

CLINTON'S LIBERALISM: NO MODEL FOR THE LEFT

Doug Henwood

Leftists, me included, have often gotten a perverse kick out of pointing out that what Henry Luce in the 1940s famously christened as 'The American Century' died in the mid-70s at an age well short of a hundred, a victim of the Vietcong and stagflation. But maybe the beast didn't really die. After all, despite the U.S. loss in Vietnam, that war marked pretty much the end of the post-World War II cycle of anticolonial conflicts. The U.S. foreign policy establishment learned a lot of lessons from that disaster, among them-never to fight another war with an army of draftees. It destroyed the revolutions in Central America, most importantly that in Nicaragua, during the 1980s, using death squads and proxy armies.

More broadly, the economic rebellions in the Third World – calls for a new world economic order and a global redistribution of resources – have been utterly crushed. In fact, Washington-friendly policies prevail now in virtually every country in the world. State enterprises have been massively privatized, and goods and capital traverse borders with a freedom unknown since 1914. The mildest social democracy seems impossible, and socialism is the weakest it's been as an intellectual and political force in 150 years. U.S. planners who've been designing the world since 1945 have gotten pretty much everything they ever wanted.

Even the global business cycle is kind to America at the beginning of 1997. Fears that the country was being overtaken by the more organized capitalisms of Japan and Western Europe now look quaint, with Japan still suffering from its bubble-bursting and the Old World up to its neck in slack. Sure, U.S. household incomes have been flat-to-down for 20 years, its manufacturing wages exceeded by ten European countries and Japan,' employment security is notably minimal, its poverty rate is the highest in the First World, and its income distribution most unequal^z– but in some circles, these are reckoned as precisely the cause of U.S. economic strength. In the new world ruled by tight money and free trade, 'flexibility' is the prime virtue, and there's no room for sentimental

moaning about living standards and polarization.

In other words, the U.S. economy has become a model for the world, with the most minimal of welfare states, the weakest of regulations, and the maximum of freedom for private capital to do as it pleases. The IMF and World Bank have brought the model to the South, and the architects of European economic union are bringing it – slowly, and not without popular resistance – to the cosseted welfare states of the EU. Maybe Henry Luce was right about the American Century after all.

Not only has the U.S. economy become a model for the world, at least among elite academics and policymakers, the U.S. political system is even gaining admirers. And Bill Clinton and his Democratic Party have become objects of study, and even admiration, for left-of-centre parties. What exactly does this mean?

Democrats Move Right

If there's one historical figure most closely associated with capital's recent triumph, it's Ronald Reagan. Obviously the phenomenon is far more complicated than a single celebrity, but Reagan's political genius was to disguise a **cruel** and backward-looking agenda as the very stuff of optimism, appropriating a lot of classically leftist language about revolution and possibility for a very right-wing programme. In the 1960s and 1970s, capitalism had lost a good bit of the revolutionary aura that Marx and **Engels** celebrated in their contradictory way in the Manifesto. The Reagan years changed all that – not only in the United States, but around the world – and the left is still reeling from this historical reversal.

But Reagan left office eight years ago. He's disappeared from public view, and for all his world-transforming achievements, scores remarkably low in retrospective polls. For example, his overall presidential approval ratings are only a bit higher than Jimmy Carter's, who was widely thought of as a disaster, and are below George Bush's, who suffered the worst defeat of any incumbent president since Herbert Hoover. On so-called 'feelings thermometers,' in which pollsters ask people to rate figures on a scale of 0 (very cold) to 100 (very warm), Reagan (57) barely outscored Bill Clinton (56) and, surprisingly, had only a few degrees on Hillary Clinton (52) and the TV character Murphy Brown (52). Again, he was bested by George Bush (59). While his economic policies were rated as mostly good by 48% of the public in an *NBC News/Wall Street Journal* poll, they were rated as mostly bad by 35% – hardly a landslide of **approval**.⁴

But maybe that's the wrong place to look for the Reagan legacy. When I interviewed Sir Alan Walters, **Margaret** Thatcher's former economic advisor, he (somewhat surprisingly) said that the Iron Lady's most lasting achievement was the transformation of the Labour Party. One can say

pretty much the same thing about Reagan and the transformation of the Democratic Party (allowing for the fact that the Dems could never even qualify as a mildly social democratic party, compared to Labour). Again, this probably personalizes too much; Thatcher, as much as Reagan, was the highly effective agent of a broad rightward shift in elite opinion. Still, it's impossible to imagine carrying out a comprehensive, sustained attack on popular living standards without such political figures able to sell the task – and not merely to sell it, but to drum up some genuine enthusiasm for it.

But **Walters'** political insight is quite illuminating, even if he does spout lots of nonsense on economic policy. Clinton is not only the leader of a party that has almost completely **repudiated** its better history, the heritage of the New Deal and civil rights revolution – he was one of the architects of its rightward move. He was one of the founders, and spent a year as the leader, of the Democratic Leadership Council (DLC), a corporate-funded organization of conservative Democrats, almost invariably described in the mainstream press as 'moderate,' whose ideological and electoral aim has been to distance itself from the poor and the black in order to woo the rich and white.

