, had adopted the Democratic Party as their own. In what was usually billed as a move to political maturity, leaders of these movements had abandoned the verbal and tactical radicalism of the late '60s and early '70s for an electoral strategy within the mainstream of liberalism. Now liberalism and its party were moving to the right and increasingly seeking distance between the organisations of the 'down-scale' in favour of the funds of the 'up-scale'.

In the labour movement the legislative frustrations of 1977 and '78, began to produce somewhat of a move to the left on the part of a number

of the leaders of the traditionally more liberal, or even social democratic, unions. Led by Douglas Fraser of the United Auto Workers and William Winpisinger of the Machinists, they talked of reviving some of the broader aspects of labour's post-war agenda, such as national health insurance. In protest of the defeat of labour law reform, Fraser led labour out of President Carter's Labor-Management Advisory Committee in July, **1978**, with the observation that business was engaging in 'one-sided class war'. This was followed by a number of initiatives, such as Big Business Day and the formation of the Progressive Alliance in **1979**. The Progressive Alliance was an attempt to build an organised coalition of the leaders of labour and the social movements to oppose corporate America's aggressive moulding of the political atmosphere. It attacked corporate greed. It also attacked both political parties. Its 'Call To Action' said: 'Today, both the Democratic Party and the Republican Party stand unwilling to serve as the vehicles for achieving economic and social justice.'⁴¹ To be sure, few top labour leaders went as far as Winpisinger of the Machinists who called for a labour party if the Democrats didn't act soon. But there seemed to be some sense among the more liberal labour leaders and among much of the lower level cadres of these unions as well that a degree of independence and a lot of action were needed.

The anti-corporate direction of these labour leaders disappeared even more rapidly than it had emerged. In less than a year after its founding the Progressive Alliance was dead. The anti-corporate rhetoric was abandoned as was all talk of political independence. Two events sufficed to kill the embryonic move to the left within labour circles. The first was the campaign of Edward Kennedy for the Democratic Presidential nomination. Labour was split over whom to support. Most of those who had been part of the Progressive Alliance threw themselves into the Kennedy campaign. Kennedy, of course, had no use for anti-corporate language in his campaign. He had already signed the Joint Economic Committee's supply-side policy report twice and was running toward the centre on economic policy. When Kennedy went down to predictable defeat, labour quietly made its peace with Carter. The sole exception to this was Winpisinger, who refused to endorse Carter personally, although he left the officers and members of the Machinists free to do so.

The second event which spelled death to labour's brief and partial tropism to the left was the Chrysler bail-out plan of **1980**. In **1979**, Chrysler's new outspoken chief, Lee Iacocca, announced that the troubled firm would collapse if labour and the government didn't come to his aid. Iacocca invited the UAW to participate in putting together a bail-out package which would include substantial pay-cuts for the company's **85,000** hourly workers. Then Congressman, now Michigan Governor and always a suburban neo-liberal, James Blanchard worked with them in Congress. The plan gave Chrysler **\$1.5** billion in loan guarantees. In

November, 1979 the UAW voluntarily agreed to defer future wage increases as a sign of co-operation and good faith. In January, 1980 Congress imposed additional concessions and a year later the UAW agreed to a wage cut of \$1.15 an hour. Douglas Fraser, the President of the UAW was made a member of Chrysler's Board of Directors.⁴² These events opened the flood-gates of concessionary demands that has yet to abate. They also put the UAW in a new posture, a partner to corporate salvation. The era of labour-management cooperation had arrived. At General Motors and Ford, the relatively moribund Quality of Work Life programmes took hold. Plant closing was no longer something to be fought, but to be managed. Anti-corporate rhetoric was out, enterprise unionism was in. While some labour leaders like Winpisinger continued to make anti-corporate noises, the potential coalition implied, though hardly realised, in the Progressive Alliance shattered and died quietly.

