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Restructuring Social Bargains: The Politics of Trade and Labor Policy
in the US Democrats and British Labour

by
Mark J. Gardner

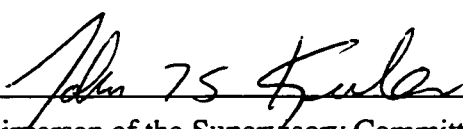
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Abstract

**Restructuring Social Bargains: The Politics of Trade and Labor Policy
in the US Democrats and British Labour**

by Mark Gardner

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Left parties are beset by political challenges to traditional goals of social justice and full employment. The literature which examines the recent politics of party program change is dominated by theories focusing on variables external to parties. These include theories focusing on social or economic structure, or on institutions.

This study argues that the literature fails to examine sufficiently the role of factions in restructuring party policy. It develops a framework for analyzing the role of factions in advancing strategies and programs which become manifest as policy. The empirical focus of the work is the recent politics of trade and labor policy in the US Democrats and British Labour.

This work also challenges the adequacy of spatial theories which assume a unitary actor responding to public opinion. While some theorists have attempted to model strategic behavior of factions, such accounts do not provide an adequate framework for analyzing policy and strategic preferences.

The analysis presented here begins with an examination of factional type and social location. Factions can be categorized by their social location (i.e. class, region), and by whether they are associated with a mass base. Factions composed mainly of politicians and party bureaucrats tend to be focused on winning elections and on

maintaining the business climate. Factions representing a mass base are concerned with specific policy outputs as well as electoral performance.

The work shows that factions push strategies and policies that reflect their type and location. Changes in party policy and strategy are the result of changes in factional control, and compromises between factions. Structural and institutional changes affect the policy agenda and the power of factions, but factions also act as agents advancing specific visions and strategies.

This analysis proves particularly important at a time a time of rapid institutional innovation when policy consensus is at a minimum. Currently, factional politics is dominated by a struggle between those who wish to retain traditional left goals, and newly powerful market-oriented factions concerned about maximizing middle class votes. The outcomes of factional struggles are shown to have a large bearing on policies and coalition-building strategies adopted by parties.

TABLE OF CONTENTS

	<i>Page</i>
List of Figures.....	ii
List of Tables.....	iii
Introduction	1
Chapter 1: Factions and Party Policy Innovation.....	7
Chapter 2: Competing Explanations of Party Policy Change.....	39
Chapter 3: Factions, Policy, and Coalition-building.....	89
Chapter 4: The Breakdown of Consensus in the Democrats and Labour.....	131
Chapter 5: The Right Ascendant: The Rise of the Democratic Leadership Council, and the Labour Modernizers.....	196
Chapter 6: Rival Visions of Internationalism.....	263
Chapter 7: Industrial Relations and the Future of the Workplace.....	334
Chapter 8: Conclusion: Factions and the Politics of Party Policy Change.....	384
Bibliography.....	403

LIST OF FIGURES

<i>Number</i>	<i>Page</i>
1.1 Factions Within a Larger Causal Structure.....	21
2.1 Ratio of Total Trade to GDP.....	44
2.2 Unemployment in Seven Largest OECD Countries.....	45
2.3 Government Tax Revenues as Percent of GDP, OECD Countries, 1994.....	50
2.4 Union Density, Selected OECD Countries.....	51
2.5 Percent of All US Jobs Either Goods or Service Producing.....	55
2.6 Hourly Wages in US by Industry, Production or Nonsupervisory Workers.....	58
2.7 Annual Income Received by Families and Households, US.....	59
2.8 Annual Income Received by Households, Britain.....	60
2.9 Voter Turnout by Family Income Level, US 1994 Congressional Elections.....	72
8.1 The Three Sources of Party Policy Change.....	386

LIST OF TABLES

<i>Number</i>	<i>Page</i>
1.1 Liberal and Social Democracies Compared.....	36
2.1 Shifts in British Industrial Composition, 1951 and 1981.....	56
3.1 Factional Control, Economic Policy, and Strategic Tendency, US.....	117
3.2 Factional Control, Economic Policy, and Strategic Tendency, Britain.....	119
3.3 Policy Preferences of Party Factions and Union/Left Constituency Factions..	125
5.1 AFL-CIO Rating of DLC and Non-DLC Democrats.....	211
6.1 The Democratic Vote on NAFTA.....	319

Introduction.

This work had its genesis while I was involved in economic policy work in a research institute in Washington, DC during the second Reagan administration. I became fascinated with the debate between the Democrats and Republicans over economic fundamentals, and over what to do with the legacy of the New Deal policies that had underpinned the postwar political order.

Yet, paradoxically, as the Reagan policies became less sacrosanct politically, and as Democrats crawled back toward electoral competitiveness, internal conflict within the Democratic party continued to increase. Labor unions and associated politicians and policy-makers making up the remnants of the New Deal coalition stepped up their political activities in an effort to influence the direction of the Post-Reagan party. Jesse Jackson organized and mobilized large segments of the minority community and the disaffected white working class, defying the odds to make a spirited run for the presidency in 1988. At the same time, moderates and conservatives in the party, at first loosely configured under the rubric of “neoliberalism” and then more formally as groups such as the Democratic Leadership Council, attempted to complete the process of wresting control of the party from its traditional constituents.

An examination of British politics revealed similar ideological wars inside the Labour party. Disputes had been particularly vehement during the early 1980s as the left temporarily gained control, leading to severe losses at the polls, and a huge party schism in 1981 as centrists bolted to form the Social Democratic party. Battles between left and right simmered into the 1990s, and show no signs of abating even though Labour is at a recent high in opinion polls.

An examination of such struggles reveals the importance of internal party politics in sculpting party policy and strategy. Yet these internal struggles are only

intermittently reflected in the political science literature. This neglect of systematic examination of internal party dynamics led Lawson (1994) to observe that “What has been lacking thus far, however, are works that explore the internal dynamics of political parties with the intention of finding out how parties really work.”

The struggles documented herein are quite familiar to the participants in intraparty politics. Indeed, party members themselves would need little convincing that these internal battles are important. For example, organizations such as unions, despite their recent travails, retain the support of millions of members on both sides of the Atlantic, and command the resources of millions of dollars or pounds sterling. It seems clear they would retain some significant empirical effect on left party politics. At the same time, those arguing *against* left preferences have been extremely active politically, bringing a broad array of resources, energy, and talent into the debate.

However, the American literature, while strong on voting studies, public opinion, and formal modeling, has abandoned the study of parties in many significant respects. Works which do examine parties tend to focus on the dynamics of party systems, and the literature that examines internal party dynamics is exceedingly scarce. Some activity occurred on this front in the 1960s, (e.g., Wilson, 1962; Wildavsky, 1965) but fell moribund soon afterwards.

A voluminous literature does exist which examines ideological and factional disputes within the British Labour party. But few of these findings have been generalized through comparative party research. In general, new works examining the internal life of parties often do little to advance our theoretical understanding (Kitschelt, 1995). In much of the literature, if internal actors within the parties are examined at all, the focus tends to be on post-hoc analyses of the strategies of the winners. They

therefore cause us to miss the politics within the parties over which faction and factional vision will prevail.

Conversely, many of the forces of change external to the parties -- economic globalization, weakening of voter loyalties, the evolution of public opinion, the destabilization of party coalitions -- *have* been well-documented in the literature. But the effects these changes are having on the internal politics of the parties are mostly ignored.

The literature which does examine party policy change is dominated by positional analysis -- an examination of how parties position (or fail to position) themselves where the votes are. This literature ranges from simple early spatial models (e.g., Downs, 1957) to the development of complex formal models (e.g., Enelow and Hinich, 1990) to sophisticated empirical analysis of adaptation to changes in social structure and economic constraints (e.g., Kitschelt, 1994). But these accounts run into the problem of assuming that "where the votes are" is simple and nonproblematic. At least for the two parties examined in this work, the center is not always easy to locate; the destructuring of institutions and the social ties of the voters are leading to a great expansion of "swing voters" whose loyalties are increasingly volatile, and whose demands are often contradictory. There is thus an inevitably constructed nature of party policy, a facet which receives emphasis in this work.

More fundamentally, by focusing on the analysis of strategic positioning alone, such works neglect two other functions of parties: representation of interests; and, education and mobilization of voters. Winning elections requires the construction of a wide coalition capable of being mobilized on election day. While parties need to discern winning issues in any particular election, they also rely on a base of voters willing to provide reasonably consistent support. Parties need to bring out a base of core voters,

while also gaining the (perhaps temporary) loyalty of swing voters. In addition, for parties to cement voter loyalties constituents need to be educated regarding the benefits of certain party policies. Lastly, party coalitions are made up of organizations as well as the unorganized. Such organizations need to be motivated to support a party through monetary contributions and campaign activities. The policy-making output of parties in turn influences the mobilization of various constituencies.

There is thus an ongoing and unavoidable tension between necessary but sometimes conflicting goals of winning elections, and assembling a motivated, educated, and loyal base. In this work, I show that different factions represent these different goals and tendencies within a party. At the same time, party politics often revolves around different views over which of these functions should predominate. Meeting the needs of constituent organizations may retard positional flexibility. But neglecting a party's base may lead to demobilization, electoral defections, and the inability to construct majorities within legislative bodies. Tensions between positioning and representation are in part what generates factional differences, and also result in divergent factional strategies for building and maintaining coalitions.

This work therefore attempts to put the question of agency back on the agenda. I argue that organized factions provide a vehicle for advancing the political ideas of large numbers of individuals who are part of a political party. Analyzing factions thus provides a way of examining questions of leadership, ideology, and strategic vision without resorting to purely idealistic or individualistic interpretations of political change.

An analysis of internal party politics is especially important now at a time when differences over policy within the parties have widened into a chasm. The choices taken by dominant forces are increasingly portentous of the ways parties manage global

change and political instability. Such choices also influence the developmental trajectories of domestic institutions and policies, and the corresponding distribution of costs and benefits in society. They are thus measure of whose interests will continue to be represented in each nation.

In the broadest sense, this work attempts to highlight the importance of politics in the study of party change. Too many works see party political change as a process of automatic adjustment, rather than as an outcome of intense political battles. These works are thus an analog of “end of history” arguments that crop up from time to time, and are always found wanting. The framework presented here may err too much on the side of indeterminacy, but will hopefully also serve as a corrective to works which see history as a foreordained process, rather than as the result of ideas, passions, organization, and strategies held by political actors.

Documenting factional politics requires an examination of material from a wide variety of sources, with an emphasis on qualitative evidence. I draw from works which illuminate the changing power bases of various factions. But most of the original evidence presented here attempts to document the alternative visions held by factions over policy and strategy. This analysis is then used to develop an analytical framework which I believe is useful in explaining and interpreting politics within the parties, and in illuminating essential aspects of party change.

I have drawn extensively from interviews of strategically-placed participants on each side of the Atlantic. I have also conducted numerous background and off-the-record interviews with participants and analysts. The chapters also reflect a close reading of election manifestos and party platforms. They also examine records of party conferences and proceedings, and the numerous public statements of major factional figures, including press conferences and Congressional testimony. I have also

examined conference deliberations and policy statements that reflect official factional policy statements. Because of my focus on struggles over fundamental economic issues revolving around the regulation of trade and the labor market, the material drawn together here emphasizes labor unions on the left, and conservative factions and associated politicians on the right.

I have also analyzed books and articles written by strategic participants in pivotal factional struggles. Newspaper articles were used to derive some of the details of particular events, and were another source of statements of policy and strategy. Many of the pamphlets, discussion papers, and magazine articles cited here were written by party activists with the express purpose of trying to influence the factional debate. As such they are particularly useful public records of the political views of various participants.

The research was aided by a graduate fellowship to Pembroke College, Cambridge, which allowed me to spend a year during 1990-1991 immersing myself in British politics, and collecting data and background materials. A European travel fellowship from the University of Washington Graduate School allowed me to conduct in-depth interviews of participants in party struggles on both sides of the Atlantic in Spring, 1993.

Thanks also goes out to my dissertation committee, chaired by John Keeler, and also consisting of Leslie Eliason, Christine Ingebritsen, and Michael McCann. Committee members showed infinite patience as I struggled to bring form out of the formlessness created by my excessively inductive methodology. Committee members also provided numerous practical tips and assistance in obtaining support and criticism, and were especially helpful in forcing me to place some limits on my tendency to spin out endless combinations of explanatory variables.

Chapter 1. Factions and Party Policy Innovation

I. Introduction to Chapter One: Disarray on the Left

Left parties have found themselves in wildly fluctuating political circumstances in recent years. While this has been true in many nations, it has been especially true in the US and Britain. As their electorates began to slip away under an unrelenting assault from the right, ever-present ideological conflict sharpened within Labour and the Democrats, and policy differences were transformed into pitched battles. Such battles reduced these parties' popularity with the electorate still further.

Within the Democrats, battles that took place during the Vietnam War led to seemingly unbridgable chasms of ideological difference, and created reservoirs of ill-feeling. Soon afterward, social policy was thrown into this internal struggle, as the party began to confront a "backlash" against New Deal and Great Society programs. By the early 1970s, a series of rapid changes in the international economy reduced the US's economic competitiveness, increased unemployment, and reduced growth. The declining efficacy of the Keynesian growth formula engendered another round of dissension in the party over economic policy.

Crumbling consensus and the weakening of the Democratic economic legacy helped the Republicans win the elections of 1968 and 1972. By 1976, Democrat Jimmy Carter was able to ride into office on a temporary wave of anti-Republicanism generated by the Watergate affair. But the ongoing fragmenting of the Democratic party coalition left Carter unable to translate Democratic control of the Congress into a coherent legislative agenda (Ferguson and Rogers, 1986: 105-113). The Carter loss in 1980 left

the Democrats out of office for the next dozen years, as Democrats were unable to crack the popularity of the New Right economics promulgated by Reagan and Bush.

By 1992, the Democrats had seemingly risen again out of the ashes. The Clinton campaign combined a strategically brilliant effort to defuse the backlash issues surrounding welfare and race that had plagued the party, while at the same time making broad appeals on economics that solidified previously warring elements of the party's coalition. The New Deal coalition, supposedly extinct, seemed to reappear in the voting patterns demonstrated by the electorate in November 1992 (Lipset, 1993).

Soon afterward, however, the Democrats were again in ideological and policy disarray. Bill Clinton, although hailing from the "New Democrat" camp, got most of his legislative support from liberals. High defection rates among conservative Democrats soon stymied the progress of the administration's program. The public turned disdainful of this incoherence and disarray, yet opinion itself showed little coherence. The public identified Clinton as a traditional liberal, and his ratings dropped. Yet the same voters were skeptical that Clinton's plan would tax the rich rather than the middle class (Richard Berke, *New York Times*, June 6, 1993). As Clinton shifted rightward, the public revised its opinion, then seeing Clinton as a "new kind of Democrat." His approval rating edged upward (Thomas Edsall, *Washington Post National Weekly Edition*, Feb. 7-13, 1994). But when asked later which constituency the Democrats represented, a majority of those polled responded, "the rich" (*New York Times*, June 17, 1995).

Democrats from across the ideological spectrum continued to offer disparate solutions to the party's political problems. On the right, analysts counseled more conservative economic policies, and a move away from the party's base. Al From, head of the Democratic Leadership Council (DLC), an influential organization of party

conservatives, argued that “...sharply redistributive policies may have sold in the 1930’s, but they won’t sell in the 1990’s” (Al From, “The Next Tax Revolt,” *The Mainstream Democrat*, December 1990: 24). Two DLC-affiliated party analysts, William Galston and Elaine Kamarck (1989), argued that there was “... little evidence to support the proposition that a general mobilization of the electorate would remedy the Democrats’ presidential woes.”

On the left, analysts argued for a remobilization of the base, and appeals to women and workers. Consultant Mark Gersh argued that “The Democratic Party is deciding what it is trying to be, and as you lurch toward the center too precipitously, you start to encourage problems with the base” (quoted in Thomas Edsall, *Washington Post National Weekly Edition*, December 6-12, 1993).

Ray Marshall, Carter’s Secretary of Labor, argued that:

What any Democrat’s got to do is not take for granted the basic support for the Democratic party, and that basic support is workers, middle and low income workers, minorities, especially blacks, and the elderly, whose number is increasing and therefore will be a very important constituency. I think the Democratic party’s got strong support among women, and of course the majority of the workers are women.... And on the abortion issue choice is a clear winner (interview with Ray Marshall, November 20, 1995).

Conflicts within the Democrats left them unable to counter the increasingly ideological offerings of the Republicans, initially leading more to mimicry of Republican policies than effective opposition. Some rightward shifts on budgetary issues helped inoculate the party from charges of fiscal profligacy, but did little to generate enthusiasm for the party’s agenda. Only with the election of 1994, which brought a wave of extreme rightist Republicans into Congress, were the Democrats able to offer what appeared to be a coherent response. Fiscal prudence coupled with defense of traditional concerns such as Social Security and Medicare, and newer concerns such as the environment, finally created a distinct alternative to the Republican vision.

But temporary coalescence against a common enemy did not presuppose an ideological truce within the party. Party conservatives blamed Clinton's excessive liberalism for the 1994 debacle, and counseled Clinton to stake out very conservative positions on the deficit and welfare. Those on the left argued that the Democrat's economic conservatism had led to a level of electoral demobilization among the least-well-off not seen since the 1920's, and argued for a renewal of economic populism, and adherence to the liberal reform agenda.

The Labour party was also in a similar state of internal conflict and confusion. Faced with similar slippage of coalitional cohesion in the 1970s, Labour attempted to replace its traditional policy-making by an autonomous Parliament with an extremely ambitious program of corporatist concertation also involving business and labor. Party leaders, the trade unions, and a strengthening "New Left" all worked together to formulate a program which would put Labour into the mainstream of European social democracy. But rather than usher in an era of progress, institutional and economic weaknesses led to the program's failure, waves of industrial militance not seen since the 1930s, and the ascendance of the New Right Thatcher government (Taylor, 1987).

While virtually all left-leaning parties elsewhere were slumping to the right, Labour responded to the Thatcher win with a hard dodge to the left, resuscitating a vision of socialist transformation coupled with an autarchic plan for national reflation outside of the European Community. This led to a dramatic schism in the party, as Labour centrists bolted to form the Social Democrats in 1981 (George and Rosamond, 1992: 172).

Just five short years later, the same labor unions which had supported this socialist program were in full support of a leadership intent on stripping away not only the legacy of the early 1980s, but also of many cherished elements of the postwar

bargain. Yet this cooperation did not endear the unions to the leadership, which forced through a series of institutional reforms stripping from the unions much of their remaining power over party policy.

The party remained plagued by seemingly irreconcilable ideological splits. Labour “Modernizers” on the party right argued for appeals to upwardly-mobile, economically-conservative voters. Simon Crine, Secretary of the party’s venerable talking shop, the Fabian Society, argued that Labour “....must appeal as much to the self-interest of those who gained homes, shares, and a degree of relative prosperity during the Thatcher years, as to the self-interest of the have-nots and the altruism of the liberal intelligencia” (Simon Crine, *Fabian Review*, May 1992). MP Giles Radice (1992) claimed that Labour swing voters were no longer “working class,” and argued that “The main reason for this change is that they believe that ‘class’ no longer has much relevance to their own lives. They believe that they have ‘got on’ by their own efforts and not with the aid of a group or class. Indeed, for many ‘the working class’ represents a past from which they have escaped.”

On the left, Labour “traditionalists” argued that the party was losing because it no longer had a clear vision of where it was heading. MP John Prescott (now Deputy Party leader), argued that “... we lost because people were not sure what we stood for any more. If you just depend on polls to tell you how to behave, you will never change anyone’s mind, or win anyone’s trust” (quoted in Patrick Wintour, *Guardian*, December 31, 1992). Editorialists at the *New Statesman and Society*, a magazine which provided a forum for those opposed to the Labour leadership, opined that polling evidence showed that the party had lost the 1992 election by moving “... too far away from its traditional base; that its attempt at reassuring those outside its natural “core” of

supporters meant it did too little to mobilize support among those who would benefit from its policies” (*New Statesman and Society*, April 17, 1992: 6).

Fortunately for Labour, the ideological confusion within the party did not prevent it from benefiting from Tory disarray. The combination of growing voter distrust of the Tories, that party’s seemingly limitless ability to commit foolish blunders, and the retooling of Labour’s image as a moderate party led to a strong recovery in the polls. Tony Blair projected a strong leadership image, and was increasingly able to wrest political control from Labour’s traditional interests. Many of Blair’s policy changes drew support from broad segments of the party as they bore fruit in the opinion polls.

But this support began to evaporate as Blair continued to push policy to the right. The party leadership adopted additional policies which drew heavily from the Tories, despite the fact that Conservatives were at a historic low in the polls. Blair, once ridiculed as “Bambi,” was increasingly accused of affinity with Stalin (Jill Sherman, *London Times*, Aug. 23, 1995). Even party right-wingers began to chime in critically, and former party Deputy leader Roy Hattersley accused Blair of abandoning the poor and the homeless in a mad rush to help the middle class (Jill Sherman, *London Times*, Aug. 12, 1995).

The difficulties faced by Labour and the Democrats is not unique. Left parties worldwide have frequently found themselves in trying circumstances over the last quarter-century. The decline of the classical postwar institutional and political orders, called in various national guises the Keynesian welfare state, collectivism, or social democracy, has forced left parties to devise new strategies and policies.

How can we understand party behavior in this extremely volatile political climate? Why are these left parties sometimes successful in opposition, but are

seemingly less and less able to offer a coherent vision and program? How can we explain the complex maneuvering within the parties as they attempt to reconstruct a new majority coalition?

Existing theories attribute party change and adaptation to a series of adjustments to secular trends, or to strategic adjustment to an unambiguous center of “given” opinions in the electorate. This work argues by contrast that the disarray shown above is precisely the result of an absence of a clear center of opinion. The efficacy of various institutions and policies is breaking down, and with this comes a breakdown in the stability of opinion in the electorate. Declining efficacy of institutions and policies, and volatile opinion and electoral behavior, are leading to widening ideological disputes within the parties as different groups formulate divergent strategies to redress these political problems.

The position, ideology, and interests of various political actors within the parties lead them to focus on different aspects of broader empirical trends. I argue that the best way to understand and analyze policy change within parties is to examine factions, which often act as “agents” in formulating responses to a changing political environment.

In this view, broader environmental factors affect party agendas, but they do not determine responses. Instead, factions respond to changes in the political, economic, and opinion environment. Party policy represents compromises or fusion between various factional programs and strategies. Structural changes which affect factional power are important, but so are processes of strategic alliance building between factions. Party policy also changes according to the ability of various factions to build support for a particular vision in a party, or in the wider electorate.

This work focuses on explaining the politics of left party adaptation in general, and within Labour and the Democrats specifically, but the analytical framework presented here can be applied to center and right parties as well. An argument about factions certainly extends to all parties in two-party dominant systems. Factionalism may be more apparent in “catch-all” parties created by first-past-the-post electoral systems with single member districts. The corresponding need to construct broad coalitions creates an inherent tension between those who focus on electability, and those who focus on particular policy outputs. For example, in the nations studied here, the British Tories are torn by struggles between centrist pro-European factions, and Euro-skeptics who are adamant about the maintenance of British sovereignty. The US Republicans are split between social moderates, and a religious faction pushing social authoritarianism. But factionalism is observable even in parties within multiparty systems, such as the Christian Democrats in Italy (Zuckerman, 1979).

This work also analyzes fundamental and ongoing tensions between individuals and groups in parties motivated by short-term goals of winning elections, and those motivated by longer-term goals of policy implementation or social reform. The framework presented here therefore applies to all cases involving party politics between interests allied with organized constituencies, and less encumbered politicians concerned with electoral success. While the framework presented here would have to be applied in different ways to right rather than left parties, to issues of social rather than economic concerns, or to regional rather than class cleavages, the following pages should begin to illuminate these other patterns of internal conflict. The concluding chapter of this work begins to draw out some of the wider implications of this work for party politics in general.

II. Theories of Policy Adaptation, and an Alternative

a. A Brief Review of Party Adaptation Theories

In this section I briefly review the literatures which bear on the question of party adaptation to changing political environments. While these theories are useful, they do not adequately analyze the important role of factions in determining party policy change. The literature will be reviewed more thoroughly in chapter two, and chapter three develops the factional theory in some detail.

Existing theories can help us understand many of the observed patterns in party policy and strategy. Three tendencies exist in the literature. First, some theories emphasize the way party behavior is sculpted by the political and economic environment. From this perspective, the causes of party change are external to the parties themselves. Another group of theories look to the strategic behavior of parties to explain change. Here, change is the result of parties positioning themselves vis-à-vis the preferences of the electorate. A third group of scholars focuses on the way different national institutions structure constraints and opportunities facing political parties.

The first group of theories emphasizes constraints arising from changing social or economic structures. Such theorists focus on global economic change, or on demographic shifts affecting all industrialized nations. Universal constraints imply convergence between nations. Economic-structural theories focus on the role of global economic change in destabilizing Keynesian institutional structures and strengthening the power of business, with a resulting shift toward the market (e.g., Lash and Urry, 1987). Social-structural theories demonstrate the political importance of demographic changes such as rising affluence. This in turn is seen as the cause of diminished

concern over distributional politics, and of the rise of “new politics” issues concerning the environment, women’s liberation, and personal freedom (e.g., Inglehart, 1990).

Structural theories provide an essential analysis of the political environments within which parties operate. There is virtually universal agreement that postwar economic and social changes played a major role in undermining the viability of various institutions which sustained left-party policy making. But economic structural arguments imply that left parties have little choice in responding to broadly similar international trends, and thus overemphasize the extent to which domestic actors are constrained in identical ways by global changes. As chapter two shows, while we see some convergence toward increased reliance on markets in all industrial nations, there is still an extremely wide variation in policy outputs which need to be explained.

Social change theories examine the effect of demographic and cultural trends in sculpting party behavior, and also predict convergence. The rise of affluence, the increasing political dominance of the middle classes, the decline of unions, and the expansion of privatized consumption have weakened political support for redistributionist institutions of the welfare state. Such theories predict both the rise of some issues which resonate in a more affluent electorate, such as environmentalism and feminism, and a corresponding decline in concern over basic economic and distributional issues (e.g., Inglehart, 1990). As the following chapters show, these changes aided the rise of a New Left in Labour and the Democrats. New Left factions helped to push institutional and policy reform, and influenced the patterns of conflict and cooperation within these parties.

However, such an analysis of broad demographic shifts does not explain wide variations among nations in party behavior. The comparative party literature shows that the political effects of demographic changes were highly conditioned by different

patterns of political mobilization, and different policy choices taken by parties in response to these changes. These theories also overemphasize the rise of general affluence. While a traditional working class has been in decline, recent trends toward increased inequality and high unemployment has kept many traditional economic questions on the agenda. More affluence -- and more inequality and economic instability -- create contradictory effects which are then seized upon by factions in the parties. In summary, while these structural models can explain pressures for change in policies and institutions and the rise of certain issues onto the policy agenda, they cannot explain cases of institutional persistence, or variation in the patterns of institutional and policy change. Not do they provide any way of modeling policy innovation within the parties.

Theories which examine party strategic behavior stand in contrast to these environmental theories. Spatial theories (e.g., Downs 1957) provide some explanation of recently-observed shifts by left parties to the political center. Nested games theory allows us to model factions as they act strategically to put their imprint on party policy (e.g., Koelble, 1992).

Spatial theories point out the importance of public opinion in constraining party choice. In these models, parties will converge where the largest numbers of voters are. In a two party system, this will be near the center, and in multiparty systems at various modes along an ideological continuum. But there are a number of problems with predicting either policy or strategic behavior from such models. As demonstrated in this work, the actual structure of public opinion is often quite fluid and occasionally contradictory. Second, the salience of particular issues varies tremendously from election to election in unpredictable ways, and is itself often a product of political campaigns. Thus, preferences may not be "given," but instead may be the product of

the activities of political elites. Equally important, spatial models do not explain the important variations of party policy resulting from the behavior of actors internal to the parties.

The literature on nested games remedies some defects in the spatial model. This theory notes that institutions encompass heterogeneous actors with different interests. With regard to political parties, it is noted that parties are composed of leadership factions seeking re-election (who operate on spatial assumptions), but also sectional factions who seek particular interests, usually particular policy outputs. This application of nested games to political parties is a step in the right direction, but does not provide us with the tools to analyze the preferences of various factional actors. It assumes that factional preferences and behaviors can just be “read off” from structural locations, and thus ignores the role of ideology and intellectual innovation within factions, as well as strategic alliance building between factions as a method of enhancing power.

Institutionalist literature explains divergent trajectories of national development. These theories examine how institutions organize and represent interests, distribute benefits, and thus help to structure patterns of political loyalties in the electorate. While not all of these works discuss left party adaptation directly, the implications are clear: where left-designed institutions have proven most politically resilient, the pressure for abandonment of welfarist or redistributive policies will be less severe. This advantages those interests within left parties who seek to retain such commitments.

A related set of literatures examine the effects of party policy on the size and shape of a party’s electoral coalition. For example, Esping-Andersen (1985a, 1985b) shows that policy innovation can expand political support for social democratic parties. Przeworski (1985), whose work is also influenced by the rational choice tradition, emphasizes constraints on left policy caused by economic and class structure. These

works are especially valuable in that they focus not only on policy outputs, but also on the effects of policy outputs on both the evolution of policy, and the size and shape of a party's coalition.

Institutional arguments show how broad structural forces are channeled in particular ways by institutions. The institutionalist literature allows us to examine the variance in both developmental trajectories of states, and the patterns of institutional breakdown or adaptation. This perspectives explains, for example, national differences in the timing and extent of diminishing support for welfare states. These theories explain why there is less rollback in some nations than might be predicted by structuralist theories.

But institutionalists have tended to neglect the politics of policy and institutional change. Thelen and Steinmo (1992: 15), two proponents of institutionalism, note that "...institutionalists generally focus on constraints and offer explanations of continuity rather than change." Left parties have entered a period of rapid innovation characterized by widespread contestation over both party policy and strategy. The politics of policy change is heavily tempered by institutions which privilege certain outcomes over others. But factions attempt to work around the constraints set by existing institutions, and may foster innovation which changes institutions themselves.

Factions as Agents of Change

Factions are often a primary agent of policy change in the parties. The factional framework which is the main contribution of this work seeks to clarify and extend the literature on party factions in order to explain the politics of policy adaptation. Some early literatures emphasize differences between major groupings within the parties over rules, styles, and principles of politics, but fail to examine the struggle over policy in

any systematic way (e.g., Wilson, 1962; Wildavsky, 1965). Works which do examine factional policy disputes fail to adequately analyze the origins of different factional stances and strategies (e.g., Koelble, 1992). This work develops an analytical framework which presents a typology of factions, explicates frequently observed differences in policy and strategic orientation of factions, and illuminates observed patterns of coalition-building in the parties.

This perspective is not meant to be an explanation which excludes other explanations of party policy change. Instead, I argue that factions are at the strategic and “agentic” center of managing the changes arising from the evolution of structure, culture, and opinion. Leaders of factions devise various visions and strategies which they see as both advancing their interests, and helping to reconstruct support for their party. These divergent factional visions each represent attempts to restructure social bargains between the party and the electorate.

The following figure shows the place of factions within broader patterns of empirical causation. Each “level” of causation is in turn associated with various analytical traditions or methodologies. The dominant lines show the main patterns of causation which influence party policy agendas. The gray lines represent feedback effects which may be the long-term effect of factional behavior. These secondary and more diffuse patterns of causation become of interest here when they play a part in motivating factional behavior. For example, the politics of industrial relations and labor law examined in Chapter seven may in turn lead to longer-term evolution of the basic institutions of the labor market. This is one reason why such policies are so heavily contested.

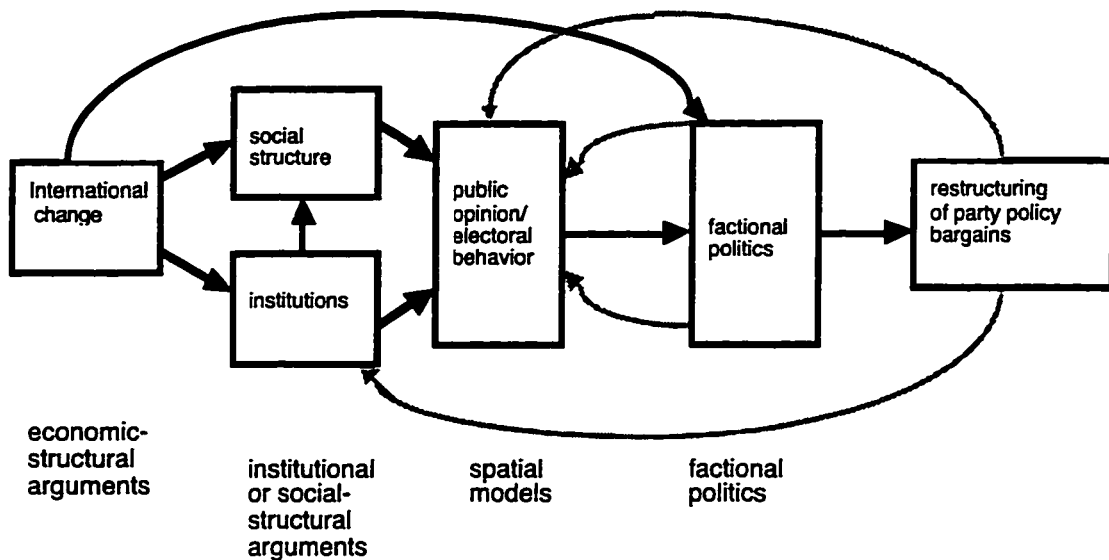


FIGURE 1.1 Factions within a larger causal structure

Why Factions Matter

In one sense, factions matter because they are one essential link in the causal chain of events which culminate in party policy change. The policy preferences of factions and their strategic visions provide the “raw material” from which party policies are eventually constructed. The following pages show that differences in factional control lead to wide differences in party policy and strategy, with potential impact on the distribution of costs and benefits in the wider electorate. Different distributions of costs and benefits therefore influence the size and shape of a party’s electoral coalition.

In addition, factional strategic choices and alliance-building may lead to greater impact than would be predicted from a purely structural analysis of power resources. Similarly, alliances forgone because of ideological disputes or strategic missteps may

weaken otherwise well-placed interests, with consequent effects on their ability to influence policy.

Apart from direct influence on policy outcomes and party strategy, factional politics plays a significant role in the image of a party in the broader electorate. Even if specified party policy commitments are palatable to the electorate, an image of a party as embroiled in incessant internal bickering reduces support overall support. In the 1980s, Labour was tarred with the label of the “loony left” as self-described “militant” factions pushed for radical opposition to Thatcherism (Shaw, 1988). Lack of unity in electoral campaigns has plagued electoral campaigns of both the parties examined here when powerful or disruptive factions were dissatisfied with the outcome of decisions in the parties

Factional disputes may result in “gridlock” which push certain policy options off the agenda¹. This may leave the electorate confused and uncertain about a party’s commitment to a particular goal. Certainly, the division of the Democrats into Northern liberals and Conservative southern “boll weevils” during all of the years of the New Deal system bottled up many efforts at social reform (Reider, 1989). At the most extreme, factional disputes may even lead to schisms wherein certain segments of a party leave entirely, either to join another party, or to form their own. This helped weaken the Democrats early in the 1948 election, as “Dixiecrats” temporarily bolted the party in protest of relatively mild civil rights measures. In 1981, disputes within Labour over economic policy and over its stance toward Europe led to a breakaway third party, the Social Democrats, being formed by Labour’s centrist pro-Europe wing (Levy, 1988). This greatly weakened the electoral performance of the party in subsequent elections.

¹ This is one interpretation of the fate of health care reform during the Clinton administration.

b. A Brief Summary of the Factional Framework

This framework draws upon the existing literature on factions, but goes past these to develop a set of typologies and behavioral categories useful for analyzing the variances in policy choice and strategic behavior. *First, I define faction as a distinct grouping of party elites and followers which persists over at least two national election cycles, has identifiable organizational characteristics (i.e., a proper name, a legislative caucus, policy-development institutions, etc.), and which attempts to advance a set of policies across a number of issue areas.*

The factional framework developed in this work utilizes the following four variables elaborated briefly below, and developed more thoroughly in chapter three:

- factional type,
- factional social location,
- factional power, and
- factional splits or “wings.”

I first develop a simple typology of party factions. I argue that factions can be roughly categorized into two types: party factions and constituency factions. *Party factions* are composed of individuals whose fortunes are tied to the party: politicians and party bureaucrats. Corresponding to the Downsian model, these factions emphasize the importance of electoral success. *Constituency factions* are tied to an organized mass social base. These factions represent the needs of their members, and seek to gain specific policy outputs, and to maintain or enhance their institutional stature in the party.

Factions may also be categorized in terms of their social location. Constituency factions may arise from functional interests, such as labor unions, minority groups, or environmentalists. Social class or ethnicity may also be important. For the left parties, the class location of factions is particularly important, and I emphasize that here. In other cases ethnic or religious groupings may predominate. While class may be a problematic category in some instances, I show that a simple analysis of differences in the class base of existing and insurgent factions helps to illuminate recurring stylistic and substantive differences between factions². For example, party factions tend to focus on the perceived needs of voters in the middle of ideological continuum. In the case of the left parties, this meant an orientation toward the working class in the initial postwar years. As the size of the middle class grew, these factions pushed left parties to adopt policies to meet the demands and needs of a more affluent electorate.

Class orientations of constituency factions vary. In left parties, unions perform a dual industrial and political-organizational function. They seek their members' interests through industrial action, and through mobilization in the political arena. State policy has a tremendous effect on the size and viability of unions, and on their members. The growing size and strength of unions in the postwar years, and their intense concern over policy outcomes meant that unions constituted significant factions in all of the left parties (hence the frequent label of "labor party"). Union-oriented factions focus on the needs of the working class, although shifts from industrial toward service sectors of the economy have changed the character of many unions. Many minority-group factions also retain a strong concern with traditional left economic and distributional questions. As the following chapters show, growing class differences

² This analysis draws upon Wilson (1962).

between party factions, and union and minority factions, is one source of internal strife within these left parties.³

Issue-oriented or reform factions tend to have a middle class orientation. This creates points of tension between these constituency factions and other factions such as unions whose members tend to be lower on the socioeconomic scale. On the other hand, reform factions (such as the New Left) have an interest in broad policy reform, which may create points of commonality with unions. As the following chapters show, unions oscillate between aligning themselves with party factions or other reform factions, with corresponding shifts in policy to the left or the right.

Factions may also themselves be beset by ideological disputes, and may break into wings or sub-factions. In the case of the Democrats, the split of the AFL-CIO unions into left and right wings, and the alliance of the union right with conservative party factions, made it close to impossible for a union-New Left alliance to take hold. This greatly weakened the Democratic Party left.

Lastly, the power base of factions is also important in sculpting factional behavior. Many things outside of factional control affect factional power, and I draw on secondary sources to document important structural changes which affect the size and strength of factions. For example, while the strength of unions is not entirely a result of structural factors (Goldfield, 1987), there is little doubt that deindustrialization reduces union membership as well as the political power of the union faction.

More important for the framework here is the way in which different power bases influence the direction of factional struggles. I argue that factions have *social power* if they are associated with a large mobilized social base. In the cases studied

³ The importance of class differences is not limited to the left parties. For example, in the US Republican party class differences help feed some of the conflict between Christian conservatives and “establishment” Republicans (Bruce, 1990).

here, expanding social power enhanced the political power of New Left factions in Labour and the Democrats.

Factions with expanding social power are in turn likely to seek *institutional power* in a party. This entails access to formal decision-making structures, or changes in rules which enhances the ability of such factions to influence who is chosen for the party leadership. On the other hand, when factions lose social power, rival factions will attempt to lessen the institutional power of the weakening faction. These dynamics are important in the cases studied here. In the US, a New Left with expanding social power was able to temporarily achieve enhanced institutional power as a result of changes in the presidential nomination process. Yet as this social power rapidly declined, rival factions pushed for a quick rollback in these newly advantageous rules. The rules again shifted “leftward” in response to the presidential candidacy of Jesse Jackson.

In Britain, the more enduring social power of the New Left, coupled with more effective alliance-building with the union faction, led to a consolidation of left institutional power in the party in the early 1980s, with corresponding large effects on party policy. More recently, the weakening social power of the unions left them open to efforts to roll back their institutional power in the party. A series of reforms stripping unions of much of their decision-making power in the party were adopted by Labour under the leadership of John Smith in 1993.

Factional Preferences, Policy, and Strategy

Basic factional differences in turn have effects on the policy and strategic preferences of factions. Constituency factions are quite concerned with maximizing achievement of policy outputs which reflect the needs or preferences of their members. In order to advance their interests, they may adopt particularistic demands; or, they

may, often in concert with other factions or groups, advocate strategies of broad reform. If particularism predominates, such factions will support what I call an *aggregation* strategy, which entails the numerical accretion of different groups and their respective mass bases to the coalition. The aggregation strategy involves meeting the needs of various “interests” across a coalition in a particularistic and disjointed fashion.

Alternately, for ideological reasons, or in an effort to build alliances and hence gain power, constituency factions may advocate a *reconstruction* strategy, which entails the construction of policies which reconcile conflicting interests of different constituency factions. This may transcend splits or contradictions across a coalition which may otherwise arise. The latter strategy is concomitant with a strategy of radical reform, and policy universalism. It is also likely to lead to the achievement of cross-class bargains, which in turn help to stabilize a broad coalition. Such broad scale reforms, however, are often quite difficult to achieve outside of political crises (Keeler, 1993).

Party factions tend toward a *spatial* strategy, which emphasizes positioning the party in terms of policy and ideology to maximize votes in a particular election. These factions often conform to the behavioral predictions of spatial models, and are also in some senses the guardians of party image or reputation.

These factions may also adhere to an aggregation strategy if it is necessary in order to placate the interests of powerful constituency factions. A pure Downsian approach is only likely to be adopted when other factions are quite weak, and party factions can respond by excluding particularistic interests. However, outside of very specific and rare political conditions, party factions are unlikely to advocate the broad-scale institutional and policy reforms of the reconstruction strategy. When special conditions obtain (i.e. the New Deal, the immediate postwar years in Britain), demands

may be created for widespread innovation, creating a political payoff for radical reform measures.

In the absence of intense crises or instances of pent-up social demands party factions are likely to support incremental policy change. They are more likely to be conservative and cautious, and to oppose reforms likely to cause short-term political disruptions. For this reason, such factions are the guardians of the business climate. Radical economic reforms may improve workers -- and voters -- position in the long-term, but in the short-term are likely to cause disruptions as businesses disinvest or as financial interests bid up interest rates.⁴ Party factions are thus the venue for advancing concerns about overall economic performance, and are thus responsive to the “structural power of capital.” But they may also be interpenetrated by business elites. This is especially true in the US, given its private campaign finance system, and the many access points to the party and its politicians (Ferguson and Rogers, 1986).

Therefore, whereas some analyses portray factions representing functional interests as necessarily embodying “special interests,” whereas politicians are seen as embodying general interests (e.g. Koelble, 1992; Wilson, 1994; Lipset, 1990) in this model party elites and politicians are also seen as potentially beholden to special interests. Therefore, policy may deviate from salient “mass preferences” in either a rightward or leftward direction under certain circumstances because of the overweening power of certain factions. The struggle between factions then becomes at least in part a battle over which interests will predominate.

Which policy/strategic tendency becomes manifest in party policy in turn depends on which type of faction is able to gain ascendancy at a particular time. But policies

⁴ The logic of this argument is similar to that of the argument by Przeworski (1985: 172-197) as to why workers may rationally choose to oppose socialist transformation.

may also be the result of compromises between factions, with a corresponding bundling of policy tendencies. For example, the Clinton campaign combined social conservatism with mild form of left-leaning economic populism which temporarily dampened disputes between unions and conservatives within the party. An analysis of factional politics must therefore also include an examination of patterns of interfactional alliance-building within parties. For example, in Britain unions have often been the pivotal “swing” policy faction which determined the overall direction of policy. When unions align themselves with party factions -- the most common pattern in this century - - policy represents a fusion of electoral and constituent demands (Minkin, 1991). When unions move leftward, policy also moves left, as was the case in the 1980s in the Labour party. Now, however, with the weakening of unions, the Labour “modernizers” within the party faction have less need to compromise with left factions. Policy is therefore much more reflective of business interests than was the case at other times in the party’s history.

Patterns of alliance building between different constituency factions are also important. For example, the temporarily greater strength of the left in Britain in comparison to the US was conditioned on closer class affinities between old and new left factions, which in turn led to a stronger left coalition. By contrast, as shown in chapter four, ideological splits between old and New Left in the US, in part a legacy of the Vietnam War, weakened the left generally, and paved the way for an early ascendance of neoliberal economic ideas and social conservatism in Democratic party policy.

The tendency of constituency factions toward either alliance building or insularity also influences whether an aggregation strategy or a reconstruction strategy will be advanced by these factions. For example, as chapter four shows, a reconstructive

strategy endorsed by “progressive” US unions corresponded with alliance building between unions and various reform groups in the late 1970s. This strategy was abandoned as global economic pressures prompted unions into temporary, protectionist alliances with business. While this saved some jobs, it also weakened the left more generally in the face of Reaganomics, and hastened the move of Democratic party policy to the right.

In this model, factional politics brings fundamental policy innovation to the left parties. These are affected by structural and institutional variables, but an examination of intra-party politics illustrates the persistence of a wide range of potential policy choices. For example, the declining political support for national Keynesian policies as well as protectionism has prompted a fundamental rethinking across the left of traditional strategies. For example, as chapter six shows, the Labour turn toward Europe was not purely the result of a weakening left, but also of a pro-European realignment in both the unions and other left factions. Despite the conversion of the left to pro-Europeanism, left and right continue to disagree over the path integration should take. In the US, a union move away from a protectionist strategy toward an internationalist strategy emphasizing international standards is helping to reconstitute a broad left alliance, albeit one whose power is still rather limited.

In summary, party policy is not purely the result of adjustment to structural changes, nor to changes in the electorate. Instead, it is also the result of ideologies and visions of powerful factions, and patterns of interfactional alliance-building. These are conditioned by structural, institutional, and opinion realities, but factions are the agents which take these political “raw materials” and fashion them into political responses.

III. Case Study Selection and Chapter Structure

a. The Analytical Purposes of this Work

This dissertation develops a framework for analyzing the internal struggle within parties to adapt party policy and strategy to new political and economic demands. It also provides an in-depth study of Labour and the Democrats as they attempt to significantly reformulate the strategies of the classical “postwar bargains.” It attempts to answer such questions as, why did Labour make a hard shift to the left in the early 1980’s when all other left parties were moving rightward, yet ten years later rivaled the US Democrats in its push to marketize economic policies? Why is it that Democratic electoral success does not bring with it the ability to formulate a coherent policy agenda? Why is the British Labour party increasingly adopting many Tory policy ideas at precisely the time that the Conservatives are at a historical low in opinion polls? An examination of factional politics and its effects on policy are essential to answering these questions.

This study documents the effects of changing factional control on party policy. Factions are thus treated as a major independent variable. The dependent variable in this study is the changing content of left party policy bargains. The concept of “bargains” captures the ways in which particular policies embody specific social bargains between parties and their constituents. Differences in policy are therefore associated with different strategies of coalition-building. It is in part the struggle between these broader visions of society, and a preferred shape of a party coalition, which drives factional struggles.

Different policies therefore imply different coalition-building strategies, which I have identified as aggregation, reconstruction, and spatial strategies. This framework

for analyzing the coalition-building strategies embodied in different policy mixes will be developed more thoroughly in the following chapter.

In order to discern changes in policy bargains, I examine specific policy commitments, as found in Labour manifestos, Democratic platforms, various official policy documents, as well as legislation supported by dominant factions. I also examine the policy preferences of the “losers” (i.e. the anti-NAFTA coalition) when these perspectives are likely to retain continuing influence in party. I also utilize interview material to discern policy and strategic preferences of factions, and examine books or monographs that represent important statements of party policy and strategy. Additional details are derived from newspaper and magazine articles.

The methodology of this work emphasizes interpretive rather than causal analysis. Important constraints set by structure and institutions are brought to bear on the analysis when appropriate through the use of secondary literature. But while various constraints push party policy in particular directions, intellectual innovation and the development of particular visions within factions provides the specifics of adjustment. The resulting close analysis of factional visions, policies, and strategies in turn sheds light on the relative contribution of factional power, strategic choice, alliance building, and intellectual innovation in the formulation of new policies.

This type of analysis is particularly important given the current destructuring of both institutions and social formations. While previous institutional configurations as well as prior strategic choices affect the situation these parties now find themselves in, the weakening efficacy of institutions and declining voter loyalties do not provide a clear pathway for adjustment.

This work also attempts to address a paradox in the literature: While numerous studies of specific national postwar bargains have shown policy design and structure to

be of critical importance in structuring left coalitions, recent studies of changing party commitments tend to neglect policy. Policy and institutional structure has been shown to have a large effect on the size and structure of party coalitions (Esping-Andersen, 1985; Przeworski, 1985). A number of studies which focus on the politics of policy change have been completed in recent years, but the implications of such studies for the party literature have not been drawn out (see Golden and Pontusson, 1992; Steinmo, Thelen and Longstreth, 1992). The recent literature on party change and adaptation tends to neglect the detailed study of policy change (see, for example, Koelble, 1992; Kitschelt, 1994; Wilson, 1994). It thus fails to examine in most cases a critical dependent variable in party adjustment, which must at least in part consist of changes in party policy.⁵

b. A Note on Case Selection

Studying Labour and the Democrats provides a particularly clear view of the dynamics of factional politics. This work uses a “similar systems” design to examine two nations with electoral systems which create particularly robust two-party systems. The district-based, winner-take-all electoral systems create significant barriers to the creation of viable new parties. While Britain has had a third party for much of this century (The Liberals, then the Social Democrats, now the Liberal Democrats), such parties only rarely contend for control of the national government (R. Levy, 1988). Instead, they tend to provide a “resting place” for swing voters disillusioned with one of the major parties.

⁵ Another prime candidate for a measure of adaptation is shifts in the control over institutional power within the parties.

The resulting broad coalitional structure of the major parties allows for a particularly clear view of the policy dilemmas faced by parties as they attempt to construct majority coalitions. Such parties need to construct coalitions across broad sectors of society, and are thus faced with trying to mend or manage cleavages which are organized by competing parties in proportional systems. The study thus allows us to control additional explanatory variables introduced when studying multiparty systems. For example, examining parties in two-party systems allows a clear view of factional politics outside the strategic complications arising from the necessities of coalitional politics in proportional systems.⁶

There is also some utility in studying nations whose systems tend toward “liberal” rather than “social” democracy. Just as the most developed welfare states are studied because of their “ideal type” characteristics, it is fruitful to study parties at the other end of the liberal-social democratic continuum. Broad parties in liberal democracies are especially prone to factionalism. Because Britain and the US are among those nations with the least institutionalized and resilient welfare states, left parties in particular had to contend with coalitions that were weak and easily fragmented. This was particularly challenging for the US, where decentralized parties resulted in many additional splits on regional lines (Piven, 1991).

Labour and the Democrats have shown a persistent weakness in maintaining a left voting coalition, and when in power have had difficulty in sustaining policies which might be identified as broadly “left.” Conditions which promoted solidarity and a shared future across the left’s coalition were quite fragile in the US and Britain, and are

⁶ While this clarity is somewhat muddled by the existence of a substantial minority third party in Britain (the Liberals, and then the Social Democrats, and now the Liberal Democrats), and by the Perot phenomenon in the US, the inability of these third parties/organizations to contend for majority status provides a strong incentive for major political interests to attempt to achieve their goals in one of the two major parties.

showing signs of further deterioration. National corporatist bargaining remained inchoate in the US, and proved to be quite fragile in Britain. Since the era of the Social Contract wage determination in Britain has become much more decentralized, making any efforts at corporatist concertation virtually impossible. In both nations labor market policies are minimal, and training policies are weakly institutionalized.

This work may also contribute to illuminating particular adjustment problems of left-leaning parties in liberal democracies. These two parties in particular find themselves in a dilemma: existing social and political balances make it more difficult to manage the negative effects of market forces, and privilege market-based reforms; yet such reforms are also likely to make large proportions of these parties' constituencies worse off. This in turn leaves the left coalition in these nations particularly vulnerable to a divide-and-conquer strategy sponsored by the right. Because of the weakness of the left and of welfarist institutions, these nations have experienced particularly large upsurges of right wing populism (Krieger, 1986).

Conversely, nations with more resilient welfare institutions may be more able to achieve a new, sustainable balance between market and social forms of regulation. Left parties in these nations are thus in a different position from those in social democracies where politics is organized around streamlining and decentralizing the welfare state, not around efforts to prevent or enable its dismantling. As the following chapters show, these different political-economic conditions in turn leads to factional differences over policy that are particularly large. For both Labour and the Democrats, battles over market versus social regulation now occur *within* the left parties, rather than between parties as was previously the case. Left-leaning constituency factions argue for policy innovation to strengthen the coherence of the left coalition. Conservative party factions argue that only additional moves toward the market will forestall defections of the

middle class. These broad differences play themselves out in the economic policy struggles documented in this work. Table 1.1. summarizes some of the main, familiar differences between the US and Britain, and an ideal-typical social democracy.

TABLE 1.1 Liberal and Social Democracies Compared

	<u>US</u>	<u>Britain</u>	<u>Social Democracies</u>
<i>Degree of Corporatism</i>	very low	low	high
<i>Central Union Control</i>	no	very low	high
<i>Wage Solidarity</i>	no	no	yes
<i>Welfare Universalism</i>	low	moderate	high
<i>Labor Market Protections</i>	very low	very low	high
<i>Public Sector/GDP</i>	small	small	large
<i>Party System</i>	2 party	2 + party	multiparty
<i>Representation</i>	single member districts, winner-take-all.	single member districts, winner-take-all.	proportional representation, multimember district

c. Chapter Summary

The work is structured in a tripartite manner. Chapters two and three are theoretical. In chapters four and five I apply the factional framework to the historical development of factions and policies in Labour and the Democrats. Chapter six and

seven present case studies of factional struggles over the regulation of trade and labor policies. The concluding chapter draws out the implications of this work for our understanding of party behavior, and the evolution of interest representation within the left parties.

Chapter one is a broad treatment of the debate over party policy change, and chapter two develops the factional framework. I focus broadly on the ideological struggle between factions in chapters three and four over the last quarter-century, with a particular emphasis on the growing conflicts over economic policy. I have chosen to emphasize economic policies because these are particularly important in driving factional struggles. These policies have also been a critical element of these parties' identities and electoral appeal since their inception. As a result, the struggle to redefine them is particularly acute. Since these policies also help to determine the conditions faced by large sections of the electorate, they are also measures of the changing shape of social bargains between these parties and their constituencies.

In the case study chapters, I focus on two policy areas, that of labor market regulation and international trade. Because of their *relatively* minimal welfare states and minimal labor market protections, traditional battles over the regulation of trade and industrial regulation in the US and Britain have larger implications than elsewhere. A weaker social safety net means that labor market outcomes are largely determinative of overall social welfare. These institutions are also very important in structuring the distribution of costs and benefits of the important economic transactions in an economy. Changes in these institutions and policies can thus have large political effects on left party constituents.

Battles are raging over the proper method of regulating increasingly important international transactions, especially trade but also finance. This issue is particularly

useful for discerning differences between traditionalist factions and “modernizing” or centrist factions over the restructuring of institutions regulating the pace and pattern of globalization. In the Democrats, I look at the politics of NAFTA; in Labour, that of EU integration.

Industrial relations legislation involves not only traditional questions of the legal rights of unions and the rules for union organizing, but also broader questions about the regulation of the quality of jobs. For both nations these questions include the legal and social protections for growing numbers of temporary and part-time workers and the role of legislation in enhancing employee voice in the workplace. Here too, clear differences between factions are evident.

The focus of this work on the battle over traditional economic issues highlights the struggle between union and centrist factions. Unions have been central members of these parties’ coalition, but this role is declining as a result of structural changes, and the strengthening power of non-union interests. Other constituency factions play a role in intraparty struggles, especially when alliances between various “left” factions and unions lead to changes in party policy. Therefore, I also examine the role of New Left factions in both nations, and for the Democrats, the political activities of minority factions.

Chapter 2. Competing Explanations of Party Policy Change

I. Introduction to Chapter Two

The literature on party change has been dominated by works that neglect the analysis of internal party politics. These include arguments that examine variables external to the parties (economic or social structural arguments) or, alternately, the effects of institutions in structuring political choices. Another strain in the literature (the many variants of spatial models) examines party strategic behavior, but often ends up treating the parties as unitary actors rather than as organizations characterized by internal political competition. The few works that do examine internal party political behavior do not provide an adequate analytical framework for understanding the strategic behavior and policy choices of actors within the parties.

This chapter reviews these literatures. While many of these works are sophisticated and theoretically useful, they fail to adequately examine the process by which parties formulate the policies which they then present in the wider electoral arena. I argue that the factional framework presented in this work contributes to the task of filling in such gaps.

I first examine arguments that emphasize external constraints. Not all these works attempt to explain party politics per se; instead, the logic of these argument is that all political actors must fit their policies within parameters set by various structural conditions. For economic structuralists, these consist of changing economic conditions, particularly changes associated with globalization. For social structuralists, these are demographic and cultural changes. Here, parties are seen as having to change their

policies to meet the political demands of a more affluent electorate that is more conservative on economic issues, but also increasingly libertarian on social issues.

These works present impossibility arguments of the form, if political parties do not respond to certain changes, then they will inexorably lose votes. In this view, certain policy choices have become politically impossible.

Certain options do seem precluded by structural change. For example, economic interdependence has reached the point where national solutions to macroeconomic management are increasingly ineffective. However, while parties are constrained in some areas, they retain significant flexibility in others. I argue that factional politics, rather than external conditions, often determines actual party response.

Factions push for amended policies to achieve old goals, and may seek broader changes involving the redesign of some institutions. In chapter six of this work, I argue that factions may even act to change the direction of evolving international regimes which themselves help determine the effects of globalization. In this view, the process of globalization itself is at least partially political, and factions seek to manage these and other trends in ways which harmonize with their preferences and values.

The institutionalist literature provides purchase on the way that national institutions sculpt and control broader economic and social forces. Institutional theories provide explanation of trajectories of national development, and the resilience -- or lack thereof -- of specific postwar political and economic formulas.

But institutions alone cannot tell us how parties create new policies or institutions. The hold of certain institutions is weakening as global and demographic changes upend old political/economic formulas. This work shows that factions then

contend politically as they attempt to advance particular measures to solve political and policy problems.

I also examine models offered to explain party strategic behavior. These models argue that party policy change can be explained as a result of politicians fashioning policies to match changing preferences in the electorate. I argue instead that spatial positioning is only one goal of party elites. Other goals compete with this one, including the achievement of particular policy outputs, and the representation of organized constituents in a party's coalition. The "Downsian" spatial approach is likely to be advocated by party factions. Such positioning within public opinion is likely to be opposed by constituency factions, which are concerned with particular policies, and in representing their members.

I also argue that the spatial position of the median voter is not always easily discernible, and that public opinion shows extreme malleability and sometimes internal contradiction. Factions select those aspects of public opinion which conform to their vision, and attempt to bring voters to their side as they advocate their visions first in the parties, and then in the wider arena of electoral competition.

II. Structural Arguments

a. Arguments based on Economic Structure

One influential current in the literature emphasizes the constraints placed on left parties by changes in the international economy. Such theorists argue that the postwar bargains between parties, and between business and labor which supported the welfare

state, have become unsustainable as productive capacity has spread across the globe. A series of bilateral and multilateral negotiations lowered tariff barriers worldwide, leading to unprecedented levels of economic interdependence. Now, interdependence has evolved to the point where much global economic activity is beyond the ability of governments to control.

This has serious political consequences. As nations became enmeshed in the global trading system, and as sophisticated production capacity expanded, the erosion of formerly protected markets put governments in the advanced industrial nations under intense pressure to help cut business costs. Governments which refuse to aid business efforts to cut costs will see deindustrialization and declining economic performance as businesses disinvest. This perspective thus predicts convergence toward decollectivization -- declines of corporatism, unionization, social regulation of markets - - and increased reliance on market mechanisms.

This view captures what is perhaps the most significant change separating the present era from the earlier postwar decades. Economic changes have eroded the interlocking sets of institutions and practices which sustained economic growth and helped maintain the left's coalition (Lash and Urry, 1987). These included macroeconomic interventions, and also entailed a commitment to various organized or unorganized sectors of society. The postwar order also involved an accord in which unions were tolerated or encouraged, state spending rose, and redistribution ameliorated the effects of the market.

Organized labor held a critical position in supporting the policy commitments of social democracy or liberal welfarism. Union members benefited from state policy when their affiliate parties were in power, and provided money and organizational

resources for political campaigns. They also organized and enculturated a large portion of the electorate. Unions supported redistributive policies which benefited nonunion members of the work force. These policies helped to decommodify workers, sustaining economy-wide demand and keeping wage rates high (Offe, 1972; Esping-Anderson, 1985a).

Institutional and policy networks helped shift the political terrain to the left. Rightward parties were forced to compete for votes on a “playing field” tilted to the left. Samuel Beer, for example, describes the adaptation of the Tories to pro-Labour trends in the immediate postwar period:

The essence of that reaction has been their acceptance of the vast Welfare State expenditure established by Labour, together with the sharply progressive taxation by which it was financed. To say this is not to.... deny that Conservatives modified certain aspects of the Welfare State and Managed Economy which they inherited from Labour. These modifications, however, took place within the basic pattern of policy established by Labour, and that pattern of policy presupposed a vast financial commitment by the state.... By 1950 according to the manifesto published under his name, he [Churchill] regarded the 'maintenance of full employment as the first aim of a Conservative Government' (Beer 1965).

Similar processes occurred in the US, as has been well described by theorists of party realignment (e.g., Burnham, 1970; Sundquist, 1983). The New Deal order entailed the acceptance of Keynesianism, tolerance of unions in globally-competitive mass-production industries, and a series of redistributive policies which, though minimal by comparative standards, helped to shore up demand and living standards.

Conditions have clearly changed. Certainly the volume of trade has increased markedly, as figure 2.1 shows. Although there is tremendous variance among these nations, the upward trend in trade is continual and striking.

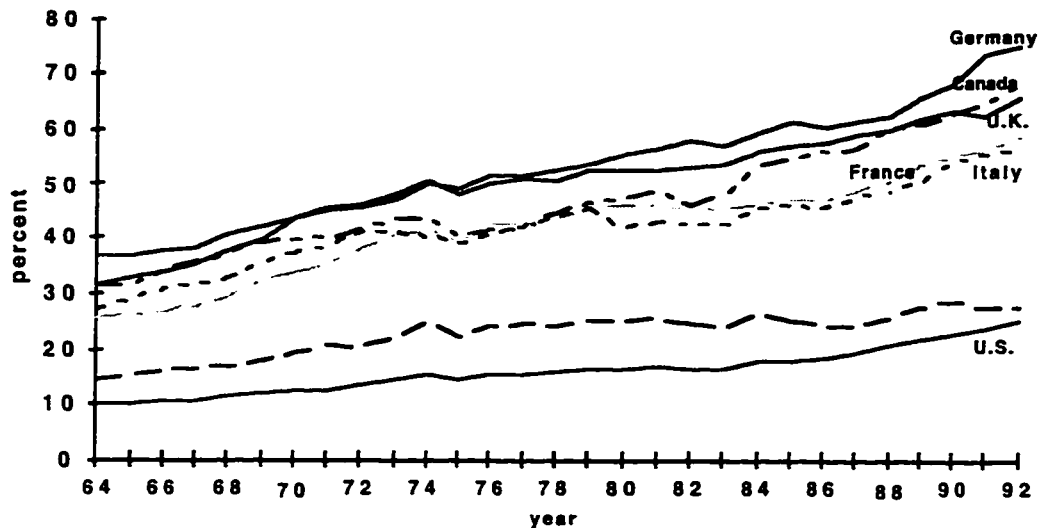


FIGURE 2.1 Ratio of Total Trade to GDP

(calculated from data in OECD, *National Accounts, Main Aggregates 1960-1992*)

There is also abundant evidence that interdependence left countries increasingly vulnerable to the vicissitudes of the international market. A confluence of economic changes tore at these institutional networks beginning in the 1970s. Oil embargoes drove up the price of oil, touching off extreme inflationary pressures (Gourevitch, 1986). Industrialization proceeded at a rapid pace in the Newly Industrializing Countries (NICS), upsetting the previous situation where most high value-added manufacturing was located in northern industrial nations. Multinational corporations increasingly looked to the poorer third world countries in search of lower wages through outsourcing or direct investment.

Trade has increased along with unemployment, as is shown in figure 2.2. While increased volume of trade may or may not have not caused such trends, they are

certainly not incompatible with them. Left parties are now faced with a world in which their most basic political trump card -- the promise of full employment -- is harder and harder to attain.

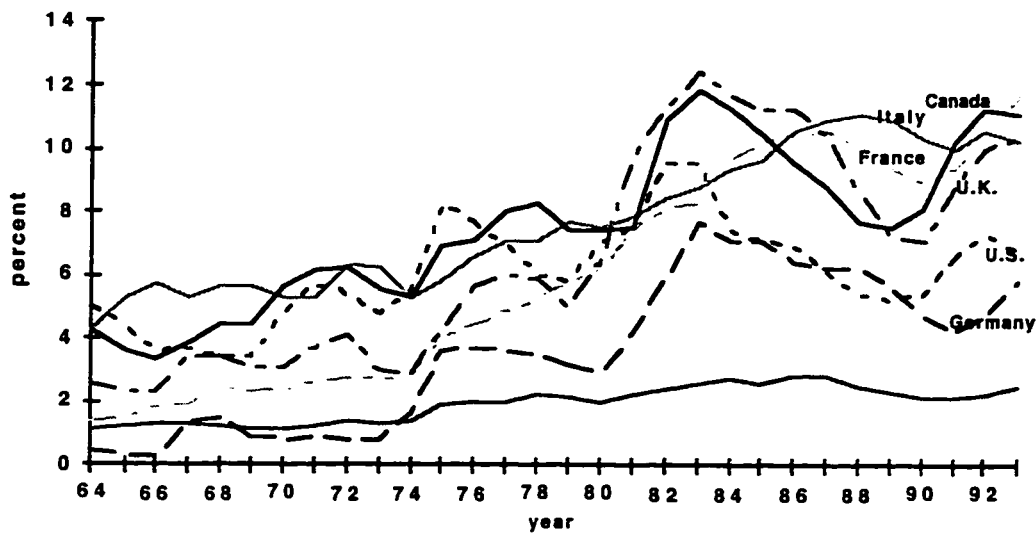


FIGURE 2.2 Unemployment in Seven Largest OECD Countries

(Source: Statistics from OECD, *Economic Outlook* Nos. 28, 54, 55. Unemployment in Germany does not include the eastern section of the country (!))

While various observers across the political spectrum disagree on whether Keynesian policies exacerbated or ameliorated underlying negative economic conditions (for the former view, see Buchanan, et al., 1978; for the latter see Kuttner 1991), there is little disagreement that economic change challenged the political position of the left. The globalization of production, particularly the development of capital-intensive production in areas of low labor costs, destabilized the competitive position of

industries all industrialized nations. This process accelerated greatly during the early 1980's, leading to a phenomenon dubbed "deindustrialization." This process occurred more extensively in countries with uncompetitive heavy manufacturing industries such as the US (Bluestone and Harrison, 1982) and Britain (MacInnes, 1987).

Block (1977) argued that because business can invest abroad, they have leverage against governments seeking to regulate market activities. It is logical to assume that globalization over the last two decades has increased such business power (Ferguson and Rogers 1986; Krieger, 1986; Kurzer, 1993). The development of global finance allows investors in one country to invest anywhere (Lash and Urry, 1987). Former Citicorp Chairman Walter Wriston has noted that "200,000 monitors in trading rooms all over the world" create "a kind of global plebiscite on the monetary and fiscal policies of the governments issuing currency.... There is no way for a nation to opt out" (quoted in Jeremy Brecher, *The Nation*, Dec. 6, 1993). This ability to instantly disinvest increases the power of capital, which in turn increasingly constrains the ability of unions to organize and bargain for wage increases. It also creates pressure against redistributive measures requiring high taxation.

These trends are likely to continue for at least the near future. The early postwar decades were marked by the expansion of large mass production "core" enterprises which retained a stable, well-paid and often unionized workforce. But as competition increased, the pressure to cut costs led many large enterprises to increase subcontracting with "peripheral" firms offering lower pay and greater job insecurity (Gordon, Edwards and Reich, 1988).

The connections between international trade and finance, inequality, and rates of unemployment and growth are not entirely clear. A number of these factors interact so it

is not easy to discern what the quantitative contribution of each is. For example, research for the US shows that international trade and immigration can account for about 15% of the increase in wage differentials between high school and college graduates in the 1980's. De-unionization can account for another 20 percent, while deunionization plus the declining real value of the minimum wage equals about 33 percent (Teixeira, 1994: 22).

But trade and deunionization are not disconnected. International trade penetration helped to shrink the size of the unionized industries (Harrison and Bluestone, 1988). The increasing ability of corporations to outsource for production inputs provides another way to escape the high wages achieved through unionization. As production moved abroad, the union base declines, but another less tangible factor -- the threat to move -- also increases the leverage of employers vis-à-vis unions, weakening their bargaining power or preventing unionization in the first place (Moody, 1988).

The overall effect of these changes is that employers have an increasing incentive as well as an ability to cut costs. One of the easiest ways to cut costs is through a reduction of labor costs. These dynamics vary by industry. In some industries, labor costs are a small part of overall costs. But even highly profitable corporations are participating in aggressive "downsizing" (James Sterngold, *New York Times*, May 9, 1995).

These economic changes affected the electorate, and created conflicts of interest in the left's working and middle class coalition. Perhaps most importantly, as growth and competitiveness became more problematic, tax revenue growth decelerated at the same time that unemployment rose. Consequently, relative tax burdens went up, outstripping benefits for more of the population. Slower growth increased the need for

welfare expenditures. This put further upward pressure on taxes (Esping-Andersen, 1990).

These trends at least temporarily benefited right-wing parties. In the US and Britain slower growth and inflation began to discredit the economic policies of the left. Conservative attacks on taxation, welfare, and the size of government helped to pave the way for "top down" coalitions of the wealthy and middle classes. The right sometimes paired antiwelfarism with racist appeals (Edsall and Edsall, 1991; Krieger, 1986). In the US, Some working and lower class voters were also brought into the coalition through appeals emphasizing social conservative themes such as opposition to affirmative action, or rights for women and minorities (Edsall and Edsall, 1991). Anti-immigrant politics also became important in Britain since many economically-distressed areas were magnets for post-colonial immigration. Anti-immigrant politics also erupted in continental European nations which had relied on foreign "guest workers" to fill demand for low wage jobs (Berger and Piore, 1984). All of these "backlash" attacks were made easier in the context of slower economic growth and high unemployment.

Under these conditions, conservative parties were successful in constructing policies which helped to assemble an electoral majority. Deregulation of businesses, tax cuts, minimalist welfare expenditures, and expenditure patterns which benefit the affluent all solidify support among well-off voters. In some respects, the right now appears to be the "natural party of government" in the current slow growth, high competition era.

The Power of Globalization: Some Counter-arguments.

While these trends are empirically demonstrable, it is questionable we are observing convergence toward a market-oriented norm. First, the pervasiveness of globalization has been overstated. Gordon (1988) argued that current restructuring has actually been much slower than in some previous eras of transformation. Also, the search for low labor costs has limits. Corporations need political stability and a reasonably developed skilled labor force. Rather than a general search for low wages, most investment has been concentrated in a few nations offering these attributes.¹

Garrett and Lange (1991) argue that structural limitations appear strongest in the area of macroeconomics, but may not constrain supply-side policies designed to respond to the changing needs of the labor force. Left parties may be uniquely placed to formulate training, wage, and employment policies to cope with problems generated by the global market economy. Chapter seven demonstrates that left innovation in this area is still very much a part of the political debate, and that such policies are an area of factional contention in Labour and the Democrats.

Additional evidence pointing toward caution regarding the homogenizing effect of globalization is the absence of convergence on a market-oriented norm. While international changes are forcing significant reforms of welfare state institutions and certainly some streamlining, many historical differences between nations persist. Indeed, market forces are relied upon most in precisely those countries where they previously held sway, such as the US and Britain. But even in these liberal democratic nations, some left-constructed policies show resilience (Keeler, 1993; Pierson, 1994).