I have to emphasize that in reviewing this history, I don't want to idealize the Democrats' pre-DLC record. The major achievements of the New Deal are tarred by the party's appeasement of Southern racists; for example, **FDR's** social legislation excluded domestic and agricultural workers because they were overwhelmingly black, and any extension of federal benefits to them would undermine the Dixie social order. The World Bank and IMF were founded by Democrats, as was the CIA. **Kennedy** was a rabid anti-Communist. and Johnson's administration, despite passing important civil rights laws, prosecuted a murderous war on Vietnam. The precedents for Reagan's domestic austerity programmes and military buildup were well-established during the Carter years. At the sub-federal level, state and city Democratic machines have been the corrupt pawns of real estate developers and other local potentates. Still, despite these qualifications, Social Security, minimum wage laws, Medicare, and the civil rights laws of the 1960s were all established under Democratic regimes (though food stamps and the Environmental Protection Agency were **Nixon** initiatives, a measure of just how far right things have moved since the mid-1970s).

The DLC was founded in 1985, the year after Reagan's landslide re-election. Its cause was quickly endorsed by pundits, who universally held that the Democrats lost because their candidate, Walter Mondale, had been too 'liberal.' In fact, Mondale was a tediously moderate figure who had nothing on offer but a hair shirt. This habit of blaming Democratic losses on excessive liberalism began in 1972, **with Nixon's** trouncing of George McGovern. McGovern is the only Democratic presidential candidate of the last 24 years

who could accurately be labelled 'liberal,' but that hasn't stopped professional opinion managers from applying the label to his successors.

Jimmy Carter won in 1976 largely because the memory of Watergate was still fresh in the popular mind, and his opponent, Gerald Ford, was an embarrassment, painfully inarticulate and dim. Carter, despite his Southern conservatism and born-again Christianity, did show a bit of populism that gained him votes: he denounced the corruption of politics by money and even spoke on occasion about busting up Big Oil. But his early populism waned, and he matured into a president of military expansion, balanced budgets, and lowered expectations – something of a **proto-DLC** figure. Faced with an inflationary crisis and a run on the dollar, he appointed Paul Volcker as chair of the Federal Reserve. Volcker promptly drove up interest rates into the high teens, causing the worst recession since the **1930s**, and assuring Carter's retirement in 1980. Given the centrality of that experience to the neocapitalist ascendancy, it's yet another reason to count Carter in the conservative camp, even if he was an early personal casualty of the right's ascendancy. Chalk him up as a **self-sacrificial lamb**.

After Reagan took office and instituted his famous adventure in deficit spending, the Democrats became the party of fiscal orthodoxy. Their candidates in 1984, Mondale, and 1988, Michael Dukakis, were full of rhetoric about a country living beyond its means, and held out the promise of little more than tighter belts. A bizarre kind of political cross-dressing was in full swing. The Republicans had become the party of optimism, growth, and exuberance, and the Democrats had become the party of gloom and restraint – a near-reversal of their **clichéd** images of earlier decades. During the 1988 Democratic convention, the film biography of Dukakis showed the candidate mowing his own lawn with a manual mower – an image that, whatever its cardiovascular or ecological virtues, exuded an anal-retentive austerity. Late in the campaign he did flirt with some class war rhetoric, and picked up a bit in the polls, but it was too late, and too half-hearted (so half-hearted in fact that Dukakis actually rebuked a speechwriter who submitted a draft characterizing Bush as a 'country-club' candidate). Still, pundits dutifully circulated the **DLC** line that the party was losing because of its excessive liberalism.

In 1992, the pundits celebrated the **DLC's** own Bill Clinton as the party's best hope, the very embodiment of the 'New Democrat,' freed of all that embarrassingly antique welfare **state/civil** rights baggage. Though Bush had seemed invincible in 1990 and 1991, thanks to his bold leadership in the destruction of Iraq, the grim economy, burdened by the debt hangover from the **1980s**, made a Democratic **victory** seem more possible than at any time since Reagan's election in 1980. Bush's approval rating, as measured by Gallup, which was 89% in February 1991, sank to a low of 29% by July

1992 – the greatest collapse in the history of regular polling, which began in the late 1940s.⁵

While Clinton did campaign as a 'New Democrat,' he did so coyly. Yes, he promised to 'end welfare as we know it,' a promise that came to cruel fruition in 1996; yes, he made a point of signing the execution warrant of a brain-damaged prisoner in Arkansas, to show just how tough on crime he was; and yes, he visibly distanced himself from the party's **leftmost** and blackest celebrity, Jesse Jackson. But, unlike his predecessors, he did not run as the candidate of austerity. Quite the contrary – his economic message was expansive. He would raise the levels of public physical and social investment, rebuilding a tattered national infrastructure, jack up spending on education and health care, and propose policies (details largely unspecified) to boost employment and wages. The numbers were tiny, but at least greater than zero. Politically, he had in large part appropriated the optimistic mood, if not the substance, of Reagan's economic message, leaving Bush looking doddering and obsolete, and Perot, cranky and weird. Once elected, however, all this went out the window.