Thus, by the time Reagan took office the political agendas of labour as a whole (labour law reform, full employment, higher minimum wage, etc.) and of its 'left' wing had collapsed. Furthermore a sense of defeat pervaded its higher ranks as its political initiatives failed at the hands of its own political 'friends' and as the erosion of its bargaining power became evident in the wave of concessions that mounted in the months before Reagan was sworn in. Most of Reagan's first term found labour doing the best it could to stem the tide of budget cuts. There was little the AFL-CIO could do about many of the changes wrought by the Reagan administration because Reagan effectively eluded the ground upon which the Federation's leaders were used to functioning—the give and take of Congress. Thus, in terms of the decline of the NLRB, OSHA and other state institutions upon which US labour was heavily dependent for its effectiveness, there was little to be done through the normal channels of American democracy.

In 1981, the AFL-CIO did take the fairly unusual step of calling a mass march on Washington. 'Solidarity Day', as it was called, was an impressive event. Over a quarter of a million trade unionists marched in the streets of the nation's capital. But the organisers of the march presented no programme. Less than a challenge to Reagan, many understood the event to be a warning of some sort to the Democrats. It was a warning without a threat, however. Indeed, Solidarity Day II was not a march or protest, but an election day mobilisation that gave a little colour to labour's usual election day routine of providing some troops for the Democratic Senators and Congressmen who would desert labour ever more resolutely as the Reagan years unfolded.

In June 1980, *Business Week*, in a manifesto entitled 'The Re-industrialisation of America', sparked a debate that seemed to run counter to the general drift toward market based solutions. *Business Week* proposed that business, labour and the federal government get together to plan the salvation of US industry. The idea of an Industrial Policy had some business

backing, notably that of investment banker Felix Rohatyn, and for a time it looked as though labour or even the Democrats might pick up some version of this as a programmatic counter to the Republicans. The AFL-CIO, Machinists and the Auto Workers all drew up their own version of Industrial Policy.⁴³ Through most of 1983, it was a hot property in the higher circles of organised labour. It was said that Walter Mondale had taken to the idea and might use it in the 1984 campaign. Instead, in 1983 when he declared himself a candidate he also declared himself a fiscal conservative. When the AFL-CIO announced its united endorsement of Mondale in the primary run, the discussion of industrial policy ended.

It is worth noting that the 'historic' primary endorsement of Mondale by the Executive Council of the AFL-CIO was emblematic of another political shift seldom commented on. The unity achieved in that move was entirely on the terms of the centre and right-wing elements of the AFL-CIO leadership. Whereas, the UAW, the American Federation of State, County and Municipal Employees (AFSCME), the Machinists and others had previously tried to bolster the most liberal wing of the Democratic Party, often embodied by Kennedy, they now endorsed the party's dying centre and right-ward moving programmatic direction in the person of Walter Mondale. Furthermore, Kirkland now had a degree of political hegemony as chief political broker that his predecessor and mentor George Meany, never had. A number of International Union Presidents continued to oppose, in predictably timid fashion, the excesses of Kirkland's far right foreign policy initiatives, but on most questions the more liberal or social democratic officials have allowed Kirkland to set the tone. Thus, the AFL-CIO will again endorse a primary candidate in the 1988 elections. As in 1984, it will do so without any conditions.

The abandonment of Industrial Policy has left labour with essentially a one point political agenda for the decade—trade protection. This is not to say that labour has abstained from other legislative fights. But most of what labour has fought for in Congress has been in response to something it has lost in another way. During Reagan's first term, labour won very little. As the second term unfolded, labour was able to win a couple of defensive victories. In 1985, it got a law that would make it more difficult for corporations to abrogate a union contract by claiming bankruptcy under Title 11 of the Federal Bankruptcy Code, as Continental Airlines and Wilson Foods had done in 1983. In 1986, the House voted to outlaw 'Double-breasting', whereby a union firm opens a non-union outfit and shifts work away from the union. But labour's greatest hopes and efforts went into a series of legislative fights that were supposed to save US jobs through a variety of protectionist measures.