¹ However, as the politics surrounding NAFTA shows, new countries may emerge which seem to fit this bill, and thus unleash severe struggles over additional movements toward globalization.

Thus, while reforms of the welfare state are ubiquitous, it is not clear there is a universal “crisis of the welfare state” (Albaek et al., 1995). In addition, some things assumed to be closely associated with this crisis – such as diminution of the size of the public sector -- are not in evidence. Figure 2.3 shows, despite two decades of increased globalization, a familiar array of states according to public expenditures, with the Nordic states at the high end, the continental states in the middle, and the liberal democracies at the bottom.

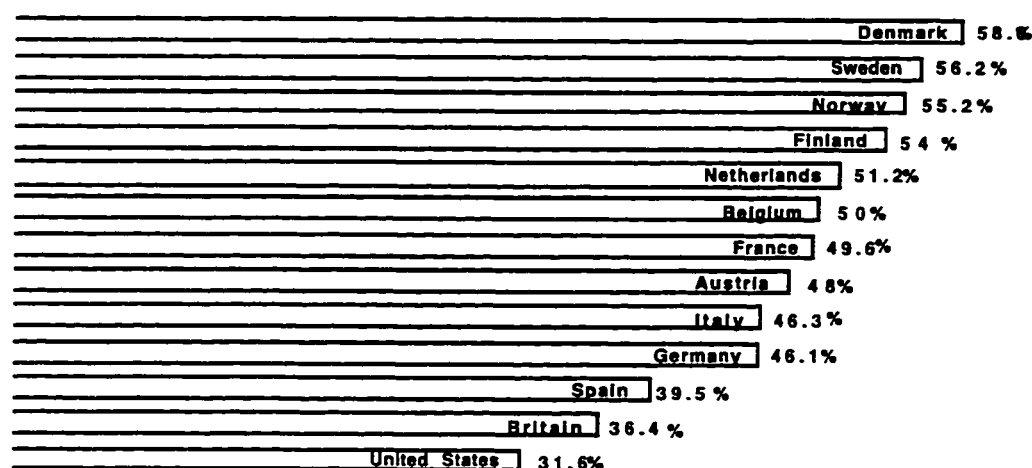


FIGURE 2.3 Government Tax Revenues As Percent of GDP, OECD Countries, 1994

(Source: OECD Statistics Cited in Nathaniel C. Nash, *New York Times*, February 16, 1995)

Union density has dropped in most nations, corresponding to the globalization thesis. But as figure 2.4 shows, unionization rates do not show evidence of convergence. Also, if patterns of deunionization were explained by a simple globalization model, we would expect the highest losses to occur in nations with the

highest unionization rates. Instead, the most rapid deunionization occurs in nations with the *lowest* unionization rates. For 24 nations whose unionization rates were measured in 1980 and again in 1990, the 12 nations with the lowest unionization rates experienced deunionization at twice the rate on average of those with the highest levels (22.6 percent compared to 10 percent) (calculated from data in OECD, 1994: 10). These trends correspond to arguments emphasizing political and institutional factors. Goldthorpe (1984) argued that nations were diverging into “dualist” and “corporatist” patterns of political-economic organization, and this pattern corresponds with that perspective.

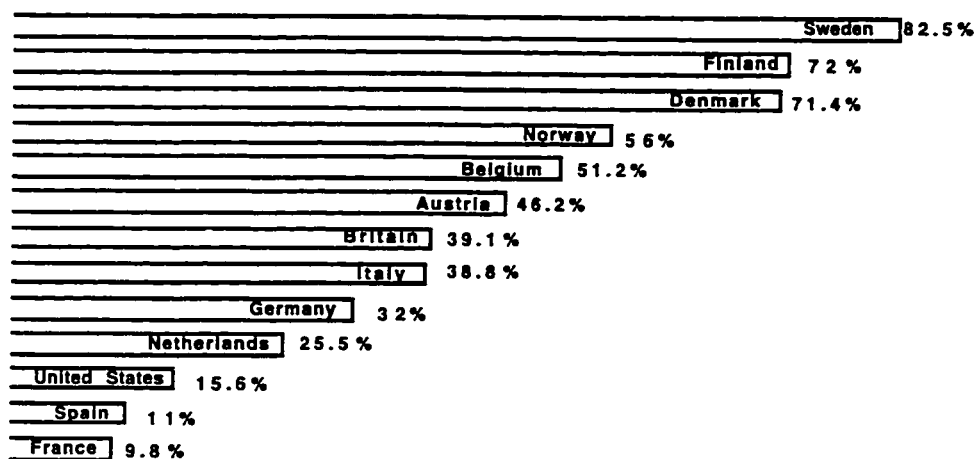


FIGURE 2.4 Union Density, selected OECD Countries, 1990

(Source: OECD, 1994, *The OECD Jobs Study*: 10)

The extent to which globalization constrains domestic political choices in an empirical question that need to be more fully investigated. Most useful in this regard are works which examine constraints and opportunities as they are manifest in particular

nations. Pontusson (1992) presents convincing arguments about the ultimate limits placed on Swedish social democracy by capital. Kurzer (1993) demonstrates that variations in external linkages of finance capital and the presence or absence of countervailing political power helps explain the timing and extent of financial liberalization. Ferguson and Rogers (1986) argue that the United States' peculiar campaign finance system allowed businesses to play the parties off one another in order to achieve the greatest rollback of the welfare state. Ingebritsen (1996) shows that the availability of North Sea oil supports Norwegian reticence toward the European Union (EU), whereas Swedish economic weakness and disinvestment by business led to a rapid and dramatic embrace of the Union. As chapter four shows, traditional left socialism in Labour was unconvincing in part because of the economic inviability of purely national solutions.

These examples show that constraints are real and identifiable, but that their impact varies from nation to nation. This work argues that factions contend to offer alternatives which they believe will minimize negative effects of external constraints, while opening up political opportunities. Factions also push to make an imprint on the evolution of institutions which influence the process of globalization itself. In the case of the EC, left parties have the option of pushing for institutions which emphasize either growth and the social dimension, or free trade and financial openness. Chapter seven shows that constituency factions seek interventionist solutions at the international level; whereas party factions are more willing to embrace a free trade regime. Similarly, in the US the fight over NAFTA shows that left and right factions have extremely divergent opinions over what principles ought to govern international trade regimes.

Clearly, left parties face more constraints than they did in the immediate postwar years, but they are not without choices.

b. Arguments based on Social Structure

Social structure arguments are in many respects the reverse of the economic structural position, focusing instead on the evolution of society from working to middle class. Economic-structural accounts emphasize the weakness of *institutions* which sustained low unemployment and produced an expanding middle class in the face of a globalizing economy. Social-structural accounts emphasize the importance of *demographics*. These models posit that traditional terrains of political struggle -- particularly class -- have been transformed as a result of the growth of affluence. In the structuralist account, structures which helped the left have been eroded. From the social change perspective, the evolution of class structure, and resulting changes in interests and values of a majority of the population, has rendered left solutions redundant. To steal a phrase from an earlier debate, the left has been shipwrecked on "reefs of roast beef" (Sombart, 1976).

The first incarnation of this perspective was "convergence" theory which argued that a transformation of industrial society from predominantly working to predominantly middle class would lead to the "end of ideology" and the withering away of society-wide conflicts (e. g., Bell 1973). Although the early sanguine pronouncements of the imminent arrival of "postindustrial society" have been replaced with more sober assessments, the "embourgeoisement" of the working class is still seen as a major factor structuring political choice (e.g., Lipset, 1990). Some also see

affluence as the major factor structuring left party adjustment (e.g., Wilson, 1994).

Similar pronouncements are made by politicians. For example, Austin Mitchell, a Labour MP, argues (Mitchell, 1987):

The new society is not a pyramid, more an amorphous structure swollen, like so many of its inhabitants, toward the middle which is occupied by a more classless mass, call it "new working" or 'new middle', the name is unimportant. The attitudes are not so much that of a class, but of consumers with money.... The working class, previously a coalition of skilled and unskilled, becomes a lower, less integrated fringe to the majority society whose citizens no longer identify with it, but with each other. The basic differences are not so much of class as of consumption. Those in the middle, because manipulated rather than compelled, feel themselves free and want to be more so. Those down the ladder, pressured by sheer economic realities, are kept down in the old class world.

A frequent corollary of this argument is that social changes have eroded support for traditional left policies. As affluence became more generalized, some of the welfare programs associated with the left parties held less appeal. In this view, social democracy or Keynesian liberalism has been a victim of its own success (Wolfe, 1985). Another variant of this theory is found in Inglehart's theory of "postmaterial" politics, which attempts to demonstrate how rising affluence generated new values and in turn new issues and political demands (Inglehart, 1977, 1990).

How do we evaluate the political claims of these theories? The movement away from an industrial working class is undeniable. Figure 2.5 shows the shift of jobs in the US economy from goods- to service-producing. Table 2.1 provides similar data in snapshot form for Britain, showing a large decline in the traditional working class.

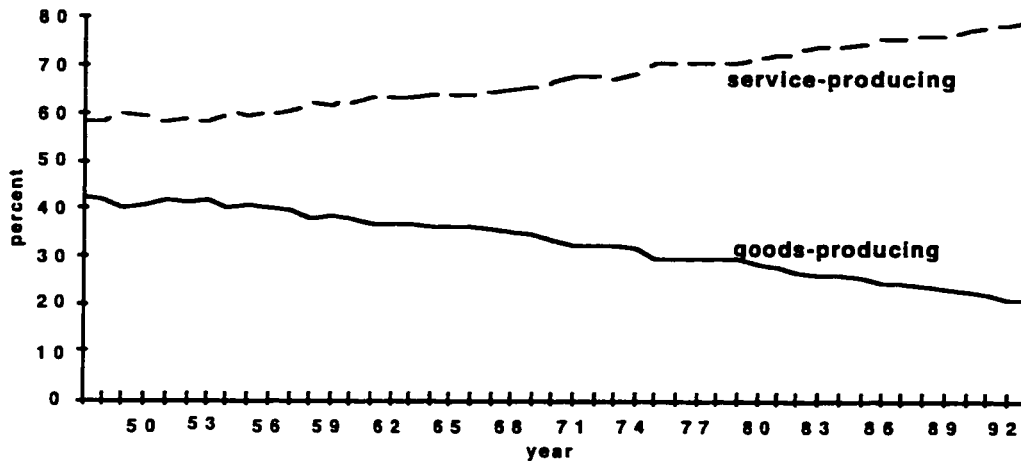


FIGURE 2.5 Percent of All US Jobs Either Goods or Service Producing

(Source: US Department of Labor, *Employment, Hours, and Earnings, 1909-1994*)

Politically, such shifts away from a traditional working class do not necessarily lead to a lack of support for left policies, however. Comparative historical work shows that various political changes associated with “embourgeoisement” were not determined by demographic changes alone. Their timing was influenced heavily by national institutions, policies, and party political strategy. First, it is clearly not the case that postwar affluence led directly to a consequent decline in political support for welfarist regimes (Esping-Andersen, 1985a). Corporatist institutions, and the widespread distribution of the benefits of welfare systems, postponed or greatly ameliorated the backlashes associated with more “residual” systems. This explains the paradox that nations with the smallest levels of welfare expenditure were the first to experience

backlash (Esping-Andersen, 1990). In addition, there is evidence that at least some of the fervor of tax backlashes can be explained by the increasingly inegalitarian nature of modern tax practices (Kuttner, 1980). It has also been claimed that it is the "visibility," not the level, of taxation that is important in determining backlash (Cawson, 1986). But even some nations with visible tax systems have avoided tax backlash politics (Albaek, et al. 1995).

TABLE 2.1 Shifts in British Industrial Composition, 1951 and 1981

	<u>1951</u>	<u>1981</u>
<i>Employers/Self Employed</i>	6.7%	6.4%
<i>Managers and Administrators</i>	5.4%	10.1%
<i>Professional and Technical</i>	6.6%	14.7%
<i>Clerical and Sales</i>	16.3%	19.3%
<i>Supervisors and Foremen</i>	2.6%	4.2%
<i>Skilled/Unskilled Working Class</i>	62.3%	45.4%

(Source: adapted from Heath and McDonald, 1987)

In addition, research into the relationship between the evolution of occupational structure and decline in support for left parties shows that political choices and strategies retain an independent effect in structuring the preferences of the electorate. For example, Heath and McDonald (1987) studied the effects of demographic changes on party political support for Labour. While demographic shifts explain some of the drop in Labour support, changes in electoral fortune are due more to choices by the parties over strategy and policy. They report that "..... more votes are won and lost

through political fluctuations than through social changes. Social change can account for a drop of five points in Labour support, but the Labour share of the vote has fluctuated from 48 per cent in 1966 to 28 per cent in 1983."

Even if we accept the argument that there is a long term erosion of support for welfare among the affluent, the other portion of the "convergence" argument is empirically dubious. There is no secular trend toward a universalized middle class. Instead, postwar trends of increasing average incomes, and decreasing income and wealth inequalities have been reversed in all advanced industrial nations (Atkinson, Rainwater, and Smeeding, 1995).

The acceleration of economic turbulence and increased economic competition which began in the 1970s has accentuated inequality in the labor markets of all industrial nations. The reemergence of trends toward inequality were particularly strong in the US (Harrison and Bluestone, 1988); and Britain (Stark, 1990; Joseph Rowntree Foundation, 1995).

Therefore, while "postindustrial" society is arriving -- if by that we mean a shift in employment from manufacturing to services -- this is by no means indicative of generalized affluence. For example, in Britain the average pay for clerical workers is less than the average for semiskilled manual workers (McIlroy 1987). McIlroy (1987) summed up the evidence presented by a series of studies on the service sector by noting that: "....the working class has not been transformed by the fruits of affluence. It has been changed by changing technology and employment patterns... The working class is expanding not shrinking."

In the US, similar patterns emerge. Shifts toward a "postindustrial" economy do not necessarily imply either general affluence, or a secular trend toward "better" jobs.

Figure 2.6 shows wages for all production or non-supervisory workers in the US economy, which in 1993 comprised 83 percent of all jobs in these industries, or 69 percent of all non-agricultural jobs in the economy. It shows that, with the exception of utilities, the services industries pay on average less than the goods producing industries, and that wages in all sectors have been flat or declining since the 1970s.

Wage inequality and stagnation is translating into greater inequality of family incomes. As charts 2.7 and 2.8 show, family and household inequality grew steadily as the Keynesian bargains and policies began to be eroded. Inequality rose for the US from the end of the 1960s, from the mid-1970s in Britain.

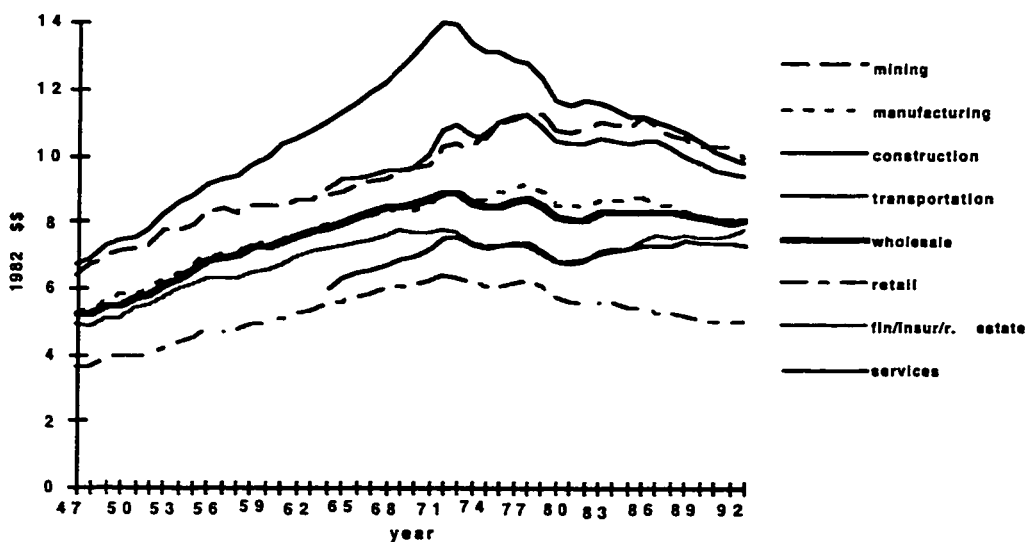
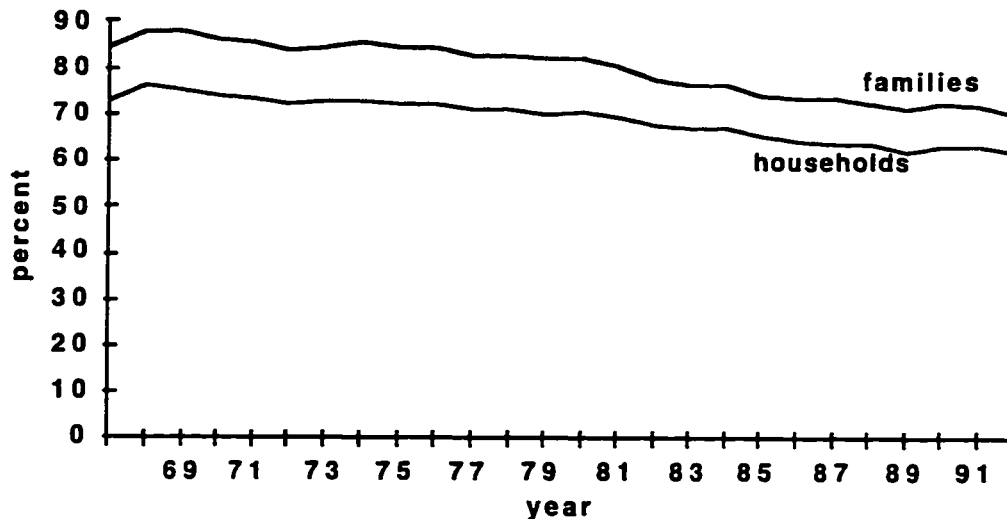


FIGURE 2.6 Hourly Wages in US by Industry, Production or Nonsupervisory Workers

(Data from US Department of Labor, *Employment, Hours, and Earnings, 1909-94*)



**FIGURE 2.7 Annual Income Received by Families and Households, US
(ratio of bottom 60% to top 20%)**

(source: US Department of Commerce, *Money Income of Households, Families, and Persons in the United States*, 1994)

Economic trends therefore do not demonstrate a continual rise of affluence nor a universal middle class. The political predictions of the social change theory are also problematic. While the increase of postwar affluence certainly eroded support for economic redistribution somewhat, there is no evidence that affluence alone hurt the left. The most profound conservatization of the electorate occurred just as the expansion of the middle class *decelerated* in the seventies. Labour and the Democrats, for example, doing best electorally at the peak of the postwar boom (Edsall, 1984; Krieger 1986). The politics of "backlash" that benefited the right only arose as the expansion of affluence was on the wane (Edsall, 1984). The electorate did not necessarily become

more conservative as it became more affluent; instead, certain large sections of the electorate accepted conservative solutions offered to protect a *threatened* affluence.

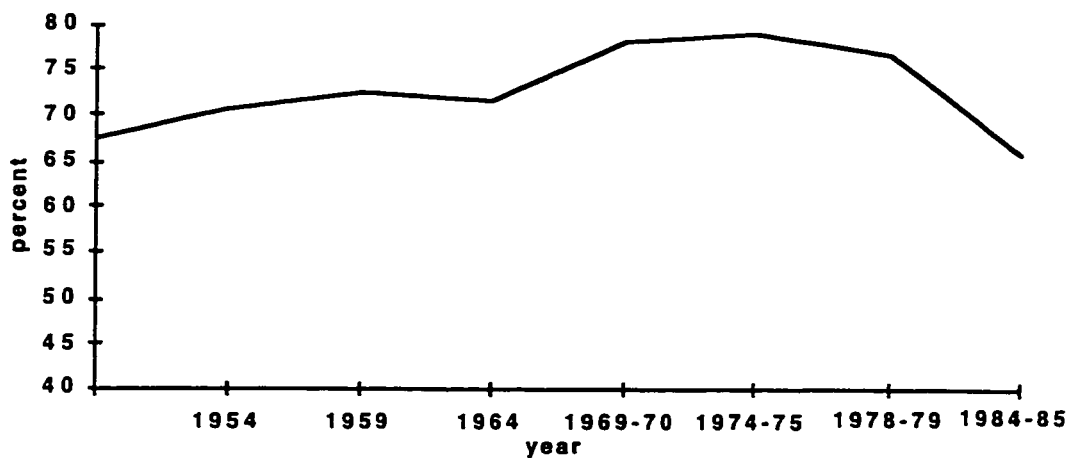


FIGURE 2.8 Annual Income Received by Households, Britain
(ratio of bottom 60% to top 20%)

(Source: Hills, *An Inquiry into Income and Wealth*, 1995)

A similar critique can be presented against Inglehart's theory of the rise of postmaterial politics. He posits that diminishing concerns with economic scarcity have allowed a series of "higher" values to come to the fore, including issues of gender equity, environmental protection, and human rights. In contrast with the earlier convergence model, Inglehart shows that these issues may move the parties to the *left*, since many of these new issues are generally hostile to conservative business interests, or to traditional value systems. But Inglehart's emphasis on the spread of affluence also

predicts a weakening of support for left policies emphasizing redistribution and high taxes.

This theory helps to explain a number of observed changes in the behavior of "masses" and "elites" throughout the industrialized world. The rise of cultural values such as anti-authoritarianism and environmentalism helped to create the "new politics" issues which energized a plethora of public interest groups active in Britain (Lash and Urry, 1987: 225), and especially in the United States (McCann 1986). They also helped to create the New Left which played important roles in party politics in both nations. Such issues have also acted to accelerate class "dealignment" as some affluent voters have moved to the left out of concern for these new values (Inglehart, 1990; Franklin, 1989).

But the ability of such issues to act as significant long term "cleavage" issues in elections is open to question. Indeed, as Inglehart's own research has progressed, he has successively abandoned some of the stronger statements of his theory. In response to criticism, he allows that his own analyses show a general decline of postmaterial values during economic recessions (Inglehart, 1990: 436). And while public opinion measures show a move toward postmaterialism with each successive cohort, this has not shown a similar power to permanently restructure actual voting in many nations, which still remains powerfully influenced by social class (even if this influence has shown some tendency to decline) (Inglehart, 1985).

He also presents evidence about the persistence of cleavages derived from class. Inglehart and John Huber (1995) conducted a survey of elite political observers in 42 countries and asked them to describe the most salient and politicized cleavages in their society. Of these, 80 percent of the respondents accepted that cleavages could still be

described as occurring between “left” and “right.” The exceptions were individuals who relabeled these poles “progressive” or “conservative.” When asked to describe the content of this left-right scale, “... over half of the issue responses given by the country experts are related to economic or class conflict. No other single issue has anywhere near this percentage” (Huber and Inglehart, 1995: 83).² Inglehart and Huber argue that these economic issues are not “traditional,” since most of the specific issues associated with class divisions were associated with preventing privatization and deregulation (Huber and Inglehart, 1995: 84-85). But the fact that the left is now often on the defensive reflects changing political balances in party systems, not any diminution of left-right economic struggle. The political salience of these issues reflects the evolution of occupational structure, the stability of affluence, but also the ability of parties to politicize these new issue dimensions (Kitschelt, 1994).

This theory is quite important in predicting more limited political tendencies which have been influential in party and extra-party politics. As the middle class expanded, it is not surprising that “quality of life” issues gained preeminence. This increased the prominence of new issues in industrial countries, and contributed to some of the observed trends in class dealignment. In this work, we see that New Left factions grew up in part in response to the politicization of postmaterial issues. These factions in turn had large effects on political reform, and patterns of conflict and cooperation within Labour and the Democrats.

In this work, we see that traditional economic cleavages have not withered away. They instead compete with an array of new issues on the left party policy agenda. The

² The nations where this was not true were in the main those at earlier stages of political development where basic questions of democracy loomed large.

prominence or lack thereof given to these issues reflects both opinions in the electorate, and the ability of various factions to advance such issues in intraparty politics.³

III. Theories of Party Behavior

a. Spatial Models

While theories focusing on external factors have been shown to be extremely important in determining the nature of many issues on the *policy agenda* of industrial states, they do not give us a way of modeling party *response* to these changes. It is therefore implied that parties adjust automatically to shifting structural variables.

Theories of party behavior provide some purchase on how the politics of adjustment actually occurs.

Explanations of party adaptation have been dominated in the United States by the spatial models developed by Downs (1957) and his followers. According to this perspective, party elites adapt party policy and ideology to mass preferences in order to maximize chances of reelection. Although this model claims that elites have "agency" in deciding which strategies to pursue, in actuality it assumes that politicians have only limited choice when dealing with "given" preferences of the electorate. Since politicians and party elites are considered to be rational maximizers of personal self-interest, a behavioral prediction is that parties in two party systems will move toward the median

³ Dunleavy and Husbands (1985) present another variation of social change theory, positing that production-related political formations -especially class - are being replaced by divergences created by differing patterns of consumption. However, Krieger (1991) argues that the extent to which consumption is split between public or private sources remains highly correlated with economic status. Also, studies in Britain show that privatizations of housing and the selloff of shares of formerly public

voter in order to maximize votes. Earlier in the century, the median voter's location was shifting to the left, and hence both left and right parties accommodated these shifts in preferences. Now, it is frequently argued, these parties must move to the right in response to conservatizing trends in the electorate.⁴

This model is intuitively plausible, and undoubtedly explains many aspects of party policy formulation, as well as strategy during political campaigns. However, some question both the veracity of the assumptions of the model, and its predictive ability. Many of these criticisms were first formulated by Stokes (1963). Stokes noted that party competition actually occurs along a whole series of issue dimensions. The placement of voters on a left-right dimension may vary considerably according to which issues are emphasized in campaigns. For example many observers (e.g., Kitschelt 1994; Edsall and Edsall 1991) have noted that some voters may be to the left on economics while being conservative on social issues. The complete or partial independence of issues creates "cross-pressures" on voters which makes actual voting behavior unpredictable.

Stokes (1963: 371). also noted that issues vary by salience, and that the preference ranking of issues by voters ranged wildly over time. He went on to argue that "Political fortunes are made and lost according to the ability of party leaders to sense what dimensions will be salient to the public as it appraises the candidates and party records" (Stokes, 1963: 372). Successful attempts to manipulate issues, or large

industries had small and impermanent conservatizing effects on the electorate because those voters able to benefit from privatizations were already conservative-leaners (Heath et al., 1989).

⁴ But this is not implicit in the model itself, as it is also possible to argue that left parties have lost voters by moving too far to the right. Ferguson and Rogers' (1986) structuralist/rational choice account makes this point about the US Democrats.

external political events or “shocks” which change perceptions, may in turn lead to large shifts in voter preferences between parties (Jones, 1994).

Spatial theorists have attempted to transcend some of these limitations through refinements that take both salience and multidimensionality into account (e.g., Enelow and Hinich, 1984). But most of these efforts have focused more on the problem of modeling these multiple dimensions mathematically, and few have been tested in the realm of empirical application (Johnson, 1991a). In addition, adding more dimensions to a model increases mathematical instability, and reduces the likelihood of finding equilibrium outcomes capable of generating empirical predictions.

It is also unclear how politicians actually discern the location of the median voter. One way is through opinion polls. But opinion represents an enigmatic and unpredictable constraint on party policy. It is plausible to surmise that voters’ opinion on policy influences their choice of candidates and parties to a significant degree. Yet its transmission into voting behavior is also complex and unpredictable.

There are a number of reasons why public opinion is a very rough and malleable constraint on policy. First, voters may be ignorant about many policy issues. It is a commonplace observance that voter reactions to poll questions often change dramatically if the question is framed differently, or if voter ignorance is dissipated by the interviewer. For example, in a poll undertaken in the US in early 1995, 75 percent thought the US spent too much on foreign aid, and 64 percent thought foreign aid should be cut. But when told that the US actually spent only 1 percent of the budget on foreign aid (the *median* respondent thought the level was 15 percent), 80 percent then thought spending on aid was either too little or about right (Steven Greenhouse, *New York Times*, April 30, 1995). How does a politician react in this situation -- by

engaging in inflammatory anti-foreign-aid rhetoric, or by pointing to a more accurate view of the situation? The choice is not determined by the opinion itself.

Even where voters are knowledgeable of the basic facts of policy issues, the effects of policies are often complex, and may embody a number of values which may be in conflict. Jones argues that political manipulation or cultural shifts may change the ways in which voters *frame* or *interpret* such issues. Shifts in framing may in turn lead to large shifts in voter policy preference (Jones, 1994). For example, on issues of distributive welfare voters may be motivated both by values of fairness, and out of concern for individual economic self-reliance. A rise in the salience of one value or the decline of another may in turn affect how issues structure voting behavior. Which interpretive frame becomes dominant is in turn affected by political struggles to define the meaning of policy issues.

Therefore, spatial theory embraces a naive model of democratic responsiveness of politicians to voter preferences. It ignores the power of elites to restructure and mold public opinion. To the extent that elites are able to influence opinion, or believe themselves able to do so, the structure of mass preferences will not prove so constraining on party policy. In other words, opinion may frequently be a dependent as well as an independent variable. This in turn creates openings for different visions of competing parties -- or of party factions.

This model also falsely implies that parties are unstructured collections of political entrepreneurs with essentially the same interests. In this sense, it makes parties appear to be unitary actors. Yet party organizations are composed of politicians, functionaries, activists, as well as representatives of various interest groups and constituencies which make up a party coalition. Such a model therefore cannot capture the *variances* in the

preferences of party elites. These variations in preferences arising out of differences in interest or constituency in turn often lead to factional struggles within parties. As the following chapters show, these differences, and the resulting struggles between competing factions, are sometimes as influential (or more so) than the mass electorate in determining policy and campaign positions.

Not surprisingly, these problems of specification have resulted in some predictive problems for this model. These are particularly troublesome findings, given that spatial theorists themselves have taken predictive capacity as the most important criterion on which their theory is to be judged (Downs, 1957: 21; Johnson, 1991a: 115). Johnson reviewed the evidence of studies which attempted to predict policy choice through an application of spatial models. He found that most of these efforts were failures, and that those studies in which the theory did prove predictive required the ad hoc addition of nonspatial factors (Johnson, 1991a: 117).

With regard to the specific cases studied here, spatial models fail to successfully predict behavior in the US and Britain over significant periods during the last two decades. For example, the Labour party's response to Thatcher's 1979 win was a sharp movement to the left, rather than to the right as the model would predict (although the party later moved back toward the center). As will be documented in the chapters four and five, the US Democrats moved to the right of the median voter on some economic issues (Ferguson and Rogers, 1986), and to the left of the median voter on social and rights issues (Edsall and Edsall, 1991), again in contradiction to what the model would predict. I argue that factions were the causal culprits in these cases.

An equally puzzling finding is that the electorally successful Thatcher and Reagan governments were the most ideological in recent history. Why were the Reagan and

Thatcher governments able to pursue an ideological agenda which was often at odds with the preferences of the electorate? One answer, consistent with explanations from the literature on political business cycles, is that left failure at economic governance during the seventies created a relatively enduring perception that these parties had lost their ability to deliver general prosperity. To the extent parties can establish a reputation for economic competence, they may then be less constrained by public opinion in other policy areas (Kelley, 1983).

Other arguments emphasize the influence of a coherent and compelling vision which connects voters to a party's reform agenda. In this view, policies are not formulated discretely to conform to a preexisting ideological spectrum. Instead, they are often part of a complex package of interlinked policies which cohere logically and reinforce each other politically. For example, Stuart Hall (1987) argues that the Tories achieved electoral dominance even though voters opposed many of their specific policies because they were able to offer what appeared to be a complete explanation of, and set of solutions for, salient social and economic ills.

Spatial models may have more predictive utility under conditions of structural and institutional stability. At present, parties and factions within the parties are attempting to advance visions derived from very different conceptions of economic and social structure. The strategies and policies they advance reflect these different conceptions of the political environment. During crises or under conditions of institutional or policy failure, considerable intellectual innovation as well as trial and error are likely to prove indispensable. Parties, or factions within the parties, may be struggling to create a center as much as they are responding to one. At such times, political actors are quite likely to be operating from alternative ideologies and associated conceptions of electoral

strategy as from a clear vision of the empirically "correct" course. The spatial model thus ignores the complexities of policy design, which often reflects internal party political balances and the need to construct political coalitions. Take, for example, the institutional design underlying the Swedish Social Democratic Party's economic policy during the postwar era. The following passage demonstrates the complex policy networks which may be necessary to simultaneously solve economic and political problems:

The idea was to resolve the full employment/inflation problem by a combination of aggressive wage solidarity bargaining, active manpower policy, and restrictive fiscal policies to effectuate structural change in the economy. The system of solidaristic wage bargaining was to equalize wages across industries and regions; across the board wage pressure was to be applied in such a way as to avoid firms that could increase productivity and to punish firms that could not. Thus, collective bargaining would help drive out weak firms, which in Rehn's [a prominent labor movement economist] analysis are the ones particularly open to inflationary price compensation against wage pressure. The Rehn model thus eliminates traditional trade union defensiveness against manpower layoffs in declining industries, substituting an aggressive rationalization policy, in which layoffs are tolerated and even encouraged (Esping-Andersen, 1985a: 229-230).

Such networks of policies reinforced political support across social groups and through time. This broad scale reforms of policies is an example of the "reconstruction" strategy described in the factional framework presented here. Such policy networks may or may not eventually gain political popularity, but in any case it is certainly not possible to predict the design of such policies through an examination of the preferences of the median voter alone.

Lastly, the spatial model may seriously underestimate the long-term costs of spatial centrism. The model allows that when the policy offerings of parties become indistinguishable, voter abstention may be a rational course of action (Downs 1957: 39). Parties may thus lose votes if voters cannot discern a "dime's worth of difference"

between the parties. This may provide incentive for parties to move back away from the center. However, it is usually assumed that movements toward the ideological extremes in order to pick up abstaining voters costs more votes in the center of the distribution than would be gained elsewhere.

This may be true for a single election; however, long-term negative effects from failing to meet the needs of significant proportions of the electorate may occur. If a certain number of voters who abstain have an increased propensity to do so in subsequent elections, abstention may increase over time. As abstention increases, both the size and the shape of the electoral universe changes. In the case of a left party in a two party system, as the party's base demobilizes, targeting the resulting new, more rightward center may in turn lead to more demobilization. Burnham (1990) presents extensive evidence of class-biased demobilization in the Democratic coalition that would fit this interpretation.

There should theoretically be some limit to the demobilization process. As more voters at the end of an ideological extreme become demobilized, parties would have an increased incentive to move away from the center in order to recapture some of these voters. Figure 2.9 shows evidence of an untapped electoral market in the US.⁵

The following chapters show that pushing for increased attention to the party's base is one role of constituency factions. However, the control of left parties by centrist party factions may prevent the adoption of such strategies. In this sense, "pragmatic" party factions may also on occasion act irrationally in electoral terms. Chapter five shows how various movements, such as Jesse Jackson's "Rainbow coalition," have

⁵ This argument also accords with MacDonald et al.'s (1991) finding that the center of ideological spectrum is often devoid of parties. These authors argue that parties must achieve some sort of issue differentiation in order to present a clear message to voters.

attempted to capitalize on the Democrats' mobilizational problem. At the extreme, a third party may be tempted to move in by the existence of such an untapped "electoral market," although third parties always face large institutional obstacles to success.

Rather than take spatial strategies as both given and superior, this work shows them to be one strategy that may be adopted when particular factions gain ascendancy. Other strategies are possible, such as those which emphasize the aggregation of groups through particularistic appeals; or those which attempt to knit together different groups in a coalition through the adoption of broad reform agendas. Some of these alternative strategies may even prove electorally superior to the spatial strategy, and at other times decidedly inferior.

Despite these criticisms, spatial models do help explain many aspects of party behavior. For example, chapter four shows that the persistence of opinion to the left of Labour Party policy in the early 1980s, and the resulting electoral debacles, does seem to have been a powerful factor in pulling the party back to the center. Parties that consistently offer policies well away from *salient* and *stable* voter preferences (i.e., the death penalty in the US) will tend to lose votes. But when it comes to actual policy formulation, politicians and associated interest groups and factions often have quite a bit of room to maneuver within the bounds set by public opinion. They are also capable of shaping opinion in their direction. Explaining this process, as well as the economic, structural, and institutional constraints which parties must respond to, requires different theoretical tools.

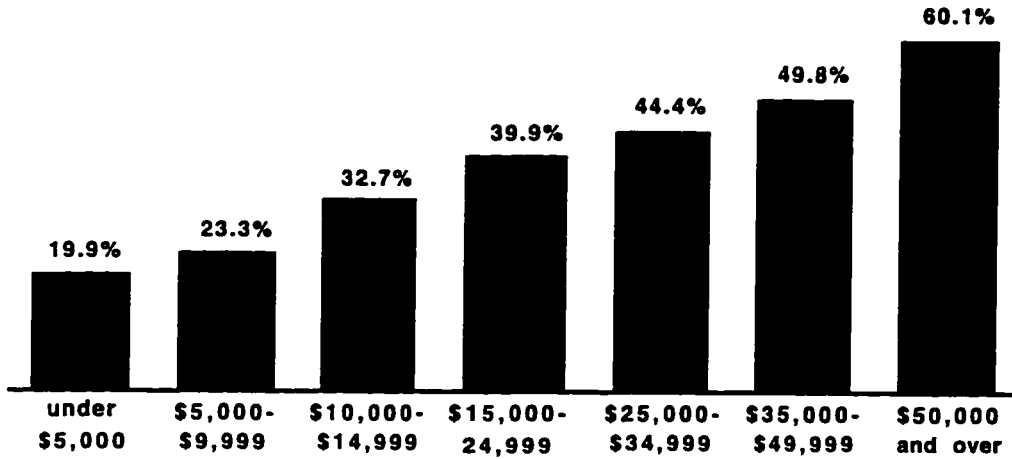


FIGURE 2.9 Voter Turnout by Family Income Level, US 1994 Congressional Elections

(Source: US Bureau of the Census, Press Release, June 8, 1995. Census data consistently overestimate actual turnout by about 10%)

Herbert Kitschelt (1994) offers a well-theorized treatment which goes beyond spatial considerations, modeling demographic and institutional factors as well. He argues that all left parties are in a position where they have to balance their traditional goals and policies with new goals which have arisen as a result of demographic and cultural change. It thus offers a more sophisticated theorization and empirical demonstration of the political “space” of party competition than other spatial models.

Kitschelt argues that the confluence of a changing economic environment and the evolution of social structures necessitates new appeals for left parties. In his view, there has been a shift away from competition along an axis organized by economic

distribution, toward one where left and right represent libertarianism versus authoritarianism. In this view, the need for left parties to shift to this new axis in turn varies according to the percent of the population in new occupational locations open to new appeals, and other variables such as electoral system structure. This work thus helps to explain cross-national variation in strategy. Kitschelt then uses variations in party institutional structures or factional politics to explain successful or unsuccessful patterns of adaptation.

Kitschelt's model shares with spatial models a tendency to overly concretize the structure of public opinion and hence of electoral competition. In chapter three I show that the existing opinion structure in the US and Britain potentially allows a number of different adjustment paths. Any path chosen contains simultaneous costs and benefits, making it difficult to discern an objectively "right" path. Party strategy can only be understood with the addition of an analysis which shows how party factions are animated and motivated by differences in strategy and vision. These differences in turn affects how factions confront various political dilemmas.

In addition, Kitschelt's work shares with most works of this genre a failure to provide a detailed analysis of the efforts to rebuild political-economic institutions and practices. The ways in which policies distribute costs-and-benefits throughout a polity in turn affect structures of party coalitions, as well as the formation of cleavages which need to be managed or transcended. In addition, trade and labor market institutions influence the occupational structure which is so important to Kitschelt's analysis. As such, the struggle to redefine the structure of basic economic institutions is an essential part of any analysis of left party politics. It is also worth keeping in mind that many

“personal freedom” and “libertarian” and new politics issues have an economic dimension.

b. Nested Games

The theory of nested games takes the insights of the spatial model and adds the observation that party elites have a wide variety of preferences that they are attempting to maximize (Tsebelis, 1990). Instead of seeing party elites as an unstructured collection of self-interested politicians, this model notes that parties are also made up of representatives of organized societal groups. In this model, politicians will be expected to be concerned with maximizing chances of reelection; activists may be concerned with upholding principles and ideology; and representatives of various social groups (such as labor unions) will be interested in representing their members' interests.

This theory helps to explain why powerful interest groups may be motivated to seek narrow sectarian goals within the parties, to the detriment of electoral success. Thomas Koelble (1992) has used this model to explain the strategic policy adjustments of social democratic parties:

The ‘nested games’ approach stipulates that political parties are complex organizations in which party activists and politicians interact and quite frequently clash because they are motivated by different rationales for action. Each type of actor responds to a different set of incentives. Activists are mostly concerned with party policy; politicians are mostly concerned with the survival of the party as an electorally viable organization. A third type of actor is of great importance in social democratic parties: union members. Trade unionists are most concerned with the representation of their sectional interests (Koelble, 1992).

Koelble argues that in parties where blue collar unions in declining industries retain significant influence, a protectionist stance is more likely to be adopted, rather than a middle class-oriented "government party" position which emphasizes general electoral appeal.

This model explains some anomalies not accounted for by the spatial model. In the cases presented here, it helps to explain the leftward movement of Labour after the 1979 election. Here, blue collar unions forged an alliance with left activists to move the party back toward a protectionist form of socialism. Union leaders, exasperated by the failure of the "social contract," threw their lot in with the left-reformist group associated with the Campaign for Labour Party Democracy and the Bennite wing of the party (see chapter four). Unions were able to increase their power over leadership selection, and cooperated with the New Left to adopt the protectionist/socialist Alternative Economic Strategy.

This model supplements but does not completely supplant the logic of the spatial model. While ideology and sectional interests may initially predominate in intraparty struggles, it is likely that these will be abandoned if continued electoral losses demonstrate the inferiority of alternative strategies. Therefore, the choices available to factions may ultimately be constrained by spatial considerations arising from the need to win elections. Over time, it seems that ideological or sectionally-oriented actors may trade off the purity of their preferences in favor of a winning strategy if the electoral futility of their initial position becomes clear. This is a plausible explanation for post-1983 Labour party behavior, which saw unions abandoning their support of the activist left in order to reassert their traditional role as "Praetorian guard" for a new, more conservative, Parliamentary leadership

In the US, this model helps to explain why Democratic party policy in some areas moved to the left in response to the (short-lived) elevation of status within the party of those who represented interests (blacks, women, environmentalists, gays, etc.) which had an interest in systemic social reform (see chapter four). Yet this model seems unable to explain why party economic policies were sometimes to the right of majority opinion in areas where there was an absence of a mass base supporting such policy changes. As argued in this work, some factions are more equal than others, and explaining policy in capitalist democracies requires some analysis of the power of business (e.g., Block, 1977; Ferguson and Rogers, 1986). The propensity of party factions to become interpenetrated by business interests, especially in the US, is particularly useful in explaining such shifts.

Thus, while this model moves us in the right direction, it is underspecified for conceptualizing the actual behavior of factions. It is somewhat abstract and does not clearly delineate stances likely to be taken by different factional actors. Descriptions of expected behavior of other factions must be added to the model. This model is not “wrong,” but instead provides an incomplete analysis of internal party behavior.

This model must be supplemented by analysis sensitive to the specific interests and strategies of various factional actors. For example, Koelble assumes that blue collar unions are historical anachronisms and that they will impede the successful adoption of “governing party” strategies when they have power. There is some truth to this for limited historical periods in some countries (see chapter four), but this argument is empirically dubious as a *general* theory of social democratic adjustment. An examination of the comparative literature shows that labor unions have sometimes taken long-term, universalistic policy stances which are quite sensitive to the necessity of

building electoral support. At other times or places they have adopted short-term "bread and butter" strategies which traded off long-term gains for workers as a whole for short-term benefits for organized, privileged workers. Such stances often result in electoral decline.

This difference has been explained through an examination of the institutional and strategic preconditions of universalistic or sectional stances. For example, early organization of exclusive craft unions led to an emphasis on sectionalism. And the patterns of union-party relationships may also be conditioned by previously established political bargains. Pontusson (1988) argues that the willingness of the Swedish trade union confederation to forego short-term gains in order to participate in a long-term political strategy was conditioned by the early pattern of party-union cooperation. He argues that unions and the party in Sweden adopted a mutually reinforcing set of political and industrial policies. British Labour is perhaps peculiar in the bifurcation of party-political and industrial strategies. Swedish blue-collar unions had no interest in impeding the adoption of a governing party strategy because such a strategy was also designed to dovetail with their needs as industrial actors. Pontusson also convincingly demonstrates that the Swedish social democrats have done a consistently better job of retaining blue collar votes than has Labour, despite the early adoption of a seemingly more middle class strategy.

Koelble also errs in arguing that public sector unions are necessarily more moderate and thus more amenable to a governing party strategy. In the British case, it was the public sector workers which adopted the most militant stance during the "Winter of Discontent" which brought down the Labour government and its governing party strategy of the Social Contract in 1979. However, public sector union leaders

later took a leading role in supporting Labour's more moderate stance. In Sweden, public sector workers were a consistent source of radical demands, in contrast with the largest industrial union which allied itself with employers and conservative elements of the Social Democrats in order to restrain public sector wage demands and the growth of government (Swenson, 1992). We cannot just read political stances from sectoral locations, but must look at the historical development of institutions, ideology, and alliance building strategies which help to determine factional behavior.

In the chapters to follow, I show that an analysis of the interaction between structural constraints, factional ideology, and alliance-building strategies helps to explain factional policy preferences, as well as shifts in party policy outputs.

The nested games model does, however, enable us to model particular instances of strategic interaction which may be quite important in the choice of particular policies, procedures, or strategies. This model is useful in analyzing strategic interactions between factions in instances where preferences are known, and where the terrain of political battle is highly constrained. For example, Tsebelis' application of the model meets the criteria set down by Taylor regarding when rational choice models are likely to be explanatory (Taylor, 1988: 90-91).⁶ But such a model runs into problems when asked to explain large complex processes such as wholesale party policy reformulation.

⁶See, for example, his analysis of the selection of Labour party candidates (Tsebelis, 1990, ch. 5).

IV. Historical Institutionalism

Many of the lacunae in the above perspectives can be filled by drawing on the historical-institutionalist literature. Institutionalists attempt to provide intermediate-level explanations that avoid the determinism of structuralist accounts. According to Thelen and Steinmo (1992: 11), the focus of institutionalism:

....on how macrostructures such as class are magnified or mitigated by intermediate-level institutions allows us to explore the effects of such overarching structures on political outcomes, but avoiding the structural determinism that often characterizes broader and more abstract Marxist, functionalist, and systems-theory approaches.

For our purposes, most important are works that examine the developmental trajectories of various welfare states. Such theories show us where welfare states will be likely to be weak and where strong, and therefore can explain some corresponding patterns of left party behavior. Some variants of institutionalism also provide an analysis of how the evolution of policies and institutions, and resulting distributions of costs and benefits, influence the loyalties in the electorate. They therefore help illuminate how policy innovation and institutional design helps structure party coalitions.

These theorists differ in many ways, but all begin with the premise that policy is much more than just campaign fare offered up to the voters by parties on election day. Instead, policies are also a crucial mechanism for both building and maintaining political support. This accords with the efforts of V. O. Key and his followers in the American party realignment school to demonstrate the importance of policy, as well as party identification, in creating reasonably stable coalitions (Key, 1966).

Historical-institutionalist scholars note that different developmental trajectories of welfare states affected the political resilience of national institutions. Challenges to the welfare state emerged earlier and in more damaging form in some countries (i.e. the US) than in others. Where welfare states were more thoroughly institutionalized, pressures for rollback were forestalled, or blunted. Left party strategists in the more successful continental and Scandinavian social democracies pushed for policies which amended the postwar formulas in an effort to counteract the effects of economic and social changes which threatened their coalition. Certainly, the trends identified by the social change theorists were influential. All economies were becoming more complex, affluent, and service-oriented, leading to a "embourgeoised" working class, and an expanding middle class. However, rather than moving to the right, many social democratic parties began to expand the purview of welfarist policies to encompass this growing middle class. These new policies enhanced the level of political support which such parties received.

Welfare programs were made universally available, rather than "residual" (means-tested programs available only to the poor). Because the benefits of these programs are available to all classes, their political resilience increased, in much the same way as Old Age pensions in the US, and the NHS in Britain, have become politically resilient. Broader political support makes universal policies more, rather than less, effective in meeting the needs of vulnerable populations since middle class support helps protect the level of benefits and the quality of the programs (Skocpol, 1990).

Public provision was also expanded to meet new needs, which kept the welfare state relevant, and helped to sustain middle class loyalty. For example, Esping-Andersen argues that the adoption of public pensions in Sweden were crucial for

maintaining the viability of middle class, working class coalitions (Esping-Andersen, 1985a: 157-162).

The structure and size of the unionized sectors of the economy also affected the resilience of the welfare states, and hence of the left parties which played an essential role in developing them. Social democratic responses were more likely in nations with high unionization rates. Such regimes in turn encouraged further unionization (Piven, 1991). Where strong union federations and close union-party relations existed, unions were likely to adopt solidaristic wage policies which emphasized compressing pay differentials between sectors (Cameron, 1984). Such policies helped to fight inequalities in the labor market and reduced the need for redistribution.

Przeworski (1985) and later Przeworski and Sprague (1986) attempted to formalize some of the requirements for left party adaptation to new demographic realities. This account melds historical-institutionalism with rational choice theory. This work provided one of the most systematic analyses of the requirements for maintaining left coalitional solidarity in the face of the postwar trend toward a shrinking traditional working class. Przeworski argued that these parties had to reduce the working class focus of their policies as the middle class grew in electoral importance. While the constraints resulting from demographic change were modified according to the size of the organized labor movement, or by the development of corporatist institutions, all parties faced a tradeoff of working and middle class voters as they moved along the left-right spectrum. Przeworski argued that these parties abandoned transformative goals, alienating working class members in the process.

While Przeworski and Sprague explain the abandonment of electoral attempts to adopt “pure” socialism through electoral means, these authors have been criticized for

painting an excessively bleak picture of the choices open to the left. Esping-Andersen (1985a), following Offe (1972), argued that the cumulative effects of social democratic reforms led to a substantial transformation of the nature of capitalist economies. These policies served to “decommodify” labor and de-marketize social relations in general, thus creating a situation where markets served society rather than the reverse. Esping-Andersen provided a political account of the positive effects of social democracy, emphasizing the policies which have proven effective in gaining middle class voters without punishing -- or losing -- the working class.

Welfare universalism, egalitarian wage policies, pro-unionism, and industrial adjustment policies helped sustain left coalitions, ameliorating the punitive effects of market capitalism and creating a community of interest between middle and working classes. And, by eventually building a coalition which demanded the de-marketization of social relations, cumulative reforms changed not only the intensity but also the actual nature of capitalist polities.

Pontusson also argued that Przeworski and Sprague’s formulation failed to discern the genuinely radical aspects of social democracy as it developed, and therefore underestimates the potential of social democracy to mobilize voters, often leading to the adoption of significant reforms (Pontusson, 1992).

Whatever the “true” nature of social democracy in its heyday, the social democratic formula contained a number of internal weaknesses which necessitated new forms of political intervention. Full employment policies and oil shocks added to inflationary pressures plaguing all industrialized nations. Goldthorpe (1984) argues that stagflation prompted governments to adopt one of two alternative political responses: dualism or corporatism. While corporatism has a long pedigree, it became a primary

tool of macroeconomic management in some social democratic countries in the 1970s, entailing the further development of bargaining structures which allowed "social partners" to cooperate to manage inflation and other economic aggregates.

Dualist strategies, by contrast, emphasized adjustment through enlargement of the portions of the economy subject to market forces. According to Goldthorpe, a "dualist" strategy entailed the expansion of the portions of the economy and society governed by market relations. Nations where the left was weak, and where institutional preconditions (such as strong centralized labor federations) were lacking were more likely to move in this direction. This includes Britain and especially the US.

Corporatism entailed the further development of peak associations of business and labor, and concertation between these "social partners," usually under the auspices of a sponsoring government. These developments have been well-described by Schmitter (1981). Corporatism was in turn successful for a time in dampening inflation, maintaining high employment, and was compatible with international competitiveness (Cameron, 1984).

Corporatism was the most ambitious effort in modern history to create a national economic community by establishing cross-class bargains spanning both owners and workers. Bargaining occurred not at the level of the firm but at the level of macro-industrial sectors. Corporatism helped forestall conflict between sectors, and within them, by more equitably distributing the costs and the benefits of both economic cycles, and industrial restructuring. It also required unprecedented cooperation within the sectors of business and labor, requiring them to overcome their collective action problems in search of greater long-term good.

Corporatism helped to forestall business defections from postwar social bargains for quite some time. At the same time, it led to more egalitarian wage structures between occupations, helping to reinforce a sense of community and commonality within labor movements (Cameron, 1984). Where such policies were successful, left parties could compete for votes from a position of strength. Such successful policy innovation also dampened factional conflict within the parties.

globalization versus institutions?

The institutionalist literature does a better job of accounting for divergent national trajectories than structural theories, which imply convergence. But a question arises over whether these divergences will persist in the long term. First, the corporatist solution to reconciling capitalism with social democracy seems to be breaking down. The ability of governments to restrain inflation and compress wage differentials has been eroded by changes in industrial structure and wage bargaining. Corporatist incomes policies require cooperation of large, centralized labor federations. In nations such as the US and Britain that are only weakly collectivized, achieving national economic planning and coordination between sectors has been difficult. These two nations proved to be particularly bleak locales for left governance as economic turbulence mounted in the 1970s. Labour, presiding over a somewhat corporatist polity, attempted to move further in this direction in the Social Contract era. This effort foundered on the inability of a fragmented union movement to cooperate to manage wage differentials (Taylor, 1987; Fishbein, 1984); as a result of recurrent problems of macroeconomic management (Gamble, 1990); and because the government was unwilling or unable to meet its side of the social contract.

Trends toward labor market “destructuring” are particularly strong in the US and Britain. Unionization has been dropping since 1945 in the US, and since 1979 in Britain (Goldfield, 1987; MacInnes, 1987). Bargaining in Britain has become much more decentralized than during the era of the Social Contract (Brown and Walsh, 1991). In the US, the practice of “pattern bargaining,” where a few large companies set a wage standard for much of the economy has now been undermined by deunionization and insistence by firms that bargaining occur at the local level (Moody, 1988).

An additional weakening of the political base of social democracy or welfarism occurred as a result of growing splits between unions in many countries. Frequently, the growth of the welfare state led to a great expansion of public employment. In some cases this has led to conflicts between public and private sector unions. For example, in Sweden industrial unions have sought smaller wage increases than public sector unions because of their exposure to global price competition. Such unions have also been critical of the high levels of taxation necessary to sustain public sector growth (Swenson, 1992).

The retrenchment of redistributive, labor market, and macroeconomic policies varied from nation to nation. In France, not only were large-scale macroeconomic and public ownership reforms abandoned, but Socialists abandoned a solidaristic labor market policy in favor of a “flexible” one (Howell, 1992). Even Swedish social democracy seems to have reached its limits, with the political failure of the wage-earner funds striking a blow against efforts to reconcile a high wage economy with international competitiveness (Pontusson, 1988; 1992). Swedish society is now being torn by the same types of conflicts between social sectors which have been a mainstay of politics in other nations. A subsequent rethinking of policy has led the party to

abandon its isolationism and embrace many elements of the EU's neoliberal reform program (Ingebritsen, 1992).

Ultimately, while national institutional differences continue to sustain significant differences in domestic political orders, the forces of economic and structural change are pushing many serious issues onto the policy agenda. The politics surrounding the restructuring of the postwar bargains in each nation are heavily influenced both by instances of institutional resilience, and by differences in political mobilization and cultural expectations derived from the legacies of different national systems. Left parties are groping to find a sustainable formula which reconciles economic growth with the maintenance of welfare systems (however reformed or “streamlined”).

Managing the tensions arising from attempted national solutions to the problems of globalization is one of the central challenges confronting the left parties. Factions step into this situation and present various solutions to specific national problems. The solutions chosen reflect particular structural and institutional conditions in each nation. Institutional and structural preconditions advantage some interests while disadvantaging others, while also privileging certain policy outcomes. For example, it is difficult to envision a corporatist solution to inflation management in the US given institutional preconditions. But in keeping with the argument presented in section II above, conditions are not so strict as to distinct alternative solutions. Supply-side policies provide purchase for both left and right-leaning solutions. As chapter seven shows, factions in Labour and the Democrats vie over the methods of achieving a skilled and well-paid workforce. Also, globalization is in part a political phenomena, and chapter six demonstrates that factions are locked in pitched battles over managing the effects of the global market. The destructuring of classical postwar national solutions is

concurrent with trends toward decollectivization and increased reliance on markets, but possible reform options are still many and varied. Struggle over distinct options animates struggles between the parties, and between factions within parties.

V. Conclusion: Factions and the Politics of Adjustment

This chapter has reviewed theories emphasizing structures, institutions, and strategic behavior. Structural theories identify broad trends, but overemphasize , Institutional theories provide explanation of national differences, but provide only weak purchase on the process of policy and institutional redesign. Spatial and nested games theories provide an analysis of party strategic behavior, but take the external political environment too much as a given, and either ignore or insufficiently analyze behavioral predilections of actors within the parties.

This work attempts to get at the question of agency in the politics of policy redesign. Factions attempt to maximize their political power within broad constraints set by national conditions. They devise specific solutions to policy and political problems, and advance these in intra-party politics according to the power of their ideas, their ability to strike strategic alliances, their changing power bases, and the resonance of their positions with the wider electorate.

Chapter three develops a framework for analyzing factions. I briefly examine the literature on factions, and then develop a framework which allows us to interpret and understand the politics of policy re-formation. This framework is then used to analyze recent efforts to rebuild party support in Labour and the Democrats. I show how factional maneuverings are particularly important in times of institutional breakdown,

highly fluctuating opinion, and the absence of an enduring consensus within either parties or the electorate.

Changes in factional power as well as the changing patterns of factional alignments are shown to have a major effect on both party policy and strategy. The activities of the union faction in particular is shown to be particularly important in whether policy moves to the right or left, or in a domestic or internationalist direction. Recent weakening of unions and other constituency factions is paving the way for an unprecedented marketization of party policy. Left factions are attempting to regroup in response, in part by significantly altering traditional policy stances.

Chapter 3. Factions, Policy, and Coalition-building

I. Introduction to Chapter Three

Chapter two reviewed theories about party behavior which focus on the political environment within which parties operate, as well as theories which examine the strategic behavior of parties. I argued that this literature does not adequately examine politics *within* the parties over policy adaptation. This chapter develops the framework initially presented in chapter one. I then use it to analyze broad patterns of factional politics in Labour and the Democrats. The factional politics over policy in these two parties is examined in more detail in subsequent chapters.

The analysis of the independent activities of factions within parties is a neglected enterprise. Belloni and Beller (1977), writing in the mid-seventies, observed that:

Despite commonplace allusion to faction, however, this realm of politics has been only poorly developed as a category of inquiry and analysis in political science. This is especially true in the context of the enormous body of literature devoted to phenomena of organization and competition for power, where by far the largest share of attention has gone to political parties, and after parties to interest groups.

While some studies have been completed since then, they have tended to neglect the independent role of factions in party politics. Two decades later, Janda wrote in a survey of comparative literature on parties that “most research on faction has regarded it as a dependent variable in party theory” (Janda, 1993).

Factions are certainly influenced by structural variables. For example, the rise of New Left factions in Labour and the Democrats was in part a result of demographic change. Yet as will be seen in chapter four, the impact of such factions on party policy and institutions was heavily conditioned by factional strategic behavior and alliance-

building. The following chapters also show that factions are the agents of institutional change *within* the parties. Factions attempt to strengthen their position by changing party rules in their favor. Such changes can be shown to have effects on party policy stances. A complete understanding of the politics of party adaptation therefore requires an examination of factions and their role in influencing policies adopted by parties. I develop here a framework for understanding different types of factions, and their corresponding policy and strategic orientations. This framework provides a way of analyzing how factions act, and interact, in response to changing structural variables.

In this analysis I utilize four variables, and argue that an analysis of these variables can explain much of the strategy, policy, and coalition-building behavior of factions.

- *factional type*. Are factions associated with an organized mass base, or primarily anchored in party institutions and political offices?
- *factional social location*. In what social structures or formations (class, ethnic groups, religion, etc.) are factions located?
- *factional power*. Do factions have social power (a mobilized mass constituency) or do they have institutional power (a formal role in party decision-making) or both? Do they have control over significant monetary or organizational resources that increase their influence in a party?
- *factional splits or “wings.”* Are factions unified strategically and ideologically, or are they split into wings which align themselves differently in the broader competition for party political power?

A simple factional typology provides a starting point for understanding the policy and political-strategic behavior of factions. Factions differ in the extent to which they are based in organized social groups; or alternately are anchored in the institutions of government, or the party itself. These differences in the organizational basis of factions in turn illuminate recurring stylistic and substantive differences between factional groups. Factions whose activists or allied politicians have loyalties to particular groups in turn derive some of their political preferences from the desires of those groups. I call these *constituency factions*. At the same time, parties also develop “realist” wings or factions, composed mainly of politicians, that are concerned with enhancing reelection prospects. I call these *party factions*.

Differences in social location also influence factional stances toward policy and strategy. These include a whole set of sociological variables likely to affect factional preferences. According to the party and faction, these may include class, ethnicity, region, religion, etc. The particular attributes resulting from different social bases of factions are quite variable, and beyond the scope of much of the analysis here. These sociological “cleavage structures” have been more thoroughly explicated by theorists of party systems (e.g. Lipset and Rokkan, 1990). For the purposes of generating middle-range explanations, this work focuses on the effects first of class, and secondarily of region in generating recurrent differences in factional preferences. This is appropriate for the analysis of party systems that cleave primarily on the basis of class, and also for the analysis of the left parties examined here.¹ Regional differences are also important in this study, particularly for the Democrats, where north-south conflicts within the party over race issues were a major factor in weakening the party coalition.

¹ For an analysis of the different effects of religious and class cleavages on welfare capitalism, see Esping-Andersen, 1990.

Factional power is also important in determining party policy. Factional power can derive from three sources: social power, institutional power, and control over political resources (i.e., campaign finance or organizational capabilities). Factions that represent large and mobilized social groups (or on occasion, small but strategically-placed social groups) gain power within a party. This *social power* may translate into *institutional power*, when a particular faction gains access to formal decision-making structures within a party. As the following two chapters show, labor unions attained such access, particularly within Labour, but also in the Democrats. The New Left also attained institutional power in the parties temporarily. This access to institutions may then persist even though the social power which initially prompted it is on the wane. Instances of disequilibrium between social power and institutional power often prompt factional power struggles over institutions.

The last source of power derives from the control of resources useful to a party. For example, resources available to the union faction have included money, campaign resources, and control over votes. For factions representing racial minorities, the power resource may reside in leaders' ability to influence voting patterns in the minority community. For factions composed of party leaders and politicians, such resources may be financial -- access to various sources of campaign funds -- but also access to the organizational resources of the party. These three sources of power interact and are to a certain extent fungible, in the sense that they may be substituted for one another. For example, rich factions need fewer members to have an impact.

A complete understanding of party adaptation also requires an understanding of strategic and ideological variations within factions which may result in wings or schisms. This variable is particularly important in analyzing the behavior of large factions such as labor unions, which have often played a "swing" role in determining

the overall direction of party policy. Such factions may split into wings, each of which may align themselves with different factions or ideological tendencies within a party. As the following historical chapters show, this was a particularly important variable in influencing factional alliances within the Democrats, with resulting effects on both policy and institutional control.

A Definition and Some Caveats

One problem may arise in analyzing factions: factions may be transient, small, mercurial in their tactics, or all of these. The difference between a “pressure group” and a faction may be somewhat difficult to discern at times. In the analysis here, a group may be considered a faction if it: *has continuity, existing over at least two national election cycles; is consistently policy-seeking; advocates a broad platform of issues rather than a single issue; and seeks change through direct influence in a party as opposed to sole reliance on pressure on governmental institutions.* This rules out single-issue groups and many “pressure groups.” These groups may, however, align themselves with certain factions and thereby have an impact on the factional struggle. There may be some groups which have conflicting tendencies. For example, environmental groups in the US influence legislation through lobbying, but also work to influence party policy, and may strike alliances with some practicing politicians. But in the US such groups tend toward a single issue focus, and do not seek to entrench themselves broadly in party institutions.

Some additional caveats are in order at the outset. Factions are a useful category of analysis. But like any abstract entity used for purposes of analysis, some limitations arise when large numbers of individuals are subsumed under one rubric. Factions may be less coherent than at first appearance. This may be the case even where factions have

a specific organizational structure and associated doctrine. For example, the Democratic Leadership Council, which I have characterized as a conservative party faction, contains some liberal members, such as Barbara Mikulski. In addition, members of factions, or even wings within factions, may not always behave in unison during policy or institutional struggles. Members of various factions may split on certain policy debates as cross-cutting loyalties come into play. For example, the NAFTA case split the Democratic party neatly on lines such as I outline in this work, although a strong independent role for regional variables is also noticeable.

Also, particular policy decisions taken in legislatures may result from alliances which are not at all or only weakly derived from factional alignments. This is more likely to be the case in the US, where an open policy-making system allows the entry of a number of participants. In this work I am concerned with the role of factions in determining party policy, not necessarily in determining policy outputs of governmental institutions. But as the following historical and case studies show, factional disputes assert themselves when a particular party has control of an executive, and also in broad struggles over particular policies in legislatures. This was particularly apparent in the case of NAFTA.

A focus on factions also leaves out some individual politicians or policy entrepreneurs who may be influential in particular policy debates. But when such individuals are members of factions they fall within the purview of this analysis. I therefore differ from Nicholas (1965), who saw factions themselves as forms of political “personality cults” which were solely extensions of the preferences of a leader. Some factions may indeed be highly personality-based, as is argued by Morris (1994) in the case of the Japanese LDP. But the focus here is on those factions with clear and at least somewhat coherent policy interests. Also, charismatic leaders may crystallize or lead policy-oriented factions. For example Tony Benn and the activities of the Coalition

for Labour Party Democracy with which he was closely associated fall under the purview of a factional analysis.

Nevertheless, factions are a useful concept for analyzing ideological, institutional, and policy struggles within a party. A focus on factions allows us to go beyond analysis of ideology as a driver of struggles within a party. Ideas influence policy, but their influence is greatly enhanced when backed by organizational resources. A focus on factions illuminates ideological differences, but also brings in political and organizational variables such as alliance building and factional power resources. These are as influential as ideology in determining the evolution of party policy. This framework also allows us to examine the effects of structural variables as they are “processed” by actors internal to the political parties.

II. A Framework for Analyzing Factions

a. Introduction

A stable ideological and policy spectrum is in part the product of particular institutions, and the dominant ideas associated with them. When institutions and policies become politically and economically unsustainable, there is a struggle to replace an existing formula with a new one. Factions within left parties are struggling to advance their particular visions of policy, and with it their strategies of coalition-building. What follows is an effort to develop a framework for analyzing this crucial politics of policy redesign.

Policy outcomes are more than just practical efforts to solve problems; they also create links with a party’s constituency. Policies are designed to solve particular

problems -- or to at least appear to solve them (Edelman, 1977). But they also represent social bargains with various constituencies, and are thus also measures of a party's commitments to various organized or unorganized groups. All policy changes redistribute costs and benefits, and these costs or benefits may be diffuse or concentrated. Groups selected out to bear a specific burden are usually those seen as less central to a party's electoral coalition; while those who are seen as central are likely to reap the most benefits. Policies may thus represent bargains between a party and organized groups, as well as with the broader electorate. Party coalitions in turn are composed both of organized constituent groups, as well as "loyal" members of the broader electorate.

An examination of factional differences in policy thus illustrate different conceptions of who is important and who is unimportant in a coalition. Policies are also tightly linked to particular political strategies or visions. Parties, or factions within parties, make particular calculations about who needs to be rewarded to remain in a coalition, who can be excluded from benefits because of their extremely unlikely support, and who will be likely to support a party almost regardless of policy choices since they have no alternative. The perception of who falls in each of these categories also varies from faction to faction. Therefore, as certain factions gain ascendancy, we should also expect to see changes in the distributions of costs and benefits from policy. Different conceptions of who is important in a coalition also bring with them very different strategies for mobilizing and assembling an electoral coalition on election day. The following section presents a framework for analyzing the policy and strategic predilections of factions, with a brief comparison to existing literature where applicable.

b. Factional Type

This section focuses on the organizational location of factions. Factions may be made up of individuals who use party institutions or political office as their base; alternately, they may arise out of various organized groups which make up part of a party's coalition. Different factional conceptions of policy, strategy, and coalition-building are in turn closely related to the origins and "functions" of particular factions.

Members of various factions bring with them prior commitments to various constituencies, affecting their goals and preferences. I call policy elites who hail from organized groups or movements *constituency factions*. For example, these elites may be tied to organized workers when they hail from the labor movement, or to a minority community when they arise out of that community. There may also be some tacit or explicit alliances between groups and various politicians. For the US, this includes the Congressional Black Caucus's relationship with the black community, and the AFL-CIO in conjunction with members of Congress from heavily unionized districts. In Britain, many Labour MPs have close ties to particular unions. In general, constituency factions can be expected to be concerned with policy outputs that benefit their members, but may push broader reform agendas as well.

Politicians and party organization staff have a very direct interest in the electoral success of the party itself. Those whose career and livelihood is dependent on the success of the party as an ongoing institution are more likely to be concerned with party organization, fund raising, and electoral success. I call factions composed primarily of politicians and party bureaucrats *party factions*. In terms of political strategy, these factions would be expected to come closest to the classic "Downsian" approach of

maximizing chances of reelection through broad appeals to the “mass public.”² But there are clear exceptions to this; the strategic tendencies of these and other factions are discussed in the next section.

Somewhat similar typologies have been offered by others. Most of these works emphasize the struggles within a party between politicians and organizational personnel on the one hand, and more ideological, policy-oriented activists on the other. For example, Wildavsky spoke of “purists and politicians” and argued that the former were irrational ideologues among whom “the pragmatic spirit was completely lacking” (Wildavsky, 1965: 402). According to Wildavsky, the characteristics of the political purist are: “their emphasis on internal criteria for decision, on what they believe ‘deep down inside’; their rejection of compromise; their lack of orientation toward winning; their stress on the style and purity of decisions -- integrity, consistency, adherence to internal norms” (Wildavsky, 1965: 395).³

An argument about the level of “rationality” of activists and politicians recurs, with the former generally being seen as motivated by non-rational considerations, while politicians are seen as more sensible and goal-oriented. Such observations were summed up by May’s “law of curvilinear disparity,” which posited that “rational” politicians would be likely to position themselves closer to the electorate than would activists, who are seen as advancing ideological agendas with little concern for electoral success (May, 1973).

James Q. Wilson (1962) identified a difference between “amateur” and “professional” Democrats, but presented these poles in a more neutral light. Wilson noted that orientations toward reform and a commitment to policy of the amateur may

² This point has been made by Koelble (1992) in his application of the nested games model.

³ For a similar perspective see also Polsby, 1966.

be useful in that they bring new ideas and energy into a party.⁴ A similar point was later made by Kitschelt, who argued that the openness of left parties to new social forces may have a positive effect on their successful electoral adjustment. The key variable here seems to be the extent to which newly powerful groups are in tune with neglected or emerging demands in the electorate, or are able to bring forth and mobilize inchoate demands (Kitschelt, 1994).

The framework for analyzing factions developed here is similar in some respects to these earlier views, but varies in others. First, the framework presented here takes a neutral position on whether issue-oriented activists are “irrational” or “ideologues.” Activists are not always systematically more extreme than politicians; indeed, in some cases politicians appear ideologically farther away from the electorate than activists (Norris, 1995).⁵ Both politicians and activists of various sorts have more developed ideologies than the electorate, and hence may appear to have more “extreme” views. These findings may be reconciled with common sense notions of the greater “pragmatism” of politicians: while politicians may have ideologies equally developed with those of activists, they appear *behaviorally* to be much more willing to bargain away their privately held principles during electoral campaigns, and in the give-and-take over legislation.