Clinton, Arkansan

Before dissecting the achievements of Clinton's first term, a little detour into his performance as governor of Arkansas would be highly instructive. In a phrase, it was a disgrace, but a good foretaste of what kind of president he would turn out to be. Governor Clinton's record was nicely summarized by Ramesh Ponnuru, writing in the conservative magazine *National Review*:

As governor, he soaked the poor and scattered tax exemptions on business interests; increased the government's use of what is charitably called 'creative finance'; created public-private partnerships with little public accountability; weakened conflict-of-interest and sunshine laws; and strengthened his own control of law enforcement. He was thus able to construct a political coalition including not only labor and the welfare establishment but also bankers, bond counsels, developers, and owners of heavy-construction companies. Every interest group was invited to the table, except for taxpayers and consumers.⁶

The right-wing bias of the author is visible in the uncritical inclusion of 'labor' and the 'welfare establishment' among the interest groups, since Clinton has a history of indifference or hostility towards organized labour, and he's importantly responsible for the grotesque welfare 'reform' of 1996. In 1986, Bill Becker, head of the Arkansas AFL-CIO, told the *Wall Street Journal* that Clinton's treatment of workers in his state was 'reminiscent of what Reagan is doing to us.' Most notoriously, Clinton's state Industrial Development Commission – which eagerly advertised the state's right-to-work law in the business press in an attempt to lure investment, a law that Clinton defended as the state's attorney general in 1976 – made a \$300,000

loan to a company to build inventory so that it could survive a likely strike. **As** a result of that, Becker uttered his famous description of Clinton: "This guy will pat you on the back and **piss** down your leg."

But all the rest of it is true – and we haven't even mentioned yet the Arkansas scandals. For the benefit of non-American readers who are unfamiliar with the more famous scandals, they include Whitewater, a complicated, smelly land deal, in which Bill and **Hillary** got favourable financing from a banker whose failing savings and loan was regulated by Clinton's government, the intent of which was to make the family rich; and Hillary's fixed commodity trading, in which a broker cooked her account to allow her to turn \$1,000 into \$100,000 – a very unusual sequence, since novices who trade commodities are more likely to turn \$100,000 into \$1,000.⁹

Let's forget the personal stuff, though, and look high-mindedly at Clinton's policies in Arkansas. Under his reign, the state was a paradise for despoilers of nature and exploiters of labour. To take a notorious example, one of Clinton's favourite targets for tax and regulatory indulgence was the chicken industry, a major player in Arkansas. So indulged was the industry that corn intended for chickens was exempted from sales tax, but not that for human consumption. The industry relies for raw material – i.e., living birds – on networks of 'independent contractors' who raise chickens under conditions of virtual indentured servitude, who buy or rent specialized equipment from corporate chicken processors and marketers like the one eponymously run by Clinton intimate Don Tyson. The processing plants are staffed by grossly underpaid workers who suffer a 20% chance of injury every year. And the chickens' wastes are dumped into the state's rivers, making the state's waters among the worst in the country. In fact, an environmental scorecard of the 50 states compiled by the Institute for Southern Studies had Arkansas 48th in its composite 'green index' and 50th in government environmental policies – not surprising, considering that the state usually comes in near the bottom on most social indicators, like income, poverty, literacy, and education spending? The real surprise is Clinton's unearned national reputation as a friend of nature.

Arkansas has a long history of impoverishment, so Clinton isn't the only guilty party (though coming in dead last in environmental policy is no mean achievement). But how did he handle the matter of economic development while governor? In a way that gave a foretaste not only of his presidency, but of the scandals that have since come to plague him. Take, for example, the Arkansas Development Finance Authority. Clinton established it in 1985 to stimulate the state's economy and to create jobs. It did create jobs – 2,700, by its own count, or about one a day between its founding and the time of Clinton's election as president. It did so by floating tax-free bonds and lending the proceeds to businesses investing in

Arkansas. To float those bonds, it needed the **services** of lawyers, investment bankers, and commercial bankers – each of whom got generous fees. Clinton appointed all the Authority's board members – that is, those with the authority to choose which bankers and lawyers got the state's business, though always subject to being overruled by the governor. This way, noted executives of the Little Rock-based investment bank Stephens Inc., Clinton could have 'total control,' thereby '**politiciz[ing]** the bond selling process.' And why would Clinton want to do that? To maximize his fund-raising powers. Some 1,300 grateful members of the circle favoured by the Authority contributed \$2.7 million to various Clinton **campaigns**.¹⁰

First-term Betrayals

As President, Clinton has continued this strategy – **running a business-friendly economic policy**, assuring that the contribution checks keep rolling in. Of course, all U.S. politicians do this, but Clinton has done it with an unprecedented personal enthusiasm and **involvement**.¹¹ His late Commerce Secretary, the former corporate lawyer-lobbyist Ron Brown, famously shepherded U.S. CEOs around the world, cruising for lucrative contracts. The public justification was always job creation, but such gains are minimal, and with far less social payoff than building high-speed railroads or offering college tuition subsidies would offer.

For all the talk about Clinton representing a turn away from Reaganomics, the old trickle-down logic persists. One of his most cherished domestic programmes, the Earned Income Tax Credit, which offers a tax refund to low-income workers, is actually a public subsidy to low-wage employers (even though it does put a few dollars into the pockets of people who desperately need it). One of Clinton's proposals for 'fixing' the welfare reform bill he signed in **1996** is to offer direct subsidies to employers for hiring former welfare recipients – a quite-literal form of corporate welfare. Instead of a public jobs programme, with decent pay and benefits, and with public-spirited aims like offering child care or building parks, Clinton would subsidize the important work of flipping burgers and parking cars.