Protectionism has long been favoured by the AFL-CIO, but it was one of a number of goals in a broader programme with a progressive appeal beyond the workers immediately effected by the legislation. Following the

collapse of that broader agenda and with the conversion of unions like the UAW that had previously opposed protectionism, protectionism and related efforts at restricting immigration became the central priority of labour's active legislative programme. The narrowing of its programme has further crippled labour's ability to play a leading role in creating a social counterweight to Reaganism and the business agenda. Opposition to Reaganism has come to mean nothing more than putting a Democrat in the White House. So far as combatting the business agenda, which will guide any Democrat who pursues the presidency, labour has disqualified itself as much as the Democrats it hopes to elect. It is almost certain that the 1988 presidential campaign will be fought squarely on the terrain of the business agenda.

Unhampered by any serious, independent pressure from the left, the Democrats have continued to move to the right and abandon the field to the Republicans. A virtual debacle of rightward leap-frogging occurred after Reagan's re-election in 1984. Mondale, himself surrounded by businessmen and running on a traditionally conservative platform of fiscal responsibility, signalled that the mainstream liberals, the inheritors of the New Deal, would no longer put forth a programme of social reform or income redistribution. With his inglorious defeat, the initiative within the Democratic party fell to a coalition of 'neo-liberals' and conservative Sunbelt Democrats. Upon assuming office as the new Chairman of the Democratic National Committee in early 1985, former Kennedy aide Paul Kirk joined in the neo-liberal chorus repudiating the 'special interests' (read labour, blacks, women), big spending, and other alleged Democratic malpractice. Kirk also made it clear that the last remnant of liberal reform sentiment in the party, Jesse Jackson's Rainbow Coalition, would be accorded no space in party decision-making circles and no concessions on his demands. Kirk made sure that Jackson's candidate for Vice Chair of the Democratic National Committee, Gary mayor Richard Hatcher, was replaced by the more pliable Roland Burris, a lacklustre state politician from Illinois.⁴⁴ What was remarkable about the post-1984 syndrome in Democratic circles is the degree to which they have accepted the Republican critique of liberalism as valid. They have not only accepted most of the business agenda, but much of the Republican interpretation of it as well.

The business agenda appears to be carved into the conventional political process and a right-wing, rather than centrist interpretation of it is guaranteed for some time. There exists virtually no mainstream political force with a clear counter programme or different set of priorities. There are constituencies opposed to the business agenda and to the right in general. Labour is the most powerful of these, while the forces around Jesse Jackson are among the most consistently left-wing of the mass forces. Like Jackson's Rainbow Coalition, the National Organization of Women

seems to have taken a turn to the left recently. But all of these forces are trapped in the Democratic Party. They have not been able to move that party for over a decade and there appears less likelihood of them doing as each day passes. The existing political configuration lends itself to further initiatives from the right, rather than the left. Indeed, Pat Robertson's challenge for the Republican nomination in 1988 is warning that the Moralistic Right will not continue to have its agenda ignored. Their push will shift the national political discourse further to the right unless there is a drastic reshaping of the political landscape.

For now, there seems little hope that the left and the social forces it looks to can have much direct impact on conventional electoral/legislative politics. To change political agendas in the US it has been customary for the moving force for change to originate outside of major party politics. Labour changed the national agenda in the early 1930s and the Civil Rights movement did the same three decades later. Both entered the field as outsiders. If the political right is to be put on the defensive and business made the target of public opposition, it will have to start in the streets. If a new wave of social struggle in the US is to become a power in politics it will have to seek a fundamental political realignment along class lines, the creation of a labour or working class based party not an attempt to bolster the collapsing Democratic centre. Business put politics on an open class basis in the '70s when it declared 'one-sided class war'. It is time that it became a two-sided war.

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