⁴ Nevertheless, Wilson ended up sharing Wildavsky’s pessimism on the general effects of a party dominated by activists, the result of which would be a party with weakened leaders unable to maintain a power base, and thus less, rather than more able to enact policy. Wilson also argued that the class-base of the amateurs, who tended to hail from the professional intelligencia, would lead them to be less able to perceive and represent the interests of less educated members of the party uncommitted to Rousseauian values of participatory democracy. This critique was echoed by later writers who focused on similar tendencies they saw in the New Left (Edsall, 1984; Silkin, 1987).

⁵ Although Norris used a somewhat narrow definition of activists – local party leaders – which may have biased the results. The Labour party was beset by pitched ideological battles between Trotskyists and various communists and anarchist groups, and the “mainstream” of the party, broadly conceived, in the early 1980’s. Analysis of such “militants” would have undoubtedly shown them to be more extreme.

In addition, the judgment of some theorists that policy-seeking factions with broad agendas are obstructive or quixotic is not always borne out empirically. Some factions seen at one time as “spoilers” may at other times be revealed as the generators of new and successful agendas for a party. Also, yesterday’s “amateurs” may be today’s politicians, for if certain groups are successful in a party they may create opportunities for power-wielding among the formerly marginalized. Polsby and Wildavsky railed against the seeming irrationality of the of Goldwater activists, yet these activists, as it turned out, reflected a social base which was later to dominate Republican politics.

Such instances of movements from periphery to center may be rare. However, even if reform-oriented factions never achieve dominance within a party, they may still have a large effect on policy. Pressure from constituency factions may force party elites to adopt various policy planks which they may not have otherwise adopted. This pressure function of insurgent or marginalized factions means that their influence should not be dismissed.

This argument also differs from those who argue that reform-oriented factions eschew electoralism. In this model, constituency factions do not always vary from politicians in the importance they place on electoral success. Instead, factions often differ over what electoral strategies are superior. For example a left winger may argue that a more "militant" position will have positive electoral mobilization effects, and conversely that centrist policies will demoralize core constituencies. Seyd and Whiteley (1992: 166) note that in Britain:

....members of the hard left have their own distinctive analysis of Labour party electoral strategy. They dislike the [centrist] modernization strategy, not because they are slow to appreciate what it is trying to do, but because they fundamentally disagree with it as an electoral strategy. They have an alternative vision of how the Labour party should proceed in the task of building electoral support.

Most importantly, the politician-activist dichotomy ignores the constituency function of factions. Factions may organize a large section of a party's constituency, and thus be "in touch with" certain sections of a party's electorate. They may thus help to bring ideas into the policy debate that would otherwise be lost, and also help to mobilize constituents for electoral purposes. Whether these positive functions of constituency factions outweigh the negatives of ideological rigidity is in turn part of the factional debate.

It does seem, however, that consistent adherence to principles and policy are more likely to be found in constituency factions. Particularly when factions are weak within a party, they may develop ideologies which have more consistency and resiliency than those operative in practicing politicians. Adherence to principles may in turn be a rational strategy to gain allies in the difficult struggle to gain influence over party policy. But it may also exact a price. According to former UAW head and Democratic party activist Douglas Fraser (interview with Douglas Fraser, August 17, 1995),

First of all, you need a strategy to win some elections, that's number one, how do you get there? And I think the labor movement has to be wary of not just advocating legislation, putting that on the front burner, legislation that only serves the unions' interests, like labor law reform or striker replacement. You've got to talk about the fundamental issues of an expanding economy, how workers can get a greater proportion of the decision-making process, you've got to talk about trade, you've got to talk about civil rights and human rights, you've got to talk about issues that affect all of America, not only labor union members. I think that's where we used to be but I think we've gotten away from it..... You know, we used to march with Martin Luther King in the South, and our white members could have lynched us, but that's the price of leadership. Sometimes you have to pay a political price.

c. The Social Location of Factions

The preceding section looked at factions in organizational terms: whether they are made up of individuals who use the party as their base, or whether they hail from various organized groups which make up part of a party's coalition. Another important variable derives from differences in the social location of factions. Parties may be composed of factions which vary according to class, ethnicity, religion, or race. These differences in social base in turn influence both factional strategies and preferred policies, and also affects patterns of interfactional conflict or cooperation.

For left parties, the most important distinction arise from class. In the case of Labour and the Democrats, the working class portion of the coalition has been represented by various organized factions. In the US before the triumph of industrialism the agrarian base of the Democratic party often spawned insurgent movements or factions (Goodwyn, 1978). Also, growing ethnic communities in the cities often created local factions which controlled the party in various locales. Unions began to fulfill this function as various urban machines declined, and as party cleavages became nationalized. In Britain, the unions actually formed the Labour party and were thus an enduring faction for advancing working class interests within it.

The class base of factions is often related to the status of factions as elite or insurgent groups. In general, the left parties have been the locus for reform-oriented lower status groups since their inception. As various minorities became more politically powerful (either because of politicization of existing segments of the population or because of ethnic or demographic shifts), they usually saw the left parties as more conducive to advancing their interests. There has been a pattern of politicization, mobilization, and full or partial absorption into the left parties of various reform movements. For example, in the Democratic party in the 19th and early 20th century,

this process recurred sequentially as new waves of immigrants were politicized, attained power through the creation or takeover of various urban machines, and then sought power and influence in the national party.

Newer, insurgent factions have usually been lower in socioeconomic (SES) status than those already entrenched in the party. But this is not always the case. For example, the New Left factions which arose out of the 1960s and 1970s mobilizations - the women's movement, various student groups, gays, environmentalists -- tended to be more affluent than existing Labor and Democratic party members (Edsall, 1984; Silkin, 1987). This reversed a usual pattern where new factions tended to be less, rather than more economically advantaged than previous ones.

Such differences in social location influence preferences for policy and strategy, and help condition the pattern of interfactional alliance building. For example, the focus of New Left factions on rights and "new politics" issues opened up potential conflicts with unions and workers who were oriented toward "bread and butter" concerns (Edsall, 1984). In the US, this divergence helped to weaken the left within the Democrats and within the polity more generally.⁶ The left was able to bridge these differences in Britain, in part because of greater class affinity between old and New Left.

Party factions are likely to be attuned more to the interests of voters in the middle of an ideological spectrum. As social structure has evolved these factions shifted from a focus on the working classes to a focus on the middle class. This in turn makes it more likely that they will be responsive to constituency factions which advance issues of concern to the middle classes. At times, alliances will be struck between party factions and those who represent such interests. But there are clear limitations to this. When

⁶ Another cause of this difference was splits in the union movement. See below.

middle-class constituency factions push radical reform agendas, party factions will be likely to distance themselves from them.

Middle class constituency factions may then seek alliances with left-leaning factions such as unions. Particularly in the case of Labour, union constituency factions have often acted as the “balancer” which determined whether reform factions or more conservative party factions were able to put their imprint on policy.

Party factions are also much more likely to attend to the needs of business interests than are other factions. In the US, these connections are in part the result of a campaign finance system which enhances business influence in the party (Ferguson and Rogers, 1986; Greider, 1992). But this institutional peculiarity is not a necessary condition for such predilections. British Labour politicians have been notorious for adopting policies which seem to privilege the needs of finance over both those of industry or of workers (Ingham, 1984; Gamble, 1990). This tendency continues. As chapter five shows, current Labour leaders in the “modernizer” party faction have taken great pains both to show their independence from unions, and their openness to business interests. For example, they have pushed through a number of party-institutional reforms which greatly weakened union power, and have adopted a wide array of “business friendly” policies. Such concerns would therefore seem to derive as much from the structural power of capital -- the need of politicians to guard the “business climate” -- as from a need for campaign cash. Not surprisingly, such predilections generate conflicts with unions, but also at times with other constituency factions, such as environmentalists.

d. Factional Power

Relative factional power determines which factional visions become manifest in party policy. Factions can draw on social power; institutional power; or on their control over political resources. *Social power* derives from large numbers of mobilized and committed constituents. When factions are backed by mobilized constituents, their leverage in a party is consequently increased. Such power is increased still further when such constituents are in accord with strongly held currents of public opinion. Therefore, factions which are seen as representing insurgent social movements, or which are advancing new ideas which resonate strongly with the electorate, are in turn more able to demand particular policies within a party. In the case of unions, social power may be enhanced by extra-party resources, such as an ability to engage in disruptive industrial actions.

Social power may in turn lead to demands for formal *institutional power*. As chapter four shows, New Left factions demanded institutional enfranchisement as they increased their social power. Certainly, the union faction within the Labour party achieved such institutional power by virtue of being a motive force for the formation of the party itself. Union power within the Democrats has been much more informal and diffuse, and declined directly with the decline of union social power. Because of the greater institutionalization of union power within Labour, battles over control became particularly intense as union social power waned.

As I have conceived it, party factions *always* have institutional power because they are composed of large numbers of sitting politicians, party bureaucrats, and staffers who are closely intertwined with various party institutions. When constituency factions seek institutional power, they are thus attempting to achieve countervailing power against that wielded by politicians. As the two following historical chapters

demonstrate, constituency factions attempt to control policy in part by the development of mechanisms to hold politicians accountable to public or activist preferences. They also attempt to influence the selection of party leaders.

Lastly, factions may control various political resources useful to a party. These include money, campaign workers, or an ability to influence votes. One resource of the union constituency faction has been control over money. Labour in particular has been highly dependent upon union funding. Unions once had a central role in funding the Democrats, but this role was eclipsed as business political action committees grew in stature. Less money translates rather directly into less say.⁷ The declining proportion of union money increases the power of party factions that have independent access to business cash or can control the party fundraising machinery.

Similarly, the larger the faction, the greater its ability to mobilize campaign workers and other resources during elections. This resource may to some extent counter the effects of money, but often these two go hand in hand. Again, because party factions have greater control over the party bureaucracy, they are likely to have a ready and consistent source of such resources. But unions, and increasingly some “faction-like” interest groups such as environmentalists, are nevertheless able to command significant resources which may be critical in many instances.

⁷ This process works both ways. A recurring theme among British unionists interviewed for this work was that to the extent unions were shut out of Labour policy-making, union money for the party would also dry up.

e. Factional Splits

Ideology varies both between and within factions. Ideological differences affect policy preferences in ways that should be obvious. Not surprisingly, constituency factions tend to be farther away from the center as they advocate various policies, whereas party factions are closer to the opinion center.⁸ These difference have clear policy effects, as will be shown below.

Ideological splits *within* factions in turn influence inter-factional alliance-building strategy. A particularly dramatic and extreme example is the split of Democratic party faction into Northern and Southern wings, which kept many policy reforms off the agenda, and later created an irrevocable fracture in the party's New Deal coalition. Another instance of this is the split within the US union movement precipitated both by ongoing ideological differences, and the Vietnam War. Conservative unions, including many of the building trades and the AFL-CIO bureaucracy, continued the "classical" postwar alliance with party factions in the Democratic party, even as the party "establishment" began to drift to the right. These union conservatives were opposed by public sector unions, and often by the industrial unions which were formerly part of the CIO.⁹ The conservative wing of the union faction was an essential ally in the efforts of party conservatives to beat back the New Left and "new politics" liberals in the party.

While unions within Labour have not been beset by similar enduring chasms based on ideology, skilled and unskilled worker unions have been at odds over policy and industrial strategy. And certainly, as left ideology washed across Labour through

⁸ Where the "center" is located is often problematic, however. See section four.

⁹ The origins of such splits predates Vietnam, mirroring earlier conflicts between AFL and more reformist CIO unions. But the war clearly accentuated such splits. See Battista (1991a).

the seventies and into the eighties, a clear left wing was created within the unions which was a major cause of the lurch of policy to the left.

III. Factions and Electoral Strategy

a. Factional strategies

The above variables in turn influence differences in both political strategy and policy preferences of factions. Policy preferences go hand-in-hand with coalition-building strategies. Factions seek to distribute benefits to those they see as essential in an electoral coalition. I argue that there are three broad strategies advocated by factions as alternative ways of constructing electoral coalitions. Some specific policy configuration that go along with these strategies are explored in subsequent sections of this chapter.

First, factions may push parties to engage in opinion-driven strategies designed to position themselves within the mass rather than the organized electorate. This is a *spatial* strategy. Second, they may push the party to make a number of discrete appeals to separate constituencies, and in doing so gain the allegiance of factional leaders, and perhaps also the votes of associated mass constituencies. I call this an *aggregation* strategy. Or, factional leaders may endorse efforts to construct new policies or institutions designed to create common interests across disparate or fragmented constituencies. This entails widespread political innovation in order to control both political and economic fluctuations. I call this the *reconstruction* strategy, because it involves a broad reform agenda designed to transcend splits and contradictions in a coalition. Such efforts are likely to entail universal rather than particular benefits, since

knitting together the interests of various groups often entails solving a wide array of policy problems.

The two types of factions identified earlier -- party factions and constituency factions -- tend toward some strategies more than others. This generates different preferences for policy and strategy, which subsequently shift when factional control changes.

Party factions tend toward the spatial strategy, but may at times draw from all three strategies. The spatial approach also entails a Downsian assumption about the behavior of the mass base of organized factions: targeting the center will lead to minimal electoral defections at the extremes of an ideological spectrum.¹⁰

In contrast, leaders of constituency factions tend to eschew pure median voter approaches. In class terms they may be sensitive to specific middle or working class constituencies, for reasons mentioned earlier. Economic traditionalist factions such as unions have oscillated between preferring an aggregation approach and a reconstruction approach. In general, because left groups are more likely to be interested in fundamental political innovation, they are the most likely to push the reconstruction strategy. But they may also adopt more insular, particularistic strategies emphasizing discrete or short term benefits to their members.

What explains these differences in orientation among constituency factions? First, they occupy a dual role in parties: they organize part of an electoral coalition, but they also act as interest groups attempting to get things out of the party, such as policy commitments. Certainly there is a constant tension within these factions between those who believe a cooperative relationship with a particular party will bring more benefits, and those who believe that more opportunistic behavior will maximize advantage. As

¹⁰ Such an assumption would only be operative in a two party system.

particular factions become more integrated into a party organization, they may increase their influence over its choices, but they may also be forced to compromise principles or interests from time to time. For example, one state official of the AFL-CIO's Committee on Political Education claimed that "...our participation in the Democratic party as officers is an anomaly... Once we get inside the Democratic party, we foreclose our right to ask other candidates for support" (quoted in Amberg, 1994: 268).

When groups maintain their independence, they may be able to gain benefits by threatening to withhold their cooperation. In extreme cases they may even play one party off another. In cases where they may be able to achieve some of their goals through extra-party means (i.e. trade unions and industrial action, or through direct lobbying), their bargaining power in a party may be enhanced.

Shifts in emphasis toward one strategy or another cannot be predicted from a deductive model, but are often determined historically. Tendencies toward one pole or another have a certain historical "stickiness" that is not always understandable in purely cost-benefit terms. For example, significant elements of the US labor movement shifted from a "Gompersian" approach to political parties (maintaining independence) to a close alliance with the Democrats, as evinced by the CIO PAC immediately after the war (Foster, 1975). This was in part because newly formed industrial unions needed protection from the state in their organizing drives. The protection offered by the Wagner Act helped to cement these unions' loyalties to the Democrats for a number of decades. British unions shifted from political independence to founding the Labour party after a series of abuses convinced them they needed to pursue a strategy of explicit engagement. Their formal integration into the decision-making apparatus of the party cemented this relationship for a number of decades.

Once particular groups decide to become a faction within a party, rather than relying solely on other political strategies, they must decide how to get what they want within the party structure. Not surprisingly, these factions tend to emphasize the importance to a party of their electoral numbers and other resources, which they feel entail them to various policy (or organizational) commitments.

Such factions must then decide to act as a narrow sectarian group within a party, or push for a broad agenda. In some instances, factions may assert their group interests in an effort to convert declining strength into specific claims which afford at least some benefits to their members. For example, US unions' endorsement of trade protectionism was prompted by weakness rather than strength, and was not conducive to broader alliance-building strategies on the left.¹¹ Particularistic policy stances correspond with an aggregation strategy: give us what we want and we will cooperate with your party.

Insularity may be the result of unwillingness or inability to form alliances with other groups. Given the frequent marginality of reform-oriented groups, such alliance-building is often essential for political power. For example, in the next chapter we see that ideological constraints within US unions, as well as class differences between unions and the New Left faction acted as impediments to maintaining left power in the party over the last two decades. This situation contrasted with Britain, where greater ideological and class affinity between left groups led to greater influence over policy.

At the same time, there may be some natural limitations to the ability of constituency factions to adopt a go-it-alone strategy. Certainly, if such a strategy derives from weakness, the failure of particularistic strategies to generate broader

¹¹ Although not all protectionist measures arise from weakness. The Alternative Economic Strategy of Labour in the early 1980's combined a comprehensive reconstruction strategy with widespread economic protectionism. This will be discussed further in Chapter 3.

support may lead to their abandonment. This accords with Pontusson's (1993) finding that policies with universal benefits were more likely to generate support in the middle classes, and hence to be adopted as national policy. Therefore, while constituency factions seek specific policy benefits for their members, they broaden their political support when they adopt policies with broad benefits. For example, subsequent chapters show that a continuing crisis of narrow protectionist approaches by union factions is leading to a movement toward a broader strategy emphasizing social and environmental standards. The weakness of many constituency factions standing alone also creates pressures for broader alliances in order to advance policy interests. Also, in the presence of social movements -- i.e. the anti-Vietnam War movement -- broader societal demands may feed into factional politics, either through the creation of new factions (i.e. a New Left) or through the radicalization of existing factions.

Therefore, constituency factions may also have a "majoritarian" orientation, although this differs from a spatial strategy. They increase their power if they push popular reforms. Also, a broader reform agenda *may* increase support for a particular party in the broader electorate. For example, chapter five shows that left-leaning constituency factions are pushing populist economic reforms which they see as necessary to reconnect the Democrats to former constituents.

The strategies of party factions also vary. Electoralism is tempered by the need to develop strategies to deal with other factions in the party. Such factions may advocate aggregation strategies as they attempt to placate other coalition members. Alternately, they may attempt to exclude other factions from the benefits of party policy. The latter would then allow the adoption of a pure spatial strategy.

In general, party factions are more likely to strike deals with constituency factions in a strategic manner. When constituency factions are strong, either because they

organize large sections of a party's constituency, or can provide specific resources in campaigns, party factions are likely to promote an aggregation strategy in order to placate such groups and keep them cooperating with electoral goals. Since politicians in party factions need both voters and campaign resources, politicians will in turn tend to balance the issue preferences of voters and constituency activists (this point is also made by Brams, 1978).

When various constituency factions are weak, party factions may adopt exclusionary tactics to marginalize such groups, and thus to gain freedom for maneuver both in terms of strategy and policy. As chapter five shows, this strategy has become more predominant as constituency factions have lost power in Labour and the Democratic parties.¹²

Party factions have endorsed reconstruction strategies occasionally. But this is more likely to occur in times of crisis when a mobilized, reform-oriented electorate creates the conditions for change, and where clear electoral payoffs accrue for reformist strategies. Such conditions occurred in the early stages of building the New Deal and collectivist coalitions, but do not obtain now.

b. The Political Dynamics of Alternative Electoral Strategies

The policy solutions offered by specific factions embody various mixes of the above strategies. Each strategy carries with it some pitfalls and advantages which derive from the way such strategies form particular patterns of relationship among factions,

¹² This occasionally works in the other direction. Labour's constituency factions were able to temporarily exclude party factions from power over policy-making in the early 1980's.

and between a party and the electorate. The strengths and weaknesses of each strategy in turn become part of the factional debate.

An aggregation strategy may help to construct an electoral majority. But fulfilling particularistic needs of various groups in isolation from one another may create conflicts within a coalition. What intensifies support in one group may alienate and perhaps cause defections in others. This was pointed out in Riker's formal analysis of coalitions (Riker, 1962). And it may also create policies whose effects directly contradict one another. Such an approach was perhaps easier before the advent of national media, as politicians were able to promise one group one thing, while making contradictory offers to others, without too much fear of exposure. In this era of mass politics, it may create broader electoral backlash by creating an impression of a party that is "pandering to minorities" rather than governing for the nation as a whole.

The reconstruction strategy may escape some of these disadvantages by encouraging the adoption of a network of policies which transcend contradictions across a coalition. For example, a party may be an environmentalist party which offers generous adjustment packages to workers displaced as a consequence of environmental preservation. Certainly the most enduring periods of left governance (or at least policy cohesion) have arisen after successful period of reconstructive reform. These include the New Deal coalition (see Burnham, 1970); the "Collectivist" era in Britain (see Beer, 1965); and the era of Swedish Social Democratic "Hegemony" (see Pontusson, 1988). However, this approach is also the most politically difficult. Such wholesale reconstructions of social bargains are unlikely outside of large-scale crises and broad legislative majorities which allow for many reforms to occur simultaneously (Keeler, 1993).

Versions of reconstruction falling way short of these historical precedents may still be rather expensive. Reconstruction strategies in economic or social policy entail

the expansion or creation of universal benefits in order to knit together disparate interests across a coalition. Certainly in the current climate, this strategy runs into both fiscal constraints and potential backlash problems. According to Democratic Party analyst William Schneider, such an effort represents "....two problems, one is that its expensive, and two, it usually involved pretty big bureaucracies, and sometimes inflation problems. So the point is, how do you expand universal benefits that cost a fortune while raising taxes within a tolerable limit. How much is the middle class going to pay for this? In the last ten years, there were no new programs, but the deficit got out of control" (interview with William Schneider, March 1993).

The median voter strategy may work well in short-term electoral terms, but may lead to alienation of a party's "base." Left parties need to attach enough middle class voters to their "natural" base to assemble a majority (or suitably large plurality in the case of three-party systems) in order to win elections. While spatial strategies may reassure middle class voters, they may also create serious problems for the traditional economically-vulnerable constituent. As argued previously, this may lead to demoralized organizations unwilling to campaign hard for a party, and electoral abstentions or defections by alienated voters.

These differences in policy and strategic orientation in turn conform to familiar debates within political science, and particularly within American political science, over the proper role of political parties in the political system. In general, the reconstruction strategy has affinities to arguments for a more "responsible party system," wherein parties are programmatic, offer clear choices to the electorate based on articulated principles, and when in office attempt to implement those program (Schattschneider, 1942; American Political Science Association, Committee on Political Parties, 1950). Parties in this sense are to be improved by becoming more "European," consistent,

organized, and effective in bringing principles and vision to bear on public policy issues.

The aggregation strategy conforms to the practice and philosophy of pluralism. Here, policies are constructed through “partisan mutual adjustment,” whereby policies are the product of compromise between various groups, and the aggregation of their preferences (e.g. Truman, 1951). The normative implications derived from this stance are that ideological, programmatic agendas are either naive or dangerous, whereas pluralism leads to the “intelligence of democracy” (Lindblom, 1965).

The spatial strategy has been formalized in rational choice theory, but this is also an approach made more salient by the rise of the “mass electorate.” The decline of the importance of group identities, whether affinities by religion or ethnicity, or organizations such as trade unions, leaves a mass electorate open to general appeals tailored to mass popularity. Normatively, such trends may be seen as either positive or negative, but they also seem consonant with many practices such as the rise of campaign consultants, the increasing importance of media, and the use of polling data in the operation of political campaigns.

Political actors perceive these alternative strategies in ways that are remarkably similar to critiques presented by political scientists. Each strategy is seen as having costs which its advocates downplay, and benefits which are exaggerated by factional proponents. In the world of factional politics, spatial strategies are condemned as sacrificing principle and long-term interests on the altar of public opinion. Aggregation strategies are seen as pandering to narrow group interests and as abrogating the interests of the nation as a whole. Reconstruction strategies are seen as being too radical, and as driving away voters in the center of the opinion spectrum.

IV. The Framework Applied: Factions, Coalitions, and Policies in Labour and the Democrats

a. Introduction

In this section I briefly document how different configurations of factional control in Labour and the Democrats are translated into differences in policy and coalition-building strategies. I begin with a brief analysis of the original postwar coalitions. The breakdown of these coalitions led to a series of different attempts to manage resulting policy and political problems. I examine the consensus era to the early 1980s in this section, and examine current struggles (mid-1980s on) in more detail below.

TABLE 3.1 Factional Control, Economic Policy, and Strategic Tendency (US)

<i>Era</i>	“Consensus” era	McGovern era	Neoliberal- ism	“New Democrats” and Protection- ism	Clinton Era
<i>Dates</i>	“(1940s - late 1960s)	(early 1970s)	(mid-late 1970s)	(1980s)	(1992 on)
<i>Dominant Factional Alliance</i>	Unions/ Northern and Southern Party Factions	New Left (African- Americans/ union left)	Party Faction (unions)	dual control: Unions and Party Faction	Party Faction (residual power of unions)
<i>Dominant Policy Tendency</i>	Liberal Keynesianism	Reform Liberalism	Market Liberalism	Market Liberalism/ Protection	Market Liberalism/ selected interventions
<i>Dominant Political Strategy</i>	Reconstruction to Aggregation	Reconstruction	Spatial	Spatial/ Aggregation	Spatial/ Aggregation

I divide the postwar years into five eras, as shown in tables 3.1 and 3.2. In each of these, different patterns of factional control lead to different policy and strategic configurations. Certainly, changing social and structural factors influenced both factional power and the specific questions on the policy agenda, but differences in factional control had an independent effect. These tables document the effects of these difference in Labour and the Democrats schematically, showing that different factional configurations are associated with different patterns of policy and strategy. Different patterns of factional dominance in turn help to interpret and explain significant shifts in party policy and strategy over successive periods of time. Factions in parentheses are considered to have exercised secondary control.

For both Labour and the Democrats during the consensus era of the classical bargains, unions and party factions shared control. Although these bargains began as successful reconstruction strategies, they became the institutional status quo, and the dominant coalition-building strategy changed to an aggregation strategy of meeting the separate needs of members of the coalition. In policy terms, this corresponds to the redistributive policies of liberal Keynesianism. However, each of these factions had right and left wings, with the left wings of both party and union factions pushing for additional reconstructive policy innovation.

For both parties, the middle- to late- 1960s marked a period of internal turmoil. In the US, the entente between the Northern and Southern party factions completely broke down, leading to elite defections and resistance to the policy proposals of the Northern wing. By the late 1960s, both parties were challenged by New Left social mobilizations. A push by the US New Left to take control of the Democratic party machinery resulted in a wave of policy reform in the Congress, and the reformist McGovern candidacy. This resulted in significant leftward shifts in policy in the

Congress, as legislation to regulate corporate behavior was adopted. This brief reform era dissipated as the northern party faction and conservative unionists sponsored rollback of New Left power. By contrast, the strengthening of the New Left in Labour was more gradual, but resulted in a slow drift leftward.

TABLE 3.2 Factional Control, Economic Policy, and Strategic Tendency (Britain)

<i>Era</i>	"Consensus" era	Social Contract	Alternative Economic Strategy	Policy Review	Modernization
<i>Dates</i>	(1940s - late 1960s)	(mid-late 1970s)	(early-mid 1980s)	(mid-late 1980s)	(1990s)
<i>Dominant Factional Alliance</i>	Unions/ Party Faction	Unions/ Party Faction/ New Left	Unions/ New Left	Party Faction/ Unions	Party Faction
<i>Dominant Policy Tendency</i>	Liberal Keynesianism	Corporatist Social Democracy	Socialism	Conservative Social Democracy	Reform Liberal Democracy
<i>Dominant Political Strategy</i>	Reconstruction to Aggregation	Reconstruction	Reconstruction	Spatial/ Aggregation	Spatial

By the mid-1970s, however, New Left power in Labour had grown, and the union faction took a renewed interest in influencing economic management. Cooperation among the unions, the New Left, and the party faction produced the social-democratic Social Contract. With this came a reconstruction coalition strategy; wide-ranging social reforms were meant to solidify support across the electorate. Conversely, the weakening of the New Left and the unions in the Democrats led to the rise of a Neoliberal movement advocating market-oriented policies. This movement was

influential in both the Carter administration, and the Congress, where unions had extreme difficulty in moving their legislative agenda. The public-interest movement also waned, being replaced by industrial deregulation. Political strategy increasingly emphasized spatial concerns.

Policy within Labour and the Democrats diverged still further in the early 1980s. In the Democrats the Neoliberal movement strengthened, but was tempered by the temporary power of a protectionist coalition including unions and business in the US Congress. Conversely, Labour policy lurched sharply left, and the party adopted the Socialist Alternative Economic Strategy. In this instance, the party faction was shut out almost entirely from policy-making. A socialist reconstruction strategy was adopted, but the expected support in the populace never materialized.

Since the mid-1980s policy in both parties drifted rightward. This resulted from enhanced control by increasingly conservative party factions in both parties. In the case of Labour, however, residual power of the unions meant that the Policy Review, the largest policy reformulation exercise in Labour history, still contained some pro-union and social reform measures. Since then, however, the weakening of union power and the consolidation of power of the "Modernizer" party faction has pushed policy steadily to the right.

In the Democrats, current President Bill Clinton came out of the most conservative party faction, the Democratic Leadership Council. But the openness of both the executive and legislative branches to some reform factions of the party, coupled with Clinton's celebrated ideological flexibility, has resulted in a few gains for the unions and some public interest groups. The Clinton political strategy is explicitly Downsian, but the agenda remains open for some particularistic reforms.

The Politics of Policy Reformulation in the 1990s

In the 1990s, Labour and the Democratic parties are at a crossroads. Critical choices are on the agenda that will influence the evolution of regimes governing international integration, the welfare safety net, unemployment and labor policy, and many others. Differences between factions over how to solve current policy and political problems have become particularly stark. Different visions translate into quite divergent political strategies. Changes in factional control will influence the developmental trajectories of left policy in the US and Britain, and the broader question of whether Labour and the Democrats will continue as venues for left reform. Dominant control by conservative party factions is resulting in the advance of market solutions to these policy areas.

Chapters five through seven document these current policy struggles within Labour and the Democrats in some detail. Here, I show how factional differences, corresponding to the framework presented above, condition some predictable responses to emerging policy problems. These differences in turn derive from different views held by factions of both the economic and political environment, and the policy and electoral responses necessary to manage these.

Not surprisingly, party factions are more conservative, and advocate policies to benefit the middle class. Conversely, constituency factions focus on the needs of their constituencies, which leads them to advocate interventionist policies which counter the negative effects of the market. I will briefly lay out these different factional views regarding the economy, social structure, policies, and coalition-building strategies. This “ideal type” schematic is documented empirically in the following chapters.

Economy. For conservative party factions in the Democrats and Labour, the economy is becoming more complex and also more dependent on technology.

Increased participation in international markets is bringing increased economic dynamism and prosperity. Globalization and the development of capitalist economies is leading to increased affluence, higher quality goods at lower prices, and generally higher living standards. The result is a growing middle class with rising aspirations.

For constituency factions, unmanaged globalization is eroding economic security for both the working and middle classes. There is growing inequality, and rising structural unemployment. These left-leaning factions also believe that an open international trade system will lead to greater impoverishment if not managed with the needs of workers in mind. There is also strong support for domestically-oriented efforts to shore up wages and living standards.

Social Structure: Party factions believe that the middle class has become by far the dominant group in the electorate. Traditional left groups (blue collar, minorities) are small and shrinking, and are thus of little electoral importance. Those who are not middle class aspire to middle class status, and therefore adopt middle class values. There is thus little support for highly redistributive or interventionist policies.

Constituency factions argue that the growth in the size of the middle class has halted. Two or more earners are needed to maintain existing living standards. Many new jobs are being created in the service sector, but these jobs often are low-paid and insecure. There is a new working class being created which is not better off than the old working class. In fact, it may in some ways be worse off, as it lacks the security of stable employment and corresponding benefits available to the working class in the past. This is leading to an exasperated electorate looking for leadership from the left, but willing to accept more authoritarian responses from the right if these are seen as protecting declining living standards and quality of life.

Electoral Strategy: Party factions endorse a spatial strategy. The goal is to position the party closest to largest numbers of voters. These factions also tend to make a Downsian assumption of the behavior of the least well off: they will continue to turn out and vote for the left party. In order to increase electoral appeal it is necessary to *exclude* constituency factions from party decision-making. Party factions also believe that Labour and the Democrats should cultivate a reputation for moderation. They are also willing to strike alliances with business groups, or at least reassure business of pro-market policies. These factions also endorse attempts to bring in some swing voters through the adoption of some cultural conservative issues: tough on crime, tough on “welfare cheats.” These factions in turn may be mildly progressive on some issues important to affluent voters, such as environmentalism and education.

Constituency factions emphasize a mobilizational strategy, believing that the adoption of effective policies and a broad campaigning strategy will motivate and mobilize voters. Economic policy should emphasize the creation of more widely shared prosperity, which will in turn solidify working-middle class connections, and help to supplant divisive issues such as race. There is a division between those who wish to halt and those who wish to manage internationalism. The latter appear to be gaining ascendancy in Labour and the Democrats, as shown in subsequent chapters. This option in turn requires the creation of alliances with other constituency factions, or interest groups (i.e., environmentalists on NAFTA).

Policy stances are derivative of these different visions of economy and society. Corresponding to the framework presented earlier, party factions are responding by emphasizing issues that appeal to the middle class. This includes an acceptance of the pro-market and anti-government strains of opinion the electorate. The policy emphasis is on market-oriented approaches, including free trade. This

corresponds with an emphasis on aiding adjustment to the market, rather than controlling market forces. These approaches appeal to voters as consumers rather than producers, and emphasize the expansion of opportunity, rather than a guarantee of economic security.

There is also an emphasis on making government more “efficient,” and an emphasis on fiscal prudence, which leads to support for privatization in some instances. Welfare reform has also been embraced by party factions in Labour and the Democrats. There is also an increasing willingness to endorse social conservative themes during campaigns. But these factions also endorse policies which cushion some of the negative effects of marketization, including policies which enhance adjustment such as training and education.

Constituency factions support retooling social democratic policies to take into account globalization and a new social structure. These factions emphasize the recurring need for intervention, and for institutional innovations which enhance the ability of unions to organize. Despite internationalization, these factions still endorse domestic efforts at reflation, as well as any international arrangements which have the same effect. These factions also support the status quo or reforms that expand welfare systems. They advocate policies to protect constituents from market forces (i.e., minimum wages). Table 3.3 summarizes broad differences over basic issues.

We can make some general observations about this pattern of divergence and occasional convergence between factions. First, all types of factions tend to converge around support for universal social programs. Both left and right have consistently

supported spending for old age pensions since these programs are universally available and popular.¹³

TABLE 3.3 Policy Preferences of Party Factions and Union/Left Constituency Factions

	Economic Left/ Unions	DLC/Labour “Modernizers”
<i>Inflation/Unemployment Tradeoff</i>	attack unemployment (expansionary budgets)	restrain inflation (accept monetary and fiscal restraints)
<i>Managing International Trade</i>	Protectionism or International labor rights	Market-oriented free trade; (some policies to enhance adjustment)
<i>Taxes</i>	Tax increases or structural reform	Status quo or cuts; some reforms
<i>Privatization</i>	Opposition	Selected privatizations; (Labour: acceptance of Thatcherite privatizations)
<i>Social Protection</i>	More, or same	Same, or cut
<i>Old Age Pensions</i>	Strong support	Strong support
<i>Health Care</i>	US: Universal coverage UK: Increase NHS.	US: Minimalist managed care UK: Increase NHS

However, on health care the Labour right deviates only slightly from the left, whereas in the US these factions differ markedly, with unions and the left in general supporting universal health insurance, while the party right advocates minor reforms in

¹³ although the DLC in the Democratic party is showing signs of endorsing more radical reform proposals

a market-driven system. Again, the universal nature of the NHS shifts the “Modernizers” to the left, whereas the fragmented and market-oriented system in the US allows Democratic conservatives to shift rightward.

Second, there are clear and systematic divisions on economic issues between factions. Much of the critical debate over market as opposed to social or state regulation now occurs within the left parties, rather than *between* the left and right parties -- a clear change from the “consensus” years. Third, there is also a clear split between factions over social issues. As chapter five demonstrates, party factions show an increased tendency to support social conservatism on both sides of the Atlantic as their economic policy proposals become increasingly indistinguishable from those of the rightward parties.

Social issues in turn place some constituency factions on the horns of a dilemma. The power of these factions increases if alliances can be struck between them. Such alliances are more likely when factions have a legacy of support for the issue areas of their alliance partners. In both the US and Britain, unions are torn between adopting reform positions on social issues in order to facilitate alliance building, and the potential losses of support from their members resulting from such stances. UAW unionist Douglas Fraser recounts one such political trap:

Here’s the dilemma: we know what the hot button issues are, we know that affirmative action is one, and the AFL-CIO had an executive council meeting in August, we had a convention in December, and we came out four-square in support of affirmative action. We know that the membership leaves us on that issue. So you’ve got a choice. You can handle it politically by either being silent, or even being opposed to it. But what you are doing then is pandering to the prejudice of people just to get their votes, and I don’t think you can do that, I think you’ve got to be true to your principles. And therefore I think we’re in for an awfully difficult political period (interview with Douglas Fraser, August 17, 1995).

At the same time, party factions' greater affinity with business may pull them to the *right* of the electorate on some programmatic economic and regulatory issues.¹⁴

Therefore, when these factions emphasize economics, they focus on broad, ideological issues subject to conservative backlash, such as taxes or the size of government.

The preferences and strategic interests of different factions lead to divergent strategies for repairing cleavages in party coalitions. Party factions emphasize repairing cleavages over taxation, the size of government, and social issues, whereas left factions emphasize repairing those resulting from economic and other policy performance failures. These strategies are quite contradictory in implication. The right's emphasis on fiscal probity, "reinventing government," deficit reduction, and the like directly constrain the reforms supported by the left. The resulting "residual" policies reduce the numbers of constituents which benefit from them, and in turn increases the likelihood that such policies will be subject to continual rollback. But failure to address spending issues opens the parties up to additional backlash appeals.

Left and right factional choices, then, each address different horns of a dilemma:

- Extensive public expenditures or regulations may bring tax backlashes and feed anti-government sentiment; but massive cuts in state programs will frequently hurt left party constituencies and create vulnerable programs subject to continual rollback.
- Open international trade may increase economic dynamism and benefit economically-secure constituents in competitive or import-protected sectors; but free trade increases inequality and puts extreme downward pressure on living standards.
- Deregulation, "downsizing" and "reinventing" government may defuse backlash over spending and taxes, but also rolls back protections for consumers and workers. Privatization may save tax revenues, but also tends to accelerate deunionization, lower the wages of workers, and may make certain services unavailable or unaffordable to low income consumers.

Understanding the political meaning of alternative factional strategies requires examination of how different policy mixes are likely to affect the electorate. Party and

¹⁴ For example, the Democratic Leadership Council opposes a rise in the minimum wage, a proposal

constituency factions each focus on “repairing” one side of these various policy dilemmas. The choices factions take are understandable given prior analysis of factional differences.

b. Conclusion: The Factional Politics of Party Change

This chapter argues that factions play an important role within the political parties, and that different patterns of factional control in turn lead to differences in party policy and strategy. Factional differences were shown to influence the patterns of factional choices. Factions based in a party have different interests and preferences than those based in various groups. Social differences, in this case class, also condition some recurrent patterns that affect alliance building and policy choices. Splits within factions may result in split alignments, which may in turn swing factional battles in one direction or another.

Both Labour and the Democrats have been groping for new solution to policy and political problems in the post-consensus era. Different factions emphasized different solutions to the particular policy problems of different eras. When factional control was balanced between party and constituency factions, party policy represented a fusion of electoralism, and the development of policies to meet the broad needs of the entire left coalition. Such situations were conducive to broad, cross-class appeals, although these efforts were not always successful. Conversely, when party policy is controlled exclusively by one type of faction, electoralism or policy radicalism predominate. When Labour was controlled exclusively by New Left and union constituency factions, policy

lurched leftward in seeming disregard of short-term electoral needs. Conversely, when party factions retain exclusive control, which is currently the case in Labour, an exclusive electoral focus on the preferences of the middle class drives out measures to cushion the negative effects of the market.

Current factional differences in the left parties have become particularly sharp. A review of the dilemmas created by different policy choices reveals all factions to be on difficult political ground. Market-oriented strategies pushed by party factions have negative as well as positive electoral effects. For example, they reduce unionization, and hence individualize the workforce, putting more workers "up for grabs" electorally. They have an unmistakable tendency to "re-commodify" the labor market, thus accentuating wage inequality. By balkanizing service delivery, they reduce the constituency for public provision.

However, constituency factions face difficulty when pushing a more comprehensive reform agenda. Cushioning the effects of markets requires the imposition of costs on some portions of the electorate. Collective consumption, redistribution, or regulation must be financed through taxes. Protection of workers through pro-union policies may increase economy-wide labor costs. Trade regulation increases the costs of imports. If any such efforts are to be sustained in the current climate, they will require unprecedented coalition-building between left factions.

It is incumbent upon constituency factions to convince the electorate that benefits will accrue which outweigh the costs. This is particularly true for those who are asked to pay for some of these benefits, as in the case of taxes on the middle class. These parties need to convince the electorate that some immediate costs can be more than recouped in the medium and long-term; that economic growth will be higher; social strife lower; the quality of public goods higher; or that direct benefits will accrue to those who help pay the costs, as in the case of universal provision of medical care.

Alternately, centrist factions will have to convince those on the lower end of the economic scale that moderation does not equal abandonment. As chapter two showed, this is a particular problem for Democratic party conservatives, given extreme demobilization of the “natural” Democratic electorate.

The following four chapters document how Labour and Democratic party factions have attempted to solve new and recurrent policy problems arising in the post-consensus era. Chapters four and five examines the effects on policy and strategy of shifting patterns of factional control. Chapters six and seven emphasize critical policy struggles between factions over the direction and pace of integration into the international economy, and over efforts to redefine the rules regulating unions and workers.

Chapter 4. The Breakdown of Consensus in the Democrats and Labour

I. Introduction to Chapter Four: Factions and the Classical Bargains in the US and Britain

a. Introduction

The last chapter presented a framework for understanding different types of factions, and their associated policy and electoral strategies. This chapter utilizes that analytical framework to illustrate the factional politics underlying the “classical” postwar bargains in the US and Britain, and subsequent factional struggles to create new policy bargains. This chapter focuses on the breakdown of the uneasy postwar policy consensus, and the efforts of various factions to respond to these changing conditions through the mid 1980s. Chapter five looks at these same struggles over the last ten years, and sets the stage for an examination of some specific policy areas in the case studies that follow.

This chapter is organized into three chronological periods, each of which illuminates different patterns of factional politics. First, I examine the breakdown of consensus in the late 1960s and early 1970s. This breakdown was precipitated by social changes (a more affluent, younger, educated populace) and cultural trends associated with the youth movement and the rise of the New Left. In the US, many factional battles also had their genesis in the struggles against the Vietnam war and against racial discrimination. One result of new social movements was a “new politics” centered around efforts to achieve participatory democracy, as well as policies to preserve the environment, expand rights, and empower women and minorities. The

formation of such New Left factions spawned a counter-reaction by the right, which was particularly strong in the US. These changes split the union faction, particularly in the US, between those willing to ally themselves with the New Left, and those who continued to support the party establishments.

Second, I discuss the continuing ideological battles in the 1970s. Growing economic problems associated with internationalization provided a new wedge issue dividing factions within the two parties. Differences in the strength of constituency factions prompted Labour and the Democrats to respond to globalization in divergent ways. This was the result both of institutional differences, and different alliance-building strategies. The weaker counter-mobilization against the New Left in Britain, coupled with growing ties between new and old left, resulted in an attempt to solve growing economic problems through a corporatist reconstruction program called the Social Contract. By contrast, in the US the old and New Left remained at loggerheads because of ideological tensions associated with the Vietnam war. The left was also weaker because of declining union density and an erosion of Democratic loyalties among union members (Edsall, 1984). Therefore, factions working to shift social and economic policy rightward gained greater strength in the Democratic party than they did in Labour in the latter half of the 1970s.

The third section examines factional behavior in Labour and the Democrats in the first half of the 1980s. In 1979 in Britain and in 1980 in the US, the political center of gravity shifted rapidly rightward, bringing the New Right governments of Thatcher and Reagan to power. Factional politics again influenced party strategy and policy in Labour and the Democrats. The Democrats continued to move to the right on economic policy matters, although the residual strength of the union movement resulted in one particularistic strategy -- protectionism -- gaining some ground in party and national

policy-making. Within Labour, by contrast, the ability of the old left in the unions to build alliances with the New Left resulted in the adoption of the socialist Alternative Economic Strategy. But neither the contradictory and incoherent policies of the Democrats, nor the radicalism of Labour proved viable in electoral terms. Continuing electoral losses catalyzed a growing movement in both parties to take policy, particularly in the area of economics, significantly to the right. The consolidation of power by right-wing party factions in both parties accelerated during the latter half of the 1980s, as will be recounted and analyzed in chapter four.

b. The Coalitional Structure of the Postwar Bargains

The Keynesian liberal bargains in both the US and Britain evolved out of a successful reconstruction formula. A broad array of policies helped to enhance growth rates, and distribute it more equally. The policy successes of this era in turn enhanced factional cooperation within the parties. Party factions were in close alliance with the union constituency faction in part because the unions still represented a very large organized working class, which also made up a substantial part of the electorate. This simpler social order, with less factional conflict, enhanced party cohesion and governability.

The growing middle classes were satisfied with the formula because it provided steady growth, an expanding labor market, growing wages, and better benefits. They thus tolerated rising levels of taxation for some time. The left parties benefited electorally from the success of this formula, but in neither Britain nor the US did the left parties achieve the dominance they did elsewhere. Even so, the policies and

institutional legacies of Labour and the Democrats helped structure the political order whether these parties were in power or not. The continuing success of these respective Keynesian orders helped dampen factional struggles. Conflict between right and left factions in Labour and the Democrats revolved around whether the parties should maintain the status quo, or increase the level of intervention into the market. In the US the left pole was social democratic, anchored mainly in the left of the labor movement; in Britain it was socialist. Party factions did not wish to roll back the Keynesian formula, but did resist increased intervention.

The precise formula in the US and Britain differed somewhat as a result of different national histories, and different positions in the global economy. The US policy mix embodied a broader commitment to free trade because of its competitive advantages in global markets. In many respects, the US left and the union faction relied on US hegemony to provide economic surplus, rather than on a truly left-leaning institutional order. This made for a very vulnerable party coalition. Most notably, we see an early diminution of union density in the US, while density continued to grow until 1979 in Britain.

Also, the fragile racial balance within the Democratic party represented a social schism that was soon to be an intense point of conflict (Reider, 1989). Great regional divergence between Northern and Southern Democrats made for what were essentially separate northern and southern party factions, each keyed to the demands of regional elites and electorates. The entrenchment of the Democrats in the south enhanced the national control of the party, but created a clear policy split which kept many issues off the agenda. This in turn stymied any efforts at continuing left policy innovation for some time.

Labour's formula contained a much higher degree of public ownership and more

generous and extensive welfare programs, especially the publicly administered and financed National Health Service. At the same time, British growth rates lagged those of the US, and the powerful political position of the Treasury, and its close ties to British financial interests, acted as a substantial constraint on continual economic policy innovation (Ingham, 1984). And while the union movement achieved steady increases in union density, the union movement was institutionally fragmented and often lacked strategic unity (Taylor, 1987).

Of course, the “consensus” era was only seen as such in light of later conflicts. Differences arose in both parties over what to do with the original reconstruction formula as the postwar years wore on. The middle class grew in importance. Party factions focused on moderate approaches thought capable of sustaining economic growth and strengthening middle class support. In the 1960s in Britain, for example, Labour parliamentary elites called for moderation in economic policy, discouraged additional nationalization, and supported supply-side industrial strategies to transform the economy via the “white heat of technology” (Gamble, 1990).

By the mid-1960s some cracks were beginning to appear in this formula. In Britain, unions began to be torn by splits between the industrial and political aims of the movement. Despite claims of preponderant union power in the Labour party, the union leaders who nominally controlled party policy usually deferred to the Parliamentary leadership in actual policy-making (Minkin, 1991). On the other hand, union industrial power was increasingly blamed for Britain’s persistent problems of low productivity and high inflation (Taylor, 1991). The increasing divergence between the economic effects of union industrial power, and unions’ passive approach to Labour party policy-making began to break down as a result of this contradiction.

Some unions, and especially the main union federation, the Trades Union

Congress (TUC), began to support some state interventions in union governance, while insisting on retaining independence in the area of wage determination. In the early 1960s the TUC welcomed legislation which governed training, employment contracts, and adjustment of workers out of declining industries (Taylor, 1991: 178-179). But Frank Cousins, the head of the huge Transport and General Workers Union (TGWU), proclaimed in 1964, "It is not the intention of the trade union movement to hold back its members' wage claims if they are justified. It is our purpose to sell our labor and our skill in open market to the best of our ability while we live in the present system" (quoted in Taylor, 1991: 173). During the "consensus" era, contention over these areas was kept within bounds. But as economic problems compounded, and as new activist movements influenced union politics, maintaining an alliance between Labour party factions would require increasingly radical reform measures.

Similar arguments took place within the Democrats over which directions to take the New Deal order. Many unionists and their allies tried to push for a more *social* rather than *liberal* democratic polity for a number of decades after the Second World War. Various unionists, particularly in the UAW and other unions affiliated with the AFL-CIO's Industrial Union Department, continued to push for interventionist policies that were above and beyond simple Keynesian demand management (Amberg, 1994). Such unionists are often aided by American for Democratic Action, a small but influential reform-oriented constituency faction made up of the left wing of the northern party (Gillon, 1987).¹

The strength of reform forces in the early 1960s led President Kennedy to form the Labor-Management Advisory Committee (LMAC), which devised a number of

¹ The ADA, while often pushing for social reform, was also staunchly anti-communist (Davis, 1986: 88).

proposals for quasi-corporatist guidance of prices and wages, and a more active labor market policy. The Committee was made up of equal numbers of management and labor, Kennedy or his cabinet members often attended meetings (Amberg, 1994: 236). The LMAC worked to develop policies designed to counter unemployment caused by technological change. These proposals included public works and extended unemployment insurance, enhanced training and education policies, and prenotification of plant closings. However, the LMAC did not endorse AFL-CIO proposals that the government become the employer of last resort, or their proposal for a 30 hour week at 40 hour pay as a means to counter unemployment.²

But these proposals went nowhere. In part, they failed because of only lukewarm support by the AFL-CIO chief George Meany, who saw such proposals as enhancing the stature of Walter Reuther of the UAW, who was angling to become the Federation's President (Amberg, 1994: 248). These differences were yet another instance of the vertical split right through the heart of the labor movement, grounded originally in the tensions between conservative AFL unions and the more reformist CIO industrial unions (Battista, 1991a). The effects of these splits would continue to dog the labor faction, and the Democratic party left in general, through the 1980s.

Corporatist proposals also foundered on Democratic politicians' increasing concern with inflation rather than employment. When President Johnson revived the LMAC in 1965, it was to gain labor and business support for inflation constraint, not for active labor market policies and industrial planning. As the struggle over the Vietnam War intensified, Cold War Democrats gained from an alliance between the

² At the same time, some members of Congress worked with the Department of Labor to develop an active manpower policy. The Department sponsored a visit by Swedes who described the operation of their Labor Market Board and Price and Cartel Agency. Walter Reuther, the UAW's delegate on the LMAC, urged the adoption of such policies (Amberg, 1994: 240).

conservative top brass of the AFL-CIO and Democratic party elites. This alliance between party factions and powerful elements in the unions was to prove critical in preventing new factions from gaining sustained control over policy as the consensus era wound down, and also proved to be a continuing point of weakness for the left.

II. The 1960s and Early 1970s: Vietnam, New Social Movements, and the Breakdown of Factional Compromise

a. Introduction

Initial differences over how to amend the Keynesian system were overwhelmed by the rise of new movements and new issues. The success of the postwar order helped create new demands outside of the initial political formula. Similar changes hit both the US and Britain. The great expansion of the middle class, growing affluence, the expansion of higher education, the demographic bulge of the “baby boom” created the conditions for the increased salience of new issues (Inglehart, 1977, 1990). In the US, first the rise of the civil rights movement, and then the rise of various New Left groups challenged the position of existing party elites, both in the party bureaucracy and the unions. This created new constituency factions which contended for power with existing factions. In Britain, similar mobilizations occurred among individuals and groups who wanted to democratize politics and achieve social reform (Seyd, 1987). In both nations, but especially the US, the Vietnam war was important both in prompting new mobilizations, and in provoking irrevocable splits over policy.

The mobilization of new constituency factions prompted both accommodation and resistance at various times from both unions and party factions. Unions sometimes

cooperated with party elites in order to contain the rising power of these new factions. In the US, this led to an ongoing split between unionists willing to strike alliances with these new factions, and those intent on maintaining the status quo. In general, the AFL-CIO bureaucracy worked to marginalize the new movements from party power, even if it accommodated some demands for reform. For example, the AFL-CIO supported initial demands of the civil rights movement (Brody, 1980). But the inability of the new and old left in the US to strike enduring alliances weakened the left in general, and a conservative counterreform movement quickly gained the upper hand.

This is in strong contrast with Britain, where alliances between old and New Left led to steady increases in left power. The New Left's closer ideological affinity with the old left made for a longer period of influence. As the New Left strengthened its power, an accommodation was struck between the New Left, the old left, and party elites. As a result, party policy drifted steadily to the left.

b. The Democrats

In the early 1960s the Democratic party was reasonably unified across a wide range of issues. The party's international agenda included support for free trade, military intervention, and anticommunism. The domestic agenda included support for New Deal welfare institutions, and for unions in the core, mass production industries. At the same time, the US's dominant position within the world trading system allowed for an uneasy accord between capital and labor.³

³ See Davis (1986) and Moody (1988) for an interpretation of this era which emphasizes conflict rather than consensus. Both authors note the limited duration and extent of this accord. In particular, they point out the strong anti-union push after the war which resulted in Taft-Hartley, and the continuing anti-union politics in the South.

Party elites also agreed in broad terms on civil liberties and various social and cultural issues. These issues often had a low profile, and in many cases the party accepted the prevailing conservative societal consensus. An entente between northern and southern party factions kept the powderkeg issue of race off the policy agenda in most instances. The party's largest and most influential constituent faction -- the unions -- also supported these basic social and economic commitments.

Generational and value changes brought new issues onto the agenda, as has been well-described by Inglehart (1990). But economic-structural and institutional factors were also important. New values incubated within a still-resilient Keynesian system which kept unemployment low, and provided the economic growth for a great expansion of higher education. Even the cultural changes associated with the 1960s were not automatic product of demographic changes such as the baby boom and rising affluence. In the US, these changes were also catalyzed by two major historical events: the Vietnam War and the Civil Rights movement.

These changes animated factional conflicts within the party. The growing strength of the civil rights movement intensified demands for fundamental reform of social relations between the races. The Democratic party's slow movement towards embracing the growing civil rights movement in turn had a major influence on the party's political coalition. Some unionists saw such an embrace as having a long-term positive effect. The UAW's Reuther wrote in 1965,

The achievement of democratic franchise and full citizenship rights by millions of southern negroes will drastically shift the balance of power in the thirteen southern states.... a region which historically has been represented by the most reactionary and socially backward forces... This will accelerate the historic process of bringing about a fundamental realignment of forces in the United States" (Quoted in Amberg, 1994: 252).

Instead, Johnson's endorsement of civil rights landed a major blow to the

Democrats' presidential coalition, as well as to the party's position in Congress.⁴ The civil rights laws were a direct threat to the systems of political dominance in the south, and led to the unraveling of the alliance between northern liberal and southern conservative Democrats which had underpinned the New Deal coalition (Reider, 1989: 248-253).

This affected the voting base of the Democratic party in the south. Many voters in the south had often voted Democratic because of the Republican party's identification with the Civil War and reconstruction. The poverty of many southern voters had also inclined them to support the policy innovations of the New Deal. But neither the Democratic party nor the unions were successful in creating the social base to embed reform liberalism in the South. Unions in particular sustained a crushing blow with the defeat of the organizing campaign "Operation Dixie" immediately after the war. This project was intended to end the role of the South as a union-free, low-wage bastion which drove down wages nationwide because of employers' ability to move, or threaten to move, to the South. Operation Dixie was defeated by extreme employer intransigence, the mobilization of cultural resources by local conservatives, and by the CIO's weakening commitment to organizing as anti-communism took hold (Griffith, 1988).⁵

The failure to organize the populace in the South allowed Southern Democratic politicians to continue their function as bulwarks against further social reform. The conservatism of the South was reinforced by the pattern of channeling defense

⁴ Johnson, while hailing from Texas, took his legislative support on civil rights almost entirely from Northerners.

⁵ Griffith's book shows that one explanation for the continuing weakness of American labor -- racial division -- was overcome in the first years of this campaign. The failure of Operation Dixie in spite of this ability to organize across racial lines showed the power of employer opposition, in conjunction with alliances with local conservatives, to defeat unionism.

expenditures to Southern states. While this “pork” helped prevent the further erosion of the Democratic party’s legislative coalition, it also enhanced the social conservatism of the South. The inability of unions or the Democrats to really crack the South’s political and economic order resulted in a very vulnerable coalition. Northern Democrats’ eventual moves toward embracing civil rights quickly opened up a fissure which weakened the party for decades to come. Many southern voters and elites quickly defected to the Republicans, and those who did not continued to push conservative arguments within the party. The rapidity with which this change manifested itself in electoral terms is illustrated by the 1968 Presidential race, when Humphrey, a defense “hawk,” lost every state in the South except Texas (Rubin, 1976: 13).

Soon afterward the party embraced Johnson’s Great Society and its associated War on Poverty, while also escalating the war against Vietnam. These latter two commitments represented an intensification of Cold War liberalism’s two main strands. Vietnam represented a test of the US commitment to anti-Communist intervention. The War Against Poverty embodied an effort to bring new segments of the population -- blacks and poor whites -- into the Keynesian growth formula. Despite its seemingly radical nature, it was criticized by many prominent unionists as being too small, and disconnected from their calls for reforming the labor market in order to shrink the supply of low-paid, low-skilled work. The AFL-CIO called it “hardly a first small step,” and the UAW’s Walter Reuther testified in 1964 that the program was “wholly inadequate” (Amberg, 1994: 243). Nevertheless, the union constituency faction eventually aligned itself with the Northern party faction in support of most of these mild social reforms.

Foreign policy took a conservative turn at the same time that domestic policy was shifting leftward. Vietnam split the union faction to its core, and tore at the solidarity of

the union-Northern party faction alliance. The war animated new social movements which formed a New Left opposed both the Northern and Southern portions of the Democratic leadership. It also touched off a round of inflation and reduced budgetary surpluses for social programs. Johnson himself sensed the growing incompatibility of these goals. Historian Doris Kearns notes that Johnson told her in 1970 (quoted in Brams, 1978: 153),

I knew from the start that I was bound to be crucified either way I moved. If I left the woman I really loved -- the Great Society -- in order to get involved with that bitch of a war on the other side of the world, then I would lose everything at home. All my programs. All my hopes to feed the hungry and shelter the homeless.

Thus the Democratic party began to confront the political contradictions of American hegemony: the benefits derived from a premier role in the global economic and political order required external power projections which eroded the surplus of political good will and economic growth necessary for social cohesion at home (Mead, 1987).

Vietnam intensified the broad struggle over party policies and institutions, and was the prime cause of enduring splits between New Left and old left factions in the party. The majority of Democrats in Congress in the late 1960s still supported the war, and the leaders of the AFL-CIO refused to countenance withdrawal (Brody, 1980: 238). To a new generation of activists, not only the party but its most important traditional ally were responsible for the deaths and destruction of Southeast Asia.

Vietnam intensified divisions within the union movement. The AFL-CIO Executive Council, which was dominated by unions from the construction and transportation trades, remained identified with conservatism on foreign policy up until the 1990s. At the same time, support for the Vietnam War by AFL-CIO conservatives radicalized a union left grounded in the industrial unions and the growing public sector unions.

This same left-right split in the unions resurfaces in a whole set of questions surrounding the reform of party rules, engagement in Democratic party political action, and attitudes toward new and emerging social movements. Battista (1991a: 188-189) argues that these differences are grounded in sectoral locations which predispose different sections of the union movement either toward broad social reform, or particularistic strategies emphasizing short-term strategies and narrow benefits:

Due to characteristics of their labor and product markets, unions in the manufacturing and public sectors tend to be committed to a broad program of state economic and social intervention and collective provision of welfare, while construction and transportation unions have narrower policy objectives focused on the maintenance of employment levels, union power, and wage norms in their own sectors through public subsidy and regulation.

But Battista also argues that voluntarism and leadership comes into play even within unions in similar sectors. For example, the Steelworkers' industrial union under I. W. Abel supported the Vietnam war but switched to a left position on foreign policy under Lynn Williams. Also, the American Federation of Teachers took right-wing positions, whereas the (non-AFL-CIO) National Education Association took left-wing issues on foreign policy issues, and later on the McGovern nomination (Battista, 1991a: 190). But despite these few anomalies, the more predictable pattern of deep and fundamental divisions over a whole range of issues guaranteed the ongoing weakness of the union faction.

The New Left, and Party Reform

A weakened union movement encountered political organizing that was intensifying elsewhere. The movement against the war fed the currents of dissent, and engaged a whole new strata of activists. Campaigns mounted by Robert Kennedy and

Eugene McCarthy gained strength from social protest movements, and whetted the taste of activists for real power. But individuals activated by the war faced power balances and decision-making structures in the party which seemed to preclude substantial change. This led to a concerted campaign to reform the institutional structures of the party, especially the presidential nominating process. Explaining this period of party history thus requires an examination of the factional struggle over party rules. In terms of the analytical framework presented here, an intensified struggle over rules marks an effort by an insurgent social movement to translate its social power into institutional power.

Humphrey's nomination without entering a single primary highlighted the need for change. This problem was accentuated by the difficulty rank-and-file Democrats had in gaining access to party caucuses. The experience of one attendee at a 1968 Missouri party caucus illustrates what some would-be participants encountered when trying to select their nominee (Quoted in Crotty and Jackson, 1985: 30):

Upon gaining admittance....I found that a temporary chairman... had begun the meeting early. He had proclaimed himself permanent chairman without taking a vote or allowing any other nominations for the position. [...] He then asked for a vote on the report from the nominating committee on the subject of delegates to the county convention, without reading the names on the list. A vote was taken without asking for the "no" votes.... Having obtained a less-than-majority response of "yes's", [the chairman] then struck me in the jaw and knocked me down, escaping with the list and, I presume, having ended the meeting (ellipses in original except those in brackets).

These problems led activists to form an increasingly effective pressure group intent on reducing the power of old-line party officials. Some changes along these lines had actually occurred in 1964, when the party decided to outlaw racial discrimination in delegations following a conflict over the segregated Mississippi delegation (Crotty and Jackson, 1985: 28). Hubert Humphrey and the UAW's Walter Reuther were called in

to broker a compromise whereby the segregated Mississippi delegation would be seated, in exchange for future reforms. The role of these people associated with the labor faction in forestalling desegregation, even in this situation where Johnson was assured of the nomination, raised animosity between black activists and unionists, and the labor bureaucracies (Amberg, 1994).

Pressure for broad reform continued to build. The loss of old-guard candidate Humphrey in the 1968 election temporarily strengthened the hand of reformers, who triumphed with the formation of the McGovern-Fraser Commission, which was charged with altering the party's nominating process (Edsall, 1984: 51). The reforms were designed to strip party regulars and backroom hacks of a preponderant role in nominating candidates for election, particularly the Presidency, and to open up the process to younger and minority delegates.

The reforms required all delegates to be elected, prohibiting the automatic inclusion of elected officials in party caucuses (Crotty and Jackson, 1985: 34). The commission also created quotas for women and minority delegates (Crotty and Jackson, 1985: 38). Closed party caucus systems which allowed party regulars to shut out the rank and file were eliminated. Most states adopted open primary systems in response to these new requirements from the national party (Polsby, 1983).

The effects of such procedural changes on the party were politically contradictory. The party became more democratic, and participation in candidate selection increased. But these reforms strengthened the position of New Left activists who had little loyalty toward the Democrats' traditional constituents, including union members. Open caucuses allowed activists to increase their influence over nominees. And in primary states, affluent, educated, white voters had an increased impact because of the turnout disparity between primary to general election voters. According to one

study which compared primary and general election voters in the 1976 election, "....the affluent are overrepresented by a margin of 41.8 percent, the better educated by a margin of 94 percent, and blacks are underrepresented by a margin of 35.6 percent" (Edsall, 1984: 54-55).

These changes in activist mobilization had policy effects. By increasing the influence of liberal activists, they raised the profile of issues such as civil liberties, gay rights, and women's rights. However, unions were unable to mobilize quickly in the new system. As a result, the influence of unionists declined, creating an opening for movements to the right on economic issues (Edsall, 1984).

Despite the weakening of union control over policy, the new social movements strengthened the unions in other ways. Waves of industrial militance enhanced bargaining power at the workplace. Women and blacks surged into the unions, helping to reinvigorate them. At the same time, a wave of public-sector unionization, aided in part by an Executive Order put in place by Kennedy (Amberg, 1994: 240), stimulated the growth of unions with a greater affinity for the goals of the New Left faction. This widened the chasm between old-style unionists, and those more willing to embrace new social reforms.

During the 1972 election the new system of delegate selection temporarily gave the upper hand to the New Left, which pushed successfully for the nomination of George McGovern for the Presidency. McGovern developed a program which centered around ending the war within 90 days of the inauguration. He also included a broad economic conversion plan designed to shift the nation to a peacetime economy. He promised that his full-employment plan "will and must depend on a reinvigorated private economy, freed at last from the uncertainties and burdens of war. But it is our commitment that whatever employment the private sector does not provide, the federal

government will either stimulate, or provide itself' (McGovern, 1974: 22). The program also called for national health insurance and tax reform to shift the burden to the higher income brackets. McGovern thus synthesized many of the goals of the New Left activists with union interests in full employment policies.

But the unwillingness of the AFL-CIO or prominent Democratic party politicians to embrace this candidacy helped to seal McGovern's fate. McGovern's identification with the antiwar movement drew the ire of the AFL-CIO's George Meany, who privately supported Nixon. The union left attempted to strengthen its position in response. The AFL-CIO's refusal to endorse McGovern led some left-leaning unions, including the Oil Workers and public-sector American Federation of State, County, and Municipal Employees (AFSCME), to establish independent electoral committees (Davis, 1986). Some of these unions, including the UAW, AFSCME, and the Machinists, also reduced their contributions to the AFL-CIO's Committee on Political Education (COPE) because it was seen as too closely allied with the conservative leadership.

The Federation failure to endorse McGovern also led some black trade unionists to organize a union-based reform group, the Coalition of Black Trade Unionists. According to co-founder William Lucy,

A lot of us thought there was a substantial difference between Nixon and McGovern, and certainly a substantial difference in their behavior over the prior four years. So it raised the question of how do you be credible to workers, how do you be credible to members, how do you be credible to communities, when after telling them for four years what a bad piece of business Nixon is, all of a sudden you're neutral? It means one thing to the AFL-CIO leadership, but it means something entirely different to a leadership that is working in all of these community-based coalitions, and all of these politically-activist operations (interview with William Lucy, September 21, 1995).

However, such organizing efforts on the left were to prove inadequate to forestall the counterreform movements launched by the party right. McGovern's dramatic defeat by

Nixon immediately weakened New Left power in the party as various backlash currents were unleashed against the left. This struggle between a resurgent right and a weakening left will be taken up in section three.

c. Labour

The Labour party had also developed a postwar policy consensus which included Keynesian demand management, progressive taxation and income redistribution, and a commitment to (if not always the achievement of) full employment. The policy center of the party was clearly to the left of the Democrats, including a nationalized health service, and other state-owned industries. But nationalized industries did not always foster enhanced democracy, allowing no greater worker involvement in decision-making than did private firms, and the management of nationalized industries were often hostile to the labor movement (Morgan, 1984: 135-137). Other than their role as employment providers, they did not provide a catalyst for further left policy innovation.

Apart from this policy legacy, the Labour party resembled the rest of the British establishment in that it was founded on a stable hierarchy of authority which insulated decision-making elites from popular pressure (Beer, 1982). The Labour Parliamentary elite was buttressed in its rule by a conservative union leadership which provided crucial support in the party's National Executive Committee (NEC) and annual party Conference where policy was endorsed. These powerful unionists tended to defer to the Parliamentary Labour Party (PLP), and especially the cabinet (or shadow cabinet) in actual policy-making (Minkin, 1991). During the era of stable collectivism, this situation was relatively acceptable because of its effectiveness in advancing broadly agreed-upon goals. And, the party central leadership was able to squelch dissent by

exercising its powers to expel dissidents and reorganize constituencies (Shaw, 1988).

By the late 1960s Labour was hit by the same trends of social and cultural change vexing the Democrats. A combination of relative affluence coupled with a burgeoning youth culture led to the rise of new social movements. The Labour party's support of the Vietnam war also provided a foil for opposition, albeit less strongly expressed because of Britain's much more indirect involvement.

The party was increasingly challenged by the influx of younger, more militant members. Labour had been losing members, particularly those from the working class, up until the mid 1960s (Seyd, 1987: 43). But by the end of the decade three sources of new members transformed the party: working class militants; feminists; and young public service professionals (Seyd, 1987: 44). These new members constituted the New Left.

Public sector professionals, often from working class backgrounds (which caused them to be pejoratively labeled the "lumpen-polytechnic") took an increasingly prominent role in local party affairs. They were more oriented toward policy reform than existing party members, and were greatly influenced by 1960s values of democracy and social responsibility (Seyd, 1987: 44-47).

The recruitment of working class members activated by waves of industrial militance that swept industry between 1966 and 1972 also helped to tilt the party leftward (Seyd, 1987: 47). In addition, the union movement was still gaining strength, with density on the rise through the end of the 1970s (MacInnes, 1987). Feminists began to enter the party, attracted by some pro-women changes in party practices, as well as recruitment efforts by left leaders such as MP Tony Benn. Also, women who were entering the workforce in greater numbers also moved into the Labour party via the union movement. Outside of mainstream institutions, single-issue mobilization

occurred around issues such as child poverty, the disabled, and housing. Many of these activists then joined the Labour party (Seyd, 1987: 43).

The new movements, and a shift in MPs toward highly educated, New Left leaners, helped to upend the previous era of "social democratic centralism," where a small cadre of elites controlled the Labour party (Shaw, 1988). A sizable left-leaning Parliamentary minority began to challenge the party leadership, casting dissenting votes on involvement in Vietnam, over Britain's entrance to the EEC, and over the continued priority put on military spending (Shaw, 1988: 156-158). The growing strength of the left in Parliament, in party decision-making bodies, and in the constituencies forced the leadership to adopt procedures to *manage* the growing dissent without alienating the new ranks of party members. This reversed the procedures of the previous decades, where such activities would have brought expulsion or censure (Shaw, 1988).

Dissent over these issues began to take hold amid the formerly loyal ranks of the unions. The Wilson government had to confront Britain's slipping competitiveness and its relatively high inflation rate. The party leadership responded with anti-inflation measures and incomes policies to constrain wage growth. These measures were opposed even by conservative unionists who became increasingly at odds with the Parliamentary leadership on economic policy. The union left grew in strength and numbers when the Labour government introduced its White Paper in 1969 entitled *In Place of Strife*, in which the party proposed giving governments statutory power to force unions into mandatory arbitration, and also a requirement that unions ballots members before strikes (Seyd, 1987). As unions moved left, ties with the New Left faction were strengthened.

These changes yielded a more conflictual party with active factions contesting for both institutional power and policy leadership. The rise of the left within Labour was

steady but less dramatic than in the Democratic party, and the greater political and institutional base for left power -- stronger unions and closer union-New Left ties -- gave it greater staying power. In the US, a counter-mobilization of Democratic conservatives quickly reigned in the power of the left. In Britain, centrists in the Labour party faction had to seek a *modus vivendi* with the New Left and increasingly left-aligned unions. The result, an ambitious plan to transform Britain into a corporatist social democracy, will be examined in the following section.

III. The Rest of the 1970s: Divergent Responses to Economic Globalization

a. Introduction

In the 1970s the patterns of factional politics within the Democrats and Labour diverged considerably. In the late 1960s in both nations, the New Left was making serious inroads into party power. In the US, these inroads were quickly halted by the inability of constituency factions to strike viable alliances. Instead, a “backlash” politics was unleashed both within the Democratic party and in the society at large. The New Left was quickly marginalized from the power centers of the party, although various reform groups were able to get the party to retain commitments to policies such as affirmative action. Various reforms resulted from a growing public interest movement that used lobbying power and legal remedies to directly influence legislation (McCann, 1986). But the ground was being set for a shift rightward on economic policy. While the union left attempted to build coalitions and push a reform agenda, unions’ weakening mass base amid accelerating deindustrialization led increasingly to the

formation of narrow protectionist coalitions. At the same time, the Northern party faction was subject to various schisms and ideological shifts which pushed the party to the right.