His budget-making has been a direct betrayal of his campaign **promises**.¹² Instead of a modest investment and stimulus programme, he's become the president of deficit **reduction**.¹³ I don't mean to argue that running big deficits year in, year out is a good thing – far from it. Borrowing money from rich people and paying them interest for the privilege is a cowardly substitute for taxing them. And, over time, building up big debts only increases the political power of the creditor class; it's unlikely that the bond market would have become the arbiter of almost all state policy in the U.S. had outstanding debt not tripled during the Reagan-Bush years.

But 'deficit reduction' is rarely the neutral accounting exercise it sounds like on the surface: it's almost always an excuse to cut back on the decent things that government does while leaving the punitive things untouched. The only exception to this rule in Clinton's case was the tax increase on the richest 1% of taxpayers – not enough, for sure, but the best way to cut back on red ink. Typically, though, Clinton subsequently apologized for this move to an audience of rich Texans.

Otherwise, the budgets he's proposed have been achinglly austere – even before the Republican takeover of Congress in the 1994 elections. In a budget sent to Congress in early 1993, only months after his inauguration, Clinton proposed a deficit reduction totalling 2.5% of GDP – with a revenue increase of 1%, and spending cuts of 1.5%. The budget proposed in early 1994 was even more austere. Federal investment, the centrepiece of his 1992 economic platform, would have fallen to the lowest level, measured as a share of GDP (the measure in all subsequent references), since 1950. Spending on conservation, pollution control, agricultural research, energy research, public housing, food stamps, income security, and community and regional development, would all fall relative to GDP. And what would rise? Subsidies to business, known in budget lingo as 'advancement of commerce.'¹⁴

After the 1994 elections, Clinton's budgeting got even more austere. The document he submitted in early 1996 was full of high-flown rhetoric in its prose introduction, but the actual numbers on offer were stringent. Despite saying that 'we' need to 'invest in education and training, the environment, science and technology, [and] law enforcement,' spending on all categories but the last was projected to fall as a percent of GDP. (Clinton, or whatever copywriter was speaking in his name, did brag about helping states 'build more prisons.') Had his budget been adopted as proposed, spending on education in 2002 would decline to half what it was when Reagan took office, to the lowest level since 1966. Spending on 'pollution control and abatement,' in budget-speak, would sink to the lowest level since 1972; on federally sponsored **R&D**, to the lowest level in history. Overall spending would decline to the lowest level since 1966. Of course, there's no virtue to higher spending in itself, but public services in America are already threadbare enough.

Liberal Clinton apologists respond by saying that he has no choice, given the country's allegedly conservative mood and Republican Congressional dominance. We'll look at the allegedly conservative mood in a moment, but it's a strange view of politics that urges pre-emptive compromise, before the struggle with the opposition even begins. But of course Clinton doesn't view the Republicans as the opposition – a contrast with most Republicans, who view him with inexplicably bitter contempt – but simply as friends he hasn't quite made yet.¹⁵

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Let's move from these macro budgetary abstractions to several specific pieces of policy. In budget and other administration documents, Clinton and his surrogates have bragged that their major economic achievements were cutting the deficit in half and the passage of **NAFTA** and **GATT**. This makes him indisputably the president of the bond market and free trade – classically 'liberal' positions in the European sense.

True believer free marketeers reject this categorization of Clinton as one of their own. One reason they do is the failed health care proposal of his early months in **office**. This incomprehensibly complex piece of legislation would have created some sort of privatized national health scheme, with giant insurance companies and medical conglomerates at its centre. There would have been a role for government in regulating the beast, and insuring the poor, but the vastly inefficient private sector would have been given the lead role. The scheme was so complex and contradictory it alienated virtually everyone. Liberals and leftists who would have supported a single-payer, Canadian-style scheme could offer little more than a weak endorsement at best. Small insurance companies correctly perceived they would be frozen out, and mounted an intense campaign against the plan. The right objected to the very notion of a universal health insurance scheme. It was the worst of all possible worlds, and discredited the whole notion of radical health care reform.

And, as the physician and writer David Himmelstein has argued, it was a sign to the health care industry that the threat of 'socialized' medicine, on the national agenda at least in potential since the Truman years, had finally been lifted. With that all-clear sounded, the industry embarked on the most rapid and extensive merger and acquisition binge in economic history. Within the space of a couple of years, the old fee-for-service model of U.S. medicine has largely been replaced by 'managed care' – a system run by large insurance companies and health maintenance organizations (HMOs) with an interest in minimizing treatment and maximizing profit. While pressures had been building for such a transformation, Clinton's repudiation of national health insurance, part of Democratic Party platforms for 40 years, was directly responsible for this stunning corporate takeover. The restriction of access and choice that had been spuriously cited as the drawback of public health insurance schemes by the propagandists of private health care had become reality under a system of pure profit maximization, thanks importantly to Bill Clinton.

The other appalling achievement of Clinton's first term was the passage of welfare 'reform.' The federal government's principal income support programme, Aid to Families with Dependent Children (AFDC), established as part of the Social Security Act of 1935, was abolished. AFDC was stingy, but it did offer cash income to the very poorest single mothers and their children, and did so as a matter of right ('entitlement') for all those

who **qualified**.¹⁶ That system was abolished in 1996, and replaced with time limits and harsh work requirements. Recipients are limited to no more than five years on welfare – not consecutively, but in a lifetime – though states are free to impose shorter limits if they like. States and localities are increasingly using welfare recipients in place of public sector workers – cleaning parks, clearing snow, picking up trash. Additionally, cutbacks in the previously sacrosanct food stamp programme will reduce benefits from 80 cents per meal to 66 cents over the next several years.

