Bill Clinton's victory in the US elections closes the chapter on the neoliberal ascendancy of the 80s. Yet the obstacles facing him are immense.

David Burchell interviewed Chicago magazine editor James Weinstein (right) and academic and industry policy specialist Joel Rogers (overleaf) about the task ahead.

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A lot of people in American liberal circles—and particularly on the left of the Democratic Party—were, at best, very sceptical of Bill Clinton and in some cases downright hostile. The Nation weekly, I recall, ran an article by Christopher Hitchens enumerating what he saw as 17 good reasons not to vote for Bill Clinton. How do you think American liberals ought to view Bill Clinton's victory?

Well, there may have been 17 reasons not to vote for Clinton, but there was one overriding reason to vote for him, and that was George Bush. I myself was quite sceptical about Clinton; after all, he comes from the more conservative wing of the Democratic Party, and I myself was a delegate for Tom Harkin. But I have to say that Clinton ran a very, very impressive election campaign—an almost perfect campaign. And he has put forward a series of important promises on a whole number of policy issues such as health care, jobs, rebuilding American industry and infrastructure, guaranteeing access to education for all Americans, and so on. That was the basis of his campaign so those expectations are now very strong.

For the first time in 12 years we have a Democratic president and a Democratic Congress, so that many of the initiatives that Congress took over the last three or four years which were vetoed by Bush—Bush vetoed some thirty Democratic bills that passed Congress—will, I expect, be reintroduced and very quickly passed: things like the family leave act, which provided for mandatory parental leave, and a bill that outlawed the replacement of striking workers during a strike. It's very important that we now have a president who will appoint more progressive members to the Supreme Court—and there will probably be two or three quick resignations now. All of these things will create an entirely new climate which will see a lot more political activity, a lot of expectations being raised, and a lot of encouragement for people to become active in social and political movements of one kind or another.

So what you're saying is this. Regardless of how keen one is about Clinton the individual, and regardless of how many of his promises he's able to deliver in these difficult economic circumstances, simply by creating an environment which enables more progressive initiatives to happen which couldn't happen before, he has fashioned a crucial turnaround.

Yes, it's very important. Even in foreign policy—where, in my view, Clinton is weakest—I think we can say that he would be very unlikely to pursue most of the initiatives that Bush and Reagan took. I can't see a Clinton administration invading Panama or Grenada, or even prosecuting the Gulf War—in the last case because he wouldn't have done all of the things which led up to the war and which virtually incited the Iraqis to think they could invade Kuwait.

That's on one side. On the other, the pressure for cutting military spending and for rearranging our economic and social investment priorities in this country, will come, as it always has come, from the Democratic side of Congress. The politics of the last dozen years has pitted a Democratic Congress against a Republican Administration—in the course of which the differences within the Democratic Party had to be largely suppressed. Now I anticipate we will see the emergence of much more significant, active and open conflicts within the Democratic Party—because American parties, unlike those in parliamentary systems, are not really political parties. They are part of the state apparatus; they are open to anybody; there's no party membership; there are no rules; there's no basic policy or principles to be adhered to. And so you have a very mixed bag of Democratic members elected, particularly in the House of Representatives. There was a core of 50 or more House members who consistently took left positions and opposed aid to the Contras and the El Salvadoran dictatorship, for example. That core is going to grow substantially, as have the numbers of the Congressional Black Caucus, Hispanic representation and the representation of women in Congress in this election.

We now have a body of people elected who will represent the more liberal elements in this society. So I anticipate you're going to see quite a new mix in Congress, and a lot more agitation for more progressive legislation and changes in policy than was possible under the previous administration.

In the election campaign Clinton's rhetoric was markedly different from that of some past Democratic presidential campaigns. He obviously tried to stress things that Democratic candidates hadn't been noted for stressing—like being 'pro-business', wanting to 'create more millionaires', a stress on economic...
growth ahead of redistribution, an emphasis on the ‘forgotten middle class’, and so on. This was clearly an attempt to counter the image of the Democratic Party as simply a coalition of the dispossessed. That wasn’t exactly popular on the left wing of the Democratic Party. But isn’t it true that there was, in fact, a political problem with the way the Democrats were perceived in the electorate—particularly somebody like Walter Mondale in 1984?

If you go back and read what Walter Mondale was saying in 1984 it wasn’t all that different to what Bill Clinton’s said. Certainly towards the end of the campaign in 1984 Mondale sounded as if he were a social worker and was only concerned with the poor and the homeless and so on. But basically he was no less pro-business; in fact, he talked about tax increases and suffering across the board—something Clinton was smart enough to avoid. Clinton talked about tax increases but he talked about tax increases only on families with incomes of $200,000 or more—a very small percentage of the population. He talked about tax cuts on the middle class—but in this country ‘middle class’ is a euphemism, broadly speaking, for the employed unionised working class.

It’s true that previous Democratic candidates—in an attempt to appeal to what is in fact, or historically has been, the popular base of the Democratic Party—have used rhetoric that made it appear that they were the representatives only of the poor and the unemployed. The rhetoric was much smarter in Clinton’s case. The difference in substance between Clinton and Mondale was very, very slight but the way in which they presented themselves was strikingly different. Clinton was much shrewder, which is not to say more principled, in the way in which he played the race question. He went out of his way not to identify closely with blacks in a way that differentiated them from whites. He presented his programs as universal programs—and this to me was always the smarter way of doing it anyway, because they should be universal programs. But a lot of what he said about welfare and education and health care is just as important—if not more important—to the minority constituency, as it is to the so-called middle class constituencies, most of whom have health insurance because they are working in unionised jobs, and have much greater abilities to get decent education. The main difference is simply that in the campaign he was identified much more closely with the Cold War wing of the Democratic Party.