In Britain, conversely, policy reflected an effort to sustain cohesion between conservative party factions, increasingly restive unions, and the still-growing influence of the New Left. The first result of this alliance -- the Social Contract -- represented an ambitious effort at reconstruction embodying a compromise between the party faction, and the old and New Left. This corporatist program foundered as economic problems intensified. The failure of the Social Contract to retain union support resulted in a wave of strikes called the "Winter of Discontent," which contributed to the election of Margaret Thatcher in 1979.

b. The Democrats: Factions and the Politics of Counter-reform

George McGovern's defeat in 1972 emboldened those who wished to contain the influence of the New Left in the Democratic party. The mild reform liberalism of the Northern party faction weakened first as a backlash Neoconservative movement formed around social and defense issues, and later as a Neoliberal movement formed to push market ideology in the party.

The inroads of the antiwar movement prompted a revolt from those still committed to traditional Democratic defense views and a pro-military budget. Initially, disaffected Democrats provided a critical foil within the party. Many later defected permanently to the Republicans, while those who remained in the party continued to agitate for a more pro-military stance. These Cold Warriors became a source of

recruitment among those intellectuals and policy experts who were to be later identified as Neoconservatives (Steinfels, 1979).

Democrats who felt the party had gone too far in its efforts to redress black grievances provided the second current of the neoconservative movement. Prominent university and media intellectuals used publications such as *Commentary* and *The Public Interest* to declare their allegiance to social and defense conservatism (Steinfels, 1979). Media connections gave this group influence beyond its size in creating a new, more conservative public discourse.⁶

These Democrats later formed a small neoconservative faction, the Coalition for a Democratic Majority (CDM). One prominent neoconservative and CDM co-founder was Ben Wattenberg whose 1970 book *The Real Majority*, written with Richard Scammon, was a manifesto for Democratic party neoconservatives. Scammon and Wattenberg argued that the Democrats and Republicans were competing for an electorate that was “....unyoung, unpoor, and unblack; they are middle aged, middle class, middle minded” (Scammon and Wattenberg, 1970: 21). They also noted the emergence of what they called the “Social Issue.” According to these authors, “Now, in addition to the older, still potent economic concerns, Americans are apparently beginning to array themselves politically along the axes of certain social situations as well. These situations have been described variously as law and order, backlash, antiyouth, malaise, change, or alienation” (Scammon and Wattenberg, 1970: 20).

The authors argued that the Democrats would lose if they failed to position themselves properly on emerging social issues, particularly crime. They counseled an

⁶ This movement's profile was also raised by some crossover Democrats, such as Daniel Patrick Moynihan, who served in the Nixon administration as an early proponent of revisionism on welfare policy.

effort to split race from crime: “The Social Issue, when unchecked, is psephologically potent. The problack stance of liberal Democrats can link them to the wrong side of the Social Issue. Stating the problem points to its solution. Liberal Democrats must attempt to split off the Race Issue from the Social Issue” (Scammon and Wattenberg, 1970: 285). The authors argued that proper positioning on law-and-order would then provide space for saving the legacy of social reform. They argued that “It is a misreading of public sentiments to say, as many have, that America is in a mood of programmatic retrenchment following the frenetic blaze of social and economic legislation that went under the name of the Great Society” (Scammon and Wattenberg, 1970: 296). But their brief look at economic issues emphasizes inflation and taxes, not traditional Democratic issues such as employment and wages.

Left-leaning party analyst and critic Robert Kuttner later criticized Wattenberg and Scammon’s legacy by noting that, “instead of rebuilding a Democratic majority by emphasizing the economic populism that had built the Roosevelt coalition, Wattenberg promoted cultural and foreign-policy conservatism and largely ignored working-class economic issues” (Kuttner, 1987: 164). But while Scammon and Wattenberg emphasized the development of a Democratic appeal to Nixon’s “silent majority” on social issues as an alternative to the appeals of the New Left, the authors were not anti-union: “Under the banner of New Politics there is talk of forming a new coalition of the left, composed of the young, the black, the poor, the well educated, the socially alienated, minority groups, and intellectuals -- while relegating Middle America and especially white union labor to the ranks of ‘racists’” (Scammon and Wattenberg, 1970: 280). These authors still considered unions to be an essential part of the Democratic coalition. As the next chapter shows, the pro-unionism of the party right evaporated by the 1980s, when Democratic conservatives lumped unions with blacks, minorities, and

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unions to eliminate bias in their ranks (Brody, 1980: 234).⁷

The civil rights agenda and union political stances began to diverge on affirmative action, however. The Civil Rights Act of 1965 mandated equal employment opportunity, and leaders of the building trades agreed to a voluntary program to increase the number of apprenticeships for blacks. But black unionists were quite unhappy with the progress of implementation. Dissident groups such as the Revolutionary Union Movement and the United National Caucus were formed. By the 1970s, with the accumulation of court-ordered consent decrees, and Equal Employment Opportunity Commission (EEOC) and Office of Federal Contract Compliance (OFCCP) oversight of a large portion of the nation's workforce, resentment built among white workers who felt entitled to the best jobs. According to Edsall and Edsall (1991: 124-125),

Police, firemen, unionized skilled craftsmen, and their families were the mainstay of white, working-class precincts in America's cities, precincts that from the 1930's to the mid-1960s had produced decisive Democratic margins. These voters had little if any sympathy for the rights revolution in the first place, and in the 1970s, they became de facto defendants (through their unions and their employers) in the most controversial of all federal policies targeted at calcified patterns of inequality: affirmative action.

Conservatizing trends in the skilled working class in turn weakened unions' abilities to deliver Democratic votes, further reducing union clout in the party. Union members voted for Kennedy against Nixon by a 66 to 33 margin, while the margin dropped to 60 to 40 by the 1976 election. By 1980 the margin would be almost even (52 to 48 percent) (Amberg, 1994: 273).

As with other issues, unions split on affirmative action and what remained of the

⁷ This commitment to broad social change was evident even when it was at the expense of labor's sectional interests. Unions followed Johnson's legislative agenda on the Great Society and reapportionment. This expended political capital, rendering them incapable of fending off a filibuster which defeated legislation to repeal right-to-work laws (Brody, 1980: 233, 234; Amberg, 1994: 243).

agenda of the New Left. Mainstream union domestic policy was challenged by dissident or "progressive" unionists empowered by the 1960s and 1970s political mobilizations. According to Davis (1986: 263),

....the fight over the recomposition of the Democratic Party became complexly entangled with the power struggles within the AFL-CIO Executive itself. In particular, the Reutherites and their allies in the ex-CIO and public-sector unions seized upon the new social forces of civil rights, anti-poverty, and peace as potential levers to challenge the ascendancy of the ex-AFL craft unions in the merged federation.

Despite organizing on the left, the Federation and many union bureaucracies remained controlled by those who argued for the status quo on social issues, and cautious economic interventionism. Even the UAW, which pulled out of the AFL-CIO umbrella in 1968 in part because of Meany's unbending support of the Vietnam war and his growing social conservatism (Brody, 1980: 241-242), had by 1972 turned to check the factions which supported McGovern. The union, often a leader in opposing discrimination on the shop floor, played an important role in containing the growth of independent black power (Buffa, 1984). As the predominant force in Michigan Democratic politics, the union helped Morley Winograd rise in power to chair the state party. Winograd in turn worked to quickly isolate New Left activists, and worked to contain the growing power of black politicians in the state, especially that of Detroit Mayor Coleman Young. This led to a series of racial splits within both the state party and the union (Buffa, 1984). Winograd later went on to chair a national Democratic commission which rolled back many of the McGovern reforms (Crotty and Jackson, 1985).⁸

This hostility to the McGovern reforms was not a new phenomenon. AFL-CIO

⁸ Winograd would later become a California founder of the Democratic Leadership Council, a prominent group of moderates and conservatives formed in the 1980s (Buffa and Winograd, "The New Constituency," *New Democrat*, May/June 1996).

officials had joined party conservatives in efforts to resist the reforms. Davis (1986: 265) summarizes Federation president George Meany's attitude toward the McGovern-Fraser reforms:

In the first place, he foresaw that Blacks, anti-war liberals and women were all too likely to be natural allies of the 'progressive wing' of the AFL-CIO, tilting the balance against his business union base. Secondly, Meany perceived that party reform was decentralizing and fragmenting an already weak and tenuous national party apparatus, dispersing power to increasing numbers of middle class Democrats beholden to COPE [the AFL-CIO's Committee on Political Education] and insensitive to the union's traditional economic demands. Finally, Meany was appalled by the prospect that a bureaucratized Black municipal power might succeed to the role of the old white urban machine..... Under Meany, and continuing under Kirkland, the Federation became the major, implacable opponent of the reform process, fighting against open primaries and delegate quotas, then, after their adoption by the reform commissions of 1968-72, lobbying vigorously to repeal their implementation.

Stances in the union movement on various party reform issues mirrored those over foreign policy and affirmative action. Leaders of the UAW, AFSCME, The Communications Workers of America (CWA), NEA, and the Oil, Chemical, and Atomic Workers (OCAW) supported the new reforms (Battista, 1991: 180). Meanwhile "progressive" and "mainstream" Democrats struggled over party structure and procedures, with reformers continuing to support more openness and the adoption of policy-making machinery to hold the party accountable to its mass base. Reformers got the party to agree to a mid-term convention in 1974 to discuss substantive policy, and also to adopt a "party charter."

Old-line Democrats in the CDM, with AFL-CIO support, were successful in pushing the convention to December, safely past the Congressional elections, and to squelch any discussion of substantive policy. The resulting Charter did endorse a watered-down statement about affirmative action which explicitly avoided mention of quotas. Even then, AFL-CIO chief George Meany and the Federation's Committee on

Political Education director Al Barkan “.... were livid, threatened to take the AFL-CIO out of the party.... and resurrected the old political volunteerism associated with Samuel Gompers” (Amberg, 1994: 268).

The party faction and their allies in the party bureaucracy worked to submerge conflicts over goals by downplaying the development of policy itself. Party Chairman Strauss later eliminated midterm conventions entirely. He also moved to dismantle other portions of the party’s policy-making machinery, in favor of a focus on electoralism. One critic noted that “....as chairman, his policy advisory body was instructed to hold no meetings and issue no proclamations” (Ted Van Dyk, *L.A. Times*, June 16, 1991). This de-emphasis on policy development would continue through the 1970s and 1980s, as continuing splits between groups precluded the harmonization of policy and electoral strategy.

Robert Strauss, who became party Chairman in 1972, worked quickly to isolate the New Left activists from the inner workings of the party.⁹ Organizational counter-reformers gained ground in the run-up to the 1976 election. The Mikulski Commission softened requirements for minority representation from quotas to targets (Crotty and Jackson, 1985: 33). The struggle over Presidential nominating rules continue through the 1980s, with the AFL-CIO bureaucracy consistently favoring rolling back reforms.

Squabbles within and between Democratic party constituency factions weakened the economic reform agenda. What became known as the Humphrey-Hawkins Full Employment and Balanced Growth Act of 1976 was perhaps the last plausible effort to

⁹ Reflecting later on these ideological battles, Strauss claimed that “the hunger of these groups will be even greater. Women, blacks, teachers, Hispanics. They have more power, more money than ever before. Do you think these groups are going to turn the party loose? Do you think labor is going to turn the party loose? Jesse Jackson? The others? Forget it” (Huntington, 1985).

enshrine full employment as a national goal. The bill sought to amend the 1946 Employment Act to make full employment a legally enforceable right. The bill called for the government to be employer of last resort at prevailing wages. Supporters of the bill were able to bring together a coalition of labor and civil rights leaders, but few other politicians were brought on board. Prominent Keynesians such as Charles Schultz (who was to become head of Carter's Council of Economic Advisors) criticized the bill as inflationary (Amberg, 1994: 270). Eventually a watered-down bill was passed which had virtually no policy effect.

The Waning of Economic Reform: The Carter Years

Four years after the McGovern defeat, the party had yet to reestablish ideological or policy unity. While the Nixon years had not completely upended the Keynesian system, Nixon's social and economic conservatism cleared the way for revolts over welfare, affirmative action, and taxes, further weakening a coalition already torn apart by race. Ideological revolts within the party faction had weakened the hold of reform liberalism on many Democratic politicians. Increasingly, the party was torn between those embracing a swing toward social and economic conservatism, and those pushing for continued reform.

This factional bickering was transmitted into the politics of the 1976 nomination. By that year, those on the left had to reckon with the renewed strength of the party's Cold War wing. The neoconservatives in the Coalition for a Democratic Majority sought to gain control over the nomination. These individuals were mainly foreign policy hawks, but many sounded themes of domestic conservatism as well. In 1976,

they joined forces to support the campaign of Senator Henry Jackson. According to one observer, "There was also an undertone of opposition to busing, to black-benefiting social and economic programs. Unstated, but that just happened to be the tone. Also they were adamantly strong in support of Israel" (interview with Ted Van Dyk, March 24, 1993). Some prominent unionists, including AFL-CIO leader George Meany and Al Barkan, head of the Federation's Committee on Political Education (COPE), also joined this group calling for a "non-black, non-poor coalition (Amberg, 1994: 266).

While this wing of the party's right was pushing its agenda, unions remained paralyzed by conflicting political agendas. The AFL-CIO itself did not take an official position in the primaries (Amberg, 1994: 269). The unions' centrifugal tendencies manifested themselves in somewhat predictable ways. The UAW, AFSCME, CWA, Graphics Arts International, United Electrical Workers, UMW, NEA, and the Oil Workers formed a "Labor Coalition Clearinghouse" associated with the liberal reform wing of the party in the 1976 elections (Battista, 1991a: 180; Davis, 1986: 100). But these minor left inroads did not translate into union support for left-leaning Presidential candidates, as union bureaucracies generally ended up supporting the party's center and right. No major union supported the most liberal candidate, Morris Udall. On the other hand, some union endorsements greatly aided the candidacy of Jimmy Carter. The UAW's Leonard Woodcock engineered his union's early endorsement of Carter (Buffa, 1984). Carter also received early support from the Communications Workers of America (Moody, 1988, 147). At the same time, Henry Jackson received political support from George Meany (Moody, 1988: 147).

With the defeat of the liberal favorite -- Udall -- and the right's favorite -- Jackson -- the struggle between factions moved to the Carter administration. This administration illustrated all the schisms within the Democratic coalition. Particularly at the outset of

Carter's administration, representatives of consumer, environmental, and anti-intervention groups participated in policy-making (McCann, 1986: 16). But whereas Republican Nixon, and the Tory Heath in Britain were forced to make leftward U-turns in the early 1970s as a result of the residual strength of the Keynesian consensus and its institutions (Krieger, 1986), by the end of the decade Democratic and Labour governments were making rightward U-turns in response to the growing strength of conservative ideas within and outside the parties.

The fragile coalition supporting Carter's new liberalism began to founder after a series of unfortunate historical accidents. In the realm of foreign policy, the diplomacy and arms-control wing of the party lost ground after the Soviet invasion of Afghanistan, strengthening the position of those calling for a return to cold war policies (Cumings, 1981). Defense expenditures increased.

Domestically, policies aimed at structural adjustment lost ground as a growing "neoliberal" movement gained ground in the Democratic party (see below). Labor Secretary Ray Marshall, a prominent academic who was a proponent of structural adjustment and union participation in policy-making, was shut out of Carter's economic policy making group by late 1977 (Amberg, 1994: 271). Keynesianism lost sway as macroeconomic stagflation reduced the salience of traditional expansionist fiscal and monetary policies. Extreme inflationary pressure continued in the absence of any institutional mechanisms to deal with it, as Carter rejected wage-and-price controls as were utilized by Nixon. Carter instead appointed Paul Volcker to the Federal Reserve, which paved the way for monetarism and fiscal austerity presaging Reaganism (Alperovitz and Faux, 1984). This shift toward market-oriented and monetarist economic policy was also occurring in Britain, and in both cases resulted from the difficulties of managing a turbulent economy under conditions of globalization, in the

absence of political coalitions capable of sustaining other options.

Monetarism's resurgence coincided with the weakening of labor union influence over Democratic policy. This was illustrated by the fate of various labor-backed proposals in the Democratically-controlled Congress during the Carter years. Unions failed to get an increase in the minimum wage in 1978, and were stymied in an effort to reform labor law after intensive lobbying by representatives of both small and large firms. These included ostensibly "pragmatic" large firms in the Business Roundtable, as well as firms in the Labor-Management Group, which was another attempt at corporatist coordination at the national level (Battista, 1991a). This group had been given quasi-corporatist, semi-official status by the Carter administration and included various union representatives.

A memo from the AFL-CIO's Committee on Political Education (COPE) noted that "If any more evidence were needed that the 2-1 Democratic majority in the US House is pure illusion, it was provided by the recent votes on the minimum wage." The memo went on to note that it was not just the "Old Dixiecrat-GOP coalition.... So, in each instance, the conservative coalition picked up a goodly number of Democratic votes outside the South" (Quoted in Moody, 1988: 148).¹⁰

These setbacks for unions prompted a round of left-leaning political dissent. After a series of political defeats, and growing management hostility to unions, UAW President Douglas Fraser and other union representatives resigned in protest from the Labor-Management group. In his resignation statement Fraser (quoted in Moody, 1988:

¹⁰ Although the party was moving to the right on economics, the broad Democratic party was not anti-union proper. The effort to invoke cloture to end a conservative filibuster of the most important vote on labor law revision was stymied mainly because of the conservative Dixiecrat coalition. Only two non-southern Democrats, Zorinski of Nebraska and Cannon of Nevada, voted against cloture (*Congressional Quarterly Almanac*, 1978).

148-149) declared:

I believe leaders of the business community, with few exceptions, have chosen to wage a one-sided class war in this country -- a war against working people, the unemployed, the poor, the minorities, the very young and the very old, and even many in the middle class of our society. The leaders of industry, commerce and finance in the United States have broken and discarded the fragile, unwritten compact previously existing during a period of growth and progress.

On October 17, 1978, thirty union leaders and representatives of over 71 other organizations, led by Fraser and the UAW, formed the Progressive Alliance. Intended as a grass-roots alliance for education and political organizing both inside and outside of the Democratic party, the Alliance was founded in response to the defeat of the labor law reform bill; the failure of the Democrats to enact their platform commitments made in 1976; and the continuing withdrawal of the AFL-CIO bureaucracy from a role in Democratic party politics (Battista, 1991a: 401). It also illustrated familiar splits in the union movement, with the same industrial, public sector, and service sector unions which took a left position on policy making up the union portion of its membership.

The Alliance sought to build coalitions between left and liberal forces, to strengthen the reform wing of labor, and to move the Democratic party to embrace social democratic and reform politics. Its alliance building was an attempt to counter the more visible power of business over both parties. Fraser wanted to coordinate liberal forces in the party by "rehabilitating the old liberal-labor alliance and relating it to newer groups and movements among youth, minorities, and women" Battista, 1991a: 406). Second, it sought to find a way to enforce accountability to the platform of the Democratic party, submitting to the 1980 party convention a resolution calling for a "Commission on Party Accountability" which would "yield an effective and disciplined effort to implement the Platform of the National Democratic Party" (Battista, 1991a: 408). This search for a "responsible party" was particularly important to Douglas

Fraser, who had been pursuing it since he became head of the UAW in 1977 (Battista, 1991a: 407).¹¹ As subsequent sections of this chapter show, the left reform movement in Britain shared an identical concern.

In terms of policy specifics, the Alliance prepared position papers which staked out a left position on national health insurance, plant closures, a balanced budget amendment, state and local tax reform, and the Equal Rights Amendment. It also compiled a computerized mailing list of 20,000 leaders and activists (Battista, 1991a: 406). At the 1980 Democratic convention, the Alliance submitted a plank, which was not accepted, calling for an “Economic Bill of Rights” which called for a right to a job, a living wage, adequate housing, medical care, and education, and adequate social insurance. At the time of its demise, the Alliance was considering a proposal to organize a Progressive Caucus in the Congress (Battista, 1991a: 407).

One of the Alliance’s most successful endeavors came in response to plant closings. Alliance leaders commissioned various pieces of research on industrial restructuring and plant closings, and supported various studies by socialist and left-liberal authors.¹² These works helped publicize the problems experienced in the country’s “rust belt” industries. The Alliance also convened conferences and helped galvanize organizing efforts against plant shutdowns in Philadelphia, Columbus, Ohio; Portland, Oregon; and Boston (Battista, 1991a: 412).

¹¹ According to Battista, in 1977 “...Fraser initiated a series of meetings between top UAW officials and a group of academic social scientists — including among others Lee Benson, George Gerbner, Joel Fleishman, Ira Katznelson, and Christopher Arterton — to discuss problems in (and reforms of) the party system and electoral process, such as voter registration laws, the low and class-skewed rates of voter turnout, campaign finance, the absence of a strong issue orientation in election campaigns, and the lack of party responsibility” (Battista, 1991a: 404).

¹² The ultimate result of these efforts were influential works such as *Beyond the Wasteland: A Democratic Alternative to Economic Decline* (Bowles, et. al, 1983), as well as a series of publications by Barry Bluestone and Bennett Harrison, including *The Deindustrialization of America* (1982) (Battista, 1991a: 411).

On April 15, 1981, the Executive Board of the Alliance officially disbanded it (Battista, 1991a: 415). A number of things contributed to this demise. First, the Alliance proved unable to make a connection with its member organizations' grass roots, and was therefore unable to initiate widespread mass activities (Moody, 1988: 150-152). More importantly, the Alliance foundered because unions played a preponderant role in it, yet lacked the political strength to sustain the broad, reconstructionist vision the Alliance hoped to foster. With the election of Reagan and the deepening recession, unions became increasingly focused on efforts to defend jobs against shutdowns and relocations. This led to an ironic result: at precisely the time that corporations were intensifying their attack against unions, and against national legislation which unions supported, unions were forced into alliances of necessity with various corporations which were also being hard hit by international trade competition.

Chrysler's potential bankruptcy put that company into government receivership, and the UAW responded with a large package of concessions in exchange for a seat on the Chrysler board (Reich and Donahue, 1986). Fraser took the Chrysler board seat, an activity which took up an increasing amount of his time. Continuing trade crises led other unions to form protectionist alliances with business. In 1980, eight of the leading unions in the Alliance formed the Labor-Industry Coalition for International Trade (LICIT) which sought stronger trade policies, stronger enforcement of existing laws, and federal assistance to industry (Battista, 1991a: 414). Unions also coordinated activities with various industries in search of a national industrial policy.

Economic stress also led unions to emphasize internal solidarity in the face of the trade onslaught. George Meany was replaced by Lane Kirkland as head of the AFL-CIO in 1979, and Kirkland promised to try to reinvigorate union influence within the Democratic party. This removed one source of tension between right-wing and left-

wing unionists (Battista, 1991a). Right before the demise of the Alliance, Fraser was involved with negotiations to bring the UAW back into the AFL-CIO (Battista, 1991a: 419). Fraser had agreed to step down as head of the Alliance in response to increasing concern within his own union for the preservation of jobs. One UAW official explained that "Our membership was not going to understand any extracurricular forays" (quoted in Battista, 1991a: 418).

All of these efforts weakened the coherence of the anti-corporate coalition-building strategy of the Alliance. According to Battista, "Most Alliance unions focused on job preservation and industrial renewal and thus were diverted from reformist coalition-building to collaboration with employers, protectionism, and corporatist planning" (Battista, 1991a: 417). The dominant role of labor also held the coalition hostage to its member unions' changing priorities, which often alienated it from the priorities of other members, especially women's and minority groups (Battista, 1991a: 416). The demise of the Alliance, and the corresponding weakening of coalition-building activities on the left, led to an increasing emphasis on protectionism, which continued to characterize labor's stance in the 1980s. This is taken up in chapters five and six.

c. Labour

Unlike the US, where New Left institutional power reached its apogee within the Party early in the 1970s only to decline rapidly thereafter, in Britain New Left strength continued to build throughout that decade. The effect of this during the early Thatcher years will be recounted later in this chapter. But in the 1970s, growing New Left and continued union strength culminated in the creation of the "Social Contract." The

strength of left forces within the party forced a rapprochement between conservative, inflation-concerned interests in the party faction, and the constituency factions on the left of the party. This paved the way for an effort to create a sweeping corporatist bargaining system designed to simultaneously enhance social welfare and restrain inflation.

In this effort to expand corporatism, Labour governments confronted a nation whose existing institutions were at a midpoint between corporatism and dualism. British union density was reasonably high, having increased throughout the 1970s (McIroy, 1987: 201). But the central union organization, the Trades Union Congress (TUC), was weak, making it difficult to sustain agreed-upon goals. And while Britain's welfare spending was also comparatively high, its delivery system tended toward fragmentation and segmentation (Kumar, 1992). Such systems tend to undermine broad political support (Skocpol, 1990).

Despite these shaky underpinnings, the Labour governments of the 1970s embarked upon an ambitious effort at institution-building designed to solve policy problems while solidify the party's coalition. Weakening economic competitiveness, combined with an unwillingness to depreciate the pound sterling which continued through both Labour and Tory governments, made inflation control the linchpin of economic management (Gamble, 1990). In response, the party constructed a bargain which centered on union cooperation in inflation management through wage restraint, in return for a place at the policy-making table, and for increased economic intervention and social spending. The social spending commitments made by the leadership also met the demands of the still-strong New Left.

Restraining prices necessitated measures to control the wage component of inflation. Previous Labour efforts to tame union demands had come to grief. First, the

history of state repression of the union movement created a hostility to moves away from free collective bargaining for wages. As a result, both right and left within the unions were opposed to government restraint of wages. Those on the unions' right felt that such efforts cut the heart out of the union's function in an economy: to obtain the best possible wage for their members. For the left, free collective bargaining represented a power resource in the struggle to tame the power of the capitalist class.

Efforts to obtain wage restraint in the 1960s during the latter stages of the Wilson government had produced *In Place of Strife* (Labour Party, 1969), a document which was unable to live up to its name. It called for the imposition of statutory restraints on the unions caused extreme unrest in the union movement, and a collapse of union support for the Wilson government, which hastening its demise (Minkin, 1991: 114-115).

Despite this turmoil, the unions and the opposition Labour party began to develop the rationale for greater union-party cooperation as soon as the Tory government of Edward Heath took office. In December, 1970, the Parliamentary Labour Party (PLP) stated its opposition to the Conservatives' trade union bill and called for the establishment of an accord between the unions and the party. Soon afterward the TUC and the party agreed to form a Liaison Committee to coordinate opposition and work to repeal Conservative legislation (Taylor, 1987).

Although the Liaison Committee was initially "...established for the limited purpose of coordinating resistance to the Industrial Relations Act, it rapidly generalized into a concordat between the party and the TUC" (Taylor, 1987: 28). After a long series of papers, proposals, and counterproposals, the Party and unions began to set out the framework for the Social Contract. The Liaison Committee published *Economic Policy and the Cost of Living* in February 1973 (TUC-Labour Liaison Committee, 1973), and

many of these themes were written into *Labour's Program 1973* which was the basis of the election manifesto (Taylor, 1987: 25).

Although the party ran and won with promises of a Social Contract, none of the specific points had been negotiated with the unions. Ministers were thus urged by the Cabinet to write White Papers to fill in some of the ideas of the Social Contract, with the hopes that this would lead to subsequent proposals from the unions on wages (Taylor, 1987: 32). The threat of hyperinflation, and conciliatory measures by the new government, prompted the TUC to produce a document which contained voluntary wage guidelines, but which vehemently rejected statutory targets (Taylor, 1987: 33). Nevertheless, most of the specifics of the Social Contract were endorsed by the 1974 TUC Congress (Taylor, 1987: 37).

With the accession to power of Labour in 1974, the Social Contract was translated into government policy, along with the addition of legally-mandated wage guidelines. This resulted in some successes, but ultimate failure. The policy initially did restrain relation. A combination of initial support within the unions, strong legal strictures against breaking wage targets, and a slow economy led to the inflation falling in the target range from 1975 to 1977 (Fishbein, 1984: 176-177).

However, continued slow growth made employment targets unrealistic, and at the same time reduced government revenues available for redistribution. The government refused the TUC's proposals for further intervention into the economy, which included calls for price controls, a 35 hour work week, a job-creation fund from company profits, and the imposition of select import controls (Fishbein, 1984: 217). Instead, the government opted to respond to a growing run on the Pound by cutting a deal with the IMF, rather than allowing Sterling to depreciate. The IMF prescribed budgetary austerity, and a scaling back of social commitments. Other commitments to

the unions were abandoned as well. For example, a special commission produced the Bullock report recommending an extension of industrial democracy, but the Government never produced any legislation to implement these proposals (Fishbein, 1984: 204).

In the meantime, inflation was eroding real incomes, increasing incentives for workers to jump past wage guidelines in order to regain lost purchasing power. Continued high inflation increased government incentives to adopt drastic measures to curb inflation in order to avoid mass electoral defections in the middle class. The increasingly draconian measures needed to restrain prices eventually brought forth a torrent of industrial action in the "Winter of Discontent" in 1979 (MacInnes, 1987: 32-33). These industrial actions were led by public sector unions whose wages had been held especially low by the incomes policies (Lash and Urry, 1987). The resulting social disorder created an anti-union mood in the electorate, contributing to the election of Margaret Thatcher.

Thus, the ambitious plan to advance collectivism through the development of increasingly corporatist management structures instead led to budget and sterling crises, the intervention of the IMF, cutbacks of social spending, and ubiquitous defections from wage bargains. Despite a more pro-union political balance, efforts to move toward corporatist economic management were undone by the weakness of preexisting societal and union institutions and practices. While the strength of left factions led to an ambitious program of reform, by the end of the decade Labour policy was moving in a market-oriented direction, as were the Democrats in the US. This did not sit well with either the unions or the New Left, which were gathering the power necessary to oppose it.

IV. The Eighties: Defeat, and the Struggle for a New Agenda

a. Introduction

At the beginning of the 1980s we see an even greater divergence between the two parties. The continuing weakness of US unions and the left meant there was little resistance as policy drifted farther to the right. A growing “neoliberal” movement made further inroads into the party faction, helping to spread pro-market ideas in the party. The exception to this was trade protection, where the residual strength of unions in alliance with industries in the “Rustbelt” led to protectionist measures that met the particularistic needs of union workers. Efforts to create a broader left economic agenda were put on the back burner, and alliance-building between unions and other left factions was primarily a defensive reaction to the onslaught of Reaganism.

At the same time in Britain, policy and institutional control was lurching strongly to the left. The New Left-affiliated Campaign for Labour Party Democracy was successful in pushing the party to enact changes which increased the control of constituency parties and the unions over leadership selection. An alliance between unions and the New Left led the party to adopt the Alternative Economic Strategy, which was an ambitious effort at socialist reconstruction. This would have entailed a program of Keynesian expansion, import controls, and withdrawal from the European Community. The ideological differences in the party reached such an extreme that it prompted a schism in the party, as pro-Europe social democrats bolted to form the Social Democratic party. This party, in alliance with the Liberal party, drained enough votes from Labour to move it to a recent historic low in vote-getting percentages.

Yet by mid-decade, the electoral drawbacks of both Democratic protectionism and Labour socialism left their proponents weakened. In Britain, the left alliance crumbled as unions realigned toward again supporting the Labour Parliamentary elite. And, in both countries, a market-oriented right began to gain ascendancy. This consolidation of a rising right-wing party faction in both parties will be analyzed in chapter five.

b. The Democrats and the Rise of Neoliberalism

Coming into the 1980 election, Democratic prospects did not look good. Domestic economic conditions were abysmal, weakening Carter's appeal to the public, and gutting the administration's ability to unify disparate factions within the party. There was a full-scale abandonment of President Carter as his reelection prospects dimmed. By the end of his presidency Carter was under attack from all the factions that had once rallied behind him. He alienated foreign policy liberals with his defense stances. Powerful unions such as the UAW withdrew their support and gave it instead to Ted Kennedy because they felt Carter had broken his promise on health care reform (Buffa, 1984).

He was also attacked from the right. His defeat by Ronald Reagan in 1980 strengthened the hand of conservatives who were making inroads in the party faction. Although Carter tried and failed to revive his fortunes by adopting many of the Democratic right's ideas, his defeat was taken by many in the party to be a further indictment of the legacy of Democratic liberalism. Carter's defeat crystallized the rise of the Neoliberal movement within the party. Unlike previous conservative movements which emphasized social and foreign policy conservatism, Neoliberals explicitly counseled the party to move away from its legacy of *economic* interventionism. Morton

Kondracke, a writer for *The New Republic* who was credited with coining the term *neoliberal*, stated that the party's 1980 defeat was "...a repudiation of Jimmy Carter as well as a repudiation of Great Society liberalism" (Rothenberg, 1984: 16).

Neoliberals included pundits, academics, and politicians who argued for a retention of many of the party's New Deal goals, but a reconstitution of means. They sought to recapture the party's position as the party of growth through a set of policies which supported emergent high-technology industries, while weakening the party's commitment to declining industrial sectors and their respective workforces. (In the early 1980s this high-tech commitment earned them the label "Atari Democrats" until that company began to founder.) These Democrats were in the main averse to protectionism, but not necessarily to industrial intervention, and often espoused versions of industrial policy oriented toward high technology industries.

While they did not eschew economic intervention entirely, they did argue that welfare and regulatory policies should become more market-based. Welfare reformers emphasized "workfare" and the introduction of additional means-testing. Regulation through economic incentives rather than through direct bureaucratic oversight and detailed specifications was advocated. Privatization was to be embraced where appropriate in an effort to save money or to increase efficiency of service delivery, but not to be adopted as an ideological imperative, as was advocated by Republicans. Neoliberals supported deregulation, which helped produce the bipartisan deregulation legislation which began in the late 1970s (Davis, 1986: 136). This led to some proconsumer policies such as airline deregulation, but also to such debacles as the Savings and Loan crisis, which helped gut the ability of the Democrats to finance a reform agenda (Greider, 1992).

These reconfigurations of policy corresponded to a political strategy designed to

wean the party from its various "special interests." According to Charles Peters, editor of the neoliberal magazine *The Washington Monthly*, this movement was

....a common-sense revolt against the automatic responses of conventional liberals: the tendency not to say anything bad against the good guys -- unions, teachers, civil servants, blacks and more recently those who are gay, pro-choice women, people of hispanic and Native American descent -- or to say anything good about their bad guys, who have included businessmen, the military and religious groups, except when they are antiwar or social activists. Neoliberals are willing to acknowledge when the good guys are wrong and when the bad guys are right" (Charles Peters, *New York Times Magazine*, Jan. 17, 1993).

But this was to be more than just a common-sense critique of specific positions advocated by various interests. Streamlining of the welfare state went hand in hand with efforts to break ties with the organized minority community. Similarly, Neoliberals counseled the party to distance itself from its stated commitments to women's and gay groups in order to reduce its reputation for "extremism." And, although union influence over the party had already declined significantly, neoliberals argued for a further rollback of union power.

This marked a radical departure for the party's conservatives, who had often been allied with powerful elements in the union movement. Randall Rothenberg, a sympathetic chronicler of neoliberalism, claimed that "The 'special-interest' problem involves Jews and America's Mideast policy, blacks and social spending, feminists and equal pay -- the list is long because the Democratic coalition is large" (Rothenberg, 1984: 246). He also argued that a clash with unions:

...seems inevitable, for virtually every single issue promoted by neoliberals seems to run counter to the interests of organized labor as they are presently constituted..... The structure of the union movement seems to be antithetical to the organization of postindustrial society. Labor's vitality has been dependent on large, national industries. An economy driven by entrepreneurialism may ruin this arrangement" (Rothenberg, 1984: 245).

How can we explain this explicit departure from Democratic party orthodoxy? Certainly, it did not arrive on the political scene on its own, but was instead the result

of a confluence of structural, social, and ideological causes. Globalization, declining US competitiveness, and the political utility of market-oriented ideas promulgated by the Republicans were important. As Keynesian structures eroded, and economic problems mounted, economic pressures translated into calls for the marketization of industrial and political life. Many Democrats in the party faction began to embrace market-oriented policies in response to corporate demands for “flexibility.” This required the party to turn away from those groups, especially unions and blacks, who would be most hurt by such changes. The weakening of these factions, already described, paved the way for such changes. Their faith in the market led these Democrats to believe that such changes could be accomplished without substantially worsening the condition of traditional party constituencies. Neoliberals also adopted a “Downsian” assumption that “core” voters would continue to vote for the Democrats because of the absence of any alternative (Rothenberg, 1984).

Ferguson and Rogers (1986) formalized a similar explanation with their “investment” theory of party policy change. They argued that the prime mover in changing policies of the Democrats was not voters, but instead “investment blocs” that sought to maximize their preferences in response to changes in the international economy. Economic elites, particularly those affiliated with large industrial firms, determined the content of specific policies.

Simply put, their argument is that party elites cannot adopt policies which diverge substantially from economic elites’ preferences if they expect to receive sufficient funds to compete in elections. Ferguson and Rogers argue that the prime cause of the breakup of the Democrat’s New Deal coalition in the early 1970s was multinational corporations’ abandonment of previous commitments to the welfare state, its associated

system of labor relations, and the existing regulatory regime. These authors argue that the Republican party under Nixon worked to shift that party's commitments from inward-looking domestic firms to the free trade-oriented multinationals that had previously supported the Democrats. Responding to the loss of financial support, the Democrats began to shift policy positions in order to woo internationalist money back to its coalition. This in turn required the development of new policies designed to benefit corporations rather than the party's electoral constituencies.

Ferguson and Rogers also argue that a growing conservatism, particularly in economic policy, cannot be explained by changes in public opinion. They claim that the public has not shifted to the right in many policy areas. This view has been corroborated by other authors (e.g., Shapiro and Young, 1989; Page and Shapiro, 1992). According to Ferguson and Rogers, repeated Republican presidential wins were due not to a more conservative populace, but to repeated Democratic failures to offer a convincing economic plan.¹³

This account downplays the real role that opinion changes have had on the playing field for competition for votes, however. Neoliberalism undoubtedly also represented a Downsian response to the growing conservatism of public opinion in some area, as the salience of anti-tax, anti-welfare, and antigovernment politics grew. These Democrats wished to avoid the voter backlash increasingly associated with traditional liberalism.

Geographical factors are part of this explanation. Both the south and the "sunbelt" were increasing their influence on national politics as economic growth and

¹³ This argument, shared by other authors (Edsall, 1984; Kuttner, 1987; Greider 1992), highlights the possibility that a reduction in power of traditional left factions may lead not to centrist outcomes, but instead to policies which are to the right of the majority of voters on some issues.

population shifted south and west. Anti-union politics were particularly strong in these areas, and they became the focal point for the growth of a New Right, hypercapitalist ideology (Phillips, 1983: 88-104). The weakening of unions emboldened those seeking a more flexible corporate environment. Democrats who represented "right to work" states in the South were more than willing to embrace this strategy.

Another cause was generational. Alongside the "New Politics" was a growing skepticism of state power in the generation which came of age during the Vietnam War or Watergate. Many viewed an activist government as ineffectual or even dangerous. Rising educational levels within the Democratic coalition also produced young cadres who preferred technocratic solutions to political problems. In this sense, one legacy of the New Left was the creation of enduring anti-government sentiment which was easily shifted in a conservative direction. While the New Left initially embraced some radical economic solutions, it also helped create an ideology for an upwardly-mobile educated elite who thought policy could be handled by mechanics operating largely outside of ideology.

These shifts in ideology and the evolution of the Democrats' organizational base had clear policy implications. For example, the Democrats' 1982 midterm convention:

....did not endorse a large-scale federal jobs program, in spite of more than 9 million unemployed. It did not re-propose national health insurance, even though medical costs were still soaring. It did not submit yet again a plan for a guaranteed annual income, although the American welfare system was still not operating efficiently" (Rothenberg, 1984: 244-245).¹⁴

These changes were also evident in Congressional politics. Most notably, the Democrats offered ineffectual opposition to Reaganism. House Democrats voted in the

¹⁴ Rothenberg considered these to be positive signs of the party' growing pragmatism, a sentiment unlikely to be shared by the party left.

regressive Reagan tax cuts and budgets after some critical defections of southern and other conservative Democrats ended chances for a more progressive budget (Richard E. Cohen, *National Journal*, July 4, 1981). This opened things up for a bidding war between the Democrats and Republicans over tax cuts, which set the stage for a further weakening of redistributive policies.

The development of this right-leaning ideology harmonized with efforts by some in the party to reinvigorate the Democrats' corporate funding base. Under the tutelage of Tony Coehlo, the Democratic Congressman who became the party's chief fundraiser, various moneyed interests were courted, including real estate developers, and, more notoriously, savings and loan executives. As head of the Democratic Congressional Campaign Committee (DCCC), Coehlo worked hard to create closer ties between the party and business PACs. DCCC money increased from \$1.8 million to \$15 million in the first half of the 1980s (Kuttner, 1987: 63). Coehlo's efforts helped shift the balance of PAC giving so that by the end of 1984 they were giving about half of their money to Democrats. Kuttner (1987: 63) notes that fund raising directly influenced legislative activity:

According to Williams [Democratic Representative from Montana], House roll-call votes [had] occasionally been delayed at Coehlo's request because they coincided with DCCC fund raising events, lest members be put in the awkward position of voting on the interests of businesses that Coehlo was shaking down for campaign money.

At the same time, Democratic members of Congress were able to use the power of their offices in order to generate sufficient funds and support to remain entrenched in office (Fiorina, 1989). Some authors have argued that this was particularly damaging to the Democrats since it portrayed the party as a center for legislative clientelism and pork-barrel liberalism at the same time it was reducing its commitment to reform. Democrats therefore contributed to the anti-government climate which is now

undercutting the party's ability to govern (Grieder, 1992).

These shifts also affected the activities of the party bureaucracy, which tried to synthesize the strategies of the left and increasingly strong right-leaning factions. Robert Strauss' successor, Charles Manatt, moved the party toward grass-roots direct mail fundraising, but also courted business groups heavily. He formed a 350-member Democratic Business Council, through which a contributor could gain access to the party after making a contribution of \$10,000. According to party critic Robert Kuttner, "Direct mail uses frankly ideological appeals to the party's most militant core....Fat-cat financing tends to emphasize mushy ambiguity and rapprochement with business. Doing both simultaneously reinforces the party's schizophrenia...." (Kuttner, 1987: 61). The impasse between traditional party interests and a growing conservative faction helped stymie the development of a coherent program.

the union response

While a market-oriented conservatism was gaining strength, splits within both the industrial and political arms of the union movement continued to weaken the union political response. The slackening demand for workers in unionized industries produced a chastened, more compliant leadership. Union leaders endorsed the concept of "givebacks" in response to their companies' competitiveness problems in the early 1980s. However, pressure for such givebacks did not abate in subsequent recoveries, since global competition sustained employer desire to shrink wage costs (Moody, 1988).

This new accommodationism spawned a counterreaction of union militance, which fed various dissident movements. Left-leaning unionists argued both for increased

action on the shop floor and a more radical political stance. Within major unions, reform factions emerged. Teamsters for a Democratic Union started the process of weaning the union from its Mafia connections and opened up the decision-making process within the union. Reformers challenged the leadership of the UAW on the growing practice of givebacks to management, which the leadership argued were necessary to maintain company solvency and retain jobs (Davis, 1986; Moody, 1988).

Some groups pushed for a more radical union political stance within the Democratic party. But as before, such efforts did not budge the AFL-CIO bureaucracy. Instead of tapping into this more militant and mobilized union constituency, the AFL-CIO executive instead threw its support behind efforts to further roll back access to Democratic party decision-making. The Winograd, and then the Hunt commissions rescinded more of the McGovern reforms. The latter created the category of "Superdelegates" from the party's elected officials, with this category making up 14 percent of the delegates (Kirkland had wanted this to be 33 percent) (Davis, 1986: 265). The primary schedule was compressed, making it less likely that an underfunded insurgent challenger could make it over the organizational and funding threshold of early primaries.

1984: The Candidacy of Walter Mondale

While the neoliberal movement was gaining ground in Congress and the statehouses, the party's presidential nominating process remained a forum for activist constituencies. Unions and activist groups coalesced early to help procure the nomination of Walter Mondale, a candidate with a strong pro-labor and pro-civil rights record. Mondale actively courted the unions and other organized constituencies, especially the minority community. He also advocated trade protectionism, a policy

with growing support in many quarters of the Democratic party (Ann Cooper and Bruce Stokes, *National Journal*, Nov. 9, 1985).

Mondale candidacy has been proclaimed the apotheosis of Democratic left-liberalism (Jim Naureckas, *Extra*, Sept. 11-12, 1992). But while the union-left coalition in Britain which temporarily gained ascendancy in the early 1980s was undeniably a left-wing policy faction, the Mondale candidacy was less clearly so. According to one author, the 1984 platform written by the Mondale forces ".... does not call for major new social spending, making it economically more conservative than Democratic documents of the past 50 years" (Diane Granat, *Congressional Quarterly*, July 21, 1984). Mondale operatives pointed with pride to this rightward shift. After the 1984 party convention, Mondale advisor Stuart Eisenstat exhorted observers to "...look at the platform Mondale insisted upon: There are no specific spending commitments for the first time; its central focus is on deficit reduction rather than stimulus of the economy" (Quoted in Davis, 1986: 281). At the same time, this platform was one of the most socially liberal in the party's history (Diane Granat, *Congressional Quarterly*, July 21, 1984). Thus, while Mondale gained the support of unions, his own platform did not match union calls for a return to the New Deal formula of neutrality (or conservatism) on social issues, and macroeconomic and industrial activism.

Second, Mondale dodged the issue of progressive tax reform, at least in part because of his need to court wealthy funders to keep the party's "soft money" on par with the Republicans (Kuttner, 1987: 55-56). Mondale also ran away from the Democrats' image as tax-and-spendthrifts by advocating a tax increase, minus any formula for progressive tax reform. According to Robert Kuttner (1987: 26),

Just as Ronald Reagan was at last liberating the Republican party from its austerity complex and spending like a sailor, Walter Mondale was discovering the masochistic pleasures of the tight fisc. He ended up with all the political

liabilities of interest group liberalism and none of its ample assets. Since the logic of budget balancing means that you must raise taxes but not increase spending, Mondale managed to get the least marketable rump of the New Deal formula - the taxing without the spending.

Mondale also quickly shied away from one of the more innovative aspects of his campaign: support for an activist industrial policy. This issue was dropped from the campaign even before the New Hampshire primary (interview with Jeff Faux, March 19, 1993).

Mondale's vice-presidential choice reflected the traditional technique of "ticket-balancing," and was not evidence of ideological "capture" by either right or left. Just as Mondale was a northern liberal chosen to balance Carter's southern moderation, his choice of Ferraro, while representative of categorical liberalism, did not unproblematically represent a leftward shift. According to Davis (1986: 280) Geraldine Ferraro was:

....a white backlash candidate from the most segregated area of New York (an area of Queens with barely 3 per cent black population), she had extolled the death penalty and built her reputation as a strict law-and-order district attorney. One of the most implacable foes of busing for school integration, she had crusaded in 1979 for a constitutional amendment outlawing it, and in 1982, defected from the New York Democratic delegation to support a New Right resolution barring the Justice Department from funding busing.

Mondale also selected Paul Kirk as party chair. Kirk promptly moved to further reduce the influence of the party's liberal activists despite (or perhaps because of?) his origins in the labor movement. He eliminated mid-term party conventions that highlighted party divisiveness, thereby eliminating a forum for legitimate debate over party policy priorities (Kuttner, 1987: 99). Kirk later noted that he worked to eliminate special interest caucuses to ensure that "We did not go through a laundry list of litmus tests" in the 1988 platform (Quoted in Curtis Wilkie, *Seattle Times*, Dec. 13, 1992). Electoralism continued to trump policy development. Kirk also worked to isolate Jesse

Jackson from the inner workings of the party (Kuttner, 1987: 100).

Thus, rather than a candidacy of the left, Mondale demonstrated the difficulties inherent in trying to tie together a coalition consisting of old and New Left, restive business interests, and volatile middle and working classes. Mondale's loss prompted the formation of the Democratic Leadership Council, a faction dedicated to the proposition that the party coalition would be a lot easier to handle if both the old and New Left were removed entirely from access to decision-making. This is taken up in chapter four.

c. Labour

While politics in the US saw the steady marginalization of the New Left, a serious weakening of the old left, and the rise of a market-oriented right, the British Labour party was moving rapidly leftward. An examination of this period demonstrates the importance of studying internal party balances if we are to understand important deviations from what structuralist and Downsian models would predict.

Disillusionment set in with the Labour right and center's efforts to extend social democratic corporatism, leading to a temporary but very powerful alliance between the old and New Left. This alliance completely upended existing party policy and made Labour one of the few parties in Europe to advocate a comprehensive agenda for socialist transformation. This alliance was galvanized by a growing feeling in the unions and the party that the unwillingness (or inability) of the Labour party to implement policies decided at Conference was the root cause of the failure of the Social Contract. The alliance between old and New Left resulted in development of a very distinct left alternative to Thatcherism.

The New Left had been slowly growing in strength throughout the 1970s. In distinction to the US, where a fragmented and open policy-making process encouraged these groups to put much of their energy into creating enduring extra-party organizations (McCann, 1986), the power of party government in Britain continued to channel much of this new activity toward the Labour party (Seyd, 1992).

As policy and institutional failures mounted, this activist strata worked to create a broad coalition to oppose existing practices of decision making in the Labour party. At the same time, the growing strength of the left within the unions led to a leftward movement of the leaderships of some major unions (Seyd, 1992: 67-69; Shaw, 1988: 182). This began to weaken the center and right's hold over the party's annual Conference. Various prominent leftists made it onto the party Executive Committee, reducing its ability to act as a buffer against dissidents. Many activists also began to gain power at the local level, which helped to transform many of the local branches of the Labour party.

As in the US, this insurgency translated into a struggle to open up the party rules to increase the power of both constituencies and the increasingly dissident Conference. Widespread evidence of government failure during the Social Contract not only inflamed the ire of activists, but also caused many of Labor's traditional supporters in the unions to question the existing system of parliamentary autonomy. The Parliamentary Labour Party (PLP) had increasingly deviated from Conference, making a mockery of constituency power over governmental policy.

A left-leaning leadership had gathered strength in the party executive council and Parliament, centered in a New Left faction associated with the charismatic figure of Tony Benn. A campaign to devolve party decisionmaking to the membership was initiated by the Campaign for Labour Party Democracy (CLPD) and allied groups. This

effort resulted in the creation in 1979 of a mandatory reselection system for Parliamentary candidates, which increased the power of local constituencies over party leadership selection (Seyd, 1987: 110-116).

This left-led reform process culminated in 1981 with a new formula for electing the party leadership, formerly the prerogative of the PLP. A new electoral college system was adopted which put the leadership selection into the hands of the unions, the constituencies, as well as the PLP, with preponderant power (40 percent of the vote) given to the unions (Seyd, 1987: 116). This new formula was highly controversial, but was approved after some leftward shifts in position by some unions, as well as strategic voting mistakes by other unions which actually opposed the changes (Taylor, 1987: 138-139).

Successful alliance-building among factions on the left meant that the rise of Thatcherism was met by a leftward rather than a rightward tilt of policy. Party Conference votes and election manifestoes became more left wing. An Alternative Economic Strategy (AES), drawing on party documents which had their origin in the early 1970s, was drafted and adopted. The AES was also influenced by an important work by Stuart Holland, *The Socialist Challenge*. Holland attacked Anthony Croslands's analysis of some two decades earlier, which was an influential rationale for Keynesian collectivism. Holland argued that increasing control of the economy by multinationals necessitated a new round of state ownership and national planning (Seyd, 1987: 26-27).

The AES was a plan to build socialism in one country. While it was not explicitly an autarchic movement to extract Britain from the world market, it did advocate a withdrawal from institutions which constrained national political choice. Consequently, it called for a timely withdrawal from the EEC while somewhat anomalously calling for

a continuation of British-European trade. The strategy also called for a sustained program of macroeconomic reflation and large increases in social spending.

Such policies were not well received by some in Labour. Rancor grew between social democratic, pro-Europe members of Parliament, and the activists in the unions and the New Left. The vote in conference that moved leadership selection toward the unions was the "straw that broke the camel's back" for many Labour centrists, who in turn defected to form the Social Democratic Party (Silkin, 1987). This split highlighted the charges that Labour was out of the mainstream, and for awhile it looked as if Labour might become the third party, after the Alliance and the Tories. Only the narrow win of 1983 protected Labour from perhaps much greater defections. With that close call, the pressure of the two party system again came into play, slowly solidifying Labour's hold as one of the two major parties (Levy, 1988).

The Defeat of 1983, and the Breakup of the Left Alliance

Party leader Michael Foot ran on a manifesto derived from the AES and lost unceremoniously. For the right, this demonstrated the political inviability of a radical program; for those on the left, the leadership had proved itself uncommitted to its party's vision, and engaged in explicit sabotage of the electoral campaign (Marquess and Heffernan, 1992).

This electoral loss provoked a backlash against the power of the left, both nationally and locally. The far left, often allied with Trotskyist groups dedicated to taking over portions of the Labour party, were the first targets. The prominence of the far left in some constituencies, and in municipal government, led to well-publicized actions of direct resistance against Thatcher's policies, often against the will of the local

party bureaucracy. At the same time, the increasing prominence of women, and racial and sexual-practice minorities in local Labour politics, coupled with a reputation for cultural radicalism, created a lightning rod for media pronouncements about the "loony left." Adherents of traditional authority relations and culture in the party leadership as well as the electorate became increasingly dismayed. The leftward tilt of the party was increasingly seen as a clear electoral liability, not only because of the continuing popularity of Thatcherism, but also because of the Alliance's ability to strip away former Labour voters.

Growing splits within the union movement over industrial strategy also created internal as well as electoral problems for Labour. Some skilled-labor unions were able to take advantage of the new decentralized collective bargaining climate under Thatcher to gain rapid pay increases. While much of the union leadership remained to the left, some "affluent workers" increasingly voted Tory since they benefited from Thatcher's laissez faire wage policies and her anti-tax and anti-welfare stance (MacInnes, 1987). Rancor in the union movement increased as the renegade electrician's union, EETPU, poached other unions' workers by offering employers no-strike and single-union contracts.

The movement to push the party back toward the center gained ground after each electoral loss in the 1980s. But the roots of this process actually began before the 1983 loss, while the party was still led by Michael Foot. Those in Parliament who adhered to a "soft left" philosophy¹⁵ had moved toward a rapprochement with the center after the removal of the (to them) intolerable Callaghan. As time went on, this group

¹⁵ — An emphasis on social reform and community rather than state ownership of industry. See Shaw, 1993.

increasingly aligned itself with the leadership. This eventually led to a split between the New Left-leaning followers of Benn, and the "soft left" followers of Foot (Shaw, 1988: 224). Thus while policy was still significantly left-leaning, the roots of a realignment to the center was being set in terms of internal alignments.

The high tide of left-leaning reforms in 1981 also saw the defeat of Tony Benn in an attempt to oust right-winger Denis Healey from the Deputy leadership of the party. The left vote was divided as a member of the old union left, John Silkin, siphoned votes away from Benn. As a portent of things to come, Healey's survival by less than one percent of the vote was made possible by the abstentions of Neil Kinnock and other members of the "soft left" Tribune group of MPs (Smith, 1992: 5).

Growing antagonism between a new center left alliance and the "hard left" led Foot to begin a crackdown on the most extreme far left elements. Foot, who originally resisted disciplinary tactics, decided to publicly oppose the Parliamentary selection of Peter Tatchell, a Bennite who was accused of acquiescing in the tactics of the banned Trotskyist group, Militant (Shaw, 1988: 226). But Foot was forced to backtrack due to a torrent of public protest, and the Labour National Executive Committee voted to allow the nomination (Shaw, 1988: 228).

The failure of the Foot-led party to make any headway in the 1983 election increased calls for a more electorally-oriented strategy. The party voted in the "dream team" of Neil Kinnock and Roy Hattersley. Kinnock had strong ties to the soft left, although his reputation for opportunism triggered some skepticism in the more ideologically-inclined. Hattersley had ties to the party's right, and was seen as balancing Kinnock.

Both Kinnock and Hattersley proved to be equally "pragmatic" and electorally-

oriented in practice. They set out to reduce the party's extremist reputation by accelerating crackdowns against the far left. One notorious struggle occurred between Militant, which had achieved control in Liverpool and influence elsewhere. This control was expressed through legitimately popular resistance against Thatcherism, coupled with shadier practices of patronage, financial manipulation, and widespread intimidation of other party and union activists (Shaw, 1988: 263-266). Militant members were expelled from the party and the local Liverpool party branch was substantially reorganized (Shaw, 1988: 227).

The party also moved further toward centrism and professionalism. The party's archaic campaign practices and public relations machinery were overhauled; as a result, the 1987 campaign was one of the most effective in Labor's history (Hughes and Wintour, 1990: 22-35). The party's severe loss despite such an effective campaign convinced Kinnock and others that the party needed more than an image makeover. This was the genesis of the Policy Review, which synthesized some elements from the right and the left, but tended in the main to reflect the gains of the right. This will be taken up in Chapter five.

V. Conclusion

This brief history encompasses a wide range of changes affecting Labour and the Democrats, including the breakup of old coalitions, the challenge of new movements with new policy agendas, the adjustments to a rapidly changing global economy, and internal defections and even schisms. Certainly we see the resilience of these two parties as they weather extreme political conditions. Both were at times given up for

dead, but both proved to be a venue for a politics involving a wide variety of attempts at renewal.

The Democrats had to weather an ongoing racial schism that cut right through their coalition. Portions of the party's southern leadership slipped away as civil rights measures were accepted by the northern wing. The strife created by the Vietnam War distanced the party from the youth movements, and created a faction determined to upend existing policies and rules. Soon afterward, an ideological split further weakened the northern party as Neoconservatives gathered to push for social and foreign policy conservatism.

In Labour, left factions slowly consolidated their power, leading to a series of policies successively more interventionist than the previous. Battles for institutional control marked points when newly powerful New Left factions demanded that their social power be translated into more influence in the party machinery. At the extreme of factional strife, parties split. The consequences of New Left control of Labour, including new leadership selection methods, and economic policies emphasizing protectionism and withdrawal from Europe, pushed out influential centrist politicians. The formation of the Social Democrats helped to put Labour in the political wilderness over the next few election cycles.

New Left wins in the Democrats in the early 1970s, and in Labour in the early 1980s had a marked impact on driving policy to the left, at least temporarily. Such constituency factions were concerned with finding ways to enforce the implementation of policies decided upon in the wider party. Since these factions are always more peripheral than politicians and party bureaucrats, they frequently advocate mechanisms for holding leaders accountable to mass constituencies. Constituency factions consistently push for a more "responsible," programmatic party concerned with

formulation and implementation of policy.

Different factions place different emphases on policy and electoralism. We see party factions attempting to lead the way in positioning the parties “where the votes are.” Globalization and the success of the New Right privileged market forms of adjustment, but Neoliberal politicians proved to be the vehicle for advancing such ideas in the Democrats. The “old left” still retained some influence, however, which led to a rise in protectionism in the early and mid-1980s. But this assertion of group interests made only small inroads in policy, given the growing strength of the party right.

Conversely, such ideas were much later in coming in Labour given the much stronger union-left alliance. While neoliberalism was gaining in the US, Labour was attempting a broad corporatist policy reconstruction greatly extending political control over the market. With the Thatcher win in 1979, the still-strong left pushed for an even more radical response.

Constituency factions are not unconcerned with electoral prospects. New Left movements, for example, argued that attending to new issues could gain votes in the long run. They consistently argued that proper policy development to meet the needs of constituents will mobilize and help cement the loyalties of voters. But this also at times led parties down blind alleys, as in the case of Labour and the AES. At the same time, party factions’ concern for short-term electoral gains, and much greater concern for maintaining the “business climate,” may also lead them to ignore fundamental policy problems which have long-term negative consequences on party constituencies.

Splits between constituency factions were also shown to be of prime importance in party adjustment outcomes. In the case of the US, the power of the New Left was greatly weakened because the old left in the unions was split. Conservatives in the AFL-CIO and the building trades, and sometimes in other unions as well, acted to put

strict limits on the power of insurgent groups. However, one major reform -- a shift to the primary system -- was a cat that was already out of the bag. In Britain, successful alliance-building between the new and the old left led to a leftward shift not predicted by either structural or electoral factors. Much later, as unions realigned rightward, such institutional innovations were also rolled back. As the right gained power in the party, it eliminated practices benefiting the unions. This will be discussed in the following chapter.

By the mid-1980s, conservative party factions were gaining power in both parties. This which would lead to striking convergence between Labor and the Democrats by the end of the decade of the 1980s. This most recent era of factional conflict is examined in chapter five.

Chapter 5. The Right Ascendant: The Rise of the Democratic Leadership Council, and the Labour Modernizers

I. Introduction to Chapter Five.

The previous chapter examined factional politics in the post-consensus era through the mid-1980s. It demonstrated the utility of the framework presented in chapter three in illuminating factional visions and tactics. It also showed how the rise of new issues and new factions helped to dissolve the cohesion of the postwar coalitions. These splits occasioned a long process of struggle, wherein various factions jockeyed for political power and influence. The previous chapters demonstrated the importance of alliances between various constituency factions in getting broader reform efforts on to the agenda.

Chapter four also showed the ebb and flow in the power of various factions. But all the while we can observe steady inroads being made by party conservatives. As time wore on conservatives in the party faction became more organized, and increasingly pushed Labour and the Democrats to embrace market-oriented solutions to public policy problems. As these factions in both parties slowly consolidated their power, they were increasingly successful in marginalizing opposition from constituency factions. In the case of Labour, this occurred through official changes in party rules that diminished the union role in leadership selection. These factions also gained power because traditional factions were unable to devise policy alternatives viable in both policy and electoral

terms. Instead, unions and other constituency factions were on the defensive, which led to mostly parochial responses.¹

I begin with an examination of the period beginning in the mid 1980s which marked the consolidation of these conservative party factions as the dominant faction in both parties. As argued previously in this work, such factions are likely to push the parties toward a spatial strategy. As we see below, these right-wing factions focus on positioning the parties in the center of a perceived opinion structure. But while these factions are the vehicle for advancing Downsian strategies in the parties, they have been increasingly pushed to articulate a more comprehensive vision emphasizing the needs and aspirations of the middle class. This may in turn marks the abandonment of cross-class strategies designed to construct coalitions across both middle and working classes. While this may increase votes in the short term, such strategies also risk demobilization of the left party base, and the abandonment of economic policies that attempt to cushion the effects of economic change.

Unions and other constituency factions have both cooperated with and opposed these “modernization” strategies. In Britain, while unions and the Trades Union Congress (TUC) remain skeptical of the process, they have generally acquiesced in the name of allowing Labour to regain power. But this relative harmony has at times been broken over contentious institutional struggles over formal union decision-making power. Unions have differed with the party modernizers on some specific economic policies, but in the main have not presented a unified opposition to the party right. This may be changing as official Labour policy continues to drift rightward.

¹ The partial exception to this was the temporary movement created around Jesse Jackson in the Democrats. See below.

In the US, the struggle between the union faction and conservative factions such as the DLC have been more bitter, in part due to differences in the goals of the right-wing party factions in these two parties. In Labour, right-wingers want to weaken union power within the Labour party. In the Democratic party, right-wingers appear to want to eliminate union power from both the party and the economy. These differences stem the roots of the DLC in anti-union southern and border states. The increasing anti-unionism of the Democratic party conservatives, and a drift leftward in the AFL-CIO, has eliminated the tacit alliance between union and party conservatives. The dominant party faction and the union faction are now sworn enemies. The DLC and other party conservatives are also staunchly opposed by factions grounded in the minority community, and particularly by Jesse Jackson's Rainbow Coalition.

We can also observe changes in the policy stances of constituency factions. While union factions are moderating their policies to some degree in response to their declining power vis-à-vis the right, they are also slowly groping toward a response to new political balances and the policy demands of globalization. Unions in both the US and the UK are generally resigned to the realities of a new globalized economy, and are developing ideas to manage it in the interest of workers. This may mark the beginnings of a new reconstruction strategy for "what is left of the left." Whether this strategy goes anywhere depends on the ability of unions to strike alliances with other constituency factions. It also requires a new vision which also appeals to the middle class. The content of and prospects for this developing strategy will be discussed in subsequent policy case study chapters.

II. The Ascendancy of Conservative Factions in Labour and the Democrats

a. Introduction

Similar factors promoted the consolidation of power of conservatives in Labour and Democratic party factions. In the US, an especially fragmented left, and the philosophical strength of classical liberalism made the Democrats particularly open to such market-oriented strategies. At the same time, corporations were increasing demands for flexibility in response to globalization. The US campaign finance system increased the likelihood that many Democrats would embrace business-friendly tactics and policies (Ferguson and Rogers, 1986). But these structural conditions were not automatically translated into party policy; instead, a new group, the Democratic Leadership Council, was formed to lead the charge to the right. In order to do this the DLC had to push explicitly to break the hold of union, minority, and activist constituencies in the party.

But these special conditions were not a necessary condition for rightward shifts, as the recent history of Labour shows. First, the poor electoral performance of left strategies paved the way for the ascendance of market-oriented visions. The Alternative Economic Strategy (AES) did not have the promised electoral mobilizational effects, which increased the willingness of elites from all sectors of the party to move toward the market. The New Left became moribund as many of their leaders were expunged from positions of power in Labour. The pursuit of new electoral strategies was

especially assisted by the pragmatic mood of a chastened union movement, which showed a willingness to acquiesce in the policy choices of the party leadership.

Similarly, the protectionism pushed by the union faction within the Democrats did not serve to inspire broad sections of the electorate. The Democrats were being asked to adopt policies with potentially high costs to significant portions of the electorate by a faction whose political power was steadily slipping. It is not surprising that these proposals were substantially rebuffed.

Therefore, while campaign finance and weaker union and left power in the US meant that market-oriented changes in Democratic policy occurred earlier than similar changes in Britain, structural and political factors were pushing both parties in the same direction. But as chapters six and seven show, the unions and the left in both Labour and the Democrats now show some signs of embracing broader visions which have some potential to reinvigorate the left agenda.

b. The Democrats and the Rise of the DLC

The most important event in crystallizing the rise of the new Democratic conservatives was the failed candidacy of Walter Mondale. While Mondale's candidacy in many respects represented a significant retreat from traditional liberal policy commitments, the imagery -- and reality -- of negotiating for support with "special interests," and the AFL-CIO's early public endorsement, led the party right to see the loss as another indictment of excessive liberalism. Certainly, Mondale's separate appeals to specific interest groups in the absence of a unifying vision left his campaign open to charges of extreme parochialism.

Mondale's defeat led to the formation of the Democratic Leadership Council (DLC), which provided an organizational home for both neoliberals and neoconservatives within the party. The first meeting of what became the DLC occurred between Al From, who would become the DLC's director, and southern senators Charles Robb and Sam Nunn during the 1984 nominating convention. These men sought to organize opposition to Mondale's acceptance of a reduction in the number of "Superdelegates," or high party officials, in the presidential nominating process (Rae, 1994: 113). This reduction was one of the few concessions given to Jesse Jackson by the Mondale forces at the convention.

The soon-to-be founding members of the DLC also mobilized against the appointment of Paul Kirk, an aide to Senator Kennedy with close ties to the union movement, to the head of the Democratic National Committee (Rae, 1994: 113). After the formation of the DLC in 1985, Kirk did attempt to counter its influence over policy development by starting a "Democratic Policy Commission" to debate various policy issues (Rae, 1994: 115). But despite DLC fears that Kirk would lead the party to the left, he went on to squelch certain party practices supported by activist constituencies, including midterm conventions and the national committee's women's and minority caucuses (Rae, 1994: 115).

The DLC's initial membership came from swing districts most vulnerable to inroads from conservative Republicanism. Its founding members were predominantly from the sunbelt and southern and border states, all of which had seen realignment toward the Republicans. Prominent founding members included Bruce Babbitt of Arizona, Richard Gephardt of Missouri, Charles Robb of Virginia, and Sam Nunn of Georgia (Davis, 1986: 295).

By the 1990s the DLC had expanded to include an elite core of party regulars, office holders, and associated intellectuals. The DLC's most influential members consist of present and former elected officials. For example, at the beginning of the 1991 Congress, these included 13 former and 13 sitting Governors, 32 Senators, 126 sitting and 16 former US Representatives, and about 500 state and local politicians (calculated from Democratic Leadership Council membership list, 1991).

From its modest beginnings in 1985, the faction has grown to embrace a large percentage of Congressional office holders. By 1993 the DLC had grown to include 39 percent of all Democratic members of the House, and 54 percent of the Democratic members of the Senate (calculated from DLC membership list, 1993 and a list of members of Congress).

The DLC defines itself as an organization of "mainstream" Democrats who "...don't want to lead America right or left. They want to move the country forward" (Democratic Leadership Council, 1991). But there is little doubt that it has become the most conservative of the major factions in the party. Indeed, it started out as an effort to enhance the electoral prospects of Democrats in conservative regions, and to increase the Party's presidential vote there. According to party observer Ted Van Dyk, a veteran of numerous Democratic campaigns, the DLC was founded ".... not so much on any affirmative agenda, but rather on what they were not. They were not black, they were not northern, they were not liberal, they were not labor." And the DLC was first heavily composed of southern politicians who believed that "they would be impacted directly because as we kept losing elections nationally the only Democrats left in their districts to support them would be too few to win an election, i.e. that they would be destroyed in the South as a party" (interview with Ted Van Dyk, March 24, 1993).

The DLC's earliest efforts emphasized bringing conservative white elites and voters back into the party. These efforts entail shifting the party to the right on "backlash" issues: race, the death penalty, welfare, and taxes. For example, a *Los Angeles Times* article in 1992 quoted an unnamed official of the Council as saying "Imagine how different the images of the party would be today if Howard Jarvis [the Californian who spearheaded the Proposition 13 tax revolt in 1978] had been a Democrat" (*Los Angeles Times*, Aug. 12, 1991). After 1992, the Council continued to act as the most outspoken advocate for what it believes are the interests of suburban moderate voters and supporters of Ross Perot (Richard Berke, *New York Times*, Dec. 5, 1993). In addition, it disparages unions, which accords with elite sentiment in right-to-work states. It also counsels weakening redistributive policies. According to DLC director Al From, "We tried to focus the party more generally from a party that was interested in redistribution of wealth to one that was interested in growth" (interview with Al From, March 29, 1993).

Like the neoliberals, the DLC has explicitly called for loosening ties to groups formerly closely associated with the Democratic party, most explicitly labor unions, minority organizations, and women's groups. Its call for weakening minority influence in the party courts the "bubba vote" of southern and conservative working class and suburban voters who defected to the Republicans most strongly in 1980. This was a spatial agenda, with a particular focus on the electoral demands of the nations' most conservative regions.

But this purely sectional focus has given way to efforts to broaden its support and create comprehensive policy alternatives. The DLC has expanded its vision as well as the geographical scope of its membership. For example, out of the DLC's 101 members in the House of Representatives in early 1993, only 43 were from the deep

south (calculated from the 1993 DLC membership list). The DLC has also organized local chapters in most states (interview with Al From, March 29, 1993).

The seriousness with which it takes policy development increased with the formation of an in-house policy "think tank" in 1989 with the purpose of reorienting Democratic party policy. According to DLC Director Al From,

The purpose was to begin to turn the DLC from an organization of elected officials that did some policy into a real political movement capable of making big changes in the American body politic. We modeled it frankly on what the conservatives did to take over the Republican party and change American politics in the 1980s. We created the Progressive Policy Institute because we decided that if we were going to be a movement built around ideas as opposed to a candidate we needed a place to create those ideas (interview with Al From, March 29, 1992).

While targeting more affluent or socially conservative voters, this faction has gone past pure reliance on public opinion polls for its strategy. In recent years the Council has sought to develop a new governing philosophy to take the place of the New Deal and Great Society visions. Variouslly called communitarianism, a new social contract, or in short -lived parlance during the Clinton campaign, the "New Covenant," this philosophy calls for the creation of a new bond of mutual responsibility between government and governed. This is to replace what the DLC sees as an overemphasis on rights and entitlements generated by the social movements of the 1960s and 1970s. Will Marshall, president of the Progressive Policy Institute (PPI) in 1991, argued that "Americans are hungry for an alternative to the old politics - - to the 'every man for himself' ethos of the right as well as the 'something for nothing' view of the left." (Will Marshall, *New Democrat*, July 1992: 7).