According to (conservative) estimates by the Urban Institute, 11 million families will lose income under this grotesque reform, fewer than half of them the widely detested single-mother kind. Over half will be the working poor. In all, the Institute estimates, some 2.6 million people will be rendered newly poor (by official poverty measures), and the already poor will be rendered 10% poorer. Aside from this direct effect, the indirect effects of throwing millions of desperate people onto the labour market will be to depress wages for the worst-paid third of workers.

Clinton bears great moral responsibility for this 'reform,' perhaps the cruellest bill to become federal law in this century. During the 1992 campaign, he famously promised to 'end welfare as we know it.' Though he and his advisors spoke of job training and assistance as part of any reform package, no one with any sense of political reality could imagine that these half-decent intentions would survive in the prevailing environment of fiscal sadism – not to mention the racism and sexism that power the hatred of welfare recipients – assuming they were even seriously meant at all. All that the pundit class and the moneyed elite heard was the 'ending' part, and the political momentum became irresistible. And, Clinton signed the legislation. If his conscience was the least bit troubled by impoverishing millions, he has given no public sign of it.

And I haven't even mentioned other highlights of the first Clinton term – like an environmental record far more damaging than Reagan's and Bush's (this on the word of no less than the environmental icon David Brower), and a policy of blowing up 100,000 units of public housing. The destruction of public housing is based on the theory that poverty is caused by the concentration of poor people in poor neighbourhoods; dispersing them will reduce their exposure to social toxins, namely, each other. Where they are to go when their housing is destroyed is anyone's guess. But real estate developers are hungrily eyeing the soon-to-be-vacated sites for gentrified re-development.

It's tempting to say that Clinton is empty and unprincipled, a creature of pure political opportunism, but that lets him off too lightly. In fact, he's probably quite serious about his historical mission of purging the Democratic Party of its last humane traces. It's questionable whether a Republican president could have accomplished what he's accomplished for

the corporate class: NAFTA, GATT, welfare 'reform,' fiscal stringency, and the rest. Had a Republican proposed any of this, there would have been a firestorm of outrage. But because Clinton did, advocacy groups for the poor, unions, environmental organizations, and the liberal weeklies were all silenced. It looks like the major economic goals of his second administration will be admitting Chile to NAFTA and privatizing, partly or fully, the Social Security system. Again, Bush or Dole probably would have had a difficult, maybe even impossible, time with such an agenda.

Electoral Models

With such an awful record, why was Clinton re-elected? There are several reasons for this. First of all, only 49% of the voting age population actually cast a ballot in November 1996, the lowest share since 1924 (which was only the second election women were allowed to participate in, and when restrictions on black voters still prevailed)." Behind that low turnout is a sharp class skew: nonvoters are disproportionately poor, and voters, disproportionately affluent. Though there are three times as many households with incomes under \$15,000 as there are with incomes over \$100,000 (21% vs. 7%, respectively), both extremes of the income spectrum are about equally represented in the electorate (11% vs. 9%). This class skew was more apparent in 1996 than 1992: the share of the over-\$50,000 households in the electorate rose, and that of the **under-\$50,000s fell**.¹⁸ So, elections in the U.S. are competitive sports played out before a fairly well-heeled audience; those harmed by Clinton policies simply stayed home.

Second, an incumbent president running with a reasonably healthy economy has a very hard time losing. A simple electoral model I devised correctly predicted the outcome of 11 of the last 13 presidential elections using just two inputs – real disposable personal income, and the president's Gallup approval rating, both taken in the second quarter of the election year (six months before the **election**).¹⁹ With the economy in decent, if not **boomy**, shape, the election was Clinton's to lose.

The table shows how Clinton's economic record stacks up against his predecessors. In sum, labour has done OK, but capital has done swimmingly. Employment growth is respectable, but less impressive than the Kennedy, Johnson, and even the Carter years. Unemployment is lower, on average, than the 1970s and 1980s, but still well above Golden Age levels. Real hourly earnings are about flat, a triumph by recent historical standards, but again, nothing sterling in a longer view. But the Clinton years have been very good ones for creditors and stockholders, and the 'fiscal shift' – the change in the deficit, expressed as a percentage of GDP – is the most dramatic in modern history.

Table I: Presidential Economics

	employ- ment	unem- ployment	real hourly earnings	stock market	real inter- est rate	CPI	GDP	fiscal shift
Roosevelt III	5.0%	4.4%	3.4%	0.3%	-3.5%	6.0%	7.2%	+0.1%
Roosevelt-Truman	1.7	3.4	0.6	-4.1	-6.0	7.8	5.1	-2.8
Truman	2.9	4.4	2.7	11.4	-0.1	2.6	6.6	-1.2
Eisenhower I	1.4	4.3	3.2	13.6	2.3	1.0	2.1	+2.0
Eisenhower II	0.3	5.5	1.3	5.1	1.6	1.8	1.9	-0.6
Kennedy-Johnson	2.6	5.8	1.8	8.2	2.8	1.2	4.9	+0.6
Johnson	3.9	3.9	1.5	1.0	1.9	3.3	4.4	+0.3
Nixon I	2.2	5.0	1.7	-0.8	1.3	4.6	3.2	-2.4
Nixon-Ford	1.6	6.7	0.0	-10.6	-1.3	8.3	1.8	-1.2
Carter	3.1	6.5	-1.4	-3.6	-1.1	10.4	2.6	+0.8
Reagan I	1.4	8.6	0.2	1.6	6.0	4.9	2.3	-1.8
Reagan II	2.7	6.5	-1.0	9.7	5.8	3.5	3.2	+1.5
Bush	0.6	6.2	-1.3	6.7	3.9	4.2	1.2	-2.7
Clinton I	2.5	6.0	0.1	11.6	4.1	2.8	2.6	+2.7
<i>averages</i>								
Democrats	3.1	4.9	1.2	3.5	-0.3	4.9	4.8	+0.1
ex-Roosevelt III	3.0	5.3	0.9	5.7	1.5	4.1	4.3	+0.6
Republicans	1.5	6.1	0.6	3.6	2.8	4.0	2.3	-0.7