Obviously this is a difficult question for Democrats, because the coalition around the Democratic Party has historically been a very broad one. Yet clearly one of the big problems over the last decade or so has been trying to reconnect those disparate constituencies which seem to have become disconnected—on the one hand the concern for welfare programs and for trying to protect and advance the interests of minority groups, and on the other hand the skilled blue collar Democrats who may not be particularly sympathetic to that style of politics.

The concerns of those constituencies are not identical, but they’re not completely different. The success of Reagan was largely based on being able to scare white working class people on the race question—as well as the jingoistic rhetoric and interventions abroad. Yet white working class people who were swayed by this rhetoric, and who went for Bush and Reagan, were just as much victims of those policies as the poor and the non-unionised sector of wage earners and the unemployed—and so most of them came back into the Democratic fold this time.

Yet they rather spectacularly refused to return to the fold for Walter Mondale in ’84 and somewhat less spectacularly also for Dukakis in ’88.

Well, Dukakis is a special case. Just about any other Democrat could have won in ’88. He just begged to be trampled on, and Bush was only too happy to oblige. In fact, almost any other Democrat would have won by a bigger margin in ’88 than Clinton won by this year. Clinton’s margin was really just under 6%, so it wasn’t an overwhelming victory. But the interesting thing was that the victory was won primarily in the large industrial states of the Midwest, Michigan, Ohio, Illinois and Wisconsin, as well as in New York, Pennsylvania and California—which has the highest level of unemployment on the West Coast. And that’s exactly where the so-called Reagan Democrats are.

So to a very considerable extent Clinton won because he focused on the economic hurt that non-Americans would call the working class were feeling? Then the policy of industrial renewal that he has outlined somewhat generally in the election campaign would assume a fairly important role in the early stages of his presidency.

Very important. In fact he had a sign up in his campaign headquarters in Little Rock which said “The Economy, Stupid”—an instruction to his campaigners to remember what was important.

It is obviously not going to be easy, but how likely is it do you think that Clinton will be able to build up a viable, coherent strategy that could help to transform American industry?

That’s hard to say. I think that he’s genuinely concerned to rearrange the economic priorities so that they go into the development of new high technology industries, to research and development, to educating people so that they can function in a modern sophisticated economy, and so on.

On the other hand he’s going to have to be able to find the money for it. He’s not committed to cutting military spending rapidly enough to do that—though he may be forced to do so. And so far
he's supported the North American Free Trade Agreement—which would open up Mexico to American capital under conditions of low wages, no environmental protections, no safety protections and so on. This in turn would undermine all those standards here and result in massive loss of employment in the high wage industries. So there are contradictory elements in his platform. The real question is going to be the balance of political forces in the next few years; who's going to be pushing him harder, and what forces are going to be operating in Congress. Moreover, Clinton's going to be pursuing his agenda for industrial renewal under very difficult circumstances. The budget deficit is very large, the national debt is extremely large, and it's not going to be easy to turn that around without raising taxes on working people—something which he has promised not to do and which, were he to do it, would be the end of him as a politician.

To his credit he has acknowledged that we face very deep problems and they are not going to be solved overnight. I don't think anybody expects that he can do it very quickly but I do think that we are going to be in for a period of rising popular expectations and that that does create a lot of pressure to make changes more rapidly than he might otherwise be inclined to do.

Bill Clinton has an industry policy, but not much room to move.

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In the election campaign Bill Clinton produced a fairly comprehensive industrial and economic plan for the new administration. How do you assess that plan, and what chance of success do you think it has?

I think if they're able to implement their industrial strategy, virtually all of it is worthwhile. I also think the bulk of it is relatively uncontroversial. US investment in material infrastructure from about 1948 until the late 1970s was about 2 per cent of GDP, but that fell by about a half during the 80s. So we've really been starved of infrastructure in the 1980s. The mainstream of the economics profession and many other observers believe that significant increases in infrastructure investment are entirely appropriate given historical norms in the US. And everyone believes that sort of investment will have long-term economic payoffs. So there's no great controversy there.

On education and training it's widely agreed we need to make substantial improvements in the stock of human capital in the US. The present system of education has bad effects on inequality. Again, everyone agrees we need to substantially increase the capitalisation of American industry, and that present rates of business investment in plant and new equipment are historically quite low. So the investment tax credit that Bill Clinton has proposed is not a particularly controversial item. Nor are the manufacturing extension services or advanced technology centres—everybody wants to get better and newer equipment into the economy faster, and to diffuse its use among small and medium-sized firms, as well as larger industry leaders.

Where controversy begins is with more deliberate efforts to string firms together, to pick winners and losers—in other words to do something other than facilitate the provision of broad public goods or increased access to them. Here Clinton's advisors are very cautious and, given the experience of other countries, maybe properly so. They are interested in supporting basic research in different ways—creating a civilian equivalent of the defence research and development agency, for instance, and creating industry consortia for research on generic technologies, like batteries for electronic cars. But they're not going to pick winners and losers in the way that those hostile to industrial policy have characterised the process.

The problem is one of magnitude. We have an approximately $6 trillion economy, with an ap-