While this philosophy of governance goes past a purely spatial strategy, there is little doubt that it is pitched primarily to the middle class. In this sense it represents not a reconstruction strategy, as I have termed it, but instead a particularistic strategy

focused on the middle class. Some DLC proposals fuse economic and structural arguments with ones emphasizing the primacy of middle class values and moral claims. For example, Will Marshall (*New Democrat*, July 1992) noted that the DLC's welfare reform proposals emphasize stripping away disincentives for work and marriage embodied in the present system, while embracing a new paternalism which seeks to mold the behavior of welfare recipients toward conformity with "middle class standards of behavior."

Decreasing the tax burden on the middle class is also a high priority. The DLC and PPI emphasizes government reform -- "reinventing government," in the words of David Osborne, a PPI fellow and co-author of a book by the same title. According to DLC director Al From, government programs need to be "...entrepreneurial, non-bureaucratic, cost-effective, and results-oriented" (Al From, *New Democrat*, July 1992). The DLC also embraces controversial measures such as privatization. According to From, "Approaches like charter schools, public school choice, and privatization of public services show suburbanites that we're serious about giving them a real return on their tax dollars" (Al From, *New Democrat*, July 1992).

The group is not consistently conservative on policy issues, however. Although the DLC has engaged in the Democrats' penchant for high-stakes corporate fundraising, it is reluctant to fully embrace an upper class or corporate agenda. For example Robert Shapiro (1989) of PPI wrote a report highly critical of Bush's effort to reduce capital gains taxes. Additionally, in a document entitled *The New American Choice*, a summary of resolutions at the DLC's 1991 national convention, members of the group called for broadening the unemployment insurance system's coverage; progressive changes in the nation's tax system; an expansion of health insurance coverage; and the

use of an earned income tax credit to provide greater income for the nations' poor families (Democratic Leadership Council, 1991).

Equally important to what the DLC's proposals call for, however, is what they omit. Most conspicuously, the *New American Choice* section on "restoring America's competitive edge" makes no mention of a role for unions in any aspect of industrial policy. This work also calls for the adoption of policies explicitly opposed by the unions and other constituency factions. Most notable was the DLC's strong support for the North American Free Trade Agreement in the form as negotiated by President Bush. In addition, the DLC has called for "pay for performance" provisions to be adopted in the workforce -- a practice which unions call piecework, which are seen as pitting one worker against another. Similarly, while the DLC voices some support for affirmative action, it opposes numerical targets, which puts it at odds with some established civil rights groups.

These and similar views are also evident in the Progressive Policy Institute's *Mandate for Change* (Marshall and Schram, 1993), which was published just prior to Bill Clinton's inauguration. This book provided a statement of the DLC's general philosophy as well as detailed policy prescriptions, in much the same way as the Heritage Foundation provided a blueprint for the Reagan years. This book is ideologically slippery, bringing together ideas from the left, right, and center. However, "traditional" Democratic interest groups are conspicuously absent. For example, none of the chapters concerned with central questions of economic policy -- three chapters on "enterprise economics" discussing rebuilding the economy, dealing with the budget, and empowering workers; and one chapter on "Strategic Success in the Global Economy" -- suggest any role for unions.

What places the DLC even more firmly on the party right is its political strategy. It has been a consistent proponent of the view that the party has lost its way because of overidentification with unpopular liberal ideas, and excessive efforts to placate liberal constituencies. In September 1989, the PPI published a political analysis which served as the basis for the DLC's political strategy and policy development. According to DLC director Al From,

....we called it reality therapy. We did our analysis of what went wrong with the Democratic party, and why we were losing presidential elections, and we decided that it wasn't because we weren't getting our base out or that our message wasn't being heard but rather that it was because we were losing the heart of the middle class which was understanding our message too well (interview with Al From, March 29, 1993).

The paper, entitled *The Politics of Evasion*, (Galston and Kamarck, 1989) was written by journalist/academic Elaine Kamarck and William Galston, a professor, party strategist, and (ironically) the former issue director for the 1984 Mondale campaign. Galston and Kamarck argued that the party was associated with a liberalism fundamentally at odds with that of the mainstream:

Since the late 1960s, the public has come to associate liberalism with tax and spending policies that contradict the interests of average families; with welfare policies that foster dependence rather than self-reliance; with softness toward the perpetrators of crime and indifference toward its victims; with ambivalence toward the assertion of American values and interests abroad; and with an adversarial stance toward mainstream moral and cultural values (Galston and Kamarck, 1989).

Soon afterward, the PPI published a paper by the political scientist and PPI fellow Seymour Martin Lipset, who argued that :

While the Democratic party obviously is not becoming socialist, the left forces within it remain strong, if not dominant, both in terms of voting behavior in Congress and in presidential nominations. In recent years, the national Democrats have been more disposed to adhere to a redistributionist, progressive

tax, anti-business orientation than many, if not most social democratic parties (Lipset, 1990).²

DLC members have also argued that the party has continued to lose Presidential elections because it is in the thrall of unrepresentative elites. According to Director Al From,

....the 1988 election was largely run on the same basis as all elections from '68 through '88 except for '76, which had extenuating circumstances..... If you were willing to trade Ramsey Clark for Willie Horton, the 1988 election was very much like the 1968 election" (interview with Al From, March 29, 1993).

The DLC has thus counseled the party not only to reform its policies but to explicitly weaken the connection between traditional groups and the party. For example, the 1991 DLC conference invited most potential 1992 presidential candidates, but conspicuously neglected to invite Jesse Jackson. According to From, "There was a big to-do because I told Jesse Jackson he couldn't speak or have a major speech although he could participate at that convention" (interview with Al From, March 29, 1993). Jackson in return referred to the DLC as the "southern white boys caucus," (Martin Walker, *Guardian*, May 13, 1991) and has at other times referred to the group as the "Democratic Leisure Class."

The DLC, while condemning other Democrats for being enthralled by special interests, is not bereft of special interests of its own. Support from very elite corporate and financial interests have helped both the DLC, and its think tank the PPI, at pivotal points in their rise to power. The DLC has close connections with Wall Street, particularly the firm of Goldman, Sachs. Sam Nunn, a founding DLC member, was approached by Barry Wigmore of Goldman, Sachs soon after the DLC's founding. Nunn encouraged Wigmore to get involved with the DLC, and in turn helped to create

² Lipset's claim is directly contradictory to that presented in this work. Instead, the pattern documented

myriad connections between the faction and other financial players. For example, according to Starobin (*National Journal*, January 16, 1993: 122),

A close ally and frequent host of the Nunn-DLC parties was Michael H. Steinhardt, one of Wall Street's most successful money managers. Steinhardt, who last year [1992] became the target of a government investigation into a bond-manipulation scandal, put up the seed money for the PPI, the think tank whose establishment Nunn had championed. Steinhardt and Wigmore joined the PPI board of trustees, and became immersed in the group's effort to forge a separate identity from the liberal Democratic mainstream.

Later, various corporate and Wall Street connections (particularly those with Goldman-Sachs), would provide funding at a critical point in former DLC leader Bill Clinton's quest for the presidency. In office, Clinton appointed Goldman-Sachs director Robert Rubin to head his new economic council. Rubin, who later became Treasury Secretary, proved to be a key figure in quashing the strain within the administration which was pushing for a modern version of economic populism more congenial to the party's left (Woodward, 1994).

Another early financial supporter of the DLC was lawyer Robert Strauss, chairman of the party National Committee from 1972 to 1976, a leader of the battle against the New Left, and a proponent of creating stronger ties between the party and business. Corporate interests have also funded many of the DLC's activities. For example, the 1991 meeting was funded in part by "ATT, RJR Nabisco, Philip Morris, and other corporate giants whose interests might not seem immediately compatible with the traditional Democratic constituency" (Martin Walker, *Guardian*, May 13, 1991). Such a panoply of interests would prompt journalist David Broder to remark,

The Cleveland convention [in 1991] did not look or feel like a Democratic gathering. You looked around the floor and saw few teachers or union members, few blacks and fewer hispanics. In their place you had dozens or corporate lobbyists who pay the DLC's bill in return for access to its influential

here is one of an unmistakable move to the right on economics by the Democrats since the mid-1970s.

congressional members and governors. Many of the lobbyist-delegates acknowledge being Republican; one was a top staffer for Spiro Agnew. But they were in there voting on resolutions, just as if they really cared about Democrats winning(quoted in Rae, 1994: 122).

The DLC has attempted to capitalize on its organizational clout to directly influence policy in the Congress. Some DLC members created a centrist caucus consisting in mid-1993 of 62 members of the House of Representatives called the Mainstream Forum (James Barnes, *National Journal*, June 12, 1993: 1408). DLC member's voting behavior in Congress also shows them to be a relatively conservative voting block. For example, an analysis of the AFL-CIO rating of DLC and non-DLC House Democrats provides one measure of adherence to a traditional left-labor agenda. By this measure, in 1993 DLC members were to the right of the average Democrat, but this divergence varied by region, as Table 5.1 shows. The southern members of the DLC had slightly lower 1992 and lifetime "right" AFL-CIO voting percentages than their non-DLC regional compatriots.³ But it is the DLC's northern members who exhibit substantial relative conservatism, with voting records about ten percent less liberal than other northern Democrats.

³ For 1992, the ratings were based on the following positions defined as "right" votes: *for* extending unemployment insurance benefits; *against* a congressional order ending a rail strike; *for* increasing domestic content of Japanese autos manufactured in the U.S.; *against* an amendment weakening Davis-Bacon protections for workers on government-funded jobs; *against* an amendment which would have prevented the restoration of state prevailing wages laws; *for* overriding a Bush veto that weakened worker rights standards for the granting of MFN to China; *for* a bill which increased funds for nuclear cleanup, and strengthened mineworkers health benefits; *against* a balanced-budget constitutional amendment; *for* language-assistance measures to make it easier for non-native English speakers to vote; *for* an override of Bush's veto of the Family and Medical Leave act; *for* an override of Bush's veto of cable TV regulations; *against* an urban aid package that contained numerous tax breaks for corporations.

Counterreaction on the left

The effectiveness of the DLC in pushing the party rightward, and its political vision which demonizes the left, has not surprisingly generated resentment from constituency factions, especially the union movement. Many are skeptical of its claims to be weaning the party of special interests, and instead see it as a forum for enhancing business influence in the party. According to Jo-Ann Mort, Communications Director for the Amalgamated Clothing and Textile Workers Union,⁴ the DLC has:

....been absolutely unproductive, in terms of its structure, and the way it raises money.... Their premise is to beat up on the quote, unquote 'special interests' which they define as organized labor primarily. Elaine Kamarck [former Senior Fellow at the DLC's PPI, and currently an aide to Vice President Gore's Reinventing Government Initiative] goes out of her way to write about the dinosaurs of the industrial labor movement, and I think its very destructive. It shows the hypocrisy of who they are -- we're special interests, but lobbyists who can pay \$15,000 dollars a table at a dinner are not special interests" (interview with Jo-Ann Mort, March 11, 1993).

TABLE 5.1 AFL-CIO Rating of DLC and NON-DLC Democrats

	<u>1992</u>	<u>Lifetime</u>
<u>Northern</u>		
<i>DLC Members</i>	78%	81%
<i>Non-DLC Members</i>	87%	90%
<u>Southern</u>		
<i>DLC Members</i>	65%	64%
<i>Non-DLC Members</i>	68%	65%

(source: calculated from figures presented in the *AFL-CIO News*, Jan. 18, 1993, and DLC membership list).

⁴ now merged with the International Ladies Garment Workers Union to form "UNITE."

Some observers who have been generally critical of the DLC accord it some measure of respect as a catalyst for debate. Jeff Faux, president of the union-backed think tank, the Economic Policy Institute, while calling the DLC "constantly divisive," allows that,

On the other hand, I think it has helped the party to rethink to some degree. I think their entry into the debate has forced people on the left to rethink some of the old assumptions. I think their [the DLC's] position on government bureaucracy is vastly overstated, but ideologically the country is antibureaucratic and probably in terms of electoral success it helps to have somebody thinking about reforming government" (interview with Jeff Faux, March 19, 1993).

One effort was made to re-create a broad liberal coalition to counter the growing influence of the DLC in the party. In 1991 various traditional liberals started the Coalition for Democratic Values (CDV), spearheaded by Senator Howard Metzenbaum and including Senators Tom Harkin and Paul Simon (Rae, 1994: 122). CDV Executive Director Heather Booth noted that it was "... an effort to shift the national debate in a more progressive direction.... that was set up in some ways to be a counter to the DLC (interview with Heather Booth, March 18, 1993). The CDV quickly folded. According to one board member,

The CDV was a false start, it had a lot of promise and we had conferences that were enormously well attended, and we sent questionnaires to candidates. Frankly, its problem was that Howard tried to use it too greatly as a personal vehicle, and we did not adequately pull in diverse people. There were a number of people on the board and things kind of would turn out to be done Howard's way and we'd find out about it later.... And because he was putting up so much of the money, I think he got tired of putting up the money" (interview with Ted Van Dyk, March 24, 1993).

Dukakis and 1988: The Inviability of New Left/Neoliberal Fusion

The growing organization of the DLC did not immediately translate into broader power within the party, however. Indeed, its influence was minimal until the 1990s, in

particular because its main standard-bearers were unable to get very far in the struggle over the 1988 nomination (Rae, 1994: 115). Instead, a whole array of factions contended for the nomination, with the eventual winner, Michael Dukakis, representing neither the unions nor the DLC.

By 1988 the AFL-CIO had shifted back toward the political sidelines. The Federation's early endorsement in 1984 led nominee Mondale to be seen as labor's candidate, and some blamed the unions for the subsequent loss. The AFL was unwilling to risk the same mistake again, and stood out the primaries. Potential candidates thus scrambled to adopt policies which would simultaneously appeal to the voters and attract sufficient campaign funds from "free lance" unions and business interests (Ferguson, 1989). The race saw the quick rise and fall of a series of candidates. Gary Hart attracted an active group of volunteers and funders with his neoliberal, high-tech policies, but went down with the ship aptly named the *Monkey Business*.⁵ Paul Simon's unreconstructed New Deal liberalism failed to attract much money and was ridiculed by the media, and he quickly faded (Ferguson, 1989).

Representative Richard Gephardt, a DLC founder who later became an advocate of a tough trade stance after his district was devastated by imports, gained some union support as an advocate of economic nationalism. Gephardt teamed up with then-Speaker of the House Jim Wright and other Congressmen from distressed districts to push a program to reflate industry and agriculture in those states bypassed by the prosperity of the "bicoastal economy." This plan attempted to shore up farm prices, in part to keep agriculture solvent, but also to halt a broad erosion of real estate prices in

⁵ Photographs of Hart on the ship with a bikini-clad blonde who was not his wife helped to sink his candidacy.

the farm belt. A tariff was proposed for imported oil to strengthen the economy of the oilpatch. But most controversial, Gephardt also pushed a program of tariff penalties for surplus nations, especially Japan and Korea, that failed to reduce their surpluses by ten percent a year (Ferguson, 1989).

While Gephardt's campaign generated some electoral support, his increasingly radical economic stances left him bereft of sufficient funds to compete in the outrageously expensive Super Tuesday exercise (Ferguson, 1989). Gephardt was also hurt in the south by DLC member Al Gore's late entrance into the campaign. Yet Gore ended up fusing traditional Southern pro-military posturing with an economic nationalism that to some degree stole Gephardt's thunder (Molyneux and Teixeira, 1993). Despite this, Gore was unable to sustain momentum outside his southern base.

The most prolonged battle raged between the DLC's nightmare twins, Michael Dukakis and Jesse Jackson.⁶ Jackson in particular represented a challenge from the disenfranchised in the party, as well as an attempt to reinvigorate the party left. In some sense Jackson represented a challenge from the African-American faction in the Democratic party, although this is not entirely accurate; many black political leaders distrusted Jackson or thought he stood no chance of winning, and ended up supporting mainstream Democratic candidates (Reed, 1986).

Jackson first ran for the presidency in 1984 in response to his sense that the Democrats had abandoned minorities. His 1984 run was partly symbolic, and partly designed both to mobilize and make the Democrats notice the party's minority constituency. However, it did have some influence on rules. One of the concessions to

⁶ The animosity between Jackson and the DLC stemmed in part from Jackson's role in organizing the most vociferous opposition to the DLC and other adherents of right wing policies.

Jackson at the 1984 convention was a promise to focus on the biases against non-establishment candidates in the nomination rules. But Jackson was unable to get any of his policy planks accepted by the Mondale forces (Jim Naureckas, *Extra!*, Sept. 1992).

Jackson's 1988 run was a much more serious affair and sought to mobilize both minorities and a broad spectrum of the disaffected white electorate. The resulting "Rainbow Coalition" was a loosely organized faction fused with a short-lived grassroots movement. Jackson's campaign was designed to appeal both to the black electorate and the broad working class.

Although Jackson's program is often portrayed as extreme, a closer examination shows it was a social democratic program which synthesized many of the policy positions commonly held by the party's liberal and left wings. For example, in a speech in Ohio laying out his economic program, Jackson began his appeal with a call to reduce the deficit, not by cutting defense spending but by freezing it, while also raising the top tax rate to 38.5 percent, and increasing the corporate rate. He called for a multinational program of debt relief for third world nations in order to rekindle global growth. His trade policy called not for standard protectionism, but for tariffs against goods coming from countries violating worker rights. He also endorsed a "Corporate Code of Conduct" which would discourage "merger mania, leveraged buyouts and CEO-subsidizing golden parachutes...." (in Clemente, ed., 1989: 58-59).

On social issues, Jackson focused on the problems of drugs, crime, and "babies making babies" much more than other candidates, including eventual nominee Dukakis. According to a forward to a 1989 collection of Jackson's speeches, "Like other successful populists, Jackson's message was a combination of economic radicalism with social conservatism" (Clemente, 1989). Indeed, Jackson was forthright about

tackling issues that the DLC had accused Democrats of constantly ignoring. But his solutions consistently called for more social investment and community-building, thus placing his social policy stance firmly on the left.

Jackson also confounded Democrats by capitalizing on a new primary structure created by conservative Democrats, many of whom were members of the DLC, called "Super Tuesday." This was a slate of mostly southern primaries held early in the nomination process which was designed to increase the role of predominantly conservative voters in the selection of the party's nominee. Overall, Jackson did much better than anticipated, demonstrating to some in the party that left-populist appeals still had electoral salience. But the quick fadeout of other candidates left Michael Dukakis the beneficiary of the anti-Jackson vote, which consolidated Jackson's opposition. Jackson continued to trail Dukakis with some subsequent strong performances, but he was unable to close the gap.

Overall, Jackson's electoral efforts do not appear to have permanently strengthened the cohesion of the Democrat's minority and left-leaning constituencies. First, Jackson generated some resentment from the veterans of the Civil Rights movement, many of whom felt upstaged (Reed, 1986). Second, many organized forces on the left continued to support more mainstream candidates (Davis, 1986: 256-261). Both of these factors seriously weakened his impact.

And, despite media pronouncements to the contrary, there is no evidence that Jackson seriously breached the power centers of the party's policy-making apparatus. In neither 1984 nor 1988 were any of the major Jackson planks adopted by the winning candidate (Jim Naureckas, *Extra!*, September 1992). The reason that Jackson's delegate totals did not translate into policy influence is simple: the winning candidate

usually has enough votes under party rules to defeat any inhospitable planks put forth by the minority. Instead, the party has tended to respond to temporary shifts of power to the left through procedural rather than policy concessions. For example, Jackson in 1988 was able to get yet another change in the rules, which moved delegate selection toward proportional representation.

There was, in hindsight, also a basic flaw in Jackson's political strategy. His Rainbow Coalition was ultimately too dependent upon his personality to make any permanent impact on the Democratic party. Unlike similar ideological insurgencies on the Republican right, Jackson's Rainbow Coalition did not try to make inroads into the party by capturing local party machinery, or by sponsoring candidates for local office. Therefore, the Coalition was not able to establish a foothold in the party's institutions. Instead, Jackson tried to gain power in the party through his ability to influence the voting patterns and turnout of the less well-off segments of the electorate. But this influence waned seriously when Jackson himself chose not to run in 1992. The Rainbow Coalition still puts out position papers and uses its endorsements to gain influence over local office holders. But in this function it is not much different from myriad other left-leaning interest groups, and wields not much more influence.

Eventual nominee Dukakis, in a way reminiscent of Jimmy Carter, was an ideologically ambiguous figure who at times appealed to and at other times repelled most of the active Democratic party factions. The waning of social movements that created the New Left, and the aging of the baby boom generation, left many of the Democrats' programs for reform dependent upon liberal middle class reformers. In many respects, Dukakis was grounded in this "....new, liberal, affluent stratum...." (Huntington, 1985). His appeal, both to voters and to business elites, was similar to

Gary Hart's. Dukakis drew support from the high-tech modernizers, and received substantial monies from this business sector, both in Massachusetts and nationally (Ferguson, 1989).

Downsian efforts to broaden Dukakis' electoral appeal backfired. The platform produced by the Dukakis delegates showed strong evidence of an effort to tone down the party's image, producing a document some criticized as "'lacking in commitment' and as being 'vague' and 'evasive...'" (Crotty, 1992). An examination of the eight-page document confirms this conclusion. It contains, for example, some programmatic goals such as "good jobs at good wages," calls for a "full employment economy," and endorses "rights to organize" (Democratic Party, 1988: 1). It also calls for an "indexed minimum wage," and advocates that "the wealthy and corporations pay their fair share and that we contain Pentagon spending." But these pronouncements are about as specific as the platform gets. It also contains distinctly centrist or conservative slogans, such as a call for the US to "wage total war on drugs," and for a "strong commitment to fiscal responsibility" and "an economy that must grow steadily without inflation" (Democratic Party, 1988: 1).

In the campaign, Dukakis portrayed himself as a reformer with ties to both the neoliberal and New Deal strata, but failed to find a formula that could rekindle the electoral appeal of New Deal populism. According to Dukakis speechwriter David Kusnet (1992), the candidate emphasized good government -- "competence" -- over ideology, and was very uncomfortable with left-sounding appeals on economic fundamentals. In the view of a consultant from the successful Clinton campaign of 1992, Dukakis "...never championed people's lives against the powerful forces that disrupted them. On Labor Day 1988, he strode off the stage and, before his chastened

campaign aides, ripped up his new populist campaign speech with the warning, 'I don't want to see this divisive shit anymore'" (Greenberg, 1995: 174).

Dukakis' early foreign policy posturings were heavily influenced by the party's anti-interventionist wing, which drew expected criticism from neo-conservatives and the defense industry. He later attempted to deflect criticism by adopting a new, high tech military strategy which pleased some of the industry, and by naming the hawkish Lloyd Bentsen as his running mate (Ferguson, 1989).

Ultimately, Dukakis failed to turn the "Massachusetts miracle" into a compelling economic message. Instead, the collapse of Democratic credibility on economic issues reached its apotheosis during the Dukakis campaign, when such issues were completely submerged, allowing the Republicans to cast Dukakis' supposedly avante garde cultural positions as the organizing theme for the campaign. The 1988 campaign offered Democrats the possibility of ending the Reagan revolution and reconstituting a new party vision. Instead, it began as an illustration of the Democrats' worst divisions, and ended with a loss of 40 states (Piven, 1991: 239). The Dukakis campaign, then, mirrors the efforts of Carter and Mondale to straddle the demands of the party's left and right -- and in the end, pleasing neither them nor the electorate.

c. Labour's Move Rightward

Labour's move to the right was steadier and in some respects less dramatic than in the Democrats. Rather than a direct challenge from a clear and self-identified faction such as the DLC, the rightward move of Labour has been marked by the slow but

steady strengthening of conservative forces. Only later would those who advocated such a move be universally labeled with a proper name (“Modernizers”).

The move rightward began to accelerate with the slow drift rightward under the leadership of the “soft left” but very pragmatic (some would say opportunistic) Neil Kinnock. Most important in this process was Kinnock’s initiation of an extremely important and wide-ranging revision of party policy, the Policy Review. The Review was a party-wide process of policy analysis and revision involving politicians, party activists, and unionists. The result was a series of documents which significantly revised many of Labour’s policy positions, particularly those with origins in the early 1980s.

Some struggles during the Policy Review pitted the “Modernizer” faction against the “soft left” alignment and the union faction. But in the main, unions were supportive of a wide review process, both because they were in a particularly pragmatic mood after three election defeats, and also because they were in agreement that Labour policy needed a thorough going-over. Indeed, a senior trade unionist, Tom Sawyer of the National Union of Public Employees (NUPE; now UNISON) came up with the idea and sold it to Kinnock.

The Policy Review ended up being a broad-based effort at policy revision which replaced many of the party’s existing policies, but which also retained some commitments to traditional interests. In this sense it represented a compromise between the growing Modernizer wing and the unions. But the Review also set the stage for a strengthening of the right. With each succeeding change of the party’s leadership, the movement to the right has continued apace. Both policy and organizational changes reflect the weakening role of the union movement and the left. These changes will be reviewed in subsequent sections.

The First Stage of Modernization: The Policy Review

The leadership faced a delicate problem in reforming Labour's policies. Policy in a number of areas, such as unilateral disarmament, opposition to EC membership, and support for nationalization acted as a lightning rod for opposition criticism, and were widely seen as losing the party votes among middle class swing voters. Yet these policies were often widely supported in the party, and many were a part of Labour party tradition, or even (in the case of industrial ownership) its constitution.

The way chosen to reform these policies was the creation of a large scale consultative and policy-making process which was designed to fulfill both an education and policy development function. Although the Review is now considered the beginning of a more full scale "Modernization" process which eventually greatly weakened the unions, the review itself did not bring forth broad union opposition. Indeed, Tom Sawyer of the National Union of Public Employees (NUPE), a member of the party's National Executive Committee (NEC), first came up with the idea (Hughes and Wintour, 1990: 3). Unions also generally supported the broad outlines of the Review, but strongly opposed certain policies directly affecting their members, or their role in industrial relations. But this opposition was based on a narrow conception of union interests rather than an alternative vision, and did not mark a fundamental challenge.

Neil Kinnock set up seven review groups: "Productive and Competitive Economy"; "People at Work"; "Economic Equality"; "Consumers and the Community"; "Democracy for the Individual and the Community"; "Physical and Social Environment"; and, "Britain in the World." Each was led by a Member of Parliament and a member of the party's National Executive Committee (NEC), which was meant to ensure the resulting product would be taken seriously, and to enhance the chance of

adoption by the NEC on the way to the party Conference. The Review process was supposed to be a wide deliberative process, and was to include input from the membership as well. Thus it was coupled with "Labour Listens," a party-wide consultative process designed to involve a wide spectrum of members.

Building on the party's new emphasis on communications and electoralism, the Review was closely linked to various polling and media professionals. Philip Gould, the party's pollster, and Peter Mandelson, the communications director (now a Modernizer MP) were closely involved in most aspects of the Review. The Review was also closely linked to the newly formed Institute for Public Policy Research (IPPR), and IPPR deputy director and former Kinnock aide Patricia Hewitt was particularly influential in the process (Shaw, 1993).

The Review was distilled in a series of publications which were adopted by successive party conferences. *Social Justice and Economic Efficiency*, adopted in 1988, was a statement of values and broad policy goals, but was "least influential and soon forgotten" (Shaw, 1993: 115). The most detailed and substantial report, *Meet the Challenge, Make the Change*, was adopted by the 1989 Conference. *Looking to the Future*, "...a further significant shift to the right," reflected a leadership emboldened by the ease with which previous reports had been accepted (Shaw, 1993).

The Review was controversial from the start. Many on the New Left and the more hard-line among the old left were skeptical, seeing it as part of a political strategy designed to toss aside socialist policies. Most of the ideological left refused to become involved with it, with some exceptions, such as former Greater London Council leader Ken Livingstone's participation in the "Productive and Competitive Economy" group.

Some who were intimately involved in the Review dispute the claim that the process was governed by a hidden agenda. According to former Kinnock advisor and

speech writer Patricia Hewitt, Kinnock "didn't start off thinking, 'right, what we have to do is ditch this and that policy'" (interview with Patricia Hewitt, June 3, 1993). But former MP Bryan Gould, who initially led the Productive and Competitive Economy group, argues that "Neil Kinnock in particular decided that what had cost us that [1987] election was an incubus of outmoded policies, and he was very keen that we should get rid of that" (interview with Bryan Gould, May 18, 1993).

Regardless of the original intentions behind the Review, which are a matter of dispute, ditching policies is precisely what happened during the Policy Review. Substantial portions of postwar Labour policy were thrown overboard. The party retreated almost completely from its previous stance in favor of nationalization. It replaced opposition or equivocation over Europe with a pro-EC stance. It abandoned commitments to unilateral disarmament. It also reduced its commitment to broad-scale redistribution.

The following section briefly analyzes a few of the main changes made in the Review. The effect of the Review on industrial relations and Europe will be taken up in subsequent chapters.

The Review and Industrial policy

While the review committees were often free to work under their own remit, the process was closely watched by the leadership. The "Productive and Competitive Economy" group led by Bryan Gould proved particularly vexing to the leadership since it produced a statement endorsing a new array of industrial interventions.

Gould had a long-standing interest in industrial policy, and consequently proposed some innovative tools for the management of the British economy. A new Department of Trade and Industry was to be created for "strategic interventions in key

sectors." This new form of interventionism was to be aided by an increased corporatization of the business sector. *Meet the Challenge* calls for "... industry to organize itself so that it becomes a more viable partner to government" (Labour Party, 1989: 11). These changes represent a "Japanization" of Labour's industrial policy, and signify a renewed concern for international competitiveness. The document also calls for the creation of two new institutions, British Technology Enterprise and a British Investment Bank, which were designed to encourage investment in new technologies and in distressed regions, respectively.

These new institutions were meant to help overcome the "short-termism" damaging Britain's industrial base. However, the party leadership was increasingly dismayed at the interventionist tone of these proposals, and interceded to water them down (Shaw, 1993: 120). Gould ended up a strong critic of the finished product, arguing that:

....the initial Policy Review document was fairly radical. It wasn't just a document that got rid of things, it retained things or sharpened some things up, in particular in relation to economic and industrial policy..... What then happened to it was it became more and more simplified, boiled down to rather general sets of basic propositions, and a lot of the specific or spiky bits were quietly junked" (interview with Bryan Gould, May 18, 1993).

Gould was soon replaced as senior spokesman for industry by up-and-coming Modernizer Gordon Brown. By the time of the 1992 election these commitments to industrial intervention ended up being "assigned relatively modest function" (Shaw, 1993: 120).

industrial ownership

Another controversial section of the Review concerned industrial ownership. The party's position on industrial ownership was set in the 1918 party constitution, which

in Clause Number Four called for "common ownership of the means of production, distribution, and exchange." This promise was partially fulfilled by Labour when it formed its first majority government in 1945, which nationalized coal, the rails, gas, electricity, and formed the National Health Service (Morgan, 1987). In subsequent decades there were calls for the further nationalization of the "commanding heights" of the economy to enhance investment and to facilitate planning. Portions of the automobile industry were later nationalized as well. Despite the poor performance and conservative practices of the nationalized companies, Labour's 1973 manifesto committed the party to nationalizing the top 25 companies (Smith, 1992: 4).

A document, *Social Ownership*, published by the party's Executive Committee in 1986, represented an effort to retool the party's program for public ownership. It attempted to develop a rationale for nationalization, while detailing with some specificity which industries would be brought into, or maintained in, public control. The strongest commitments related to public utilities. The by-then privatized British Telecom was to be brought back into full public ownership, as were other monopoly utilities. The major defense suppliers to the government were to be nationalized as well.

But these new positions were largely abandoned during the Policy Review. A strong commitment to renationalizing British Telecom was made in *Meet the Challenge*, *Make the Change*, but the only other commitment of this sort was a promise to bring the water industry back into "...some form of public ownership..." (Labour Party, 1989: 15).

But even this relatively modest agenda for state involvement was scaled back under the pressure of the next election campaign. During the prelude to the 1992 election, the party dropped plans for nationalization of British Telecom, and instead promised a program of regulation designed to keep costs down and expand access

(Deborah Wise, "Kinnock Would Not Buy Back BT," *Guardian*, Nov. 8, 1991). The only mention of renationalization in the Manifesto was a "single guarded reference to restoring public control to the national [power] grid" (Shaw, 1993: 119). As we will see later in this chapter, this scaling back of nationalization would culminate in a highly controversial campaign to strip calls for nationalization out of the party constitution.

Wages, Inflation, and Income Support

Unions had a strong interest in this policy area, and were able to wield some influence over the final product. With regard to inflation and wage policy, the document adopts the union position of rejecting pay norms set by the government (Labour Party, 1989: 14). But the section written by the review group on Economic Equality proposed a national minimum wage, which was to be set at 50 percent of median male earnings (Labour Party, 1989: 31). The government would therefore set wage floors, but not regulate overall pay structures.

The latter goal proved controversial, and was indicative of the endemic conflicts between the union movement and the party on wage issues. Many skilled workers, and some of their unions had been keen to retain intersectoral pay differentials, and showed only lukewarm support for this policy.⁷ Nevertheless, this change in the minimum wage stuck as party policy, and unions have increasingly grown to support and advocate the idea. This in some ways marks a leftward move for some unions, many of which had never supported solidaristic wage policies, or moves to bring the wages of

⁷ A call immediately after the Review for a further expansion of wages policies to include coordinated wage bargaining was criticized by Alan Jininson of public-sector NALGO as a return to "beer and sandwiches at No. 10," — a reference to earlier failed efforts at closer union-government cooperation (Celia Weston and Keith Harper, *Guardian*, June 12, 1991).

the less well off up. This policy thus signaled solidarity against a few renegade “right wing” unions, such as the engineering union EETPU, which had prospered under Thatcherism by offering single-union contracts and no-strike pledges (MacInnes, 1987). But this growing unity among unions on wages would soon come under fire from Modernizers not committed to adopting the minimum wage formula from the Policy Review (Philip Bassett, *London Times*, Oct. 3, 1995).

Some of the other commitments in the economic equality section of the Policy Review were rather far-reaching, and represented party efforts to extend commitments to meet the needs of a changing workforce. For example, the party promised to extend of maternity leave to all mothers in the workforce (Labour Party, 1989: 30). It also promised a statutory requirement for all local authorities to provide child care, with government grants to cover part of the cost (Labour Party, 1989: 62).

Defense Policy

In noneconomic policy areas the made by the Policy Review represent almost exclusively rightward turns. This is certainly true with regard to defense policy. This area was particularly sensitive since Kinnock had repeatedly and vigorously affirmed the party's stance on unilateral disarmament, and was himself a member of the Campaign for Nuclear Disarmament (CND). It was also made more difficult because, unlike in the US, most of the union leadership supported the left position. This included Ron Todd, at that time head of the largest union, the Transport and General Workers Union (TGWU) (Hughes and Wintour, 1990: 108).

The revisionist cause was helped by Gorbachev's strong support for multilateral negotiations. Also, the Reagan administration finally adopted a conciliatory stance after years of anti-Communist saber-rattling. So, with extensive signaling and maneuvering

which paved the way for the acceptance of multilateralism, this portion of the Review was passed through the National Executive Committee with a vote of 17 to 8. This was the most contested vote of the entire Policy Review process (Hughes and Wintour, 1990: 122).

Assessing the Policy Review

The overall picture that emerges from the Policy Review is that it was in equal measure about dumping policies seen as vote-losers, and putting forth new policies in response to changing social and economic conditions. The Policy Review's revisionism was not solely conservative. But the Review's documents tend to be boldest in those areas where the party's left and right agree. This is most notably found regarding "supply side" measures such as training and child care.⁸

But in areas where the left and right conflicted, the outcome usually represented a victory for the right. Most notably, these areas are defense, nuclear disarmament, and nationalization policy. Overall, the process seems to have expunged most of the policies put into place in the early 1980s by the alliance between the New Left and the unions. It is in this sense that it is clearly a conservative document.

An overall assessment of the specific policies of the Review depend upon one's ideological predilection. But in one respect the Review was a failure even by its own standards. "Labour Listens" was designed to be of equal weight to the substantive portion of the Review itself. Neil Kinnock called it "the biggest consultation exercise with the British public any political party has ever undertaken" (Shaw, 1993: 114). But

⁸ This fits with Garrett and Lange's (1991) argument that supply-side policies remain a suitable arena for left-oriented reform.

actual rank-and-file participation in the process was minimal. Organized public meetings were sparsely attended (Shaw, 1993: 114). No workable way was devised to bring what input there was back into the actual policy deliberations. The adoption process for the Review also drew criticism, and seemed to embody the fears of New Left proponents of party democracy. The documents were steamrolled through conference without any possibility of amendment (Shaw, 1993: 114).

Even those who helped initiate the Review, or who participated enthusiastically in it are not entirely happy with the outcome. Some of this no doubt results from its failure of the efficacy test: the new policies did not lead to a Labour win in 1992. According to Tom Sawyer, "Obviously the ultimate test was whether it won the election. It didn't. So in the ultimate sense it failed because the voters didn't buy the product" (interview with Tom Sawyer, May 27, 1993). In addition, many of those involved saw the Review as failing to provide a positive coherent vision for the party. Patricia Hewitt, an advocate who was intimately involved with the review process while at the Labour think tank Institute for Public Policy Research, noted that:

What we didn't succeed in doing was form a new identity for the party, having an overarching theme and a story to tell, an analysis of our current woes and a vision of where we were going, which would then make sense of the detailed policies.... A colleague of mine always says that the whole is less than the sum of its parts, because we had lots of detailed policies but they didn't knit together into a driving project and an identity for the party" (interview with Patricia Hewitt, June 3, 1993).

It is also questionable whether the centrism represented by the outcome of the Policy Review is really new in many cases. Shaw (1993) argues that the review represented a return to the status quo ante of cautious social democracy that was upset in the early 1980s. Or, to put it another way, it brought official Labour policy to represent what Labour governments were actually likely to implement in office, as

opposed to another round of promises to be made and then broken. In this respect it represents a triumph of "realism." But Shaw also argues that the Policy Review represents the waning influence of the "soft left" strain of thinking in the party. As these ideas lost ground, the party shifted farther away from the communitarian ideals of "ethical socialism," toward a more individualistic philosophy. Ethical socialism embodied the idea that social arrangements should be:

....also about the way people relate to one another and hence the creation of social and economic arrangements that institutionalize and strengthen ties of mutual and reciprocal obligation, solidarity, and fellow feeling. From this perspective, collective forms of organization were seen as having an intrinsic value, as a means by which solidarity and fraternity could be expressed" (Shaw, 1993: 118).

The new "Modernizer" ideology represents instead a focus on consumers rather than producers, on the aspirations of the more prosperous South rather than the problems of the North, on the needs of the individual rather than that of the group. Thus, the consolidation of "modernization" does indeed represent the triumph of the market ideal trumpeted by Thatcherism, even if its worst excesses are to be tempered by Labour.

II. 1992 Forward: The Democrats in Power and the "Democratization" of Labour

a. Introduction

In 1992, the fortunes of these two parties diverged: the Democrats, after being out of power for a dozen years, finally worked their way into the presidency, while Labour suffered another embarrassing loss. But similar left-right factional struggles

continue to occur in both parties. In both parties, party factions were increasingly able to marginalize constituency factions to put their stamp on party policy.

The Democratic win allows us to observe some interesting patterns of factional behavior. The Clinton win in the election of 1992 was the result of a fusion of various factional strategies, most importantly the social conservatism of the right with the economic populism of the left. But we also see that such temporary alliances of convenience do not resolve differences between factions over basic visions of government. This produced a party coalition that was fragile and unable to sustain coordinated legislative action. This in turn occasioned a new round of mutual recrimination from left and right.

For Labour, which was thrown into yet another round of struggle over alternative visions of revitalization, there has also been no resolution of ongoing factional disputes. The "Modernizer" faction has continued to consolidate its hold over the party, increasingly at the expense of the goodwill of the party's traditional constituents. First, under John Smith the party changed the method for selecting Members of Parliament away from one which maximized union power. Under new leader Tony Blair, the party's commitment to nationalization was totally jettisoned, and policies are shifting farther away from union and left preferences.

While this process has been compatible with a rise in the public opinion polls, this has by no means prompted a truce in the intraparty struggle. Many in the unions are reconsidering their initial support of Blair. But current trends toward union weakness have emboldened the leadership to seek additional moves to the right. The dissipation of the need for the leadership to compromise with other factions also results in a party that is in some sense unmoored. Modernizer desire to reverse the party's left wing reputation, and heightened concern for the business climate are leading into uncharted

territory seemingly unwarranted on electoral grounds. Such moves have resulted in increasing dissent in Parliament, even among some identified as party right wingers.

b. The Democrats

The Campaign for the Presidency, 1992

In the run-up to the 1992 election, it looked as if Democratic disarray would again lead to electoral defeat. The 1992 campaign began on an ominous note, with Democrats plummeting in popularity after George Bush's military defeat of Saddam Hussein. As a result, many of the party's standard bearers refused to enter the fray.

A number of candidates, each identified closely with certain factions or ideological tendencies in the party, rose and fell in rapid succession. Senator Tom Harkin appealed to traditionalists in what was left of the New Deal constituency, but his stiff manner and the media's revulsion of him made him one of the quickest to fade. Paul Tsongas, who was the "real New Democrat" (interview with William Schneider, March 23, 1993), ran the most conservative campaign on economics, but was unable to generate enough energy among the more liberal Democratic primary and caucus participants. Jerry Brown ran as an unreconstructed New Politics liberal, but broadened his appeal by courting the labor vote, particularly through his stated opposition to the North American Free Trade Agreement.

Unions split their support during the primary, but not on the old left-right lines of previous decades. Public and service sector unions, such as American Federation of State, County, and Municipal Employees (AFSCME), Service Employees International

Union, as well as the non-AFL-CIO National Education Association supported Clinton. The industrial unions such as the United Auto Workers, United Mine Workers, Communication Workers of America, Machinists, Steelworkers, and the International Brotherhood of Electrical Workers supported Tom Harkin because of his stance on NAFTA and trade. One of these union members complained that "What I think the AFSCME and the AFT [American Federation of Teachers] move said is these guys, when it really came down to it, they didn't care about issues like free trade which is life and death among private sector unions, and the US-Mexico agreement" (quoted in James A. Barnes, *National Journal*, Feb. 15, 1992). After Clinton tied up the nomination, the UAW had to put up a concerted effort to prevent their rank-and-file from defecting to anti-NAFTA Ross Perot (Doron P. Levin, *New York Times*, June 18, 1992).

The survival and nomination of Clinton, and the Clinton-Gore win, would at first glance seem a coming-of-age for, and a vindication of, the arguments presented by the party right. Both Clinton and his VP Gore are southern white males, Southern Baptists, and members of the Democratic Leadership Council (Clinton was its former chair). Gore's 1988 run for the Presidency cast him as a Southern pro-military moderate. The choice of Gore broke with the usual pattern of "ticket balancing," representing more of the same "New Democrat" moderation.⁹

In the 1992 campaign, the strategy of distancing the candidates from party interest groups was followed to the letter. Clinton engaged in premeditated, public squabbles with Jesse Jackson (*Newsweek*, Special Election Issue, November-

⁹ In some respects, however, Gore staked out ground to the left of Clinton, shoring up the ticket's weakness on environmental issues.

December 1992; no author listed). He was careful to keep his distance from organized labor.

Following the lead of the DLC, Clinton adopted unmistakably conservative policies in some areas, particularly with regard to "hot button" social issues. According to DLC director Al From, Clinton:

....inoculated himself against the cultural issue attacks that had brought down the Democrats in the past -- being tough on crime, being for capital punishment, being for temporary welfare. He took away the surrogate issues that the Republicans like to use for race, and as a result made it possible for the campaign to be focused on his strong turf which was the economy as opposed to the social issues, and I think that was a sort of hidden contribution we made to his campaign" (interview with Al From, March 29, 1993).

One campaign theme, the "New Covenant," which was later dropped because of its religious connotations, emphasized the responsibilities which inhered in rights, and seemed designed to reassure middle class voters who worried about those getting a "free ride" off the system. This came right out of the DLC play book.

But the Clinton campaign represented more than just a Downsian move to the center, and was an amalgam of right and left. His main strategist, James Carville, was associated with left-populist campaigns congenial to the interests of organized labor. In the heat of the campaign, Carville noted that the austere program of financial probity offered by Paul Tsongas led the media to label him courageous, to which he countered that "Political courage gets defined by the willingness to slap working class people around" (quoted in Woodward, 1994: 32). Clinton's pollster, Stanley Greenberg, was an ex-academic who had long argued for a left-populist strategy which would mobilize both middle and working class voters (see Greenberg, 1989; 1991). As Greenberg noted in an internal statement to the Clinton campaign, "We can win this election by reaching Democrats broadly understood. The campaign does not need to go right to

reach its targets. It needs to go broad to reach a center-left alignment" (Quoted in *Newsweek*, Special Election Issue, November/December 1992: 55).

According to left-leaning party observer Robert Kuttner, Greenberg's analysis differed starkly from that offered by the DLC:

I think if you really want to compare two pieces of scripture, look at the Galston and Kamarck piece, "The Politics of Evasion," and compare it with Stan Greenberg's two pieces in *The American Prospect*, in the first issue in '89, and then he wrote another piece in '91, and the Stan Greenberg version of how you appeal to Reagan Democrats vs. the DLC version really gives you a nice polarity, and Clinton went right down the line with the Greenberg version rather than the DLC version both in the campaign and even more so in office..... Greenberg's really a key figure in taking that strategy and defanging it ideologically without hurting the substance, making it safe for guys like Clinton (interview with Robert Kuttner, Feb. 24, 1993).

Greenberg's view was that the DLC concern for rebuilding the party's base was compatible with his own interest in rekindling broad support for the party, even if his emphasis on economics was secondary to the DLC's concern with defusing potential anti-welfare and anti-crime backlashes. According to Greenberg,

The Democratic party over the period from the 1970s through the eighties was a party that was increasingly a party of the better educated and suburban voters, not working class voters -- it was barely breaking even with working class voters, it was barely winning union votes, so I think that what Carville, I and the DLC bring in common is a desire to reconstitute the Democratic party with a popular base (interview with Stanley Greenberg, March 17, 1993).

But he also noted that a serious debate broke out "...in September of '91 between people who were DLC aligned and others in the campaign over primary strategy, over whether one ran as a southern conservative or whether one ran as a national candidate, and that was rather quickly resolved in favor of being a national candidate" (interview with Stanley Greenberg, March 17, 1993).

Clinton's own broad populism was able to bring a wide variety of interests into the campaign, but also hinged on a delicate balancing act in the Democratic party of the 1990s. According to Greenberg, "Wilhelm, who was the political director came out of

the tax justice community, you've got Kusnet who came out of the labor community, you've got Ricky Seidman who came out of People for the American Way, out of the Bork hearings; Carville, who obviously has a strong populist side to him...." But he also noted that:

Clinton had to develop his own comfort level, because its true he had to go from speaking to ordinary folks to going to Wall Street and talking to large contributors.... There are forces which push against a populist message, people who say you're going too far on this, the middle class really wants to be rich too, there was a constant strain..... I'm trying to think if I can associate it with a particular faction or sector. It came more out of the business side, you would get folks who were trying to organize business support who would sometimes see this as an impediment to them" (interview with Stanley Greenberg, March 17, 1993).

Carville's deputy, Paul Begala, also echoed the concern for economic populism. Begala shared what had become a popular nostrum on the economic left of the party that the party lost because it so frequently fronted social issues, where it was out of the mainstream, while submerging economics. But rather than staking out right-wing positions on social issues, the left wanted to overwhelm these issue with a strong dose of economic populism. According to Bob Woodward,

Begala had studied the strategies of Republican operative Lee Atwater and agreed with Atwater's analysis that politics was divided into populist and elitist issues. On social issues, Begala believed, the Democrats tended to take elitist positions and the Republicans populist ones; on economic issues, it was the reverse... The 1992 campaign had to be fought on economic ground where the Democrats could brandish the populist sword, Begala said, whatever it might be called (Woodward, 1994: 28).

One of Clinton's main speech writers, David Kusnet (who survived his association with the campaign of Michael Dukakis) was a former public affairs writer for public sector union AFSCME who felt that traditional economic concerns were still quite salable to the American public (Kusnet, 1992). This strain of left populism was expressed in the campaign through an incessant attack on Reaganomics and "trickle-down."

On economic policy, many of the crucial elements of this vision were supplied by the party's left factions. Certainly, the broader critique of Reagan-and-Bushonomics came out of the left (interview with Jeff Faux, March 19, 1993). In particular, unions and their allies remained steadfast in their insistence on the importance of job and wage issues. The union-backed think tank, the Economic Policy Institute, hammered relentlessly on the growing problems of wage stagnation and inequality. Unions were extremely active in publicizing continued economic deterioration, and continued to develop industrial policy ideas which they felt would meet such problems. Tax inequities were continually scrutinized by the Center for Tax Justice, a union-backed research institution dedicated to progressive taxation. And problems of persistent poverty and growing social needs were highlighted by liberal groups such as the Center for Budget and Policy Priorities.

Thus while socially conservative on some issues, the Clinton campaign also represented an effort to reestablish the economic credibility of the party. This process was aided by the economic slowdown, which weakened the salience of cultural and social issues, thus rendering the Republicans unable to use the formula of 1988. Most important, the campaign actually developed a coherent economic strategy which was sold to the voters as part of a package which sounded distinctly populist themes.

This campaign, in conjunction with widespread voter concern over economic problems, helped to recreate a voting coalition remarkably like those of the New Deal years. Lipset notes that "basically, the social correlates of Clinton and Bush voters resembled those for Roosevelt and Landon in 1936" (Lipset, 1993).

In a curious way, the DLC also played a part in creating space for a new center-left synthesis. Certainly, their stances helped immunize the party against charges of cultural radicalism. But they also helped clear the way for acceptance of policy

universalism in some areas. In an abstract way, they are perhaps closer to the party's old left than to the remnants of its Northern liberal wing. These liberals were perfectly willing to accept targeting because of their concern for the poor. Since the DLC was not interested in dispensing with activist government (and since it was politically implausible to argue for programs which benefited only the middle class), their policy stances tended to call for universal availability. They argued that national service, access to training (and, for a short while, health care) should be available to all. Such policy positions helped legitimize a potential, if minor, wave of social democratization of party policy, and dampened conflict with the left during the campaign.

Clinton, therefore, won despite pushing some issues which were clearly to the left of other post-McGovern campaigns. His health care proposal, while conservative in comparative terms, was the first program for comprehensive health coverage since Harry Truman. His proposal to raise the top tax rates and give tax breaks to the middle strata (this promise was later abandoned) were designed to make the tax system marginally more progressive.

The Clinton win also led to a temporary effort to fuse electoralism with policy development and alliance-building within the party bureaucracy. Clinton's choice for party chair, David Wilhelm, was formerly communications director for Citizens for Tax Justice, and a former staffer with the AFL-CIO's Public Employee Department. After his appointment he announced a new campaign to reinvigorate participation in the party. This included a strong effort to reconnect the party to the "grass roots" and re-create the campaigning strength of the party as opposed to reliance on individual candidate organizations (interview with Heather Booth, March 18, 1993).

This new policy and alliance-building focus would soon come under attack from electorally-oriented Congressional Democrats, however, who were concerned that the

party was spending too much time on policy and not enough preparing the ground to get them reelected. As a result Wilhelm shook up the DNC and replaced most of his top aides with people with more campaign experience (Richard Berke, *New York Times*, Feb. 22, 1994). Later, Wilhelm himself would be flushed after relentless criticism of his inattention to electoral needs. Right before his tenure ended, many of Wilhelm's duties had been transferred to Tony Coehlo, a party operative from the fast-and-loose days of the 1980s (R. W. Apple, *New York Times*, August 10, 1994).

The Waning of the Neoconservative Faction

The Clinton campaign also marked the playing out of one source of factional dispute in the party. The Neoconservative movement foundered as the result of declining numbers and the end of the Cold War. Also, the rise of the DLC faction expressly interested in moving the party to the right eliminated the justification for a faction which had come to focus almost exclusively on foreign policy.

The Neocons did have some small role in the Clinton campaign. The Clinton campaign had a left-tinged aura on foreign affairs, a result in part of Clinton's own anti-war past, as well as his lack of experience in foreign policy. The remaining neoconservatives in the party used this perceived weakness as a lever to involve themselves in the campaign. Some prominent neoconservatives declared their support for Clinton, as illustrated, for example, by an advertisement in the August 17, 1992 *New York Times* arguing for his election on foreign policy grounds. The ad praises Clinton for, among other things, resisting ".... those at home -- and in his own party -- who propose reckless cuts in our national defense capabilities, rather than careful reductions that will maintain strength still needed to meet potential threats." Its 33 signatories included prominent neoconservatives such as Ed Koch, Samuel

Huntington, Martin Peretz, and Penn Kemble, as well as unionists such as John T. Joyce of the Bricklayers, Albert Shanker of the AFT, and union-ally Morley Winograd.

However, while Neoconservative support during the campaign helped in giving Clinton's shaky foreign policy stature the proper imprimatur, the declining political salience of anti-communism greatly reduced this faction's political influence. According to party observer William Schneider, "...no one cares about the Neoconservatives because they don't have any votes. Most of them are already Republicans" (interview with William Schneider, March 23, 1993). This waning influence is reflected in Clinton administration appointments: "Admiral Woolsey was their candidate, and he got the CIA job, but they had hoped for senior state, defense, and other appointments, and lobbied hard and got rebuffed on many fronts" (interview with Ted Van Dyk, March 24, 1993). Neocon Penn Kemble was appointed as Deputy Director of USIA "...but Joe Duffy, an old antiwar liberal, is the director of USIA" (interview with William Schneider, March 23, 1993).

The waning of neoconservatism also reduced a source of dispute that had been festering for half a century within the labor movement. The old-line anticommunism of the AFL-CIO, which continued in an unbroken line from George Meany through Lane Kirkland, drove a wedge between the federation and progressive unionists. Such ideological battles greatly blunted the ability of labor to adapt its international stance towards a focus on labor rights and trade standards more conducive to alliance-building across issue-areas. The importance of this new internationalism in the fight over NAFTA will be taken up in chapter six.

1992-1995: The Democrats in Power

The Democrats' temporary fusion of interests in the 1992 Presidential campaign quickly eroded under the exigencies of governing. Clinton's initial actions reflected his penchant for trying to bring different factions together, and he supported policies drawn from various wings of the party. But his first appointments favored leading lights from the left-liberal wing of the party. This led Jo-Ann Mort, political director for the Amalgamated Clothing and Textile Workers Union¹⁰ to argue in early 1993 that Clinton's relationship with the DLC appeared to be instrumental:

In terms of Clinton making use of them, to say he is a New Democrat, and enabling him to get out of the gate and get himself elected, that's been useful, and the question is.... did he use them or did they use him? So far it seems like he used them and that's good. I would point to the fact that they're not in any point of seniority in the administration, and especially on issues they care about, they care so much about these social issues, the last person they would have wanted to see as head of HHS is Donna Shalala.... And on the economic side, Rob Shapiro who is their leading economist has not gotten a job in the administration... to have Bob Reich in there, and Rob Shapiro out of there is a very good sign (interview with Jo-Ann Mort, March 11, 1993).

Similarly, Robert Kuttner, editor of the left-leaning *The American Prospect* journal who is often sympathetic with the union wing, argued that:

There's nothing that differentiated him from a good progressive Democrat, although he manages to package it in such a way that is mainstream and that appeals to people's pocketbooks, that's pure Bob Kuttner, Stan Greenberg, and I don't think it's a coincidence that you don't see any DLC people in high places. You've got a couple of mid-level people but Al From and Elaine Kamarck are off running their think tank, and so I think is Will Marshall" (interview with Robert Kuttner, Feb. 24, 1993).

The DLC saw a very different Clinton administration which was instead embodying their principles. According to DLC director From,

I'm generally happy with the way things are going.... When I was the head of the transition for domestic policy for him, I suggested that he take five ideas and make them the signature ideas of the administration (in addition to health care

¹⁰ Now part of UNITE, created by a merger with International Ladies Garment Workers Union.

and the economy because I didn't have responsibility for that). Those five ideas were national service, two year welfare, reinventing government including campaign finance reform and lobbying reform, 100,000 cops on the street, and youth apprenticeships, and he's going to do all of them. He'll also do some other things. He'll do some of the old stuff. He's probably gone even farther than I would have thought on the earned income tax credit, but that is clearly going to be the principal way he wants to help working poor people, it's evident from his [inaugural] speech" (interview with Al From, March 29, 1993).

This would all change two short years later. As the Clinton administration dropped in popularity, each side of the factional dispute argued that it was the other's overweening influence on Clinton which led to policy incoherence and declining support in the polls. DLC leader Al From argued that "Tragically, once in office, he [Clinton] quickly became defined by the various forces in the party he came to Washington to change" (Al From, *New Democrat*, July/August 1995: 27).

Two writers on the left instead countered that:

So far, at least, the DLC's views are carrying the day.... In fact, Mr. Clinton is a charter 'New Democrat' and has governed as one since opening day. His administration moved to the right on nearly every core economic issue since taking power. Think of it as 'putting corporations first.' He preferred the financial markets over working people in his first budget package, the insurance companies over consumers in the health care debate, and multinational corporations over everyone in the trade agreements (Daniel Cantor and Juliet Schor, *New York Times*, December 5, 1994).

Left and right struggles became manifest in the struggle over policy in the administration. The DLC's concern for budget balancing and maintaining a strong business climate trumped labor and minority concerns for economic stimulus. An extremely detailed case study of the internal workings of the Clinton administration by Bob Woodward (1994) showed how various consultants, political operatives, and appointees more sympathetic to the reform agenda of the party left and the unions were slowly but systematically shunted aside as the budget-balancing and Wall Street wings of the party gained ascendancy. Concern for deficit reduction as a way of lowering interest rates, and consultations with Federal Reserve chief Alan Greenspan during the

budget led to the result that “The chairman of the Federal Reserve was in some ways the ghostwriter of the Clinton plan” (Woodward, 1994: 135). At the end of the process, Woodward quotes Clinton saying:

Where are all the Democrats? I hope you’re aware we’re all Eisenhower Republicans. We’re Eisenhower Republicans here, and we are fighting the Reagan Republicans. We stand for lower deficits and free trade and the bond market. Isn’t that great? I don’t have a goddamn Democratic budget until 1996. None of the investments, none of the things I campaigned on (Woodward, 1994: 165).

Similar struggles erupted over the communications effort around the Clinton tax package which made taxation slightly more progressive. While Carville and Begala argued for a populist campaign to publicize the package, the head of Clinton’s National Economic Council, former Goldman-Sachs President Robert Rubin, argued that they should eschew any mention of the word “rich,” instead arguing that “You’ve got to say, we will ask the well-to-do to pay their share” (quoted in Woodward, 1994: 238-239). The argument erupted again later, with Carville and Begala-ally Mandy Grunwald arguing that “People don’t know fuck-all about progressivity. We have to say we are taxing the rich. R-I-C-H. That’s a four-letter word people understand” (quoted in Woodward, 1994: 258). This argument was won by the economics team, and the populist communications strategy was squelched.

Another DLC venture adopted by the administration was Al Gore’s “Reinventing Government” initiative. This brought DLC/PPI influential Elaine Kamarck into the administration. As the administration dropped in the polls, more efforts were made to front the conservative side of the administration agenda. Perhaps ironically, Kamarck traveled to Britain to study the Tory Party’s “Citizen’s Charter,” a campaign to improve consumer rights launched by John Major which had been widely ridiculed as purely symbolic and ineffectual. According to an article in the London Times, “The White

House, which apparently fails to see any irony in so resolutely following Conservative ideology, has been impressed by the emphasis Britain places on reduced costs by tendering routine tasks to private workforces, which are claimed to have saved 20 per cent in costs” (Tom Rhodes, *London Times*, April 17, 1995). David Osborne, one of the intellectual fathers of the “reinventing government” movement, claimed that “The UK has gone further in reinventing government than any other country apart from New Zealand” (Tom Rhodes, *London Times*, April 17, 1995).

Left-leaning policy measures taken by the administration tended to occur through executive order because of the of the administration’s inability to obtain the votes for such measures from conservative Democrats. The gays in the military issue was perhaps a template for left-leaning reform in the Clinton administration. Unable to construct a majority on this issues even in his own party (DLC founder Sam Nunn was a critical opponent), Clinton relied on an executive order to put forth a compromise. The use of executive orders or regulatory changes to implement policy changes ranged from environmental issues (all of these efforts were later withdrawn after conservative criticism) to Clinton’s recent executive order which prohibits the use of permanent striker replacements by federal contractors. These end runs around Congress tended to please constituency factions and interest groups, while generating ire from the DLC and conservatives. The striker replacement executive order in turn brought opprobrium upon the administration from the DLC. In the Council’s magazine a 1995 “house” editorial argued that:

On issue after issue, the White House has deliberately chosen the most reactionary posture toward the Republican challenge and squarely positioned the Democratic party as the champion of embattled interest groups opposing economic and social change. It’s hard to find any other characterization of Al Gore’s mission earlier this year to Bal Harbor, Fla. [the site of the AFL-CIO Executive Council’s annual retreat] to appease organized labor with offers of a minimum wage hike, a ban on replacing strikers, and opposition to sensible

labor law reforms that would allow a more participatory workplace (*New Democrat*, July/August, 1995: 6).

The November electoral debacle where Republicans gained control of both the House and the Senate led to an even further rightward move by the DLC. It constructed a new entity called the Progressive Foundation, funded by entertainment executive Barry Diller, and investment bankers Steve Rattner and Felix Rohatyn, among others, with plans for a series of "radical" position papers designed to carve out a post-Clinton image for the DLC. This effort represented the most serious challenge to Clinton from the DLC to date. While some in this groups counseled continued support of Clinton, Barry Diller queried, "...why support someone who's conned you?" (Michael Kramer, *Time*, July 10, 1995).

c. Labour and the Consolidation of the "Modernizers"

Labour lost the 1992 election, even though polls predicted a win by a comfortable margin. Despite increased professionalism and centrism, the Tories were still successful in raising doubts in voter's minds about Labour's ability to govern, forcing Labour to compete on ground where the Conservatives had an advantage. In order to appear credible on economics, Labour had prepared an election Manifesto with specific budgetary figures. According to Patricia Hewitt,

....back in '87 and '88 we committed ourselves at a very early stage of the Policy Review to an increase in Child Benefit and pensions, because in those days it seemed quite impossible for Labour to go into an election without being committed to Child Benefit and pensions.... Having committed ourselves to that we then had to say how we were going to pay for it, so we then had to announce what our tax plans were going to be. And the nearer we got to the election, and the more absurd it became to be raising taxes in the bottom of the recession, it became quite impossible to give up the child benefit and pensions commitments because it would have looked at that stage that we would sell our grandmothers, literally that we would take our grandmother's pension increases

if we thought that was going to get us elected (interview with Patricia Hewitt, June 3, 1993).

The 1992 loss brought an end to the Kinnock era. Shaw characterizes the resulting leadership contest as being between representatives of the two contending strains of the Policy Review, "the soft left Bryan Gould and the right-wing John Smith" (Shaw, 1993: 130). John Smith, seen as the heir apparent to the Kinnock regime, was elected with strong majorities in all three segments of the electoral college (consisting of the unions, constituency groups, and MP's). This did not necessarily represent a party endorsement of right wing policies, but rather "the belief that [Smith] was the man most capable of leading Labour to victory in 1996 or 1997" (Shaw, 1993: 130).

Despite this sectoral unanimity, the union participation in this outcome was controversial as well as paradoxical. It was controversial because some union leaders expressed their support of Smith before consulting their members. This predictably led to increased calls for a reduction or elimination of union influence in the party. It was paradoxical, because Gould was perhaps closer to the unions on most policy positions. But Smith gained support from the unions in part because he was better than Gould at reassuring them that they would retain their influence in the party (Sarah Baxter, *New Statesman and Society*, April 17, 1992). This turned out to be a tactical mistake on the part of the unions in light of later events.

Although he came out of the party's Modernizers, Smith initially attempted to heal some of the wounds from the Kinnock era, acting as a broker of compromises rather than an energetic advocate of a particular vision. This laissez-faire style continued after factional disputes reasserted themselves. Increasing dissent from the leadership of the Tribune group and "soft leftists" soon became evident. Tribune, formerly a faction

in the party associated with the socialist left (Aneurin Bevan, the founder of the National Health Service, was a former leader), had become more of a general forum as its membership broadened over the years. Tribune became a resting place for Kinnock loyalists during his leadership. However, the loss of 1992 and the continuing search for a winning formula led to a growing dissent within Tribune, particularly on macroeconomic policy. Shadow Chancellor of the Exchequer Gordon Brown drew increasing ire from those who accused him of failing to distinguish Labour's macroeconomic policy from that of the Tories. Brown's position was weakened after his endorsement of the Tory exchange rate policy left the party unable to respond to the government's embarrassing exchange rate drubbing on Black Wednesday, which temporarily blew up the EU's Exchange Rate Mechanism (ERM) (Bryan Gould, *Tribune*, May 7, 1993).

MPs Peter Hain (at the time secretary of Tribune) and Roger Berry argued in a policy paper that Labour macroeconomic and budgetary policies increasingly embodied Tory principles. They also claimed that leadership opposition to devaluation was inconsistent with a simultaneous call for lower interest rates. They further argued that Labour's public sector borrowing policy was indistinguishable from that of the Tories. They made the case for a return to full employment, which they claimed required a return to Keynesian demand stimulus, as opposed to the leadership's reliance on supply-side measures (Berry and Hain, 1993). This helped to galvanize opposition to the leadership.

The loser of the 1992 leadership contest, Bryan Gould, also became a major thorn in the leadership's side. Gould started the Full Employment Forum to act as a pressure group for more traditional and activist policies on macroeconomics. The larger and more influential unions also weighed in on the side of reflation and growth.

TGWU National Organizer Margaret Prosser [now head of the TUC] argued that the party needed to

....get a bit more daring here, we've got major problems and we aren't going to solve them with the soft-shoe-shuffle.... We start from the basic point of what we think the economy needs to do in order to assist the membership of the union, because unemployment is running so high, because investment in manufacturing is so dismal, and because all of our people who suffer the fallout from that are in dangers of having their benefit cut" (interview with Margaret Prosser, May 25, 1993).

The increasing resonance of these criticisms led the Shadow Cabinet to reverse itself on macroeconomics. Consistent criticism from within Labour led Gordon Brown to write a pamphlet entitled *How We Can Conquer Unemployment*, which endorses full employment, rejects sole reliance on supply-side measures, and calls for "reducing the gap between rich and poor" (Seumas Milne, *Tribune*, October 29, 1993). Such a shift was also evident from the shift of John Prescott, a Keynesian and a socialist, from the transport to the employment portfolio of the Shadow Cabinet (*Tribune*, October 29, 1993).¹¹

While the "traditionalists" won this skirmish, this minor adjustment back to the left was soon jeopardized by a "Modernizer" revolt within *Tribune* itself. In November 1993 then-secretary Peter Hain lost his position to Janet Anderson by 37 votes to 34 in what was widely seen as a backlash vote against Hain's pamphlets attacking the leadership on Europe and economics (Dave Osler, *Tribune*, Dec. 3, 1993). After his defeat, Hain said "During the past 18 months *Tribune* has been revived in the radical tradition of Nye Bevan and Michael Foot as the independent free thinking voice of Labour's left. I hope this does not mean that the group will revert to a tame talking

¹¹ Prescott later became deputy leader of the party, where he was seen as balancing the Modernizer Blair.

shop" (Patrick Wintour, *Guardian*, Nov. 25, 1993). The debate in the party over Europe and macroeconomics continues and will be revisited in chapter six.

The Struggle Over the Union Link

But while unions won a few (temporary) shifts from the leadership on policy, they ended up losing much of their formal, institutional power in the party. Advocates of a traditional union role have seen a steady diminution of the voting power of unions in Parliamentary selections, the selections of MPs, and in the party Conference.

The goal of reducing union power in Labour has long been on the Modernizer agenda. Indeed, the Labour right had advocated the weakening of the trade union link as early as the 1950s (Seyd, 1987: 20). The issue became central again after the 1992 loss, even though there is little evidence that the issue made much difference with the voters. Advocates of change, however, argued that the failure to win was due more to voter distrust of the party's image and identity, rather than its policies. According to Patricia Hewitt,

I remember a series of focus groups where we had people talking about schools and the education system, and they'd all say, 'it's terrible about the schools, teachers are overworked and underpaid, the government's making a mess of it, a shambles, it's awful.' And we would then put up some concept boards, with 'Labour says the education system's a mess and what we need are so and so,' and then they would all turn on the Labour party, saying 'typical Labour party, always whingeing away, what would they do, I'd like to know.' And Labour as a messenger was so unpopular, that a message voters loved when it came from a neutral source would be immediately corrupted (interview with Patricia Hewitt, June 3, 1993).

Weakening the union link was seen by Modernizers as a central element in addressing this image problem. Those who supported weakening the link offered more than purely electoral reasons, also arguing that moving away from block voting was a clear advance in democracy. This appealed to educated and middle class voters, and it

was also part of a larger agenda designed to put the party in the forefront as an advocate of citizen's rights. It was argued that too close ties to producer interests, and the sometimes undemocratic nature of the block vote in practice, greatly weakened Labour's claim to represent the entire citizenry. One member, one vote was the essence of democracy (Martin Linton, *Fabian Review*, July 1992: 5-6).

Those who supported a continuing large role for the unions voiced arguments that invoked tradition as well as political pragmatism. They voiced, of course, the refrain that the unions created the party and ought by right to have a prominent role in running it. They also noted that the claim of preponderant union power was belied by history. This point has also been made by scholarly chroniclers of the party, including the author of the definitive work on Labour-union relations, Lewis Minkin (1991). Unions often acted quite responsibly when Labour was in power. They generally ceded governing authority to the Parliamentary Labour Party, even when they were heavily criticized for doing so by their members.

They also offered more pragmatic arguments. "No say, no pay," a statement [incorrectly] attributed to National Union of Public Employees (NUPE) deputy director Tom Sawyer, tapped into the reality that unions provided the great majority of funds for the party and would not likely continue to fund it at such a level without a significant voice. According to TGWU National Organizer Margaret Prosser, ".... we would have to be ready for the question from our own Executive Council and other leading committees of the union, if our influence was dropped, then what would our affiliation money be?" (interview with Margaret Prosser, May 25, 1993). And there was more than just the danger of an elite withdrawal, as members who would have to vote, by law, on the continuation of union political funds would be less likely to do so if the party did not give them a voice. Joe Irvin, head of the TGWU research department,

notes that "if people are saying 'we want a political fund and were happy to pay into it, but we don't want it all to go over to the Labour party, we want it to be used for various campaigns or whatever,' then this would spill over and have a detrimental effect on Labour financing" (interview with Joe Irvin, May 25, 1993).

Unions and their supporters also argued that union practices were completely or at least substantially democratic. Unions themselves carried on an internal deliberative process by which their positions on issues were set. The votes cast by union delegations thus represented the outcome of a process of collective decision-making, not the arbitrary whim of union autocrats. According to the TGWU's Margaret Prosser,

We've been working quite hard on trying to popularize the union's position because there are an awful lot of misunderstandings about what the block vote actually means. I was thinking of Andrew Rawnsley's sketch in the *Guardian* where he wrote about OMOV -- one man, one million votes -- and people do actually believe it's just somebody deciding we'll use this million votes like this or like that. And people need to realize we're already bound by agreements reached via discussion with individual members (interview with Margaret Prosser, May 25, 1993).

Traditionalists also argued that unions are a legitimate forum for aggregating voters' preferences, noting that Labour is a confederal, not individual party. Individual members are members through their constituencies, just as some are represented through their unions.

There was also an answer to the Modernizer claim that ditching the unions would allow the party to connect more closely with the voters. Union advocates noted that the unions were the largest source of organized voters that the party had. The constituency activists were by and large unrepresentative, and weakening this connection would leave the party without ballast, and in the hands of elites and activists who had no knowledge of the needs and wants of the average voter. According to Joe Irvin of the Transport and General Worker's Union,

In the party at the moment, surveys show that for individual members it is two-thirds middle class professional, whereas the electorate is only one-third, and Labour party voters are only one third middle class professional, so there's a gap there in representing us. And it's also quite a small membership, say roundabout 200,000, which is not all that large" (interview with Joe Irvin, May 25, 1993).