Major economic indicators by presidential term. Averages are arithmetic averages; average growth rates are compound annual growth rates. Beginning and end of term are January, for monthly figures, and first quarter for quarterly GDP figures. *Employment* is the average annual growth rate in civilian employment measured by the Bureau of Labor Statistics (BLS) establishment survey. *Unemployment* is the average civilian unemployment rate, also from the BLS. *Real hourly earnings* is the average hourly pay for nonsupervisory workers in manufacturing from the BLS's establishment survey, deflated by the CPI. (Manufacturing is used because the series for all private workers is available only from 1964 onwards.) *Stock market* is the real average annual growth rate in the Standard & Poor's 500 index, deflated by the consumer price index (CPI). *Real interest rate* is long-term rate on U.S. Treasury bonds, reported by the Federal Reserve, deflated by the CPI. *CPI* is the compound annual growth in the consumer price index. *GDP* is the compound annual growth rate in real gross domestic product; annual figures for Roosevelt's third term, and quarterly figures thereafter. (Quarterly real GDP figures are available only from 1947 onwards.) *Fiscal shift* is the change in the federal surplus/deficit as reported in the national income and product accounts; a positive number is a move towards lower deficits or higher surpluses. Roosevelt's third term began in 1941 and ended in 1945. Figures for Clinton are the latest available as of December 1996, and are subject to minor revision over time.

Source: author's database.

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But these half-decent economic numbers have not translated into electoral success for Clinton's party. The **DLC's** move to the 'centre' – which really means to the right – is often justified as a vote-getting move, but there's little evidence to support this claim. Clinton's re-election masks a truly dismal performance by the Democrats. According to the pundit Michael **Barone**, starting from the day Clinton was elected in 1992, the Democrats have lost 12 Senate seats, 60 seats in the House of Representatives, 11 governorships, and 500 legislative seats. Noted **Barone**, 'No Democratic president has seen such harm come to his party since Grover Cleveland in his second term 100 years ago – and that was followed by 34 years of Republican **dominance**.'²⁰ Tellingly, Clinton is often described as the most conservative Democratic president since Cleveland.

Of course, it may be that the country has moved so far to the right that there's nothing the Democrats could do to stem these losses, or that they'd be even worse had Clinton not moved to the right. But it's hard to read that analysis out of the public opinion data.

A poll taken just after the election by Clinton's former pollster, Stanley Greenberg, showed that Clinton won because he was perceived as more likely to protect domestic programmes, particularly Medicare, Social Security, education, and those relating to the environment. His margin of victory was provided not by the upscale voters the DLC has been targetting, but by non-college-educated lower- and middle-class voters. Voters were relatively positive about the overall state of the economy, but were nervous about the future, and very friendly towards an agenda including comprehensive health care, significantly higher spending on education, and a programme of regulation of corporate **behaviour**.²¹ But no national political figure is articulating anything like these goals.

Ironically, Clinton is best positioned to cut those very programmes that people elected him to protect – and his whole political philosophy has essentially rejected the idea of government programmes altogether. The great guru of the second half of his first term, Dick Morris, was famous for this advice. In the words of a New York Times Magazine profile of Clinton: 'Morris contends that the most enduring problems facing the nation, from the collapse of the family to the decline in civility, are behavioral ones against which Government programmes can make little headway, but Government persuasion can lead the way. "The problems we face, not the symptoms, but the causes, are fundamental causes best dealt with by altering the way people think and act and **do**."²² In other words, the president should be a preacher and storyteller, but not a political leader in the conventional sense. Ironically, the married Morris himself was forced to resign from serving his president when it was revealed that he'd been carrying on with a prostitute, showing a particular fondness for sucking her toes. Values are for the masses, not their rulers.

A rich insight into the cynicism behind the 'values' strategy was offered by Greenberg himself, in an article in the liberal magazine, *The American Prospect*^B. According to Greenberg, 'progressives' harp too much on their (accurate) diagnosis of the ills experienced by working and poor Americans. Yes, people suffer from stagnant, even declining, incomes, stress, and profound insecurity. But what 'progressives' need to acknowledge in their rhetoric is the day-to-day heroism demonstrated by ordinary people in simply making ends meet. People have little faith in institutions like government, unions, or parties; only one in ten people in Greenberg's polls even have any faith in their friends. All they have to rely on are their own resources and the support of their families.