The 1992 Labour party conference instructed the NEC to study the question of the linkage. This group subsequently developed a questionnaire which was sent to constituency parties and organizational members of the party (Bob Tennant, *Tribune*, April 19, 1993). This questionnaire set out a series of options for changing this relationship. One position was entitled "levy plus," since it entailed a conversion to one member one vote (OMOV), but with union members being given party membership for a small additional fee. Other proposals called for unions to split their votes according to the proportion of votes for each position within a delegation. Another proposal, the registered supporters scheme, was to turn union members into full members as long as they signed a statement declaring their desire to be a member of the party. The fact that this questionnaire did not contain a status quo option angered supporters of the existing relationship (Bob Tennant, *Tribune*, April 16, 1993).

The most intense struggle occurred over the question of a union role in Parliamentary selections, but questions of a union vote in electing the leadership and deciding policies at conference were also important. In this round of the struggle, the leadership proposed one member, one vote for candidate selections, and proposed a dilution of the union vote in the party conference and in the leadership selection.

What initially looked like an easy win for the leadership quickly developed into a protracted struggle. A backlash against the party's position by the union grassroots forced leaders of most unions to take a more radical stance. Many union conferences voted to oppose OMOV. It looked as if the leadership would face a humiliating defeat at

conference. Smith received another blow when the swing shop workers union, USDAW, voted at its conference to retain a say in selection of Parliamentary candidates. All told, six of the largest unions remained committed to a vote in the leadership selection, with voting to occur by all members who were political levypayers. Five of these six wished to retain one-third of the votes in Parliamentary selections.

A series of compromises was floated to sweeten the pie for the unions. Tom Sawyer of NUPE, a union leader close to the leadership, offered a "trade off" whereby union political levy payers would be given a vote in party leadership elections, but would be stripped of their say in Parliamentary selections (Milne and Wintour, *Guardian*, May 31, 1993). But this position had not been endorsed by his union's membership, and was quickly opposed by leaders of other unions, including John Edmonds of the large and influential GMB.

During the final vote at the September 1993 Party Conference, Smith squeaked through with a win after MSF, the Manufacturing Science and Finance professional union, decided to abstain from voting. The voting scheme for Parliamentary candidates is now One Member, One Vote, with trade union levy payers allowed to join for an additional small fee (Bill Hagerty, *Tribune*, October 1, 1993). The New Left received a blow during this conference as well, as Tony Benn, the last remaining New Left figure on the party's National Executive Committee, was voted off the board (Hugh MacPherson, *Tribune*, October 1, 1993).

The Labour Party under Tony Blair

The process of modernization has continued apace in the Labour party under the leadership of Tony Blair, who took the top post after the untimely death of John Smith.

Labour Modernizers continued to find additional policies and practices which they wish to see eliminated from the Labour Party. Soon after accession to office, Blair took up this charge.

Labour conservatives since Gaitskell have targeted the Constitution's Clause IV, which called for the common ownership of industry. They saw this provision as a symbolic impediment to the party's broad appeal. The latest serious salvo in this regard was launched while Smith was still in office by Jack Straw MP, and published by the Blackburn Labour party. The paper argued that it was necessary to revise the Constitution as soon as possible. Straw concurs with others in the party that the Policy Review did not provide "... a vision of the kind of society" advocated by Labour (Straw, 1993: 5). He argued for the revision of Clause IV in order to make the party's constitution consistent with its program and to create a more coherent body of party doctrine which resonated with the aspirations of the modern electorate.

By contrast, others who opposed Clause IV did so for no higher reason than that they had been continually beaten over the head with it by the Tories and the media in elections. Defenders of the Clause did not make a distinction between more thoughtful opponents, and the latter.

While the campaign to change the Clause was generally supported by Blair's cabinet, a poll of backbencher MPs showed that support was split 52-48 in favor. And 73 percent opposed Blair's position against the renationalization of privatized industries. A number of Britain's largest unions also voted to oppose the change. The public sector union Unison, representing the health care and local government workers, voted to oppose the change, as did the second largest union, the Transport and General Workers' Union (Nicholas Wood and Jill Sherman, *London Times*, April 14, 1995).

Fortunately for Blair, union votes made up only 70 percent of the balloting. Blair's mechanism also included a special balloting of the party's individual members, which was set to happen in April 1995 (Andrew Grice and Sebastian Hamilton, *London Times*, January 15, 1995). As results rolled in from local parties, huge majorities of voters were shown as supporting the change, which greatly weakened the position of any unions which remained opposed to the change (Nicholas Wood and Philip Bassett, *London Times*, April 24, 1995). Blair's position was tipped toward a majority when the giant GMB union also voted to support the change, with John Edmonds, its general secretary, saying that "The more you read the old Clause Four, the more inadequate it becomes" (Philip Bassett, *London Times*, April 26, 1995).

Blair also announced plans to reduce the union block vote at party conferences from 70 percent to 50 percent as party membership grew (Nicholas Wood and Philip Bassett, *London Times*, April 24, 1995). He also called for an end of union "sponsorship" of MP's, the direct financial support of specific Members of Parliament (Jill Sherman, *London Times*, August 9, 1995).

Blair has also revealed himself to occupy a "functionally equivalent" position to that of the DLC in his adoption of social conservative themes. This began with a series of speeches with a distinct "tough on crime" theme given by Blair when he was Shadow Home Secretary under Smith (see Tony Blair, *Tribune*, Nov. 12, 1993). These tactics continued when he was party leader, and in 1995 Blair advocated socially-punitive measures against parents of delinquent children, to include prosecution of parents of truants (Nicholas Wood, *London Times*, March 31, 1995). Blair has also adopted a Clintonesque welfare reform package emphasizing getting grant recipients off the dole and back into the workplace. Recently, the Party also put out a "Contract for Britain" modeled on the Republicans' "Contract with America."

This seemingly relentless drive for revision brought opprobrium to Blair from “pragmatic” unionists, “soft-leftists,” and “right-wingers” alike. John Edmonds of the large GMB union attacked Blair for his disdain of party activists: “Most leaders try to balance statements which reassure the party faithful with messages that appeal to a wider electorate. Tony Blair will not accept such compromises” (quoted in Nicholas Wood, “Union Chief Joins Attack on Blair,” *London Times*, August 11, 1995). Right-winger and former Deputy Leader Roy Hattersley argued that the Party would be cast adrift “if there were not a deeper and more general concern about policy.” Left-wing MP’s argued that criticism of the leadership within Parliament had risen to “crisis levels” (*London Times*, August 18, 1995; no author listed).

The Labour leadership’s blueprint for a new business-friendly set of policies was laid out by Blair in a speech in Tokyo in early 1996. Journalist and political analyst Peter Riddell summarized these new Labour views as follows:

The globalization of the world economy is seen as both inevitable and desirable. Not only is inward investment embraced, but the Labour leader warns against ‘inflexibility in labour markets,’ promises that there will be no repeal of the main elements of the 1980s trade union legislation, and accepts that tax rates need to be fixed to attract highly skilled labour from abroad. Labour’s commitment to the social chapter is brushed aside as merely an opportunity to influence discussions (Peter Riddell, *London Times*, January 5, 1996).

Blair also opened up the possibility that Britain would lead the way for a more radical revision of the welfare state than has been attempted in any advanced industrial state. Blair instructed his social security secretary, Chris Smith, to take seriously the proposal of the Adam Smith Institute, a think-tank associated with the Thatcher revolution, that called for the privatization of pensions, unemployment, long-term nursing care, and sickness benefit. Although this proposal was rejected thus far by Tory Social Security Secretary Peter Lilley as too radical, Blair instructed Smith to visit

Singapore to study that country's private safety net, the central provident fund (Nicholas Wood, *London Times*, January 5, 1996).

A Struggle for the Soul of Labour?

Apart from the specific policy disputes, some of which are grave and some trivial, lie fundamental differences over party symbolism and culture. Labour's ties to the industrial working class had been stronger than all other social democratic parties in Europe.¹² This "cloth cap" image is unfavorably compared by the left in the party to the "Filofax" Modernizers who are seen as abandoning the party's traditional constituencies in an opportunistic search for votes. Conversely, the right sees the party's union and industrial image as one to be diminished in favor of a more neutral, middle class appeal.

Such debates influence electoral strategy as well. An image focused on the middle class frequently implies a media-dominated strategy designed to reach those voters no longer accessible through traditional institutions. Seyd and Whitely (1992), in their study of the Labour party membership, argued that this has implications for the party's campaigning style and membership involvement:

The focus is on prepared 'sound bites' and 'photo opportunities' for the party leaders, and 'hot' issues which can mobilize the voters. This image of the modern election campaign leaves very little room for the party member. Indeed in this view the individual member appears to have the role merely of a bystander, a supporting actor who will provide an appreciative audience in the set-piece election rallies whose chief purpose is to look good on TV (Seyd and Whitely, 1992: 174).

Such a view was also expressed by MP John Prescott, now deputy leader of the party, who argues that the problem was that:

¹² Although this did not prevent working class electoral defections (Pontusson, 1988).

....the Labour party was taken over by all these PR people who believe that really all you had to do was find out what people wanted, present those views in your policies, and then present it through television. Look nice, wear a rose, and sometime your turn will come.... But of course what we put forth through the television as an image of the Labour party was always about smooth nice looking people smiling, all about presentation and not about substance. We never use words like planning, integration, socialism, because these were words they felt were foreign to the new Labour party (interview with John Prescott, May 25, 1993).

This "Democratization" of the Labour Party is seen by some observers as an improvement, and by others as anathema. An embodiment of the traditionalist's nightmare is represented by a pamphlet entitled, *The American Presidential Election 1992 - - What Can Labour Learn?*, written by a number of young Labour staffers, and published by the party (Braggins, et al. 1993). While containing a number of noncontroversial lessons which might be supported by most in the Party, it also contains some prescriptions guaranteed to ruffle the feathers of traditionalists. For example, it appears to uncritically advocate the adoption of Democratic fund raising techniques. In a paragraph entitled, "using lobbyists to our advantage," the authors claim that "if the Trade and Industry team were to hold a reception aimed at, say, the Pharmaceutical Industry, tickets could be sold and we could get some of our policies across both formally and informally" (Braggins, et al., 1993: 15). The authors also argue for a search for corporate donations and advocate that the party should trade donations from industrialists and bankers for "access to those who could be the most senior figures in the next government" (Braggins, 1993: 15). While this pamphlet may have no impact on party campaigning, and may be written off as a product of overenthusiastic young staffers taken in by the heady atmosphere of the Clinton win, it does seem to give credence to the fears of those on the party left. Under the leadership of Blair, business donations reached record levels, whereas contributions by unionists slipped steadily.

III. Conclusion

An examination of Labour and the Democrats since the mid-1980s reveals increasing convergence of these two left parties with very different histories and traditions. In both parties, left power slipped away as the power of constituency factions dissipated. The social movements associated with the New Left essentially disappeared. Within the Democrats, broader reforms were put temporarily on the agenda as Jesse Jackson mounted presidential campaigns in 1984 and 1988. But these campaigns were not a substitute for the coalition-building necessary to reinvigorate the broad left.

Continuing weakness in many industries continued to sustain protectionism in the US. The nomination of Walter Mondale in 1984 advanced some union and minority issues, but the particularism of Mondale's appeals proved uninspiring in the broader electorate. The unions and the reform left were kept on the defensive against the onslaught of Republican deregulation.

The weakening of the left meant a clear pathway for the right. Party factions advocating market policies increasingly gained dominance. The Democratic Leadership Council gathered together Democratic conservatives into an increasingly effective right-leaning reform group. Within Labour the Modernizer faction continued to consolidate its power.

The power of electoralism grew in both parties as unions in particular became more concerned with avoiding the blame for electoral slippage. In Britain, unions abandoned their desire for reconstruction strategies because of their interest in gaining better governmental policies for their members. This new left-center alliance put into

place a sweeping Policy Review which seemed to gain the party some support, but did not lead to victory. The presence of the unions and their allies in the Labour “soft left” led to the presence of some progressive reform measures in the Policy Review. The union support for policy modernization did not lead to a truce between different wings of the party, however. Instead, the Labour right moved to further weaken union influence as soon as they had the chance. Slipping union social power left unions open to a successful attack on their remaining institutional leverage. The Modernizer factions is increasingly pushing for policies which embody both economic and social conservatism.

Within the Democrats, unions became increasingly insular as well as pragmatic. They had put most of their waning power into efforts to increase protectionism, with some positive result in terms of employment, but little long-term political payoff. Since then they have been intent on being constructive members of the party coalition, but have been willing to fight vehemently to defend some of their interests. This was clearly the case in the fight over NAFTA, as the next chapter will show. Since 1993 they have been quite loyal to the Clinton administration. At the same time they fight a rear-guard action against the DLC which is attempting to reduce still further the policy concessions given to the unions.

But while the influence of the left has increasingly waned, it is not clear that moderation will prove a sustainable template for policy formulation. This chapter reveals two parties that increasingly have little social or organizational ballast to connect them to the electorate. This enhances their ability to shift their policies to maximize votes, but provides little guidance for the design of actual policies. This flexibility allowed the Clinton campaign to synthesize the vote-getting planks of all the major factions, but continued fragmentation of the Democratic coalition and the

incommensurability of different factional visions led to continuing conflict and the absence of a coherent legislative agenda. Only the ideological extremity of the Republican Congress gave the party an illusion of having a coherent agenda.

As this work is being written, both of these parties continue their drift into uncharted territory. In both nations, party factions that began as bearers of spatial considerations may be in danger of overshooting to the right. Despite the disillusion of the classical coalitions of Labour and the Democrats, there is little evidence that pro-market policies alone can rekindle voter loyalties. And since Labour and the Democrats have been tarred with the “left” label, even when their policy positions are in accord with voter views, voters are sometimes hostile to the bearer of the message. As a result, party factions are pushing the Democrats and Labour further to the right to cleanse their sullied reputations.

Dominant factions in both parties are increasingly courting business interests, which may have deleterious effects in their ability to respond to the endemic economic problems briefly recounted in chapter two. Also, moves to improve the reputation of the parties have little to do with the hard choices these parties face in the policy arena. They still have to make rather momentous choices over their responses to internationalization, to a changing workforce, and to continuing social needs created by economies which no longer distribute prosperity as they once did.

There are a few signs of life on the left. Union factions are working to develop new policies both to manage globalization, and respond to changing political and social conditions. Unions are thus initiating a process of modernization of their own. For example, both US and British unions are developing trade policies which emphasize social standards instead of pure protectionism. US unions also participated in recently-unprecedented coalition-building in the fight over NAFTA. New coalitions among

constituency factions may in turn bring about some resurgence for the left. This will be taken up in chapter six.

Chapter 6. Rival Visions of Internationalism

I. Introduction to Chapter Six.

This chapter and the next examine two policy areas that are conceptually, politically, and economically linked. This chapter examines the factional politics within Labour and the Democrats around adapting party policy to accommodate international integration. The following chapter examines the politics of efforts to change the regulation of labor management relations, and protections for workers in the workplace. Taken together, trade and labor policy have a large effect on the number, distribution, and quality of jobs in an economy. They provide a “baseline” of labor market outcomes which then become the “substrate” upon which other policies must be based. If, for example, an economy is generating either a huge number of low wage jobs or high unemployment, or both, other policies aimed at enhancing social welfare are likely to be overwhelmed.

This chapter focuses on the politics surrounding further integration of Britain and the US into the world economy. The policies selected reflect the different historical context the two parties find themselves. The case of Labour and Europe examines the politics surrounding the party stance toward a rapidly integrating continent. The more advanced stage of international cooperation in the European Union means that Labour responses to internationalization include debates over coordinated growth policies and monetary policy, as well as concerns over social standards and working conditions.

For the Democrats I focus on the politics over the adoption of the NAFTA treaty. NAFTA politics reflects the US’s more nascent efforts to begin the process of

continental economic integration, and the growing conflict between social and market-based forms of regulation. But both cases clearly bring out factional differences over efforts to control and manage the process of globalization. And as this chapter shows, different starting points for integration does not preclude the emergence of similar issues, factional splits, and alliances.

These factional struggles occur in the broader context of political struggles over the reconstitution of economic regulation. These nations face a policy choice ranging from policies which attempt to shore up wages and living standards, to those which emphasize low wages and extremely “flexible” labor markets on the other end of the continuum. Both Labour and the Democrats compete with conservative parties that have clearly chosen the low wage pathway to economic competitiveness.¹

Left parties also confront choices between broad alternative policy frameworks for international integration and labor market regulation. While no left party can advocate a low-wage strategy, there are a number of possibilities for regulating trade and integration. One pathway is to adopt interventionist trade and labor policies in an attempt to re-create a high-wage, high-skill economy. Alternately, they can accept a free trade regime, but attempt to counter downward pressures on wages through supply side policies such as training.

Regulation of trade and integration has become a central area of economic dispute within both Labour and the Democrats. Changing factional preferences, and alignments, have a strong effect on party policy. Within the Democrats, consensus between factions over free trade broke down as US global economic hegemony waned.

¹ For example, the Tories have placed ads in Continental newspapers extolling Britain's low wages (Keith Harper, *Guardian*, May 4, 1993. The US Republican leadership recently attached an amendment to a minimum wage bill that would exempt small businesses with sales of up to a half a million dollars a year from paying the minimum wage to any new workers (Adam Clymer, *New York Times*, May 23, 1996)

Factional struggles initially revolved around the advisability of protectionist measures in response to growing trade imbalances. As the examination below will show, while the Democratic party as a whole could not be characterized as a protectionist party, it was the venue for various measures designed to protect workers against the adverse effects of trade. These measures were in turn opposed by free traders in the party.

Not surprisingly, constituency factions chose protectionism, and party factions free trade. The occasional political success of protectionist measures had its origins in a fragile and very temporary alliance between unions and their allies in the Democratic party, politicians from import-impacted districts, and corporations losing market share to foreign competitors. This alliance allowed policy to drift toward protection even though pro-free market party factions were gaining strength in the Democrats. As chapter four showed, this growing need for protectionism reduced union interest in striking alliances with other left groups, and heralded a union retreat into policy insularity.

While this stance proved to be too narrow to provide an economic vision capable of solidifying the party coalition, it did have the effect of maintaining the Democrats' image as a protector of "the little guy." However, as the Democratic party right increasingly asserted its power, policy shifted back toward free trade. In the struggle over NAFTA, the Clinton administration and many Congressional Democrats were pushing trade policies that the majority of the party's constituents thought would make them worse off. Trade policy became yet another policy area where traditional constituents felt abandoned.

The struggle over NAFTA shows that the waning of protectionism does not demarcate the reemergence of consensus, but instead demonstrates the reconstitution of the left-right factional struggle over globalization. Unions and allies on the left have begun to formulate an internationalist strategy centered around human rights and labor

standards as an alternative to protectionism based purely on trade volumes. This global standards approach in turn clashes with the pure free trade vision of party factions, particularly the DLC.

In Britain, politics centered around various visions for arresting a slow, long-term decline. Initially, none of this politics revolved around questions of European integration. While the dominant Labour factions in the unions and the party factions accepted free trade and a role for sterling as an international currency, all wings of the party were either skeptical, openly hostile, or at best indifferent to integration with Europe. While small fragments of the party leadership, and even smaller portions of the left thought European integration could advance social reform, a pro-Europe majority on any issue was hard to construct. As European integration became a more prominent aspect of the continent's trade regime, this position became increasingly untenable to many in the party. The realignment of the free trade wing toward acceptance of Europe led to open clashes with opponents located predominantly within left-leaning factions.

In the early 1980s, temporarily-dominant left factions endorsed a broad set of policies centered around protection, exchange controls, and withdrawal from the EC. This anti-Europeanism became one of the major causes of the 1981 split wherein the most pro-European elements of the party faction bolted to form the Social Democratic Party. After the 1983 election loss, however, Labour party began a steady shift toward Europe. This was not solely the result of the weakening of the New Left faction, and the growing strength of the Labour right. Some New Leftists had converted to a pro-Europe position. The unions realigned themselves back into "pragmatic" support of the leadership, and there was also a profound process of conversion toward a European stance within the unions themselves. These changes all contributed to a Europeanization of Labour policy.

The spread of pro-Europeanism does not equal a new consensus within the party, however. Old factional struggles are reasserting themselves at a European level. The left, including the unions, the New Left and their “soft left” allies in Parliament maintain a traditional Keynesian interest in measures which expand demand. This has generated a growing skepticism of recent EU developments, particularly the stipulations of the Maastricht treaty for fiscal and monetary convergence. Also, constituency factions on the Labour left support Europe for the Social Chapter and the possibilities for internationalist measures to shore up social democracy and unionism.

The Modernizer party faction is more concerned with stable exchange rates, free trade, and Europe as a mechanism for budgetary restraint. The convergence criteria for economic and monetary union are seen by Modernizers as useful constraints on the excesses of Labour party constituents, particularly the trade unions, and are seen as providing the discipline which enhances electoral prospects. According to Kurzer (1993: 225), “The procedures of the EMS enable national governments to ignore the pleas and threats of their own electorate and shift the blame for painful adjustments to some vague reference to prior commitments. These positions do not differentiate the Labour right significantly from the position of the pro-Europe Tories. But what clearly distinguishes Labour in general from the Tories is an acceptance of the Maastricht Social Chapter by all factions in the party. But it is the left, rather than the right, that shows the most interest in pushing the party to embrace measures to create a “social Europe.”

The growing market-oriented wing of Labour and the Democrats is locked in competition with factions, based particularly in the unions, which are attempting to formulate new ways of achieving old goals. Most fundamentally, the party left and right differ over whether the conditions under which trade is conducted can or should be regulated in an effort to achieve social goals. The left believes that trade should be

managed in the interest of employment and wage growth. The right instead argues that the proper place for intervention is the effects of trade, not trade itself. As such it favors measures such as training which cushion the effects of market-driven outcomes. Which direction these parties take depends on internal political struggles including domestic alliances and strategies adopted by various factions.

I will now review some of the shifting factional politics over trade in the last few decades. In the 1960s and the beginning of the 1970s, major factions in both parties were oriented toward free trade, with the exception of general Labour skepticism toward Europe. Soon afterward, the attraction of protectionism increased markedly on the left, whereas the right maintained its stance in favor of measures to enhance international economic integration. Among the labor right, this included a conversion to pro-Europeanism as well. However, protectionism did not prove to be a viable strategy for the left in either party, paving the way for its abandonment, and the beginning of a new struggle over rival visions of managing economic integration. The development of these alternative visions, and the corresponding effect on factional politics, will be taken up in sections three and four.

II. The 1970s and 1980s: The Rise of Protectionism in Labour and the Democrats

a. Introduction

The period from the late 1960s to the mid-1980s marked the rise of protectionist impulses in both Labour and the Democrats. As employment problems mounted, the interests most directly impacted by internationalization were active in pushing for policy responses which offered immediate relief. In the US, formerly free trade-oriented

unions, and members of Congress from deindustrializing regions, began to embrace protectionism. As chapter four showed, while other union interests made little headway legislatively, the devastation experienced by some sections of the country allowed the temporary construction of political blocs which dampened the negative effects of trade. Various protectionist measures crept into trade legislation. These temporary alignments allowed union factions to gain some of their policy preferences even while Democratic policy was drifting rightward in other areas. Because such pressures were building in the Congress, various administrations began to respond with protectionist administrative rulings as well. But protection never became the dominant thrust of US trade policy (Goldstein, 1988).

In Britain, a strong domestically-oriented, even autarchic strain gained momentum in Labour as social democracy appeared increasingly unable to solve mounting economic problems (Gamble, 1990). Because of the growing power of the left factional alliance in Labour, this program of protection was coupled with a far-reaching effort at socialist reconstruction which became party policy by the early 1980s. This program would have entailed complete withdrawal from Europe and a massive program of national rebuilding and reflation.

Protectionism did not prove politically viable in either the US or Britain, however. Instead, this era ended up marking the end of a domestic focus for left political parties. In Britain (as a good Marxian analysis might have shown) the historical forces were not ripe for such an insular reconstruction project. The hoped-for massive mobilization of the electorate in Labour's direction never materialized, and the electoral drubbing of 1983 set the stage for a realignment back to the right. Protectionism represented a last-gasp effort to insulate domestic political projects from the pressures of the market. Within Labour, from the mid-1980s on, both left and right factions moved away from protectionism, and toward Europe.

In the US, protectionism also was not a substitute for a broader economic and political strategy. Protectionism generated some support, but was never seen as a viable long-term solution to the US's economic problems (Teixeira and Molyneux, 1993). At the same time, market-oriented party factions were increasing their power. And, business support for protectionist trade policies dropped as companies adopted truly global strategies.

An inability of these policies to gain resonance with either the electorate or with economic elites forced constituency factions and reform-oriented interest groups to begin an embrace of internationalist strategies. As a result, left and right factions have converged toward internationalism, but the visions and strategies these factions offer in response to globalization remain quite different. These changes will be taken up in subsequent sections.

b. The Democrats: from Free Trade to Protectionism

Hegemony in manufacturing was the most overriding factor in determining the United States' -- and the Democratic party's -- response to international trade in the first three postwar decades. The US dominant position allowed for a consensus on open borders, and the US took the lead in reducing tariff barriers worldwide. Initially, the US tolerated protectionism in nations such as Japan, and in Western Europe, but as global recovery continued it became the major sponsor of movements toward global openness (Goldstein, 1988: 204). Free trade was in turn part of the "postwar bargain" accepted by both unions and corporations. The economic clout of the US made open trade compatible with continually rising living standards. Consequently, trade was an issue which unified rather than divided the Democratic party coalition. For example, the

AFL-CIO fought hard to pass Kennedy's market-opening Trade Expansion Act of 1962 (Cowie, 1994: 5).

But ten years later, national and Democratic party consensus on this issue was unraveling. In 1971, the US had its first trade deficit since 1888, and deficits began to balloon rapidly soon afterward (*Congressional Quarterly*, May 19, 1973: 1215; no author listed). Legislative activity on trade accelerated rapidly, and after little activity in the 1960s, Congress considered hundreds of bills on trade in the 1970s and 1980s (Goldstein, 1988: 183). Growing clamor for protection led an increasing number of Congressional Democrats to shift from the party's traditional free trade stance to protectionism. For example, in 1973 unions helped to write and then pushed the Hartke-Burke Foreign Trade and Investment proposal which called for taxation of US corporations' foreign earnings, the reinstatement of tariffs for goods imported from export-processing zones, and a fixing of the share of imports in the US market at late 1960s levels (Cowie, 1994). This amendment did not make it out of committee, however. A watered-down version of the same legislation also failed (*Congressional Quarterly*, July 21, 1973: 1898).

This did not mark the cresting of protectionist pressures, which were funneled through the existing institutions and practices set up to regulate trade policy. Goldstein (1988) argues that the various institutions designed to regulate trade and prevent excessive economic dislocation in turn reflected the dominant ideological current at the time they were established. Institutions and practices set up at the high tide of the "free trade" era after the war reflected free trade principles, making it harder to intervene for protectionism. These practices, most notably the escape clause measures of various Trade Acts, have a high threshold for action, and maintain a role for the President in accepting or rejecting any actions taken. Conversely, other institutions set up before WW II reflect protectionist sentiments, tend to be insulated from Presidential

intervention, and also contain some measures which are invoked automatically when certain conditions are met.

These differences mean that the struggle between free trade and protectionism often involves either shifting regulation to institutions embodying one or the other principles, or trying to modify institutions toward either pole through various reforms. For example, determination of injuries due to unfair “dumping” of goods moved from the Treasury Department to the Commerce Department in 1979 because of the latter’s greater openness to protectionist pressures (Goldstein, 1988: 201). In addition, Congress and the President in turn struggle to elevate regulatory practices which privileges their respective branch. Congress has continually tried to enact measures requiring continued legislative oversight, while the President has continually pushed for presidential autonomy. Efforts by various coalitions to shift the structure in one direction or the other occur whenever main pieces of trade legislation are up for reauthorization.²

The president in turn often seeks to preclude Congressional intervention by supporting measures which act as a “safety valve” against wholesale protection. For example, following procedures from the Trade Expansion Act of 1962, the Tariff Commission had denied all requests for import relief between 1962 and 1969 (*Congressional Quarterly*, 1973: 1216). The Nixon administration responded by sponsoring a broad trade bill in 1973 which would have lowered the burden necessary for import relief. The Nixon bill also sought broad negotiating ability to seek lowering of barriers elsewhere. Nixon had also shown himself willing to use protectionism,

² Efforts to regain Presidential prerogative can be seen in the struggle over “fast track” legislation on trade agreements, in which Congress relinquishes its ability to “micromanage” trade policy negotiations, and instead agrees to accept or reject treaties as negotiated by the President. But as the struggle over NAFTA will show, even “fast track” does not eliminate the ability of Congress to wrangle and deal over trade.

having levied a 10 percent surcharge on all imports in 1971 in order to force other nations into a currency realignment after the abandonment of the gold standard (*Congressional Quarterly*, 1973: 1219).

But these efforts were not enough to stem growing protectionist pressure. In particular, unions and their Democratic Congressional allies embraced protectionism as a way of protecting jobs and wages. Their political clout was increased by polls which showed protectionist sentiment growing in each recession since 1975 (Brownstein, *National Journal*, September 19, 1987: 2332). Pressure for protectionism intensified under the stress of the early 1980s recession. This recession marked a waning concern over inflation, and rising fears of continual deindustrialization of the US economy. One result was domestic content legislation pushed by the UAW and some prominent House Democrats which passed the House in 1982 and 1983 (Brownstein, *National Journal*, Sept. 19, 1987: 2238-2239). Again, it did not get through the Senate.

Protectionism and Presidential Politics

In the 1980s, Democrats were charged with the need to come up with an alternative to Republican economics. Protection proved to be one facet of this response, and the factional politics of protectionism influenced Democratic races for the presidential nomination. Support for protection became an important litmus test for union support, and the unions weighed in with support for protectionist candidates. Conversely, neoliberals and later the DLC in the party faction put their support behind Democratic free traders.

The AFL-CIO gave an early endorsement to Walter Mondale in the 1984 Democratic primaries. Eventual nominee Mondale ended up supporting both domestic content legislation, and steel quota legislation (Brownstein, *National Journal*, Sept. 19, 1987: 2329). This led one Republican politico, Jeffrey Bell, to note that "Until 1984,

for the entire history of the two-party system -- I'm talking back to the Federalists and the Whigs -- there was never an election in which the Democratic Party was not more free trade than the opposite parties" (quoted in Brownstein, *National Journal*, Sept. 19, 1987: 2332).

After the election, some Democrats and their labor supporters endorsed even more stringent measures, such as that offered by Richard Gephardt, Dan Rostenkowski, and Lloyd Bentsen in 1985. This measure would have required a 25 percent tariff surcharge against any nation which had large and persistent trade surpluses with the United States, had been shown to engage in unfair trade practices, and which failed to reduce this surplus by ten percent a year. Although actually first proposed by the Motorola Corporation and first introduced into the Congress by a Republican, Richard Schulze of Pennsylvania, the Democratic version gained most attention and tarred the party with the "protectionist" label (Ann Cooper and Bruce Stokes, *National Journal*, Nov. 9, 1985). The House passed what became to be known as the Gephardt amendment in 1986, although it did not get through the Senate (Brownstein, 1987: 2239). A softer version which would have given the President more discretion in levying surcharges again passed the House in 1987 (Brownstein, *National Journal*, Sept. 19, 1987: 2329).

While purely protectionist legislation was difficult to move through both houses, various administrative agreements and actions provided protection without the direct challenge to the GATT which would have weakened the free trade regime. Again, we see the President attempting to control the pace and pattern of protection, as the Reagan administration engineered "Voluntary Export Restraints" on Japanese autos in 1991 as a method of forestalling additional demands for tariff increases. These set a limit of 1.68 million cars to sold in the US per year (Richard Corrigan, *National Journal*, June 4,

1983). Japanese producers in turn shifted their product mix “up market” in order to protect profits, thus challenging Detroit’s position in the market for larger cars.

In 1988, Gephardt used his tough trade policy as the centerpiece of his presidential campaign, which in turn helped him to secure some local labor endorsements. He also coupled the strong trade stance with a program of reflation designed to turn around the struggling economy of the midwest and southwest. But his comparatively populist platform scared away business funders, and helped to ensure his defeat (Ferguson, 1989).

The nomination of Michael Dukakis, who was the most free trade-oriented of the Democratic candidates (Ronald Brownstein, *National Journal*, September 19, 1987: 2331), marked the cresting of the wave of standard protectionism in the Democratic party. Dukakis did not receive support from the Democratic Leadership Council, which viewed him as too liberal on social issues. But he did receive substantial support from free-trade oriented high technology industries (Ferguson, 1989). The Dukakis platform included only one sentence on trade. It did, however, express some skepticism on free trade in the vague run-on language of Dukakis-speak:

We believe that America needs more trade, fair trade, an Administration willing to use all the tools available to manage our trade in order to export more American goods and fewer American jobs, an administration willing to recognize in the formulation and enforcement of our trade laws that workers’ rights are important human rights abroad as well as at home.....” (Democratic Party, 1988).

The power of the protectionist coalition was also waning in Congress, as many “rust belt” industries were either so decimated as to be powerless, or had restructured and “downsized” to the point of becoming competitive. The other important phenomenon which weakened the temporary union-business protectionist alliance was the continuing shift by many American corporations to a truly global strategy. When first hit by trade shocks, many corporations were caught with uncompetitive practices

and product lines which made government protection a rational strategy. But they soon began to work to lower production costs, and also to globalize production through outsourcing, location of plants overseas, and joint ventures. By the 1983, for example, the auto industry had fully embraced a “global assembly” strategy and was thus becoming less interested in protection. Chrysler was marketing cars made by Mitsubishi, and others with engines and transmissions made by Volkswagen; GM was purchasing diesel engines from Isuzu; GM and Toyota also announced a joint venture to build cars in GM’s closed plant in Fremont, California. American Motors announced that it would begin building front-wheel drive Jeeps in China. (Richard Corrigan, *National Journal*, June 4, 1983). Unions found themselves with fewer business allies, and protectionism proved a weak tool with which to build coalitions with other constituency factions and Democratic party interest groups. In part because of these changes, GM began arguing for a larger quota for Japanese imports than Japan has scheduled for 1983. The domestic content bill pushed by the UAW was one response, which would have required the largest sellers of autos to manufacture 90% of the content of their cars in the US by 1987. The bill passed the house in late 1982 but did not get through the Senate (Richard Corrigan, *National Journal*, June 4, 1993).

This legacy of the union effort to advance protectionism was clearly a mixed one. For particular industries in particular time periods, such efforts temporarily cushioned the wrenching effects of international trade, allowing some industries to recover. Such efforts were pragmatic and rational response for short term relief, but were not a substitute for a broader economic strategy. Most demands for protection were rebuffed (Goldstein, 1988). And, as argued in chapter four, efforts to couple the particularistic measures of trade protectionism with more pro-active and positive industrial and active labor market policies were repelled by a growing economic conservatism in both parties.

Protectionism also pits a weakening labor movement head-to-head against the strongest interest groups without the general support needed to prevail. The populace wants its cheap electronic goods, and industrialists want to be free to engage in a global strategy without the entanglements resulting from continual trade disputes. Because of this, it is highly likely to divide the Democratic coalition. While various forms of protectionism will always be with us, and will be pushed by various unions from time to time, it does not seem likely that they will add up to a viable political vision. The union faction needed a new strategy, which was not long in coming. This will be taken up in the next section.

c. Protectionism in Labour

The protectionism offered by Labour in the early 1980s was much more an aberration than it was in the United States. Free trade reigned in Britain since the repeal of the Corn Laws in 1846, broken only briefly by national closures of markets during wartime (Gamble, 1990: 131-137). British international economic hegemony in the 19th century was based on free trade (sometimes brought about through coercion!), and a dominant role for sterling. After the formal fall of the Empire, free trade coexisted with the maintenance of special relations which protected the position of the former colonies in the Commonwealth, while at the same time providing Britain with special entre to these growing markets. After 1945, external financial and free trade orthodoxy was supplemented by Keynesianism in the domestic economy, but the needs of domestic growth and industrial investment were subjugated to the needs of Britain's external financial role, even under Labour governments (Ingham, 1984; Gamble, 1990).

While Britain's external role has been important to elites in both parties, this stance long coexisted with widespread opposition to the European Community. Opponents to further integration came in all shapes and sizes. Within the market-oriented wing of the Tories, the Community's Common Agricultural Policy was seen as an unacceptable deviation from free trade (Gamble, 1990: 147-147). Within the Labour party, opposition took the form of long-standing calls for withdrawal from the Common Market, which was seen as a capitalist restraint on socialist *and* social democratic policy. Labour skepticism about Europe was manifest in party promises to hold a referendum on withdrawal, a promise which was kept in 1975. The British electorate voted to remain in the Community, which temporarily dampened the momentum of anti-marketeers in the party (George and Rosamond, 1992, p.172).

This was by no means an end to anti-Europeanism in the Labour party, however. The left in the New Left and union factions continued to work in the 1970s on a domestically-oriented Alternative Economic Strategy (AES), a comprehensive program for "socialism in one country" which called for a program of national investment, reflation, and nationalization. The plan also called for complete withdrawal from the EC.

But the implementation of this program was limited when the Labour party acceded to office in 1974. The reason for this has to do with factional alignments. In the 1970s, even though the New Left was strengthening, the union-party faction alignment was still dominant. Thus, growing economic radicalism in the left and in the unions became fused with an interest in inflation control advocated by the right. As was described in chapter four, the result was an ambitious plan for expanded corporatist bargaining. Unions were asked to participate in a "Social Contract," to exercise wage restraint in order to hold down inflation, and to cooperate with the party leadership on a

wide range of issues. In exchange they were to receive investment to revitalize industry, increased social spending, and other measures to lower unemployment.

Labour continued to focus on domestic policy during the Social Contract period, and the party's anti-Europeanism was rather casual after the defeat of the referendum. But opposition to or the disregard of the European community was by no means limited to the party left. A pamphlet written in 1975 by Labour social democratic theorist Tony Crosland entitled *Social Democracy in Europe* did not even mention the European community! (Tindale, 1992: 278). Nevertheless, Labour oppositionism continued to express itself on occasion. In 1977 a vote was held in London on increasing the autonomy of the European Parliament by moving to direct elections of MEP's. Labour MP's split 126 for to 126 against such a measure (Tindale, 1992: 277). In 1979, Labour chose not to cooperate with other social democratic parties in crafting a joint manifesto for the first direct European election (Tindale, 1992: 288).

When the payoffs which were to result from the Social Contract never materialized, and still rampant inflation was met with fiscal restraint, an IMF bailout, and monetarism, union willingness to cooperate with the social democratic wing of the party evaporated (Taylor, 1987). The policies adopted in the early 1980s in response represent the high point of Labour party isolationism from Europe. The election of increasingly left-leaning members to the party's National Executive Committee, and continued leftward shifts among unionists who had a dominant role in party Conferences, led to the adoption of the AES as official party policy in 1982. This version of the AES contained the following elements: a call for a large expansion of demand through higher wages and pensions, and more government spending; a program of nationalization supplemented by planning agreements signed with the 200 largest firms; higher taxes on wealth, and on higher incomes; selective import controls

used to maintain balance of payments; and complete withdrawal from the EEC (Aaronovitch, *Marxism Today*, Feb. 1986).

The AES drew some of its inspiration from a book by Stuart Holland written in the early 1970s entitled *The Socialist Challenge*, which challenged the mainstream ideology of gradualist social democracy developed by Anthony Crosland in the 1950s. Holland argued that increasing control of the British economy by multinationals necessitated not an internationalist strategy, but a new round of state ownership and national planning (Seyd, 1987: 26-27). This fed into a growing current of thinking which challenged mainstream Labour thinking on the economy. According to Andrew Gamble,

The record of the Labour government after 1974, as well as the experience of membership of the EEC, persuaded a wide band of Labour opinion that the Social Democracy sought by Crosland was unobtainable, so long as the links which Britain maintained with the world economy remained unchanged. If those links were challenged, then the scope for internal reorganization of the economy became much greater (Gamble, 1990: 175).

This strain of thinking had been developed into an explicit plan by intellectuals and activists of the New Left. Contributions were also made by various prominent unionists, who had become ever more disillusioned with the social democracy of the Labour government from 1974 to 1979. The domestic strategy of reflation, rebuilding, and public ownership also logically entailed withdrawal from the EEC, since it would likely lead to both capital flight and increased demands for imports, and community rules prohibited industrial subsidies and import controls (Lloyd, 1990: 38).

In *New Hope for Britain*, the Labour's party's manifesto for 1983, the elements of the AES were put to the electoral test. The manifesto promised that "Within days of taking office, Labour will begin to implement an emergency programme of action, to bring about a complete change of direction for Britain" (Labour Party, 1983: 6). The specifics of this emergency program included promises to "Launch a massive

programme for expansion. We will: Provide a major increase in public investment, including transport, housing, and energy conservation; Begin a huge programme of construction, so that we can start to build our way out of the slump....." (Labour Party, 1983: 6). These and other expansionary measures, such as a "massive programme of housebuilding and improvement," were to be insulated from international pressures and balance-of-payment problems by "Britain's withdrawal from the EEC, to be completed well within the lifetime of the Labour government" (Labour Party, 1983: 7).

However, the party did not emphasize the anti-European plank during the election campaign, choosing to focus on domestic matters (Lloyd, 1990). In any case, this manifesto and the AES were not well received by the electorate. Although there is evidence that the massive 1983 loss can be attributed variously to its old and lackluster leadership; and the sabotage of the campaign by conservative party leaders (Marquess and Heffernan, 1993); it also seems clear that the electorate was wary of such a radical program, and seemed less willing than Labour was to ditch the EC. No sooner had the AES become party than the party right gathered strength to oppose it. And, many on the Labour left were beginning to rethink the isolationist strategy as well. As the decade wore on, most factions in the Labour party began to embrace internationalism and Europeanism, albeit of very different varieties. These changes will be taken up in the following section.

III. Embracing Internationalism

a. Introduction

The waning political utility of protection led to a movement away from isolationism in all factions. The left in general has always had an internationalist

component. First the Communist, and then the Socialist International voiced the rhetoric of transnational solidarity. But the reality of intense nationalism during wars, and the absence of mechanisms to facilitate cooperation, forced the left parties when in power to work within capitalist, rather than socialist or social-democratic international institutions. And, concern for employment and national growth kept the focus on domestic matters.

The absence of a truly internationalist strategy meant that protectionism was the easiest option as unemployment began to grow in each nation. But while protectionist measures cushioned some industries and allowed a recovery in others, protectionism proved inviable as a long-term political strategy. The continued liberalization of tariffs under GATT left more and more industries dependent on exports, increasing the clout of internationalist factions. European integration continued, if in fits and starts. And the political clout of the middle class which benefited from open trade led to the growing power of consumer over producer interests.

Programs or measures emphasizing protectionism proved not to have much staying power. Labour's 1983 protectionist manifesto left it out of power; in the US, factions opposed to protection, such as the Democratic Leadership Council, gained power and influence. Measures such as the Gephardt amendment made no further headway in Congress. These shifts mirrored changes elsewhere. Movements toward either the embrace of, or resignation to, the globalization of markets are occurring in other nations as well, including nations with strong isolationist traditions such as Sweden (Ingebritsen, 1992) and Denmark (John Palmer, *Guardian*, May 20, 1993).

The left parties have rather broadly abandoned protectionism, and have embraced freer trade to a surprising degree. In immediate terms, this does represent a move to the center, and an embrace of pragmatism. However, instead of a permanent decline of the

distinctiveness of the left agenda, we are instead seeing the replacement of an old left domestically-oriented vision with a new form of left internationalism.

Unions and other constituency factions within the Democrats are searching for new solutions to the problems caused by economic internationalization. These solutions emphasize international measures such as cross-border union solidarity, and the promulgation of international labor standards. Such approaches allow for alliances with other reform groups on the broad left, including environmental and human rights activists. The creation of a new form of left internationalism is a new cleavage issue that splits constituency and party factions. These measures are in turn eyed warily by right-leaning party factions such as the Democratic Leadership Council, which see such efforts as a backdoor to protectionism. As will be shown below, these widely divergent approaches within the Democrats became crystal-clear in the struggle over NAFTA, and continued as GATT and the new World Trade Organization (WTO) came onto the political agenda.

This section also demonstrates a strong shift toward an embrace of the European Community in all segments of Labour. Modernizers in the party faction gained power over left constituency factions, which led the shift of Labour policy toward Europe. Another cause of this reorientation in party policy was the conversion of the union faction to Europeanism. Ideological conversions among others in the British left were also influential. But this broad pro-Europe stance masks fundamental differences over the pace and patterns of European integration. This reconfiguration of the left-right battle within Labour will be demonstrated in Part IV through a closer examination of the recent politics over Maastricht.

b. The New Internationalism in the Democrats

Left internationalism began to gather momentum just as calls for protectionism were reaching a crescendo. In the mid-1980s, as debate raged over the Gephardt amendment and domestic content legislation, and as the Reagan administration was negotiating "voluntary" auto trade quotas with Japan, measures for international labor rights began to slip into various pieces of legislation.

These advances were the result of lobbying by unions and those on the economic left of the party. A group of labor unionists, human rights activists and left-leaning religious activists convened a group called the International Labor Rights Education and Research Fund which pushed for labor rights provisions in various trade agreements. Its president was former labor secretary Ray Marshall, its Executive Director was Pharis Harvey, and its congressional efforts were led by House Democrat Don Pease of Ohio. According to Marshall, this group was:

....able to get labor standards into every trade agreement during the 1980s in a very hostile climate.... With labor rights, all countries are given an incentive to pursue a high-wage strategy, not a low-wage strategy. That way, when you have convergence everybody is better off. I think that trade agreements without labor and environmental standards will be the Smoot-Hawley of the 1990's, and will be seen as beggar-thy-neighbor policies, employ low-wage workers, trash-the-environment strategies (interview with Ray Marshall, November 20, 1995).

Labor rights were inserted into the Caribbean Basin Economic Recovery Act of 1986; the Generalized System of Preferences (GSP) Act of 1986; and the Overseas Private Investment Corporation statute of 1986. This development continued in legislation with Section 301 of the 1988 Omnibus Trade and Competitiveness Act; and, the 1993 appropriation to the Foreign Assistance Act of 1961 (Rothstein, 1992). Unions, while continuing to push protectionism, were increasingly embracing a rights approach as well.

This was by no means a totally new aspect of US policy. As early as the 1922 Fordney-McCumber Tariff Act, as amended in 1930, the International Trade Commission (ITC) was responsible for recommending higher tariffs to the President for products with low production costs due to lower labor standards. Later, the US required Japan in 1955 to agree to fair wage standards in order to gain access to US markets, leading Japan to adopt its first minimum wage. In 1974 Congress instructed the President to push for the adoption of "international fair labor standards" in the GATT, and in 1980 asked that a "social clause," which was to include respect for labor standards, be a priority for the Uruguay round of trade talks (Rothstein, 1992).

Of the laws on the books, the GSP law, which governs when nations are to be given preferential tariff treatment, has proven most effective in allowing action to address violation of worker rights in developing countries (Collingsworth, et al., 1994). This law allows petition to the office of the US Trade Representative for denial of duty-free status for goods produced in countries which systematically deny labor rights recognized by the International Labor Organization (ILO). These include:

- the right of free association;
- the right to organize and bargain collectively;
- no forced labor;
- a minimum age for employment of children;
- mechanisms for establishing and enforcing minimum wages, regulation of hours of work, and standards for worker safety and health;

However, the law contains an escape clause which allows the President to grant GSP benefits even in the face of violations if it is "in the national economic interest of the United States." As a result of this loophole, denial or granting of GSP benefits

often occurs for other reasons than labor rights, such as a nation's willingness to comply with an administration's foreign policy goals (Rothstein, 1992).

The development of a labor rights-oriented trade policy is still at a very inchoate stage. While Democrats and their union allies were able to place these planks into central pieces of trade legislation, the actual impact of such clauses in practice has been minimal. And, as the previous section shows, standard protectionism was the higher priority for unions during the 1980s. These changes, however, appear to be a recognition that internationalization cannot be managed in the absence of cross-national strategies which regulate the activities of capital. As will be documented below, it was during the NAFTA struggle that this perspective became more widely embraced on the left, and was quite important in the alliance-building strategy against the Treaty.

c. Labour Embraces Europe

Labour party policy was substantially revamped in the late 1980s, and in few areas is the change so marked as regarding European integration. In less than ten years, Labour shifted from complete anti-Europeanism to an enthusiastic pro-European stance. This majoritarian pro-Europeanism is a switch from the thrust of party policy throughout previous postwar decades. Nationalist (particularly anti-French) sentiment, and non-EC alternatives (EFTA, the "special relationship" with the US), as well as a lingering legacy of imperialism, led many in Britain to advocate disengagement from the continent. Within Labour, generalized nationalism went hand-in-hand with a desire to control the national economic destiny. Although when in government Labour was often to the right of its continental counterparts, the persistence of socialist ideology supported an ongoing fascination with democratic economic planning-- "socialism in one country." As elsewhere, this domestic focus was sustainable until

internationalization weakened the ability of nations to control economic aggregates through domestic measures. Labour has shifted to the point where it is now more pro-Europe than the Tories. Now, according to Tindale, "From socialism in one country it [Labour] moved to Croslandism on one continent" (Tindale, 1992: 276).

A number of things came together to cause this shift. First, the Alternative Economic Strategy proved to be an unconvincing electoral formula, helping to cause a serious drubbing in the 1983 elections. While the British electorate has never been wildly European, neither was it ready for complete disengagement. Public opinion moved from being slightly anti-European to be slightly pro-European during that decade (Haahr, 1992).

The shift toward Europe was led by the party faction, which was already more permeated by free trade ideology and Europeanism. After the 1983 electoral loss, the new leadership under Kinnock and Hattersley began backing away from official policy on Europe. This process was made easier for the Labour left as the community itself began to change. According to Tindale, "The EC founding fathers, particularly the West Germans Walter Hallstein and Konrad Adenauer, were committed to a liberal capitalism which left not only socialists but also social democrats cold" (Tindale: 279). In addition, in the early 1980s at the height of Labour opposition, the EC's agenda "...was dominated by the wrangle over the British budget contribution. It therefore seemed to have little to offer a democratic socialist party. It represented only constraints, not opportunities" (Tindale: 292). In addition, the plan for a single market by 1992 was masterminded by Lord Cockfield, a former member of Thatcher's Treasury team (Tindale, 1992: 296-297).

The pro-free-market bias of Europe shifted more toward a social vision of Europe as the decade wore on. Under the leadership of Delors, policy innovation in the Community increasingly embraced a social as well as a free market dimension (Ross,

1992). The agenda began to include social and wage legislation which was palatable to Labour, which in turn softened opposition.

Although early moves were made cautiously, Neil Kinnock signaled the shift occurring in the leadership in a 1984 article called “A New Deal for Europe,” which while highly critical of the EC called for its reform from within (Kinnock, 1984). Kinnock specified conditions for Britain’s engagement which, “If they could not be achieved, we would reserve the right, like any other nation, to withdraw.” These conditions were the replacement of the CAP; methods to control the outflow of investment capital from Britain; active efforts at reflation rather than monetarism; and progress toward European disarmament. More fundamentally, he also called for a “New Messina Conference” to “... lay the foundations for a genuine community of Europe, freed from the market-economy philosophy of the Treaty of Rome or directives from a Brussels bureaucracy” (Kinnock, 1984).

That year, Labour gains in the European elections also brought in an influx of younger Members of the European Parliament (MEPs) who were more pro-Europe. Before then, Labour MEP’s were selected in part because of their anti-Europeanism, and represented “.. a kind of socialist Expeditionary Force, positioned in Strasbourg or Brussels to stop the advance on the continent” (Lloyd, 1990: 38). Also, the experience of working with their socialist EC colleagues had softened the anti-Europeanism of some sitting MEPs (George and Rosamond, 1992: 178). By 1990 the socialist grouping was the largest group in the European Parliament, therefore creating more momentum for the social dimension (Lloyd, 1990: 39).

In 1988, agreement was reached *over* British opposition to double EC regional development funds (Tindale, 1992: 295). The doubling of regional adjustment funds in turn provided Labour regions with money they could not get from the Tory government. This was particularly important in softening the opposition of Labour MPs

and party activists in Scotland and Wales, regions with large and left-leaning Labour majorities. Tindale argued that "A pound in the bank was worth any number of anti-Market manifestoes" (Tindale, 1992: 296).

The seemingly permanent Tory majority also led some to embrace Europe as a bulwark against unrelenting Thatcherism. Thatcher's ongoing opposition to the development of Europe, and particularly the Social Charter, made it hard to voice opposition "without appearing to be in sympathy with the social policies of Thatcherism" (George and Rosamond, 1992: 180). In addition, a series of ruling by the European court against Thatcher's social policies gave Europe a new legitimacy (Tindale, 1992: 295).

The movement toward Europeanization was also aided as various members of the anti-European left experienced ideological conversions on the issue, often prompted by the force of events. More of the left itself began to support internationalism after the failure of the national reflation strategies adopted by France under Mitterrand made it clear that a go-it-alone-strategy was risky (George and Rosamond, 1992: 178). Some on the left had begun to write about the EMS as a defense against currency speculation as early as 1983 (Tindale, 1992: 280).

Other leftists such as MP Ken Livingstone made a conversion as the localities they were associated with, in this case the greater London area, were able to get a better hearing from Europe than from Mrs. Thatcher. In addition, another dramatic conversion to Europeanization occurred in Francis Cripps, who was a former advisor to Tony Benn and the main author of the AES. Even as the AES was being adopted as policy in its most anti-European form, Cripps began to argue that the EC could provide a forum for coordinated reflation strategies (Tindale, 1992: 284).

Some on the left ended up advocating an end-run past the "Modernizers" toward a more Federalist but also more socialist Europe. Left MPs Ken Livingstone, Harry

Barnes, Brian Sedgemore and Dawn Primarolo proposed a Commons motion advocating a European Parliament with the power to initiate legislation, and the eventual formation of a "... fully fledged federal structure, incorporating local devolution, with a single currency and a central bank (to undermine currency speculation), common citizenship, common environmental, foreign and defence policies and Supreme Court" (Livingstone and Barnes, *Guardian*, Nov. 21, 1991). This strategy also envisioned coordinating trade union activities at "both the party political and the trade union levels," and coordinated efforts to achieve gains such as a 35 hour work week (Livingstone and Barnes, *Guardian*, Nov. 21, 1991).

These changes were by no means indicative of a steady evolution toward Europe, however. Instead, they often proceeded in the fashion of two steps forward, one step back. The Labour leadership had to ensure that it did not get ahead of still-powerful factions, especially the labor unions, and it also had the deal with a vision of Europe that was vague and underdeveloped in all sections of the party. As a result, various pro- and anti-Europe strains coexisted as party policy for a number of years. In 1984 the party was still calling for a new conference of European states which would excise the supranational elements from the Treaty (Haahr, 1992: 90). In 1985 Labour called for an elimination of popular election to the European Parliament, and the creation of a European Council which would be composed of national legislators as a counterposition to the Strasbourg Parliament (Grahl and Teague, 1988: 79). Also, many on the Labour left still remained opposed to Britain's continuing membership, and pushed an attempt to take Labour out of the Socialist group in the European Parliament in 1985 (Grahl and Teague, 1988: 83). In 1986 the Labour group of MEPs was still proposing a withdrawal from the EC (Grahl and Teague, 1988: 83). And while the party had abandoned its anti-Europe stance by the 1987 general election

manifesto, the one single paragraph on Europe was hardly a ringing endorsement of the EC's potential:

Labour's aim is to work constructively with our EEC partners to promote economic expansion and combat unemployment. However, we will stand up for British interests within the European Community and will seek to put an end to the abuses and scandals of the Common Agricultural Policy. We shall, like other member countries, reject EEC interference with our policy for national recovery and renewal (Labour Party, 1987).

In 1988 Kinnock was still arguing that Labour would demand exemption from EC rules as needed to provide for national recovery (Haahr, 1992: 91). In 1989, Labour also pulled away from sections of the joint European socialist manifesto which called for increasing the powers of the Euro-Parliament. However, by 1990 Kinnock was willing to set down some conditions for Labour's participation in currency union: "... if the Community seeks to achieve currency union, then, whatever the implications for Britain, it will have to make arrangements for joint growth strategies, fiscal co-ordination and regional policies on an unprecedented scale" (quoted in Haahr, 1992: 95).

By the close of the decade some of the remaining sticking points against Europe in official party policy were slipping away. The Modernizer party faction pushed the market aspects of the EC, and by 1989 Shadow Treasury Secretary Gordon Brown was advocating swift entry into the ERM as a way of fighting high inflation and interest rates (Haahr, 1992: 93). John Smith, a Modernizer and long-term Europhile who would succeed Kinnock as leader, also took a leading role in pushing Labour Europeanization. In 1989 Smith, as shadow Chancellor of the Exchequer, put his support behind economic convergence, and argued that Labour would have to "pool" some of its economic sovereignty in order to regain control over the British economy (Haahr, 1992: 93).

The Union Conversion to Europe

Therefore, policy slowly crept toward Europeanization, helped along by the evolution of attitudes and policies in the trade unions. It helped that many trade unions, and the central Trades Union Congress (TUC) were able to get a hearing from Europe while their own government was turning a deaf ear. In addition, the adoption of provisions of the Social Charter would have meant the repeal of some of the anti-worker provisions of the Thatcher employment laws (Tindale, 1992: 293). Also, the adoption of the Vredeling Directive, (which was vetoed by the Thatcher government in the Council of Ministers), would have meant increased regulation of the multinationals, thus helping to bring footloose corporations under control (Tindale, 1992: 295).

This thawing of opposition is also shown in the 1988 TUC document *Maximising the Benefits, Minimizing the Cost* (TUC, 1988a), which made the case for a positive role for Europe, and which played a role in preparing the ground for sweeping changes at the 1988 conference (George and Rosamond, 1992: 179). In this document the TUC expressed faith in the ability of political action to shape a developing Europe: "...by the end of 1992 a unification process would be completed, but the final shape was not predetermined" (TUC, 1988a). It also argued that "... it is a small minority among governments who would like to see the internal market programme develop with the philosophy of 'neo-liberalism run amok' to quote a senior Commissioner recently," thereby expressing some faith in the general direction of community leadership (TUC, 1988a).

Jaques Delors himself helped in this conversion of trade unionists at the 1988 TUC conference, where he gave a speech that placed trade unions at the core of a new social Europe. Delors stated that "Measures to complete the large market should not diminish the level of social protection already achieved in the member states." He promised to work toward the achievement of worker protection, including "...every

worker's right to be covered by a collective agreement.... the creation of a statute for European companies which would include the participation of workers or their representatives...." and "the extension to all workers the right to life-long education in a changing society" (quoted in TUC, 1988b). According to Tindale, Delors' "....appearance was stage managed; most of the delegates could not hear or understand Delors' broken English, but they gave him three standing ovations nevertheless" (Tindale, 1992: 294). Nevertheless, the content of Delors' speech was precisely what many in the unions needed to hear, and served to convince many that the meaning of Europe had truly changed.

During the debate at the 1988 conference, R. A. Grantham of the Association of Professional, Executive, Clerical and Computer Staff Union argued that "The Prime Minister may be able to drive the whole of Whitehall into the narrow fundamentalist doctrines of Thatcherism but there is no way she can keep us from reaching agreement in Brussels." Ron Todd of the TUC general council likewise noted that "A decisive majority for social progress in the European Parliament could do much to undermine the legacy of unbridled capitalism which Mrs Thatcher will otherwise leave behind. That is, in part, why Mrs Thatcher now sounds like a demented parrot whenever Europe is mentioned" (Quoted in TUC, 1988b).

The debate was won by the Europeanists, and the 1988 TUC Conference adopted for the first time an explicit policy for engagement with Europe. It would not be accurate to call this policy "pro-Europe," as it clearly acknowledges the dangers for unions and workers inherent in the single market; rather, it is a blueprint for maximum engagement in an effort to secure the strongest position in a rapidly developing context. R. A. Grantham, in moving the policy or "composite amendment" at the Conference, noted that "The internal market represents a further concentration of economic and industrial power in the hands of multi-national companies and a significant weakening

of the ability of member states to intervene in their own economies." He also noted that one-third of Europe's firms would disappear through merger, or partnership (quoted in TUC, 1988b).

As such, the TUC policy called for a number of changes designed to strengthen employees and unions vis-à-vis employers. These included the development of links between unions with the goal of "common, European-wide bargaining." It also called for negotiations designed to achieve "Statutory rights for workers and their representatives," to include, among other things, "industrial and economic democracy... protection of employees' interests in mergers and takeovers.... protection of all workers irrespective of the size of the firm they are employed in or of the nature of their employment contract, particularly in the case of insecure employment conditions." The amendment also called for a common minimum wage, a 35 hour work week, and a right of all workers to participate in a pension scheme (TUC, 1988b). Thus, while the TUC endorsed Europe, it was not the neoliberal Europe of the Tories or of some in the Labour leadership.

The Policy Review and Europeanization

As argued in chapter five, the Policy Review embodied a wholesale process of policy change, led by the Modernizers, and tempered by input from the unions. The Review also had the effect of shifting party policy in a European direction. All of the Policy Review documents had a European dimension (George and Rosamond, 1992: 171). The main Policy Review document, *Meet the Challenge, Make the Change* calls for "...Britain to take a lead in building social Europe" (Labour Party, 1989: 7). The party pledged to work to harmonize standards upward, "...to get for British workers the best conditions, for British pensioners the best pensions, for British women the best maternity leave, for British children the best child care" (Labour Party, 1989: 7).

The document embodies optimism that Europe can be used for "... co-ordinated reflation, and the construction of industrial strength capable of meeting American and Japanese competition." But it also contains skepticism over the process of monetary union, arguing that "... the European monetary system, as at present constituted, suffers from too great an emphasis on deflationary measures as a means of achieving monetary targets and that it imposes obligations which are not symmetrical. We oppose moves toward a European Monetary Union which would further impede progress in this area." This represents a clear statement reflecting the concerns of unions and the left. This caution toward monetary union would be qualified as various Modernizer leaders took Labour farther to the right, with a corresponding heightening of left-right conflict.

Such differences would sow the seeds for later conflict. In general, while the left was wooed by the visions of a Europe-wide social democracy, the Labour right saw Europe as a way of ratifying various domestic changes and policy instruments which were politically problematic if spearheaded by the party's Modernizer faction alone. Europe was seen as one way to impose monetary and budgetary discipline now that the political death of incomes policies left the party without a weapon against inflation (George and Rosamond, 1992: 181). The leadership had embraced the Social Chapter, which included many social democratic elements, but also ratified Tory abandonment of the closed shop (George and Rosamond, 1992: 181).

Ultimately, the stance taken within Labour over Europe is still quite fluid, and represents a groping attempt by various factions to come to grips with integration and globalization. Policy has drifted in a European direction as various factions were attracted to various aspects of the European project. Another motivation for creeping Europeanism was that it gave Labour an opportunity to oppose Tory anti-Europeans with sensible, vote getting stances (Lloyd, 1990: 38). But the attraction of certain

aspects of Europe is not the same as the development of a coherent policy. The evolving terrain of this conflict is laid out in the following section.

IV. Rival Visions of Internationalism: NAFTA and Maastricht

a. Introduction

Left and right factions in Labour and the Democrats continue to grapple with the future direction of internationalization. Unions in both countries are gradually replacing their protectionist stances with an internationalist strategy which emphasizes cross-border organizing and the development of international standards. This is, however, quite difficult to implement, going against the grain of many pro-market trends. Such a stance is also opposed by conservatives in the party factions.

In the section to follow, I show how the NAFTA struggle in the US brought this new internationalism to the forefront. NAFTA also proved to be an extremely efficient issue for dividing the Democratic party along “New Democrat” and “Old Democrat” lines. The party right, its business-oriented operatives, and the DLC led the support for the Treaty. Against it were all of the liberal groups whose influence the party right seeks to reduce. The ensuing fight was particularly brutal because NAFTA was outside of the existing trade management regimes, and thus represented a significant instance of institutional development. NAFTA was an effort to turn a bilateral pact into a multilateral pact which would set the stage for hemispheric integration in the years to come. As such, both sides threw out all the stops in this important battle over globalization. The closeness of the eventual outcome demonstrated the power of alliances between constituency factions and public interest groups. While conservatives

in party factions ultimately won the fight, the profile of the international standards approach to regulating trade has been given a much higher profile.

Differences in perspective over the development of Europe is playing an increasingly important role in Labour party politics as well. The Maastricht Treaty, with its dual tracks of social legislation and market broadening, sets up inherent conflicts between those who wish to create a "social Europe," and those willing to embrace the market. Such differences are acting to separate the "soft left" and the unions from their temporary alliance with the leadership which has thus far underpinned Modernization. The many problems of member states in meeting the criteria for economic and monetary convergence in turn creates a foothold for the social standards approach advocated by the Labour left.

b. The Democrats and NAFTA

The struggle generated by NAFTA was unprecedented in the annals of US postwar trade policy. Before NAFTA, trade policy had been set "by a few technicians and specialists meeting behind closed doors" (Wiarda, 1994). In contrast, the NAFTA debate engaged huge sections of the American populace, generated a wide-ranging media debate, brought forth positions from hundreds of organizations, and embroiled Congress and the Administration in a bruising legislative battle whose outcome was not assured until the final moments.

NAFTA pitted the left of the Democratic party against the party's free trade wing, as well as most of the Republican party. It was thus a very powerful issue for demonstrating factional splits in the party over economics. NAFTA split the party into two -- on one side a coalition that included labor, blacks, and the remaining New Left and public-interest constituencies -- and on the other, the market-oriented wing of the

party which included many party elites and the DLC. Indeed, the coalition assembled against the party right was perhaps its worst nightmare, consisting of all of the most demonized liberal interest groups: blacks, labor, women's groups, liberal churches, various consumer and public interest groups, and environmentalists. On top of that, it was a reasonably cohesive coalition that was able to gather a significant amount of real power. But the pro-Treaty forces eventually prevailed. This section looks at the assemblage of the coalitions for and against the Treaty, the major arguments promulgated by each side, and a brief analysis of the actual battle. It concludes with a discussion of the implications of NAFTA for our understanding of the factional fight over the direction of the Democratic party.

Assembling the Anti-NAFTA coalition

The three major anti-NAFTA organizations -- the Alliance for Responsible Trade, the Citizen Trade Campaign, and the Fair Trade Campaign -- between them spanned an extremely broad range of groups, including churches, unions, environmental groups, and left-leaning professional associations such as the National Lawyers Guild. The formation of the coalition against the Treaty was the result both of a pragmatic convergence of interests among groups who thought the treaty would do them harm, and the product of some longer-term organizing on the left. Surprisingly, a common desire to achieve international standards, rather than protectionism, proved to be a major catalyst bringing together the coalition.

The growing impact of the international economy was leading to a shift to an internationalist perspective within many liberal groups. This in turn made anti-NAFTA coalition-building easier. While unions have seen the negative side effects of trade for some time, environmentalists, consumer groups, and groups concerned with social

policy were also increasingly coming to realize that trade was a potential threat to a whole range of US domestic standards.

Organizing around labor rights led to the coalescence of one of the main anti-NAFTA coalitions. The International Labor Rights Education fund had spearheaded the efforts to get labor rights into various pieces of legislation, and had also worked to get labor rights into the GATT with much less success. But it proved to be one catalyst of the coalition against NAFTA. According to Executive Director Pharis Harvey,

We were fighting without staff to get labor rights in the GATT, and had run into just a complete stonewall, and there was no support from any other country. So we decided we had to do some basic coalition-building internationally before we attempted that again. And NAFTA was opening up at just that point, so I pulled together some folks to try and get labor and environmental rights protected in NAFTA, and it caught fire, partly because there were other coalitions that were working on GATT for some time.... So we called a conference and to our surprise four to five hundred people showed up. So we knew we had a lot of interest (interview with Pharis Harvey, March 18, 1993).

The International Labor Rights Fund helped form the Mobilization on Development, Trade, Labor, and Environment, dubbed MODTLE, and later renamed the Alliance for Responsible Trade.

Another part of the coalition came out of the church and family-farm movements. Mark Ritchie, a Minnesota farm activist who had become an expert on GATT after becoming concerned about the potential of the treaty to undermine environmental law, began speaking in front of various environmentalists, and farm groups concerned over the effects of trade on family farms. With a \$50,000 grant from a Unitarian Church charity that finds environmental causes, Ritchie teamed up with Craig Merrilees to found the Citizen Trade Campaign (Bob Davis, *Wall Street Journal*, Dec. 23, 1992). This group came to encompass over 60 groups. Various consumer organizations were also involved, especially the groups associated with Ralph Nader. The two largest coalitions, the Citizens Trade Campaign and the Alliance for Responsible Trade in turn formed an informal working alliance which put out joint reports, held various public

events, sponsored trips by members of Congress to Mexico, and bought advertising space against the Treaty.

As negotiations for NAFTA proceeded, opponents began to mobilize their organizational resources against it. Not surprisingly, the opponent of NAFTA with the most clout was the labor unions. Unions saw NAFTA as a watershed in their effort to stem declining wages and losses of their membership. They also saw a vote on the treaty as a litmus test of Democratic party loyalty to union and worker interests.

Labor turned out to be surprisingly united on this issue, with industrial, service sector, and public sector unions all providing significant energy against the Treaty. The relentless pressure against job security and quality occurring in all sectors of the economy allowed the AFL-CIO unions to work together in a united front. While the threat of NAFTA to industrial jobs were clear, other areas were affected as well. For example, public sector unions feared the Treaty would allow companies to pressure the public sector toward privatization, something which had already occurred under the US-Canada treaty.

Outside of labor, environmentalists were probably the most important liberal group. Environmental groups saw NAFTA as creating a trade and investment free-for-all which would greatly accelerate the generation of pollution in Mexico, and lead to lower standards in the US. In addition, many minorities, particularly the black community and their allies in Congress, took a strong stand against the treaty.³ In September of 1993, the Congressional Black Caucus (CBC) took a vote on the Treaty, and 36 of 19 members went on record as opposing it. The only strong supporter was

³ On the other hand, not all minority groups opposed it. Many Hispanic groups came out in favor of it, including for example the National Council of La Raza, as did some Hispanic Members of Congress (Keith Bradsher, *New York Times*, July 14, 1993). But many Hispanic members opposed it on the basis of job concerns, despite the Clinton administration's argument that it would help Mexico (Clifford Krauss, *New York Times*, Nov. 12, 1993).

Gary Franks of Connecticut, the CBC's lone Republican member (Frank McCoy, *Black Enterprise*, Dec. 1993).

The result was a temporary alliance between working class interests in the unions and in minority organizations, and middle class liberal constituencies in the environmental and public-interest movements. According to Don Weiner of the Citizen Trade Campaign, "I go to a meeting where Teamsters sit down with Greenpeace and Catholic priests. It's the greatest coalition-building issue I have ever seen" (quoted in Bob Davis, *Wall Street Journal*, Dec. 23, 1992). This helps to explain why the campaign against the treaty gathered so much momentum.

In terms of political punch, the interaction between labor and environmentalists was the most important. Both of these groups have had a primarily domestic focus in recent years, a focus which often saw them at odds with one another as both jobs and ecosystem integrity deteriorated in tandem. But as trade volumes increased, the national goals sought by these two entities were increasingly eroded by changes originating in the international system. For environmentalists, many of the most critical environmental issues, such as global warming, the ozone hole, or the preservation of forests all have an international dimension. Also, more foreign production increases the likelihood that goods will arrive at market laden with pesticides, or will have been produced in environmentally destructive ways.

In addition, international economic institutions such as GATT, and now the WTO, are designed to increase trade volumes, not to ensure that environmental problems originating in the production process will be solved. Regimes such as GATT also increasingly act to undermine US standards, since from the simple standpoint of increasing trade volumes, some product standards are open to challenges as illegitimate forms of protectionism. The possibility of standards being harmonized downward increased as GATT and other multilateral agreements shifted from being made up of

developed countries with similar standards, to also being composed of developing countries with few regulations (Marianne Lavelle, *National Law Journal*, March 29, 1993).

Environmentalists were particularly concerned about NAFTA's effect in shifting production to a country with no environmental enforcement, and pointed to Mexico's abysmal environmental record, particularly the conditions to be found along the border Maquiladoras, as a harbinger of things to come. Environmental groups committed expertise, mobilized their members, and contributed a positive media image sometimes lacking in organized labor.