Successful politicians, then, need to craft 'narratives' that appeal to people with such constricted expectations. Thus, Clinton talks about tax credits for education and training – an extremely minor programme in every sense, but one cynically designed to appeal to this exhausted, despairing self-reliance. Clinton and Greenberg have embraced Margaret Thatcher's famous declaration that 'There is no such thing as society. There are individual men and women, and there are families.' And so has Clinton, the first president from the party of the New Deal and Great Society to achieve re-election since Roosevelt, embraced the liberalism of the Manchester school.²⁴

The Clinton–Morris–Greenberg strategy is an obvious descendant of the Reagan–Bush appeal to 'values.' In their version, the Republicans embodied the good middle American way of life – monogamous, family-centred, religious, and patriotic – and the Democrats the opposite of all this – polyamorous, polymorphous, godless, and in secret league with America's enemies. It was a very effective technique for gathering the votes of folks who would be harmed by their actual policies.

Clinton has had to change the content of the values pitch, obviously; he's an admitted adulterer, but the public doesn't seem to care. There's a bit less emphasis on religion, though Clinton himself claims to be deeply religious, as does his wife, whose earnest social-workerish Methodism gets under the skin of libertarians, and not all of them on the right. Alexander Cockburn, for example, has quite properly denounced Hillary Rodham Clinton for her passion to intervene in people's private lives in the interests of 'therapeutic policing' – to guarantee their physical and mental health when they're not managing the task in a manner pleasing to the First Lady and her beloved 'social workers, shrinks, guidance counselors, the whole vast army of the helping professions.' As Cockburn points out, Hillary and her husband frequently refer to children as an 'investment,' a turn of phrase that reveals their coldly monetized view of the world.²⁵ All in all, a nicely Victorian combination of Manchester economics and hypocritical moral uplift.

What might we expect of the second Clinton term? I've already suggested some of it, particularly the partial privatization of Social Security. For more hints, we can turn to a speech he gave to the DLC on December 11. In it, Clinton promised to govern from 'the vital center,' which in America always means the centre-right. He listed his priorities as 'finishing welfare reform,' whatever that means; putting more people in jail; 'keeping America strong,' which presumably means buying more weapons; promoting free trade; and, of course, 'balancing the budget.' Balancing the budget is a code-phrase for deep cuts in civilian services, but coming out and saying that would **ruin** Clinton's image as the friend of the quotidian heroes. To offer narrative support to the lonely masses, Clinton actually suggested the following: 'I think we should expand Family Leave in a very limited way so that parents can take some time off to go to regular parent-teacher conferences at school and to take their children to regular doctor's appointments, not just when they're desperately ill.'³⁹ This stirring vision came from the president who claimed repeatedly during the 1996 campaign that his administration was building a bridge to the **21st** century.

If this is a model for left-of-centre governments around the world, then the left is in even deeper trouble than we ever imagined.

NOTES

1. In 1995, **U.S.** manufacturing wages were exceeded by those of Japan, Austria, Belgium, Denmark, Finland, France, Germany, the Netherlands, Norway, Sweden, and Switzerland, and were 15% below the OECD-less-Mexico average. U.S. Bureau of Labor Statistics, 'International Comparisons of Hourly Compensation Costs for Production Workers in Manufacturing, 1995,' Report No. 909, September 1996.
2. Based on Luxembourg Income Study (LIS) data computed for *Left Business Observer* by LIS research director John Coder, and reported in LBO #61, 13 December 1993.
3. I've been following Bill Clinton obsessively since 1992 for *Left Business Observer*. In cases where sources are not formally cited in this essay, they can be assumed to be based on reporting for that newsletter.
4. Polls are from 1995 and 1996, except the Murphy Brown number, which was from 1992. They come from the Roper Center's computerized poll anthology, Public Opinion On-Line (POLL), available on Knowledge Index, through **Compuserve**.
5. Approval ratings are from my own historical database of Gallup polls, assembled from raw material on the Roper Public Opinion On-Line (POLL) database.
6. Ramesh **Ponnuru**, 'Running in Place: How Bill Clinton Disappointed America, *National Review*, July 29, 1996.
7. Alexander **Cockburn** and Ken **Silverstein**, *Washington Babylon* (London and New York, Verso, 1996), p. 258. 'Right-to-work' laws are laws common in many U.S. states that prohibit closed union shops.
8. The land deal is reminiscent of the one that Ronald Reagan's Hollywood cronies concocted to make him rich – except that that one worked, and was on a much larger scale. Clinton's cronies, unfortunately, were incompetent provincials whose schemes came to naught.
9. Doug **Henwood**, 'The Change Agents,' *Left Business Observer* #54, 4 August 1992; Bob Hall and Marry Lee **Kerr**, *1991-1992 Green Index: A State-by-State Guide to the Nation's Environmental Health* (Washington, Island Press, 1991). The composite index was based