Some businesses and corporations also came out against the treaty. Most prominent were commodity and low-tech manufacturers who stood to lose if tariffs against Mexican producers were lowered still further. These included farm products such as sugar, peanuts, and citrus fruits, as well as some manufactures such as textiles. These interests would later figure prominently as President Clinton acted to swing various districts into the pro-NAFTA camp. It also led to some strange working alliances: "Right wing textile owners working together with trade unions that they wouldn't allow within a mile of their plant. 'We'll join in calling for trade unions in Mexico, but don't you get near my plant'" (interview with Pharis Harvey, March 18, 1993).

The labor-environmentalist-human rights coalition was not without Congressional resources. House majority leader Richard Gephardt, who supported the Bush administration's "fast track" request for negotiating authority on the Treaty, ended up opposing the it. Gephardt, however, was not free to go all out to defeat it, given the sensitivity of his position. Majority whip Bonior instead became the main organizer of the anti-NAFTA forces, using the resources of the whip's office against the Treaty (Keith Bradsher, *New York Times*, Aug. 28, 1993). In addition, the majority of the

Democrats, especially in the House, were skeptical of the Treaty. This skepticism increased in 1992, as most of the new Democratic Congressional intake of that year had campaigned against the treaty (interview with Jeff Faux, March 19, 1993).

Assembling the Pro-NAFTA coalition

Proponents were equally passionate. The Salinas government saw NAFTA as a way of locking in its neoliberal reforms; staying on the good side of the US diplomatically; and as a mechanism for gaining more US aid. The Bush administration, which negotiated the initial Treaty, saw NAFTA as a way to reward market reforms in Mexico, and as a way of providing Republican business constituents with export and investment opportunities. The Clinton administration supported NAFTA as a way of demonstrating its pro-trade, "New Democrat" credentials. The strongest organized support for the Treaty within the party came from the DLC. The DLC saw NAFTA as a perfect issue for demonstrating the party's independence from the labor unions and other traditional groups. In general, these and other proponents took the public position that NAFTA would enhance growth in both the US and Mexico, as well as aid in Mexican political stability.

Many (but not all) businesses saw NAFTA as a way to gain access to the Mexican market; as a way of protecting and allowing the expansion of investment in Mexico; and as a way of producing goods at lower cost for the North American market. Many major businesses were extremely active in pushing NAFTA. Eastman Kodak and American Express corporations assembled a pro-Treaty corporate coalition called USA*NAFTA which enlisted about 3,000 companies, trade associations, and the National Association of Manufacturers, US Chamber of Commerce, and the Business Roundtable. The organization was led by 35 "corporate captains" who oversaw the campaign in each state. All but one of the "corporate captains" were among the Fortune

500, and the coalition eventually amassed millions to support the Treaty. At least 29 of these “captains” already had subsidiaries in Mexico at that time, with General Motors having 50 plants and United Technologies 26 (Anderson et. al., 1993).

The Democratic Leadership Council also weighed in for its first explicit Congressional lobbying effort. The DLC sought to raise \$291,000 to mount a full-scale campaign. According to a memo from the DLC written at the start of the campaign, “DLC field organizers will create pro-NAFTA events, arrange press briefings for key reporters and editors, handle VIP trips, help place op-eds, orchestrate member visits.... put credible spokespeople on talk radio and television and monitor public opinion” (James Barnes, *National Journal*, Oct. 23, 1993). The DLC also promised to use its access to congresspeople which resulted from its congressional membership, and the membership of the affiliated Mainstream Forum. The activities of the Council prompted some speculation as to whether it was breaking the law by failing to register as a lobbying organization (James Barnes, *National Journal*, Oct. 23, 1993: 2542).

The Clinton Administration's “Side Agreements”

Clinton was in a difficult position with the Treaty. His willingness to support NAFTA had cost him some support in the primaries, and when in office he was in the strange position of pushing a Republican Treaty in the face of hostile constituencies in his own party. In an attempt to defuse opposition during the election, and keep Democratic primary voters and activists from slipping into first the Harkin, and then later the Brown or Perot camps, Clinton promised to negotiate “side agreements” to strengthen the Treaty. Since the labor and environmental issues were the most critical issues for galvanizing opposition from Democratic constituencies, both environmental and labor issues were part of the “Side Agreements” negotiated by the Clinton administration. Yet the Administration was constrained on its *right* by the potential of

strong side agreements causing defections among Republicans. For example, Bill Archer of Texas, then the top ranking member of the House Ways and Means Committee, noted that the administration "... could have stepped a step farther and lost me" (quoted in Keith Bradsher, *New York Times*, Sept. 19, 1993).

But these agreements did not do the trick of defusing opposition. The labor unions and the most active environmental groups continued to oppose the treaty. Organized labor was particularly dyspeptic over the result. According to Greg Woodhead of the AFL-CIO Task Force on Trade,

Rufus Yerxa was the lead negotiator on the side agreements, well if he negotiated the NAFTA for Bush, and the side agreements for Clinton, you could imagine why we would be just as disappointed by the side agreements as we were with the NAFTA itself. So we were literally shut out, we had absolutely no access other than being told after the fact what the deal was, and this was true in item after item. During the entire negotiation over the side agreements, we were allowed our normal statutory, regulatory, advisory capacity, we were allowed to go in and view successive drafts of the negotiations as they were taking place, and they just got successively weaker.... but there was no way we could raise that issue and say you've got to stop doing this (interview with Greg Woodhead, December 18, 1995).

Most observers agreed that the environmental accords were significantly stronger than those on the labor side (Keith Bradsher, *New York Times*, Sept. 19, 1993). The most critical differences were over the method of oversight for each of these areas, and the ability of non-governmental entities to initiate proceedings. On the environmental side, a reasonably independent tribunal was set up to oversee enforcement, whereas the oversight of the labor accord was to be accomplished by a tripartite forum of ministers set up by the three nations.

The staff of the environmental secretariat was also set to be much larger than that overseeing the labor agreements, and the labor staff could not initiate investigations of labor conditions without permission from two of the three ministers, whereas the environmental staff could initiate investigations unless *blocked* by two of three ministers (Keith Bradsher, *New York Times*, Sept. 19, 1993). In addition, complaints

would need to be ratified by two out of the three ministers, making it more likely that a blocking coalition could be formed. The AFL-CIO, in opposition, pointed out that the Mexican chief negotiator of the Treaty had told the Mexican Congress that, since the process was so “exceedingly long,” it was “very improbable that the stage of sanctions could be reached” (quoted in Donahue, 1993). Because of the weakness of the labor accord, the Mexican government worked to keep issues that could be overseen as either an environmental or labor issues on the labor side. For example, the regulation of the use of workplace industrial chemicals could have potentially been included as environmental or labor matters. But the Mexican government worked hard to define these issues as labor matters.

Why these differences? One answer is that free trade and financial flows were more likely to be disrupted by labor squabbles than environmental. The Mexican government in particular was adamant that there be minimal international meddling in its firms’ labor practices, as was the Canadian government (Bradsher, *New York Times*, Sept. 19, 1993).

The side agreements were not entirely ineffective politically on the environmental side. The anti-NAFTA coalition was weakened somewhat by the defection of some of the more conservative environmental groups who responded to the stronger environmental provisions. More conservative organizations, such as the National Wildlife Federation and the Environmental Defense Fund, decided to endorse the Treaty after the negotiation of the side agreements (Keith Schneider, *New York Times*, Sept. 16, 1993). The Audubon Society also agreed to support the Treaty, in part because the Clinton administration agreed that it would protect a pact on migratory birds from being adversely affected by NAFTA (Bradsher, *New York Times*, Sept. 19, 1993). But most of the more politically-activist, grassroots groups, including the pivotal Sierra Club, remained in opposition.

Such splits were not unanticipated. The groups which defected had already had somewhat cordial relations with the Bush administration, and some, such as the National Wildlife Federation, had former officials in that administration. Pharis Harvey, director of the International Labor Rights Education and Research Fund, noted before the split:

I'd probably say there are stronger conflicts within the environmental movement than there are between them and other sectors, simply because the environmentalists tend to have a broader spectrum politically, so they include some very conservative folks who are out of the old conservationist school, and solidly Republican, free trade in their orientation because of their business connections, but very concerned about environmental protection. So if they can get something that is essentially free trade in orientation but that does a little bit on environmental cleanup, there are elements within the environmental community that will be quite happy (interview with Pharis Harvey, March 18, 1993).

The AFL-CIO (AFL-CIO, 1993) justified its continued opposition to the Treaty plus side agreements with the following objections, among others:

- There were provisions only for persistent violations of national standards of health and safety, child labor, and minimum wage laws, with no specific provisions for worker rights or the rights of unions to organize. Such provisions were weaker than those already existing in other US trade laws, such as GSP.
- The process for bringing claims of labor violations was extremely cumbersome. After a multilevel and multi-organizational adjudicative process, fines could be levied and enforced by various penalties of up to \$20 million dollars, but only against nations as a whole, not against individual companies. The Canadians had also negotiated a requirement that all judgments must be enforced through the Canadian Federal Court.
- There were weak “rules of origin” for the amount of product content needed to have been produced in one of the three countries in order to qualify for NAFTA’s beneficial tariff schedules. The AFL-CIO had wanted 80 percent content, but the actual level was set at 50 percent. This raised fears that “... a product could have a substantial amount of parts made in China or Japan and still be considered ‘made in Mexico’ for the purposes of this agreement.
- No measures against import surges other than a “snap-back” to previous tariff levels, which made it “improbable that any action would ever be taken.”
- The ability of producers to challenge consumer protections such as food safety laws as unfair barriers to trade, and the failure of the Treaty to require polluters to pay for environmental degradation.

The failure of the side agreements to procure more support from either labor or environmental groups set the stage for the battle to follow.

The Debate Over NAFTA

The debate over NAFTA was extremely broad and wide-ranging. The complexity of the deal, and the difficulty of predicting long-term effects in turn made it difficult to establish any neutral standards for judging the facts. The most central and critical part of the debate over NAFTA was over its impact on jobs, wages, and economic growth. At the broadest level, those opposed to NAFTA argued that it was ill-advised to create a common market for both investment and trade between industrialized nations and a third world country, and that such a market would inexorably drive down growth, employment, and wages. Proponents, on the other hand, looked to free trade as a way of assuring economic dynamism in the three signatory countries, and generating the efficiencies in production methods and location that would guarantee expanded prosperity. According to one author, NAFTA "...is a blueprint for the more efficient reordering of industrial production on a continental scale. Granted, that task requires some initial pain and disruption -- mostly in Mexico, but also in vulnerable regions and industries north of the border. But most of this dislocation is inevitable in response to global economic competition and change" (Orme, 1993: 3). Proponents also argued that NAFTA would improve, not degrade the environment, since greater levels of wealth would allow for more investment in anti-pollution measures.

Not surprisingly, the economics profession weighed in on the debate, which became punctuated by "study versus study" wherein both "interested" and "disinterested" scholars attempted to make their best case. But because of all the intangibles involved, these studies did little more than fan the flames of the political debate. These various studies often embodied strikingly different assumptions, which

in turn reflected rather different worldviews. According to NAFTA opponents Jeff Faux and Thea Lea (Faux and Lea, 1992: 5),

....one can literally choose a study by a technically competent economist to support any of the positions in the NAFTA debate -- that the agreement will destroy jobs, create jobs, or have no appreciable impact on jobs. And indeed, the estimates range from net job losses in the United States of 900,000 to net job gains of 130,000.

The debate hinged on a series of questions, the answer to which tended to be assimilated into the preexisting framework of each economist. Would the peso remain stable, or was it artificially inflated? Would NAFTA unleash a developmental dynamic in Mexico, or would it just support a series of export zones resembling Maquiladoras? Would NAFTA send a flood of investment southward that would otherwise be invested in the US? Would NAFTA strengthen Mexican growth rates and hence demand for US exports?

Many of the pro-NAFTA studies revealed the rarefied air imbibed by many neoclassical economists. A series of these studies was compiled and summarized by the International Trade Commission (International Trade Commission, 1991). Many of these models utilized a Computable General Equilibrium (CGE) methodology which assumed domestic full employment. The goal of such models was to discern intersectoral shifts as a result of the treaty, and thus the distribution of costs and benefits. But since such models assume full employment, they are not particularly useful in studying any joblessness which might result from the Treaty. This led Thea Lea of the union-backed Economic Policy Institute to argue that (interview with Thea Lea, March 18, 1993):

....full employment models have no place in this debate, we shouldn't even be talking about it, because they obviously haven't captured the full point. If we lived in a full employment economy, I'll tell you the truth I don't think we'd be fighting over NAFTA.

A 1992 study by the free-trade Institute for International Economics utilized more historical methodologies, and ended up predicting that the US would gain 130,000 jobs and Mexico 600,000 jobs by 1995 because of NAFTA. They argued that their model provided some improvement on the CGE models which “contain a huge number of equations and entail many hidden assumptions about unknown parameters (Hufbauer and Schott, 1992: 51). According to critics, the study relied on the assumption that new investment in Mexico would not come at expense of investment in the United States, and also that the US could maintain a continuous trade surplus with Mexico in capital equipment, without that capital equipment being used to produce more exports to the US (Faux and Lea, 1992).⁴

Economists on the left produced studies challenging these omissions, and ended up showing large job losses. One study which changed assumptions to include likely shifts of investment to Mexico argued that NAFTA would result not in job gains, but instead in losses of 550,000 over ten years, as well as a loss of \$36 billion in GDP (Faux and Spriggs, 1991). Another study modeled US investors’ hypothetical behavior in Mexico with that of US investor’s behavior with the accession of Ireland and Spain to the EC. Assuming that the increase in US investment would be of a similar magnitude, they conclude that

NAFTA’s net effect by the year 2000 will be a diversion of investment from the United States to Mexico of as much as \$53 billion, a decline in US employment of up to half a million jobs, and a cumulative loss in US wage income of as much as \$320 billion” (Koechlin and Larudee, *Challenge*, Sept.-Oct., 1992: 19).

Opponents also questioned the stability of the Mexican economy, particularly the stability of the Peso. According to NAFTA opponents Faux and Lea (1992),

⁴ Events after the adoption of the Treaty would cause Hufbauer to revise his stance. By late 1995, he was postulating that NAFTA would end up resulting in a net loss of jobs.

Given the higher rates of inflation in Mexico, the peso is now clearly overvalued. Its value is being maintained by capital flow into Mexico, two thirds of which is 'hot money' -- short term investments with tenuous commitment to Mexico. Should the speculative air leak out of the Mexican stock and bond markets, the peso will plummet and the currency advantage which is essential to the projections of U.S. job gains will vanish.

Opponents were proven right in this instance.

Another important study was conducted by neoclassical trade economist Edward Leamer, which attempted to discern NAFTA's effects on the distribution of wages. Leamer found that NAFTA would increase the wages of skilled workers because it stimulated the expansion of jobs in certain export industries with high wages. But the same study also argued that less skilled workers would see real wage losses. The study noted that its definition of less skilled workers included all workers with less than a college education, equivalent to 70 percent of the workforce (Leamer, 1993).⁵

Proponents and opponents in the political arena developed similar arguments on both sides. Unions in particular worried less about Mexican exports from existing industries than the prospect of Mexican low wages, and soon-to-be favorable investment laws, creating a mass exodus of industry to the south. An examination of the anti-NAFTA literature shows an only infrequent concern for actual tariff levels, which had been falling in any case, but extreme concern over the possibility of industrial relocation. For example, the Labor Advisory Committee for Trade Negotiations and Trade Policy, made up of union representatives charged with analyzing US trade policy, claimed that the net result of the expansion of production in Mexico would be that "the NAFTA will result in the loss of between 290,000 and 550,000 jobs through the end of the decade and place serious downward pressure on US wages" (Labor Advisory Committee, 1992).

⁵ To opponents, this study seemed to clarify the real meaning of the NAFTA debate: should policy work to increase the pace of economic change, in the process enhancing the lives of an already successful minority, or should it attempt to protect a majority from wage losses?

Unionists also focused on Mexican wage scales, which were a fraction of those in the US or Canada, with average hourly wages of \$1.80 in Mexico as opposed to \$14.77 and \$16.02 in Canada and the US (AFL-CIO, 1992). Unions were also concerned that while Mexico had reasonably strong labor and environmental laws on the books, it enforced these laws about as well as the former USSR lived up to its constitution. Instead, the government often took an active role in suppressing labor militancy. For example, the AFL-CIO highlighted the case of Mexican labor leader Agapito Gonzalez Cavazos who was arrested "....after representatives of US-owned Maquiladoras in Matamoros met with Mexican President Salinas complaining of labor disputes with the union" (AFL-CIO, 1992: 8). The federation argued that Cavazos was arrested on trumped up charges because his union "....had been on the verge of another wage increase." A publication put out by the AFL-CIO task force on trade claimed that "... the Mexican government is more concerned with wooing US corporate investments, ratifying NAFTA, and acquiring US manufacturing jobs than with protecting the interests of its own citizens" (AFL-CIO Task Force on Trade, 1992).

A corollary to weak enforcement was the compliant state of most Mexican unions, the majority of which are affiliated with the dominant party, the PRI, in state-corporatist fashion. Not surprisingly, many of these Mexican unions came out in support of NAFTA. Conversely, a growing autonomous union movement in opposition to the PRI spearheaded the anti-NAFTA movement in Mexico. The AFL-CIO unions in turn forged links with these fledgling dissident unions, in marked contrast to their frequent alliances with conservative unions during the Cold War. But this dissident movement, even with the help of US and Canadian unionists, was unable to translate its grievances into a response from the Mexican government.

While the job loss and declining living standard arguments were a linchpin of the anti-NAFTA public campaign (Cowie, 1994), the AFL-CIO also put unprecedented energy into its case that NAFTA provided no mechanisms for enforcing international labor standards. In one report (AFL-CIO, 1993) the AFL-CIO argued that "One of the agreement's primary -- though far from only -- flaws is its complete failure to promote the upward harmonization of living standards by linking market access with the enforcement of labor rights and standards." In its first charge against the Treaty, the report claimed that "The accord contains no agreement on, or definition of, minimal international worker rights and labor standards. The accord simply refers to such standards and commits each nation to promote them 'in accordance with its domestic laws.'" AFL-CIO secretary-treasurer Thomas Donahue argued that: "In other words, if internationally-recognized rights and standards -- as defined by other international treaties, International Labor Organization Conventions, the UN Declaration on Human Rights, US law or common sense -- are not adequately protected under one country's laws, this agreement offers no recourse" (Donahue, Testimony before the Senate Labor and Human Resources Committee, October 13, 1993).

The labor federation went farther than focusing on labor standards, calling for the development of an economic community in North America. According to AFL-CIO president Lane Kirkland,

We called for an approach to dealing with the Mexican problems in a more positive way than this agreement would undertake. We urged the positive approach to the Mexican debt -- economic assistance to Mexico. I would remind you that in the case of the European Community's conditions under Maastricht for including nations in the Southern tier of Europe -- Spain and Portugal, for example -- the entire undertaking involved a very large commitment of resources to those countries to improve their conditions, their social and economic infrastructures. The European approach also includes a social commitment that would establish minimum standards of life and labor in those countries" (Kirkland, 1993).

Kirkland went on, perhaps facetiously, to advocate that "we should seek to enter the European Community.... If we join the Community's common market, we would have the advantage of their 16 percent limit on Japanese automobiles as well as their social clause and their social arrangements. Then indeed we might be better off" (Kirkland, 1993).

Opponents also argued that the extremely flawed state of Mexican democracy provided no avenue for the populace to pressure for the achievement of labor, environmental, and consumer protection standards. NAFTA opponent Ralph Nader called Mexico a "moderate police state" (quoted in Marianne Lavelle, *National Law Journal*, March 29, 1993). They argued that even though Mexican legal standards for worker protection, minimum wages, and environmental protection are among the strongest in Latin America, widespread corruption, close corporate influence over administration of laws, and toothless unions which operate at the behest of the government guarantee the de facto gutting of statutory protection.

These conditions of production in Mexico -- low wages, weak unions, little enforcement of labor and environmental laws -- were seen as an irresistible draw to corporations. To opponents, NAFTA would lead to a proliferation of Maquiladora-style production throughout the nation, which means primarily low-wage, low skill employment which will do little to stimulate real economic development.

Such fears were reinforced, and the Mexican government embarrassed, when a prospectus was released from The AmeriMex Maquiladora fund, which was backed in part by the government itself. According to the prospectus, "The Fund will purchase established United States companies suitable for Maquiladora acquisitions, wherein a portion or all of the manufacturing operations will be relocated to Mexico to take advantage of savings in the cost of labor.... We estimate that manufacturing companies that experience fully loaded, gross labor costs in the US 7- US10 per hour range in the

U.S. may be able to utilize labor in a Mexico Maquiladora at fully loaded, gross labor costs of US\$1.15- US\$1.50 per hour." (AmeriMex Prospectus). This release, coming at the height of the NAFTA debate, drew strong protests from Congressman Richard Gephardt among others, causing the Mexican government to withdraw from the fund (Tim Golden, *New York Times*, Feb. 18, 1993).

NAFTA proponents put forth arguments that countered the job loss argument, claiming that Mexico provided a close-in venue for jobs that would otherwise have gone to Asia. Ronald Scheman, former Assistant Secretary for the OAS, wrote in the DLC's magazine that: "The jobs that are lost would probably go elsewhere if they did not go to Mexico; the jobs created in the U.S. will have resulted only from the increase of trade with Mexico" (Ronald Scheman, *New Democrat*, May, 1991: 21). Economist Paul Krugman, while arguing that the economic effect of NAFTA would be small, claimed that the foreign policy effects of the failure of NAFTA on Mexico would be large: "Nobody can be sure what will happen if NAFTA fails. Perhaps Mexican reform will continue, sadder but wiser. But the most likely forecast is far grimmer: financial crisis for Mexico as investors realize that the success of reform is not guaranteed, political crisis as Mexican populists like Cuauhtemoc Cardenas Solorzano -- who may well have won the last presidential election -- taunt the leadership with the way America rewards its friends" (Krugman, 1993: 19).

NAFTA was also seen as a way to achieve US dominance in a growing Mexican market, which would then serve as a jumping off point for further inroads in Latin America. Failure of the Treaty would then allow European and Asian competitors a foothold in the US's economic sphere of influence. Later in the game, high foreign policy arguments were brought in to convince those who saw NAFTA as an economic loser. The Clinton administration argued the defeat of NAFTA would greatly erode the authority of the President in other trade negotiations, including the soon-to-follow

Asian Pacific Economic Cooperation conference, and the GATT (Thomas Friedman, *New York Times*, Nov. 7, 1993).

The Final Fight in Congress

The final struggle to pass NAFTA illustrates a number of interesting patterns in Democratic party politics. Party loyalty to the president was not at all evident on this issue, and the Clinton administration had to work extremely hard to line up votes for the pact. Speaker of the House Thomas Foley was quoted as saying that Clinton worked harder on NAFTA "than any President I've seen, on any issue, and I've been here 30 years" (Apple, *New York Times*, November 18, 1993). Still, the majority of Democrats voted against the pact (156 v. 102), making it one of the few instances in the history of the House of Representatives where the House and the Presidency were controlled by the same party, and that legislation was approved with the majority of that same party voting against it (Rosenbaum, *New York Times*, November 18, 1993).

These efforts were necessary because the coalition against NAFTA represented one of the most powerful and broad-based coalitions ever assembled in response to an international treaty. Opponents marshaled argumentation, targeted their campaign on Congressional districts with high unemployment, mobilized their grass roots, bought media time, deployed lobbyists, purchased billboard advertisements in 75 districts, and conducted TV and radio ad campaigns in pivotal swing districts (Evans, 1995: 10).

One reason for the final turn of events is that the pro-NAFTA forces ultimately wielded larger weaponry. Perhaps most important of these was large stores of cash. The Mexican government was estimated to have spent 25 million since 1989 in support of the pact. The main corporate pro-NAFTA organization, USA*NAFTA, spent between 5 and 30 million (Steven Engleberg, *New York Times*, Nov. 2, 1993). These

amounts compare to 3 million spent by the AFL-CIO, and about 2 million spent by Ross Perot against the Treaty (Elizabeth Kolbert, *New York Times*, Nov. 13, 1993).

On November 2, 1993, the day before introduction of the bill and only two weeks before the vote, estimates of congressional voting positions showed 215 against, 131 for, 19 leaning against it and 19 for it, and 50 undecided. In order to prevent Republican defections, Clinton took an unprecedented step of promising to protect Republicans who voted for NAFTA against retaliation in the November 1994 elections (Gwen Ifill, *New York Times*, Nov. 13, 1993). But the ultimate weapon resided in a president's ability to influence the implementing legislation as well as the flow of federal largess. The large number of Democrats arrayed against the Treaty prompted Clinton to engage in a number of specific deals with various Congressman, many of which had little or nothing to do with trade. For example, Eddie Bernice Johnson of Texas received commitments that the government would build two C-17 military cargo planes in her district (Evans, 1995: 10).

But some of the benefits conferred did relate directly to US-Mexican integration, such as a fund for Mexican infrastructure development included to win the vote of Esteban Torres of California. Last-minute deals raising barriers against imports of beef, peanut butter, wheat, orange juice, cucumbers, and wine helped to swing critical votes in agricultural states (Keith Bradsher, *New York Times*, Nov. 17, 1993).

The problem with such an approach is that it prompts legislators who would otherwise vote for a proposal to hold out in the hopes of receiving some goodies (Evans, 1995: 4). This no doubt raised the costs of constructing a winning coalition. Ultimately, it was estimated that 76 members received some sort of deal in exchange for their vote (Evans, 1995: 10). This process of bargaining was defused somewhat by the statements by some anti-NAFTA committee chairs that expenditure commitments made in the bargaining would not be given the requisite appropriations (Evans, 1995: 9).

Nevertheless, one multivariate analysis indicated that receiving a deal was the strongest predictor of a positive vote on NAFTA (Evans, 1995). One lobbyist remarked that Clinton "... did it the old fashioned way; he bought it" (quoted in Evans, 1995: 15).

Clinton's winning coalition was remarkably unlike either his electoral coalition in 1992 or the legislative coalition which supported him on the budget and spending legislation which set the structure for the administration's economic and fiscal policies. According to an analysis of the Congressional vote, the districts which returned over 50% of the vote for Clinton in 1992 were those whose member of Congress was least likely to vote for NAFTA (John Healley and Thomas Moore, *Congressional Quarterly*, Nov. 20, 1993: 3182). Of the 208 Congressional Democrats who voted with Clinton on the two most important votes for the budget, only 73, or 35 percent supported him on the NAFTA vote, meaning that the winning coalition was predominantly composed of Republicans and Conservative Democrats. These same legislators were in turn those who opposed Clinton on the budget votes.

It is also interesting to note that the Districts which had a high Perot vote in 1992 were also predominantly pro-NAFTA, indicating the waning clout of the gadfly Texan. Not surprisingly, education levels and income of districts were also positive predictors of a pro-NAFTA vote. The Republican anti-NAFTA vote was concentrated in import-sensitive regions, and those with high levels of immigration or blue collar workers (*Congressional Quarterly*, Nov. 29, 1993: 3183).

Table 6.1 summarizes some of the regional and ideological splits within the Democratic coalition on the NAFTA vote. Southern Democrats tilted toward the treaty and northerners strongly against it. While the Democratic Leadership Council as a whole supported the treaty, its northern members gave it only a slight majority, while southerners strongly supported it.

TABLE 6.1 The Democratic Vote on NAFTA

	<u>Yes</u>	<u>No</u>	<u>Total</u>	<u>Percent "No"</u>
<i>Democrats</i>	102	156	258	60.5%
<i>Northern Democrats</i>	49	124	173	71.7%
<i>Southern Democrats</i>	53	32	85	37.6%
<i>Democratic Leadership Council</i>	53	47	100	47%
<i>Northern Democratic Leadership Council</i>	22	28	50	56%
<i>Southern Democratic Leadership Council</i>	34	16	50	32%

(calculated from vote results in Congressional Quarterly, and Democratic Leadership Council membership list)

Conclusion: NAFTA, Factions, and Ideology in the Democratic Party

One surprising outcome was the difficulty Clinton had in pulling out a victory. The environmental-labor coalition showed much more resilience than would be expected given their relative weakness within the Democratic party itself. Why was the struggle so close? Critical factors were alliance building, the public campaign, and the growing anxiety voters feel over their economic future.

The close result demonstrated that the power of the left-liberal coalition could be at least temporarily resuscitated through alliances between left-leaning groups and

factions. Particular important was the alliance between labor, and the environmental interest groups. Environmental interests often suffer when juxtaposed against the need for jobs. But the internationalism of environmentalists is increasingly compatible with the internationalism of the unions, and together they made up a potent alliance.

According to former UAW head Douglas Fraser,

The labor movement is not a monolith, some unions are more open to environmental issues than others, but as a generalization there's tremendous cooperation between the labor movement and environmental groups. Environmental groups are themselves of a philosophical view similar to ours, apart from specific labor or environmental issues. They are more politically attuned to the kind of issues that we advocate. Labor has to reach out to other groups and form coalitions, and certainly environmentalists would be one of them (interview with Douglas Fraser, August 17, 1995).

While the potential exists for a reemergence of labor-environmental strife, the cooperation on this issue sets the stage for a potential coalescence of interests on the left.

In short, NAFTA proved to be a perfect issue for at least temporarily solidifying the party's base of constituency factions and public-interest groups. While these interests often lost when they played individually in the policy arena, when allied on the side of a politicized, popular position they proved quite formidable. "New Democrats" only won because of their alliance with corporate proponents with large campaign coffers, and because of the Clinton Administration's control of federal largesse.

Ultimately, the fight over NAFTA within the Democratic party brought out fundamental differences between factions over both the trajectory of the nation, and of the party's responsibilities to its varied constituencies. Jeff Faux, head of the left-leaning Economic Policy Institute, claimed that "For years the so-called new Democrats have been skewering the left for alienating 'Bubba' by taking up elitist social positions. Now, when push comes to shove, they are willing to abandon Bubba for elitist economic positions." The DLC's Al From countered that "The losers in the battle for

the heart of the Democratic party are joining ranks against NAFTA.” Robert Matsui, a DLC member from a prosperous Sacramento district who led the pro-NAFTA forces, argued that “If the Democrats want to reach out and remain the majority party in the 1990s, we are going to have to reach out to suburban America, and understand their concerns.... A pro vote on NAFTA is establishing a social compact with the future. We want to create a strong middle class. We should revere our past, but we shouldn’t be prisoners of the past. We have to compete” (quotes from Thomas Edsall, *Washington Post National Weekly Edition*, Nov. 1-7, 1993).

c. Labour and Maastricht

The Labour party has also been embroiled in struggles around integration into its continental market. The Labour party is lurching in fits and starts toward Europe. Certainly, pure anti-Europeanism still exists in the party (e.g., Jonathan Mitchie, *Tribune*, April 16, 1993). According to Bob Tennant, a branch secretary with the Transport and General Workers Union who was active in the New Left Benn movement, and a founder of Trade Unionists Against Maastricht, “Europe is just a clod of dirt across the Channel from Dover” (interview with Bob Tennant, June 2, 1993). But the major thrust against the Community has been transformed into opposition to various provisions in the Maastricht agreement, rather than opposition to the EU itself. The question now is, what should Europe look like, and how can Labour influence it, rather than the question of engagement or withdrawal. As such, the major struggles now occur over which elements of EU legislation the party should seek to push, and what stances the party should take to influence the EU’s institutional development. One reason for this sea change is that the most powerful potential opponent -- the trade

unions -- are now committed to membership. The withdrawal option has little political backing behind it, and carries little political weight.

The attractions of Europe increased for some after the Maastricht conference, which took what was a statement of principles-- the Social Charter-- and made it part of the actual governing legislation for the Community. Maastricht also increased momentum toward Europe by expanding the areas falling under qualified majority voting, including some areas of social legislation. But it also sowed the seeds for future contention, calling as well for rapid monetary convergence, and a new central bank which the Labour left eyed skeptically. This dual trajectory, with the movement toward monetary union and economic convergence more clearly specified than corresponding social rights, sowed the seeds for future discontent.

In the current situation, Labour has little choice but to pursue more engagement. The entwinement of economies, the substantial erosion of the power potential of the anti-Europe block, and the public opinion problem involved in withdrawal are now perhaps insurmountable. The question then arises, what is the social potential of Europe? The extent to which factional struggles really matter at this point hinge on whether an effort to tame the market within the context of Europe is even possible. In other words, if left factions could only achieve extremely marginal differences through tremendous efforts, then any politics within the party over diverging visions is likely to be a tempest in a teapot, affecting domestic politics more than the real trajectory within the community. Therefore, it is useful to briefly examine the "realm of the possible" if we are to clarify the meaning of the political struggle between Labour factions.

Students of the EU hold divergent opinions on the potential for the achievement of social democracy at the European level. First, according to Streeck and Schmitter (1991), Europe is unlikely to become the venue for the reassertion of corporatist concertation at the transnational level. While various European peak associations began

to form around 1958, their structure, goals, and capabilities militate against taking over the function of corporatism with the decline of such national forms. Certainly, there is no shortage of pan-European organizations. Most important for potential corporatist arrangements, the European Trade Union Confederation (ETUC) and major business groupings were established in 1973. In 1985, there were 654 registered interest associations in Brussels, and about 700 consultative bodies (Streeck and Schmitter, 1991: 137). In turn, the Economic and Social Committee was formed at the signing of the Treaty of Rome, consisting of groups which represent employers, workers, and other functional groups ranging from agriculture interests, environmentalist, and shopkeepers (Streeck and Schmitter, 1991). But while this Committee sits as sort of a functional equivalent of the European Parliament, “there is general agreement that it has, in fact, accomplished very little” (Streeck and Schmitter, 1991).

A number of efforts were made to catalyze further corporatization, and various ministers of social affairs and economic affairs convened a series of tripartite conferences bringing together European peak associations with government and Commission officials. But these efforts came to an end with the withdrawal of support from the ETUC in protest of lack of progress (Streeck and Schmitter, 1991: 139). Ultimately, such efforts foundered in the main because of “the complete absence of significant business factions with an active interest in centralized negotiations with labor” (Streeck and Schmitter, 1991: 141).

But while corporatism may not be reestablished at the international level, the alternative is community-wide legislation of standards which set floors on social and labor rights. Various social directives have eventually become enacted as legislation. The extension of qualified majority voting to various areas of social regulation since Maastricht will make such conversions easier in the future.

In direct contradiction to this social potential is the deflationary pressure of the economic convergence criteria for entry into the EMS , and the eventual achievement of monetary union under Maastricht. Thus far, this has been the major area of contention between Labour party factions. Many analysts see the monetary needs of the ERM as requiring extreme budgetary austerity. For example, one 1992 analysis predicted that Britain would have to cut expenditures by almost 60 billion pounds in the absence of tax increases if the Maastricht criteria of deficits no larger than 3 percent of GDP were to be met (Burkitt and Baimbridge, 1993: 13). Indeed, from the market-orientation of the EEC, to the tempering of the market under Delors, Europe appears to be moving back into a market-deepening mode. Since Maastricht, the initiative has shifted to the activities of German Christian Democratic finance minister Waigel, who has taken a strong role in attempting to enforce the convergence criteria on member states (Nathaniel C. Nash, *New York Times*, Nov. 29, 1995). These changes helped fuel continuing opposition to the convergence criteria.

While economic globalization and the desire for flexibility augurs for continued marketization, the effect of internal political balances within the EU -- as reflected by the advance of the social dimension under Delors -- shows that the overall direction of Europe is not completely determined. The weakening of unions Europe-wide would also argue for increased marketization, but the potential for political backlash from a populace weaned on the conditions and the promises of social democracy should not be entirely discounted. This, then, is the context for ongoing struggles between left and right, both within the parties and between them.

The struggle over the direction of Europe

Despite the "modernization" of Labour policy toward Europe, there are still major and ongoing sources of contention between left and right over the pace and substance

of further integration. In this context, policies formerly within the purview of national policy are now debated with the development of EU policy and institutions in mind. Not surprisingly, one central conflict is over monetary policy. Monetary policy has occasioned an ongoing and intense debate within Labour ever since WW II. This has been a recurring Achilles heel for Labour, with frequent conflicts between socialist or social democratic goals, and the perceived requirements of maintaining the role and value of Sterling. These conflicts have usually been resolved in favor of high and stable exchange rates, often to the detriment of the competitiveness of British industry (Ingham, 1984).

Within this context, it is not surprising that the Maastricht policies for eventual monetary union are contested by constituency factions. The requirement set at Maastricht for the pegging of exchange rates within a narrow band led to ongoing debates over the rate of the Pound within the ERM. Indeed, some on the left believe that the Labour right is more enamored by the disciplinary force of the ERM than of the EC's potential for social legislation. To the left, Maastricht meant doing the banker's bidding, giving the Shadow Cabinet members with financial portfolios a means of shedding Labour's image of financial indiscipline, and a way to reassure nervous investors in the City.

The Labour leadership's conversion to Europeanism was so dramatic that the party was actually out in front of the Tories in calling for Britain's entrance into the ERM. When the Tories took the country into the system at too high a rate, the party was in turn reluctant to criticize. Labour endorsements of the valuation of the Pound within the ERM hobbled the party's ability to profit from the exchange rate collapse dubbed Black Wednesday, when the ERM (temporarily?) collapsed. Then-MP and leading ERM skeptic Bryan Gould wrote (*Tribune*, May 7, 1993) that

Our support for the European exchange rate mechanism-- maintained right up to Black Wednesday, September 16, and beyond-- and our new commitment to economic and monetary union and a single currency have meant that we and the Tories are agreed on the basics of macro-economic policy.

The left also finds plans for a central European bank extremely worrisome.

Opposition to the seeming conversion of Labour to monetarism generated continued controversy. The Tribune Group of MP's, whose members had strongly supported the leadership during the Kinnock years, again became a forum for MPs associated with the left and the unions. In 1993 the Tribune Group published a paper highly critical of party policy on macroeconomics and the ERM (Hain and Berry, 1993). Written by MPs Peter Hain and Roger Berry, the paper helped crystallize a growing reconversion toward at least a weak form of Keynesianism in the party. In it, the authors pilloried the leadership for its fixation on high interest rates:

Labour fought the 1992 general election supporting an over-valued interest rate, within the European exchange rate mechanism. This in turn required crippling interest rates which gave rise to Labour's wheeze of a 'Lamont-minus-one' interest rate policy. Whatever the interest rate of the day, Labour called for one point less. This is hardly a macroeconomic policy which inspired confidence.

MP Gould also increased pressure by starting the Full Employment Forum, designed to generate pressure for a cautious attitude toward Europe, and a movement back toward national reflation. This opposition hit a crescendo during the run-up to the 1993 party Conference. There, Shadow Chancellor and Modernizer Gordon Brown was forced to voice strong commitments to full employment, and presented a paper with the beginnings of a plan to achieve it (Dave Osler, *Tribune*, Oct. 1, 1993).

Apart from monetary questions, most of Labour and the unions continued to see Europe as a potential vehicle for advancing international social democracy. The TUC sought ties with other European unionists, and pushed for further development of mechanisms capable of advancing labor standards and organizing rights. But there are potential problems here as well. For example, the development of European Works

Councils for employee participation on the shopfloor is being slowed down by British unions' unwillingness to access to the councils being made up of workers rather than union officials (MacShane, 1992).

And, there are concerns over the strength of workplace legislation. Unions and the left point out that most areas of labor regulation remain outside qualified majority voting. For these and other reasons, the end of anti-Europeanism does not signal the end of protracted struggle over Europe between the Labour left and right -- or between the British left and their continental counterparts.

A broad summary of the differences between the skeptics within the left and the unions, and the Modernizer faction can be discerned in two pamphlets, published by Tribune in 1992 and 1993 respectively. The left position of domestically-oriented MPs contrasts with the vision advanced by modernizer MEPs and MPs. "The Left and Europe," written by MP's Roger Berry, Derek Fatchett, Peter Hain, and George Howarth (Berry, et al., 1992), while arguing that "our future has to be in Europe," nevertheless waxes extremely pessimistic over the direction for the community set by Maastricht. The authors also argue that:

....the Labour party's official policy shift during the 1980's from anti- to pro-EC occurred without any serious debate. The Party Leadership drove it through, the National Executive and Conference retrospectively endorsed it, and the membership accepted the new policy almost by default.

The pamphlet notes that the Social Chapter, "though welcome, commits signatories to relatively few specific measures." These authors take particular umbrage at the social consequences of the convergence criteria, arguing that "Effectively, they swamp aspirations for greater social cohesion and improved citizen's rights contained in Article A and Article B. They would prohibit policies for economic recovery." The pamphlet claims that the ultimate result of moves toward monetary union would be Europe-wide unemployment averaging 14 percent by the end of the decade. The

authors also complain about the Maastricht requirement that national banks be privatized by 1992. In order to reform these characteristics of the Treaty, the pamphlet calls for the reformulation of the convergence criteria, an expansionary EU budget, “highly interventionist regional and industrial policies,” and, in direct contrast to some earlier positions on the left, the strengthening rather than weakening of the European Parliament (Berry et al., 1992).

Modernizers within the European Parliament responded soon afterward with a counter-argument refuting most of these pessimistic judgments about the direction of the Union, even while accepting some of the substantive arguments about the dangers inherent in the existing Treaty. Written by Wayne David MEP, the position in the pamphlet was supported by 24 MEPs and 14 MPs, including prominent Modernizers Neil Kinnock and Peter Mandelson. The primary argument of the pamphlet is that Europe is the only venue available for the taming of multinational capital. It argues that “An obvious and important advantage of a single currency, which, curiously, is often ignored by the left, is that it provides the only sure way of ending Europe-wide currency speculation” (David, 1993). The pamphlet argues that the European central bank need not be controlled by financial interests, but instead may be brought “under the full democratic control of elected representatives.” It also argues that coordinated reflation is possible:

Under Maastricht, each member state would be obliged to pursue macro-economic policies within an agreed community framework.... The result would be that for the first time, in economic matters the EC would really begin to act in a collective way, putting the well-being of the Community above the often narrow self-interest of individual members states.

The pamphlet concurs with arguments about the deflationary danger of literal adherence to convergence criteria, and argues that “....as the convergence criteria are not written into the Treaty itself, but are in the form of a protocol attached to the Treaty, there can and must be changes introduced as a matter of urgency.” The pamphlet calls for the

increase of the central budget of the community, “a strong community industrial policy,” and for the negotiated reduction of working hours (David, 1993). Therefore, while the Labour Modernizer faction increasingly calls the shots on Europe, they are not immune to the strength of critical arguments against some of the Maastricht provisions. Continuing problems in the EU itself in reaching the criteria, and the problem of creeping unemployment, gives credence to these fears.

V. Conclusion: Factions and the Politics of Integration

The politics of international integration represents a major challenge to Labour and the Democrats, and to left parties in general. Integration is in some senses a political and economic imperative, but the negative effects of integration have the potential to subvert many of the main achievements of the left parties in the postwar decades. For the US and the Democrats, integration has proceeded under the regulation of multilateral or bilateral agreements that place market opening above all other goals. Labour, participates in a process with an explicitly social dimension. But the development of social standards has always lagged the market-opening provisions of the various Treaties and agreements, and current political alignments among member states favor the market over social welfare.

Initially, trade and economic integration did not lead to fundamental cleavages among Labour and Democratic factions. Up until the 1960s, unions, which were the dominant constituency factions in both parties, and party factions all supported free trade. As the competitive position of the US and Britain slipped, constituency factions in both countries embraced protectionism. The greater strength, cohesion, and breadth of the left coalition in Labour led to protectionism coupled with a broad socialist

reconstruction program. In the union faction in the US, only an alliance with beleaguered industries produced legislative action, and unions were unable to construct or advance a broad program. In both countries, as party factions grew in strength, Labour and Democratic policy became less protectionist. Union constituency factions led a rearguard fight against such trends, but eventually began to embrace internationalism.

Opposition or withdrawal from integration has lost its attractiveness as an option. All of the major factions now support integration. But the internationalism of constituency factions is of an entirely different sort than that supported by party factions. The potentially bleak consequences of integration have in turn opened up a chasm of difference among Labour and Democratic party factions. Unions and the left in Labour embraced Europe for its social potential. Unions and other constituency factions in the Democrats began to push for labor rights and environmental standards in various agreements. This became especially prominent in the fight against NAFTA. Party factions in both parties emphasize the benefits of open markets, and are skeptical of more regulation. Supply-side rather than demand side policies are emphasized. For the Labour Modernizers, Europe is also seen as a disciplinary mechanism for unruly Labour factions, particularly the unions.

This evolving left-right split on integration is in turn related to different visions of coalition building and party strategy. Different factions focus on different sides of the conflicts of interest which arise within the electorate over integration. The right argues that while trade protection or social standards may help preserve the jobs or wages of blue collar workers, these are also likely to impose costs on other workers. Social protection may slow down economic change and force consumers to purchase shoddier products. Certainly, it is likely that highly educated workers, and those in secure employment will benefit from open trade. At the extreme -- for example, Labour's AES

-- widespread programs of protectionism have the potential to provoke widespread capital flight, and stifle investment. Because of these factors, it is likely that many voters in the political center which left parties need to attract will, on balance, benefit from a relatively free trade regime.

The left argues that an excessive reliance on a pure free-market approach to trade is one important cause of higher unemployment and increasing inequality. As more and more industries become subject to trade pressures, more workers experience downward pressures on their wages, or the threat of unemployment. These problems result not only from import penetration, but also from relocation of production overseas, or the outsourcing of items that would otherwise be produced domestically. The rapid industrial shifts caused by trade is one major cause of deunionization. These concerns became heightened in the debate over NAFTA. Factional politics within Labour was also predicated on a desire by constituency factions to keep national investment and reflation options open.

Unions and other left factions focus on the negative effects of trade on more vulnerable constituents, whereas the right focuses on the benefits likely to accrue to the affluent. The free trade stance held by the right harmonizes with economic orthodoxy predominant interpretations in the media, and is thus easier to "sell" politically. The left's protectionism proved popular with some working class constituencies, or in regions that were highly import-impacted, but also resulted in splits with middle class voters the parties needed to attract. The benefits of such policies are difficult to explain to the broader electorate. For example, while many marketing practices adopted by foreign exporters may indeed be unfair, the determination that they are indeed so often hinges on arcane technical standards not easily communicable to the general public. Protectionist policies also feed into negative images of these parties as backward-looking and insular.

This reputational problem, combined with the declining political strength of protectionist coalitions, helped prompt the left in both Labour and the Democrats to retool their policies for the international realm. The movement toward the embrace of international standards also carries with it a moral force absent in standard protectionism. Eight year old rugmakers in Pakistan, illegal immigrants working 16 hour days in Los Angeles, or babies born without brains because of chemical pollution along the US-Mexican border are concrete examples easily assimilable into a moral discourse which harmonizes with the beliefs of more affluent constituents. In Europe, calls for the prevention of "social dumping" resonate in countries where the goals of social democracy remain popular. As this chapter shows, this international standards approach became increasingly important over time. The fight for standards has the potential to unite constituency factions and left-leaning interest groups, and opens up greater possibilities for coalition-building on the left than did protectionism.

Struggles within Labour and the Democrats over the process of political adjustment to internationalization show no signs of abating. This is to be expected, given the critical role responses will have on the very nature both of these parties, and of the societies they live in. The Democratic party left, and an increasing number of unionists, argue that a minimalist shoring up of the industrial and job base through international labor standards is a "bottom line" for slowing the decline of living standards. For Labour constituency factions, the incipient and fragile nature of the EU social dimension makes Labour policy on this question quite portentous as well. According to Kurzer, "If social democratic parties and their allies miss this critical opportunity, they will fail to inject a progressive element into the supranational regulatory space" (Kurzer, 1993: 253)

Changing power balances in the parties means that Modernizers and New Democrats have the upper hand, but the new international strategy has the potential to

rekindle some support for left solutions. First, the new internationalism represents cooperative rather than unilateral solutions, and thus represents "moderation" in the pursuit of traditional goals. It can thus be presented in a positive rather than negative light, as enhancing standards abroad rather than shutting off borders, and is thus more likely to appeal to a broad spectrum of voters. It also harmonizes with nascent practices of cross-border union solidarity, which is an essential ingredient in organizing to confront the increased mobility of capital.

It also facilitates broader alliances than that fostered by the politics of protection. With pure protectionism, unions, and sometimes beleaguered industries are forced to engage in "special pleading" which isolates them politically. Conversely, since labor, social standard, and environmental internationalism provides universal benefits, it is much easier sell these approaches to a broader electorate. Such campaigns also allow for domestic alliances between interests, such as labor and environmentalists, that are not invoked by indiscriminate protectionism.

Overall, while the left may have lost power, it has not completely withered away. While free trade and financial globalization may have generated unprecedented economic dynamism, unleashing a Shumpeterian "creative destruction" of industrial structure and financial practices, the problems associated with this rapid restructuring means the left retains a vital role. Whether it is politically able to capitalize on currently unmet needs is an open question. For conservatives in the party factions, such responses are likely to be cures worse than the original disease.

Chapter 7. Industrial Relations and the Future of the Workplace

I. Introduction to Chapter Seven

This chapter looks at battles within the British Labour Party and the Democratic Party to redefine the domestic industrial relations institutions which regulate the relationships between labor and management, and the rights of workers in both unionized and non-unionized firms. It examines three policy areas that significantly influence the workplace regime. Laws that regulate the operation of unions and govern labor organizing help determine the role of unions in an economy. Policies governing employee involvement in the workplace regulate the quality of employee-employee interaction. Emerging policies to regulate conditions of employment help determine job quality in the face of an intense demand by employers for “flexibility.”

Policies surrounding work are intensely political. They intervene directly in the productive relationship between employer and employee, and greatly influence profitability, employment levels, wages, and the conditions of work. The left parties have been central venues for the playing out of this politics. First, these parties have heavily influenced the growth and practices of the union movement. The Labour party grew out of the unions themselves, and the party provided the political protection necessary for unions to flourish. The Democratic party established the basic regime governing the operation of unions. It has also sponsored various pieces of legislation, such as worker health and safety protections, minimum wages, and measures to protect workers from discrimination.

The question of where to take workplace policies is high on the left party agenda. Policies to regulate unions have been among the most controversial, and I examine these first in this chapter. Indeed, for the Democrats, it may be accurate to say that a policy “consensus” never existed in this area. As shown below, anti-union measures pushed by Republicans in the early postwar years were quickly used by state Democratic officials in the Southern party faction to curtail union growth. Improving the climate for union organizing was never high on the Democratic agenda. Even at the height of Democratic power in the 1960s, Democratic Presidents expended little political capital to help the union cause. Various measures to strengthen labor law failed during the Johnson and Carter administrations despite Democratic control of the Congress. The rise of the Neoliberals and then the DLC pushed union concerns further off the agenda.

Within Labour, both unions and party factions acquiesced in a substantially unregulated regime up until the late 1960s. Then, broader question of economic management led party Parliamentary elites to begin a push for regulation of union activities, particularly over wages and strike activities. The industrial and political power of the unions moved this option off the agenda until the mid-1970s, when a more cooperative, corporatist system was envisioned. The failure of the Social Contract led to Thatcherism, and an onslaught of the most intense anti-union legislation the unions had ever seen. The Thatcher legislation, as national policy, then became a *bete noire* the unions were determined to eliminate.

Economic change kept organizing issues on the Democratic party agenda. A great upsurge of anti-union activity by business in the US in the 1980s moved unions to make strengthening organizing rights their top priority. Measures to shift rules for

organizing back toward union interests were tried and failed repeatedly during the Republican years of Reagan and Bush.

Democratic control of the executive and both Houses of Congress in 1992 whetted the appetite of unions for significant legislative reform. Clinton promised to push legislation to revise provisions allowing striking workers to be replaced, and also sponsored the formation of the Dunlop Commission to look into revision of the entire regulatory apparatus governing union activity. The striker replacement legislation failed, and nothing resulting from the Dunlop Commission was translated into legislation. The administration moved via an executive order to bar federal contracts to companies who permanently replaced workers. Yet even this effort was opposed by party conservatives.

Within Labour, left and right factional struggles reasserted themselves during fights over the Thatcher legislation in the Policy Review. Unions were intent on removing the worst pieces of that legislation, whereas Modernizers in the party faction were intent on holding on to the most genuinely popular elements of the Thatcher changes. As argued in chapter five, a balance between factions was conducive to compromise. The party committed itself to retain popular measures such as political fund ballots and votes to authorize strike activities, whereas measures serving a purely punitive function were to be expunged. However, as we have seen in many other areas, the policy balance again began to shift rightward as constituency faction power declined still further.

The decline of a pro-unionization agenda puts a spotlight on other measures to strengthen worker rights. I briefly examine the politics surrounding the regulation of employee involvement. Neither Britain nor the US have legislation in this area, such as the codetermination laws in Germany and elsewhere. Nevertheless, practices of

employee involvement in workplace decisions are proliferating wildly as firms search for ways to enhance productivity. These questions involve both union and worker interests. In the US, unions see unregulated practices of employee involvement as impediments to the rights to organize. Unions insist that workers need an independent union representative to ensure workers a real voice. Unions have also been unwilling to push codetermination measures as a legislative method of empowering workers. At the same time, party factions have been unwilling to support regulation of employee voice in any fashion. A stalemate in this area leaves Labour and Democratic policy as *laissez faire* by default.

Lastly, I examine some of the emerging efforts to regulate the search by employers for “flexibility.” The world of work has been changed by some positive trends, as well as beset by the rise of new problems. “Deindustrialization” in some nations such as the US and Britain has been coupled with a great expansion of the service sector economy (Harrison and Bluestone, 1988; MacInnes, 1987). At the same time, the content and quality of jobs themselves are changing.

Many jobs require additional skills such as computer knowledge, whereas others are being “deskilled” by the same technology as knowledge moves from the shop floor to new cadres of computer programmers (Kelley and Harrison, 1992). Jobs in both the service and manufacturing sectors are becoming more insecure, both at the production level, and increasingly at the supervisory levels as well. The search by employers for “flexibility” has led to a great expansion of temporary and part-time work (duRivage, 1992). This in turn raises the specter of increasingly large portion of the workforce bereft of the protections formerly afforded by stable jobs with full-time employment.

If wages and benefits are shored up through public policies, and employers find it difficult to fire and transfer employers at will, they are forced to engage in

productivity-enhancing investments ensuring that each hour worked maximizes “value-added” (for a discussion of these issues, see Commission on the Skills of the American Workforce, 1990). At one extreme, policies may be so restrictive that a dual economy develops composed of highly privileged workers on the one side, along with a large pool of unemployed people increasingly outside of the labor market (OECD, 1994; Esping-Andersen, 1990). On the other hand, policies may be so lax as to encourage the extreme proliferation of low-wage, low-skill jobs, where all of the burdens of economic adjustments are placed on the employees (Commission of the Skills of the American Workplace, 1990).¹

The rise in “temporarization” of the workforce in turn raises questions about which workers are covered by various workplace protections or benefits. For example, in both the US and Britain employers have sought to reclassify workers as subcontractors rather than as staff in order to avoid various payment obligations which arise with direct employment. This is part of a growing trend where employers seek to expand the “peripheral” status of workers in order to reduce labor costs in the economy. This, then, is the “down” side of flexibility.

The difference between left and right factions within the left parties over the above issues is sometimes quite striking. Again these differences arise from the different visions of economy and society held by these factions. In general, party factions focus on positive trends in the economy arising from free trade and free market competition. At the most basic level, these factions are much more likely to see market-based outcomes as efficient and reasonably fair. Therefore, if market and demographic

¹ The likelihood of choosing one path over another relates directly to the politics of international economic integration as studied in chapter six. According to advocates, international standards for labor rights and social provision take away incentives for employers to take the low wage, low skill, low benefit path (interview with Ray Marshall, Nov. 20, 1995).

trends will keep living standards up, and the economy is naturally restructuring itself toward higher paid jobs, then the only policies which are needed are supply-side measures to keep skills high and ease the transition of workers from declining to growing industries. Party factions therefore call for a much less interventionist policy mix. Also, if jobs are being restructured toward better jobs requiring more knowledge and providing better working conditions, then unions are seen at best as unnecessary and worse as an active impediment to economic change and growth.

Left factions, especially unions, focus on an entirely different set of facts. Apart from their desire to protect their own interests, they see trends in the economy that require non-market solutions if a continuing deterioration of living standards is to be avoided. Unions focus on the growth of the temporary economy, loss of jobs from corporate “downsizing” and relocation, and continued downward pressure on wages from international trade. As a result, they are much more likely to support interventionist solutions. Plus, unions believe that the best protection against negative economic trends is more unionization, and thus they put the protection of organizing rights high on the agenda.

The politics surrounding these issues are also a measure of the changing importance of unions within the Labour and Democratic coalitions. As conservative party factions have gained power, they feel less and less need to cooperate with unions to ensure that union policy preferences become part of party policy bargains. Within the Democratic Leadership Council, there appears to be a consensus that unions have no role in the economy whatsoever. In Britain, Labour Modernizers have worked to marginalize unions in party decision-making, while still supporting some laws or practices which protect union interests. But conflicts between these left and right factions are intensifying as the Modernizer leadership seeks a rapprochement with

business, and a program focused on the needs of the middle class. As with trade, policy is slipping rightward in the absence of a factional balance between the Modernizer party faction, and the union constituency faction. These shifts make the implementation of any legislation to protect workers much less likely.

II. Regulating the Unions in the US and Britain

a. Introduction

The industrial relations regime encompasses two elements: laws regulating unions, and union-employer interaction; and laws which regulate workplace practices regardless of the collective bargaining status of workers. The politics surrounding these two areas are complexly intertwined. Laws (or judicial rulings) favorable to unionization help to increase union density. More powerful unions in turn help to improve the regulatory climate for workers generally (Piven 1991). Such changes in turn feed back to the benefit of unions, as laws which sustain the quality of work outside of unions in turn help to shore up the union bargaining position.²

This section looks at the evolution of the laws regulating union organizing. As shown below, the legal regime has shifted in a direction which makes organizing more difficult in both nations. Factions within Labour and the Democrats argue over the

² Such changes may also be a double-edged sword, however, since the provision of generally available benefits then reduces workers' incentive to join unions. Some national union movements have in turn responded by working with allied political parties to tie various national benefit systems to union membership. These legislative tie-ins in turn helped to increase union density (Rothstein, Bo, 1992).

desirability of amending the laws to strengthen the position of unions in the economy. The union position on this question is obvious; that of increasingly conservative party factions more ambiguous. As Chapter five showed, these factions in Labour and the Democrats are working to reduce the say of unions over party policy. Such factions also differ over the role of the unions in regulating firm behavior. In the US, the Democratic Leadership Council has “nationalized” the anti-union position which used to be the prerogative of the Southern party faction. The Labour Modernisers are in a somewhat more ambiguous position. They oppose union desires to roll back Thatcherite anti-union legislation. During the Policy Review, however, they tolerated the adoption of some pro-union provisions, while balking at those changes likely to bring backlash from the middle class or business interests. But the Modernizers are increasingly backing away from these modest commitments.

b. The Democrats and the Politics of Labor Law

Labor law has been an extremely contentious policy area ever since nations began to regulate wage labor. Certainly, the basic regime which currently governs US labor law was forged in the midst of great industrial and political battles. The broadest and most important measure is the National Labor Relations Act (NLRA) of 1935, popularly called the Wagner Act, laid down during the Roosevelt administration during the economic turmoil of the Great Depression. This act marked the reversal of decades of anti-union legal rulings, and legalized a union movement which was beginning to make great organizational strides (Rogers, 1990). The Act also acted as a strong stimulus for additional organizing. Unions and unionization in turn acted as the primary

form for regulating activities in the workplace. The need for non-unionized firms to adopt similar practices to *prevent* unionization in turn magnified the power of union-negotiated settlements.

The Wagner Act is by far the dominant source of the current legal regime, but two other laws laid down prior to it still remain in force. First, the National Railway Labor Relations Act which governs labor relations in the railway and airline industries was adopted in 1926 and amended in 1936 to include the airline industry. While this act has not been central to the ongoing battles between labor and management in the policy arena, it does provide a template for greater state involvement in workplace struggles, emphasizing federal arbitration of disputes rather than adjudication and the administration of penalties. The practices sanctioned by this act would later be mentioned as one template for revisions of the Wagner act (Dunlop Commission, 1994a).

Also preceding the Wagner act was the Davis-Bacon Act of 1931, which required the payment of prevailing union wages for all government contracts. This act is also less central to the main struggles over labor law, but since it is a clear statement of pro-union sentiment, and helps to bring wages up to union scale in large sections of the economy, it has often been a prime target of conservatives.

The early weakness of Labor in the New Deal regime

This legislative framework did not add up to a generally pro-labor regime in the US, however. First, a Supreme Court ruling of 1937 (NLRB v. Mackay Radio and Telegraph Company) opened the door for practices that would later greatly weaken the ability of unions to take and win strike actions (Dubofsky, 1993: 9). The court ruled

that permanent replacement workers could be hired in strikes grounded in wage disputes, although they could not be used in disputes around fair labor practices. This doctrine lay dormant until it suddenly became useful to corporations in the growing anti-union climate of the 1980s, and has currently become a lightning rod for pro- and anti-union sentiment both within and outside of the Democratic party.

While a full-scale assault against union power would not come for another three decades, anti-union forces quickly mobilized after WW II to roll back union gains. The end of the War marked the end of the Roosevelt, New Deal era of pro-labor reform, and a newly conservative climate brought forth the first of a series of changes to labor law which tilted labor relations back toward management interests. Most notable was the Taft-Hartley Act which was written by the Republican 1947 Congress. This law prohibited secondary boycotts, or sympathy strikes, by other elements of organized labor not directly involved in a strike. It allowed replacement workers to have voting rights in certification elections. It allowed states to ban the closed shop. It also banned work slowdowns and the sit-down strike as methods of demonstrating workplace grievances (Goldfield, 1987: 106). Among other things, the law greatly inhibited organizing in the anti-union southern states, which while controlled by Democrats, quickly passed “right to work” laws designed to thwart unionization.

The act also created a new set of unfair labor practices employers could charge against unions, and provided that unions could be sued for damages. It gave employers “free speech” rights in unionization campaigns, which turned out to be a powerful lever in campaigns against unionization. It also took away the simple majority “card check” as a method of determining majority support for unions, requiring that a specific

election be held. This in turn provided a focal point for management opposition to a union drive (Goldfield, 1987: 185).

The Landrum-Griffin Act of 1959 was written in response to corruption scandals involving Mafia infiltration of some unions. The resulting anti-union public opinion climate proved conducive to those who wanted to constrain the operations of unions. The Act imposed requirements for open membership meetings, and internal due process including elections (Heckscher, 1988: 48).³ While some may consider this to be a positive development, conservatives further attacked union power in the act by adding further prohibitions on secondary boycotts, and banning “hot cargo” agreements where workers agreed not to handle goods shipped by other workers locked in disputes with unions (Goldfield, 1987: 107). The act also helped to individualize union members’ conception of the role of the union with its focus on the individual rights of workers against their unions. These changes had the effect of further eroding cross-union solidarity during strikes. According to Goldfield, the Act was so effective in discouraging union organizing that some econometricians have created a separate variable for it in their time series studies of union organizing campaigns (Goldfield, 1987: 107).

However, while the legal climate of the organizing process itself was tilting against unions, during the 1960s and 1970s a series of changes in federal regulation did pave the way for the unionization of new sectors. An executive order signed in 1962 authorized union organizing and collective bargaining in the public sector. In 1970

³ The law did not always prove effective in giving union members a voice. For example, the Teamsters Union, whose practices in part prompted the act, did not democratize its practices until the late 1980s.

postal workers were covered by the NLRA. In 1974 NLRA coverage was given to nonprofit hospital workers (Goldfield, 1987: 85-86).

There is good evidence that these laws on the whole inhibit organization and persistence of unions. The legal remedies available to firms are stronger than those available to unions. Rogers documents the declining importance of structural variables in explaining postwar union decline in the US, and the rising importance of causes grounded in the legal regime. He provides evidence that 75 percent of the decline in unionization through 1972 can be explained by sectoral and occupational shifts in employment. Structural variables plus a variable taking internationalization into account explains 60 percent of the decline from 1974 to 1980. But these same two variables account for only 20 percent of the decline during the 1980s. Rogers argues that the remainder can be explained by the ability of employers to respond to competitive pressures with anti-union strategies, which are allowed under current labor law (Rogers, 1990: 117).

More evidence on the weakness of labor law in regulating unionization efforts is provided by the effect of employer hostility on constituency election success rates. One study showed that where employers demonstrated little opposition, unions won around 53 to 67 percent of the time. Intense campaigning lowered the success rate to 22 to 34 percent. When this was coupled with unfair labor practices, success dropped to between four and 10 percent (Rogers, 1990: 128).

Studies show that most of the labor law violations are committed by employers. In 1990, for example, 71 percent of charges of unfair labor practices were against employers, as were 81 percent of charges deemed meritorious (Dunlop Commission, 1994a: 71). According to a recent report (Dunlop Commission, 1994a: 70), between

the 1950s and 1980s, “Adjusted for the number of certification elections and union voters, the incidence of illegal firing increased from one in every 20 elections adversely affecting one in 700 union supporters to one in every four elections victimizing 1 in 50 union supporters.” And by the 1980s one-third of successful union elections did not lead to a contract, up from about 14 percent in the 1950s (Dunlop Commission, 1994a: 73).

The Recent Politics over Shifting the Balance

The steady encroachment of provisions in US labor law which inhibited organizing in much of the private sector economy made this a prime area for union-backed reform. A series of efforts to amend the NLRA, all of which failed, commenced in the 1960s and have continued to the present time. Initially, opposition to such laws were concentrated among Republicans and Southern Democrats. Increasingly, however, Democrats have more broadly moved away from pro-union positions. The neoliberalism which spread in the party in the 1970s created an economic orthodoxy counter to the New Deal-union norm. More recently, factions such as the Democratic Leadership Council have helped to spread Southern Democratic anti-unionism to the Northern members of the party.

The continually weakening state of the union movement has kept questions of union organizing high on the union agenda. The union faction and the left of the party has proposed a revision of existing labor law to outlaw permanent replacement workers, a practice used infrequently until the advent of the New Right business climate in the early 1980s. Also on the union agenda are proposals to make organizing easier, such as a move to a Canadian-style card-check system from the current system

of NLRB-supervised elections. Unions are also pushing to speed up the adjudication of labor disputes.

These efforts at reform have in turn been opposed first by the conservative Dixiecrat coalition, and then by the DLC. This alignment has thus far kept any pro-union legislation from seeing the light of day. Failure of pro-union reform began in the era of stable Democratic rule. In 1965 unionists made repeal of Taft-Hartley's "Right to Work" provision their top legislative priority. As a portent of things to come, President Johnson asked unions to postpone reform because he did not want to expend the political capital necessary to override the expected Senate filibuster. Instead, he exhorted unions to focus on other issues such as health care reform (Amberg, 1994: 243).

Efforts to change labor law came to a hiatus under Nixon, but in 1975 under President Ford, a Labor-Management Committee was set up to coordinate cooperation between management and labor. This was to be the last effort to give unions a place at the policy-making table under a Republican administration. This committee produced legislation for "common situs" picketing which would have allowed construction workers to picket an entire construction site instead of just a specific subcontractor. This very limited pro-union legislative advance was to have been a quid pro quo for a union agreement to limit local efforts to push up wages. Ford vetoed this legislation, causing his Labor Secretary John Dunlop to resign (Amberg, 1994: 271), and a long period of unrelenting Republican hostility to unions began.

Union hopes were raised for more significant reform during the Carter administration, when the Democrats held the Presidency, and the House and Senate were Democratic by large margins. Nevertheless, the unions lost bitter fights to reform

the law to enhance organizing in the latter years of the Carter administration. First, in 1977 the Democratic Congress defeated the Common Situs legislation passed in the Ford years, indicating a further decline in the number of pro-union legislators (Amberg, 1994: 271).

But more telling was the defeat of a broader labor law reform measure which passed the House the same year. The law would have speeded up NLRB decisions and adjudication of unfair practices cases, half of which took over a year to adjudicate, and made it easier to call union elections (Amberg, 1994: 271; *Congressional Quarterly*, 1978). The law also would have added two members to the five member board; would have given the board authority to approve without review the decisions of administrative law judges; awarded back pay of 150 percent to workers fired because of union activities; narrowed the time within which representation elections were to be held; and allowed union organizers greater access to the workplace (*Congressional Quarterly Almanac*, 1978: 285; no author listed). The Law also offered some benefits to employers, allowing courts to enjoin wildcat strikes, and reaffirmed worker exemption on religious grounds from being required to join a union (*Congressional Quarterly Almanac*, 1978: 286; no author listed).

When the bill came up for a vote in the Senate in January 1978, Carter called for a delay, and instead spent political capital on the passage of the Panama Canal treaty. The resulting five month postponement allowed business lobbyists to organize opposition, and the bill became subject to a series of filibusters in the Senate (Amberg, 1994: 272). Six cloture votes were attempted over a six week period. The last critical cloture vote failed on June 14, 1978 by a vote of 58-41. Seventeen Democrats voted against cloture, all from the South except for Zorinski of Nebraska and Cannon of

Nevada (*Congressional Quarterly Almanac*, 1978: 1029; no author listed). These defeats during the Carter years demonstrated the weakness of unions to move legislation in the face of strong business opposition (Moody, 1988).

By 1992 the focus had shifted to outlawing striker replacement, a weapon which had been used increasingly frequently by employers since the Air Traffic Controllers strike in 1981. Again the Senate proved the sticking point, leading labor to support a surprise Amendment offered by Oregon's Bob Packwood which would have outlawed striker replacement for unions willing to place their grievances before a mediation panel. This would have been the first time unions had accepted a limitation in their ability to strike since the Wagner Act, and some saw this as a potential historic shift away from an adversarial system of labor relations (Frank Swoboda and Helen Dewar, *Washington Post*, June 11, 1992). But this compromise was itself defeated by another filibuster.

The arrival of the Clinton administration again raised union hopes for labor law revision. The focus was again on outlawing permanent replacement workers. The law passed the House on a vote of 239-190, with Democratic Leadership Council members making up 57 percent of the Democrats who voted "no" (calculated from voting record and DLC membership list).⁴ Again, the law became embroiled in a series of Senate filibusters. Pivotal votes on cloture were again lost, which put a particular onus on Senators Dale Bumpurs and David Pryor of Arkansas, two DLC members from Clinton's home state who were thought to be swing votes. Four of the six Democrats voting "no" were DLC members.

⁴ DLC members made up 39 percent of the Democratic members of Congress. While the DLC was disproportionately represented among those who voted against the bill, the majority of DLC members voted *for* it.

Its eventual failure engendered bitter recriminations from some unions and their allies who felt that the Clinton administration had failed to make the requisite effort to push the legislation. Senator Tom Harkin said that "There wasn't one-tenth of the effort on this that there was on NAFTA" (Helen Dewar, *Washington Post*, July 22, 1994). Senator Donald Riegle of Michigan (Congressional Record, July 12, 1994) remarked on the floor of the Senate about the inability of the Democrats to muster 60 votes for cloture:

I do not know, frankly, why the votes are not there. I realize we need 60 votes, and we ought to have 60. When the votes were not there on NAFTA, I saw an awful lot of work done to produce the votes, and the votes were produced by one means or another: arm twisting, persuasion, and a lot of favors were done; contracts were directed to different areas of the country, and so forth. Lo and behold, the votes were stacked up one by one until there were the votes to pass NAFTA.

Yet not everyone in the union movement blamed Clinton. Tom Donahue, now head of the AFL-CIO, worked closely with presidential aide George Stephanopolous and thought Clinton did all he could (interview with Douglas Fraser, August 17, 1995).

This failure to pass labor legislation was later partially redressed by a Clinton administration executive order. The administration proposed to discourage permanent striker replacement in at least a portion of the economy by prohibiting Federal agencies from contracting out with companies that had permanently replaced striking workers. Some loopholes were created in the provision: it was not to apply retroactively to companies that had already replaced workers; and, the application of sanctions could be appealed by businesses.

Nevertheless, this effort prompted opposition from Democratic party quarters. A group of party conservatives, led by DLC member Representative Calvin Dooley of California, sent a letter to Clinton opposing the plan (Catherine Manegold, *New York*

Times, Feb. 23, 1995). The move also brought opprobrium upon the administration from the DLC. In the Council's magazine (*New Democrat*, July/Aug., 1995: 6) a 1995 "house" editorial argued that:

On issue after issue, the White House has deliberately chosen the most reactionary posture toward the Republican challenge and squarely positioned the Democratic party as the champion of embattled interest groups opposing economic and social change. It's hard to find any other characterization of Al Gore's mission earlier this year to Bal Harbor, Fla. [the site of the AFL-CIO Executive Council's annual retreat] to appease organized labor with offers of a minimum wage hike, a ban on replacing strikers, and opposition to sensible labor law reforms that would allow a more participatory workplace.