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- on 256 indicators, covering air and water quality, energy use, toxic waste risks, environmental infrastructure, noxious emissions, environmentally related health indicators, protected areas, and state spending and regulatory policies.
10. Michael J. Goodman and John M. **Broder**, 'Clinton's Rein on Bonds Linked to Contributions,' *Los Angeles Times*, 29 June 1992.
 11. In the cautious words of Stephen Hess, a very mainstream scholar of the presidency, 'You can't say that [Clinton] is the only one who was ever interested in raising money. [But] most of them have an awful lot of insulation between them and big money. [With Clinton,] there was a lot less insulation than we expected.' Quoted in Glenn R. **Simpson**, Leslie Chang, and Marcus W. **Brauchli**, 'Clinton Dinner Illustrates Fund-Raising Perils,' *Wall Street Journal*, 6 January 1997.
 12. The analysis of Clinton's budgets that follow is based on **official** budget documents published by the Office of Management and Budget, and computer spreadsheets distributed by the administration from the White House web site (<http://www.white-house.gov>).
 13. The stimulus program he proposed in early 1993 was extremely tiny, and almost half of it consisted of an expansion in tax breaks for corporate investments.
 14. Non-U.S. readers, and even a few U.S. ones, may not be aware of how budgets are made in the U.S. Unlike Britain, where the Chancellor's word usually becomes law, the budget submitted by the president to Congress every February is only a starting point at best. The real budget-making work is done by a gaggle of committees in both houses of Congress, in an orgy of dealmaking and high-stakes lobbying. In recent years, it's been common for Congress not to finish its budgetary work by the beginning of the fiscal year, October 1, so the government runs for a time on what are called 'continuing resolutions' – extensions of the previous year's budget into the new fiscal year. The process is extremely messy. Deals are cut, often secretly, and strange pet projects get funded when Congresspeople slip phrases into legislation without their colleagues being fully aware of it. Budgets are often approved late at night in a rush to adjourn without any legislator having read the final document that's being voted on.
 15. One of the mysteries of contemporary American politics is just why the right hates Clinton so much, given his conservative record and his evisceration of the liberal wing of his party. Explanations generally turn on culture more than policy – Clinton and his wife represent some unpurged heritage of the 1960s, that of sex, drugs, and rock and roll. **Rumours** abound about **Hillary's** alleged lesbianism – supported by no evidence of course. That she was a very establishment corporate lawyer in Little Rock earns her no credit on the right. Clinton's own (**hetero**)sexual appetites are well-known, and the **rumours** there are on firmer evidentiary ground. But both are drug-free, and Clinton's taste in rock and roll is extremely tame, even banal. He listens to Fleetwood Mac, Elvis, and Kenny G., not the Sex Pistols, Bongwater, and Bikini Kill.
 16. In practice, state welfare authorities often did all they could to deny assistance, but legally the presumption was that if you qualified you were eligible. As is often the case, welfare in the U.S. is largely a state responsibility, though the federal government did provide funding for AFDC, and will provide funding for its successor programme, Temporary Assistance for Needy Families (TANF). Details and administration of TANF will be left to the states. Funding for AFDC was elastic – it would expand and contract with demand, which was usually a function of the business cycle. TANF funding is capped, and will not expand with a recessionary increase in demand. For more, see Doug **Henwood**, 'Demote the General Welfare,' *Left Business Observer* #74, 7 October 1996, and briefing papers prepared by the Urban Institute (various documents) and Center on Budget and Policy Priorities ('The New Welfare Law'), available from their web sites (<http://www.urban.org> and <http://epn.org/cbpp/>, respectively) or from their offices in Washington.
 17. The turnout numbers are based on press reports. My own computations, using reported vote totals and Census Bureau population estimates, are even lower. But I'll go with the

higher number out of caution.

18. Income figures from U.S. Bureau of the Census, *Money Income in the United States: 1995* (Current Population Reports, **P-60-193**, September 1996). Turnout figures from exit poll data gathered by Voter News Service, reported in the *New York Times*, 4 November 1992, and 6 November 1996.
19. The exceptions were 1960, when it's quite likely that vote fraud gave Kennedy the election, and 1976, when Ford lost for reasons cited earlier. I made the first 12 'predictions' retrospectively; the **13th**, a prediction of Clinton's victory by a 6 percentage point margin, appeared in both *Left Business Observer* and *Barron's* in August 1996, three months before the election. The actual margin of his victory was 8 points. **As** pleasant as it is to take credit for such prescience, the real news is the predictability of presidential elections despite the apparent volatility of the campaigns.
20. Quoted in Alan **McConagha**, 'Inside Politics,' *Washington Times*, 10 December 1996, p. **A8**.
21. Robert L. Borosage, 'Statement' accompanying release of a poll by Greenberg Research, Inc. (Washington: Campaign for America's Future), 12 November 1996, and background documentation provided by Greenberg Research, **Inc.** Despite the rather healthy-looking macro numbers, just 2% of the respondents to Greenberg's poll – limited to professed voters, a disproportionately upscale group – rated the economy as excellent, and 56% as good, with 31% calling it not so good, and 8% poor. And this, remember, is about as good as it gets, in business cycle terms.
22. Todd **Purdum**, 'Facets of Clinton,' *New York Times Magazine*, 19 May 1996, p. 40.
23. Stanley B. **Greenberg**, 'Private Heroism and Public Purpose,' *The American Prospect*, No. 28 (September-October **1996**), pp. 34-40.
24. Johnson and Truman were elected to second terms, but both entered office on the death of their predecessors. Clinton is the **first** since Roosevelt to have been elected twice.
25. Alexander **Cockburn**, 'Beat the Devil,' *The Nation*, 12 February 1996. See also Cockburn's response to a letter criticizing that column in the **11th** March issue of the magazine.
26. 'Remarks by the President to the Democratic Leadership Council,' **Sheraton** Washington Hotel, Washington, D.C., 11 December 1996, White House transcript. Family Leave was one of the great legislative achievements of the first Clinton term; it allowed people to take time off without pay to tend to newborns and family medical emergencies.