A Broader Context of Reform: The Dunlop Commission

The early Clinton administration was marked by another attempt to catalyze widespread industrial relations reform. At the suggestion of Ray Marshall, who had been Secretary of Labor under Carter, the administration embarked upon a very ambitious effort to diagnose industrial relations problems and propose solutions with the Dunlop Commission on the Future of Labor-Management Relations. The Commission was hosted by both the Labor Department *and* the more "business-friendly" Commerce Department, symbolically expressing the Clintonian hope that labor and management were to be equal partners in the reform effort. But according to participant Douglas Fraser, this premise was incorrect: "I asked at least ten and maybe fifteen times of management representatives 'what changes do you want to see in labor law,' and the answer uniformly was 'none'" (interview with Douglas Fraser, August 17, 1995).

The Commission was headed by Former Republican Secretary of Labor, now Harvard Professor John Dunlop. Dunlop had been associated with many prior efforts to engage both business and labor in policy-making, and had some trust from both

sides. Commission members were drawn mostly from academia, but also from unions and business, and had a triple charge to examine the following questions (Dunlop Commission, 1994a: xi):

- What (if any) new methods or institutions should be encouraged, or required, to enhance work-place productivity through labor-management cooperation and employee participation?
- What (if any) changes should be made in the present legal framework and practices of collective bargaining to enhance cooperative behavior, improve productivity, and reduce conflict and delay?
- What (if anything) should be done to increase the extent to which work-place problems are directly resolved by the parties themselves, rather than through recourse to state and federal courts and governmental regulatory bodies?

The Dunlop Commission operated in two main phases. The first phase, that of “fact finding,” was meant to provide a basis for consensus both within and outside the Commission. The second phase focused on policy recommendations. The Commission focused primarily on the question of how labor-management cooperation was to be achieved in an environment of greatly increased competition. The first report, issued in May 1994, documented many of the familiar changes in the world of work: growth of imports from low-wage developing countries; the declining proportion of manufacturing production workers in the economy; the rise of women in the workforce; and declining real wages and unionization rates. The report also noted that income inequality in the US was the highest for any industrialized nation (Dunlop Commission, 1994a: 19), and that there had been a tripling of the number of temporary and contract workers since 1979 (Dunlop Commission, 1994a: 21).

While many examples of successful cooperation were noted, the problems of continuing distrust between workers and management was also highlighted. The report claimed that “The United States is the only major democratic country in which the

choice of whether or not workers are to be represented by a union is subject to such a confrontational process in most cases” (Dunlop Commission, 1994a: 75).

The report noted the deteriorating climate for union organizing: “The number of NLRB elections held, the number of workers in elections, and the number in units certified for collective bargaining had diminished” (Dunlop Commission, 1994a: 67). Data and testimony before the Commission substantiated union claims that employer violations of labor law were one cause of these declining rates of organization. But it also noted that not all trends were working against union organizing. The report stated that 36 states had passed laws in the last three decades allowing public sector workers to organize, with win rates of about 85 percent in the early 1990s (Dunlop Commission, 1994a: 78).

During the life of the Commission, the AFL-CIO made various efforts to influence its direction. Then-Secretary Treasurer of the AFL-CIO Thomas Donahue testified that unions and collective bargaining “....provide a means to resolve workplace issues without resort to government regulation or to court litigation” (Donahue, 1994). The AFL was particularly concerned about the imbalances between penalties for unions and employers, and Donahue testified that under current law, which allowed only “make whole” remedies but not punitive damages for employers’ violations, “....crime pays.” (Donahue, 1994). The federation’s official policy recommendations were set down in a statement from its Committee on the Evolution of Work, which also drew upon a consultative process within member unions, as well as a brief from the Industrial Union department entitled *Workplace Rights*. These included the following (AFL-CIO, 1994):

- A call for the elimination of exemptions in the law which left many agriculture and domestic workers uncovered, including almost 25 percent of women.

- In response to court decisions that had removed more and more workers from Wagner act protection by allowing them to be categorized as supervisors, the federation called for a Canadian-style, narrow definition of supervisors to include only managers; or, the adoption of the Swedish system which allowed managers to organize their own bargaining units.
- A repeal of the provision on independent contractors in the Taft-Hartley law by which many employers who worked within a firm were made exempt from labor law coverage.
- The adoption of a card-check system of elections, rather than the campaign-oriented system currently in place.
- The elimination of delays in elections, and the granting of access to workplaces for union organizers.

The Dunlop Commission's final report gave the federation some of what it wanted. The report, issued in December 1994, provided a list of policy recommendations. These were presented in general terms rather than in the form of specific language for legislation, in part to avoid the disagreements which would have arisen from a high degree of specificity. It also avoided topics such as permanent striker replacement, ostensibly because this was to be dealt with in legislation which was to be introduced before the Commission released its findings. This was also an area destined to create strife between union and management-oriented members of the Commission. As mentioned above, striker replacement legislation ultimately failed.

Despite this, some controversial ground was covered. The tricky question of how to regulate cooperation between management and workers in non-union workplaces was broached (see below). The Commission also recommended that Congress reverse the trend whereby more and more workers had been declared supervisors by the courts, and hence were made ineligible for union membership. This was especially important in the current environment, where the expansion of employee involvement programs also

seemingly expanded employees' supervisory roles, in turn possibly jeopardizing their ability to become or remain unionized (Dunlop Commission, 1994a: 10).

Access to the courts for employees who were victims of unfair labor practices were also proposed. Under the Wagner Act, unfair labor practices by unions receive a much swifter response than those committed by employers. The NLRB's general counsel reported that union infractions subject to the stronger section were processed in five days, whereas many charges against employers took 65 days just to get into court, with injunctions being issued some time afterward. Congress was called upon to balance out the access to swift injunctive relief (Dunlop Commission, 1994b: 21).

It was also recommended that the time between petition and representation election be compressed to two weeks. Numerous challenges typically increased the time before elections by three to six months. In order to expedite elections, the Commission proposed that the NLRB adjudicate upon legal questions after rather than before an election (Dunlop Commission, 1994b: 18). The Commission also called upon employers and unions to voluntarily utilize a "card check" method of tallying union support, but did not take the more controversial step of calling for the elimination of the current method of elections (Dunlop Commission, 1994b: 20).

The final report also touched upon the issue of union access to workers during organizational campaigns, but shied away from taking a strong stand. It recommended that unions be able to communicate with workers in quasi-public places such as shopping malls, but also that "Further revision of the rules relating to access are best left to the considered judgment of the NLRB" (Dunlop Commission, 1994b: 23).

Overall, the findings of this Commission were a mixed bag for those in the unions. It provided numerous recommendations to fix myriad flaws in current labor law, but failed to make any recommendations at all in areas of prime concern to unions,

such as striker replacement. Ultimately, while this Commission broke some new ground in trying to solve some vexing problems of labor-management relations, its recommendations fell prey to a shifting balance of inter-party politics. The business members of the Commission failed to support any legislative remedies to the deficiencies as defined by the report. The legislation that was to follow the Commission was shelved in early 1994 as the Clinton administration became increasingly embattled (Louis Uchitelle, *New York Times*, Feb. 10, 1994). With the Republican win in November 1994 the terrain has shifted to one which is again extremely hostile to union interests.

The failure of this Commission to result in legislation should be seen in the context of slipping support for the union agenda in the Democratic party. Analysis of various policy documents published by the DLC, or by its research arm the Progressive Policy Institute (PPI) reveals that it believes there is no role to be played by unions in the evolving economy.⁵ Therefore its policy statements harmonize with its political efforts to wean the party from “special interests” such as unions, women’s groups, and minority groups. As mentioned above, the DLC also registered its opposition to one specific pro-union provision pushed by the Clinton administration, the ban on federal contracts for firms employing permanent replacements. Had the Dunlop Commission’s recommendations resulted in legislation, it is likely that the DLC would have lined up to oppose it.

⁵ The documents reviewed include the DLC’s major policy statements, the 1990 “New Orleans Declaration;” the 1991 summary of the DLC national convention, “The New American Choice;” the PPI’s *Mandate for Change* which was meant as a blueprint for the Clinton administration, as well as other policy statements made in the DLC’s magazine, *The New Democrat*.

c. Labour and the Move Away from Free Collective Bargaining

Industrial relations debates within the Labour party reflect the context of British national institutions, union-party relations, and the need to engage with the European Community. But as was true for the US, such battles also represent measures of declining union influence over politics and the economy.

The current struggle over labor and employment law occurs under legal conditions that differ from those in the US. In Britain, industrial relations have been substantially unregulated for most of this century. A series of anti-union court rulings soured unions against state regulation early in the century. Through most of the century British unions had no positive legal right to strike; instead, they shared the same right as employers of being immune from prosecution for actions taken during a strike (Brown, 1991: 217). Unions used their growing power in the economy to ensure that regulation remained minimal for a number of decades. The call for “free collective bargaining” was supported on both the union right and the union left. In turn the central Trades Union Congress (TUC) was unable to gain much control over union wage-setting, which prohibited the solidaristic bargaining common in some corporatist nations.

Yet as union density rose along with union power over economic outcomes, particularly inflation, politicians in both the Labour and Conservative parties began to seek ways to regulate union activities. Beginning in the late 1960s, rising inflation and poor industrial performance proved the impetus for a series of studies on problems of industrial relations, as well as some abortive legal efforts to regulate unions. A Royal Commission on Trade Unions and Employers Associations published what was popularly called the Donovan report in 1968. The report examined ways to manage the

increasingly fractious industrial relations system, but ended up proposing little in the way of actual legislation (Brown, 1991). But continuing inflation problems led Labour to adopt the recommendations of the White Paper *In Place of Strife* as party policy, which proposed the statutory regulation of wages. The resulting union revolt against this proposal led to the shelving of the policies, and also helped end the Wilson government. It also increased the wariness of many in the party and the unions toward such legal constraints. Union opposition to this unilateralist effort at regulating their activities in turn helped to strengthen leftward tendencies among unionists, eventually leading to a leftward turn in party policy.

But the Tory government which gained power in the early 1970s was under no requirements to deal with testy unionists, and soon responded with an Industrial Relations Act in 1971 which was an American-style attempt to create a comprehensive regulatory apparatus. The law would have required written collective agreements enforced by a new National Industrial Relations Court. Unions were adamantly opposed, and the Trades Union Congress (TUC) led a concerted campaign in opposition to the act, requiring member unions to refuse to act according to its provisions. The TUC even went so far as to expel 20 unions seen as cooperating with the government (Brown, 1991: 214).

Opposition to the act within both the Labour government and the unions would set the stage for an ambitious effort at union-government cooperation called the Social Contract. As was documented in chapter four, this policy was underpinned by factional cooperation between unions, party elites, and segments of the New Left. When Labour regained power in 1974, Heath's industrial relations act was swiftly repealed (save for the innovation of industrial tribunals to adjudicate workplace disputes), and Labour

began to cooperate with the TUC in an effort to develop corporatist practices designed to achieve both social and inflation-fighting goals.

In practice the Social Contract led to another effort to regulate union wage increases through statutory means. The TUC was able to discipline individual unions against seeking price gains for a few years, but the accord broke down as inflation continued to erode worker's incomes, and as statutory limits kept public sector pay very low (Fishbein, 1984). Eventually a torrent of strike activity erupted in "The Winter of Discontent," which brought down the Labour government and initiated a long period of Tory rule.

Campaigning in part on an anti-union manifesto, and free of all need to take union interests into account, the Thatcher government which took office in 1979 proceeded to enact a series of industrial relations acts designed to weaken the unions. These pieces of legislation contained provisions (Towers, 1989: 168-169) which:

- Changed the working of the industrial tribunals, increasing the time needed to qualify for unfair dismissal rulings from 6 months to two years, and shifting the burden of proof onto the employee.
- Rescinded any legal requirements that employers recognize or bargain with unions.
- Eliminated the closed shop, and banned industrial action designed to enforce union membership.
- Required a balloting of the membership before any industrial action, a provision designed to lessen strikes on the premise that the rank and file was less militant than that of the leadership. Also, union leaders had to be chosen by ballot as well. Also, a regular ballot of the membership to reauthorize political funds was required.
- Stripped away many of the traditional immunities held by trade unions, eliminating statutory protection for all industrial actions not limited to terms and conditions of employment. It also allowed union members to sue leaders who were seen as abridging their individual rights.
- Stripped away prevailing wage requirements for public contracts (the British equivalent of the US's Davis-Bacon), and removed youths under 18 from regulations by Wages Councils.

These pieces of legislation unleashed a series of contradictory trends. Some of these laws backfired, and ended up strengthening and re-legitimizing the union movement. The laws requiring regular ballots for union political funds actually enhanced union ability to engage in political action. The TUC and various unions, with tacit support of the Labour party, led a concerted campaign for the retention of the funds, arguing that they were a prime method of providing workers with a political voice. As the results of the ballots rolled in, 37 TUC unions voted to retain funds, one non-TUC union voted to retain its fund, and two other unions which never had political funds voted to establish them (Steele, et al., 1986: 456).

In addition, more democracy in the unions put them in greater harmony with other movements on the political left, many of which saw union autocracy as a block against the adoption of progressive ideas. Democracy also gave unions greater legitimacy in the eyes of the public, thus weakening negative images of excessive union power.

Yet the other provisions of the Thatcher acts proved more nettlesome, and unions continued to oppose many of the provisions. The union faction struggled with the party faction over the extent to which a Labour government would roll back Tory provisions adopted in the 1980s. Some of these questions were answered in the Party's Policy Review (PR), which was initiated in 1987 in response to three successive election defeats. The review the party promised to roll back many of the Thatcher provisions, but retained the most politically popular measures.

But equally important in catalyzing current factional politics within Labour are changes needed to recast British industrial relations to conform to the requirements of the Maastricht Treaty, and the Social Chapter. Changing existing law, including the

Thatcher provisions, to conform to European law provided an opportunity to advance various measures supported by the right or the left in the party.

Reforming Thatcher's Legacy

This, then, was the stage upon which Labour factional struggles would occur: an industrial relations regime that was slowly being brought under legal regulation, in some ways to the betterment of unions, but more often to their detriment. By the late 1980s the Modernizer leadership was increasingly convinced that at least some of the Thatcher industrial relations legislation should be retained. The party had to step gingerly in changing policy to reflect this view, lest doing so would be perceived as jettisoning party policy in favor of Thatcherism. The 1983 election manifesto had called for the rollback of all the Thatcherite legislation (Rosamond, 1992: 91), and anything less than this was bound to be seen as traitorous by many in the party. Specific historical events also set constraints within which the party would have to tack. First was the conflagration created by Labour attempts to unilaterally impose legal restraints on unions with *In Place of Strife*. Because of this, any policy revisions would have to rely on consensus-building with the unions. Also important was the legacy of failed incomes policies during the Callaghan era, where restraints on wages had brought little in return to either the unions or the less well-off.

Policy also had to be reconfigured within the context of engagement with Europe. The party had enthusiastically embraced the European Social Charter, (which became the basis for the Social Chapter of Maastricht), which included a series of provisions governing industrial relations. As will be clear below, this policy harmonization had both conservative and left-leaning elements. Creating a "Social Europe" strengthened the hand of those who wished to escape some of the anti-labor provisions of the

Thatcher years. But conservative elements in Maastricht, such as a prohibition on the closed shop, also provided leverage for the party right. And, the weakness of the social and labor-protection elements of the treaty opened up new debates within the party.

How, then, could the party “modernize” industrial relations law to harmonize with Europe, and demonstrate its accordance with “reasonable” public opinion on trade unions, without rending its coalition? As with many other vexing questions of party policy, the Policy Review (PR) was seen as a prime vehicle for initiating a broad process of reform. The leadership of the party felt that only a complete revamping of policy could set the stage for a recovery of Labour at the polls, and this included changes in labor and industrial relations law.

This major restatement of party policy was contained in *Meet the Challenge*, *Make the Change*, the major document to come out of the Policy Review. As argued in chapter five, the Policy Review represented a compromise between the union faction and the Labour leadership. An analysis of the “People at Work” group statement reveals it to represent “moderation” in some areas, while still committing Labour to support unions and union goals. The Review contained clear statements endorsing a union role in the economy. The document states that “We also, unlike the present Government but like every other developed country, believe trade unions have a central role to play in a successful economy” (Labour Party, 1989: 21). The document goes on to claim that “The Labour government will positively encourage the development of collective bargaining as an act of public policy” (Labour Party, 1989: 25).

These passages show that the Policy Review did not represent solely the triumph of centrism. At least some changes contained in the Review were clearly congenial to unions. For example, *Meet the Challenge*, *Make the Change* contained for the first time some clear statements of labor rights which had never been laid out in

party policy. Most notably, it proposed a new Charter of labor rights which “are not capable of being bargained away” (Labour Party, 1989).

It also called for the strengthening of the position of union organizers, and for an outlawing of blacklisting of workers involved in union activities. It provided for workers to be advised or supported by union representatives even in cases where unions were not recognized for purposes of collective bargaining (Labour Party, 1989: 23). Similarly to the observations made for the US by the Dunlop Commission, it was seen as necessary to speed up the operations of industrial tribunals adjudicating workplace disputes. Labour also called for such tribunals to be given power to order reinstatement and compensation for workers unfairly dismissed (Labour Party, 1989: 24).

Other Thatcherite provisions were to be repealed, most notably the prohibition of union sanctions on those who refuse to strike after an affirmative vote is taken, and the provisions which allowed the legal sequestration of union funds (Labour Party, 1989: 25). But the document also endorsed the Thatcher requirements for ballots of trade union members for leadership selection and strike authorization, and even called for strengthening employee rights in this area through the establishment of tribunals “empowered to hear complaints from individuals which allege that their union has breached statutory provisions on strike ballots for the election of union executives” (Labour Party, 1989: 26).

In many respects this section of the Review was a very sensitive matter to the party right, both because of its inherently controversial material, and because it was initially headed by MP Michael Meacher, who was closer to the left in the unions than the leadership on many questions. The early process of the review was heavily focused on the question of the repeal of the Thatcher legislation, and the Meacher group took

out a stance that was more radical than either Kinnock or even the leadership of the TUC (Rosamond, 1992: 92).

The Labour leadership appeared increasingly worried about the drift of this section of the Review, and reined in this group by replacing its leader Michael Meacher with Tony Blair, a leading Modernizer who would later become party leader (Shaw, 1993). This intervention by the leadership led to the adoption as party policy a document which did not repudiate the genuinely popular aspects of the Thatcher legislation, such as the concept of pre-strike ballots, and elections for union leadership and to authorize union political funds (Rosamond, 1992, p.96). The document thus reflected the factional balance in Labour at the time between a dominant Modernizer leadership, and a still-influential union faction.

Thus, while at the end of the 1980s Labour was content in making a strong statement in favor of trade unionism, the overall drift of policy created the seeds of future dissent. Some criticized the new policy as not even being in accordance with all standards set down by the ILO (Rosamond, 1992: 96). Nevertheless, it still affirmed both the role of the unions and the Labour party in protecting the interests of workers, broadly conceived.

The delicate balance reflected in the Review did not prove to be durable. Labour party policy continued to drift rightward from the stances taken in the Policy Review under each succeeding party leader. Leader John Smith won a protracted struggle for one-member-one vote in Parliamentary elections in 1993, and was also successful in reducing union power in the party Conference. This in turn paved the way for additional policy change. Tony Blair, who took over as leader upon Smith's death, quickly repudiated a Policy Review position in support of secondary union picketing (Michael Prescott, *London Times*, June 26, 1994). Blair has also put the unions on

notice that “They will have the same access as other sectors of industry,” signaling the end of efforts for close union-party ties over policy-making (quoted in Jill Sherman, *London Times*, July 23, 1994). Blair also pledged to reduce union votes over party Conferences to 50 percent, and, as recounted in chapter five, drove a stake through the heart of the party’s historical commitment to nationalization of industry. The recent thrust of party policy thus leaves the longer-term role of unions as an entirely open question. While the broader role of unions in the economy is in a state of flux, more specific questions also arose over regulation of workplace decision-making, and regulation of the new, flexible workforce. I will briefly review these emerging issues in the following two sections.

III. Worker’s Voice in Industry

a. Introduction

The preceding section examined the broad legal terrain regulating the activities of labor unions. Worker involvement in industrial decision-making is another contested area of the legal regime regulating industrial relations. This is by no means a new issue, but it comes onto the agenda with new urgency and intensity as industrial competition intensifies. While some on the left and within the unions fear cooperation will lead to a docile workforce unwilling or unable to confront management, concern over the need to increase worker involvement in workplace decision-making has a long pedigree. Theorists at least since Karl Marx have been disturbed by the growing inability of workers to participate actively and creatively in making decisions about the organization

of production, or the content of jobs. Such concerns intensified with the advent of mass production, and especially with the spread of Taylorism, which explicitly acted to strip out any remaining need for intellectual activity in the workplace. Such concerns have led to various efforts to require regular consultation with workers. While these concerns were met by various reforms in continental nations and Scandinavia, few changes resulted in the U.S. and Britain.

However, the advent of a new global economy has greatly intensified pressure for greater worker involvement in order to increase efficiency. In addition, the decline of classical, mass-production systems, and the switch in some cases to “flexible production,” also increases pressure for more participatory workplaces with flatter management structures. This has sometimes led to the adoption of team approaches to production, and toward the “reskilling” of some jobs. Employee involvement efforts are proliferating wildly in both the US and Britain. For example, a survey of Fortune 1000 firms between 1987 and 1990 showed that 86 percent of the firms had some sort of employee involvement in management (Dunlop Report, 1994a: 34). Corporations are endorsing many of these programs. In the US, even the Reagan administration, which was anti-labor on almost all fronts, set up a Bureau of Labor-Management Relations and Cooperative Programs (Metzgar, 1992: 70). Of course, this case of strange bedfellows points out the controversial nature of these changes. In general business pushes the concept of worker cooperation in increasing productivity. Those on the left, especially the unions, are concerned with worker involvement in decision-making, or even the achievement of “industrial democracy.”

Differences over these issues again become manifest in party politics. Party factions are more sanguine about the ability of business-initiated cooperation to enhance both productivity and worker interests. Conversely, unions and the left maintain that

employee involvement in the absence of an independent power base for workers will not improve productivity in many cases, and will certainly not meet the empowerment needs of employees at the workplace. At the same time, union defensiveness and fear of ceding any more of their already slipping power makes them extremely wary of endorsing legislative mandates for participation, such as works councils, that may benefit workers more generally. Workers are thus caught between the blinders of both left and right, and are thus increasingly at the mercy of impersonal market forces.

b. Worker participation in the US

In the US, efforts at greater worker involvement were spearheaded by unions, not management. In 1942, Clinton Golden and Harold Ruttenberg of the Steelworkers laid out a number of principles they thought should govern labor-management relations. Over time, management accepted most of these principles, which in turn became the basis for the practices that would be later termed the “postwar accord.” But they balked at the principles which involved circumscribing the prerogatives of management. Golden and Ruttenberg argued that “Union-management cooperation tends to make management more efficient and unions more cost-conscious, thereby improving the competitive position of a business enterprise and increasing the earnings of both workers and owners.” But they also argued for a “practical program that provides workers with effective direct participation in the creative phases of management” (quoted in Metzgar, 1992: 69). Management resistance to such claims in turn marked the outward boundaries of the accord. Unions accepted such boundaries by agreeing to “management clauses” in many union contracts.

A movement in the US began to gain steam again in the 1970s focusing on redressing “worker alienation” resulting from disenfranchisement from decision-making in the workplace. This trend even hit the Nixon administration, and in 1972 a report came out of the Department of Health, Education, and Welfare which argued that the excesses of “scientific management” were eroding the “health, education, and welfare” of workers (quoted in Metzgar, 1992: 69).

But such efforts to involve workers closely in production decisions did not gain much ground until globalization increased the pressure to increase industrial productivity. Such efforts in turn hit the snag of various work rules which had been set up in the heyday of Taylorism, but which eventually became endorsed by unions as a method of job protection (Luria, 1986). These rules became an impediment to the “team approach” necessary to improve productivity.

Efforts to advance a cooperative approach received a mixed review from unions. Some unions, such as the United Auto Workers of America (UAW) and the Communications Workers of America (CWA) supported them wholeheartedly, and had demanded that management adopt them in the first place in order to improve productivity as well as provide greater dignity for workers. Others, such as the Machinists under William Winpisinger, opposed them as an effort to create a more docile workforce and erode worker protections. But in general, unions allowed locals to make the decision to participate or not in such efforts (Metzgar, 1992: 67).

In 1994, the AFL-CIO’s Committee on the Evolution of Work presented a broad statement endorsing participation. In a publication entitled *A Labor Perspective on the New American Workplace -- A Call for Partnership*, this committee complained that “.... unions have largely been kept out of the management process by an environment and legal framework in which it has been deemed to be management’s sole prerogative

to decide what work is done, when, how, where, and by whom” (AFL-CIO, 1994a). But it went on to argue that “... the time has come for labor and management to surmount past enmities and to forge the kind of partnerships which can generate more productive, humane, and democratic systems of work organization.” Part of the impetus for union endorsement of new management systems was the globalization of the economy. This report argues that “In a world in which technology and capital are highly mobile, multi-national corporations have discovered that they can produce standardized goods and even some services cheaper by transferring the dominant work system -- which does not, after all, require large numbers of highly skilled workers -- to the newly industrializing nations” (AFL-CIO, 1994a).

All unions, however, were skeptical of those programs initiated by management that did not grant workers any formal decision-making power (Metzgar, 1992: 70). The AFL-CIO argued that “It is unlikely in the extreme that such management-led programs of employee involvement or ‘empowerment’ can sustain themselves over the long term.” Not surprisingly, the federation argued that unions were necessary in order to get management to cede enough power to employees so that their views on increasing efficiency would be heeded (AFL-CIO, 1994a). Such arguments were bolstered by studies which showed that employee involvement in the absence of unions actually reduced productivity (e.g. Kelley and Harrison, 1992).⁶

Another issue arises over the effect of existing labor law on corporate practices. Under existing law, some forms of joint employer-employee management appear to run afoul of Wagner Act prohibitions on company-sponsored unions. The intention of this

⁶ The authors of this study concluded that it is not cooperation per se, but the interaction between workers and management in situations where the latter actually had some leverage and security, that drove increases in productivity.

provision is to prohibit management from thwarting union drives by forming management-controlled organizations which take the place of independent unions. Experience during the 1920s- era of “welfare capitalism” had shown the effectiveness of company unions in thwarting independent organizational drives. More recent evidence also shows how management-sponsored worker representation works against union organizing. Charles Heckscher claims that while forms of worker involvement such as Quality of Work Life (QWL) committees in unionized firms enhance workers’ opinion of the union, in non-unionized firms they have the opposite effect of making unionization appear less appealing (Heckscher, 1988: 130-131).

Given this perspective it is not surprising that unions view changes to allow more employer-initiated worker participation schemes with some trepidation. The Dunlop Commission recommended changing labor law to allow for worker-management committees outside of unions as long as questions of terms and conditions of work or compensation “is incidental to the broad purposes of these programs” (Dunlop Commission, 1994b: 8). In the report, the sole union representative, former UAW head Douglas Fraser, published a dissent arguing that “....I cannot join in any statement that proclaims that you can have fully effective worker management cooperation programs without having a truly equal partnership based upon workers having an independent voice” (Dunlop Commission, 1994b: 13).

Fraser later noted that:

First of all, the fear is that it will open it up for company unions, and make it almost impossible for the labor movement to organize legitimate unions.... I think the big mistake was made when one Supreme Court decision, the Electromation case, got distorted all over the place. In this decision which barred worker-management committees in certain circumstances, all the NLRB said is that when a union is trying to organize -- and that was the situation, it was the Teamsters -- and the company all of a sudden forms its worker-management committee for the purpose of frustrating that organizing drive, that’s a violation of the law.... But everybody viewed this as meaning the end

of labor-management committees that are now in thousands of places, union and non-union alike (interview with Douglas Fraser, August 17, 1995).

Unions also balked at efforts to legislate a legal requirement for worker participation through works councils. During the deliberations of the AFL-CIO Committee on Evolution of Work, various proposals for works councils were broached, but the final reports of the Committee were silent on these proposals due to opposition from many unions (interview with Ray Marshall, November 20, 1995). Within the Dunlop Commission, various proposals for works councils were also discussed, but were also squelched due to lack of support by either labor or business representatives (interview with Douglas Fraser, August 17, 1995).

Democratic party conservatives appear to have little interest in taking up the gauntlet on this issue. For example, while they voice rhetorical support for worker involvement in *Mandate for Change*, no actual policy proposals are made to regulate the form it will take. The book calls for the President to "...explain the dramatic shift in the rules of the economic game to the American people" but offers no programmatic intervention save "...changes in tax laws that reinforce business practices that strengthen workplace democracy, such as profit-sharing, pay-for-performance plans, and employee stock ownership" (Ross, 1992: 69).

c. Labour's Policy Review and Employee Involvement

Similar efforts to increase worker involvement in industrial decision-making also hit Britain. In the late 1960s the Donovan Report, the product of a Royal Commission charged with reformulating industrial relations, briefly examined this question. While the TUC submitted requests that workers be granted representation both in management committees on the shop floor and in boardrooms, a majority of the Commission

remained in opposition to such proposals (Royal Commission on Trade Unions and Employers' Associations, 1968: 257). But no legislation resulted.

Ten years later a Labour government was willing to go much farther in trying to advance worker involvement through the convening of a "Committee of Inquiry on Industrial Democracy," which produced what was popularly known as the Bullock report, after its chairman, Lord Bullock. The report argued that three developments contributed to the need for greater say of workers in corporate governance. First, the "speed of technological change and rapid fluctuations in the economic climate" increased the need for employee involvement in order to increase firm adaptability (Committee of Inquiry on Industrial Democracy, 1977: 21). Second, social changes, including greater education levels of workers and greater affluence, increased demand of employees for more control over workplace practices (Committee of Inquiry on Industrial Democracy, 1977: 23). Third, stronger trade unions were "... pressing for an extension of collective bargaining to cover decisions which were traditionally the prerogative of management (Committee of Inquiry on Industrial Democracy, 1977: 23). The report also noted that the growing power of corporations over communities and workers' lives called out for greater democracy. However, instead of proposing involvement of workers in day-to-day decisions, the Commission instead called for the participation of worker representatives on company boards.

The Policy Review did not begin where the Bullock Report left off. The "People at Work" group, led by MP Michael Meacher, a proponent of industrial democracy, initially proposed the adoption of European-style works Councils. This position was opposed by the unions, which felt it was trampling on their prerogative of being the locus of workers' voice in industry. But a more powerful opposition came from the leadership, which felt that "...schemes for the democratization of industry only caused

difficulty as the party moved, gradually but ineluctably, towards an accommodation with the business establishment” (Shaw, 1993: 118).

The commitments that were made to industrial democracy more broadly, and to worker involvement in decision making more specifically, were quite vague. Quite a lot of attention was paid to statutory protection of workers. This was perhaps meant to substitute for stronger direct regulation of workplace involvement. That is, these protections could provide employees the leverage they needed to have an equal stance in any workplace partnership.

Nevertheless, the report makes some statements in support of employee ownership as well as involvement in decision-making. The section on a Productive and Competitive Economy proclaimed that “Our ideal is an economy in which enterprises are owned and managed by their employees -- or, where more appropriate, by consumers or local communities - and thereby serve the wider interests of their consumers and the community.” The section also called for the extension of Employee Stock Ownership schemes (Labour Party, 1989: 13).

The party also promised to lift British vetoes on EC measures to encourage moves by companies to adopt co-determination practices with their employees. The Review also encouraged employee use of pension funds as a means of gaining leverage over corporate decisions (Labour Party, 1989: 13). The group on People at Work also declared that “We believe that employees should have increasing access to such major decisions as plant closings, large scale redundancies, guidelines on new technology, major training initiatives, and the lack of them, and takeovers of mergers” (Labour Party, 1989: 25).

While these statements express some nice sentiments, they mostly lack specific proposals for implementation. There are a number of reasons for this. First, the

leadership was increasingly concerned with repairing the party's image with business, and intervened in the deliberations of both the Productive and Competitive Economy group and the People at Work group to tone down more interventionist elements.

Also, the party leadership was clearly enamored with the enumeration of employee rights, which were among the most innovative proposals of the Review. Such provisions are a double-edged sword for the unions. They act to strengthen worker rights, but also advance a vision of worker protection involving individual rather than collective rights. Lastly, there was little enthusiasm for widespread legislative changes in these areas from the unions. Proposals for facilitating the development of European-style works councils would have run afoul of union concerns about their prerogative to represent workers.

For example, with the context of the EU, the development of European Works Councils for employee participation on the shopfloor is being slowed down by British unions' unwillingness to access to the councils being made up of workers rather than union officials (MacShane, 1992). Therefore, while the party did not oppose worker involvement, neither did it actively push them. Thus, a long-time goal of the Labour left -- more industrial democracy -- was quashed between the pincers of opposition from both the unions, and a new more business-friendly leadership. Michael Meacher was soon replaced by Tony Blair, another leading "modernizer," [now party leader], thus closing off options for more fundamental challenges to the industrial status quo (Shaw, 1993: 118).

IV. The Politics of Regulating “Flexibility”

a. Introduction

Declining unionization, and extreme pressure to maximize flexibility in the workplace are driving a whole new set of issues onto the policy agenda of the left parties. In both nations, there is pressure to change the legal regulation of workplace relations. In the US, there has been a revolution of employee rights against discrimination which began in the 1970s. In Britain, a system of individual rights is replacing practices of free collective bargaining.

Yet new forms of flexibility and temporarization of the workforce are leading to some demands for new regulation. While market imperatives are strong, public policy can make a difference in the evolution of workplace practices. For example, O’ Reilly (1994) examined different regimes for regulating part-time work in Britain and France, and showed that the ways that “flexibility” is structured into the labor force can be affected by labor market policy. In Britain regulation of part-time work is quite minimal, whereas in France it is subject to the regulation of the Code du Travail. In France workers have some control over their schedules, often working them out with fellow employees.

Conversely, because it is so easy for employers in Britain to force workers to adapt to scheduling demands, there is little incentive for employers to invest in “human capital.” Instead, British employers are beginning to pioneer the use of “Taylorist” techniques for the service sector which puts a premium on worker interchangeability rather than an integration of part-time workers into a larger team. This in turn separates

part-time employment from the training and teamwork needed to keep workers connected with the larger labor market.

Workers in Britain also worked fewer hours, making them less likely to receive training to upgrade skills. Also, the minimal availability of childcare in Britain pushes more women into the part-time workforce. Conversely, in France, the expansion of part-time employment was initiated as part of a national plan to expand employment. In general, in order to get workers to accept part-time work in service of this overall goal, the quality of work was kept high, and workers were kept integrated into the larger labor market and its ladders for career advancement. The opposite was true in Britain.

Again, various regulatory options are subject to factional politics. Left factions are pushing for regulatory innovation in an effort to restrict certain options for corporate flexibility. Former US Labor Secretary Ray Marshall sums up a view common on the left:

I think the thing you need to do is not give the companies an option, if I were doing it I'd do like they do in most other countries and take away the low wage option. If you just let the market take its course you'll get what we've got. You'll get the rich getting richer and the poor getting worse off, and I think the country would be worse off, because it's hard to sustain democratic institutions, or to deal with economic problems if you've got widely unequal distribution of income, and I think that's what you're going to get if we continue with this kind of laissez-faire approach.... (interview with Ray Marshall, November 20, 1995).

Not surprisingly, such views are not shared by conservatives in party factions, who see such efforts to regulate corporate behavior as precisely the interventionist behavior that they believe damages the economic reputation of Labour and the Democrats. Such fundamentally divergent views set the stage for continuing battles over these issues, which are just beginning to be played out in left party politics. The following pages briefly review a few emerging issues.

b. The Democrats

Unionization in the American economy shrank throughout the postwar decades, leaving more and more workers unprotected by union contracts. But some basic employment protections laid down by law continued to protect workers generally. One New Deal Law, the Fair Labor Standards Act of 1938, established minimum wage and overtime pay standards.⁷ Later, such rights were expanded as new groups such as women and minorities gained a greater foothold in the economy, and various social movements began to demand greater workplace equity. Various laws laid down in the 1960s prohibited discrimination on the basis of age, gender, race, sex, religion, and national origin. The Occupational Safety and Health Administration (OSHA) was created in 1970 to oversee workplace safety. Various laws were enacted guaranteeing equal opportunity, and in some cases mandating affirmative action (Dunlop Commission, 1994a: 106).

These laws in some respects stand as a bulwark against the forces leading to the degradation of the work as competitive pressures intensify. Yet enforcing these often requires complex and time consuming litigation or administrative proceedings, making it often difficult for low wage workers, or those without unions or legal representation to pursue their rights (Dunlop Commission, 1994a: 105). Straight regulatory oversight also falls prey to the expense of enforcing the regulations on the books. For example, it has been estimated that at current rates OSHA will inspect a workplace every 87 years (United Food and Commercial Workers, *Action*, July, 1995).

⁷ These provisions are currently under attack by the Republican Congress.

The growth of the non-union economy leaves workers to fall back on various pieces of worker protection legislation. For example, various legislative proposals have been made to shore up working conditions against the downward pressures from a global economy. Some of these might have the potential to stabilize the work conditions of part time and contingent workers. First, existing labor law does not provide coverage against discrimination in pay for part-time workers doing the exact same work as full-timers (duRivage, 1992). In addition, employers are increasingly defining regular workers as contract-only workers in order to avoid paying various employment taxes and benefits. The IRS estimated that 3.7 million workers fell under such conditions in the early 1980's, and that the number had expanded dramatically since then (David Cay Johnston, *New York Times*, Aug. 16, 1995). Increasingly, companies lay off workers, only to bring the same workers back as independent contractors. Some of these proposals were discussed by the Dunlop commission, and others have been pushed by union lobbyists, but as of yet these measures have gone nowhere.

Such regulations are opposed by Democratic party conservatives. For example, the Progressive Policy Institute's *Mandate for Change*, the most extensive statement of the Democratic Leadership Council's position, does not call for regulations to protect workers in an increasingly insecure economy. Instead, the emphasis is again on supply-side measures. In this document's section on workplace relations, "Enterprise Economics on the Front Lines: Empowering Firms and Workers to Win," the focus is entirely on enhancing mobility of workers and on training, not on workplace protections. After documenting the rise of economic globalization and the increasing importance of skills and education, the book notes that: "This situation has left most Americans with but one manageable source of security for themselves and their

families: the ability to get the knowledge and skills the market wants in a timely manner” (Ross, 1992: 60). The book also notes that “.. workers increasingly are left to manage their own retirement benefits, health insurance, and, most important, the skills they have to sell in the labor market.” The major innovation sought by the DLC was the establishment of an Employment Insurance System which would provide a “Career Opportunity Card” which would enable a person to purchase up to \$1,200 dollars of training or education (Ross, 1992: 66).

While this work is not an entirely conservative economic treatise -- it also calls for shifting \$10 billion dollars from the Defense budget to civilian R&D, for example -- the main thrust is a move from policies emphasizing protections for workers to those focused on enhancing supply-side mobility and training. The DLC has also gone on record against traditional efforts to shore up wages, such as an increase in the minimum wage.

These policy statements have engendered deep enmity from within the Democratic party’s traditional constituencies, especially the unions. Not surprisingly, when the author of the above chapter on “Enterprise Economics,” Doug Ross, was nominated for Assistant Secretary of Labor for Employment and Training, unions “labored mightily” to prevent his appointment (*Washington Post*, March 26, 1993; no author listed). But while such skirmishes are occasionally won by organized labor, the reform agenda has shifted to the advantage of the right, with a corresponding marketization of Democratic party policy.

c. Labour

Similar problems have been visited on the British labor market, which like the US is relatively unregulated. As is true for the US, a need arose to confront employer's reclassification of employees in a search for flexibility and lower labor costs. The new worker's charter as proposed in the Policy Review would confront some of these demands. The new Charter would "prevent unscrupulous employers from discriminating against workers or dodging their employment responsibilities by classifying employees as home workers, part-time or temporary workers or by giving labour only or bogus self-employment contracts." The Charter would also regulate hours of work, guarantee rest periods, and allow employees to be notified of, and have the right to refuse overtime hours (Labour Party, 1989: 21). The Party also promised to require that employers pay part-timers the same wage as full-timers for doing the same work (Labour Party, 1989: 23).

The Charter contained other new rights. Important and controversial was a call for the introduction, for the first time, of a National Minimum Wage, set at 50 percent of the male median wage but set to increase to two-thirds of the male median over time. The eventual goal was to raise pay to the Council of Europe's Decency Threshold (Labour Party, 1989: 23).

The achievement of some sort of consensus on the minimum wage was not easy to come by, however. Soon after the Policy Review was adopted, some minor revolts over these issues occurred among higher-skilled, often more politically conservative unions who felt that a minimum wage would be a drag on their employees' higher wages. But the major large unions continued to support the leadership, and the Minimum Wage became firmly accepted in union policy (Celia Weston and Keith

Harper, *Guardian*, June 12, 1991). But this issue again turned contentious as party right-wingers defected from this temporary consensus in the party. By the time of the leadership of Tony Blair, the cabinet and prominent modernizers had gone on record as opposing union efforts to get a commitment out of the party for the level of the Minimum Wage (Webster, 1995).

In other areas Labour policy retains commitments from the Policy Review. Blair reiterated a commitment to give part-time workers the same rights as full time workers, as well as a pledge to sign the EC Social Chapter. Shadow Chancellor Gordon Brown committed the party to extending pensions to low-paid workers (Jill Sherman, *London Times*, Oct. 4, 1994). Brown also continued to call for a national system of childcare which was first proposed in the Policy Review (Peter Riddell, *London Times*, Oct. 4, 1995). Therefore, while policy is shifting to the right, Labour retains some social democratic commitments and is attempting to retool them for a new era.

V. Conclusion

Despite the different political and institutional environments in these two nations, the similarity of the debate over policy specifics between the two countries is nevertheless striking. In both nations, the continuing role of the union faction in the economy and the parties is in question. Regulation of employee involvement in industry is becoming a major issue. Both Labour and the Democrats have to confront the proliferation of new types of contract and temporary workers who are often outside the realm of employment law protections. Both are grappling with the abuses of workers' rights to organize, and the fairness and efficiency of adjudicative mechanisms. These

similarities attest to similar changes resulting from internationalization, which has increased corporate desires for flexibility and reduced labor costs. This has in turn eroded workers' bargaining power, making the policies supported by the left parties more important in sustaining a pro-union and/or pro-worker climate. Left factions have in turn demanded new regulations.

However, within both Labour and the Democrats, employment policy has shifted rightward in response to the growing power of conservative factions, and the decline of unions.⁸ But Labour policy is still more favorable to unions than corresponding policy within the Democrats, reflecting a legacy of institutional power of unions within that party, even if that power is fast slipping.

This case study may perhaps reveal a political trap within which left parties are increasingly finding themselves: political rewards in interparty competition are increasingly found through policies which focus on the middle class; at the same time, the growing weakness of the traditional economic left, especially the unions, means these parties are losing their focus on those types of policies needed to manage the negative effects of the global economy. The short-term political payoff for fundamental reform of workplace issues are minimal, but the neglect of such issues is increasing the alienation felt by broad segments of both the working and middle classes. These pressures are especially intense in liberal democracies such as the US and Britain, where minimal welfare states and weak labor market regulation means that large segments of the workforce are increasingly subject to the downsides of industrial restructuring and the search for "flexibility."

⁸ With some exceptions, such as the adoption of the Family Leave Act in the US in 1993.

We can also observe a very fundamental battle over the future of unions. If, as is assumed by the DLC and some of the Labour Modernizers, open trade and market restructuring are leading to generally benevolent outcomes, little is needed other than policies to enhance worker mobility and skills. But the unions see a brave new economic world with few downward limits, with only state regulation and union activity keeping the workforce from falling into a downward spiral of lower wages, higher unemployment, less job security, and fewer benefits. Yet at least in the area of industrial regulation, unions remain too focused on protecting their current diminishing status, and have in the main failed to articulate a vision which gains much support outside a narrow base. Efforts to advance progressive measures, such as works councils, have been stymied as much by union reticence as by conservative opposition. This contrast with the more optimistic picture seen in the area of managing integration, where unions are shifting from insularity to universal measures. The difference may be the result of different pressures: unions were forced to abandon the status quo on international integration, but are only now beginning a wholesale re-think of domestic regimes that govern industrial relations. The cautiousness of the union vision in these areas in turn leaves the DLC and the Modernizer policies the only game in town.

Chapter 8. Conclusion: Factions and the Politics of Party Policy Change

I. Factions in Political Parties

In this concluding chapter, I briefly review the theoretical underpinnings of the factional analysis presented here. I then discuss some observations of the effects of changes in factional control on Labour and Democratic party policy in the post-consensus era. The third section briefly examines the effects of emerging patterns of factional control on policy-making in the 1990s, and the corresponding consequences on interest representation in the two left parties.

Party policy change is an end result of the interaction of several factors. Parties react to structural pressures originating in their broader social and economic environment. They respond to the electoral necessities of participation in competitive elections. And they respond to the desires and pressures of constituent groups.

In this work, pressures originating from social and economic change help set the policy agenda for parties. Economic changes force adaptation of specific policies or even of entire institutions. Demographic changes create new social needs and demands that parties must respond to. But groups of individuals within the parties, most importantly factions within the parties, fashion the actual responses to such changes. Factions must interpret these political realities, often focusing on radically different aspects of what are quite complex political and economic situations. The implications that are drawn in turn influence the programs advanced by various factions.

Parties must win elections if they are to have a chance to advance solutions to policy problems and social demands. Changing voter perceptions of problems and in preferences for specific solutions influence the electoral process. Parties must respond

to public opinion and electoral results if they are to remain viable organizations in the competitive game of elections. Sometimes party elites are successfully able to position a party where the votes are. In other instances, elections act as a Darwinian device to weed out policies and campaign messages that do not accord with voter preferences. In this work, individuals who focus mainly on electoral outcomes, consisting mainly of politicians and party officials, form what I call party factions.

Parties are also a venue for aggregating the preferences of various constituent groups. These include interest groups. Factions also form to advance the interests of the largest constituent groups in a party coalition. Factions then advance broad alternative policy agendas. In this work, I argue that factions based in constituent groups -- constituency factions -- represent the interests of organized members of a party's coalition.

In this model, the two different types of factions -- party factions and constituency factions -- sometimes cooperate, but also compete. These two types of factions respond to a changing policy agenda, and formulate broad programs which reflect their prior preferences. These programs also reflect their visions of a viable electoral coalition. Different policy visions therefore come closely packaged with different electoral strategies. Party factions focus predominantly on what they perceive as the electoral demands of the majority of voters. Constituency factions attempt to aggregate and advance constituent needs in ways that they believe are compatible with electoral needs of the party. This simple tripartite model of change is presented in figure 8.1.

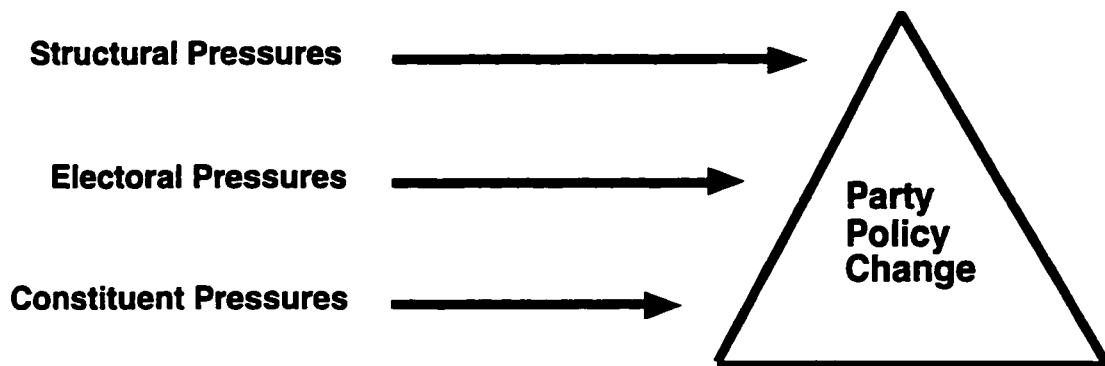


FIGURE 8.1 The Three Sources of Party Policy Change

This work argues that parties must respond to all three pressures for policy change. First, parties act as a venue for advancing collective solutions to specific policy problems. These range from responses to evolutionary social and economic changes, to responses to society-wide crises, such as occur during wars or economic depressions. Alternately, social and economic changes may create new cultural values which result in new policy demands.

This policy response function of parties must be reconciled with parties' electoral goals. In this work, factions work to construct policies and messages which advance solutions to various perceived problems on the policy agenda. The two types of factions, while sometimes in a competitive relationship with one another, each perform essential tasks in the process of organizing political responses to social needs. Party factions correspond behaviorally with Downs' (1957: 25) definition of a political party: "...a political party is a team of men seeking to control the governing apparatus by gaining office in a duly constituted election."

This Downsian perspective emphasizes the marketing function of parties: they must construct programs and campaign messages which allow them to win in electoral

competition. But parties must also engage the groups and organizations originating in the broader society, and that society has *structure*. All societies contain a social hierarchy of some sort. All societies contain various religious groupings. Societies vary by region. Most are composed of various races and ethnicities. All of these entities organize themselves in some fashion. And most of them also have some engagement with the political process. Some of these organized groups in society attempt to directly influence the activities of political parties. These constituent groups then make up parts of a party's coalition. The larger and more influential of these groups are represented by factions in a party. These constituency factions represent the interests of the constituency groups from which they originate.

This two-part factional typology corresponds to the arguments of Koelble (1991, 1992) who notes that political parties have an internal structure, and that different members of a party may have different preferences resulting from differences in origin. These different goals then creates conditions for internal power struggles, with corresponding effects on party policy and strategy depending on which groups attain the upper hand. But Koelble, along with many other theorists of party change, see constituent groups in parties as impediments to rational positioning of policy by elites. This confuses specific historical configurations (i.e. control of parties by groups which advance ill-conceived electoral strategies) with a generalization about the effects of organized interests on a political party in general.

In this work, political parties are inevitably made up in part of constituent groups. Parties must also position themselves within an electoral market made up in part of a "mass electorate." The two types of faction represent the essential polarities resulting from the need of parties to compromise between organized and unorganized members of their coalition.

The two different types of faction in turn often have an important role to play in the process of party governance and policy formulation. Party factions are the guardians of electoral fortunes, helping to ensure that parties do not drift into policy insularity and strategic dead ends. They also serve as guardians of the business climate. In addition, they are more attentive to intangible qualities such as party reputation and image. Such factions also focus on maintaining the strength and cohesion of the party organization during political campaigns.

Constituency factions provide policy stability and substance in a political party. Their attention to policy outputs, and the effects of outputs on constituents, can counter the short-termism of politicians. Constituency factions also play the important role of being attentive to different portions of the party's base. These factions attempt to influence their constituents to support a political party. They may be the sole connection with the political system for many voters. Such connections in turn have a large impact on turnout (Burnham, 1986). Constituency factions provide resources for campaigns, and mobilize voters on election day. Their activities thus solidify the electoral base of political parties. The effects of these factions in organizing and mobilizing a party's base has an electoral function, as does the spatial positioning sought by party factions. Which of these two electoral functions should predominate is in turn part of the factional debate.

II. Factions, Policies, and the Evolution of Social Bargains

The preceding chapters demonstrate a dynamic and competitive process of factional formation, interaction, and competition to control party institutions and policy. Resulting changes in factional control translate into changes in party policy and

strategy. Party programs reflect broadly the interests of the dominant factions within them. Dominant control by party factions entails the predominance of electoral considerations in party policy development. Dominant control by constituency factions entails a focus on detailed and substantive policy development. Almost by definition, exclusive control by constituency factions is a rare occurrence, since politicians and party bureaucrats have control over political offices and party machinery. However, in the case of Labour and the AES, the New Left and the union faction were able to gain control over the policy-making machinery, and also placed their representatives in power in the many portions of the party bureaucracy, from constituency parties all the way to the National Executive Committee. In return, many sitting Labour politicians were shut out of party policy-making for an appreciable period.

In most periods, some sort of factional compromise occurs between the two types of faction. In the “consensus” era for Labour and the Democrats, this involved a cooperative working relationship between the union faction and the party faction. With the breakup of the Keynesian social contract, policy differences between factions widened as the debate over market and non-market solutions intensified. During this era, we can still observe period of factional compromise. An effort to meet the disparate demands of the New Left, the unions, and the party faction in Labour led to the Social Contract. Later, a re-emergence of the union-party compromise underpinned the beginnings of Modernization with the Policy Review. While the broad parameters of the Review were controlled by the party right, still-strong unions were able to maintain a significant influence. As a result, many of the compromises in the Review reflected the ability of the union constituency faction and the party faction to check the excesses of each other.

Decentralization of both policy-making and party structures caused the Democratic party to reflect different factional preferences simultaneously. Unions

achieved protectionist goals and also achieved a prominent billing in some presidential campaigns during the 1980s. At the same time, Neoliberal ideas were making headway in other areas of the party, reflected in, for example, the wave of industrial deregulation that began in the late 1970s. More recently, policy making in the Clinton administration reflects the centrifugal tendencies of the Democratic party, switching back and forth between the “New Democrat” goals of the DLC, and the “Old Democrat” preferences of constituency factions and liberal interest groups. The Clinton administration ended up embodying a fusion of party left and right, endorsing DLC principles on social issues, along with some reforms originating from the left. The factional incoherence of the party in turn made the construction of a coherent legislative program exceedingly difficult.

Factions also compete to control the *institutions* of party decision-making. We see that constituency factions consistently attempt to force party elites to take their policy preferences into account. They attempt to do this both by gaining access to policy-making institutions, and by attempting to gain influence over the choice of party leaders. They may even propose party institutional innovation in order to ensure accountability of leaders. Institutional shifts in power in turn have a large impact on policy. The rise of New Left issues and the candidacy of George McGovern were the results of successful attempts by New Left factions to influence party rules. The socialist Alternative Economic Strategy in Labour also reflected such a shift in institutional control.

Similarly, party factions continually attempt to rein in the power of competing groups and factions. In the Democrats, politicians and party bureaucrats, in alliance with conservative unionists, attempted to wrest institutional control from the New Left and other middle class party activists. Conversely, the presidential campaigns of Jesse Jackson resulted in some minor shifts of rules in the other direction.

Constituency factions oscillate between insular, particularistic strategies, and broad reform efforts designed to create new bargains across the electorate. Left ideology and a desire to build broad coalitions were usually antecedent to efforts to adopt universalistic, reconstructive strategies. Unions in the US attempted to move in such a direction with the abortive Progressive Alliance in the late 1970s. The fight against NAFTA again at least temporarily forged a broad alliance. NAFTA embodied an unprecedented internationalization of the perspective of almost all the interest groups in the Democratic party, as well as the unions. This alliance came close to defeating the Clinton administration and its New Democrat allies in the final fight in Congress.

The emerging left visions in the Democrats and Labour include an embrace of international standards for the production of goods traded across borders. The necessities of engaging with Europe is resulting in a necessary broadening of perspective for Labour constituency factions. For Labour, the failure of domestic strategies and the attractions of a social Europe drew most of the unions and much of the rest of the left into acceptance of active engagement with Europe. The ideology embodied by some supporters of Euro-social democracy, as well as incipient policy-making in this direction, gave some purchase to this new found interest. Whether this new direction for the left of Labour can be sustained depends not only on the initiative and alliances built in support of it, but also on political and economic trends outside of Labour's control.

II. Applying the Framework to Other Parties

Many of these observations can be applied to other political parties. Differences over goals among party elites occurs in all political parties. When differences become

large, factionalization may result. This framework presented here apply to parties when factionalization is caused by issue differences, as opposed to hierarchical or clientelistic factions organized around an individual or for discrete benefits. Issue factionalization is in turn more likely to be pronounced in parties in first-past-the-post systems. These structural conditions create intense pressures toward a two-party system. Such parties then have to assimilate a broad spectrum of interests into their coalition. This breadth of representation virtually ensures that factions will play an important part in the evolution of party policy and institutional structure. Factionalization was taken to the extreme, for example, in Labour in the early 1980s, wherein pro- and anti-Europeans, Trotskyists and social democrats, advocates of state socialism and free markets all resided, and not particularly happily.

Conversely, in proportional representation systems, the formation of multiple parties reduces, but does not eliminate, the pressures for factionalization. In proportional representation (PR) systems, factionalization will be dampened to the extent that different ideological groupings or interests are able to form their own parties, or get their needs met through other existing parties. In this sense, the schisms between groups that occurs between factions in two party systems will be more likely to occur between parties in multiparty systems. Proportional systems do not eliminate factionalization. Zuckerman (1979) notes that the number of parties in Italy advancing candidates for Parliament has varied between seven and nine in the postwar years. Nevertheless, the Christian Democratic Party has continued to have seven or eight factions (Zuckerman, 1979: 107). Zuckerman argues that these are clientelist, not policy-seeking factions, however.

But differences over issues may result in factionalization in proportional systems. Kitschelt (1994) notes that certain parties in PR systems may achieve oligopolistic status through effective issue positioning and coalition-building. Parties

that achieve electoral dominance or a pivotal position in a coalition may become attractive to a wide variety of interests. Certain parties may even achieve quasi-monopoly status as political successes drive out other competitors. In such cases, these parties may indeed be rather large, and thus more open to factionalization. When such parties also contain within them various constituent groupings, factional differences as mentioned in this work are likely to arise. If factional differences become too great, factions unable to achieve their preferences may leave a party to join another, or to create their own. But the difficulty of creating a political party from scratch, even in PR systems, creates some “barriers to exit.”

The empirical basis of this factional framework has been developed on the basis of an examination of two left parties. But such a framework can be applied to conservative parties as well. The US Republican party offers a prime example, where various ideological and religiously-based groupings contend with more centrist politicians intent on keeping the party a “broad tent” open to mainstream voters. In the case of the British Tories, factionalization is more purely ideological, with Thatcherite Tory “dries” contending with “wets” over market policies, and especially over Europe. But these factional interests are also somewhat grounded in different fragments of industry and society: the “dries” with “new money,” entrepreneurial industrialists; the “wets” with old money, established institutions such as the old colleges and the Church of England, and to some extent internationalist finance capital. Similarly, the “new right” ideology in the US was grounded in the new money of the sunbelt and south, whereas the liberal Republicans (now virtually extinct) were grounded in stable eastern manufacturing, and finance. This points to the need for a more thorough analysis of the importance of business structures and interests in affecting conservative party factionalization.

Different fragments of business, although bereft of a mass base, may play a role similar to that played by constituency factions in the left parties. Such groups, especially because of their financial clout, may pull party policy significantly away from mainstream opinion. But similarly to left constituency factions, under some conditions businesses have been interested in transcending narrow class interests in order to promulgate “one nation” visions beneficial to the entire populace. These conditions are less likely to obtain under current conditions of globalization which take away incentives for business to think in the national long-term.

III. Factions, Policy, and Representation in Labour and the Democrats in the 1990s

During some periods, factions are able to broker compromises, and no faction tries to subvert the goals or interests of another. During such times, the dynamic tension between factions helps determine the slow evolution of party policy. This obtained in the case of the “classical” bargains in Labour and the Democrats, where left wingers in all factions, but especially in the unions, pushed for greater industrial intervention and innovation in social policy. Party factions pushed for a slow reaching out to the middle class. But successful institutions and economic prosperity created political outcomes that kept conflict within specific boundaries.

During times of political and institutional upheaval, however, such constructive, evolutionary tension may no longer obtain. The ideological distance between wings or factions increases, and dramatically different alternatives may appear. Conflict within a party increases as factions struggle for dominance. Such factional splits are likely to

occur in times of system-wide upheaval, such as identified by theorists of party realignment. At such times, parties may split, and new parties may emerge.¹

The present situation in the parties examined here can be characterized not so much as one of total upheaval, but as one of chronic decomposition. Factional differences are widening in part because of increasingly instability in the electorate and the economy. Loyal voters have been slipping away gradually, and are occasionally stripped away en masse in particular elections. At the same time, the instability introduced by steady global economic change has made previous institutions and policies less effective. Both institutional and political volatility has led theorists to talk of endemic “dealignment” rather than “realignment” in the party systems.

The contradictory economic conditions experienced by large portions of the electorate are one cause of such volatility. While the electorates in all industrial nations are more affluent than they were at the outset of the postwar boom, they are also increasingly insecure. This in turn leads to “cross-pressures” which make such voters susceptible to being politicized in a number of different ways. I have argued that these insecurities are greater in liberal democratic nations whose institutions are closer to the dualist, market-oriented continuum than in the social democracies. In other nations, other types of conflict may be more prominent, such as public-private sector splits, or concerns over decentralization and democratization of the welfare state. While these struggles also occur in the US and Britain, the splits occurring on economic and social policies are more extreme in these nations than elsewhere.

These nations have also seen a rise in the electoral salience of social authoritarianism (Krieger, 1986). Such tendencies are particularly strong in the US

¹ For a discussion of such occurrences in the US and Britain respectively, see Sundquist, 1983; Beer, 1965.

which is plagued by social fragmentation on the lines of race, but these issues have arisen in Britain as well. “Backlash” responses on social policy, rather than leftward leanings on “new politics” issues, have been the norm.²

Different factions have in turn devised very different strategic prescriptions for this situation. Conservative party factions in the US, and increasingly in Britain, argue that one way out of this dilemma is for these parties to inoculate themselves by adopting social conservative themes. Conversely, the left argues for a greater focus on economics as a way to trump the electorate’s conservative leanings on social policy. Greater economic prosperity, and a more equitable sharing of it, is held to defuse the underlying conditions which stoke social conservatism, which are often a reflection of greater competition for scarce resources.

Left factions focus on rising insecurities in the electorate caused by marketization and globalization. While electorates in the US and Britain are more accepting of market ideologies, they are also at the same time more subject to the downside of the market than electorates in social democratic polities. This in turn sustains some purchase an interventionist vision. This may bode well for at least some resurgence of left political fortunes organized around international standards and cross-border coalition-building.

Conversely, right wing factions argue that even these “new, improved” forms of interventionism will rekindle backlash from the electorate. They in turn propose “kinder’ gentler” versions of what are essentially conservative party policy formulations. Lately, such factions are dominating the debate. The steady rise of conservative party factions bring up a question: will traditional policies be modernized,

² For example, in the US, despite consistently high pro-environment opinions, the environment has never been considered to be “the most important problem facing the country” by more than 7 percent of respondents (Pettinico, 1995).

or does modernization mean the abandonment of traditional goals? Present movements toward market-oriented policies represent the continuing diminution of these parties' postwar legacies. Dominant party factions' concern for reputation is leading them to shadow the moves of the conservative parties in critical policy areas. In both Labour and the Democrats, social conservatism is fast becoming an integral part of party policy. In both nations, these changes correspond with a growing unwillingness to attempt the politically difficult process of constructing cross-class policy bargains. Instead, the dominant strategy is a Downsian one, with a focus on the upwardly mobile middle class. Redistribution through tax and fiscal policy is slipping from the agenda. In the case of Labour, party leaders seek to demote the unions to a status as just another variety of pressure group, albeit a still-powerful one. By contrast, some members of the Democratic party right wish to eliminate the power of the unions in the economy and the party, and also to keep other left or liberal groups from influencing the direction of party policy.

In the current climate, the balance of power between factions is breaking down. Constituency factions, including but not limited to unions, are seeing their power slip steadily. Party factions increasingly have free reign. Such trends are likely to have large effects both on representation of interests in the electorate, and on national policy in these two countries.

The declining role of constituency factions is affecting the organization of interests in the electorate. The weakening of these factions effects their ability to organize and mobilize lower income sectors of the electorate. Such a change in turn diminishes the political socialization function such groups have performed in the past. This contributes to the further decomposition of "civil society" which is at least a partial cause of recent trends toward electoral volatility.

Such changes are also likely to affect the mobilization of the “natural” left electorate. Left parties tend to draw upon less educated voters, those who tend to be less drawn to politics through personal or ideological interest alone. Such voters also tend to feel less in control of their lives, and are thus more easily alienated from the political system absent continuing efforts to educate and motivate them. Constituency factions, especially those composed of unions or of organized minority groups, in turn predisposed these people to vote for the left. In the absence of this socialization function, some voters will drift rightward. Others drop out of the system altogether.

If these voters are not educated and mobilized through intermediate institutions such as trade unions, interest groups, or active political parties, they must be reached through media campaigns. Parties are becoming ever more beholden to the requirements of the “permanent campaign” in an effort to court ever more footloose voters. Therefore, while unions or other organized social groups certainly present “governability” problems for the left parties, they also act as one way of connecting such parties with their constituencies, with measurable effects on left voting.

These tendencies may be ameliorated or even reversed, however if such parties put significant resources into reestablishing party organizational structure at the grassroots. This has been the promise of the last two Labour party leaders, John Smith and Tony Blair, who argued that declining formal power for the unions could be countered by the absorption and mobilization of union members as active party members. To the extent this is true, a more invigorated, democratic, and grass roots party might be the result. Few such efforts have been established or promised by the Democratic party, however.³

³ One exception to this was the party’s general support for the motor voter bill.

As constituency factions slip in power, left parties are losing their ability to advance reform legislation seeking to redress economic inequalities. Business is organized and represented functionally by the right parties (and, increasingly, by the left as well). But economically weak constituents are losing such organizational representation.

The weakening of unions has particular import for economic policy. The waning power of union movements necessitates the regulation of labor conditions through legal mechanisms rather than primarily through collective bargaining. Yet these movements toward achievement of a new regulatory model are hampered by the declining political power of unions themselves. Without unions to act as a pressure group focusing the left parties on workplace, wage, and employment problems, the left parties are more likely to focus on the demands of more affluent swing voters than to engage in fundamental reform.

Unions sometimes force longer-term time horizons upon business actors in the economy. It may be difficult for a party to retain a commitment to training and high wage strategies in the absence of strong social groupings pushing for these political commitments. For example, Osterman (1988) argues that training is a public good which tends to be underproduced because firms prefer to "free ride" by poaching skilled workers rather than training them. In Britain, unions have consistently been more committed to training than has business (King, 1991). In general, strong unions push left parties to retain a strong commitment to a sustained focus on employment and wages. In the absence of reform-oriented pressure groups, it may become impossible for politicians to resist pulls toward supporting extreme versions of free market "flexibility."

This makes discussions surrounding policy adaptation more problematic than those which occurred in earlier eras. Much of the postwar era is (with some exceptions) a history of left parties moving to moderate socialist formulas to expand their appeal (Przeworski, 1986). Especially in Britain, observers note that current debates are very similar to debates held 25 years ago (Smith, 1992). British Labour persistently moderated its policies when in government in order to meet the requirements of wielding power. However, such movements to the center did not entail the abandonment of basic commitments to the less well off. Instead, they represented a movement away from radically transformative visions. Essentially, this was an acknowledgment of the institutional status quo. Then, underlying conditions generated increasing prosperity for most (if not all) of the weakest elements of the population. Economic distribution was becoming more equal, and real incomes were rising. In this situation, a move to the right did not necessarily punish the lower end of the SES, since the labor market continued to generate a supply of good jobs. A similar picture can be painted of the Democrats.

This is not the case in the present era. Market trends are leading to less rather than more equality, and toward the bifurcation of the labor market even more strongly into “good” and “bad” jobs. Therefore, additional movements toward market-oriented policies have the potential to leave left party constituents particularly exposed. Marketization, and efforts to residualize social provision may punish the less affluent end of the left parties' coalition, thus helping to ensure a widening division between the middle and working class elements of that coalition. Such strategies entail the abandonment of cross-class coalitions that have sustained the left.

The Democrats represent an extreme case of liberal democratic decomposition. The electoral and economic viability of the US's liberal democratic order hinged on the

surpluses generated by US hegemony. As hegemony eroded, the social rifts in the coalition were brought into sharp relief, and the minimalist nature of welfarism in the US brought forth a plethora of backlash currents which shifted various groups into the Republican camp. Democratic support of marketization defused some of this backlash, but at the price of creating even larger rifts within the Democratic party's constituency..

In the British case, the weakness of the British economy, and the inability of both parties to make the right choices to reverse this, did not provide the steady economic growth necessary to sustain coalitional cohesion. This problem worsened as economic problems mounted, which prepared the British public to accept the radical free market solutions offered by Thatcherism. Labour is now dealing with the same sort of fragmented electorate the Democrats first confronted a quarter century ago.

The problems for the left parties is that rightward parties are the "natural party of government" in dualist polities. Market-oriented approaches in turn tend to make low wages the method of competition for much of the populace. Highly skilled or well-placed workers will do well in a free market and free trade regime, but those who do not have these attributes will likely be worse off. The efficiency with which a free market strategy accentuates dualism in wages can be measured by the rapid deterioration of income equality already experienced in Britain and the United States (Gottschalk and Smeeding, 1996).

At the extreme, the picture is one of polities which are devoid of advocates for those who are, individually, politically weak. Under the worst case scenario, the policy making process may move toward one of crisis management, or of co-optive social arrangements which respond to social disorder in Bismarckian fashion.

This work has argued that factional politics has a large impact on the policy and strategic directions of political parties. With a focus on the internal politics within

political parties, we are able to see adjustment as the result of historically-important battles between factions over the future of the parties. The broader purpose of this work provide us with a method of analyzing the connection between factional control, policy, and social conditions. A closer examination of the policy and social implications of shifting power balances within the parties provides some answers to these still important questions.

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Western Washington University, BA, Environmental Studies, 1981

Professional Experience

Program Analyst, Washington State Department of Social and Health Services, Olympia, WA. 1996 on. Conduct policy analysis, research, and writing for projects analyzing welfare reform, and the labor market conditions facing welfare recipients.

Research Analyst, Human Services Policy Center, Seattle, WA, 1993-1995. Was a primary researcher for a series of reports published by the Kids Count project which analyzed economic, health, and safety trends affecting children. Managed the production of reports and assisted in their writing. Participated in a team of researchers analyzing the causes of welfare dependency. Managed the Kids Count data base and provided information to the public.

Lecturer or Teaching Assistant, University of Washington, Political Science Department, 1988-1992. Taught courses or led discussion sections for various political science courses.

Research Analyst, Economic Policy Institute, Washington, DC, 1985-1987. Researched and contributed to the writing of reports on industrial policy, trade, labor, and living standard issues. Developed a system to manage the research and grants program.

Research Assistant, Peter D. Hart Associates, Washington, DC, 1984 (Now Garin-Hart Strategic Research, inc.). Operated computer software to produce reports analyzing opinion trends in presidential, gubernatorial, and congressional races.

Research Assistant, Center for International Affairs, University of Pittsburgh, 1983. Researched US security doctrine for a project on US-German security relations supported by the Volkswagen Foundation.

Editorial Assistant, *Journal of Public and International Affairs*, University of Pittsburgh, 1983. Wrote grant and obtained funding from the R.K. Mellon Foundation for a special issue on international environmental problems. Edited articles.

Publications and Conference Papers

“British Labour, the US Democrats, and the Future of the Workplace,” paper presented to the International Studies Association - West Conference, Boulder CO, October 1995

with Richard Brandon, “County Profiles, 1995,” Kids Count, Seattle, WA, October, 1995 (collected and analyzed data and wrote data bullets for reports on the condition of children in 39 counties and 3 cities)

with Richard Brandon, Alice Porter, and Fred Connell, *The State of Washington's Children - 1995*, Kids Count, Seattle, WA, September 1995 (co-wrote economic and education sections of the report)

with Richard Brandon and Bruce Gray, “Charting a Course for the Future,” Kids Count, Seattle, WA, December 1994 (report on issues and trends affecting young children in Washington State),

“Internationalization and the Fate of Left Reform in the US Democrats and British Labour,” paper presented to the International Studies Association - West Conference, Seattle, WA, October 1994

“Renegotiating Social Bargains: Union-Party Relations in the US and Britain,” paper presented to the University of Washington/National Science Foundation Conference on Democracy and Markets, June 1992

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Review of *Why Americans Don’t Vote*, by Frances Fox Piven and Richard Cloward, in *Seattle Weekly*, October 12, 1988

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